



**NOVATO CITIZENS FINANCE ADVISORY/
OVERSIGHT COMMITTEE MEETING**

THE CITY OF
NOVATO
CALIFORNIA

held at

922 Machin Avenue
Novato, CA 94945
415/899-8900
FAX 415/899-8213
www.novato.org

**City Administrative Offices
Womack Conference Room
922 Machin Ave**

**December 19th, 2019
7:30 AM**

Chair
Regina Bianucci Rus
Vice Chair
Rafelina Maglio
Commissioners
Caitrin Devine
Cris MacKenzie
Mark Milberg
Tim O'Connor

MINUTES

A. CALL TO ORDER

Meeting called to order at 7:32 am. Committee Members: Regina Bianucci Rus, Rafelina Maglio, Caitrin Devine, Cris MacKenzie (arrived 7:33am), Mark Milberg, Tim O'Connor. Staff Members: Interim Finance Director David Bentley, Management Analyst II Bryan Lopez. Council Members: None.

B. APPROVAL OF FINAL AGENDA

Motion to approve agenda. Motion to Approve, seconded. Approved. Ayes: 5 (Bianucci Rus, Maglio, Milberg, O'Connor, Devine) Noes: 0, Abstain 0, Absent 1 (MacKenzie)

C. PUBLIC COMMENT

None

D. COMMITTEE ORGANIZATIONAL ITEMS

D-1: APPROVAL OF NOVEMBER, 2019 MINUTES

Motion to approve minutes with modifications, seconded. Approved. Ayes: 6, Noes 0, Absent 0

E. GENERAL BUSINESS

E-1: ACTIONABLE ITEMS:

E-1.1: DISCUSS AND CONSIDER RECOMMENDING REFINANCING THE POINTE MARIN COMMUNITY FACILITIES DISTRICT 2007 BOND ISSUE

Staff led discussion on the recommended refinancing as well as presentation from consultants Jose Vera of Raymond James and Frank Soriano of Caldwell Sutter.

Committee asked clarifying questions.

Committee Chair Bianucci Rus Motioned to recommend refinancing the Pointe Marin Community Facilities District 2007 Bond, seconded, Approved. Ayes: 6, Noes 0, Absent 0

E-1.2: DISCUSS AND PROVIDE FEEDBACK TO INTERIM FINANCE DIRECTOR ON THE POWERPOINT PRESENTATION OVERVIEW OF THE FY20 CITY BUDGET
Staff provided a presentation for committee consideration.

Committee provided several recommendations on the presentation

E-1.3: RECEIVE AND CONSIDER THE JOB ANNOUNCEMENT FOR THE FINANCE DIRECTOR EXECUTIVE RECRUITMENT AND SELECT TWO COMMITTEE MEMBERS WHO WILL SERVE ON THE INTERVIEW PANEL

Staff requested that two committee members serve on the interview panel for the Finance Director Recruitment.

Committee selected: Cris MacKenzie & Tim O'Connor

E-2: DISCUSSION ITEMS:

E-2.1: SCHOOLS AND COMMUNITIES FIRST INITIATIVE – DISCUSSION LED BY CHAIR BIANUCCI RUS

Committee Chair Bianucci Rus presented item. Committee discussed.

F. COMMITTEE / STAFF COMMENTS
[DISCUSSION]

G. FUTURE MEETINGS

Next meeting scheduled for January 16th, 2019 @ 7:30 a.m.

