TOWN OF LOS GATOS
FINANCE COMMISSION AGENDA
NOVEMBER 09, 2026
110 EAST MAIN STREET
TOWN COUNCIL CHAMBERS
5:30 PM

Ashby Monk, Chair
Adam Fischer, Vice Chair
Phil Koen, Commissioner
Jay McGowan, Commissioner
Joseph Rodgers, Commissioner
Maria Ristow, Vice Mayor
Matthew Hudes, Council Member

IMPORTANT NOTICE

This is a hybrid meeting and will be held in-person at the Town Council Chambers at 110 E. Main Street and virtually through Zoom Webinar (log-in information provided below). Members of the public may provide public comments for agenda items in-person or virtually by following the instructions listed below or at the end of the agenda.

To watch and participate via Zoom, please go to:
https://losgatosca-gov.zoom.us/j/84834011781?pwd=rHVGvPbwjNaaM6U6ZB5AbaZUF1ToV9.1
Enter passcode: 998589

CALL MEETING TO ORDER

ROLL CALL

CONSENT ITEMS *(Items appearing on the Consent are considered routine Town business and may be approved by one motion. Members of the public may provide input on any Consent Item(s) when the Chair asks for public comment on the Consent Items. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

1. Approve the Minutes of the August 10, 2026, Finance Commission Regular Meeting
2. Approve the Minutes of the September 14, 2026, Finance Commission Regular Meeting
3. Approve the Minutes of the September 30, 2026, Finance Commission Special Meeting
4. Receive the Monthly Financial and Investment Report for August 2026
5. Receive the Monthly Financial and Investment Report for September 2026

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Commission on any matter that is not listed on the agenda and is within the subject matter jurisdiction of the Commission. During special meetings, members of the public are welcome to address the Commission only on items listed on the agenda. Town resources may not be used to facilitate audio or visual presentations. To ensure all agenda items are heard, this portion of the agenda is limited to 30 minutes. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

OTHER BUSINESS *(Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

6. Receive and Forward the Fiscal Condition Analysis Report, the Future Growth and Sustainability Study Fiscal Impact Analysis, and the Asset Liability Management Study to the Town Council; and Recommend an Additional Discretionary Payment to CalPERS
7. Receive and Forward to the Town Council the Fiscal Year 2026-27 First Quarter Financial Report and the Preliminary Unaudited Fiscal Year 2025-26 Year-End Results
8. Discuss Phases 2 and 3 of the Community Grant Program Review and Provide Direction to Staff Regarding Any Recommendations for Town Council Consideration

ADJOURNMENT

ADA NOTICE - In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354-6834. Please notify the Clerk's Office at least two (2) business days prior to the meeting so that reasonable arrangements can be made to ensure accessibility in compliance with 28 CFR §35.102-35.104 and related provisions.

NOTICE REGARDING SUPPLEMENTAL MATERIALS - Materials related to an item on this agenda submitted to the Commission after initial distribution of the agenda packets are available for public inspection in the Clerk's Office at Town Hall, 110 E. Main Street, Los Gatos and on the Town's website at www.losgatosca.gov. Town Commission agendas and related materials can be viewed online at https://losgatos-ca.municodemeetings.com/.

HOW TO PARTICIPATE

The public is welcome to provide oral comments in real-time during the meeting in three ways:
Zoom Webinar (Online): Join from a PC, Mac, iPad, iPhone or Android device. Please click this URL to join: https://losgatosca-gov.zoom.us/j/84834011781?pwd=rHVGvPbwjNaaM6U6ZB5AbaZUF1ToV9.1
Passcode: **998589** You can also type in **848 3401 1781** in the "Join a Meeting" page on the Zoom website at zoom.com and use passcode 998589.

When the Chair announces the item for which you wish to speak, click the "raise hand" feature in Zoom. If you are participating by phone on the Zoom app, press *9 on your telephone keypad to raise your hand.

Telephone: Please dial 1 (855) 758-1310 for US Toll-free or 1 (408) 961-3927 for US Toll. (Meeting ID: 848 3401 1781)

If you are participating by calling in, press *9 on your telephone keypad to raise your hand.

In-Person: Please complete a "speaker's card" located on the back of the chamber benches and return it to the Town Clerk before the meeting or when the Chair announces the item for which you wish to speak.

NOTES: Comments will be limited to three (3) minutes or less at the Chair's discretion.
If you are unable to participate in real-time, you may email to Clerk@losgatosca.gov the subject line "Public Comment Item #__ " (insert the item number relevant to your comment). All comments received will become part of the record.
Deadlines to submit written comments are:
-3:00 p.m. the business day before the Commission meeting for inclusion in an addendum.
-11:00 a.m. on the day of the Commission meeting for inclusion in a desk item.

