



# NOVATO SANITARY DISTRICT

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## *Final BUDGET*

*FOR*

*FISCAL YEARS 2013-15*

*Including Preliminary Budget for Fiscal Year 2014-15*

*Presented August 26, 2013*

NOVATO SANITARY DISTRICT  
2013-15 Final Budget

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***SECTION I***

***LETTER OF TRANSMITTAL AND SUMMARY OF FUND  
BALANCES***

August 19, 2013

Honorable Board of Directors  
Novato Sanitary District  
Novato, California 94945

Dear Board Members:

The proposed Final District Budget for the 2013-14 and 2014-15 fiscal years is attached for your consideration and approval.

The FY 2013-14 Budget includes the following components:

- Summary of the Operations Budget Revenues and Expenditures,
- Breakout by Department of the Operating Fund Budget,
- Activity for the Self Insurance Fund,
- Capital Improvement Revenue and Expenditures Budget
- Activity for Vehicle Replacement Fund,
- Activity for Rate Stabilization, Emergency Repair Fund, and Southgate Reserve Fund,
- Activity for Wastewater Capital Reserve Fund,
- Activity for Certificate of Participation Reserve Fund
- Debt Service Fund Summary for State Revolving Fund (SRF) Loan and Certificates of Participation (COP) Bond Fund.

The Final Budget, as attached, includes the proposed changes to the Reserve Funds:

1. Eliminate the Emergency Reserve, Vehicle Replacement Reserve, and Southgate Reserve. Transfer the monies currently in these reserves into the Capital Fund.
2. Eliminate the Self Insurance Reserve and transfer the monies currently in the Self Insurance Reserve into the Operating Fund.
3. Increase the Rate Stabilization Reserve.
4. Maintain the Wastewater Capital Reserve Fund.
5. Maintain the Certificate of Participation Reserve.

## OVERVIEW OF FISCAL YEAR 2013-14 DISTRICT ACTIVITIES

This year's annual sewer service charge increase from \$495 to \$514 per service unit, or 3.8%, was adopted on June 25, 2012. The sewer service charge is divided with \$287 (56%) allocated to the Operating Budget, and \$227 (44%) allocated to the Capital Budget.

The issues that affect the Operating Budget include:

- Treatment O&M Contract limiting cost increase to CPI,
- Reduced fines,
- Reduced pension benefit costs for new hires,
- Funding Retiree Medical benefits,
- Televising larger sewers,
- Operation of new Recycled Water Facility for extended irrigation season,
- Pump station O&M cost savings due to pump station upgrade projects,
- Lower anticipated attorney fees.

The issues that significantly affect the Capital Budget include:

- No anticipated grant income.
- On-going major capital projects, including Pump Station Rehabilitation, Collection System Improvements, and Digester Rehabilitation Project,
- Regional planning projects including North Bay Water Reuse Authority, Novato Creek Watershed, and Hamilton Wetlands/District outfall relocation.

## BUDGET STRUCTURE

Our budget is prepared on a cash basis. Table 1 summarizes the Operating and Capital Revenue and Expenditures and compares the immediate past year with the proposed budget. Total revenues are projected to stay approximately constant due to the increase in sewer service charges being offset by lack of grant income. More detailed information regarding the variances between the two budget years are included in the next few pages both by department and account.

**Table 1: Summary of Revenues and Expenditures for FY 13 and FY 14**

	FY 12/13 Adopted Budget	FY 13/14 Proposed Budget	% Change FY 13 to FY 14
Operating Revenues	\$9,149,171	\$9,312,285	1.78%
Capital Revenues	9,304,740	9,014,280	-3.12%
Debt Service			
<b>Total Revenues</b>	<b>\$18,453,911</b>	<b>\$18,326,565</b>	-0.69%
Operating Expenditures	9,316,303	9,302,921	-0.14%
Capital Expenditures	495,440	310,784	-37.27%
Debt Service	6,924,029	7,070,654	2.12%
COP Bond Expenditures(CIP)	7,654,000	7,715,593	0.80%
<b>Total Expenditures</b>	<b>\$24,389,772</b>	<b>\$24,399,952</b>	0.04%

**FISCAL YEAR 2012-13 OPERATING BUDGET DETAILS**

***Operating Revenues***

The proposed FY 2013-14 Operating Budget by Revenue source is shown in Table 2 on the following page along with the figures for the past two fiscal years. Total operating revenues are expected to increase by 1.8% or \$163,114 from FY 2012-13.

**Operating Sewer Service Charges** are expected to increase by \$160,980 or 1.93% for operations. The revenue increase is slightly lower than the percent of sewer service charge increase due to more of the increase going to capital revenue.

**Permits and Fees** expected to increase by \$11,183 or 48.6% due to anticipated applications for connections and repairs.

**Interest Income** expected to increase by \$2,500 or 20% due to the market conditions.

**Ranch Income** expected to increase by 17% due to increases in beef and hay prices.

**Table 2: Operating Budget Revenue Three-Year Summary**

<b>Funding Sources by Category</b>	<b>FY 11-12 Adopted Budget</b>	<b>FY 12-13 Adopted Budget</b>	<b>FY 13-14 Proposed Budget</b>	<b>% Change FY 13 to FY 14</b>
Operating Sewer Service Charges	\$8,210,842	\$8,345,700	\$8,506,680	1.93%
Permit & Inspection fees	12,000	23,000	34,183	48.62%
Interest Income	15,000	12,500	15,000	20.00%
Engineering/Admin Chgs	200,000	175,000	165,000	-5.71%
Franchise Fees	46,575	47,370	48,602	2.60%
AB 939 Collector Fees	297,586	297,586	297,586	0.00%
Oil and Beverage Grant	54,953	63,015	50,234	-20.28%
Ranch Income	60,000	60,000	70,000	16.67%
Recycled Water Revenue	8,000	75,000	75,000	0.00%
Other Revenue	50,000	50,000	50,000	0.00%
<b>Total Operating Revenue</b>	<b>\$8,954,956</b>	<b>\$9,149,171</b>	<b>\$9,312,285</b>	<b>1.78%</b>

**Operating Expenditures**

A summary of proposed and past two fiscal years Operating Expenditures are shown in Table 3 by Department. Operating expenditures are expected to decrease by 0.14% or \$13,382 between fiscal year 2012-13 and 2013-14.

**Collection** department's decrease of 5.7% or approximately \$80,400 is primarily due to a decrease in Administrative Civil Liability costs because of a reduction in sewer overflows.

**Pump Stations** decrease of 12.5% or approximately \$117,800 is due to no fines for overflows and lower operating costs for new pump stations.

**Administration/Engineering** increase of 7.9% or approximately \$201,700 is primarily due to an anticipated start to fund the medical retirement liability for current employees.

**Recycled Water** increase of 44% or \$33,000 is due to the operation of the recycled water facility for the full irrigation season.

**Table 3: Operating Budget Expenditures 3-year Summary:**

Expenditures by Department	FY 11-12 Adopted Budget	FY 12-13 Adopted Budget	FY 13-14 Proposed Budget	% Change FY 13 to FY 14
Collections	\$1,156,257	\$1,396,845	\$1,316,424	-5.76%
Treatment	2,678,750	2,774,000	2,699,200	-2.70%
Reclamation	531,787	528,913	534,268	1.01%
Laboratory	693,008	676,740	685,376	1.28%
Pump Stations	887,148	939,862	822,016	-12.54%
Administration/Engineering	3,953,497	2,564,643	2,766,336	7.86%
Hazardous Household Wste	360,601	360,300	371,301	3.05%
Recycled Water	0	75,000	108,000	44.00%
<b>Total Expenditures</b>	<b>\$10,261,048</b>	<b>\$9,316,303</b>	<b>\$9,302,921</b>	<b>-0.14%</b>

**Table 4: Operating Budget Significant Budget Variances 2012-13 to 2013-14**

Main Budget Variances – FY 13 to FY 14	Budget Impact
1. Retiree health benefits include current employees and retirees.	\$191,200
2. Anticipated attorney fees less than in prior years.	-20,000
3. Unusual equipment maintenance- Reclamation	65,200
4. Outside services for Collections	125,000
5. Permits and Fees due to SB 709	-242,000
6. Vehicle Replacement fund moved to capital project budget.	-64,000

**FISCAL YEAR 2013-14 CAPITAL BUDGET DETAILS**

***Capital Revenues***

The proposed FY 2013-14 Capital Budget by Revenue source is shown in Table 5 on the following page along with the figures for the past two fiscal years. Total capital revenues are expected to decrease by 3.1% or \$290,460 from FY 2012-13.

