



FINAL BUDGET

FOR

Fiscal Year 2019-20

(And Preliminary Budget for Fiscal Year 2020-21)

Adopted August 12, 2019

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LETTER OF TRANSMITTAL



NOVATO SANITARY DISTRICT

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BOARD OF DIRECTORS

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August 12, 2019

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) 19-20 and the Preliminary Budget for FY 20-21 is attached for your consideration and approval. The 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)
- FY 19-20 Wastewater Capital Reserve Fund (Section V)
- FY 19-20 Rate Stabilization Fund (Section VI)
- FY 19-20 Debt Service Fund Summary (Section VII).

Note that this year's basic annual Sewer Service Charge (SSC), i.e. the service charge for a service unit with average water usage, increases from \$615 to \$636 per service unit, or an increase of 3.4% 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 basic annual Sewer Service Charge (SSC) of \$636 is allocated between the Operating and Capital Budgets, consistent with the District's 2016 Sewer Rate Study. Therefore, for FY 19-20, \$350 (55%) of the SSC is allocated to the Operating Budget, and \$286 (45%) is 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.

Overall, it is projected that total revenues will increase by about 2.9 percent primarily from the sewer service charge increase discussed above, but also from anticipated increases in property tax revenues accruing to the District, and from increased interest income. Variances between the two budget years are also provided later in this letter.

	FY 18-19 Adopted Budget	FY 19-20 Proposed Budget	% Change FY 19 to FY 20
Operating Revenues	\$ 11,282,802	\$ 11,534,649	2.23%
Capital Revenues	\$ 11,035,274	11,420,960	3.50%
Total Revenues	\$ 22,318,076	\$ 22,955,609	2.86%
Operating Expenditures	10,740,490	11,423,358	6.36%
CIP Expenditures	6,803,000	5,400,000	-20.62%
Debt Service	6,839,456	6,829,956	-0.14%
Total Expenditures	\$ 24,382,946	\$ 23,653,314	-2.99%

B. FISCAL YEAR FY 19-20 OPERATING BUDGET DETAILS

Operating Revenues

The proposed FY 19-20 Operating Budget by revenue source is shown in Table 2 below (and graphically in Figure 2), along with the figures for the past two fiscal years.

Funding Sources by Category	FY 17-18 Adopted Budget	FY 18-19 Adopted Budget	FY 19-20 Proposed Budget	% Change FY 19 to FY 20
Operating Sewer Service Charges	\$ 9,691,440	\$ 10,145,760	\$ 10,306,800	1.59%
Permit & Inspection fees	26,500	31,500	36,500	15.87%
Interest Income	43,000	120,000	180,000	50.00%
Engineering/Admin Chgs	165,000	165,000	165,000	0.00%
Franchise Fees	53,438	55,041	58,210	5.76%
AB 939 Collector Fees	376,426	400,772	434,260	8.36%
Oil and Beverage Grant	62,729	62,729	52,009	-17.09%
Ranch Income	70,000	70,000	40,000	-42.86%
Recycled Water Revenue	135,500	202,000	231,870	14.79%
Other Revenue	30,000	30,000	30,000	0.00%
Total Operating Revenue	\$10,654,033	\$11,282,802	\$11,534,649	2.23%

As seen from Table 2, total operating revenues are budgeted to increase by 2.2% or \$251,847 from FY 18-19. Other notable items include:

Operating SSCs budgeted increase of \$161,040 or 1.6%, primarily from the approved 3.4% rate increase recommended by the 2016 sewer service charge rate study, and adopted by District Ordinance No. 120.

Interest Income budgeted increase of \$60,000 or 50% due to a continued potential for increases in interest rates, and a change of interest income allocation from a 55-45 split between operating and capital revenues to a 60-40 split.

Oil and Beverage grant budgeted to decrease by \$10,720 or 17.1% from elimination of beverage grant revenue.

Ranch Income budgeted to decrease by \$30,000 or 42.9% due to change in upcoming new lease agreement.

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

General: A summary of proposed and prior two fiscal years Operating Expenditures is shown in Table 3. The proposed FY 19-20 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 6.4% or \$682,868 between FY 18-19 and FY 19-20.

Adoption of a New Cost Center: A notable enhancement to the budget document from a transparency perspective beginning with this year's budget is the creation of the new "Non-Departmental" cost center. This cost center includes expenditure items that were included under the "Administrative/Engineering (A/E)" cost center in prior budgets, but that could not be readily attributed to an administrative or engineering function, while providing an extremely skewed budget expenditure picture for the A/E cost center. In other words, the new Non-Departmental cost center seeks to independently account for expenditures that are either District-wide or not directly attributable to a specific department or cost center.

IRS Section 115 Prefunding Trust: In FY16-17, the District moved to address 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 adopted and initiated funding an Internal Revenue Service (IRS) Section 115 prefunding trust account with Public Agency Retirement Services (PARS), Irvine, CA, which incorporates separate sub-accounts for each of the GASB 45 and GASB 68 liabilities.

In June 2018, the District implemented GASB 75, which superseded GASB 45 for disclosure and reporting of OPEB. Consistent with Board direction (provided November 14, 2016), future District budgets (including the FY 19-21 budgets) will include amounts to fund this trust, subject to Board approval.

For FY 19-21, budgeted amounts for the PARS trust account are provisioned in the Operating Budget under the Non-Departmental Cost Center (Cost Center 69000), page 14 of the budget document.

The investments of this trust are longer-term investments, with the GASB 75 (OPEB) subaccount adopting a "moderately conservative" investment strategy, and the GASB 68 Pension Prefunding subaccount adopting a "conservative" investment strategy. With respect to both trust subaccounts, U.S. Bank is the Trustee, HighMark Capital is the Investment Manager, and PARS is the Trust Administrator and Consultant.

As of June 30, 2019, the GASB 75 (OPEB) trust subaccount had a balance of about \$1.326 million, and the GASB 68 (Pension Prefunding) trust subaccount had a balance of about \$1.217 million, for a total PARS Trust fund balance of about \$2.543 million.

Expenditures by Department	FY 17-18	FY 18-19	FY 19-20	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 19 to FY 20
Collections	\$ 1,359,767	\$ 1,371,942	\$ 1,414,791	3.12%
Treatment	3,160,475	3,266,628	3,345,819	2.42%
Reclamation	521,554	490,972	513,974	4.69%
Laboratory	599,461	583,410	591,048	1.31%
Pump Stations	836,309	835,226	851,343	1.93%
Administration/Engineering	2,174,699	2,188,599	2,561,751	17.05%
Hazardous Household Waste	439,155	463,501	486,269	4.91%
Recycled Water	135,500	202,000	231,870	14.79%
Non-Departmental	1,102,315	1,338,212	1,426,493	6.60%
Total Expenditures	\$ 10,329,235	\$ 10,740,490	\$ 11,423,358	6.36%

Table 4 summarizes the main anticipated operating budget variances.

Anticipated Budget Variances – Year-over-year, FY 18-19 to FY 19-20	Variance, %	Budget Impact, \$	Budget Impact, %
1. Salaries and wages (across all cost centers).	7.9	\$ 181,908	1.59
2. Employee Benefits (across all cost centers).	8.9	\$ 91,113	0.80
3. GASB 68 (Net Pension Liability) PARS Trust Fund contributions.	24.6	\$ 71,343	0.62
4. Gas & Electricity (across all cost centers)	9.7	\$ 94,360	0.83
5. Outside consulting (Admin & Eng. cost center).	22.5	\$ 52,000	0.46
6. Repairs & Maintenance (across all cost centers).	17.40	\$ 60,250	0.53
7. Outside services in the Pump Station & Collection System cost centers.	14.30	\$ 25,000	0.22

C. FISCAL YEAR FY 19-20 CAPITAL BUDGET DETAILS

Capital Revenues

The proposed FY 19-20 Capital Budget by Revenue source is shown in Table 5 below, along with the figures for the prior two fiscal years. Total capital revenues for FY 19-20 are expected to increase by 3.5% or \$385,686 from FY 18-19. Notable items include:

Capital SSC Revenues - projected increase of \$481,968 or 6.1% primarily from the approved 3.4% rate increase recommended by the 2016 sewer service charge rate study, and adopted by District Ordinance No. 120.