TOWN OF LOS GATOS
FINANCE COMMISSION
MINUTES

MEETING DATE: 11/9/2026
ITEM NO: 1

Draft Minutes of the Finance Commission Regular Meeting
August 10, 2026

The Finance Commission of the Town of Los Gatos conducted a regular meeting in person and via teleconference.

THE MEETING WAS CALLED TO ORDER AT 5:30 P.M.

ROLL CALL

Present: Chair Ashby Monk, Vice Chair Adam Fischer, Commissioner Phil Koen, Commissioner Joe Rodgers, Council Member Matthew Hudes, and Council Member Maria Ristow (Arrived at 5:33 P.M.)

Town Staff Present: Town Manager, Chris Constantin; Administrative Services Director, Kristina Alfaro; Library Director, Ryan Baker; Town Clerk, Wendy Wood; and Finance and Accounting Manager, Eric Lemon.

CONSENT ITEMS

1. Approve the Minutes of the June 8, 2026, Finance Commission Regular Meeting
2. Receive the Monthly Financial and Investment Reports for May and June 2026

There was no public comment.

MOTION: **Motion** by **Vice Chair Fischer** to approve the consent items. **Seconded** by **Commissioner Koen.**

VOTE: **Motion passed unanimously.**

VERBAL COMMUNICATIONS

The following individual spoke during verbal communications:

1. Member of the Public

OTHER BUSINESS

3. Discuss Upcoming Audit and Provide Input on June 30, 2026, Annual Comprehensive Report with the Town's Independent Auditor

Finance and Accounting Manager, Eric Lemon, provided a summary of the item and introduced the Town's Independent Auditor, Sheldon Chavan, to give a presentation.

The Commission discussed the item and asked questions.

Staff and the Independent Auditor addressed the Commissioner's questions.

The following individual spoke on this item:

1. Member of the public

No action was taken on this item.

4. Receive the Following Final Reports, Fiscal Condition Analysis, Future Growth and Sustainability Study Fiscal Analysis and Asset Liability Management Study and Forward to the Town Council for Review

The Chair opened the item and introduced the Town's Consultants at NHA Advisors, Mark Northcross, Principal, and Mike Meyer, Vice President, to present on the item.

The Commission discussed the item, asked questions, and provided feedback.

Staff and the Consultants addressed the Commissioner's questions.

The following individuals spoke on this item:

1. Linda Swenberg
2. Lee Fagot
3. Member of the public

MOTION: **Motion** by **Commissioner Koen** to receive the Fiscal Condition Analysis, Future Growth and Sustainability Study Fiscal Analysis, and Asset Liability Management Study; and continue the item for future discussion pending another turn at this document, taking in the feedback given. **Seconded** by **Commissioner Rodgers.**

VOTE: **Motion passed unanimously.**

5. Discussion of the Community Grant Program and Potential Recommendation for Process Improvements

The Chair opened this item for discussion.

The Commission discussed the item, asked questions, and provided feedback.

Staff addressed the Commissioner's questions.

The following individuals spoke on this item:

1. Linda Swenberg
2. Member of the Public

MOTION: **Motion** by **Commissioner Koen** that the Finance Commission adopt the Community Grant Program Review Scoping Memorandum as the Commission's work plan to guide it through the review of the Town's Community Grant Program, with the review to proceed in three phases, anticipated to take three sessions but continuing beyond that if the work requires it, and with the work plan subject to amendment by the Commission at any session. This work plan is adopted as an accommodation to Town staff, to assist them in planning and scheduling their support of the Commission's work, and in response to the Town Manager's request for a work plan. It is not an acknowledgment that a work plan is required by Measure A. Nothing in this work plan alters, abridges, or abrogates the duties assigned to the Finance Commission by Measure A, and nothing in it limits the Commission's authority to take up any matter within those duties, whether or not the matter appears in the plan. **Seconded** by **Chair Monk.**

VOTE: **Motion passed unanimously.**

ADJOURNMENT:

The meeting adjourned at approximately 7:47 p.m.

This is to certify that the foregoing is a true
and correct copy of the minutes of the
August 10, 2026, regular meeting as approved by the
Finance Commission.

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Eric Lemon, Finance & Accounting Manager

TOWN OF LOS GATOS
FINANCE COMMISSION
MINUTES

MEETING DATE: 11/9/2026
ITEM NO: 2

Draft Minutes of the Finance Commission Regular Meeting September 14, 2026

The Finance Commission of the Town of Los Gatos conducted a regular meeting in person and via teleconference.

THE MEETING WAS CALLED TO ORDER AT 5:32 P.M.

