



FINAL BUDGET
FOR
FISCAL YEAR 2017-18

(And Preliminary Budget for Fiscal Year 2018-19)

Adopted August 14, 2017

**NOVATO SANITARY DISTRICT
2017-19 Final Budget**

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SECTION I

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



NOVATO SANITARY DISTRICT

500 DAVIDSON STREET * NOVATO * CALIFORNIA 94945 * PHONE (415) 892-1694 * FAX (415) 898-2279
www.novatosan.com

BOARD OF DIRECTORS

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General Manager-Chief Engineer

KENTON L. ALM
Legal Counsel

August 14, 2017

Honorable Board of Directors
Novato Sanitary District
500 Davidson Street
Novato, California 94945

Honorable Board Members:

The proposed Final District Budget for fiscal year (FY) 2017-18 and Preliminary Budget for FY2018-19 is attached for your consideration and approval. The FY2017-18 Final Budget includes the following components:

- Summary of Fund Balances including Operating, Capital Improvement, and Reserve Funds (Section I).
- Operating Budget: Summary Revenues/Expenditures, and Summary Budget by Cost Center and Account Category (Section II).
- Detailed Operating Budget by Cost Center and Account Category (Section III).
- Capital Improvement Budget: Revenue and Expenditures Budget (Section IV)
- FY17-18 Wastewater Capital Reserve Fund and Certificates of Participation Reserve Fund (Section V)
- FY17-18 Rate Stabilization Fund (Section VI)
- FY17-18 Debt Service Fund Summary for State Revolving Fund (SRF) Loan and Certificates of Participation (COP) Bond Fund (Section VII).

Note that this year's annual Sewer Service Charge (SSC) increases from \$573 to \$594 per service unit, or an increase of 3.7% over the prior year. The basis of the rate increase is District Ordinance No. 120 – AN ORDINANCE OF THE NOVATO SANITARY DISTRICT ESTABLISHING SEWER SERVICE CHARGES FOR FISCAL YEARS 2016-17, 2017-18, 2018-19, 2019-20, AND 2020-21. This Ordinance No. 120 was adopted by the District Board at its regular meeting of June 13, 2016 upon completion of the appropriate Proposition 218 process.

As in prior years, the sewer service charge is divided in FY17-18, with \$330 (55%) allocated to the Operating Budget, and \$264 (45%) allocated to the Capital Budget.

A. BUDGET STRUCTURE

The District's budget is prepared on a cash basis. Operating and Capital Revenues and Expenditures are summarized in Table 1, and illustrated in Figure 1 at the end of this letter. Table 1 also compares the adopted budget for the immediate past year with the proposed budget for the next year. Total revenues are projected to increase overall by about 7 percent from a combination of the sewer service charge increase discussed above and anticipated increases in property tax revenues accruing to the District. Significant variances between the two budget years are also provided later in this letter.

B. FISCAL YEAR (FY) 2017-18 OPERATING BUDGET DETAILS

Operating Revenues

The proposed FY 2017-18 Operating Budget by revenue source is shown in Table 2 below (and graphically in Figure 2 at the end of this letter), along with the figures for the past two fiscal years. Total operating revenues are budgeted to increase by 5.4% or \$545,341 from FY2016-17.

	FY 16/17	FY 17/18	% Change
	Adopted Budget	Proposed Budget	FY 17 to FY 18
Operating Revenues	\$ 10,108,692	\$ 10,654,033	5.39%
Capital Revenues	10,015,352	10,926,445	9.10%
Total Revenues	\$ 20,124,044	\$ 21,580,478	7.24%
Operating Expenditures	9,972,648	10,329,235	3.58%
CIP Expenditures	4,675,000	5,680,000	21.50%
Debt Service	7,059,705	7,043,504	-0.23%
Total Expenditures	\$ 21,707,353	\$ 23,052,739	6.20%

Funding Sources by Category	FY 15-16	FY 16-17	FY 17-18	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 17 to FY 18
Operating Sewer Service Charges	\$ 9,121,520	\$ 9,208,992	\$ 9,691,440	5.24%
Permit & Inspection fees	31,500	31,500	26,500	-15.87%
Interest Income	18,000	20,000	43,000	115.00%
Engineering/Admin Chgs	165,000	165,000	165,000	0.00%
Franchise Fees	50,962	52,186	53,438	2.40%
AB 939 Collector Fees	342,621	354,134	376,426	6.29%
Oil and Beverage Grant	59,880	59,880	62,729	4.76%
Ranch Income	70,000	70,000	70,000	0.00%
Recycled Water Revenue	117,000	117,000	135,500	15.81%
Other Revenue	30,000	30,000	30,000	0.00%
Total Operating Revenue	\$10,006,483	\$10,108,692	\$10,654,033	5.39%

Operating Sewer Service Charges (SSCs) budgeted increase of \$482,448 or 5.24% primarily from the approved 3.7% rate increase recommended by the 2016 sewer service charge rate study, and adopted by Ordinance No. 120.

Interest Income budgeted increase of \$13,000 or 115.0% from potential increase in interest rates.

AB 939 Collector Fees budgeted to increase by \$22,292 or 6.29% as currently projected for the Solid/HHW Cost center.

Recycled Water Revenue is based on projections for cost recovery of operating costs through an agreement with the North Marin Water District (NMWD).

Operating Expenditures

A summary of proposed and prior two fiscal years Operating Expenditures is shown in Table 3. The proposed FY17-18 Operating Expenditures are also shown graphically in Figure 3 (by expense type) and Figure 4 (by department or cost center), at the end of this letter. Operating expenditures are budgeted to increase by 3.58% or \$ \$356,587 between FY2016-17 and FY2017-18. In terms of staffing, note that FY16-17 expenditures for Salaries and Benefits within individual cost centers are skewed by one-time “savings” from vacant positions; two of these positions were filled in the latter part of this budget period. In addition, the long-term incumbents in the following District positions recently announced their retirement: Construction

Inspector, Senior Engineer, Collection System Superintendent, and Field Services Manager. The actual retirement dates for these individuals range from July through November 2017, but the retirements will affect budgeted expenditures through the year as the District seeks to address these staff transitions.

Also of note in FY16-17, the District moved forward on addressing its liabilities under Government Accounting Standards Board (GASB) Statement 45 (GASB 45 - Other Post-Employment Benefits or OPEB) and Statement 68 (GASB 68 - Net Pension Liability or NPL). The District set up and initiated funding a trust account with Public Agency Retirement Services (PARS), Irvine, CA, which incorporates separate sub-accounts for each of the GASB 45 and 68 liabilities. Consistent with Board direction (provided November 14, 2016) future District budgets (including FY17-19) will include amounts to fund this trust, subject to Board approval.

Expenditures by Department	FY 15-16	FY 16-17	FY 17-18	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 17 to FY 18
Collections	\$ 1,386,100	\$ 1,392,148	\$ 1,359,767	-2.33%
Treatment	3,018,331	3,076,191	3,160,475	2.74%
Reclamation	487,029	521,538	521,554	0.00%
Laboratory	601,633	648,636	599,461	-7.58%
Pump Stations	814,633	854,139	836,309	-2.09%
Administration/Engineering	2,936,237	2,947,210	3,277,014	11.19%
Hazardous Household Waste	402,501	415,787	439,155	5.62%
Recycled Water	117,000	117,000	135,500	15.81%
Total Expenditures	\$ 9,763,464	\$ 9,972,648	\$ 10,329,235	3.58%

Table 4 summarizes the main anticipated operating budget variances (1).

Anticipated Budget Variances – Year-over-year, FY 16-17 to FY 17-18	Budget Impact
1. 4.5% increase in Salaries & Wages (See above discussion).	\$ 99,905
2. 3.4% increase in employee benefits category (See above discussion).	\$ 31,889
3. New account to fund Net Pension Liability (NPL) trust (See above discussion).	\$ 223,152
4. 66.7% decrease in District's Software maintenance expenses.	\$ (62,000)
5. 26.3% increase in Sludge Disposal - contract for Reclamation cost center.	\$ 50,000
6. 17.6% decrease for Research & Monitoring fees in the Lab cost center.	\$ (34,500)

(1) A "variance" is defined to be a 10% year-over-year change and a minimum \$25,000 year-over-year change.

C. FISCAL YEAR 2017-18 CAPITAL BUDGET DETAILS

Capital Revenues

The proposed FY2017-18 Capital Budget by Revenue source is shown in Table 5 below, along with the figures for the past two fiscal years. Percentage changes in actual property tax revenue for the last ten years is illustrated in Figure 5. Total capital revenues for FY17-18 are expected to increase by 9.10% or \$ 911,093 from FY 2016-17. Notable items include:

Capital SSC Revenues - projected increase of \$157,200 or 2.07% primarily from the 3.7% rate increase recommended by the current sewer service charge rate study.

Property Taxes - projected increase of \$250,963 or 12.94% from greater activity in the housing market over the past few years. For comparative purposes, Figure 5 (at the end of this letter) illustrates property tax-related revenues for the last ten years.