Property Taxes - projected increase of \$46,718 or 2% from greater housing market activity over the past few years.

Connection Fees – projected to increase \$14,000 or 3.0% assuming about 40 new connections per year.

Grant Revenue – projected decrease of \$151,000 or 100% from FY 18-19 since the District has received all anticipated Title XVI grant funds for its Recycled Water Facility (RWF) expansion project from the US Bureau of Reclamation (USBR) through the North Bay Water Reuse Authority (NBWRA) Phase I Program.

Funding Sources by Category	FY 17-18	FY 18-19	FY 19-20	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 19 to FY 20
Capital Sewer Service Charges	\$ 7,753,152	\$ 7,940,160	\$ 8,422,128	6.07%
Property Taxes	2,188,693	2,335,914	2,382,632	2.00%
Connection Charges	447,600	461,200	475,200	3.04%
Collector/Special Equalization Chgs	2,000	2,000	1,000	-50.00%
Interest Income	40,000	125,000	120,000	-4.00%
Grant Revenue	475,000	151,000	0	-100.00%
Other Revenue	20,000	20,000	20,000	0.00%
Total Capital Revenues:	\$10,926,445	\$11,035,274	\$11,420,960	3.50%

Capital Expenditures

The proposed Capital Improvement Program (CIP) Budget for FY 19-20 is \$12,229,956 or \$1,403,000 less or 10.3% less than last year. Capital projects for FY 19-20 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, Reclamation Facility Improvements, potential Cogeneration/Alternative Energy project work and vehicle replacement (primarily a new combination vacuum/flusher unit).

Continuing work on regional efforts including the North Bay Water Reuse Authority (NBWRA), Novato Creek Watershed, and the Hamilton Wetlands/Outfall study.

Debt service of \$6,829,956 including principal and interest payments on the District's State Revolving Fund (SRF) loan and the 2017 Revenue Refunding Bonds.

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

Capital Expenditures	FY 17-18	FY 18-19	FY 19-20	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 19 to FY 20
Capital Projects	\$5,680,000	\$6,803,000	\$5,400,000	-20.62%
Debt Service	7,043,504	6,829,956	6,829,956	0.0%
Total	\$12,723,504	\$13,632,956	\$12,229,956	-10.3%

Debt Coverage Ratio In the 2011 Certificates of Participation (COP) Installment Sale Agreement, the District agreed to collect rates and charges each fiscal year that would be 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, for a Debt Coverage Ratio (DCR) of 1.20.

In October 2017, the District retired these COPs by issuing the 2017 Revenue Refunding Bonds without extending terms, thereby saving the District over \$2 million in debt service costs over the remainder of the term of the original debt. While the 2017 Revenue Refunding Bonds do not require disclosure of the DCR, the District's projected DCR of 1.69 for FY 19-20 serves as an indicator of its financial stability.

D. 2019 CLEAN WATER STATE REVOLVING FUND LOAN REFINANCING

The District funded its Treatment Facilities Upgrade Project (completed in 2011) through an approximately \$81 million State of California Clean Water State Revolving Fund (CWSRF) loan. The repayment term of the loan is 20-years (2011-2031), at a fixed interest rate of 2.40%.

In June 2019, the District initiated a refinancing of the current loan balance (about \$55 million) to take advantage of historically low interest rates. Subsequently, in August 2019, the District issued its 2019 Wastewater Revenue Refinancing Bonds without extending the original loan term, saving the District about \$3.2 million in debt service costs over the next twelve years.

Standard and Poors Global Rating (S&P Global Rating) has rated the new bonds "AAA", its highest possible rating designation. Also, as part of its rating of the 2019 Bonds, S&P Global Ratings raised its rating on the District's 2017 Bonds from AA+ to AAA, reflecting the District's continued improving operational and financial management.

Note that the timing of the sale of the 2019 Bonds (with a close of August 7, 2019) means that the effects of the refinancing will not show up in the District's FY 19-20 Final Budget and the current Preliminary Budget for FY 20-21. Instead, these effects will be reflected in the District's preliminary FY 20-22 Budget (to be initiated in Spring 2020).

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

Table 7 compares the District's annual sewer service charge for an average water use service unit with those of other nearby sanitation agencies. For illustrative purposes,

Figure 5 (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.

Table 7: Sewer Service Charge Comparisons

AGENCY	RATE (\$/yr.)
Sanitary District No. 5 – Belvedere	1,985 ^(b)
Tamalpais Community Services District	1,771 ^(b)
Sausalito-Marín City Sanitary District ⁽¹⁾	1,490 ^(b)
Sanitary District No. 1 – City of Larkspur	1,356 ^(b)
Sanitary District No. 5 – Tiburon	1,034 ^(b)
City of Santa Rosa	1,021 ^(b)
Ross Valley Sanitary District (SD#1)	961 ^(b)
Las Gallinas Valley Sanitary	927 ^(b)
City of Petaluma	920 ^(b)
City of Mill Valley	779 ^(a)
Napa Sanitation District	710 ^(b)
Vallejo Sanitation & Flood Control District	672 ^(b)
NOVATO SANITARY DISTRICT	636 ^(b)
Town of Corte Madera	500 ^(b)

Notes:⁽¹⁾ Includes SMCS D charge of \$866 and City of Sausalito charge of \$624;

^{a)}FY 18-19 charges; ^(b)FY 19-20 (proposed or adopted)

In conclusion, the proposed FY 19-20 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, P.E.
General Manager-Chief Engineer



LAURA CREAMER, CPA
Finance Officer

Additional Charts for Informational Purposes:

Figure 1:

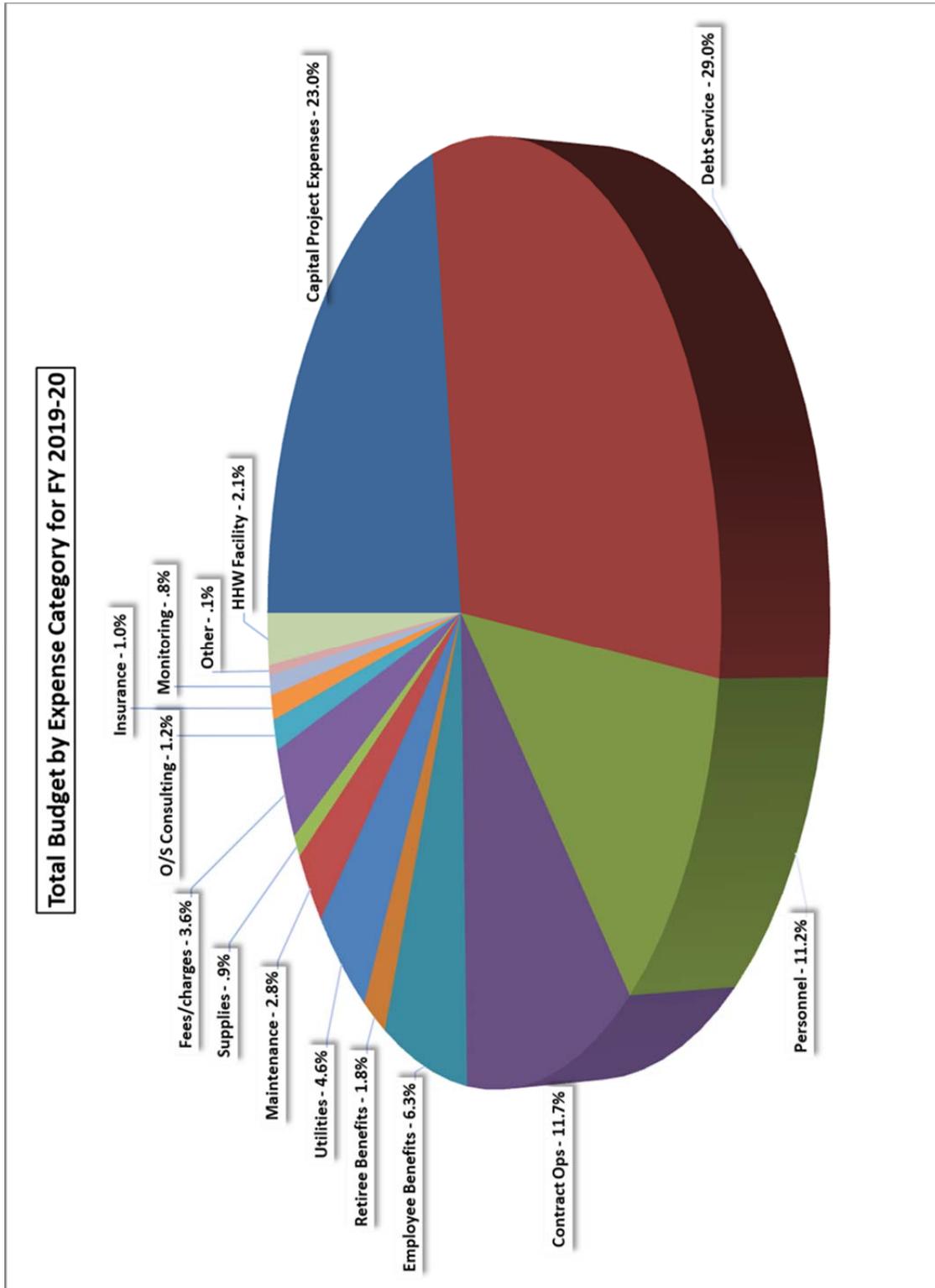


Figure 2:

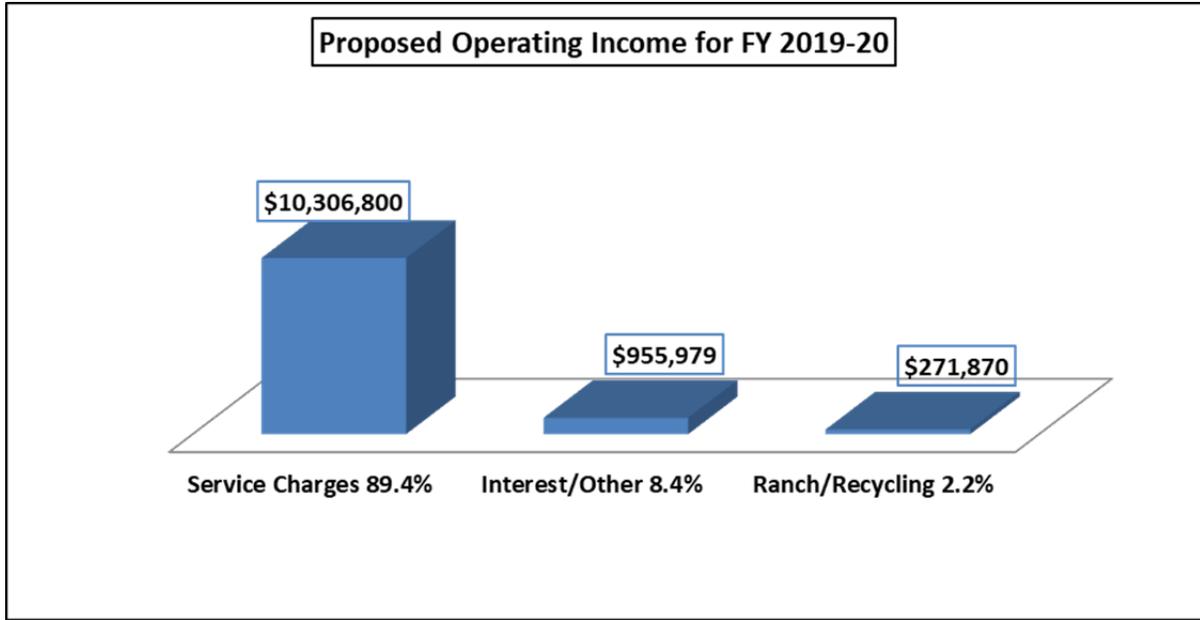


Figure 3:

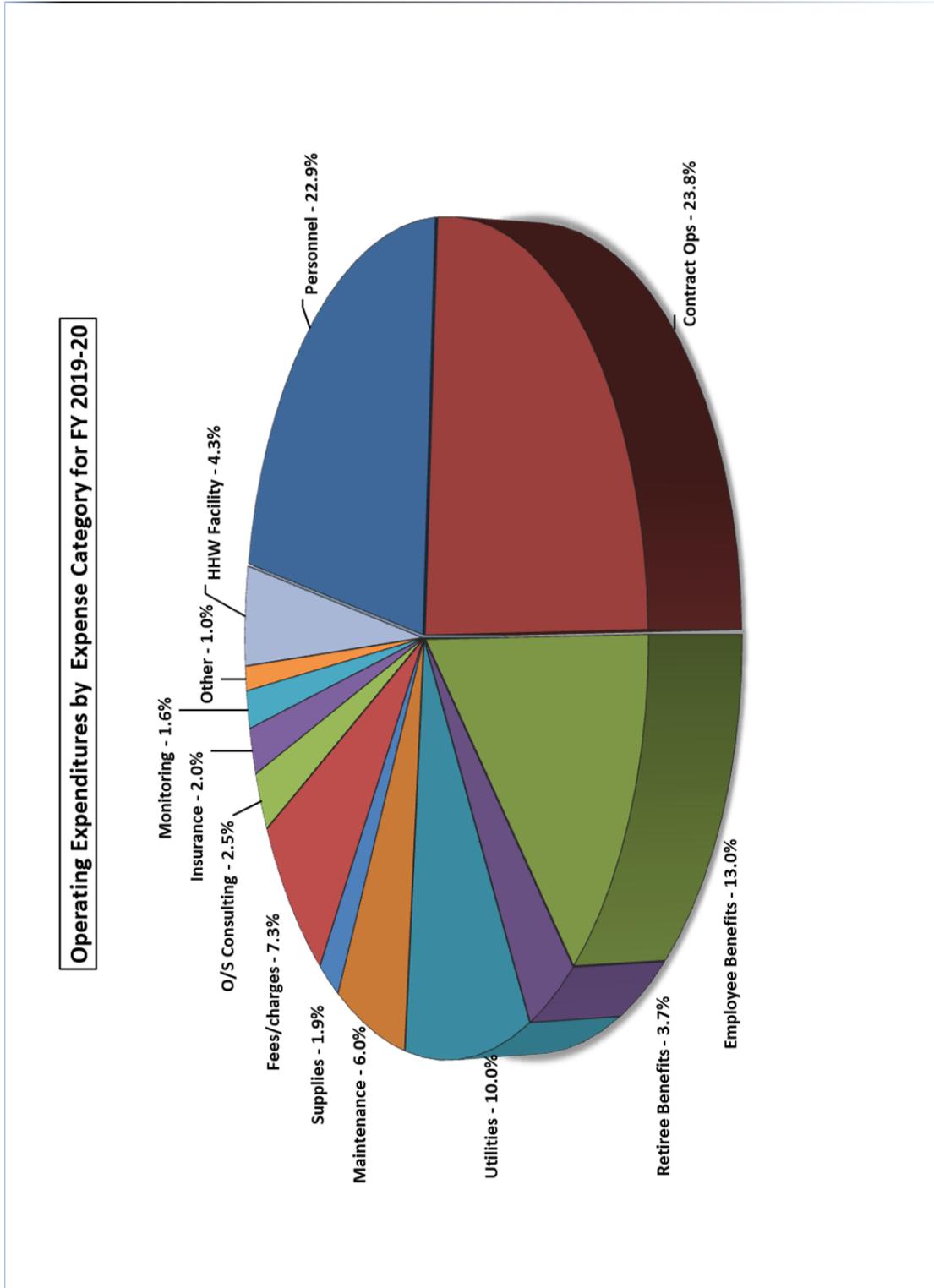


Figure 4:

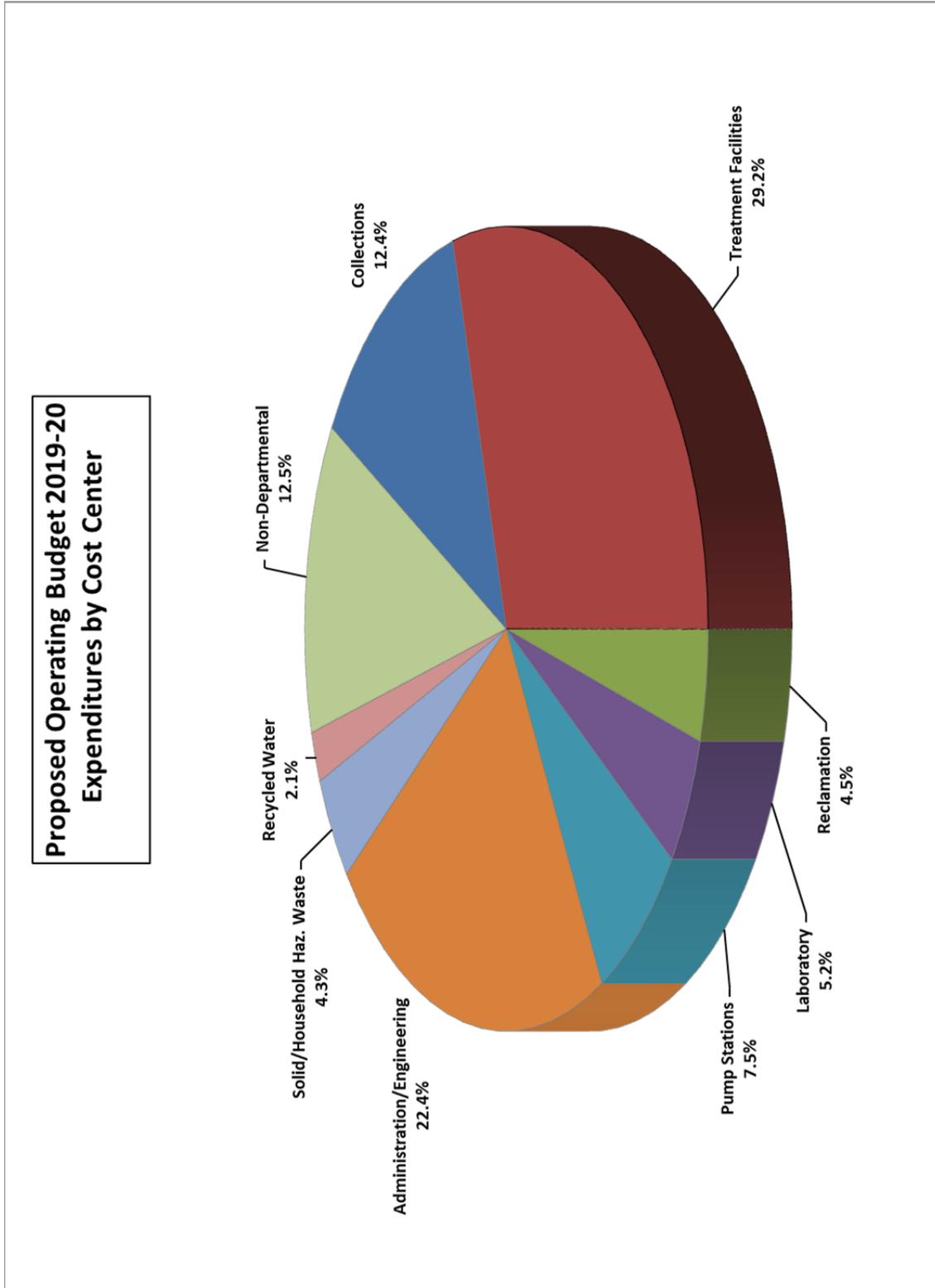
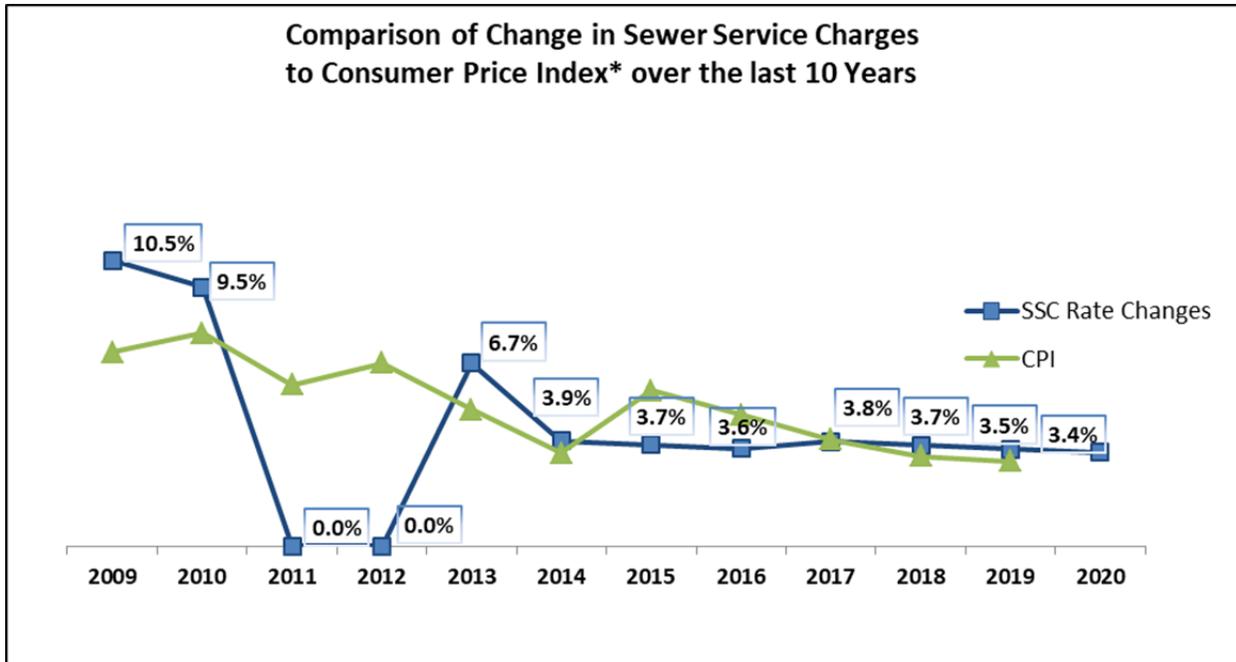


Figure 5:



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

SECTION I

SUMMARY OF FUND BALANCES

**Novato Sanitary District
2019-21 Final Budget
Summary of Fund Balances**

	Adopted Budget 2018-19	Actual Rev/Exp 2018-19	Final Budget 2019-20	Preliminary Budget 2020-21
Operating Fund at July 1st Beginning of Each Year	12,825,706	12,825,706	14,050,274	12,609,398
Operating Revenue (p. 2)	11,282,802	11,393,092	11,534,649	11,926,394
Operating Expenditures (p. 3)	10,740,490	9,846,720	11,423,358	11,874,421
Net Operating Revenue	542,312	1,546,372	111,291	51,973
Operating Fund Balances before transfers at Year End	13,368,018	14,372,078	14,161,565	12,661,371
Transfers Out - to Rate Stabilization Fund (RSF)	50,648	50,648	52,167	53,732
Transfers Out - to Capital Improvement Fund	271,156	271,156	1,500,000	1,500,000
Operating Fund Balances after transfers at the End of Each Year	13,046,214	14,050,274	12,609,398	11,107,639
Capital Improvement Fund at July 1st Beginning of Each Year	9,074,817	9,074,817	10,405,062	10,346,066
Capital Revenue (p. 15)	11,035,274	11,556,998	11,420,960	11,795,333
Transfers In (1)	271,156	271,156	1,500,000	1,500,000
Total Capital Revenue and Fund Transfers	11,306,430	11,828,154	12,920,960	13,295,333
Capital Expenditures (p. 16)	6,803,000	3,361,136	5,400,000	5,212,000
Debt Service (p. 19)	6,839,456	6,839,456	6,829,956	6,818,956
Transfers Out (2)	297,317	297,317	750,000	750,000
Total Capital Expenditures and Fund Transfers	13,939,773	10,497,909	12,979,956	12,780,956
Capital Improvement Fund Balances after transfers at the End of Each Year	6,441,474	10,405,062	10,346,066	10,860,443
Wastewater Capital Reserve Fund (WCRF), Fund Balance at the End of Each Year (p. 17)	324,653	324,653	1,074,653	1,824,653
Rate Stabilization Fund (RSF), Fund Balance at the End of Each Year (p. 18)	1,738,912	1,738,912	1,791,079	1,844,812
Fund Balances at The End of Each Year	21,551,253	26,518,901	25,821,195	25,637,547

(1) From Operating Fund Balances.