**Capital Sewer Service Charge Revenues** are expected to increase by 9.4% due to the rate increase of 3.8% and the change in percentage of sewer service charge that goes to capital.

**Connection Fees** are expected to increase by 5% due to an increase in the connection charge.

**Interest Income** is expected to increase by 150% due to market conditions.

**Grant Revenues** are expected to decrease by 100% or \$881,810 due to the completion of the Recycled Water Project, partially funded by ARRA and Proposition 84 grants.

**Table 5: Capital Budget Revenue 3-year Summary**

Funding Sources by Category	FY 11-12 Adopted Budget	FY 12-13 Adopted Budget	FY 13-14 Proposed Budget	% Change FY 13 to FY 14
Capital Sewer Service Charges	\$5,472,815	\$6,149,430	\$6,728,280	9.41%
Property Taxes	1,775,000	1,780,000	1,740,000	-2.25%
Connection Charges	681,600	447,500	470,000	5.03%
Collector/Special Equalization Chgs	10,000	6,000	6,000	0.00%
Interest Income	25,000	20,000	50,000	150.00%
Grant and Other Revenue	1,629,000	901,810	20,000	-97.78%
<b>Total Capital Revenues:</b>	<b>\$9,593,415</b>	<b>\$9,304,740</b>	<b>\$9,014,280</b>	<b>-3.12%</b>

***Capital Expenditures***

The proposed Capital Improvement Budget for 2013-14 totals \$15,097,031 or \$23,562 more than last year, attributed primarily to an offset from completion of the Recycled Water Plant against the addition of a new line item for Vehicle Replacement expenditures.

Capital projects for 2013-14 will primarily be funded from restricted COP proceeds. Of the total capital projects for 2013-14, \$7,715,593 will be funded from COP proceeds and \$310,784 will be funded through sewer service charges, property taxes, and connection proceeds. The debt service of \$7,070,654 will be funded primarily from sewer service charges, property taxes, and connection charges. Table 6 shows the Capital Debt Service and Capital Project Costs for three fiscal years.

**Table 6: Capital Budget Expenditures, 3-year Summary**

Capital Expenditures	FY 11-12	FY 12-13	FY 13-14	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 13 to FY 14
Capital Projects	\$12,628,000	\$8,149,440	\$8,026,377	-1.51%
Debt Service	6,064,321	6,924,029	7,070,654	2.1%
<b>Total</b>	<b>\$18,692,321</b>	<b>\$15,073,469</b>	<b>\$15,097,031</b>	<b>0.2%</b>

**Debt Coverage Ratio**

In the COP Installment Sale Agreement the District agreed to collect rates and charges during each fiscal year that are sufficient to yield net revenues equal to at least 120 percent of the installment payments on the COPs and all parity debt in the fiscal year. The projected Debt Coverage Ratio for 2013/14 is 1.28.

**COMPARISON OF ANNUAL SEWER SERVICE CHARGES LEVIED BY NEIGHBORING AGENCIES**

It is of interest to compare the District's proposed rate with those of other nearby sanitation agencies. The following table makes possible such a comparison.

<b>AGENCY</b>	<b>RATE (\$/yr.)</b>
City of Santa Rosa	1,206
Sausalito-Marin City Sanitary District	1,163
City of Petaluma	993
Marin City & Unincorporated	780
San Rafael Sanitation District	695
City of Mill Valley	677
Las Gallinas Valley Sanitary District	647
Ross Valley Sanitary District	638
<b>NOVATO SANITARY DISTRICT</b>	<b>514</b>
Vallejo San & Flood District	507
Napa Sanitation District	457

The 2013-14 budget is able to accomplish the Novato Sanitary District's commitments to achieving the key goals set forth in the Strategic Plan while maintaining reasonable rates for its customers.

Sincerely,

BEVERLY B. JAMES  
 Manager-Engineer

**ADDITIONAL CHARTS AND GRAPHS FOR FURTHER ANALYSIS:**

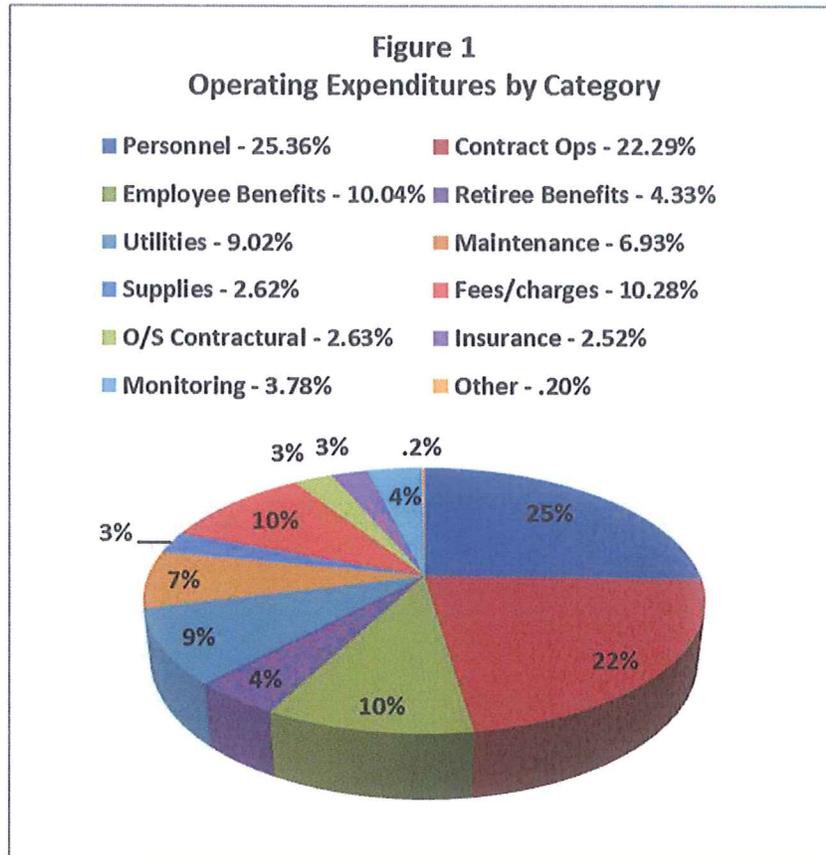


Figure 1 shows that 35.40% of the budget involves personnel-related costs, including salaries, benefits, training and memberships. The remaining areas of expense are directly or indirectly related to the operation of facilities necessary to meet water quality and solid waste program mandates.

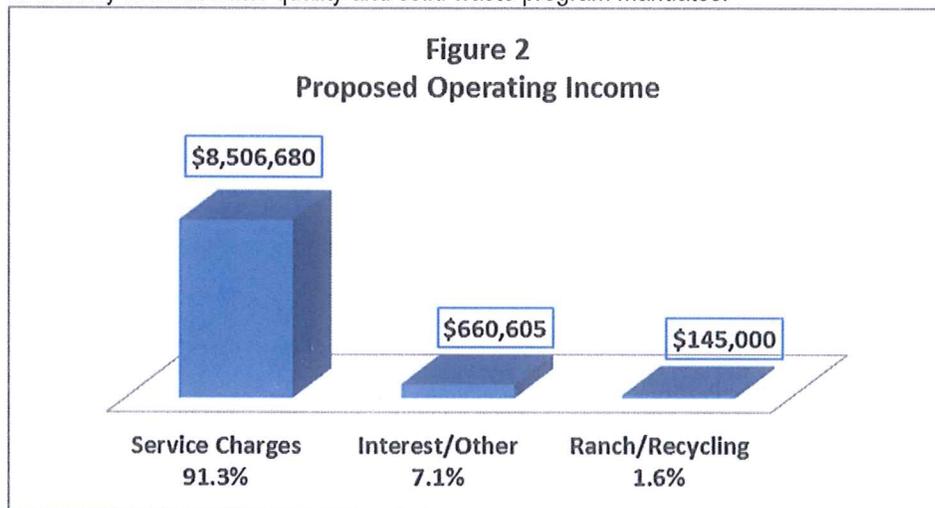


Figure 2 shows the breakdown of proposed operating revenues by source.