Connection Fees – projected to increase \$13,200 or 3.04% assuming about 40 new connections per year.

Interest Income – projected increase of \$15,000 or 60.0% from potential increase in interest rates.

Grant Revenue – anticipated grant of up to \$475,000 from potential USBR Title XVI grant funds through the North Bay Water Reuse Authority (NBWRA) Phase I Program for the Recycled Water Facility expansion project.

Table 5: Capital Budget Revenue 3-year Summary

Funding Sources by Category	FY 15-16	FY 16-17	FY 17-18	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 17 to FY 18
Capital Sewer Service Charges	\$ 7,435,040	\$ 7,595,952	\$ 7,753,152	2.07%
Property Taxes	1,900,000	1,938,000	2,188,693	12.94%
Connection Charges	518,000	434,400	447,600	3.04%
Collector/Special Equalization Chgs	6,000	2,000	2,000	0.00%
Interest Income	22,000	25,000	40,000	60.00%
Grant Revenue	0	0	475,000	100.00%
Other Revenue	20,000	20,000	20,000	0.00%
Total Capital Revenues:	\$9,901,040	\$10,015,352	\$10,926,445	9.10%

Capital Expenditures

The proposed Capital Improvement Program (CIP) Budget for FY17-18 is \$12,723,504 or \$988,799 more or an increase of 8.4% over last year. Capital projects for 2017-18 will be funded through sewer service charges, property taxes, and connection fees. Notable items include:

On-going major capital project work, including Collection System Improvements and the expansion of the Recycled Water Facility (RWF).

Continuing work on regional efforts including NBWRA, Novato Creek Watershed, and the Hamilton Wetlands/Outfall study.

Debt service of \$7,043,504 including principal and interest payments on the District’s State Revolving Fund (SRF) loan and the 2011 Certificates of Participation (COPs).

Table 6 shows summary Capital Debt Service and Capital Project Costs for three fiscal years.

As noted earlier, the District is facing the loss of several senior level long-term employees to recently announced retirements in the near term. This will affect the execution of the proposed capital project work for FY17-18, at a minimum, and necessitate the carryover of certain capital project work into subsequent years.

Debt Coverage Ratio

The 2011 Certificates of Participation (COP) Installment Sale Agreement requires the District to collect rates and charges 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, or a debt coverage ratio of 1.20. The projected Debt Coverage Ratio for FY2017-18 is 1.60.

Table 6: Capital Budget Expenditures, 3-year Summary

Capital Expenditures	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	FY 17-18 Proposed Budget	% Change FY 17 to FY 18
Capital Projects	\$3,360,500	\$4,675,000	\$5,680,000	21.50%
Debt Service	7,075,104	7,059,705	7,043,504	-0.2%
Total	\$10,435,604	\$11,734,705	\$12,723,504	8.4%

A. COMPARISON OF ANNUAL SEWER SERVICE CHARGES LEVIED BY NEIGHBORING AGENCIES

The following table compares the District's rate with those of other nearby sanitation agencies. For illustrative purposes, see Figure 6 (following this letter) compares the District's SSC changes relative to changes in the Consumer Price Index (CPI) for the Water and Sewer Services industry for the last ten years.

AGENCY	RATE (\$/yr.)
Sanitary District No. 5 – Belvedere	1,985 ^(a)
Sausalito-Marin City Sanitary District ⁽¹⁾	1,377 ^(b)
Sanitary District No. 5 – Tiburon	1,034 ^(a)
Sanitary District No. 1 – City of Larkspur	1,125 ^(b)
Tamalpais Community Services District	1,397 ^(b)
City of Santa Rosa	957 ^(b)
Las Gallinas Valley Sanitary District	870 ^(b)
Ross Valley Sanitary District (SD #1)	856 ^(b)
City of Petaluma	823 ^(b)
City of Mill Valley	779 ^(b)
Napa Sanitation District	638 ^(b)
NOVATO SANITARY DISTRICT	594 ^(b)
Vallejo Sanitation & Flood Control District	520 ^(a)
Town of Corte Madera	500 ^(a)

Notes: ⁽¹⁾ Includes SMCS D charge of \$817 and City of Sausalito charge of \$492.
^(a)FY2016-17 charges; ^(b)FY2017-18 (proposed or adopted)

In conclusion, the proposed FY2017-18 budget will be able to accomplish the District's commitments to achieving the key goals set forth in its Strategic Plan while maintaining reasonable rates for its customers.

Sincerely,


 SANDEEP KARKAL, PE
 General Manager-Chief Engineer


 LAURA CREAMER, CPA
 Finance Officer

Additional Charts for Informational Purposes:

Figure 1:

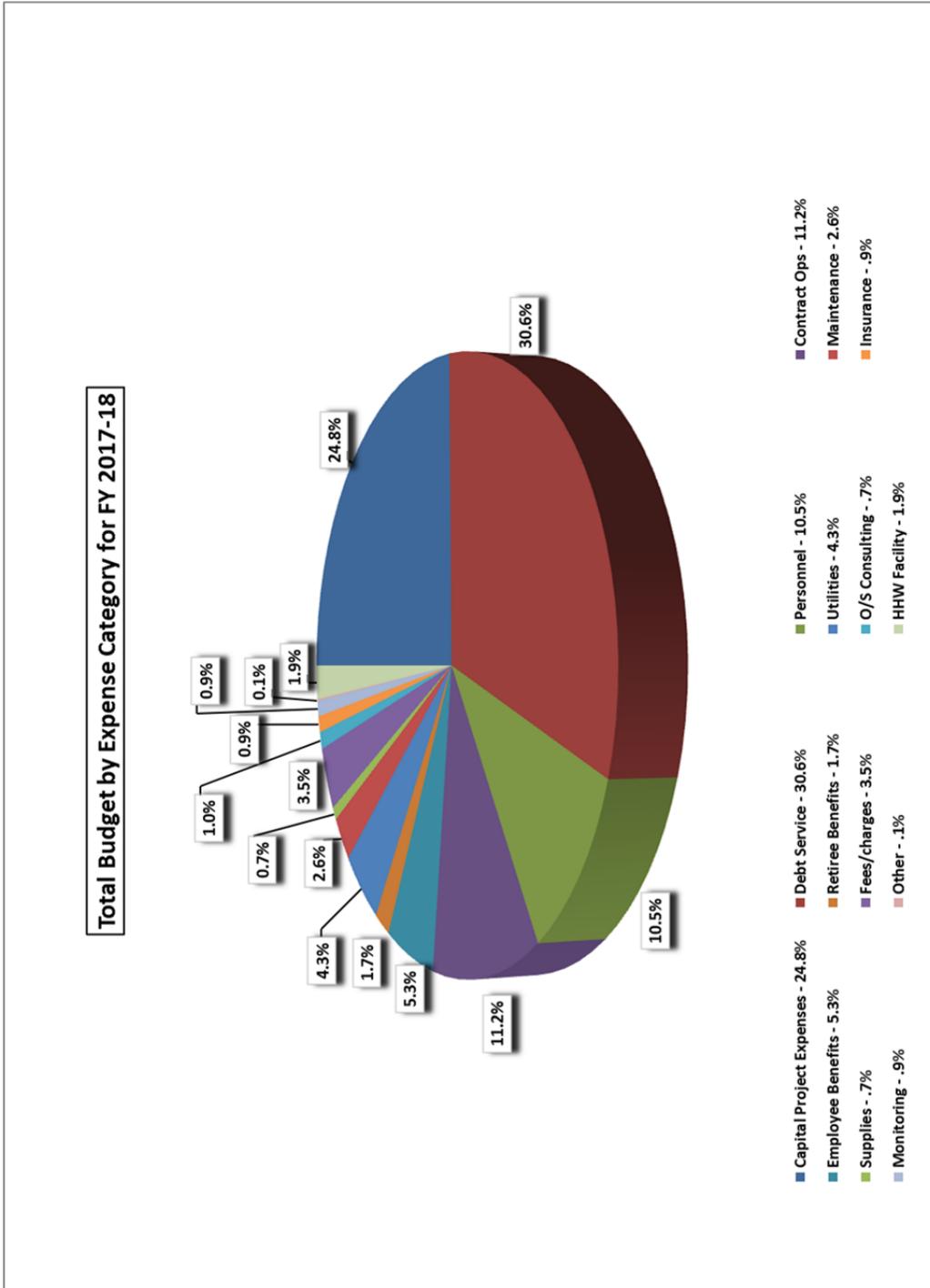


Figure 2:

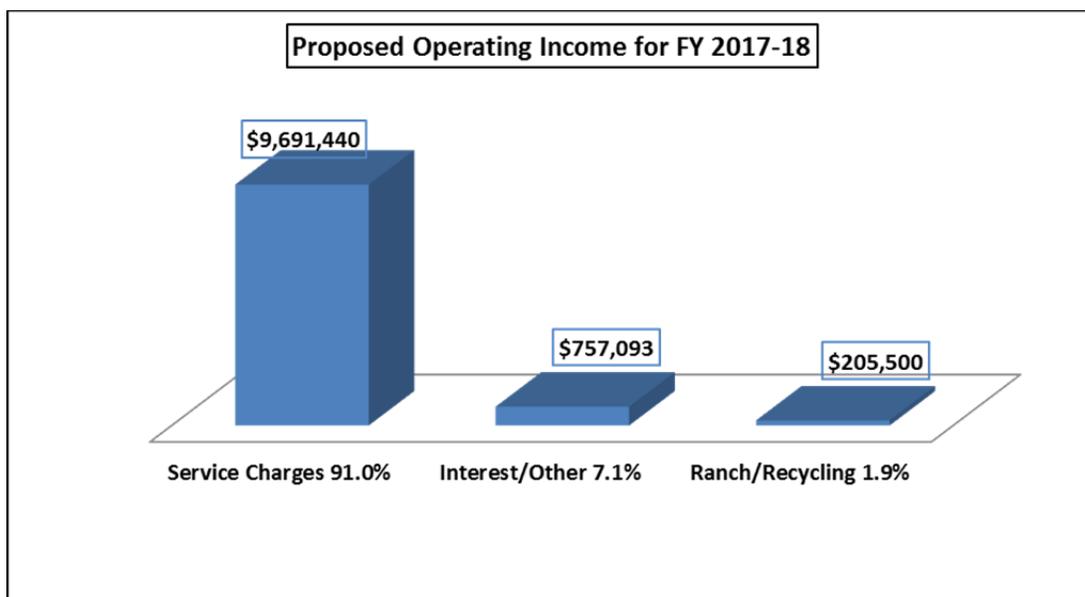


Figure 3:

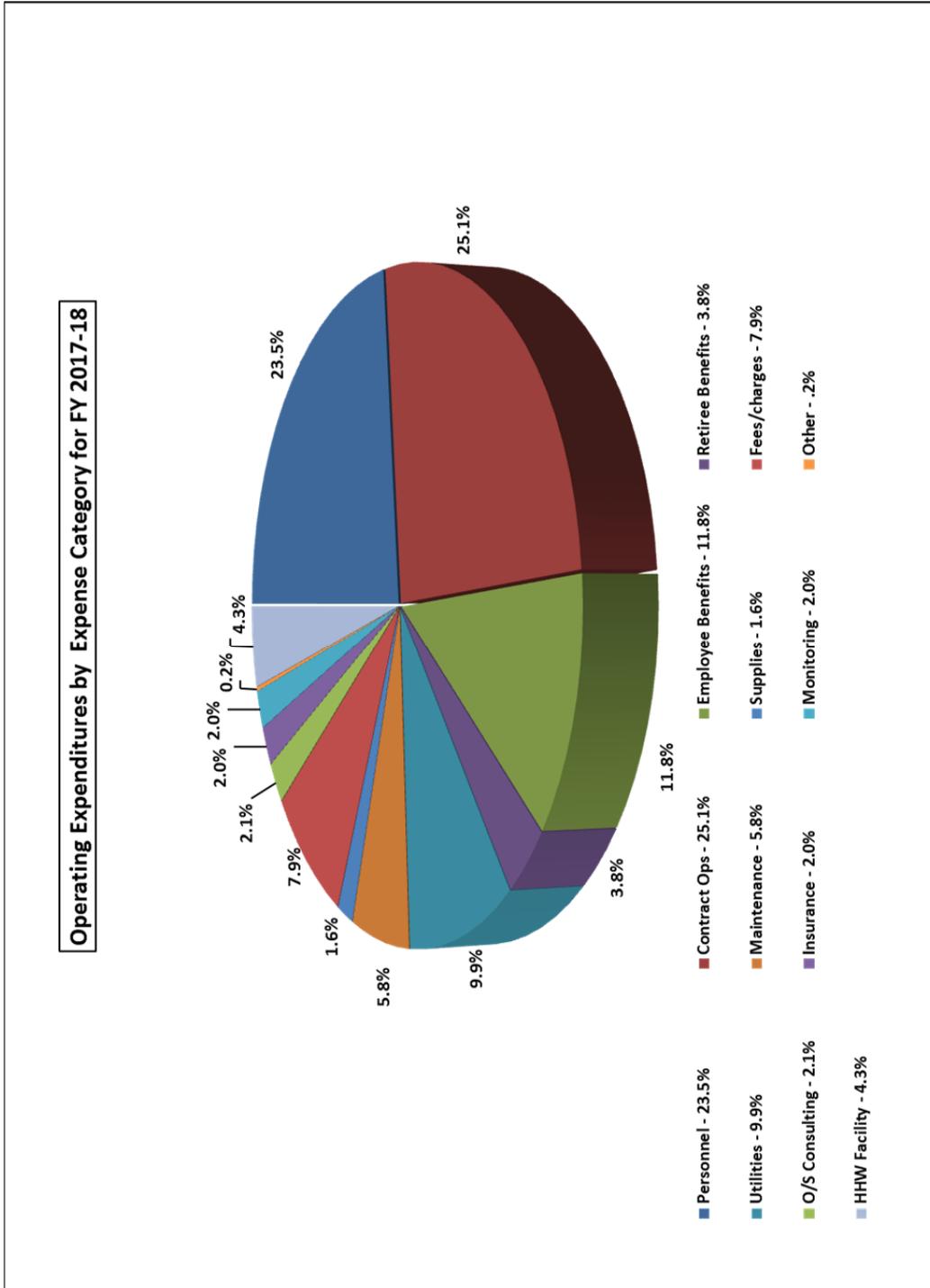


Figure 4:

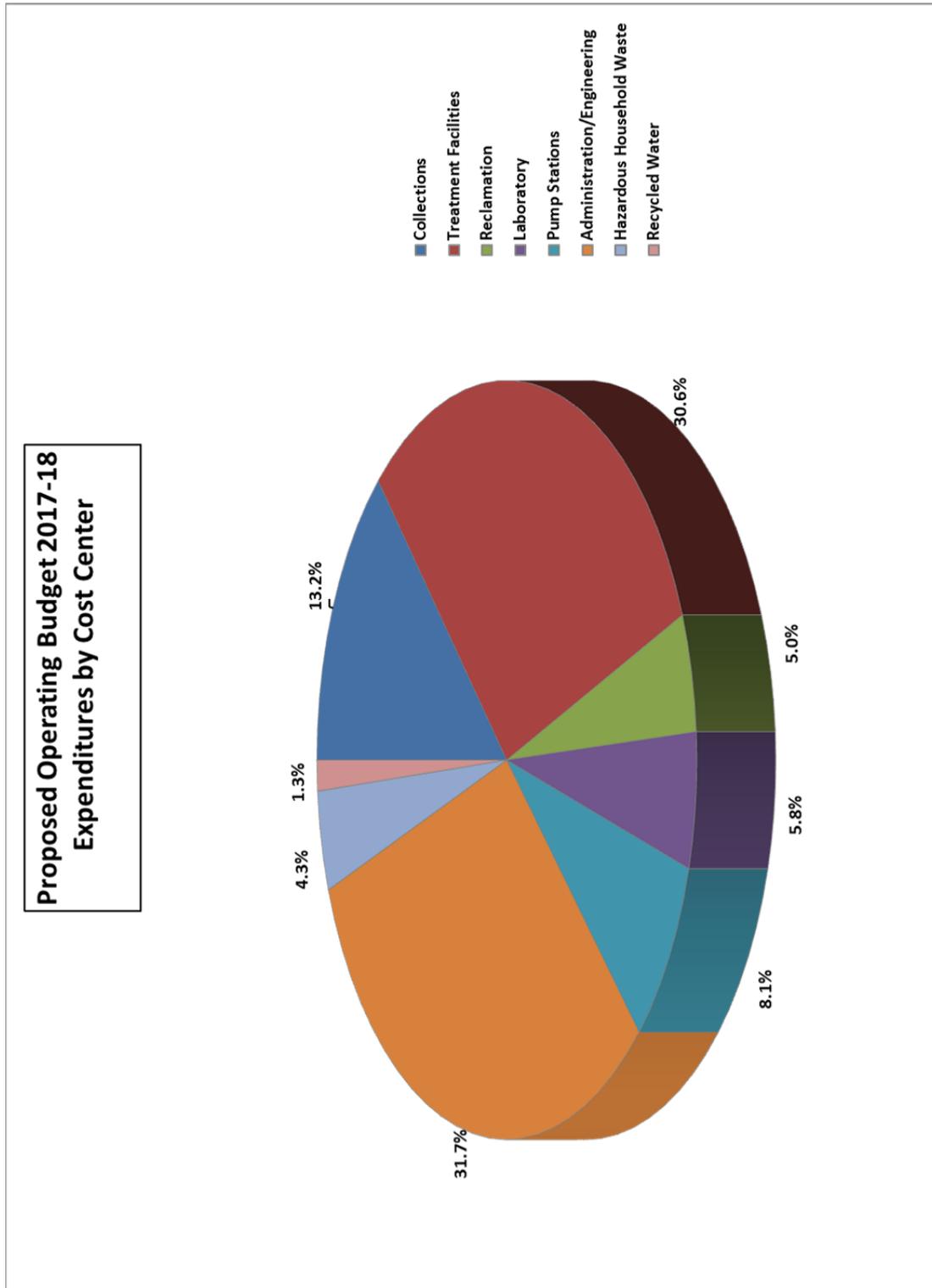
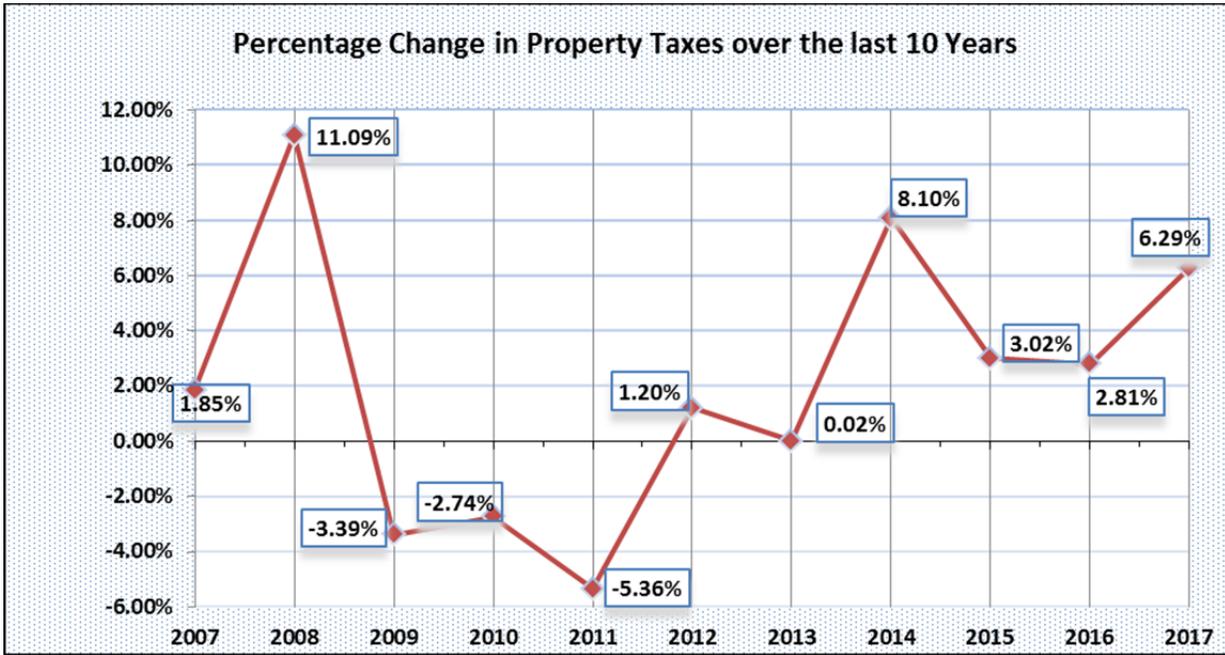
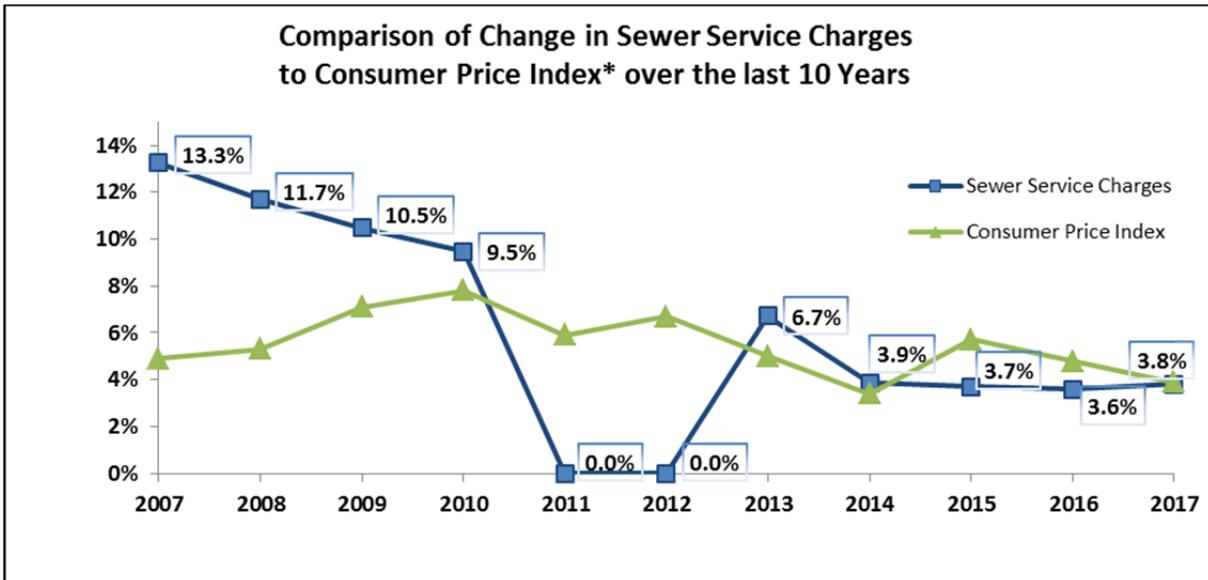


Figure 5:



Note: Based on actual revenues received through 15/16 and 16/17.

Figure 6:



*CPI – Bureau of Labor Statistics – Series Id: CUUR0000SEHG01; Not Seasonally Adjusted; U.S. city average; Water and sewerage maintenance; Base Period: 1982-84=100

Novato Sanitary District
2017-19 Final Budget
Summary of Fund Balances

	Adopted Budget 16/17	Actual Rev/Exp 2016-17	Proposed Budget 2017-18	Final Budget 2017-18	Preliminary Budget 2018-19
Operating Fund at July 1st Beginning of Each Year	12,278,229	12,278,229	12,361,487	12,571,656	12,684,882
Operating Revenue (p. 2)	10,108,692	10,267,213	10,631,380	10,654,033	11,135,482
Operating Expenditures (p. 3)	9,972,648	9,402,177	10,320,004	10,329,235	10,981,886
Transfers Out (1)	-	571,609	49,173	211,572	127,446
Net Operating Revenue after transfers	136,044	293,428	-	113,226	26,150
Operating Fund after transfers at the End of Each Year	12,414,273	12,571,656	12,623,690	12,684,882	12,711,032
Capital Improvement Fund at July 1st Beginning of Each Year	5,958,923	5,958,914	7,057,594	7,878,616	6,216,620
Capital Revenue (p. 14)	10,015,352	10,466,923	10,926,445	10,926,445	10,704,826
Transfers In (2)	0	432,518	0	162,399	76,798
Capital Expenditures (p. 15)	4,675,000	1,920,034	5,680,000	5,680,000	3,845,000
Debt Service (p. 19)	7,059,705	7,059,705	7,043,504	7,043,504	7,026,504
Transfers Out (3)	0	0	27,336	27,336	297,317
Total Capital Expenditures	11,734,705	8,979,739	12,750,840	12,750,840	11,168,821
Capital Improvement Fund Balance at the End of Each Year (4)	4,239,570	7,878,616	5,233,200	6,216,620	5,829,423
Wastewater Capital Reserve Fund Balance at the End of Each Year (p. 16)	-	-	27,336	27,336	324,653
Rate Stabilization Fund Balance at the End of Each Year (p. 18)	-	1,639,091	1,688,263	1,688,263	1,738,911
Fund Balances at The End of Each Year	16,653,843	22,089,363	19,572,489	20,617,101	20,604,019

(1) To Rate Stabilization Fund and Capital Improvement Fund.

(2) From Operating Fund

(3) To Wastewater Capital Reserve Fund.

(4) Includes the 2011 Certificates of Participation(COP) Reserve fund balance (See also p. 17).