H. ADJOURNMENT

Meeting adjourned at 9:04am

City of Novato			1/13/2020
Fund Descriptions			
Fund	Name	Description	Balance 6/30/2019
101	General Fund	The General Fund is the general operating fund of the City. This fund is used to record all resource inflows and outflows that are not associated with special-purpose funds. The activities paid through the general fund constitute the core administrative and operational tasks of the City and houses the operating departments.	\$1,089,971
<u>Other General Funds</u>			
The City has established other general funds used for City operations that are not part of the core administrative and operational tasks managed within the General Fund. These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.			
111	Measure F Sales Tax	The Measure F fund accounts for revenues from a five-year ½ cent local sales tax measure passed by Novato voters in 2010, as well as expenditures utilized to maintain vital general city services.	\$7,029,924
112	City Owned Property	The Property Fund was established to record revenues and expenditures related to the sale of city-owned property. The FY 2019/20 final budget resolution authorized consolidating this fund into the Fund 116 Emergency and Disaster Response Reserve. The purpose of this action is to reduce interfund transactions within the same General Fund. This action creates efficient financial accounting best practices in accordance with government accounting standards.	\$2,609,542
113	Redevelopment Agency Successor Agency (to be dissolved)	The City Council serves as the Successor Agency to the dissolved Redevelopment Agency and tracks expenditures related to administration of the Successor Agency. The City was advised that the administrative activity of the Successor Agency should be recorded and reported in the Redevelopment Obligation Retirement Fund, rather than in the General Fund. The City will begin to record this activity in the appropriate fund.	\$42,564
114	Pension Reserve	This fund was established in FY 2006/07 to help stabilize pension expense by consistently charging the General Fund the normal cost, as determined by CalPERS.	\$1,446
115	Insurance Reserve	This fund accounts for set aside monies to meet uninsured losses to city facilities and other property, as well as general liability and workers' compensation claim settlements.	\$576,805
116	Emergency and Disaster Response Reserve	Established to provide a financial buffer during significant economic downturns affecting revenues and for significant costs associated with severe emergencies or disasters. The fund is to maintain a minimum of 15% of operating expenses as established by City Council policy. Investment earnings can be used as either (1) an additional source of revenues for the General Fund, or (2) a source to maintain the 15% minimum reserve level.	\$6,453,742
117	Civic Center	This fund accounts for the accumulation of resources to be used for the City Hall facility.	\$31,835
118	Facilities Long-Term Maintenance	Supports the effort of the General Fund to maintain the city's buildings and parks. The annual General Fund contribution is determined by: (1) the condition of building and park facilities; (2) the capacity to implement maintenance programs; (3) other identified funding sources.	\$939,739
119	Infrastructure Long-Term Maintenance	This fund supports the maintenance of the city's existing infrastructure; including street pavement, traffic signals and streetlights, bridges, retaining walls, multi-use paths, and storm drains. The annual General Fund contribution is determined by: (1) the physical condition of the infrastructure; (2) the capacity to execute infrastructure projects; (3) other identified funding sources.	(\$650,321)
120	Deposits in Trust	Advances from developers.	\$334,225
121	Risk Mitigation Reserve	Risk mitigation reserve monies were set-aside by Council Resolution #47-15 to mitigate risk from various external forces. During FY 2017/18, a new fund was established to hold the monies. The FY 2019/20 final budget resolution authorized consolidating this fund into the Fund 116 Emergency and Disaster Response Reserve. The purpose of this action is to reduce interfund transactions within the same General Fund. This action creates efficient financial accounting best practices in accordance with government accounting standards.	\$3,000,000
<u>Special Revenue Funds</u>			
Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted, and are required by statute or ordinance to finance particular functions or activities of government.			
210	Affordable Housing Programs	This fund was created in FY 2013/14 to consolidate the Housing Opportunity, Affordable Housing Trust and the housing program managed by Hello Housing into one fund. The fund accounts for revenues from developer agreements required to implement local housing programs established by the housing element of the Novato General Plan and resources used to assist qualifying families in purchasing below market rate housing.	\$1,389,046
211	Clean Stormwater	This fund manages revenues and expenditures for the city's clean stormwater program, preventing pollutant discharge flowing into creeks and wetlands.	\$93,656
212	Underground Utilities	This fund accounts for resources to be utilized for undergrounding City overhead utilities.	\$1,017,514
213	Parking Improvement	This fund accounts for assessments collected from businesses in the Old Town Parking Improvement area to be used for services and programs related to parking facilities in the area.	(\$4,721)