Table 7 shows the estimated fund flow based on actual 2012-13 revenues and expenditures and projected revenues and expenditures for 2013-14 to 2016-17.

Table 7

**Novato Sanitary District  
 PROJECTED FLOW OF OPERATING FUNDS FY 2012-13 THROUGH 2016-17**

ANTICIPATED FLOW OF FUNDS	Actual 2012-13	Projected 2013-14	Projected 2014-15	Projected 2015-16	Projected 2016-17
<b>OPERATING</b>					
Beginning Balance	7,122,091	8,133,236	8,308,116	8,324,545	8,238,198
Revenues Other Than SC/PT	799,984	805,605	803,674	827,784	852,618
Property Taxes	0	0	0	0	0
Service Charge Revenue	8,583,034	8,506,680	8,699,170	8,951,740	9,219,400
<b>Fund Transfers</b>					
From Self Insurance Reserve	34,040	165,516	0	0	0
To Self Insurance Reserve	(34,040)	0	0	0	0
From Rate Stabilization Fund	0	0	0	0	0
To Emergency Repair Reserve	0	0	0	0	0
From Southgate Reserve	0	0	0	0	0
From Capital Imp. Reserve	0	0	0	0	0
Expenditures	(8,371,873)	(9,302,921)	(9,486,415)	(9,865,872)	(10,260,506)
To reconcile P/Y Southgate transfers not made					
Ending Bal - Working Capital	8,133,236	8,308,116	8,324,545	8,238,198	8,049,709
Vehicle Replacement	367,557	0	0	0	0
Self-Insurance Reserve	164,766	0	0	0	0
Rate Stabilization Fund	600,000	1,500,000	0	0	0
Emergency Repair Reserve Fund	600,000	0	0	0	0
Southgate Reserve Fund	678,989	0	0	0	0
<b>Total Operating Reserves</b>	<b>10,544,548</b>	<b>9,808,116</b>	<b>8,324,545</b>	<b>8,238,198</b>	<b>8,049,709</b>
Operating Service Units	29,638	29,182	29,690	29,740	29,740
Operating Service Charge Rates	276	287	293	301	310
Increase over Previous Year	0.0%	4.0%	2.1%	2.7%	3.0%

SIF = Self-Insurance Fund  
 RSF = Rate Stabilization Fund  
 ERR = Emergency Repair Reserve  
 SRF = Southgate Reserve Fund

Note: Due to the new fund and reserve policies the Self Insurance Fund will be closed to the Operating Fund in 2013/14. The Vehicle Replacement Fund, Emergency Repair Fund and the Southgate Fund will be closed to the Capital Fund in 2013/14. In addition, the Rate Stabilization Fund will remain but the amount of the fund will be increased from \$600k to \$1.5Million.

**Novato Sanitary District**  
**2013-15 Final Budget**  
**Summary of Operating**  
**and Capital Improvement Fund Balances**

	Budget 11/12	Budget 12/13	Actual Rev/Exp 2012/13	Preliminary Budget 2013/14	Final Budget 2013/14	Preliminary Budget 2014/15
<b>Operating Fund (1)</b> <b>at July 1st Beginning of Each Year</b>	7,618,784	7,122,091	7,122,091	8,133,236	8,133,236	8,308,116
<b>Operating Revenue (p. 2)</b>	8,954,956	9,149,171	9,383,018	9,388,293	9,312,285	9,502,844
<b>Operating Expenditures (p. 3)</b>	10,261,048	9,316,303	8,371,873	9,365,789	9,302,921	9,486,415
<b>Net Operating Revenue</b>	(1,306,092)	(167,132)	1,011,145	22,504	9,364	16,429
<b>To close self insurance reserve</b>					165,516	
<b>Operating Fund</b> <b>at the End of Each Year</b>	<b>6,312,692</b>	<b>6,954,959</b>	<b>8,133,236</b>	<b>8,155,740</b>	<b>8,308,116</b>	<b>8,324,545</b>
<b>Capital Improvement Fund</b> <b>at July 1st Beginning of Each Year</b>	1,913,656	13,213,888	13,213,888	10,662,381	10,662,381	5,327,176
<b>Capital Revenue (p. 20)</b>	9,593,415	9,304,740	9,131,335	9,068,760	9,014,280	9,415,100
<b>COP Proceeds/SRF Final Proceeds</b>	24,039,575					
<b>Total Capital Revenues</b>	33,632,990	9,304,740	9,131,335	9,068,760	9,014,280	9,415,100
<b>Capital Expenditures (p. 21)</b>	12,628,000	8,149,440	5,061,038	7,866,377	8,026,377	4,676,396
<b>Debt Service (p. 21)</b>	6,064,321	6,924,029	6,621,804	7,070,654	7,070,654	7,070,754
<b>Total Capital Expenditures</b>	18,692,321	15,073,469	11,682,842	14,937,031	15,097,031	11,747,150
<b>To close reserves to Capital Fund(p.22)</b>					1,647,546	
<b>Tranfer funds to Rate Stblzn Fund (p.22).</b>					(900,000)	
<b>Capital Improvement Fund</b> <b>Balance at the End of Each Year</b>	<b>(7,185,250)</b>	<b>7,445,159</b>	<b>10,662,381</b>	<b>4,794,110</b>	<b>5,327,176</b>	<b>2,995,126</b>
<b>Reserved</b>		6,783,619	9,200,593	1,500,000	1,500,000	1,500,000
<b>Unreserved</b>		7,616,499	9,595,024	11,449,850	12,135,292	9,819,671
<b>Operating and Capital Improvement</b> <b>Fund Balances at The End of Each Year</b>	<b>(872,558)</b>	<b>14,400,118</b>	<b>18,795,617</b>	<b>12,949,850</b>	<b>13,635,292</b>	<b>11,319,671</b>
<b>Debt Coverage Ratio(1)</b>						
<b>Net Operating Revenue</b>	(1,306,092)	(167,132)	1,011,145	22,504	9,364	16,429
<b>Capital Revenue</b>	33,632,990	9,304,740	9,131,335	9,068,760	9,014,280	9,415,100
<b>Annual Debt Service</b>	6,064,321	6,924,029	6,621,804	7,070,654	7,070,654	7,070,754
<b>Debt Coverage Ratio</b>	5.55	1.32	1.53	1.29	1.28	1.33

Net revenues covenant requires a 1.20 coverage ratio

(1)Net Operating Revenue + Capital Revenue/ Annual Debt Service = Debt Coverage Ratio

	11/12	12/13	13/14	14/15
<b>Beginning Balance each year</b>	-	14,431,619	9,200,593	1,500,000
<b>Cop Proceeds</b>	21,899,891	-	-	-
<b>Less Withdrawals</b>	(7,480,248)	(5,269,011)	(7,715,593)	-
<b>Interest earned and Reinvested</b>	11,976	37,985	15,000	-
<b>Cash Balance for COP Expenditures</b>	14,431,619	9,200,593	1,500,000	1,500,000

Note: Funds renamed as Operating Fund and Capital Improvement Fund per new reserve and fund policies.

***SECTION II***

***OPERATING BUDGET SUMMARY SCHEDULES***

**Novato Sanitary District  
2013-15 Final Operating Budget  
Revenue Summary**

	Budget 11/12	Budget 12/13	Final Rev 2012/13	Preliminary Budget 2013/14	Final Budget 2013/14	Preliminary Budget 2014/15
Operating Income						
41010 · Sewer Service Charges (1)	8,210,842	8,345,700	8,583,034	8,582,735	8,506,680	8,699,170
41030 · Plan Check & Inspection Fee	500	500	8,549	500	500	500
41040 · Permit & Inspection Fee	7,500	7,500	8,322	7,500	7,500	7,500
41060 · Interest Income	15,000	12,500	16,835	15,000	15,000	15,000
41080 · Engineering & Admin Chrgs	200,000	175,000	158,579	165,000	165,000	165,000
41090 · Non-domestic Permit Fees (2)	4,000	15,000	26,183	26,183	26,183	26,183
41100 · Garbage Franchise Fees	46,575	47,370	46,170	48,602	48,602	49,671
41105 · AB 939 Collector Fees	297,586	297,586	297,586	297,586	297,586	297,586
41107 · Oil/Bev/Tire Grants (3)	54,953	63,015	88,922	50,187	50,234	50,234
41130 · Ranch Income	60,000	60,000	67,246	70,000	70,000	70,000
41135 · Recycled Water Revenue	8,000	75,000	33,458	75,000	75,000	108,000
41140 · Other Revenue (4)	40,000	40,000	33,872	40,000	40,000	4,000
41142 · Loss on disposal of assets	10,000	10,000	14,262	10,000	10,000	10,000
<b>Totals</b>	<b>8,954,956</b>	<b>9,149,171</b>	<b>9,383,018</b>	<b>9,388,293</b>	<b>9,312,285</b>	<b>9,502,844</b>

**Comments:**

(1) Service charge revenue is based on proposed rate increase based on actual revenue from prior year.