ROLL CALL

Present: Chair Ashby Monk, Commissioner Phil Koen, Commissioner Joe Rodgers, Commissioner Jay McGowan, Council Member Matthew Hudes, and Council Member Maria Ristow

Absent: Vice Chair Adam Fischer

Town Staff Present: Town Manager, Chris Constantin; Administrative Services Director, Kristina Alfaro; Police Chief, Jamie Field; Town Clerk, Wendy Wood; and Finance and Accounting Manager, Eric Lemon.

PRESENTATION

i. Los Gatos Monte Sereno Police Department Potential Service to Saratoga

Chief of Police, Jamie Field gave a presentation.

The Commission discussed the item, asked questions, and provided feedback.

Staff addressed the Commissioner's questions.

The following individuals spoke on this item:

1. Member of the public
2. Rick Van Husen

CONSENT ITEMS

1. Receive the Monthly Financial and Investment Report for July 2026 and Corrected Investment Report for June 2026

2. Receive the California Employer's Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending June 30, 2026, and Performance as of July 31, 2026

3. Receive the California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending June 30, 2026, and the Performance Report as of July 31, 2026

Chair Ashby pulled Item two from Consent.

The following individual spoke on the consent items:

1. Member of the Public (Item 2)

MOTION: **Motion** by **Chair Ashby** to approve consent items one and three. **Seconded** by **Commissioner Koen.**

VOTE: **Motion passed 4-0-1. Vice Chair Fischer was absent.**

2. Receive the California Employer's Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending June 30, 2026, and Performance as of July 31, 2026

Commissioner Koen commented on the item.

There was no public comment.

MOTION: **Motion** by **Chair Ashby** to approve the item. **Seconded** by **Commissioner Koen.**

VOTE: **Motion passed 4-0-1. Vice Chair Fischer absent.**

VERBAL COMMUNICATIONS

There was no public comment.

OTHER BUSINESS

4. Review the Revised Finance Commission 2026 Workplan and Make a Recommendation to the Town Council for Approval

Administrative Services Director, Kristina Alfaro, and Town Manager, Chris Constantin, presented the item.

The Commission discussed the item and asked questions.

Staff addressed the Commissioner's questions.

The following individuals spoke on this item:

1. Rick Van Husen
2. Member of the Public
3. Alisa Toren
4. Linda Swenberg

MOTION: **Motion** by **Commissioner Koen** that the Finance Commission (1) decline to recommend the revised Finance Commission 2026 Workplan to the Town Council for approval. Measure A, the Town Finance Commission Initiative (Ordinance 2314; Town Code Chapter 2, Article V, Division 3, sections 2.50.200 through 2.50.230), does not require the Commission to adopt a work plan or to obtain Town Council approval of one; (2) receive the revised 2026 Workplan, as presented or as amended at this meeting, and transmit it to the Town Manager solely as a planning tool to help staff schedule workflow and plan support. This is consistent with the Town Manager's written confirmation of August 21, 2026 that the work plan is a planning and resource allocation tool; (3) declare that this action does not alter, abridge, abrogate, or diminish in any way the lawful scope, duties, or authority of the Finance Commission under Measure A, in particular: (a) the Commission may take up any matter within its duties under section 2.50.225 subparagraph a, whether or not the matter appears in the work plan; (b) the work plan does not limit the Chair's authority under section 2.50.215 to call meetings and set agendas, and its target dates do not bind any agenda; (c) administrative support under section 2.50.205 subparagraph e, is not conditioned on any work plan or on Council approval of one; (d) transmitting the work plan is not a concession that a work plan or Council approval is required, and it waives no position under section 2.50.225 subparagraph b; (e) the Commission may revise the work plan at any time; and (4) request that the Chair, under section 2.50.215, call a special meeting of the Commission no later than September 30, 2026, where the purpose is to resume and complete the Community Grant Program review continued from August 10, 2026, so the Commission can inform the Town Council before the Council acts on the FY 2026-27 community grants. **Seconded** by **Commissioner Rodgers.**

VOTE: **Motion passed 3-0-1-1. Commissioner McGowen abstained and Vice Chair Fischer was absent.**

5. Review the Agreement with Badawi & Associates to Provide Auditing Services for the Town of Los Gatos and Provide Comments or Recommendations for the Town Council's Consideration

Finance and Accounting Manager, Eric Lemon, introduced the item and Audit Partner from Badawi & Associates, Ahmed Badawi.

The Commission discussed the item, and asked questions.

Staff addressed the Commissioner's questions.