SECTION II

OPERATING BUDGET SUMMARY SCHEDULES

**Novato Sanitary District
2017-19 Final Operating Budget
Summary of Revenues**

Operating Fund Revenue Center - 41000	Adopted Budget 15/16	Adopted Budget 16/17	Actual Revenues 2016-17	Proposed Budget 2017-18	Final Budget 2017-18	Preliminary Budget 2018-19
Accounts						
41010 · Sewer Service Charges (1)	9,121,520	9,208,992	9,260,307	9,691,440	9,691,440	10,145,760
41030 · Plan Check & Inspection Fee	500	500	10,777	500	500	500
41040 · Permit & Inspection Fee	6,000	6,000	6,080	6,000	6,000	6,000
41060 · Interest Income	18,000	20,000	101,203	43,000	43,000	50,000
41080 · Engineering & Admin Charges	165,000	165,000	95,869	165,000	165,000	165,000
41090 · Non-domestic Permit Fees (2)	25,000	25,000	22,399	20,000	20,000	20,000
41100 · Garbage Franchise Fees	50,962	52,186	52,485	53,438	53,438	54,721
41105 · AB 939 Collector Fees	342,621	354,134	354,134	362,502	376,426	388,722
41107 · Oil/Bev/Tire Grants (3)	59,880	59,880	70,837	54,000	62,729	62,779
41130 · Ranch Income	70,000	70,000	94,439	70,000	70,000	70,000
41135 · Recycled Water Revenue	117,000	117,000	177,285	135,500	135,500	142,000
41140 · Other Revenue (4)	20,000	20,000	19,771	20,000	20,000	20,000
41142 · Loss on disposal of assets	10,000	10,000	1,627	10,000	10,000	10,000
Totals	10,006,483	10,108,692	10,267,213	10,631,380	10,654,033	11,135,482

Comments:

- (1) Sewer Service Charge (SSC) revenue is based on rate increase approved on June 13, 2016 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:
 - For 2017/18 the charge is \$594 split between operating (\$330) and capital (\$264).
 - For 2018/19 the charge is \$615 split between operating (\$345) and capital (\$270).
- (2) Includes application fees, permits and monitoring charges.
- (3) Oil/Bev/Tire Grants ~ \$29,000/ JPA Reimb Fees \$33,700
- (4) Other revenue includes septic tank hauling fees, and miscellaneous revenue.

APPROPRIATIONS LIMITATION

The appropriations limitation, pursuant to Article XIII B of the California Constitution, is determined to be \$6,310,643 for the FY2017-18.

**Novato Sanitary District
2017-19 Final Budget
Operating Budget - Summary of Expenditures**

Operating Cost Center	Adopted Budget 15/16	Adopted Budget 16/17	Actual Exp 2016-17	Proposed Budget 2017-18	Final Budget 2017-18	Preliminary Budget 2018-19
Collections	1,386,100	1,392,148	1,133,021	1,397,514	1,359,767	1,434,938
Treatment Facilities	3,018,331	3,076,191	2,812,743	3,160,475	3,160,475	3,382,423
Reclamation	487,029	521,538	491,447	555,541	521,554	501,653
Laboratory	601,633	648,636	532,618	599,461	599,461	605,492
Pump Stations	814,633	854,139	717,552	859,031	836,309	895,386
Administration/Engineering	2,936,237	2,947,210	3,267,238	3,173,328	3,277,014	3,568,852
Solid/Hazardous Household Waste	402,501	415,787	342,230	439,155	439,155	451,501
Recycled Water	117,000	117,000	105,327	135,500	135,500	141,640
	9,763,464	9,972,648	9,402,177	10,320,004	10,329,235	10,981,886

Novato Sanitary District												
2017-18 Final Operating Budget												
Operating Budget:By Cost Center and Account Category												
	Treatment Facilities	Recl	L-M	Pump Stations	Collection System	A-E	HHW Program	Recycled Water	Total	As Percent of Budget	Over/Under PY Budget	% Over/Under PY Budget
Salaries and Wages		71,693		358,335	650,120	1,235,744			2,315,891	22.42%	99,905	4.51%
Contract Services (Operations & Lab)	2,173,976		363,761	153,974	299,148	504,956		50,000	2,587,737	25.05%	56,322	2.22%
Employee Benefits		24,860							982,938	9.52%	31,889	3.35%
Retiree Health Benefits						387,163			387,163	3.75%	9,815	2.60%
Pension Expense(Trust)						223,152			223,152	2.16%	223,152	100.00%
Directors' Fees						40,000			40,000	0.39%	2,000	5.26%
Election Expense						0			-	0%	-	0.00%
Gasoline, Oil & Fuel		2,000	1,500	5,000	15,000	5,000			28,500	0.28%	(22,000)	-43.56%
Insurance	14,000					150,000			164,000	1.59%	-	0.00%
Ins Claims Expense						45,000			45,000	0.44%	(5,000)	-10.00%
Agency Dues						54,000			54,000	0.52%	(8,000)	-12.90%
Memberships						10,000			10,000	0.10%	-	0.00%
Office Expense						26,000			26,000	0.25%	(1,000)	-3.70%
Safety		500	1,000	2,000	3,500	2,000			9,000	0.09%	-	0.00%
Software Maint		2,000	1,000	8,000	20,000	10,000		2,000	31,000	0.30%	(62,000)	-66.67%
Operating Supplies		2,000	20,000	10,000	28,000	10,000			72,000	0.70%	(2,000)	-2.70%
Operating Chemicals				2,000				27,300	29,300	0.28%	(11,700)	-28.54%
Sludge Disposal-Contractual		240,000							240,000	2.32%	50,000	26.32%
Accounting & Auditing						26,000			26,000	0.25%	(1,000)	-3.70%
Attorney						65,000			65,000	0.63%	(10,000)	-13.33%
Outside Consulting						223,000			223,000	2.16%	5,000	2.29%
IT/Misc. Electrical						40,000			40,000	0.39%	(5,000)	-11.11%
Safety & Wellness Incentive Program						10,000			10,000	0.10%	-	0.00%
Printing & Publication						22,000			22,000	0.21%	-	0.00%
Repairs & Maintenance		65,000	19,200	115,000	80,000	50,000		24,200	353,400	3.42%	(13,600)	-3.71%
Unusual Equipment Maint	150,000								150,000	1.45%	-	0.00%
Small Tools		500		2,000					4,500	0.04%	-	0.00%
Outside Services				30,000	175,000				205,000	1.98%	(5,000)	-2.38%
Ditch/Dike Maintenance		10,000							10,000	0.10%	(10,000)	-50.00%
Research & Monitoring			147,500					14,000	161,500	1.56%	(34,500)	-17.60%
Travel, Mfgs & Train.						65,000			65,000	0.63%	10,000	18.18%
Pollution Prevention/Pub. Ed.			41,500						41,500	0.40%	(1,500)	-3.49%
Gas & Electricity	732,499	95,000		115,000				17,000	959,499	9.29%	43,586	4.76%
Water		3,000		7,000	12,000				22,000	0.21%	-	0.00%
Telephone				24,000	4,000	12,000			40,000	0.39%	4,000	11.11%
Other/Operational Assistance					1,000				1,000	0.01%	-	0.00%
Permits & Fees	90,000	5,000	4,000	4,000	70,000			1,000	174,000	1.68%	(8,000)	-4.40%
Co. Collection Fees						66,000			66,000	0.64%	(2,000)	-2.94%
Ser. Chg. System Exp						5,000			5,000	0.05%	(150)	-2.91%
AB 939 Solid Waste Programs						439,155			439,155	4.25%	23,368	5.62%
Total	3,160,475	521,554	599,461	836,309	1,359,767	3,277,014	439,155	135,500	10,329,235	100.00%	356,587	3.58%
	30.60%	5.05%	5.80%	8.10%	13.16%	31.73%	4.25%	1%	100.00%			

SECTION III

OPERATING BUDGET
By Cost Center and Account Category

**Novato Sanitary District
2017-19 Final Budget
Operating Budget - Collections**

Collections Cost Center - 60000	Adopted Budget 15/16	Adopted Budget 16/17	Actual Exp 2016-17	Proposed Budget 2017-18	Final Budget 2017-18	Preliminary Budget 2018-19
Accounts						
60010 · Salaries & Wages	634,609	627,355	548,512	678,903	650,120	720,601
60020 · Employee Benefits	269,491	286,293	244,640	308,112	299,148	330,837
60060 · Gas, Oil & Fuel	28,000	28,000	14,464	15,000	15,000	15,000
60085 · Safety	7,000	3,500	3,417	3,500	3,500	3,500
60091 · Software Maint	25,000	75,000	24,357	20,000	20,000	20,000
60100 · Operating Supplies	30,000	30,000	27,242	28,000	28,000	28,000
60150 · Repairs & Maint	85,000	85,000	77,406	80,000	80,000	80,000
60152 · Small Tools	2,000	2,000	1,630	2,000	2,000	2,000
60153 · Outside Services	225,000	175,000	163,348	175,000	175,000	155,000
60192 · Water	12,000	12,000	9,363	12,000	12,000	12,000
60193 · Telephone	2,000	2,000	1,806	4,000	4,000	4,000
60200 · Other(Garbage Coll)	1,000	1,000	273	1,000	1,000	1,000
60201 · Permits & Fees	65,000	65,000	16,563	70,000	70,000	63,000
	1,386,100	1,392,148	1,133,021	1,397,514	1,359,767	1,434,938

**Novato Sanitary District
2017-19 Final Budget
Operating Budget - Treatment Facilities**

Treatment Facilities - Cost Center - 61000	Adopted Budget 15/16	Adopted Budget 16/17	Actual Exp 2016-17	Proposed Budget 2017-18	Final Budget 2017-18	Preliminary Budget 2018-19
Accounts						
61000-1 · Fixed Fee(1)	2,059,201	2,113,278	2,037,124	2,173,976	2,173,976	2,322,675
61000-2 · Insurance & Bonds	12,000	14,000	11,680	14,000	14,000	14,000
61000-3 · Major Repair/Replcmnt	150,000	150,000	39,650	150,000	150,000	150,000
61000-4 · Water/Permits/Phone	90,000	90,000	63,705	90,000	90,000	90,000
61000-5 · Gas & Electricity(2)	707,130	708,913	660,584	732,499	732,499	805,748
	3,018,331	3,076,191	2,812,743	3,160,475	3,160,475	3,382,423

Comments:

- (1) Fixed fee - 5% increase from prior year, and an allowance for contractual incentive payment.
- (2) Assumes 10% increase for purchased utility power based on actual expenditures for 2016/17, and an allowance for contractual incentive payment with 50-50 sharing of savings from power usage below contract baseline, between District and Veolia.