Note: Total charge is \$514 split between operations(\$287) and capital (\$227) for 2013/14

Total charge is \$533 split between operations(\$293) and capital (\$240) for 2014/15.

(2) Includes application fees, permits and monitoring charges.

(3) Oil/Bev/Tire Grants \$22,537/ JPA Reimb Fees \$27,697.

(4) Other revenue includes septic tank hauling fees, and other miscellaneous revenue.

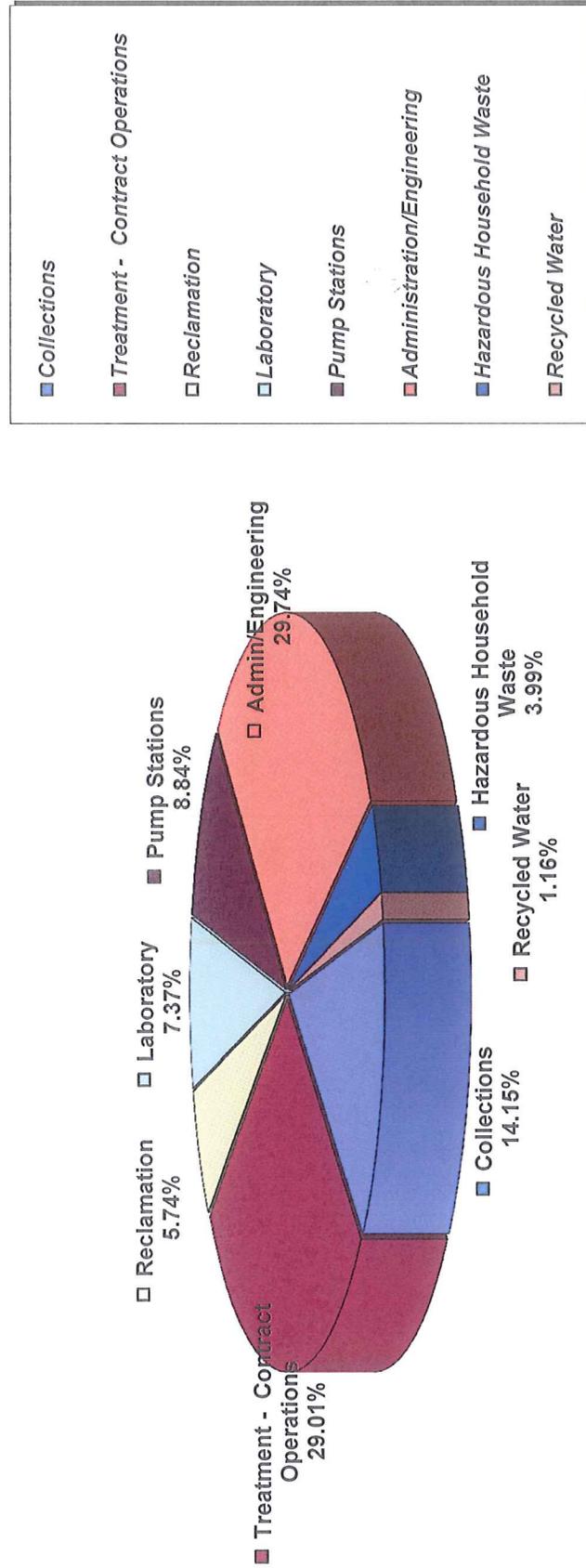
**APPROPRIATIONS LIMITATION**

The appropriations limitation, pursuant to Article XIII B of the California Constitution, will be determined prior to submission of the final budget in August.

**Novato Sanitary District  
2013-15 Final Budget  
Operating Budget - Summary of Expenditures**

	Budget 11/12	Budget 12/13	Actual Exp 2012/13	Preliminary Budget 2013/14	Final Budget 2013/14	Preliminary Budget 2014/15
<b>Collections</b>	1,156,257	1,396,845	1,272,168	1,328,576	1,316,424	1,244,048
<b>Treatment - Contract Operations</b>	2,678,750	2,774,000	2,608,817	2,756,650	2,699,200	2,809,020
<b>Reclamation</b>	531,787	528,913	438,633	533,216	534,268	489,911
<b>Laboratory</b>	693,008	676,740	571,572	685,056	685,376	708,936
<b>Pump Stations</b>	887,148	939,862	736,755	820,544	822,016	843,576
<b>Administration/Engineering</b>	3,953,497	2,564,643	2,394,013	2,779,866	2,766,336	2,907,561
<b>Hazardous Household Waste</b>	360,601	360,300	318,615	353,881	371,301	375,363
<b>Recycled Water</b>	0	75,000	31,300	108,000	108,000	108,000
	10,261,048	9,316,303	8,371,873	9,365,789	9,302,921	9,486,415

## Final Budget 2013-14 Expenditures by Department



**Novato Sanitary District  
2013-15 Final Operating Budget  
Operating Fund and Working Capital Reserve Fund**

		2013-14 Budget	
		Prelim	Final
<b><u>OPERATING FUND</u></b>			
	<b>Fund Balance 6/30/12</b>	0	0
	Revenues 2012-13	9,167,988	9,383,018
	Expenditures 2012-13	(8,685,589)	(8,371,873)
	Transfer from Self-Insurance Fund for Claims	45,000	45,000
	Transfer to Self-Insurance Reserve Fund	(45,000)	(45,000)
	Transfer from Working Capital Reserve Fund	(482,399)	(1,011,145)
	<b>Fund Balance 6/30/13</b>	0	0
	Anticipated Revenues 2013-14	9,387,110	9,312,285
	Anticipated Expenditures 2013-14	(9,382,154)	(9,302,921)
	Anticipated Transfer from Southgate Reserve Fund	0	-
	Anticipated Transfer to/from Working Capital Reserve Fund	(4,956)	(9,364)
	Transfer from Working Capital Reserve Fund to close fund (1)		8,308,116
	<b>Anticipated Fund Balance 6/30/14</b>	0	8,308,116
<b><u>WORKING CAPITAL RESERVE FUND</u></b>			
	<b>Fund Balance 6/30/12</b>	7,122,091	7,122,091
	Transfer from Operating Fund 2012-13	482,399	1,011,145
	Transfer to Rate Stabilization Reserve	-	-
	Transfer to Emergency Repair Reserve	-	-
	<b>Fund Balance 6/30/13</b>	7,604,490	8,133,236
	Anticipated Transfer to/from Operating Fund 2013-14	4,956	9,364
	Transfer to close the Self Insurance Fund		165,516
	Transfer to close this fund (1)		(8,308,116)
	<b>Anticipated Fund Balance 6/30/14</b>	7,609,446	0
(1)	Due to our new reserve and fund policies we will no longer be closing our Operating Fund to our Working Capital Reserve Fund, the excess or deficit for each year will just remain in the Operating Fund.		