(2) To Wastewater Capital Reserve Fund.

SECTION II

OPERATING BUDGET SUMMARY SCHEDULES

**Novato Sanitary District
2019-21 Final Operating Budget
Summary of Revenues**

Operating Revenue Center - 41000	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Revenues 2018-19	Proposed Budget 2019-20	Final Budget 2019-20	Preliminary Budget 2020-21
Accounts						
41010 · Sewer Service Charges (1)	9,691,440	10,145,760	10,180,435	10,306,800	10,306,800	10,645,168
41030 · Plan Check & Inspection Fee	500	500	25	500	500	500
41040 · Permit & Inspection Fee	6,000	6,000	13,190	6,000	6,000	6,000
41060 · Interest Income(2)	43,000	120,000	312,641	240,000	180,000	189,000
41080 · Engineering & Admin Charges	165,000	165,000	25,990	165,000	165,000	165,000
41090 · Non-domestic Permit Fees (3)	20,000	25,000	42,417	30,000	30,000	30,000
41100 · Garbage Franchise Fees	53,438	55,041	56,515	56,692	58,210	59,957
41105 · AB 939 Collector Fees	376,426	400,772	400,772	441,640	434,260	441,760
41107 · Oil/Bev/Tire Grants (4)	62,729	62,729	35,818	44,629	52,009	52,009
41130 · Ranch Income	70,000	70,000	29,339	40,000	40,000	70,000
41135 · Recycled Water Revenue(5)	135,500	202,000	241,383	231,870	231,870	237,000
41140 · Other Revenue (6)	20,000	20,000	15,121	20,000	20,000	20,000
41142 · Gain/Loss - disposal of assets	10,000	10,000	39,446	10,000	10,000	10,000
Totals	10,654,033	11,282,802	11,393,092	11,593,131	11,534,649	11,926,394

Notes:

- (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 2019/20 the charge is \$636 split between operating (\$350) and capital (\$286).
 - For 2020/21 the charge is \$657 split between operating (\$361) and capital (\$296).
- (2) Reflects higher interest rates.
- (3) Includes application fees, permits and monitoring charges.
- (4) Oil Grant ~ \$15,060/ JPA Reimb Fees \$36,000
- (5) For FY 18-19, actual revenues for this Revenue Account are higher than previously budgeted. However, expenditures against this Revenue Account are also commensurately higher, and offset the increased revenues (see Cost Center 68000, page 13). Therefore, consistent with District Policy 3512.5, revenue and expenditure balances are trued up, and actual amounts are being shown in this budget document.
- (6) 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 \$6,804,989 for the FY19-20.

**Novato Sanitary District
2019-21 Final Budget
Operating Budget - Summary of Expenditures**

Operating Cost Center	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Exp 2018-19	Proposed Budget 2019-20	Final Budget 2018-19	Preliminary Budget 2020-21
60000 · Collections	1,359,767	1,371,942	1,228,193	1,417,481	1,414,791	1,469,025
61000 · Treatment Facilities	3,160,475	3,266,628	3,056,678	3,406,609	3,345,819	3,521,141
63000 · Reclamation	521,554	490,972	468,434	513,066	513,974	528,319
64000 · Laboratory	599,461	583,410	543,373	596,348	591,048	624,667
65000 · Pump Stations	836,309	835,226	832,312	853,053	851,343	896,673
66000 · Administration/Engineering	2,174,699	2,188,599	2,055,548	2,556,757	2,561,751	2,623,991
67000 · Solid/Household Haz. Waste	439,155	463,501	332,294	486,269	486,269	493,769
68000 · Recycled Water	135,500	202,000	241,382	231,870	231,870	237,000
69000 · Non-Departmental*	1,102,315	1,338,212	1,088,506	1,399,493	1,426,493	1,479,836
TOTALS	10,329,235	10,740,490	9,846,720	11,460,946	11,423,358	11,874,421

*District-wide allocations

Novato Sanitary District													
2019-20 Preliminary Operating Budget													
Operating Budget:By Cost Center and Account Category													
												Over/	% Over/
	Treatment			Pump	Collection		HHW	Recycled	Non-		As Percent	Under PY	Under PY
	Facilities	Recl	L-M	Stations	System	A-E	Program	Water	Departmental	Total	of Budget	Budget	Budget
Salaries and Wages		86,909		337,492	679,353	1,383,416				2,487,170	21.77%	181,908	7.89%
Contract Services (Operations & Lab)	2,275,786		379,848					66,000		2,721,633	23.83%	25,680	0.95%
Employee Benefits		24,565		136,951	328,737	628,135				1,118,389	9.79%	91,113	8.87%
Retiree Health Benefits									428,334	428,334	3.75%	(2,362)	-0.55%
Pension Expense(Trust)									361,359	361,359	3.16%	71,343	24.60%
Directors' Fees						32,400				32,400	0.28%	(1,600)	-4.71%
Election Expense									95,000	95,000	1%	5,000	0.00%
Gasoline, Oil & Fuel		1,000	500	6,400	18,000	2,600				28,500	0.25%	-	0.00%
Insurance	14,000								167,000	181,000	1.58%	(13,500)	-6.94%
Ins Claims Expense									45,000	45,000	0.39%	-	0.00%
Agency Dues									74,800	74,800	0.65%	8,800	13.33%
Memberships/Certifications									10,000	10,000	0.09%	(4,000)	-28.57%
Office Expense						28,000				28,000	0.25%	-	0.00%
Safety		1,500	1,000	4,000	5,500	4,200				16,200	0.14%	7,200	80.00%
Software Maint		2,000	1,000	8,500	35,000					46,500	0.41%	(13,500)	-22.50%
Operating Supplies		2,000	20,500	10,000	25,000	5,000		4,400		66,900	0.59%	500	0.75%
Operating Chemicals				0				72,120		72,120	0.63%	10,020	16.14%
Sludge Disposal-Contractual		225,000								225,000	1.97%	5,000	2.27%
Accounting & Auditing						30,000				30,000	0.26%	2,000	7.14%
Attorney									50,000	50,000	0.44%	-	0.00%
Outside Consulting						283,000				283,000	2.48%	52,000	22.51%
IT/Misc. Electrical						57,000				57,000	0.50%	14,000	32.56%
Safety & Wellness Incentive Program									10,000	10,000	0.09%	-	0.00%
Printing & Publication									24,000	24,000	0.21%	-	0.00%
Repairs & Maintenance		70,000	12,200	120,000	75,000	95,000		33,550		405,750	3.55%	60,250	17.44%
Unusual Equipment Maint	150,000									150,000	1.31%	-	0.00%
Small Tools		500		2,000	2,000					4,500	0.04%	-	0.00%
Outside Services				55,000	145,000					200,000	1.75%	25,000	14.29%
Ditch/Dike Maintenance		11,000								11,000	0.10%	1,000	10.00%
Research & Monitoring			130,000					14,000		144,000	1.26%	5,000	3.60%
Travel, Mtgs & Train.									91,000	91,000	0.80%	21,000	30.00%
Pollution Prevention/Pub. Ed.			40,000							40,000	0.35%	-	0.00%
Gas & Electricity	816,033	80,000		115,000				41,800		1,052,833	9.22%	79,247	8.14%
Water		5,000		7,000	12,000					24,000	0.21%	-	0.00%
Telephone				42,000	3,500	13,000				58,500	0.51%	17,500	42.68%
Other/Operational Assistance					700					700	0.01%	-	0.00%
Permits & Fees	90,000	4,500	6,000	7,000	85,000			0		192,500	1.69%	9,500	5.19%
Co. Collection Fees									65,000	65,000	0.57%	2,000	3.17%
Ser. Chg. System Exp								5,000		5,000	0.04%	-	0.00%
AB 939 Solid Waste Programs							486,269			486,269	4.26%	22,768	4.91%
Subtotal before Pass through expenses	3,345,819	513,974	591,048	851,343	1,414,791	2,561,751	486,269	231,870	1,426,493	11,423,358	100.00%	682,867	6.36%
Pass through expenses							(486,269)	(231,870)		(718,139)	-6.71%	(52,638)	
Total	3,345,819	513,975	591,048	851,343	1,414,791	2,561,750	0	0	2,852,986	10,705,219	93.29%	630,229	6.26%
	31.25%	4.80%	5.52%	7.95%	13.22%	23.93%	0.00%	0.00%	26.65%	100.00%			