The following individuals spoke on this item:

1. Member of the public

MOTION: **Motion** by **Chair Ashby** for the Finance Commission to recommend that the Town Council approve the Agreement with Badawi & Associates for Auditing Services for the Fiscal Years ending 2027-2029 with two optional one-year extensions. **Seconded** by **Commissioner Koen.**

VOTE: **Motion passed 4-0-1. Vice Chair Fischer was absent.**

6. Review Financial Reporting Suite Proposal and forward to Town Council for Approval

Administrative Services Director, Kristina Alfaro gave a presentation on the item.

The Commission discussed the item, asked questions, and provided feedback.

Staff addressed the Commissioner's questions.

The following individuals spoke on this item:

1. Member of the public

MOTION: **Motion** by **Commissioner Koen** [as stated by the Town Manager: to approve the budgeting module, which then locks in everything else, and when ready, we can execute an amendment to add items.] **Seconded** by **Commissioner Rodgers.**

VOTE: **Motion passed 4-0-1. Vice Chair Fischer was absent.**

7. Receive and Forward to the Town Council the Monthly Expenditure and Revenue Reports for the Month of July 2026 and Provide Direction on Financial Reporting Frequency and Format

Town Manager Chris Constantin provided information on the item.

The Commission discussed the item and asked questions.

Staff addressed the Commissioner's questions.

The following individual spoke on this item:

1. Member of the public

No action was taken on this item**.**

ADJOURNMENT:

The meeting adjourned at approximately 7:34 p.m.

This is to certify that the foregoing is a true
and correct copy of the minutes of the
September 14, 2026, regular meeting as approved by the
Finance Commission.

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Wendy Wood, Town Clerk

TOWN OF LOS GATOS
FINANCE COMMISSION
MINUTES

MEETING DATE: 11/9/2026
ITEM NO: 3

Draft Minutes of the Finance Commission Special Meeting September 30, 2026

The Finance Commission of the Town of Los Gatos conducted a special meeting in person and via teleconference.

THE MEETING WAS CALLED TO ORDER AT 6:01 P.M.

ROLL CALL

Present: Chair Ashby Monk, Commissioner Phil Koen, Commissioner Joe Rodgers, Commissioner Jay McGowan, and Council Member Hudes

Absent: Vice Chair Adam Fischer and Vice Mayor Ristow

Town Staff Present: Town Manager, Chris Constantin; Administrative Services Director, Kristina Alfaro; Town Attorney, Gabrielle Whelan; and Finance and Accounting Manager, Eric Lemon.

OTHER BUSINESS

1. Review the Community Grants Program

Town Manager Chris Constantin introduced the item.

The following individuals spoke on this item:

1. Glen Stansbury

Commissioner Koen gave a presentation on the item.

The Commission discussed the item, asked questions, and provided feedback.

Staff and Commissioner Koen addressed the Commissioner's questions

MOTION: **Motion** by **Commissioner Koen** to approve the proposed motion in the agenda packet [(page 33) that the Finance Commission recommends that the Town Council: [(1) Adopt a policy – Adopt a Community Grant Policy by Council action, amending or replacing Resolution 1993-173, and review it every two years; (2) Know the grantee – Require a staff-verified eligibility screen before any application is read: legal standing, filings, board independence, a conflict-of-interest policy, disclosure of Town relationships, prior grants and location, with a five-day document cure. Refer requests made to Council members to staff; Council and

commissioner recusal will follow from the Policy 2-04 review; (3) Tie grants to priorities - Require every grant to fit a focus area from a Council-adopted list, including youth, with a measurable outcome reported at closeout; (4) Score in public - Score applications at a noticed public meeting of the reviewing committee, where applicants present their case and every score is recorded and published. Use anchored, calibrated criteria and a written rule for setting amounts, including partial awards. This is where the real work is done; (5) Approve in public - Approve every grant (recipient, amount and purpose) by resolution at a noticed Council meeting, acting on the recommendation of staff or the reviewing committee. This closes the process: no applicant presentations, only the public comment the law requires. Begin with the paused 2026-27 awards; (6) Contract for core services - Convert sustaining grants into service contracts in the operating budget, with firm written criteria for which services qualify, defined outputs and three-year terms reopened to competition. First examine their growth from four lines and $57,000 in 2021-22 to nine lines and $110,500 in 2026-27; (7) Control the money - Pay in advance; prove spending at closeout with reconciled receipts certified by two people; recover unsupported funds; keep a five-year audit right; bar new awards while a prior grant is unresolved; report to the Council annually].