**Novato Sanitary District  
2013-14 Final Operating Budget  
Operating Budget Detail by Account Category**

	Treatment Facilities	Rec	L-M	Pump Stations	Collection System	A-E	Recycled Water	Total	Percent	Over/Under PY Budget	% Over/Under PY Budget
Salaries and Wages		51,991	217,324	315,414	549,300	1,007,722		2,141,751	23.02%	122	0.01%
O & M Services							50,000	50,000	0.54%	-	0.00%
Employee Benefits		17,277	80,402	146,602	250,124	402,036		896,441	9.64%	(37,085)	-3.97%
Retiree Health Benefits						387,078		387,078	4.16%	191,231	97.64%
Directors' Fees						45,000		45,000	0.48%	-	0.00%
Election Expense						0		-	0.00%	-	0.00%
Gasoline, Oil & Fuel	50,600	5,000	3,000	5,000	30,000	9,000		52,000	0.56%	8,500	19.54%
Insurance						129,000		179,600	1.93%	(20,400)	-10.20%
Ins Claims Expense						45,000		45,000	0.48%	-	0.00%
Agency Dues						46,000		46,000	0.49%	4,000	9.52%
Memberships						8,000		8,000	0.09%	500	6.67%
Office Expense						27,000		27,000	0.29%	(3,000)	-10.00%
Safety		1,000	1,000	3,000	5,000	1,000		11,000	0.12%	1,000	100%
Software Maint		3,000	8,500	12,000	20,000			43,500	0.47%	(16,500)	-27.50%
Operating Supplies		3,000	25,000	10,000	30,000	9,000		79,000	0.85%	3,000	3.95%
Operating Chemicals				45,000			2,000	65,000	0.70%	-	0.00%
Sludge Disposal-Contractual		190,000						190,000	2.04%	(25,000)	-11.63%
Accounting & Auditing						22,500		22,500	0.24%	1,500	7.14%
Attorney						140,000		140,000	1.50%	(20,000)	-12.50%
Outside Consulting						235,000		235,000	2.53%	15,000	6.82%
IT/Misc. Electrical						40,000		40,000	0.43%	(10,000)	-20.00%
Printing & Publication						18,000		18,000	0.19%	3,000	20.00%
Repairs & Maintenance		60,000	10,000	115,000	85,000	40,000		335,000	3.60%	3,000	0.90%
Unusual Equipment Maint	109,200	60,000					25,000	169,200	1.82%	65,200	62.68%
Small Tools		1,000		2,000	2,000			5,000	0.05%	1,000	25.00%
Outside Services				45,000	225,000			270,000	2.90%	125,000	86.21%
Ditch/Dike Maintenance								20,000	0.21%	-	0.00%
Research & Monitoring			297,150					297,150	3.19%	7,150	2.47%
Travel, Mtgs & Train.						70,000		70,000	0.75%	20,000	40.00%
Pollution Prevention/Pub. Ed.			40,000					40,000	0.43%	-	0.00%
Gas & Electricity	533,500	110,000		90,000	7,000		10,000	743,500	7.99%	(39,500)	-5.04%
Water		10,000		5,000	2,000			22,000	0.24%	1,000	4.76%
Telephone				23,000	2,000	15,000		40,000	0.43%	3,000	8.11%
Other/Operational Assistance					1,000			1,000	0.01%	-	0.00%
Permits & Fees	65,000	2,000	3,000	5,000	110,000		1,000	186,000	2.00%	(242,000)	-56.54%
Co. Collection Fees						65,000		65,000	0.70%	4,000	6.56%
Ser. Chg. System Exp						5,000		5,000	0.05%	-	0.00%
Vehicle Replacement		0	0	0	0			-	0.00%	(64,000)	-100.00%
AB 939 Solid Waste Programs						371,301		371,301	3.99%	11,000	3.05%
Contract Operations	1,940,900							1,940,900	20.86%	(4,100)	-0.21%
<b>Total</b>	<b>2,699,200</b>	<b>534,268</b>	<b>685,376</b>	<b>822,016</b>	<b>1,316,424</b>	<b>3,137,637</b>	<b>108,000</b>	<b>9,302,921</b>	<b>100.00%</b>	<b>(13,382)</b>	<b>-0.14%</b>

***SECTION III***

***OPERATING FUND BUDGET***

**Novato Sanitary District  
2013-15 Final Budget  
Operating Budget - Collections**

	Budget 11/12	Budget 12/13	Actual Exp 2012/13	Preliminary Budget 2013/14	Final Budget 2013/14	Preliminary Budget 2014/15
60010 · Salaries & Wages	562,400	583,833	515,169	545,302	549,300	572,456
60020 · Employee Benefits	251,857	277,512	234,712	249,274	250,124	265,592
60060 · Gas, Oil & Fuel	25,000	25,000	28,560	30,000	30,000	30,000
60085 · Safety	0	5,000	205	5,000	5,000	5,000
60091 · Software Maint	25,000	25,000	18,540	25,000	20,000	25,000
60100 · Operating Supplies	27,000	30,000	28,236	32,000	30,000	30,000
60150 · Repairs & Maint	60,000	82,000	110,145	85,000	85,000	70,000
60152 · Small Tools	1,000	1,000	575	2,000	2,000	1,000
60153 · Outside Services	55,000	75,000	72,235	225,000	225,000	175,000
60192 · Water	5,000	6,000	6,577	7,000	7,000	7,000
60193 · Telephone	2,000	2,000	1,728	2,000	2,000	2,000
60200 · Other(Garbage Coll)	2,000	1,000	797	1,000	1,000	1,000
60201 · Permits & Fees	100,000	243,500	214,689	120,000	110,000	60,000
60290 · Vehicle Replacemnt	40,000	40,000	40,000	0	0	0
	<b>1,156,257</b>	<b>1,396,845</b>	<b>1,272,168</b>	<b>1,328,576</b>	<b>1,316,424</b>	<b>1,244,048</b>

**Novato Sanitary District  
2013-15 Final Budget  
Operating Budget - Treatment Facilities Contract Operations**

	Budget 11/12	Budget 12/13	Actual Exp 2012/13	Preliminary Budget 2013/14	Final Budget 2013/14	Preliminary Budget 2014/15
61000-1 · Fixed Fee(1)	1,880,000	1,945,000	1,899,096	1,998,350	1,940,900	1,983,600
61000-2 · Insurance & Bonds(2)	51,750	55,000	43,850	50,600	50,600	55,660
61000-3 · Major Repr/Rplcmnt	104,000	104,000	85,198	109,200	109,200	114,660
61000-4 · Water/Permits/Ph	62,000	100,000	73,889	65,000	65,000	68,250
61000-5 · Gas & Electricity(2)	581,000	570,000	506,784	533,500	533,500	586,850
	<b>2,678,750</b>	<b>2,774,000</b>	<b>2,608,817</b>	<b>2,756,650</b>	<b>2,699,200</b>	<b>2,809,020</b>

**Novato Sanitary District  
2013-2015 Final Budget  
Operating Budget -Reclamation**

	Budget 11/12	Budget 12/13	Actual Exp 2012/13	Preliminary Budget 2013/14	Final Budget 2013/14	Preliminary Budget 2014/15
63010 · Salaries & Wages	29,945	30,758	32,085	51,991	51,991	53,015
63020 · Employee Benefits	13,342	12,655	10,640	17,225	17,277	17,896
63060 · Gasoline & Oil	8,000	4,000	4,576	4,000	5,000	5,500
63085 · Safety	0	1,000	0	1,000	1,000	500
63091 · Software Maint	2,500	2,000	0	3,000	3,000	2,500
63100 · Operating Supplies	3,000	2,000	2,027	3,000	3,000	3,000
63115 · Sludge Disposal	186,000	215,000	182,000	190,000	190,000	200,000
63150 · Repairs & Maint	85,000	80,000	61,331	60,000	60,000	60,000
63151 · Unusual Equipment Maint(1)	50,000	0	0	60,000	60,000	0
63152 · Small Tools	1,000	1,000	722	1,000	1,000	500
63157 · Ditch/Dike Maint	18,000	20,000	8,663	20,000	20,000	20,000
63191 · Gas & Electricity	95,000	120,000	98,217	110,000	110,000	115,000
63192 · Water	8,000	10,000	7,962	10,000	10,000	10,000
63201 · Permits & Fees	25,000	23,500	23,410	2,000	2,000	2,000
63290 · Vehicle Replacemnt	7,000	7,000	7,000	0	0	0
	<b>531,787</b>	<b>528,913</b>	<b>438,633</b>	<b>533,216</b>	<b>534,268</b>	<b>489,911</b>