**Novato Sanitary District
2017-2019 Final Budget
Operating Budget - Reclamation**

Reclamation Cost Center - 63000	Adopted Budget 15/16	Adopted Budget 16/17	Actual Exp 2016-17	Proposed Budget 2017-18	Final Budget 2017-18	Preliminary Budget 2018-19
Accounts						
63010 · Salaries & Wages	75,400	91,943	84,848	94,562	71,693	97,827
63020 · Employee Benefits	28,629	36,595	21,018	35,978	24,860	18,827
63060 · Gasoline & Oil	4,000	4,000	2,068	2,000	2,000	2,000
63085 · Safety	500	500	0	500	500	500
63091 · Software Maint	2,000	2,000	1,000	2,000	2,000	2,000
63100 · Operating Supplies	2,000	2,000	1,794	2,000	2,000	2,000
63115 · Sludge Disposal	210,000	190,000	188,818	240,000	240,000	200,000
63150 · Repairs & Maint	50,000	70,000	72,341	65,000	65,000	65,000
63152 · Small Tools	500	500	69	500	500	500
63157 · Ditch/Dike Maint	20,000	20,000	0	10,000	10,000	10,000
63191 · Gas & Electricity	85,000	95,000	110,874	95,000	95,000	95,000
63192 · Water	3,000	3,000	4,864	3,000	3,000	3,000
63201 · Permits & Fees	6,000	6,000	3,753	5,000	5,000	5,000
	487,029	521,538	491,447	555,541	521,554	501,653

**Novato Sanitary District
2017-19 Final Budget
Operating Budget - Laboratory**

Laboratory Cost Center - 64000	Adopted Budget 15/16	Adopted Budget 16/17	Actual Exp 2016-17	Proposed Budget 2017-18	Final Budget 2017-18	Preliminary Budget 2018-19
Accounts						
64010 · Contract Lab Services (1)	357,133	368,136	340,564	363,761	363,761	375,792
64060 · Gasoline & Oil	3,000	2,500	1,464	1,500	1,500	1,500
64085 · Safety	1,000	1,000	0	1,000	1,000	1,000
64091 · Software Maintenance	4,000	4,000	984	1,000	1,000	1,000
64100 · Operating Supplies	20,000	20,000	19,875	20,000	20,000	20,000
64150 · Repairs & Maintenance	10,500	25,000	19,288	19,200	19,200	10,700
64160 · Research & Monitoring	163,000	182,000	118,628	147,500	147,500	150,000
64170 · Pollution Prev/Public Ed	40,000	43,000	28,260	41,500	41,500	41,500
64201 · Permits & Fees	3,000	3,000	3,555	4,000	4,000	4,000
	601,633	648,636	532,618	599,461	599,461	605,492

Comments:

(1) Includes fees and charges paid for contract laboratory and environmental services provided by Veolia Water and North Marin Water District (NMWD).

**Novato Sanitary District
2017-2019 Final Budget
Operating Budget - Pump Stations**

Pump Stations Cost Center - 65000	Adopted Budget 15/16	Adopted Budget 16/17	Actual Exp 2016-17	Proposed Budget 2017-18	Final Budget 2017-18	Preliminary Budget 2018-19
Accounts						
65010 · Salaries & Wages	337,753	344,528	300,581	372,332	358,335	394,791
65020 · Employee Benefits	141,880	154,611	111,320	162,699	153,974	171,595
65060 · Gasoline & Oil	5,000	6,000	2,904	5,000	5,000	5,000
65085 · Safety	2,000	2,000	1,878	2,000	2,000	2,000
65091 · Software Maintenance	12,000	12,000	5,494	8,000	8,000	8,000
65100 · Operating Supplies	10,000	10,000	6,874	10,000	10,000	10,000
65101 · Operating Chemicals	15,000	15,000	28	2,000	2,000	2,000
65150 · Repairs & Maintenance	110,000	115,000	111,070	115,000	115,000	120,000
65152 · Small Tools	1,000	2,000	1,680	2,000	2,000	2,000
65153 · Outside Services, Elect.	32,000	35,000	20,808	30,000	30,000	30,000
65191 · Gas & Electricity	100,000	110,000	120,102	115,000	115,000	115,000
65192 · Water	7,000	7,000	6,874	7,000	7,000	7,000
65193 · Telephone	24,000	24,000	20,878	24,000	24,000	24,000
65201 · Permits & Fees	17,000	17,000	7,061	4,000	4,000	4,000
	814,633	854,139	717,552	859,031	836,309	895,386

**Novato Sanitary District
2017-2019 Final Budget
Operating Budget - Administration/Engineering**

Administration and Engineering Cost Center - 66000	Adopted Budget 15/16	Adopted Budget 16/17	Actual Exp 2016-17	Proposed Budget 2017-18	Final Budget 2017-18	Prelim Budget 2018-19
Accounts						
66010 · Salaries & Wages	1,102,409	1,152,160	1,015,707	1,226,084	1,235,744	1,292,503
66020 · Employee Benefits	440,568	473,551	450,485	513,033	504,956	558,940
66021 · Retiree Health Benefits(1)	375,260	377,348	174,898	207,274	224,377	253,848
66021-1 · Retiree Health Benefits(2)	0	0	700,000	162,786	162,786	167,521
66022 · Pension Expense (3)	0	0	0	223,152	223,152	290,041
66022-1 · Pension Expense (4)	0	0	200,000	0	0	0
66030 · Director's Fees	43,000	38,000	24,300	36,000	40,000	40,000
66040 · Election Expense	50,000	0	0	0	0	45,000
66060 · Gasoline & Oil	10,000	10,000	5,967	5,000	5,000	5,000
66070 · Insurance	135,000	150,000	126,802	150,000	150,000	150,000
66071 · Insurance Claim Expense	40,000	50,000	20,395	45,000	45,000	45,000
66075 · Agency Dues	55,000	62,000	58,726	54,000	54,000	54,000
66080 · Memberships	9,000	10,000	6,952	10,000	10,000	10,000
66085 · Safety	2,000	2,000	817	2,000	2,000	2,000
66090 · Office Expense	25,000	27,000	24,899	26,000	26,000	28,000
66100 · Engineering Supplies	8,000	10,000	6,919	10,000	10,000	10,000
66121 · Accounting & Auditing	24,000	27,000	27,375	26,000	26,000	27,000
66122 · Attorney Fees	90,000	75,000	19,985	50,000	65,000	70,000
66123 · O/S Contractual	270,000	218,000	168,000	167,000	223,000	235,000
66124 · IT/Misc Electrical	36,000	45,000	44,510	40,000	40,000	42,000
66125 · Safety & Wellness Incen Prog	10,000	10,000	3,450	10,000	10,000	10,000
66130 · Printing & Publications	22,000	22,000	18,439	22,000	22,000	24,000
66150 · Repairs & Maintenance	50,000	50,000	51,344	50,000	50,000	53,000
66170 · Travel, Meetings & Training	55,000	55,000	47,498	55,000	65,000	70,000
66193 · Telephone	10,000	10,000	10,187	12,000	12,000	12,000
66202 · County Fees-Property Taxes	27,000	26,000	30,783	26,000	26,000	27,000
66203 · County Fees-Sewer Ser Chg	42,000	42,000	28,800	40,000	40,000	42,000
66250 · Service Charge Sys Exp	5,000	5,150	0	5,000	5,000	5,000
	2,936,237	2,947,210	3,267,238	3,173,328	3,277,014	3,568,852

Comments:

- (1) Projected contribution to current retirees' health care premiums.
- (2) Represents FY16-17 contributions to set up a PARS* Trust (OPEB sub-account), per Board action of November 14, 2016, and FY17-19 Unfunded Actuarial Liability (UAL) contributions into the PARS Trust(OPEB sub-account).
- (3) Represents FY17-19 projected contributions to PARS Trust (Pension sub-account).
- (4) Represents FY16-17 contribution to set up a PARS Trust (Pension sub-account), per Board action of November 14, 2016.