City of Novato			1/13/2020
Fund Descriptions			
Fund	Name	Description	Balance 6/30/2019
214	Subdivision Park Trust (Quimby)	This fund accounts for in-lieu fees from residential subdivision developers to be used for parks and recreation areas for residents of the subdivision.	\$689,785
215	Art in Public Places	This fund accounts for fees paid by developers to be used for public art projects.	\$136,488
216	General Plan Surcharge	This fund accounts for revenues and expenditures for planning and updating the City's General Plan. The expenditures are funded by surcharges on construction permits.	\$331,418
217	Automation Surcharge	This fund accounts for revenues and expenditures to maintain the city's database and permit software. The expenditures are funded by surcharges on construction permits.	\$102,596
218	Hamilton Community Facilities	This fund accounts for assessments for landscape maintenance, pump and levee maintenance for the Hamilton Community Facilities District.	\$393,675
219	Pointe Marin CFD	This fund accounts for the revenues and expenditures in connection with landscape maintenance for the Pointe Marin Community Facilities District.	\$730,792
220	Hamilton Arts Center	In February 2011 the Council re-established this special revenue fund for the Hamilton Arts Center to segregate the revenue and to be used for annual administration and maintenance operations and to build-up a reserve for deferred maintenance and capital renewal projects of the Novato Arts Center complex of buildings.	\$1,335,653
221	Chapter 27 Assessment	This fund accounts for assessment district activities to complete missing frontage improvements, often in cooperation with property owners.	\$241,388
222	San Marin Landscape Assessment District	Accounts for the assessments collected and expenditures used for median landscaping	\$48,149
223	Country Club Landscape Assessment District	Accounts for the assessments collected and expenditures used for median landscaping	\$72,580
224	Wildwood Glen Landscape Assessment District	Accounts for the assessments collected and expenditures used for median landscaping	\$8,374
225	Hillside Landscape Assessment District	Accounts for the assessments collected and expenditures used for median landscaping	\$74,580
226	Downtown Lighting & Landscape Assessment	Accounts for the assessments collected and expenditures used for lighting and median landscaping	\$119,709
227	San Pablo Landscape Assessment District	Accounts for the assessments collected and expenditures used for median landscaping	\$57,804
228	Scottsdale Assessment District	Accounts for the assessments collected and expenditures used for median landscaping	\$10,491
229	State Gas Tax	This fund accounts for the City's share of gasoline tax revenues distributed under Senate Bill 300. This fund tracks the city's share of gasoline tax revenues that are restricted to the maintenance and construction of city streets. Funds are used for street maintenance and street improvement projects. Beginning FY 2010/11, TCRF (Proposition 42) funds are included with gas tax funds, under Streets and Highways Code Section 2103.	\$414,943
230	Justice Assistance Grants (JAG)	This fund accounts for the revenues and expenditures associated with grants from the Department of Justice for crime prevention programs. This fund is n	(\$3,251)
231	Special Police Projects	This fund accounts for resources restricted to law enforcement activities such as crime prevention and community programs.	\$89,215
232	State Community Oriented Policing Services (COPS)	This fund was established to track activity related to the State COPS grant.	\$278,818
233	Operating Grants	This fund was established to track revenue and expenditures for private grants.	\$38,472
234	Capital Grants	This fund was established to record revenue and expenditure activity for federal and state grants that are primarily used for projects within the city's Capital Improvement Program. Pursuant to the requirement of the granting authority, grant-related transactions must be reported in a separate fund.	\$47,623
235	Marin County Street Improvement (VRF)	This fund accounts for funds for street improvement projects from a \$10 vehicle registration fee (VRF) assessed annually on each vehicle registered in the county. Funds are received from the county every three years.	\$477,346
236	Measure A Street Bonds	This fund accounts for proceeds received from Measure A for local streets and roads. Funds are received through the Transportation Authority of Marin (TAM) and are for a 20-year period.	\$1,067,044
237	Parks Measure A	This fund accounts for proceeds received from Marin County Parks Measure A for improvements and maintenance of parks, open space, and recreation programs in the city. The funds are being received for a nine year period.	\$38,116
238	Clean Stormwater CIP	This fund accounts for the capital improvement element of the City's Clean Storm Water program.	\$296,764
239	Street and Storm Drain Maintenance	This fund accounts for revenues and expenditures used for ongoing maintenance and emergency needs in connection with the City's streets and storm drains.	\$265,976
240	Restricted Revenue	This fund accounts for funds received from developers to be used on future capital projects.	\$1,494,412
241	Development Impact Fees (DIF)	The City of Novato established public facility impact fees by Resolution 89-97 in order to make reasonable provisions for new facilities. As required by the city's General Plan, new development should provide for adequate public facilities and bear its fair share of providing such facilities. Fees may include charges for drainage improvements, traffic and roadway improvements and other capital improvements such as parks and public buildings. Funds are used in combination with other city or outside funds to complete public facilities as identified in the DIF Report.	\$13,224,513