**Novato Sanitary District  
2013-15 Final Budget  
Operating Budget - Laboratory**

	Budget 11/12	Budget 12/13	Actual Exp 2012/13	Preliminary Budget 2013/14	Final Budget 2013/14	Preliminary Budget 2014/15
<b>64010 · Salaries &amp; Wages</b>	214,893	201,512	184,942	217,324	217,324	232,984
<b>64020 · Employee Benefits</b>	98,315	79,328	67,673	80,082	80,402	85,252
<b>64060 · Gasoline &amp; Oil</b>	4,000	2,500	2,863	3,000	3,000	3,200
<b>64085 · Safety</b>	0	1,000	0	1,000	1,000	1,000
<b>64091 · Software Maintenance</b>	13,000	23,000	7,360	8,500	8,500	8,500
<b>64100 · Operating Supplies</b>	40,000	25,000	15,190	25,000	25,000	25,000
<b>64150 · Repairs &amp; Maintenance</b>	11,000	10,000	5,589	10,000	10,000	10,000
<b>64160 · Research &amp; Monitoring</b>	275,400	290,000	248,449	297,150	297,150	300,000
<b>64170 · Pollution Prev/Public Ed</b>	32,000	40,000	35,747	40,000	40,000	40,000
<b>64201 · Permits &amp; Fees</b>	3,000	3,000	2,359	3,000	3,000	3,000
<b>64290 · Vehicle Replacement</b>	1,400	1,400	1,400	0	0	0
	<b>693,008</b>	<b>676,740</b>	<b>571,572</b>	<b>685,056</b>	<b>685,376</b>	<b>708,936</b>

**Novato Sanitary District  
2013-2015 Final Budget  
Operating Budget - Pump Stations**

	Budget 11/12	Budget 12/13	Actual Exp 2012/13	Preliminary Budget 2013/14	Final Budget 2013/14	Preliminary Budget 2014/15
65010 · Salaries & Wages	328,917	331,138	245,927	315,414	315,414	341,807
65020 · Employee Benefits	145,231	164,724	116,319	146,130	146,602	157,269
65060 · Gasoline & Oil	2,500	4,000	5,014	4,000	5,000	5,500
65085 · Safety	0	2,000	701	3,000	3,000	2,000
65091 · Software Maintenance	10,000	10,000	6,592	12,000	12,000	12,000
65100 · Operating Supplies	9,000	9,000	5,599	10,000	10,000	10,000
65101 · Operating Chemicals	97,000	50,000	27,373	45,000	45,000	50,000
65150 · Repairs & Maintnnce	135,000	115,000	98,682	115,000	115,000	115,000
65152 · Small Tools	2,500	2,000	684	2,000	2,000	1,000
65153 · Outside Services, Electrical	0	70,000	44,366	45,000	45,000	20,000
65191 · Gas & Electricity	100,000	90,000	96,025	90,000	90,000	95,000
65192 · Water	5,000	5,000	5,004	5,000	5,000	5,000
65193 · Telephone	21,000	20,000	22,635	23,000	23,000	24,000
65201 · Permits & Fees	21,000	57,000	51,834	5,000	5,000	5,000
65290 · Vehicle Replacement	10,000	10,000	10,000	0	0	0
	<b>887,148</b>	<b>939,862</b>	<b>736,755</b>	<b>820,544</b>	<b>822,016</b>	<b>843,576</b>

**Novato Sanitary District  
2013-2015 Final Budget  
Operating Budget - Administration/Engineering**

	Budget 11/12	Budget 12/13	Actual Exp 2012/13	Preliminary Budget 2013/14	Final Budget 2013/14	Preliminary Budget 2014/15
66010 · Salaries & Wages	961,482	994,388	944,614	1,007,722	1,007,722	1,080,404
66020 · Employee Benefits	443,233	399,308	373,529	400,566	402,036	427,262
66020 · Employee Benefits - Side Fund	1,205,537	0	0	0	0	0
66021 · Retiree Health Benefits	230,485	195,847	217,375	387,078	387,078	414,396
66030 · Director's Fees	40,000	45,000	42,075	45,000	45,000	45,000
66040 · Election Expense	60,000	0	0	45,000	0	0
66060 · Gasoline & Oil	5,000	8,000	9,596	9,000	9,000	10,000
66070 · Insurance	195,600	145,000	132,103	129,000	129,000	143,000
66071 · Insurance Claim Expense	55,600	45,000	34,040	45,000	45,000	45,000
66075 · Agency Dues	40,000	42,000	41,715	46,000	46,000	46,000
66080 · Memberships	7,200	7,500	6,871	8,000	8,000	8,500
66085 · Safety	0	1,000	1,018	1,000	1,000	1,000
66090 · Office Expense	28,000	30,000	30,859	27,000	27,000	27,000
66100 · Engineering Supplies	10,000	9,000	6,446	9,000	9,000	9,000
66121 · Accounting & Auditing	22,000	21,000	23,998	22,500	22,500	24,000
66122 · Attorney Fees	190,000	160,000	136,213	120,000	140,000	140,000
66123 · O/S Contractual	228,760	220,000	173,092	235,000	235,000	240,000
66124 · IT/Misc Electrical	40,000	50,000	32,534	40,000	40,000	40,000
66130 · Printing & Publications	17,000	15,000	18,022	18,000	18,000	20,000
66150 · Repairs & Maintenance	40,000	40,000	40,400	40,000	40,000	40,000
66170 · Travel, Meetings & Training	45,000	50,000	56,686	60,000	70,000	60,000
66193 · Telephone	14,000	15,000	13,393	15,000	15,000	15,000
66202 · County Fees-Property Taxes	31,000	31,000	25,093	33,000	33,000	34,000
66203 · County Fees-Sewer Ser Chg	29,000	30,000	28,741	32,000	32,000	33,000
66250 · Service Charge Sys Exp	9,000	5,000	0	5,000	5,000	5,000
66290 · Vehicle Replacement	5,600	5,600	5,600	0	0	0
	<b>3,953,497</b>	<b>2,564,643</b>	<b>2,394,013</b>	<b>2,779,866</b>	<b>2,766,336</b>	<b>2,907,561</b>

Novato Sanitary District						
Final Operating Budget 2013-15						
PERSONNEL DETAIL						
Number	Position	Dept.	Pay Range	Total		
				2013-14 Salaries	2014/15 Salaries	
1.00	Manager-Engineer.....	A/E		184,092	189,983	
1.00	Deputy - Manager Engineer.....	A/E	MC122.5	162,216	167,407	
1.50	Senior Engineer.....	.75AE/.25PS	MC116.5	173,328	232,832	
1.00	Field Services Superintendent.....	.5AE/.25PS/.25Rec	MC117	123,996	127,964	
0.46	Administrative Services Specialist .....	A/E	MC117.5	58,666	60,543	
0.00	Administrative Assistant .....	A/E	MC103.5		-	
1.00	Administrative Secretary.....	A/E	MC106	72,504	74,824	
1.00	Finance Officer.....	A/E	MC112.5	99,588	102,775	
1.00	Staff Engineer.....	.5AE/.5CS	47	92,532	95,493	
1.00	Construction Inspector.....	A/E	44.5	81,924	84,546	
1.00	Information System Specialist II.....	.5AE/.5CS	43.5	78,024	80,521	
1.00	Environmental Services Supervisor.....	L/M	MC115.5	99,590	107,916	
1.00	ECA II.....	L/M	45.5	81,925	88,774	
0.00	Instrument Technician/Electrician.....	.75AE/.25PS	46.5	-	-	
1.00	Collection System Superintendent.....	.67CS/.33PS	MC115	112,476	116,075	
1.00	Collection System Leadworker.....	.67CS/.33PS	47	92,532	95,493	
1.00	Collection System Worker III.....	.67CS/.33PS	43.5	74,315	76,693	
2.00	Collection System Worker II.....	.67CS/.33PS	40.5	134,808	139,122	
4.00	Collection System Worker I.....	.67CS/.33PS	38.5	204,568	220,732	
2.00	Admin Intern	A/E	N/A	24,000	24,000	
1.00	Lab. Intern (NMWD)	L/M	N/A	28,000	28,000	
0.40	Hourly Electrician	.25AE/.25PS/.50Rec	N/A	40,000	40,000	
	Allowance for Overtime.....	C/S		30,000	30,000	
	Allowance for Overtime.....	A/E		7,500	7,500	
	Allowance for Overtime.....	L/M		2,000	2,000	
	Allowance for Standby Duty Pay.....	C/S		20,000	20,000	
				-	-	
	CCSR.....	PS		1,500	1,500	
	Subtotal			2,080,084	2,214,692	
	Allowance for Possible COLA - across the board .....	3.20%		61,667	65,974	
				2,141,751	2,280,666	
24.36	Administration and Engineering (A/E)	=	1,007,722	1,080,404		
	Laboratory and Monitoring (L/M)	=	217,324	232,984		
	Collection System	67% =	549,300	572,456		
	Pump Stations	33% =	315,414	341,807		
	Reclamation Facilities	=	51,991	53,015		
	Total/Check		2,141,751	2,280,666		