*PARS = Public Agency Retirement Services.
OPEB = Other Post-Employment Benefits.

Novato Sanitary District
Final Operating Budget 2017-19
PERSONNEL DETAIL

Number	Position	Cost Center	Pay Range	Salaries	
				2017-18	2018-19
1.00	General Manager-Chief Engineer.....	A/E		224,104	233,516
1.00	Technical Services Manager.....	A/E	MC119	154,750	162,539
1.00	Field Services Manager25AE/.25CS/.25PS/.25Rec	MC119	45,497	-
1.00	Senior Engineer*.....	.65AE/.25PS/.10Rec	MC116.5	122,735	130,542
0.46	Administrative Services Specialist	A/E	MC117.5	66,941	69,752
1.00	Administrative/Risk Services and Safety Officer (1)	A/E	MC117.5	132,640	145,119
1.00	Administrative Assistant	A/E	MC103	46,296	67,537
1.00	Administrative Secretary.....	A/E	MC106	82,728	86,203
1.00	Finance Officer.....	A/E	MC115	128,328	133,718
1.00	Associate Engineer*.....	.65AE/.25PS/.10Rec	49.5	72,144	112,761
1.00	Staff Engineer.....	.5AE/.5CS	47	105,576	110,010
1.00	Construction Inspector.....	A/E	44.5	78,289	80,138
1.00	Information System Specialist II.....	.5AE/.5CS	43.5	89,028	92,767
1.00	Electrical/Instrumentation Tech I.....	.34AE/.33PS/.33Rec	40.5	66,986	73,292
1.00	Collection System Superintendent.....	.67CS/.33PS	MC115	124,765	133,718
1.00	Collection System Leadworker.....	.67CS/.33PS	47	98,154	107,391
0.00	Collection System Worker III.....	.67CS/.33PS	43.5	-	-
3.00	Collection System Worker II.....	.67CS/.33PS	40.5	222,240	239,143
4.00	Collection System Worker I.....	.67CS/.33PS	38.5	258,596	282,143
*Alternate Staffing					
1.00	Senior Project Manager.....	.65AE/.25PS/.10Rec	MC115.5	89,478	124,315
1.00	Project Engineer.....	.65AE/.25PS/.10Rec	48.5	85,890	107,397
1.00	Admin Intern	A/E	N/A	7,200	7,200
1.00	Engineering Aide - temp	A/E	N/A	8,640	8,640
0.40	Hourly Electrician	.25AE/.25PS/.50Rec	N/A	33,000	32,000
	Allowance for Overtime.....	C/S		33,000	33,000
	Allowance for Overtime.....	A/E		7,500	7,500
	Allowance for Standby Duty Pay.....	C/S		35,000	36,000
	Adjustment for CMSA Reimbursement(1)	A/E		(17,276)	(18,739)
	Subtotal			2,226,860	2,365,889
	Allowance for Possible COLA - across the board	4.20%		89,031	74,591
		3.30%			
				2,315,891	2,440,480
24.86	Administration and Engineering (A/E)		1,235,744	1,317,257	
	Collection System	67%	650,120	678,625	
	Pump Stations	33%	358,335	378,480	
	Reclamation Facilities		71,693	66,118	
	Total/Check		2,315,891	2,440,480	
(1) A portion of the compensation for this position to be reimbursed by Central Marin Sanitation Agency (CMSA) under the Joint Safety Program between CMSA and the District.					

**Novato Sanitary District
2017-2019 Final Budget
Operating Budget - Solid/Household Hazardous Waste**

Solid/HHW Cost Center - 67000	Adopted Budget 15/16	Adopted Budget 16/17	Actual Exp 2016-17	Proposed Budget 2017-18	Final Budget 2017-18	Preliminary Budget 2018-19
Accounts						
67400 · Management Services	131,464	134,750	81,631	138,118	138,118	142,464
67500 · Household Haz. Waste	211,500	220,000	232,128	242,500	242,500	248,000
67530 · Used Oil Grant	11,269	11,269	2,475	11,269	11,269	11,269
67530-1 Beverage Container Grant	11,268	11,268	2,475	11,268	11,268	11,268
67540 · Education/Public Outreach	22,000	23,500	13,521	21,000	21,000	23,500
67600 · Other	5,000	5,000	0	5,000	5,000	5,000
67610 · City AB 939 Admin Service	10,000	10,000	10,000	10,000	10,000	10,000
	402,501	415,787	342,230	439,155	439,155	451,501

Comments:

Per proposed budget by HHW Coordinator.

**Novato Sanitary District
2017-2019 Final Budget
Operating Budget - Recycled Water**

Recycled Water Cost Center - 68000	Adopted Budget 15/16	Adopted Budget 16/17	Actual Exp 2016-17	Proposed Budget 2017-18	Final Budget 2017-18	Preliminary Budget 2018-19
Accounts						
68010 · O & M Services	50,000	38,000	37,730	50,000	50,000	50,000
68100 · Operating Supplies	2,000	2,000	2,027	2,000	2,000	2,200
68101 · Operating Chemicals	26,000	26,000	19,729	27,300	27,300	30,030
68150 · Repairs & Maintenance	22,000	14,000	13,157	24,200	24,200	25,410
68160 · Research & Monitoring	14,000	12,000	9,405	14,000	14,000	14,000
68191 · Gas & Electricity (1)	2,000	24,000	23,279	17,000	17,000	19,000
68201 · Permits & Fees	1,000	1,000	0	1,000	1,000	1,000
	117,000	117,000	105,327	135,500	135,500	141,640

Comments:

(1) Per District Policy No. 3512, "Annual Budget - Non-Personnel Related Changes to Budget Amounts," a budget amount of \$22,000 has been reallocated from Accounts 68010 (\$12,000), 68150 (\$8,000) and 68160 (\$2,000) to Account 68191 for FY16-17.

SECTION IV

CAPITAL IMPROVEMENT BUDGET

**Novato Sanitary District
2017-19 Final Budget
Capital Improvement Budget - Summary of Revenues**

			Actual	Proposed	Final	Prelim
Capital Fund	Adopted	Adopted	Revenue	Budget	Budget	Budget
Revenue Center - 51000	Budget 15/16	Budget 16/17	2016-17	2017-18	2017-18	2018-19
Accounts						
Capital Improvement Income						
51010 · Sewer Service Charges(1)	7,435,040	7,595,952	7,576,289	7,753,152	7,753,152	7,940,160
51015 · Property Taxes	1,900,000	1,938,000	2,185,251	2,188,693	2,188,693	2,232,466
51015-1· Redevelopment Agency(2)	0	0	107,840	0	0	0
51020 · Connection Charges(3)	518,000	434,400	227,567	447,600	447,600	461,200
51030 · Collector Sewer Charges	2,000	1,000	6,516	1,000	1,000	2,000
51040 · Special Equalization Chrg	4,000	1,000	1,494	1,000	1,000	4,000
51060 · Interest	22,000	25,000	83,007	40,000	40,000	45,000
51070 · Other Revenue(4)	20,000	20,000	227,891	20,000	20,000	20,000
51072 · Grant Revenue - RWF	0	0	51,068	475,000	475,000	0
Total Capital Improvement Income	9,901,040	10,015,352	10,466,923	10,926,445	10,926,445	10,704,826
Comments:						
(1) Sewer Service Charge (SSC) revenue is based on rate increase approved on June 13, 2016 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:						
- For 2017/18 the charge is \$594 split between operations(\$330) and capital (\$264).						
- For 2018/19 the charge is \$615 split between operations(\$345) and capital (\$270).						
(2) Redevelopment Agency(RDA) related revenues are being shown separately as they have increased over the past few years from the dissolution and distribution of assets of these agencies. Also, projections for future RDA fund distributions are not available at this time.						
(3) Connection Charges projected at 40 new connections each year.						
- Per Ordinance 120, the connection charge beginning July 1, 2017 is \$11,190 per EDU, and increases by 3% on July 1, 2018 to \$11,530 per EDU.						
(4) Includes one-time amount of \$225,000 in FY16-17 from settlement of the Bayside matter.						