SECTION III

OPERATING BUDGET
By Cost Center and Account Category

**Novato Sanitary District
2019-21 Final Budget
Operating Budget - Collections**

Collections Cost Center - 60000	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Expenses 2018-19	Proposed Budget 2019-20	Final Budget 2019-20	Preliminary Budget 2020-21
Accounts						
60010 · Salaries & Wages	650,120	666,060	666,060	679,353	679,353	715,183
60020 · Employee Benefits	299,148	318,682	318,682	333,428	328,737	353,993
60060 · Gas, Oil & Fuel	15,000	15,000	17,943	18,000	18,000	18,450
60085 · Safety	3,500	3,500	3,341	3,500	5,500	5,700
60091 · Software Maint	20,000	50,000	27,892	35,000	35,000	75,000
60100 · Operating Supplies	28,000	25,000	20,539	25,000	25,000	28,000
60150 · Repairs & Maint	80,000	75,000	47,951	75,000	75,000	80,000
60152 · Small Tools	2,000	2,000	734	2,000	2,000	2,000
60153 · Outside Services	175,000	120,000	102,618	145,000	145,000	155,000
60192 · Water	12,000	12,000	8,064	12,000	12,000	12,000
60193 · Telephone	4,000	4,000	1,994	3,500	3,500	4,000
60200 · Other(Garbage Coll)	1,000	700	116	700	700	700
60201 · Permits & Fees	70,000	80,000	12,259	85,000	85,000	19,000
	1,359,767	1,371,942	1,228,193	1,417,481	1,414,791	1,469,025

**Novato Sanitary District
2019-21 Final Budget
Operating Budget - Treatment Facilities**

Treatment Facilities - Cost Center - 61000	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Exp 2018-19	Proposed Budget 2019-20	Final Budget 2019-20	Preliminary Budget 2020-21
Accounts						
61000-1 · Fixed Fee(1)	2,173,976	2,262,042	2,181,490	2,321,464	2,275,786	2,385,825
61000-2 · Insurance & Bonds	14,000	14,000	11,820	14,000	14,000	14,000
61000-3 · Major Repair/Replcmnt	150,000	150,000	102,840	150,000	150,000	150,000
61000-4 · Water/Permits/Phone	90,000	85,000	71,265	90,000	90,000	90,000
61000-5 · Gas & Electricity(2)	732,499	755,586	689,263	831,145	816,033	881,316
	3,160,475	3,266,628	3,056,678	3,406,609	3,345,819	3,521,141

Notes:

(1) Fixed fee - 2.8% increase from prior year, and an allowance for contractual incentive payment.

(2) Assumes 8% increase for purchased utility power over prior year budget, 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
2019-2021 Final Budget
Operating Budget - Reclamation**

Reclamation Cost Center - 63000	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Exp 2018-19	Proposed Budget 2019-20	Final Budget 2019-20	Preliminary Budget 2020-21
Accounts						
63010 · Salaries & Wages	71,693	86,021	86,021	86,909	86,909	91,864
63020 · Employee Benefits	24,860	22,951	22,950	24,657	24,565	26,504
63060 · Gasoline & Oil	2,000	2,000	2,450	1,000	1,000	1,000
63085 · Safety	500	500	464	500	1,500	1,500
63091 · Software Maint	2,000	2,000	1,000	2,000	2,000	2,100
63100 · Operating Supplies	2,000	2,000	26	2,000	2,000	2,000
63115 · Sludge Disposal	240,000	220,000	208,815	225,000	225,000	225,000
63150 · Repairs & Maint	65,000	60,000	60,160	70,000	70,000	72,000
63152 · Small Tools	500	500	169	500	500	550
63157 · Ditch/Dike Maint	10,000	10,000	10,544	11,000	11,000	11,300
63191 · Gas & Electricity	95,000	75,000	69,089	80,000	80,000	85,000
63192 · Water	3,000	5,000	1,982	5,000	5,000	5,000
63201 · Permits & Fees	5,000	5,000	4,764	4,500	4,500	4,500
	521,554	490,972	468,434	513,066	513,974	528,319

**Novato Sanitary District
2019-21 Final Budget
Operating Budget - Laboratory**

Laboratory Cost Center - 64000	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Exp 2018-19	Proposed Budget 2019-20	Final Budget 2019-20	Preliminary Budget 2020-21
Accounts						
64010 · Contract Lab Services (1)	363,761	378,910	362,538	385,148	379,848	408,142
64060 · Gasoline & Oil	1,500	1,500	1,480	500	500	500
64085 · Safety	1,000	1,000	0	1,000	1,000	1,000
64091 · Software Maintenance	1,000	1,000	0	1,000	1,000	1,000
64100 · Operating Supplies	20,000	20,000	14,684	20,500	20,500	21,115
64150 · Repairs & Maintenance	19,200	10,000	5,706	12,200	12,200	12,710
64160 · Research & Monitoring	147,500	125,000	119,057	130,000	130,000	134,000
64170 · Pollution Prev/Public Ed	41,500	40,000	34,614	40,000	40,000	40,000
64201 · Permits & Fees	4,000	6,000	5,294	6,000	6,000	6,200
	599,461	583,410	543,373	596,348	591,048	624,667

Notes:

- (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
2019-21 Final Budget
Operating Budget - Pump Stations**

Pump Stations Cost Center - 65000	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Emp 2018-19	Proposed Budget 2019-20	Final Budget 2019-20	Preliminary Budget 2020-21
Accounts						
65010 · Salaries & Wages	358,335	345,078	345,078	337,492	337,492	357,007
65020 · Employee Benefits	153,974	144,149	144,148	140,661	136,951	147,306
65060 · Gasoline & Oil	5,000	5,000	4,995	6,400	6,400	6,560
65085 · Safety	2,000	2,000	2,227	2,000	4,000	4,500
65091 · Software Maintenance	8,000	7,000	6,129	8,500	8,500	9,000
65100 · Operating Supplies	10,000	10,000	4,371	10,000	10,000	10,000
65101 · Operating Chemicals	2,000	2,000	0	0	0	0
65150 · Repairs & Maintenance	115,000	120,000	120,328	120,000	120,000	125,000
65152 · Small Tools	2,000	2,000	605	2,000	2,000	2,100
65153 · Outside Services, Elect.	30,000	55,000	51,854	55,000	55,000	57,500
65191 · Gas & Electricity	115,000	105,000	120,975	115,000	115,000	118,000
65192 · Water	7,000	7,000	6,959	7,000	7,000	7,200
65193 · Telephone	24,000	24,000	19,710	42,000	42,000	45,000
65201 · Permits & Fees	4,000	7,000	4,933	7,000	7,000	7,500
	836,309	835,226	832,312	853,053	851,343	896,673