City of Novato			1/13/2020
Fund Descriptions			
Fund	Name	Description	Balance 6/30/2019
242	Community Facilities	These funds were established in 1996 using resources provided under the terms of the Owner Participation Agreement (OPA) between the Novato Redevelopment Agency and the developer of the Vintage Oaks shopping center. Funds are used for construction, improvement, and maintenance of identified community facilities.	\$0
243	Novato Public Financing Authority Capital Projects	This fund accounts for operational transactions of certain city properties, including the Gymnastics/Downtown Community Center building and properties at Hamilton.	\$157,257
301	Capital Projects Fund	This fund is used to manage revenues and expenditures for Novato's Capital Improvement Projects. The fund is financed by grants and transfers from other funds.	\$2,318,882
Debt Service Funds			
Debt Service Funds are used to account for financial resources to be used for payment for City's long-term debt.			
501	General Obligation Bond	This fund accounts for the accumulation of resources and payment of interest and principal for general obligation and Measure B bonds.	\$2,040,142
502	Pension Obligations Bond	This fund accounts for the accumulation of resources and payment of principal and interest for pension obligation bonds. Only funds necessary for the debt service are transferred into this fund.	\$27,651
Proprietary Funds			
Proprietary Funds consist of Internal Service and Enterprise funds. Proprietary Funds are accounted for on a cost of services measurement focus, so all assets and liabilities associated with each fund's activity, whether current or non-current, are included on its balance sheet. Internal service funds are used to account for services furnished by a designated department to other departments within the City. Enterprise funds are used to account for the financial activities of an entity that provides goods or services to the public for a fee that makes the entity self-supporting.			
601	Equipment Maintenance Fund	This internal service fund is used for the purpose of accumulating and disbursing funds for the operation and maintenance of City vehicles, equipment, and rolling stock purchased by the City's Vehicle/Equipment Replacement Fund.	(\$187,175)
602	Vehicle/Equipment Replacement Fund	This fund accounts for resources to be used for replacement of vehicles and equipment. Revenues are generated primarily from charges to user departments of future replacement costs over the expected life of the vehicle/equipment, as well as interest earnings and proceeds from the sale of surplus vehicles and equipment.	\$5,197,053
603	Technology Replacement Fund	This fund accounts for monies set aside to meet future replacement costs of technology hardware. Annual deposits into the fund are generated from charges to the Information Technology Division, as well as interest earnings on the fund balance.	\$360,878
651	Marin Valley Mobile Country Club Fund (MVMCC)	The City maintains an enterprise fund for the Marin Valley Mobile Country Club Park. This fund was established to account for operations of the park, which are financed and conducted in a manner similar to operations of a private business enterprise.	\$5,745,414
Fiduciary funds			
Fiduciary funds include both trust and agency funds. These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other government and/or other funds. The City maintains one permanent trust fund, the Hamilton Trust. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. None of these funds are subject to the budgeting of revenues and expenditures by the city.			
701	Hamilton Trust	This fund was established to receive payments from the developer of the Navy property at Hamilton, pursuant to a development agreement. The funds are maintained in three separate accounts and invested through an outside investment firm, PFM. 80% of the investment earnings from two of the three funds, Municipal Services and General City Mitigation, are transferred to the General Fund and used to maintain city infrastructure and facilities. Investment earnings from the third fund, Senior Housing, supports the city's affordable housing program.	\$31,499,332
801	Unclaimed Property	Funds owed to third parties.	\$20,500
802	Redevelopment Obligation Retirement	Money remaining from the dissolution of the City's Redevelopment is maintained here to amortize redevelopment obligation debt	\$5,525,353
803	Buck Center Deposit in Trust	Deposit from the Buck Center pertaining to future development	\$1,000,000
804	Pacheco Assessment District	Fiduciary fund established to amortize the CFD debt	\$74,192
805	Pacheco Valle CFD	Fiduciary fund established to amortize the CFD debt	\$28,272
806	Vintage Oaks Special Tax	Fiduciary funds established to repay the debt incurred for the Vintage Oaks Shopping Center	\$2,373,665
807	Golden Gate Assessment District	Fiduciary fund established to amortize the assessment district debt - fully repaid in FY20.	\$439,005
808	Hamilton CFD Bond Administration	Tax revenue to defease the outstanding CFD Bond Debt is credited to this fund, and debt service payments are paid therefrom.	\$1,376,738
809	Pointe Marin CFD	Tax revenue to defease the outstanding CFD Bond Debt is credited to this fund, and debt service payments are paid therefrom. The debt will be fully repaid in 2032.	\$1,463,006
			\$105,498,603