**Novato Sanitary District
2017-2019 Final Budget
Capital Improvement Budget - CIP Expenditures**

	Adopted	Adopted	Actual	Proposed	Final	Preliminary
Capital Improvements	Budget	Budget	Exp	Budget	Budget	Budget
Cost Centers - 72000 & 73000	15/16	16/17	2016-17	2017-18	2017-18	2018-19
Accounts						
72110 · Drainage PS 3&7 Outfall Rehab	5,000	0	0	0	0	0
72403 · Pump Station Rehabilitation	50,000	50,000	4,995	150,000	150,000	250,000
72508 · North Bay Water Reuse Authority (NBWRA)	403,000	440,000	70,536	100,000	100,000	100,000
72706 · Collection System Improvements	1,050,000	1,200,000	952,044	1,700,000	1,700,000	1,700,000
72706-1 · Lateral Replacement Program	50,000	60,000	48,500	80,000	80,000	100,000
72707 · Hamilton Wetlands/Outfall Integration	22,500	10,000	193	10,000	10,000	10,000
72708 · Cogeneration	20,000	45,000	21,098	350,000	350,000	700,000
72802 · Annual Sewer Adj. for City Proj	10,000	10,000	6,621	40,000	40,000	20,000
72803 · Annual Collection Sys Repairs	200,000	200,000	178,220	200,000	200,000	225,000
72804 · Annual Reclamation Fac Improvements	100,000	100,000	93,567	175,000	175,000	100,000
72805 · Annual Treatment Plant Improvements	300,000	100,000	52,186	300,000	300,000	100,000
72806 · Annual Pump Station Improvements	0	100,000	73,191	100,000	100,000	140,000
72807 · Annual Ignacio Facility Improvements	0	0	0	50,000	50,000	50,000
72808 · Strategic Plan Update	10,000	20,000	0	20,000	20,000	20,000
72809 · Novato Creek Watershed	15,000	10,000	390	5,000	5,000	5,000
73001 · WWTP Upgrade - Contract C(Solids handling)	10,000	0	0	0	0	0
73003 · Admin Building Upgrade/Maint. Building	740,000	350,000	28,301	350,000	350,000	50,000
73004 · Odor Control and NTP Landscaping	50,000	75,000	46,803	50,000	50,000	50,000
73005 · RWF Expansion (1)	150,000	1,300,000	158,911	1,460,000	1,460,000	50,000
73006 · NTP Corrosion Control	150,000	180,000	158,222	150,000	150,000	150,000
73090 · Vehicle Replacement	25,000	425,000	26,256	390,000	390,000	25,000
Subtotal before Debt Service	3,360,500	4,675,000	1,920,034	5,680,000	5,680,000	3,845,000
78500 · Interest - SRF Loan	1,698,525	1,610,195	1,610,195	1,519,744	1,519,744	1,427,123
78500 · Principal - SRF Loan	3,680,431	3,768,762	3,768,762	3,859,212	3,859,212	3,951,833
78500 · Interest - COP Bond	811,148	775,748	775,748	739,548	739,548	702,548
78500 · Principal - COP Bond	885,000	905,000	905,000	925,000	925,000	945,000
Subtotal for Debt Service	7,075,104	7,059,705	7,059,705	7,043,504	7,043,504	7,026,504
Totals	10,435,604	11,734,705	8,979,739	12,723,504	12,723,504	10,871,504

Comments:

(1) FY17-18 expenditures include provisions for USBR Title XVI grant funds through the NBWRA Phase I program, and potential reimbursement from the joint NMWD/NSD Recycled Water Capital Replacement and Expansion Fund.

SECTION V

***WASTEWATER CAPITAL RESERVE FUND &
CERTIFICATE OF PARTICIPATION (COP)
RESERVE FUND***

**Novato Sanitary District
2017-19 Final Budget
Wastewater Capital Reserve Fund**

		2017-19 Budget	
		Prelim	Final
<u>Wastewater Capital Reserve Fund</u>			
FUND BALANCE 6/30/16		3,275,000	3,275,000
	Required Deposits	0	0
FUND BALANCE 6/30/17		3,275,000	3,275,000
	Required Deposits/Transfers In	27,336	27,336
ANTICIPATED FUND BALANCE 6/30/18		3,302,336	3,302,336
	Required Deposits/Transfers In	297,317	297,317
ANTICIPATED FUND BALANCE 6/30/19		3,599,653	3,599,653
Note:	<p>The District borrowed \$81,307,947 between 2008 and 2011 from the State Revolving Fund (SRF) program, under a loan agreement with the State Water Resources Control Board (SWRCB). The loan agreement requires the District to 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, beginning in FY08-09. The District's unused bonding capacity of \$3,275,000 from the 1970 and 1986 General Obligation (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 by the unused GO bonding capacity. District Policy No. 3500 (adopted August 8, 2013), paragraph 3500.33, sets the reserve amounts in accordance with the terms of the loan, and requires the remainder to be funded as follows: \$27,336 in FY17-18, and \$297,317 in FY18-19. These amounts are being funded from unreserved amounts in the capital improvement fund, and the total of these required deposits (i.e. \$324,653) is included in the Summary of Fund Balances table (Page 1).</p>		

**Novato Sanitary District
2017-19 Final Budget
COP Reserve Fund**

		2017-19 Budget			
		Preliminary	Final		
<u>Certificates of Participation Reserve Fund</u>					
FUND BALANCE 6/30/16		1,693,858	1,693,858		
	Interest Income	176	176		
FUND BALANCE 6/30/17		1,694,034	1,694,034		
	Interest Income	185	185		
ANTICIPATED FUND BALANCE 6/30/18		1,694,219	1,694,219		
	Interest Income	185	185		
ANTICIPATED FUND BALANCE 6/30/19		1,694,404	1,694,404		
Summary of COP Activity:					
		15/16	16/17	17/18	18/19
	Beginning Balance each year	1,693,343	1,693,858	1,694,034	1,694,219
	Cop Proceeds	-	-	-	-
	Less Withdrawals	-	-	-	-
	Interest earned and Reinvested	515	176	185	185
	Cash Balance for COP Expenditures	1,693,858	1,694,034	1,694,219	1,694,404
Note 1: The Trust Agreement established a reserve fund in October 2011.					
The reserve fund is funded based on the upcoming annual debt service payment which is currently at \$1.6 million, and is held by the Trustee. This amount will be used to make the final payment on the COPs, and the Reserve Fund will be closed out at that time.					

SECTION VI

RATE STABILIZATION FUND

**Novato Sanitary District
2017-19 Final Budget
Rate Stabilization Fund**

			2017-19 Budget	
			Prelim	Final
<u>RATE STABILIZATION FUND</u>				
FUND BALANCE 6/30/16			1,500,000	1,500,000
Required Deposits/Transfers from Operating			139,091	139,091
FUND BALANCE 6/30/17.....			1,639,091	1,639,091
Required Deposits/Transfers from Operating			49,173	49,173
FUND BALANCE 6/30/18			1,688,263	1,688,263
Required Deposits/Transfers from Operating			50,648	50,648
FUND BALANCE 6/30/19			1,738,911	1,738,911
Note: This fund is maintained at a minimum balance of \$1,500,000 adjusted annually for inflation from unreserved amounts in the operating fund. Beginning FY17-18, this Fund is also included in the Summary of Fund Balances table (Page 1) to relate the cash based methodology of the budget document with the accrual methodology of the Comprehensive Annual Financial Report (CAFR).				

SECTION VII

DEBT SERVICE FUND SUMMARY

**Novato Sanitary District
2017-19 Final Budget
State Revolving Fund Loan
and
COP Bond Fund**

		2017-18 Budget		
		Preliminary	Final	
<u>State Revolving Fund Loan</u>				
DEBT BALANCE 6/30/16		67,091,044	67,091,044	
Principal Payment 2016-17		(3,768,762)	(3,768,762)	
Interest payments 2016-17		(1,610,195)	(1,610,195)	
Transfer from Capital Improvement Fund 2016-17		1,610,195	1,610,195	
DEBT BALANCE 6/30/17		63,322,282	63,322,282	
Principal Payment 2017-18		(3,859,212)	(3,859,212)	
Interest payments 2017-18		(1,519,744)	(1,519,744)	
Transfer from Capital Improvement Fund 2017-18		1,519,744	1,519,744	
ANTICIPATED DEBT BALANCE 6/30/18		59,463,070	59,463,070	
<u>COP Bond Financing Issued October 2011</u>				
DEBT BALANCE 6/30/16		18,380,000	18,380,000	
Principal Payment 2016-17		(905,000)	(905,000)	
Interest payments 2016-17		(775,748)	(775,748)	
Transfer from Capital Improvement Fund 2016-17		775,748	775,748	
DEBT BALANCE 6/30/17		17,475,000	17,475,000	
Principal Payment 2017-18		(925,000)	(925,000)	
Interest payments 2017-18		(739,548)	(739,548)	
Transfer from Capital Improvement Fund 2017-18		739,548	739,548	
ANTICIPATED DEBT OWED 6/30/18		16,550,000	16,550,000	
		Actual	Final	Preliminary
		Rev/Exp	Budget	Budget
Debt Coverage Ratio(1)		2016-17	2017-18	2018-19
Net Operating Revenue		136,044	865,036	324,798
Capital Revenue		10,015,352	10,466,923	10,926,445
Annual Debt Service		7,059,705	7,059,705	7,043,504
Debt Coverage Ratio		1.44	1.61	1.60
Net revenues covenant requires a 1.20 coverage ratio				
(1) Net Operating Revenue + Capital Revenue/ Annual Debt Service = Debt Coverage Ratio				