VOTE: **Motion passed 4-0-1. Vice Chair Fischer was absent.**

MOTION: **Motion** by **Commissioner Koen** to recommend the curing motion on page 13 of the addendum [The Finance Commission recommends that the Town Council require Form A-1 of all FY 2026-27 applicants, seat a new rating panel that includes two Finance Commission members chosen by the Commission, and direct that panel to score every sustaining and competitive applicant at a noticed public meeting before any award.], and recommend the Town Council receive the recommendations [page 13 of the addendum - (1) Hold all agreements. None is signed on the July scoring; (2) All applicants, sustaining and competitive, complete proposes A-1 before scoring; (3) Council seats a new rating panel of members who did not score in July, to avoid any appearance of bias; (4) The Finance Commission picks two of its members for the panel at a noticed meeting; (5) The panel scores every applicant, sustaining and competitive, at a noticed public meeting; (6) Eligible applicants present and answer questions; the public may comment; (7) Raters disclose any relationship with an applicant and recuse on the record; all scores are published; and (8) Council approves all awards by resolution with public purpose findings. No grant goes unscored] with exception of (3) to provide flexibility whether they handle a new panel or stay with the existing. **Seconded** by **Chair Monk.**

VOTE: **Motion passed 4-0-1. Vice Chair Fischer was absent.**

ADJOURNMENT:

The meeting adjourned at approximately 8:06 p.m.

This is to certify that the foregoing is a true
and correct copy of the minutes of the
September 30, 2026, special meeting as approved by the
Finance Commission.

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Wendy Wood, Town Clerk

TOWN OF LOS GATOS

FINANCE COMMISSION REPORT

MEETING DATE: 11/9/2026

ITEM NO: 4

DATE: November 9, 2026

TO: Finance Commission

FROM: Kristina Alfaro, Administrative Services Director

SUBJECT: Receive the Monthly Financial and Investment Report for August 2026

RECOMMENDATION: Receive the Monthly Financial and Investment Report for August 2026.

BACKGROUND:

California Government Code Section 41004 requires that the Town Treasurer submit to the Town Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. The Administrative Services Director assumes the Town Treasurer role. Attachment 1 contains the August 2026 monthly Financial and Investment Report, which fulfills this requirement.

The August 2026 Monthly Financial and Investment Report was presented to the Town Council at its October 20, 2026, regular meeting.

DISCUSSION:

The August 2026 Monthly Financial and Investment Report includes a Fund Balance Schedule, representing estimated funding available for all funds at the beginning of the fiscal year and at the end of the respective month.

As operations fluctuate month to month, there are differences between balances in one month and balances in another. Such differences may be significant due to the type of activity in those months and the timing of any estimates used in the presentation, based on the information available. This is demonstrated by the attached August 31, 2026, fund balance report. In the

PREPARED BY: Eric Lemon
Finance and Accounting Manager

Reviewed by: Town Manager and Administrative Services Director

case that the differences are extraordinary and unanticipated, we will ensure we present more information to explain the differences.

The difference between the August 31 and July 31 estimated fund balance is due to normal day-to-day fluctuations in revenues and expenditures.

The difference between the beginning fund balance in the August investment report and the ending fund balance in the June Investment report was an approximately $4.87 million dollar increase in total fund balance. The majority of the variance was caused by the accrual entry of the 2026 Q2 sales taxes of approximately $1.52 million, mark-to-market adjustment of approximately $0.56 million, June permit revenue reclassifications of approximately $0.53 million, and year-end reclassifications in the RDA Successor Agency fund of approximately $1.70 million. The remainder of the $0.56 million difference is a result of several small year-end entries.

Please note that the amount in the Fund Balance Schedule differs from the Portfolio Allocation and Treasurer's Cash Fund Balances Summary schedule because assets and liabilities are components of the Fund Balance.

As illustrated in the summary below, Ending Fund Balance = Cash + Assets – Liabilities. The resulting amount represents estimated accounting fund balance across Town funds and includes amounts that may be nonspendable, restricted, committed, or assigned.

Reconciling Cash to Fund Balance - August 31, 2026		
Total Cash	$	80,075,730
Plus: Assets	$	17,465,123
Less: Liabilities	$	(23,401,910)
Estimated Fund Balance	**$**	**74,138,943**

As of August 31, 2026, the Town's financial position (Cash Plus Other Assets $97.54M, Liabilities $23.40M, and Fund Equity $74.14M) remains strong, and the Town has sufficient funds to meet the cash demands for the next six months.

As of August 31, 2026, the Town's weighted average yield to maturity for investments under management was 4.20%, which was 34 basis points above the Local Agency Investment Fund (LAIF) yield of 3.86% for the same reporting period. Currently, the LAIF portfolio's weighted average maturity (WAM) is 272 days versus the Town's longer WAM of 574 days. The Town's assets under management reflect the Town's selection of the 1-3 year benchmark investment strategy through the Town's investment advisor to lock in higher yields at the top of the interest rate cycle. The longer maturities are balanced with shorter-term yields available on investments held with the State's LAIF. The Town's weighted average yield to maturity on

investments under management of 4.20% at the close of August was consistent with the July 31, 2026 report.

