

Assumptions Included in Novato's Five-Year General Fund Forecast

Revenue / Transfers In

- Growth in sales tax after 12/13 of an average of 3.6% annually
- Growth in property tax after 12/13 of 2.5% to 3% annually
- Other taxes / fees / permits / etc growth of 0% to 2.5% annually
- Transfer in from gas tax of \$817,000 every year
- Transfer in from Hamilton Trust interest earnings \$400k
- Transfers in from RDA no longer exist (loss of about \$400k annually)

Expenditures / Transfers Out

- Assumes current staffing and program levels - no new programs or additions
- Limited term staff (e.g. grant funded positions) are not renewed after terms end
- After labor contracts end in June 2014, assumes 2.5% to 3% COLA annually
- Beyond basic PERS rates, 2 assumptions on additional increases due to investment assumption changes and actuarial assumption changes
- OPEB contribution of about \$240k annually
- Contribution to long term facilities maintenance fund of \$300k annually
- After city office construction completed, no additional assumed General Fund CIP
- City office Rowland lease savings assumed of \$375k in 13/14 and \$500k thereafter
- Contracts / Supplies / Materials assumed to grow at 2.5% annually
- Insurance and utilities assumed to grow 5% annually

Forecast Changes Tracking

8/16/2012

- Trued up 11/12 revenues - looks to be better by about \$130,000
- Implemented all MOU changes (full EPMC shift, salary increases in 12/13, 1.5% COLA in 13/14)
- Added savings estimates for City Offices, beginning 375k in 13/14 and 500k in 14/15
- Added increased costs (\$125,000) for re-assuming housing functions
- Modified sales tax forecast per latest MuniServices guidance; average growth now 3.6%
- Reduced property tax / MVLF assumption in 12/13 to -0.5%
- Increased TOT growth in 12/13 and 13/14 to 2%
- Reduced Contracts/Materials/Consultants assumption to 2.5% to better align with inflation forecast
- Reduced assumption on "Other Benefits" to half of the salary increase assumption

**City of Novato - Five Year General Fund
Forecast**

DRAFT August 2012 Update

	2010/11	Estimated 2011/12	Forecast 2012/13*	2013/14	2014/15	2015/16	2016/17	2017/18
Revenues		27,543,261	28,303,713	28,876,679	29,473,878	29,996,078	30,848,309	31,698,278
Transfers In		1,685,834	1,556,104	1,581,393	1,564,794	1,649,511	1,664,511	1,679,961
TOTAL REV'S & TRANSFERS IN		29,229,095	29,859,817	30,458,072	31,038,672	31,645,589	32,512,820	33,378,239
Expenditures		28,421,038	29,088,866	29,357,997	30,134,999	30,837,506	31,875,186	32,932,709
Position Vacancy / Savings Factor		(702,357)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Transfers Out		1,899,148	1,619,939	1,829,938	1,899,438	1,975,938	2,060,438	2,147,938
TOTAL EXP'S & TRANSFERS OUT		29,617,829	30,308,805	30,787,935	31,634,437	32,413,444	33,535,624	34,680,647
Operating Surplus / (Deficit)		(388,734)	(448,988)	(329,863)	(595,765)	(767,855)	(1,022,804)	(1,302,408)
Deficit as % of Revenue		1.3%	1.5%	1.1%	1.9%	2.4%	3.1%	3.9%
Beginning Reserve Fund Balance		5,624,346	5,624,346	5,509,346	5,509,346	5,509,346	5,509,346	5,509,346
Use of Measure F - Deficit Infusion		388,734	448,988	329,863	595,765	767,855	1,022,804	1,302,408
Budgeted Use of Reserves			(115,000)					
Ending Reserve Fund Balance		5,624,346	5,624,346	5,509,346	5,509,346	5,509,346	5,509,346	5,509,346
% of Expenditures		19.79%	18.94%	18.77%	18.28%	17.87%	17.28%	16.73%
15% Reserve Target	4,202,073	4,442,674	4,546,321	4,618,190	4,745,166	4,862,017	5,030,344	4,879,906
Measure F Annual Forecast	688,000	4,029,192	4,353,968	4,477,177	4,644,790	3,613,458	0	0
Measure F Budgeted Expenditures	-	(212,800)	(635,420)	(502,000)	(233,000)	(204,000)	-	-
Proposed Future Expenditures	-	-	-	-	-	(468,000)	-	-
Measure F Deficit Infusion	-	(388,734)	(448,988)	(329,863)	(595,765)	(767,855)	(1,022,804)	(1,302,408)
Measure F Balance	688,000	4,115,658	7,385,218	11,030,531	14,846,556	17,020,159	15,997,355	14,694,947