**Novato Sanitary District
2019-21 Final Budget
Operating Budget - Administration/Engineering**

Administration and Engineering Cost Center - 66000	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Exp 2018-19	Proposed Budget 2019-20	Final Budget 2019-20	Preliminary Budget 2020-21
Accounts						
66010 · Salaries & Wages	1,235,744	1,208,103	1,208,103	1,383,416	1,383,416	1,454,105
66020 · Employee Benefits	504,956	541,496	541,496	634,141	628,135	691,621
66030 · Director's Fees	40,000	34,000	23,175	23,400	32,400	27,900
66060 · Gasoline & Oil	5,000	5,000	6,566	2,600	2,600	2,665
66085 · Safety	2,000	2,000	2,011	2,200	4,200	4,700
66090 · Office Expense	26,000	28,000	19,935	28,000	28,000	28,000
66100 · Admin/Engineering Supplies	10,000	5,000	2,863	5,000	5,000	5,000
66121 · Accounting & Auditing	26,000	28,000	26,086	30,000	30,000	30,500
66123 · O/S Contractual	223,000	231,000	110,309	283,000	283,000	226,000
66124 · IT/Misc Electrical	40,000	43,000	40,208	57,000	57,000	45,000
66150 · Repairs & Maintenance	50,000	50,000	60,955	95,000	95,000	95,000
66193 · Telephone	12,000	13,000	13,841	13,000	13,000	13,500
	2,174,699	2,188,599	2,055,548	2,556,757	2,561,751	2,623,991

Novato Sanitary District						
Final Operating Budget 2019-21						
PERSONNEL DETAIL						
Number	Position	Cost Center	Pay Range	Salaries		
				2019-20	2020-21	
1.00	General Manager-Chief Engineer.....	A/E		253,524	261,130	
1.00	Deputy General Manager.....	A/E	MC122.5	197,846	205,411	
1.00	Field Services Manager25AE/.25CS/.25PS/.25Rec	MC119	162,069	173,114	
1.00	Senior Engineer.....	.65AE/.25PS/.10Rec	MC116.5	-	-	
0.46	Project Manager (1)	A/E	MC119	77,568	79,895	
0.46	Administrative Services Specialist (1)	A/E	MC117.5	72,115	74,279	
1.00	Administrative/Risk Services and Safety Officer (2)	A/E	MC117.5	156,252	160,940	
1.00	Administrative Assistant	A/E	MC103	47,511	68,511	
1.00	Administrative Secretary.....	A/E	MC106	89,136	91,810	
1.00	Finance Officer.....	A/E	MC115	138,276	142,424	
1.00	Staff Engineer.....	.5A/E/.5CS	47	113,760	117,173	
1.00	Construction Inspector.....	A/E	44.5	88,098	95,274	
1.00	Information System Specialist II.....	.5A/E/.5CS	43.5	95,928	98,806	
1.00	Electrical/Instrumentation Tech I.....	.34A/E/.33PS/.33Rec	40.5	79,582	85,358	
1.00	Collection System Superintendent.....	.67CS/.33PS	MC115	121,933	131,868	
1.00	Collection System Leadworker.....	.67CS/.33PS	47	113,760	117,173	
0.00	Collection System Worker III.....	.67CS/.33PS	43.5	-	-	
3.00	Collection System Worker II.....	.67CS/.33PS	40.5	242,790	254,041	
3.00	Collection System Worker I.....	.67CS/.33PS	38.5	199,137	214,242	
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	32,000	32,000	
	Allowance for Overtime.....	C/S		28,000	29,000	
	Allowance for Overtime.....	A/E		7,500	7,500	
	Allowance for Standby Duty Pay.....	C/S		36,000	37,000	
	Adjustment for CMSA Reimbursement(1)	A/E		(20,703)	(21,324)	
	Subtotal			2,347,922	2,471,462	
	Allowance for salary adjustments (including COLA)			139,247	146,697	
				2,487,170	2,618,159	
23.32			2019-20	2020-21		
	Administration and Engineering (A/E)		1,383,416	1,454,105		
	Collection System	67%	679,353	715,183		
	Pump Stations	33%	337,492	357,007		
	Reclamation Facilities		86,909	91,864		
	Total/Check		2,487,170	2,618,159		
(1)	Part-time position.					
(2)	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
2019-21 Final Budget
Operating Budget - Solid/Household Hazardous Waste**

Solid/HHW Cost Center - 67000	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Exp 2018-19	Proposed Budget 2019-20	Final Budget 2019-20	Preliminary Budget 2020-21
Accounts						
67400 · Management Services	138,118	142,464	92,430	147,500	147,500	150,000
67500 · Household Haz. Waste	242,500	260,000	210,008	292,000	292,000	297,000
67530 · Used Oil Grant	11,269	11,269	5,400	11,269	11,269	11,269
67530-1 Beverage Container Grant	11,268	11,268	0	0	0	0
67540 · Education/Public Outreach	21,000	23,500	13,632	20,500	20,500	20,500
67600 · Other	5,000	5,000	824	5,000	5,000	5,000
67610 · City AB 939 Admin Service	10,000	10,000	10,000	10,000	10,000	10,000
	439,155	463,501	332,294	486,269	486,269	493,769

Notes:

Per proposed budget by HHW Coordinator.

**Novato Sanitary District
2019-21 Final Budget
Operating Budget - Recycled Water**

Recycled Water Cost Center - 68000*	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Exp 2018-19	Proposed Budget 2019-20	Final Budget 2019-20	Preliminary Budget 2020-21
Accounts						
68010 · O & M Services (1)	50,000	55,000	114,648	66,000	66,000	66,000
68100 · Operating Supplies (2)	2,000	4,400	5,337	4,400	4,400	5,280
68101 · Operating Chemicals (2)	27,300	60,100	44,154	72,120	72,120	74,000
68150 · Repairs & Maintenance(3)	24,200	30,500	28,076	33,550	33,550	35,000
68160 · Research & Monitoring	14,000	14,000	14,683	14,000	14,000	14,000
68191 · Gas & Electricity (2)	17,000	38,000	34,484	41,800	41,800	43,000
68201 · Permits & Fees	1,000	0	0	0	0	0
	135,500	202,000	241,382	231,870	231,870	237,000

Notes:

*For FY 18-19, actual expenditures for this Cost Center are higher than previously budgeted. However, revenues for this Cost Center (see Revenue Account 41135 - Page 2 of budget) are also commensurately higher, and offset the increased expenditures. Therefore, consistent with District Policy 3512.5, revenue and expenditure balances are trued up, and actual amounts are being shown in this budget document.

**Novato Sanitary District
2019-21 Final Budget
Operating Budget - Non-Departmental**

Non-Departmental (District-wide allocations) Cost Center - 69000	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Exp 2018-19	Proposed Budget 2019-20	Final Budget 2019-20	Preliminary Budget 2020-21
Accounts						
69021 · Retiree Health Benefits(1)	224,377	218,550	218,550	221,291	226,673	245,752
69021-1 · Retiree Health Benefits(2)	162,786	212,146	212,146	207,043	201,661	189,754
69022 · Pension Expense (3)	223,152	290,016	290,016	361,359	361,359	410,800
69040 · Election Expenses	0	90,000	39,466	72,000	95,000	60,000
69070 · Insurance	150,000	180,500	127,332	167,000	167,000	180,000
69071 · Insurance Claim Expense	45,000	45,000	488	45,000	45,000	45,000
69075 · Agency Dues	54,000	66,000	56,737	74,800	74,800	78,530
69080 · Memberships/Certifications	10,000	14,000	13,113	10,000	10,000	11,000
69122 · Attorney Fees	65,000	50,000	11,623	50,000	50,000	55,000
69125 · Safety & Wellness Incent Prog	10,000	10,000	1,396	10,000	10,000	10,000
69130 · Printing & Publications	22,000	24,000	11,263	24,000	24,000	24,000
69170 · Board Travel & Training	17,000	19,000	21,471	24,000	26,000	28,000
69171 · Staff Travel & Training	48,000	51,000	22,947	63,000	65,000	69,000
69202 · County Fees-Property Taxes	26,000	33,000	32,699	33,000	33,000	35,000
69203 · County Fees-Sewer Ser Chg	40,000	30,000	28,809	32,000	32,000	33,000
69250 · Service Charge Sys Exp	5,000	5,000	450	5,000	5,000	5,000
	1,102,315	1,338,212	1,088,506	1,399,493	1,426,493	1,479,836

Notes:

- (1) Projected contribution to current retirees' health care premiums.
 - (2) Represents FY 19-21 Unfunded Actuarial Liability (UAL) contributions into the PARS Trust (OPEB sub-account) established November 2016.
 - (3) Represents FY 19-21 projected contributions to PARS Trust (Pension sub-account).
- *PARS = Public Agency Retirement Services.
OPEB = Other Post-Employment Benefits.