Since August 2025, LAIF yields decreased from 425 basis points (4.25%) to 386 basis points (3.86%) through the end of August 2026. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

The Federal Open Market Committee held steady rates for most of calendar year 2026. At its September meeting, the committee voted to raise rates 25 basis points to the range of 3.75%-4.00%. This adjustment aligns with the FOMC's objective to promote maximum employment and achieve an inflation target of 2% over the long run.

Nonfarm payrolls declined by 23,000 in July, following an increase of 57,000 in June. The unemployment rate fell from 4.2% to 4.1%, but this improvement was mainly due to a reduction in the labor market participation rate. Job losses were concentrated in local government, education, and retail trade, partly offset by continued hiring in healthcare. Weekly jobless claims remained relatively subdued and stable during the month.

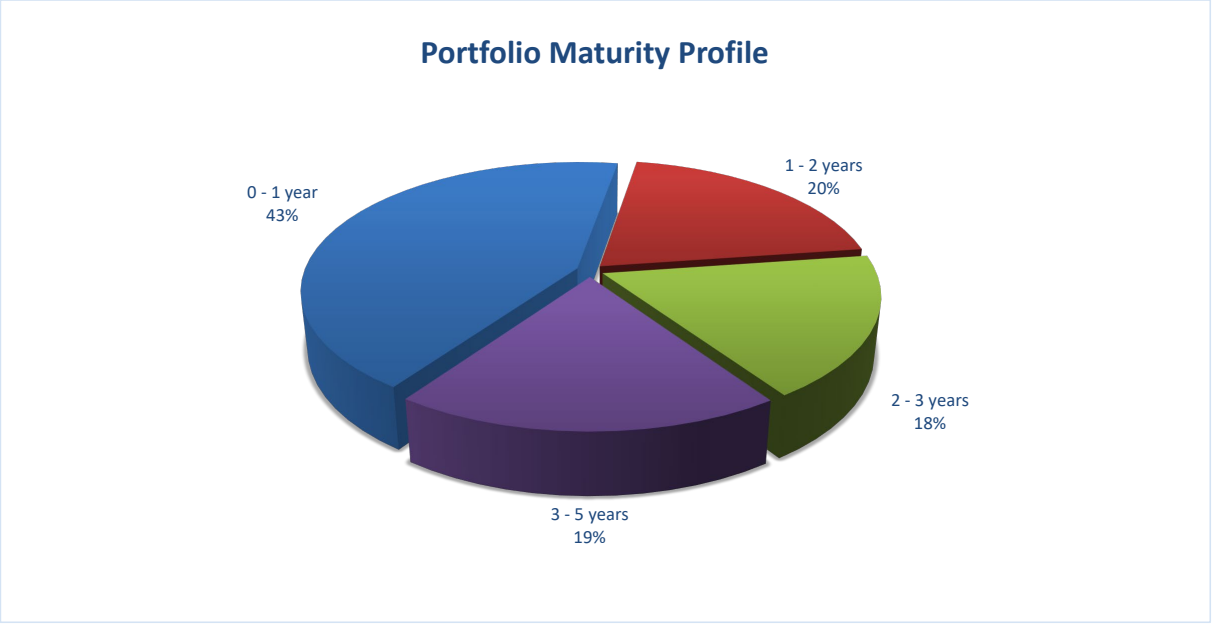
The Town's investments are in compliance with the Town's Investment Policy dated March 18, 2025, and as amended August 4, 2026, and are also in compliance with the requirements of Section 53600 et seq. of the California Government Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

Attachments:
1. Financial and Investment Report (August 2026)

Town of Los Gatos
Summary Investment Information
August 31, 2026

Weighted Average YTM Portfolio Yield on Investments under Management	**4.20%**
Weighted Average Maturity (days)	**574**

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	$80,075,730	$78,318,427	$69,644,461
Managed Investments	$54,408,770		
Local Agency Investment Fund	$15,910,115		
Reconciled Demand Deposit Balances	$9,756,845		
Portfolio Allocation & Treasurer's Cash Balances	$80,075,730		
Benchmarks/ References:			
Town's Average Yield	4.20%	4.20%	4.34%
LAIF Yield for month	3.86%	3.84%	4.25%
3 mo. Treasury	3.83%	3.75%	4.14%
6 mo. Treasury	3.99%	3.94%	3.96%
2 yr. Treasury	4.34%	4.29%	3.62%
5 yr. Treasury	4.50%	4.45%	3.70%
10 Yr. Treasury	4.75%	4.73%	4.23%