**Novato Sanitary District  
2013-2015 Final Budget  
Hazardous Household Waste**

				Preliminary	Final	Preliminary
			Actual Exp	Budget	Budget	Budget
	Budget 11/12	Budget 12/13	2012/13	2013/14	2013/14	2014/15
<b>67400 · Management Services</b>	105,064	106,764	87,231	119,264	119,264	121,649
<b>67500 · Household Hazardous Wst</b>	218,000	202,500	199,840	187,500	187,500	187,500
<b>67520 · Permanent HHW Facility</b>	9,000	5,000	0	0	5,000	5,000
<b>67530 · Used Oil/Beverage Grant</b>	13,537	22,537	2,914	23,213	22,537	23,909
<b>67540 · Education/Publicity Outreach</b>	-	8,500	18,630	8,755	22,000	22,000
<b>67600 · Other</b>	5,000	5,000	0	5,150	5,000	5,305
<b>67610 · City AB 939 Admin Service</b>	10,000	10,000	10,000	10,000	10,000	10,000
	<b>360,601</b>	<b>360,301</b>	<b>318,615</b>	<b>353,882</b>	<b>371,301</b>	<b>375,363</b>

**Novato Sanitary District  
2013-2015 Final Budget  
Operating Budget - Recycled Water**

				Preliminary	Final	Preliminary
			Actual Exp	Budget	Budget	Budget
	Budget 11/12	Budget 12/13	2012/13	2013/14	2013/14	2014/15
<b>68010 · O &amp; M Services</b>	0	50,000	30,158	50,000	50,000	50,000
<b>68100 · Operating Supplies</b>	0	1,000	0	2,000	2,000	2,000
<b>68101 · Operating Chemicals</b>	0	15,000	0	20,000	20,000	20,000
<b>68150 · Repairs &amp; Maintnnce</b>	0	5,000	1,142	25,000	25,000	25,000
<b>68191 · Gas &amp; Electricity</b>	0	3,000	0	10,000	10,000	10,000
<b>68201 · Permits &amp; Fees</b>	0	1,000	0	1,000	1,000	1,000
<b>68290 · Vehicle Replacement</b>	0	0	0	0	0	0
	<b>0</b>	<b>75,000</b>	<b>31,300</b>	<b>108,000</b>	<b>108,000</b>	<b>108,000</b>

***SECTION IV***

***SELF INSURANCE BUDGET***



***SECTION V***

***CAPITAL IMPROVEMENT BUDGET***

**Novato Sanitary District  
2013-15 Final Budget  
Capital Improvement Budget - Revenue Summary**

				Preliminary	Final	Preliminary
			Actual Rev	Budget	Budget	Budget
	Budget 11/12	Budget 12/13	2012/13	2013/14	2013/14	2014/15
<b>Capital Improvement Income</b>						
51010 · Sewer Service Charges(1)	5,472,815	6,149,430	6,087,791	6,782,760	6,728,280	7,125,600
51015 · Property Taxes	1,775,000	1,780,000	1,795,877	1,740,000	1,740,000	1,740,000
51020 · Connection Charges(2)	681,600	447,500	146,949	470,000	470,000	493,500
51030 · Collector Sewer Charges	4,000	2,000	0	2,000	2,000	2,000
51040 · Special Equalization Chrg	6,000	4,000	31	4,000	4,000	4,000
51060 · Interest	25,000	20,000	50,215	50,000	50,000	30,000
51062 · ARRA/IRWM Grant Revenue	1,609,000	601,370	449,353	0	0	0
51070 · Other Revenue	20,000	300,440	601,119	20,000	20,000	20,000
<b>Total Capital Improvement Income</b>	<b>9,593,415</b>	<b>9,304,740</b>	<b>9,131,335</b>	<b>9,068,760</b>	<b>9,014,280</b>	<b>9,415,100</b>
<b>Comments:</b>						
(1) Service charge revenue is based on proposed rate increase based on actual revenue from prior year. <b>Note: Total charge is \$514 split between operations(\$287) and capital (\$227) for 2013/14</b> <b>Total charge is \$533 split between operations(\$293) and capital (\$240) for 2014/15.</b>						
(2) Connection Charges projected to be 50 new connections at \$9,400 each and 50 new connections the following year at \$9,870 each.						

**Novato Sanitary District  
2013-15 Final Budget  
Capital Improvement Budget  
Expenditure Summary**

				Preliminary	Final	Preliminary
			Actual Exp	Budget	Budget	Budget
	Budget 11/12	Budget 12/13	2012/13	2013/14	2013/14	2014/15
72110 · Drainage PS 3&7 Outfall Rehab	0	50,000	318	150,000	150,000	50,000
72111 · SCADA Phase II	20,000	10,000	0	0	0	0
72403 · Pump Station Rehabilitation	1,500,000	1,900,000	1,827,902	1,400,000	1,440,000	400,000
72508 · N. Bay Water Recycling Auth	50,000	395,440	371,568	150,000	150,000	50,000
72509 · NTP Soil & Groundwater Inv	5,000	0	0	0	0	0
72604 · Laboratory Improvements	60,000	10,000	0	0	0	0
72607 · WWTP Upgrade-Contract A1	15,000	10,000	0	0	0	0
72608 · WWTP Upgrade - Contract A2	10,000	0	0	0	0	0
72609 · WWTP Upgrade - Contract B	700,000	50,000	30,814	100,000	100,000	0
72611 · Bayside Sewer	10,000	3,000	210	3,000	3,000	0
72612 · Southgate Sewer-	3,000	1,000	0	1,000	1,000	0
72706 · Collection System Improv	2,000,000	555,000	346,320	1,700,000	1,730,000	1,000,000
72706-1 · Lateral Replacemnt Program	0	30,000	19,500	30,000	30,000	30,000
72707 · Hamilton Wetlands/Outfall Monit	5,000	50,000	0	90,000	90,000	1,000
72708 · Cogeneration	50,000	50,000	0	50,000	50,000	50,000
72801 · Annual Minor Projects	25,000	0	0	0	0	0
72802 · Annual Sewer Adj. for City Proj	25,000	25,000	2,704	10,000	10,000	10,000
72803 · Annual Collection Sys Repairs	200,000	200,000	187,039	275,000	275,000	200,000
72804 · Annual Reclamation Fac Imp	400,000	260,000	226,750	250,000	250,000	150,000
72805 · Annual Trtmt Pint/Pump St Impr	150,000	540,000	501,285	275,000	275,000	200,000
72808 · Strategic Plan Update	50,000	10,000	13,406	0	0	0
73001 · WWTP Upgrade - Contract C (Solids handling)	800,000	2,500,000	475,274	2,768,377	2,858,377	461,396
73002 · WWTP Up-Cont D-Rec(ARRA-25%)	6,500,000	1,250,000	1,053,895	150,000	150,000	10,000
73003 · Admin Building Upgrade/Maint. Building	50,000	250,000	4,053	400,000	400,000	2,000,000
73090 · Vehicle Replacement(1)	0	0	0	64,000	64,000	64,000
78500 · Interest - SRF/COP Bond	6,064,321	2,785,972	2,389,837	2,730,721	2,730,721	2,621,583
78500 · Principal	0	4,138,057	4,231,967	4,339,933	4,339,933	4,449,171
<b>Totals</b>	<b>18,692,321</b>	<b>15,073,469</b>	<b>11,682,842</b>	<b>14,937,031</b>	<b>15,097,031</b>	<b>11,747,150</b>

Comments:

(1) New line item, vehicle replacement fund closed to capital reserve fund will track on an annual basis.