SECTION IV

CAPITAL IMPROVEMENT BUDGET

**Novato Sanitary District
2019-21 Final Budget
Capital Improvement Budget - Summary of Revenues**

Capital Fund	Adopted	Adopted	Actual	Proposed	Final	Preliminary
Revenue Center - 51000	Budget	Budget	Revenue	Budget	Budget	Budget
	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21
Accounts						
Capital Improvement Income						
51010 · Sewer Service Charges(1)	7,753,152	7,940,160	8,328,898	8,422,128	8,422,128	8,728,448
51015 · Property Taxes	2,188,693	2,335,914	2,435,047	2,382,632	2,382,632	2,430,285
51015-1 · Redevelopment Agency(2)	0	0	67,829	0	0	0
51020 · Connection Charges(3)	447,600	461,200	319,240	475,200	475,200	489,600
51030 · Collector Sewer Charges	1,000	1,000	0	0	0	0
51040 · Special Equalization Chrg	1,000	1,000	32	1,000	1,000	1,000
51060 · Interest	40,000	125,000	255,803	160,000	120,000	126,000
51070 · Other Revenue	20,000	20,000	0	20,000	20,000	20,000
51072 · Grant Revenue - RWF	475,000	151,000	150,149	0	0	0
Total Capital Improvement Income	10,926,445	11,035,274	11,556,998	11,460,960	11,420,960	11,795,333
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 SSC allocations are as follows:						
- For FY 19-20 the SSC is \$636, split between operating (\$350) and capital (\$286).						
- For FY 20-21 the SSC is \$657, split between operating (\$361) and capital (\$296).						
(2) Redevelopment Agency (RDA) revenues are being shown separately as the District continues to receive them from the dissolution and distribution of assets of these agencies. However, these RDA fund distributions are difficult to predict, and are set to zero for budget purposes.						
(3) Connection Charges projected at 40 new connections each year.						
- Per District Ordinance No. 119, the connection charge beginning July 1, 2019 is \$11,880 per EDU, and increases by 3% on July 1, 2020 to \$12,240 per EDU.						

**Novato Sanitary District
2019-21 Final Budget
Capital Improvement Budget - CIP Expenditures**

Capital Improvements Cost Centers - 72000 & 73000	Adopted Budget 2017-18	Adopted Budget 2018-19	Actual Exp 2018-19	Proposed Budget 2019-20	Final Budget 2019-20	Preliminary Budget 2020-21
Accounts						
72403 · Pump Station Rehabilitation	150,000	50,000	0	50,000	50,000	250,000
72508 · North Bay Water Reuse Authority (NBWRA)	100,000	80,000	79,266	25,000	25,000	25,000
72706 · Collection System Improvments	1,700,000	2,450,000	748,013	2,200,000	2,910,000	1,900,000
72706-1 · Lateral Replacement Program	80,000	80,000	34,000	60,000	60,000	60,000
72707 · Hamilton Wetlands/Outfall Integration	10,000	10,000	863	10,000	10,000	10,000
72708 · Cogeneration/Alt. Energy	350,000	350,000	27,867	400,000	400,000	550,000
72802 · Annual Sewer Adj. for City Proj	40,000	25,000	436	25,000	25,000	30,000
72803 · Annual Collection Sys Repairs	200,000	225,000	85,714	100,000	100,000	110,000
72804 · Annual Reclamation Fac Improvements	175,000	175,000	157,792	600,000	400,000	1,030,000
72805 · Annual Treatment Plant Improvements	300,000	300,000	22,873	300,000	300,000	100,000
72806 · Annual Pump Station Improvements	100,000	140,000	137,618	175,000	175,000	175,000
72807 · Annual Ignacio Facility Improvements	50,000	50,000	43,908	50,000	50,000	75,000
72808 · Strategic Plan Update	20,000	20,000	0	20,000	20,000	20,000
72809 · Novato Creek Watershed	5,000	5,000	0	5,000	5,000	5,000
73003 · Admin Building Upgrade/Maint. Building	350,000	350,000	323,628	150,000	150,000	130,000
73004 · Odor Control and NTP Landscaping	50,000	100,000	82,360	50,000	50,000	52,000
73005 · RWF Expansion (1)	1,460,000	2,020,000	1,478,479	10,000	10,000	0
73006 · NTP Corrosion Control	150,000	233,000	0	300,000	80,000	370,000
73090 · Vehicle Replacement	390,000	140,000	138,319	580,000	580,000	320,000
Subtotal before Debt Service	5,680,000	6,803,000	3,361,136	5,110,000	5,400,000	5,212,000
78500 · Interest - SRF Loan	1,519,744	1,427,123	1,427,123	1,332,279	1,332,279	1,235,159
78500 · Principal - SRF Loan	3,859,212	3,951,833	3,951,833	4,046,677	4,046,677	4,143,797
78500 · Interest - COP Bond/Rev. Refunding Bond	739,548	670,500	670,500	631,000	631,000	590,000
78500 · Principal - COP Bond/Rev. Refunding Bond	925,000	790,000	790,000	820,000	820,000	850,000
Subtotal for Debt Service	7,043,504	6,839,456	6,839,456	6,829,956	6,829,956	6,818,956
Totals	12,723,504	13,642,456	10,200,592	11,939,956	12,229,956	12,030,956

SECTION V

WASTEWATER CAPITAL RESERVE FUND

**Novato Sanitary District
2019-21 Final Budget
Wastewater Capital Reserve Fund**

		2019-21 Budget	
		Prelim	Final
<u>Wastewater Capital Reserve Fund</u>			
FUND BALANCE 6/30/18		3,302,336	3,302,336
	Required Deposits	297,317	297,317
FUND BALANCE 6/30/19		3,599,653	3,599,653
	Required Deposits/Transfers In	750,000	750,000
ANTICIPATED FUND BALANCE 6/30/20		4,349,653	4,349,653
	Proposed Deposits/Transfers In	750,000	750,000
ANTICIPATED FUND BALANCE 6/30/21		5,099,653	5,099,653
Note:	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). Separately, unreserved amounts in the capital improvement fund are being transferred into the WCRF in the FY 19-21 years to serve as reserves for future projects.		

SECTION VI

RATE STABILIZATION FUND

**Novato Sanitary District
2019-21 Final Budget
Rate Stabilization Fund**

		2019-21 Budget	
		Prelim	Final
<u>RATE STABILIZATION FUND</u>			
FUND BALANCE 6/30/18		1,688,264	1,688,264
	Required Deposits/Transfers from Operating	50,648	50,648
FUND BALANCE 6/30/19		1,738,912	1,738,912
	Required Deposits/Transfers from Operating	52,167	52,167
FUND BALANCE 6/30/20		1,791,079	1,791,079
	Required Deposits/Transfers from Operating	53,732	53,732
FUND BALANCE 6/30/21		1,844,812	1,844,812
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