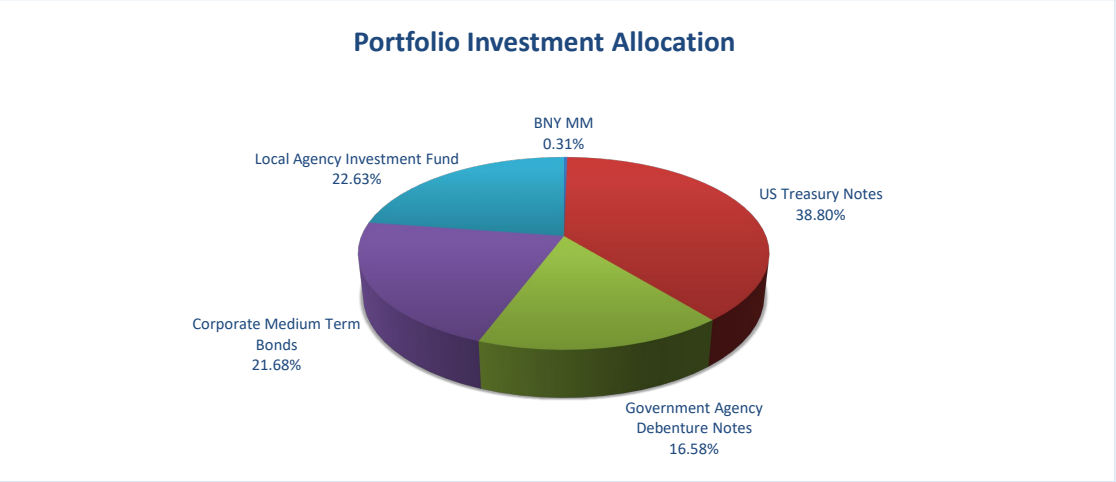
Compliance: The Town's investments are in compliance with the Town's investment policy dated March 18, 2025, and as amended August 4, 2026, and also in compliance with the requirements of Section 53600 et seq. of the California Government Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

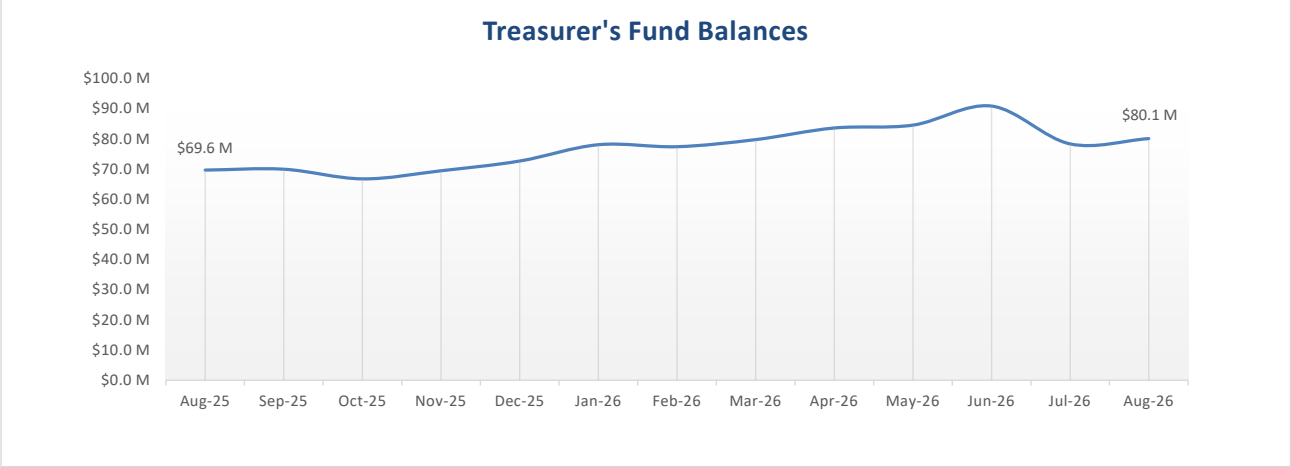
ATTACHMENT 1

Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
August 31, 2026

	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	$ 78,318,427.29	$ 90,859,940.45
Receipts	7,785,506.90	17,541,871.02
Disbursements	(6,028,203.95)	(28,326,081.23)
Cash & Investment Balances - End of Month/Period	$80,075,730.24	$80,075,730.24