**Novato Sanitary District  
Budget 2013-15  
Capital Improvement and Working Capital Reserve Funds**

		2013-14 Budget	
		Prelim	Final
<b><u>CAPITAL IMPROVEMENT FUND</u></b>			
<b>Fund Balance 6/30/12</b>		-	-
	Revenues 2012-13	9,242,696	9,131,335
	Expenditures 2012-13	(5,224,886)	(5,061,038)
	Debt Service Payments -SRF Loan and COP Bond	(6,621,804)	(6,621,804)
			-
	Transfer from Capital Improvement Reserve Fund 2012-13	2,603,994	2,551,507
<b>Fund Balance 6/30/13</b>		-	-
	Anticipated Revenues 2013-14	9,068,760	9,014,280
	Anticipated Expenditures 2013-14	(7,866,377)	(8,026,377)
	Debt Service Payments SRF Loan and COP Bond	(7,070,654)	(7,070,654)
	Anticipated Transfer to/from Capital Improvement Reserve Fund	5,868,271	6,082,751
	Transfer from Working Capital Reserve Fund to close fund. (3)		5,327,176
<b>Anticipated Fund Balance 6/30/14</b>		-	5,327,176
<b><u>WORKING CAPITAL RESERVE FUND</u></b>			
<b>Fund Balance 6/30/12</b>		13,213,888	13,213,888
	Transfer from Capital Improvement Fund Fund 2012-13	(2,603,994)	(2,551,507)
<b>Fund Balance 6/30/13</b>		10,609,894	10,662,381
	Anticipated Transfer to Capital Improvement Fund 2013-14	(5,868,271)	(6,082,751)
	Transfer from Southgate Reserve Fund (1)		679,989
	Transfer from Vehicle Replacement Fund (1)		367,557
	Transfer from Emergency Reserve Fund (1)		600,000
	Transfer to Rate Stabilization Fund (2)		(900,000)
	Transfer to close this fund (3)		(5,327,176)
<b>Anticipated Fund Balance 6/30/14</b>		4,741,623	0
(1)	Per new fund and reserve policies the Southgate Reserve, Vehicle Replacement Reserve and the Emergency Reserve were eliminated and closed to the Capital Fund. These reserves totalled \$1,647,546.		
(2)	Per new fund and reserve policies Rate Stabilization Fund increased by \$900k.		
(3)	Due to our new reserve and fund policies we will no longer be closing our Capital Imprvmt Fund to our Working Capital Reserve Fund, the excess or deficit for each year will just remain in the Capital Improvement Fund.		

***SECTION VI***

***VEHICLE REPLACEMENT FUND***



***SECTION VII***

***RATE STABILIZATION, EMERGENCY REPAIR AND  
SOUTHGATE RESERVE FUNDS***

**Novato Sanitary District  
2013-15 Final Budget  
Rate Stabilization and Emergency Repair Reserve Funds**

		2013-14 Budget	
		Prelim	Final
<b><u>RATE STABILIZATION FUND</u></b>			
<b>FUND BALANCE 6/30/12 . . . . .</b>		600,000	600,000
	Contribution to/from Operating Fund to Rate Stabilization Fund 2012-13	0	0
<b>FUND BALANCE 6/30/13 . . . . .</b>		600,000	600,000
	Contribution from Capital Fund to increase fund per new policy (1)	0	900,000
<b>ANTICIPATED FUND BALANCE 6/30/14 . . . . .</b>		600,000	1,500,000
<b><u>EMERGENCY REPAIR RESERVE FUND</u></b>			
<b>FUND BALANCE 6/30/12 . . . . .</b>		600,000	600,000
	Contribution to/from Operating Fund to Emergency Repair Reserve Fund 2012-13	0	-
<b>FUND BALANCE 6/30/13 . . . . .</b>		600,000	600,000
	Transfer to Capital Reserve Fund to close fund	0	(600,000)
<b>ANTICIPATED FUND BALANCE 6/30/14 . . . . .</b>		600,000	0
(1)	Per new fund and reserve policies the Emergency Repair Fund will be closed to the Capital fund and the Rate Stabilization Fund will be increased to \$1.5 million.		

**Novato Sanitary District  
2013-15 Final Budget  
Southgate Reserve Fund**

		2013-14 Budget	
		Prelim	Final
<b><u>SOUTHGATE RESERVE FUND**</u></b>			
	<b>FUND BALANCE 6/30/12 . . . . .</b>	679,989	679,989
	Contribution to/from Operating Fund to Southgate Reserve Fund 2012-13	0	0
	<b>FUND BALANCE 6/30/13 . . . . .</b>	679,989	679,989
	Transfer to Capital Reserve Fund to close fund (1)	0	(679,989)
	<b>ANTICIPATED FUND BALANCE 6/30/14 . . . . .</b>	679,989	0
(1)	Per new fund and reserve policies the Southgate Reserve Fund will be closed to the Capital fund.		

***SECTION VIII***

***WASTEWATER CAPITAL RESERVE FUND &  
CERTIFICATE OF PARTICIPATION RESERVE FUND***

**Novato Sanitary District  
2013-15 Final Budget  
Wastewater Capital Reserve Fund**

		2013-14 Budget	
		Prelim	Final
<b>Wastewater Capital Reserve Fund</b>			
<b>FUND BALANCE 6/30/12 . . . . .</b>		0	3,275,000
	Unused bonding capacity	0	0
<b>FUND BALANCE 6/30/13 . . . . .</b>		0	3,275,000
	Required Deposits	0	-
<b>ANTICIPATED FUND BALANCE 6/30/14 . . . . .</b>		0	3,275,000
<b>Note:</b>	Per the SRF Loan agreement, the District must deposit sufficient funds to build up the Wastewater Capital Reserve Fund (WCRF) at a minimum rate of 0.5% of the SRF loan amount each year for a period of ten years. The District's unused bonding capacity of \$3,275,000 from the 1970 and 1986 GO Bonds may be used to offset, dollar for dollar, the required cash deposits to the WCRF. The maximum required WCRF balance is \$3,599,654 of which \$3,275,000 is satisfied.		

**Novato Sanitary District  
2013-15 Final Budget  
COP Reserve Fund**

		2013-14 Budget	
		Prelim	Final
<b><u>Certificates of Participation Reserve Fund</u></b>			
<b>FUND BALANCE 6/30/12 . . . . .</b>		-	1,500,000
Contribution to/from Operating Fund to COP Reserve Fund		-	-
<b>FUND BALANCE 6/30/13 . . . . .</b>		-	1,500,000
Contribution to/from Operating Fund to COP Reserve Fund		-	-
<b>ANTICIPATED FUND BALANCE 6/30/14 . . .</b>		-	1,500,000
<b>Note:</b> The Trust Agreement established a reserve fund as a reserve fo the payment of the installment payments in October 2011. The reserve fund was initially funded at \$1.5 million. It is held by the Turstee and maintained in the amount of the reserve requirement. The "reserve requirement" is defined in the Agreement to mean, as of the date of calculation, an amount equal to the lesser of (i) 10% of the original principal amount of the COPs; (ii) maximum amount of Installment Payments due in the current or any future Fiscal Year prior to the final maturity of the Certificates; or (iii) 125% of the total amount of then unpaid installment payments as of the date of calculation, and dividing total be the number of fiscal years remaining to final maturity of the COPs. This amount will be used to make the final payment of the COP and the Reserve will be closed at that time.			

***SECTION IX***

***DEBT SERVICE FUNDS***

**Novato Sanitary District  
2013-15 Final Budget  
State Revolving Fund Loan  
and  
COP Bond Fund**

		<b>2013-14 Budget</b>	
		Prelim	Final
<b><u>State Revolving Fund Loan</u></b>			
<b>FUND BALANCE 6/30/12 . . . . .</b>		81,307,946	81,307,946
Principal Payment 2012-13		(3,431,967)	(3,431,967)
Interest payments 2012-13		(1,946,989)	(1,946,989)
Transfer from Capital Improvement Fund 2012-13		1,946,989	1,946,989
<b>FUND BALANCE 6/30/13 . . . . .</b>		77,875,979	77,875,979
Principal Payment 2013-14		(3,509,933)	(3,509,933)
Interest payments 2013-14		(1,869,024)	(1,869,024)
Transfer from Capital Improvement Fund 2013-14		1,869,024	1,869,024
<b>ANTICIPATED FUND BALANCE 6/30/14 . . . . .</b>		74,366,046	74,366,046
<b><u>COP Bond Financing Issued October 2011</u></b>			
<b>FUND BALANCE 6/30/12 . . . . .</b>		21,750,000	21,750,000
Principal Payment 2012-13		(800,000)	(800,000)
Interest payments 2012-13		(442,849)	(442,849)
Transfer from Capital Improvement Fund 2012-13		442,849	442,849
<b>FUND BALANCE 6/30/13 . . . . .</b>		20,950,000	20,950,000
Principal Payment 2013-14		(830,000)	(830,000)
Interest payments 2013-14		(861,698)	(861,698)
Transfer from Capital Improvement Fund 2013-14		861,698	861,698
<b>ANTICIPATED FUND BALANCE 6/30/14 . . . . .</b>		20,120,000	20,120,000