General Fund Summary

	Adopted Budget FY 2018/19	Adjusted Budget FY 2018/19	Projected Actual FY 2018/19	Adopted Budget FY 2019/20	Adopted to Adopted Increase/(Decrease)	
					Dollar	Percent
Beginning Available Fund Balance	77,831	0	0	500,000		
Interfund Loan-Equipment Replacement		0				
Revised Fund Balance	77,831	0	0	500,000		
Revenues						
Taxes	32,564,580	32,814,580	32,811,940	33,440,887	876,307	2.7%
Licenses & Permits	1,170,315	1,170,315	1,365,000	1,379,000	208,685	17.8%
Intergovernmental Revenue	255,390	276,370	294,885	460,094	204,704	80.2%
Service Charges:						
General Government	246,665	246,665	245,860	246,610	(55)	0.0%
Zoning & Subdivision	187,000	187,000	166,000	167,000	(20,000)	(10.7)%
Plan Check Fees	192,500	192,500	302,500	303,000	110,500	57.4%
Engineering Fees	250,000	250,000	230,000	216,000	(34,000)	(13.6)%
Parks, Recreation & Community Services	2,091,700	2,091,700	2,141,100	2,275,700	184,000	8.8%
Police Services	98,000	106,000	199,500	110,000	12,000	12.2%
Other Services	108,600	108,600	90,300	92,100	(16,500)	(15.2)%
Fines & Forfeitures	532,200	532,200	591,000	591,200	59,000	11.1%
Use of Money & Property	528,260	528,260	531,550	469,760	(58,500)	(11.1)%
Misc Revenue	44,600	45,400	254,000	68,200	23,600	52.9%
Subtotal Revenues	38,269,810	38,549,590	39,223,635	39,819,551	1,549,741	4.0%
Transfers In	1,418,675	1,918,675	1,677,000	2,382,045	963,370	67.9%
Total Revenues and Transfers In	39,688,485	40,468,265	40,900,635	42,201,596	2,513,111	6.3%
Total Financing Available	39,766,316	40,468,265	40,900,635	42,701,596	2,935,280	7.4%
Appropriations						
Central Administration	2,337,917	2,510,617	2,299,165	2,844,680	506,763	21.7%
Administrative Services	6,176,634	6,217,319	5,835,370	7,051,033	874,399	14.2%
Police	15,530,519	15,559,805	14,953,115	16,096,340	565,821	3.6%
Community Development	2,819,094	2,819,094	2,838,025	2,947,003	127,909	4.5%
Public Works	7,176,179	7,242,694	6,927,960	7,268,028	91,849	1.3%
Parks, Recreation & Community Services	3,611,962	3,611,956	3,393,960	3,616,945	4,983	0.1%
Subtotal Appropriations	37,652,305	37,961,485	36,247,595	39,824,029	2,171,724	5.8%
Transfers Out	2,754,011	3,254,011	4,153,040	2,846,867	92,856	3.4%
Total Use of Funds	40,406,316	41,215,496	40,400,635	42,670,896	2,264,580	5.6%
Unspent Appropriations	650,000	650,000		325,000		
Ending Available Fund Balance	10,000	(97,231)	500,000	355,700		

FY20 Forecast as Included in the FY20 Adopted Budget

City of Novato - Five Year General Fund Financial Forecast

0% Salary
increase

	Amended Budget		Proposed Budget		Forecast		
	2018/2019	2019/2020	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Revenues	38,549,590	39,799,551	41,013,829	42,159,298	43,341,578	44,561,964	
Transfers In	1,918,675	1,939,500	1,372,500	1,372,500	1,364,500	1,364,500	
TOTAL REV'S & TRANSFERS IN	40,468,265	41,739,051	42,386,329	43,531,798	44,706,078	45,926,464	
Expenditures	37,961,485	39,361,484	39,908,820	40,775,850	41,957,303	42,662,447	
Position Vacancy / Savings Factor	(650,000)	(325,000)	-	-	-	-	
Measure F Positions move to General Fund	-	-	-	-	-	-	
Current Year Budget Amendments	-	-	-	-	-	-	
Transfers Out	3,254,011	2,846,867	2,037,012	2,101,312	2,169,450	2,176,065	
TOTAL EXP'S & TRANSFERS OUT	40,565,496	41,883,351	41,945,832	42,877,162	44,126,752	44,838,511	

Additional revenues:

- Cannabis (ongoing)
- Developer impact (recovery)
- Sale of property
- Other one-time

Operating Results - Surplus/(Deficit)	(97,231)	(144,300)	440,497	654,636	579,326	1,087,952
Deficit as % of Revenue	0.2%	0.3%				

Beginning Unassigned Funds	-	500,000	355,700	796,197	1,450,833	2,030,159
- Required funding of Emergency Reserve		-	-	-	-	-

Ending Unassigned Funds	(97,231)	355,700	796,197	1,450,833	2,030,159	3,118,111
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Ending Available Fund Balance*	12,848,948	12,464,821	12,464,821	12,464,821	12,464,821	12,464,821
	from	includes xfer	before xfer	before xfer	before xfer	before xfer
	projections	and expenses	of unassigned	of unassigned	of unassigned	of unassigned

* Emergency Reserve / Property Reserve

FY20 Forecast Reviewed by Council

City of Novato - Five Year General Fund Financial Forecast

3% Salary
increase

	Amended Budget		Proposed Budget		Forecast			
	2018/2019	2019/2020	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2023/2024
Revenues	38,549,590	39,799,551	41,013,829	42,159,298	43,341,578	44,561,964		
Transfers In	1,918,675	1,939,500	1,372,500	1,372,500	1,364,500	1,364,500		
TOTAL REV'S & TRANSFERS IN	40,468,265	41,739,051	42,386,329	43,531,798	44,706,078	45,926,464		
Expenditures	37,961,485	39,996,209	41,220,216	42,793,342	44,707,350	46,181,162		
Position Vacancy / Savings Factor	(650,000)	(325,000)	-	-	-	-		
Measure F Positions move to General Fund								
Current Year Budget Amendments	-							
Transfers Out	3,254,011	2,846,867	2,037,012	2,101,312	2,169,450	2,176,065		
TOTAL EXP'S & TRANSFERS OUT	40,565,496	42,518,076	43,257,228	44,894,654	46,876,800	48,357,226		
Additional revenues:								
- Cannabis (ongoing)	-							
- Developer impact (recovery)	-							
- Sale of property		-						
- Other one-time		-						
Operating Results - Surplus/(Deficit)	(97,231)	(779,025)	(870,899)	(1,362,856)	(2,170,721)	(2,430,763)		
Deficit as % of Revenue	0.2%	1.9%	2.1%	3.1%	4.9%	5.3%		
Beginning Unassigned Funds	-	500,000	(279,025)	(1,333,525)	(2,932,350)	(5,390,172)		
- Required funding of Emergency Reserve		-	(183,601)	(235,969)	(287,101)	(221,072)		
Ending Unassigned Funds	(97,231)	(279,025)	(1,333,525)	(2,932,350)	(5,390,172)	(8,042,007)		
Ending Available Fund Balance*	12,848,948	12,464,821	12,464,821	12,464,821	12,464,821	12,464,821		
	from	includes xfer	before xfer of	before xfer of	before xfer of	before xfer of		
	projections	and expenses	unassigned	unassigned	unassigned	unassigned		
								before xfer of unassigned

* Emergency Reserve / Property Reserve

CITY OF NOVATO

FY21 5-YEAR FINANCIAL FORECAST (millions)