Revenue Forecast

DRAFT August 2012 Update

	Estimate 2010/11	Estimate 2011/12	Forecast 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Property Tax	6,855,671	6,919,930	6,885,330	7,057,464	7,269,188	7,487,263	7,711,881	7,943,237	0.94%	-0.50%	2.50%	3.00%	3.00%	3.00%
In-Lieu Sales Tax	2,057,596	1,802,796	2,037,754	2,166,905	2,208,166	2,287,420	2,370,441	2,430,289	-12.38%	13.03%	6.34%	1.90%	3.59%	3.63%
In-Lieu VLF	3,874,339	3,811,852	3,792,793	3,887,613	4,004,241	4,124,368	4,248,099	4,375,542	-1.61%	-0.50%	2.50%	3.00%	3.00%	3.00%
Sales Tax	5,588,589	5,625,261	6,078,689	6,250,704	6,484,713	6,726,458	6,988,500	7,258,024	0.66%	8.06%	2.83%	3.74%	3.73%	3.90%
Prop 172 Sales Tax	319,209	376,825	383,784	394,644	409,419	424,682	441,226	458,242		8.06%	2.83%	3.74%	3.73%	3.90%
Real Property Transfer Tax	152,107	210,983	213,093	215,224	217,376	219,550	221,745	223,963	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Transient Occupancy Tax	942,373	1,053,790	1,074,866	1,096,364	1,107,327	1,118,400	1,129,584	1,140,880	1.00%	2.00%	2.00%	1.00%	1.00%	1.00%
Business Tax	832,498	819,916	828,115	836,396	844,760	853,208	861,740	870,357	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Cable Television Tax	829,701	838,010	854,770	871,866	889,303	907,089	925,231	943,735	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
PG&E Tax	611,600	648,661	664,878	681,499	698,537	716,000	733,900	752,248	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Residential Development Tax	2,550	14,102	14,102	14,102	14,102	14,102	14,102	14,102	453.02%	0.00%	0.00%	0.00%	0.00%	0.00%
Licenses and Permits	895,765	910,559	926,738	941,658	960,303	979,413	998,904	1,018,782	1.65%	0.89%	1.61%	1.98%	1.99%	1.99%
Intergovernmental	589,708	416,561	692,938	574,867	446,616	156,082	157,643	159,219	-29.36%	1.00%	1.00%	1.00%	1.00%	1.00%
Charges for Services	2,712,562	2,779,004	2,793,156	2,834,291	2,885,762	2,938,482	2,992,166	3,046,830	2.45%	1.44%	1.47%	1.82%	1.83%	1.83%
Fines and Forfeitures	554,159	611,791	544,975	550,425	555,929	561,488	567,103	572,774	10.40%	1.00%	1.00%	1.00%	1.00%	1.00%
Uses of Money	507,519	524,071	463,267	448,192	423,672	427,607	431,578	435,586	3.26%	0.79%	-3.25%	-5.47%	0.93%	0.93%
Miscellaneous	214,868	179,149	54,465	54,465	54,465	54,465	54,465	54,465	-16.62%	-65.86%	0.00%	0.00%	0.00%	0.00%
	27,540,814	27,543,261	28,303,713	28,876,679	29,473,878	29,996,078	30,848,309	31,698,278						

Expenditure Assumptions Table

DRAFT August 2012 Update

	2013/14	2014/15	2015/16	2016/17	2017/18
Salaries - MISC	1.50%	2.50%	2.50%	3.00%	3.00%
Salaries - SAFETY	1.50%	2.50%	2.50%	3.00%	3.00%
End of Furlough					
Vacation / Admin Pay Outs	1.50%	2.50%	2.50%	3.00%	3.00%
PERS - MISC Rate	13.10%	14.90%	16.40%	17.00%	17.50%
PERS - SAFETY Rate	22.90%	24.30%	25.70%	26.10%	26.50%
PERS - MISC Rate Growth	-24.584%	13.740%	10.067%	3.659%	2.941%
PERS - SAFETY Rate Growth	-24.457%	6.114%	5.761%	1.556%	1.533%
Holiday Pay - MISC	1.50%	2.50%	2.50%	3.00%	3.00%
Holiday Pay - SAFETY	1.50%	2.50%	2.50%	3.00%	3.00%
Other Benefits	0.00%	1.25%	1.25%	1.50%	1.50%
Contract / Consultant Services	2.50%	2.50%	2.50%	2.50%	2.50%
Materials / Supplies	2.50%	2.50%	2.50%	2.50%	2.50%
Liability / Risk Management	5.00%	5.00%	5.00%	5.00%	5.00%
Utilities	5.00%	5.00%	5.00%	5.00%	5.00%