General Fund Only

Projection Increase Assumptions in Parenthesis

1/14/2020

i:\city of novato 20.xlsx\fy21 summary

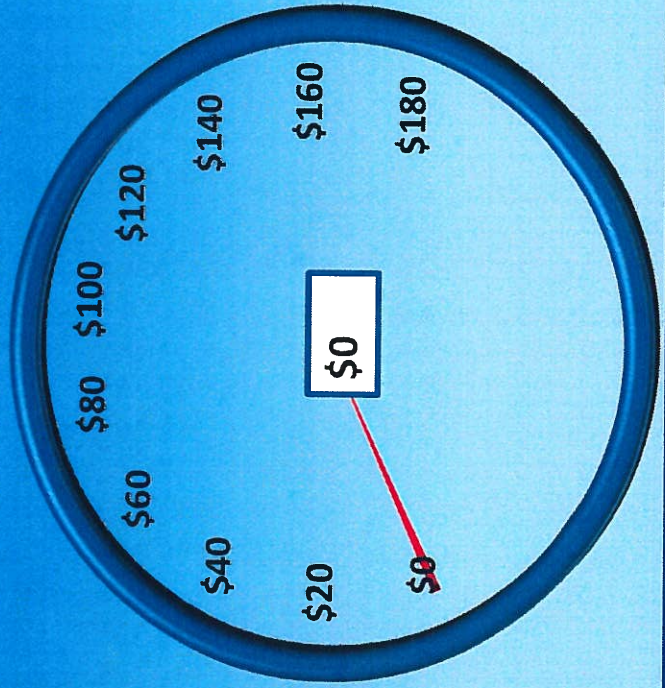
Fiscal Year Ending June 30 >	Actual FY16	Actual FY17	Actual FY18	E/A FY19	Projected FY20	Projected FY21	Projected FY22	Projected FY23	Projected FY24	Projected FY25
PERSONNEL										
1 Budgeted FTE	194.1	203.3	208.5	208.7	208.5	208.5	208.5	208.5	208.5	208.5
REVENUE										
2 Property Tax (4.0%)	\$14.86	\$13.95	\$14.39	\$15.31	\$15.94	\$16.58	\$17.24	\$17.93	\$18.65	\$19.39
3 Sales Tax (2.0%)	\$8.34	\$11.38	\$12.62	\$13.27	\$13.54	\$13.81	\$14.08	\$14.37	\$14.65	\$14.95
4 Other Revenue (Rolling Avg)	\$10.85	\$10.81	\$10.68	\$11.99	\$12.26	\$11.32	\$11.43	\$11.54	\$11.66	\$11.78
5 Net Transfers (Rolling Avg)	\$2.02	\$2.99	\$1.17	\$1.71	\$2.38	\$2.05	\$2.07	\$2.09	\$2.12	\$2.14
6 Total Revenue	\$36.07	\$39.12	\$38.86	\$42.28	\$44.12	\$43.76	\$44.83	\$45.93	\$47.08	\$48.25
EXPENDITURES										
7 Personnel Services (3.0%)	\$23.36	\$24.10	\$25.44	\$26.24	\$29.35	\$30.23	\$31.14	\$32.07	\$33.04	\$34.03
8 Contract Services (0.0%)	\$3.16	\$3.67	\$3.60	\$4.53	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74
9 Materials & Supplies (0.0%)	\$4.03	\$4.74	\$5.41	\$5.43	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90
10 Capital Expenditures (0.0%)	\$3.38	\$4.08	\$3.80	\$2.10	\$2.11	\$2.11	\$2.11	\$2.11	\$2.11	\$2.11
11 Debt Service (Fixed)	\$1.33	\$1.34	\$1.24	\$1.36	\$1.39	\$1.39	\$1.39	\$1.39	\$1.39	\$1.39
12 Claims Expense (No Claims)	\$0.13	\$0.03	\$1.22	\$0.00	\$0.91	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13 Reserves (No Transfers)	\$0.70	\$1.51	\$0.59	\$0.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
14 Total Expenditures	\$36.08	\$39.46	\$41.31	\$39.69	\$43.42	\$43.38	\$44.29	\$45.22	\$46.19	\$47.18
15 Net Income/(Loss)	(\$0.02)	(\$0.34)	(\$2.45)	\$2.59	\$0.70	\$0.37	\$0.54	\$0.71	\$0.89	\$1.08

City of Novato 5-Year Financial Plan Summary - General Fund Only

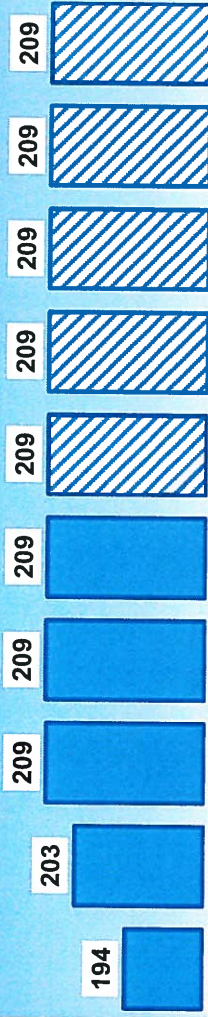
Inputs - Major Assumptions

FTE Employee Count	209
Labor Cost Increase	3.0%
Contract Services (M)	0.0%
Materials & Supplies (M)	0.0%
Capital Expenditures (M)	0.0%
Property Tax Growth Rate	4.0%
Sales Tax Growth Rate	2.0%

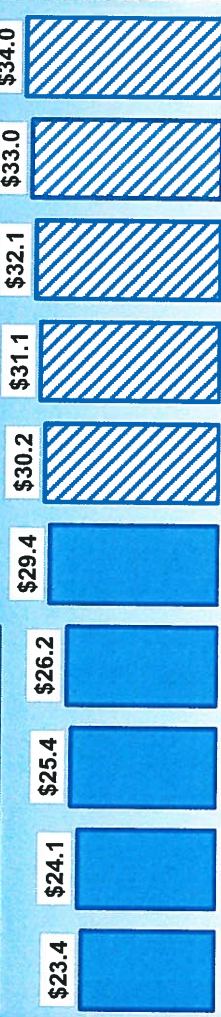
FY25 Cash Balance (Millions)



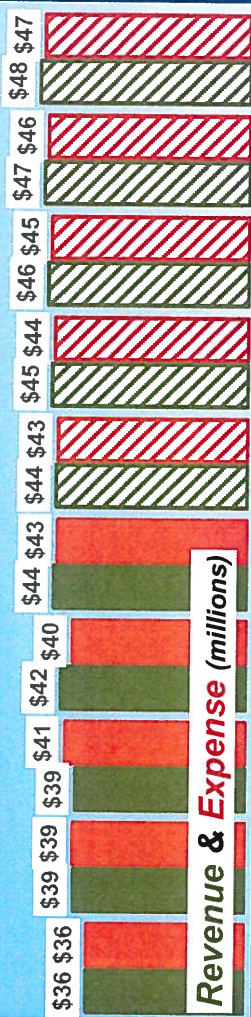
FTE Employees



Personnel Cost (millions)



Revenue & Expense (millions)



Net Income (millions)



STAFF REPORT

MEETING

DATE: January 16, 2020

TO: Citizens Finance Oversight/Advisory Committee

FROM: David L. Bentley, Interim Finance Director

SUBJECT: **Draft 5-Year Financial Plan Presentation**

REQUEST

Review the financial plan presentation presented at the meeting and provide feedback and recommendations to staff.

DISCUSSION

Annually staff provides a 5-Year Financial Forecast to the City Council. The forecast is updated annually as the economic environment constantly changes. The City's Strategic Plan, adopted in January 2019, calls for creation of a fiscal sustainability plan in the form of an "interactive model." Staff has been working to develop such a model and would like the committee's input on the progress to date. It is important to remember that a financial forecast by its nature is not a precise tool, but rather an indication of the financial direction given the assumptions input into the model.

Five attachments are included with this report

- 1) The General Fund Summary from the adopted FY2019/20 budget. This is the financial statement standard format used by Novato. There is some detail on revenue, though note that 84% of the revenue is in the line-item Taxes. The appropriations section is divided by Department, which is helpful to the public to see where resources are committed but challenging to understand the nature of the expenses in each department.
- 2) The General Fund Financial Forecast reviewed by the Council last year and included in the adopted budget. The Committee discussed this and included it in the Budget in Brief document. Note that this forecast assumes a 0% salary increase for five years.

- 3) Last year staff presented four financial forecasts to the Council, the one previously discussed showing 0% salary increase, another with 1%, another 2%, and 3%. The 3% version is included for reference. The focus on personnel cost (salary and benefits) arises as it comprises 70% of the General Fund expenditure budget.
- 4) The FY21 5-Year Financial Forecast takes a different perspective on Revenue and Expenditures. On the Revenue side, Property Tax and Sales Tax are shown separately, as they provide almost 70% of annual General Fund revenue. On the Expenditure side, costs are broken out by Personnel Services, Contract Services, Materials and Supplies, Capital Expenditures and Debt Service. The goal with this breakout is to give the Council a greater sense of control over the expenditure side of the budget.
- 5) The City of Novato 5-Year Financial Plan Summary is a “dashboard” model that shows the financial plan in graphical form (rather than rows and columns of numbers). It is designed to allow assumptions to be input and quickly determine the impact over a 5-year period.

The committee is cautioned to remember that the model is still a work-in-progress, and that the numbers need further refinement. Staff is looking for input from the committee to make the model understandable to those without a financial background.

As you might expect, staff is steeped in the details of the City’s finances. When the model is demonstrated at the meeting, your feedback as to what is too much detail, and where additional information is needed, will be helpful. It is staff’s goal to present a look from 30,000’, yet still provide a valuable tool to the Council in making decisions going forward.