Portfolio Allocation	Amount	% of Portfolio	Max. % or $ Allowed per State Law or Policy
BNY MM	$219,116.16	0.31%	20% of Town Portfolio
US Treasury Notes	$27,284,031.05	38.80%	No Max. on US Treasuries
Government Agency Debenture Notes	$11,660,791.81	16.58%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	$15,244,830.80	21.68%	30% of Town Portfolio
Local Agency Investment Fund	$15,910,114.99	22.63%	$75 M per State Law
Subtotal - Investments	70,318,884.81	100.00%	
Reconciled Demand Deposit Balances	9,756,845.43		
Total Portfolio Allocation & Treasurer's Cash Balances	$80,075,730.24		





Town of Los Gatos
Non-Treasury Restricted Fund Balances
August 31, 2026

	Beginning Balance	August 2026 Deposits Realized Gain/Adj.	August 2026 Interest/ Unrealized Gains (Losses)/ Gains (Losses)	August 2026 Withdrawals / Fees	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	$ 697,257.96	$ 16,254.21	$ 1,873.36	$ (29,134.53)	$ 686,251.00	**Note 1**
Cert. of Participation 2010 Ser Lease Payment Fund	1,187,462.76		579.95	(1,187,462.50)	$ 580.21	**Note 2**
Cert. of Participation 2002 Ser A Lease Payment Fund	580,495.79	45,388.74	272.21	(613,004.21)	$ 13,152.53	**Note 1**
Cert. of Participation 2010 Ser Reserve Fund	1,330,534.40	-	3,999.17	-	$ 1,334,533.57	**Note 2**
Total Restricted Funds:	$ 3,795,750.91	$ 61,642.95	$ 6,724.69	$ (1,829,601.24)	$ 2,034,517.31	
CEPPT IRS Section 115 Trust	4,027,534.21	-	22,482.44	(792.81)	$ 4,049,223.84	**Note 3**
Grand Total COPs and CEPPT Trust	$ 7,823,285.12	$ 61,642.95	$ 29,207.13	$ (1,830,394.05)	$ 6,083,741.15	

These accounts are not part of the Treasurer's fund balances reported elsewhere in this report, as they are for separate and distinct entities.

Note 1: The Certificates of Participation (COP) 2002 Series A bond accounts include a reserve fund which will guarantee the lease payments**,** and a lease payment account for the disbursement to bond holders.

Note 2: The 2010 COP accounts include a reserve fund which guarantees lease payments, and a lease payment fund for the for the disbursement to bond holders.

Note 3: The CEPPT IRS Section 115 Trust was established as an irrevocable trust dedicated to accumulate resources to fund the Town's unfunded liabilities related to pension and other post employment benefits.

Town of Los Gatos
Statement of Interest Earned
August 31, 2026

July 2026	$	247,458.13
August 2026	$	248,870.16
September 2026	$	-
October 2026	$	-
November 2026	$	-
December 2026	$	-
January 2027	$	-
February 2027	$	-
March 2027	$	-
April 2027	$	-
May 2027	$	-
June 2027	$	-
	$	496,328.29

Town of Los Gatos
Investment Schedule
August 31, 2026

Institution	CUSIP #	Security	Coupon	Deposit Date	Par Value	Original Cost	Original Issue (Discount) Premium	Market Value	Market Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity or Call
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,281,501.00	52,910.00		6/12/2027	4.19%	$ 121,687.22	$ 189,288.22	$ 9,111.70	285
FFCB	3133EN5V8	Gov. Agency Debenture	4.13%	1/17/2023	236,000.00	239,174.20	3,174.20	236,151.04	(3,023.16)		1/11/2027	3.76%	$ 33,910.25	$ 30,856.96	$ 1,518.36	133
FHLB	3130AQF65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,289,171.00	128,611.60		12/21/2026	4.15%	$ 57,822.92	$ 181,301.91	$ 8,593.82	112
FHLB	3130APJH9	Gov. Agency Debenture	1.00%	1/17/2023	1,000,000.00	907,010.00	(92,990.00)	997,780.00	90,770.00		10/28/2026	4.17%	$ 33,354.17	$ 119,424.46	$ 5,876.44	58
FFCB	3133EN5N6	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,693,744.00	(12,988.00)		1/6/2028	3.91%	$ 231,955.56	$ 225,992.90	$ 11,317.90	493
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	8,856.00	600,582.00	(8,274.00)		1/12/2028	4.34%	$ 89,378.33	$ 82,594.77	$ 4,468.48	499
US Treasury	91282CEF4	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,486,935.00	70,308.88		3/31/2027	4.09%	$ 105,327.87	$ 181,711.12	$ 10,086.02	212
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	4,655.00	501,845.00	(2,810.00)		2/1/2028	4.37%	$ 60,502.79	$ 65,152.13	$ 3,733.30	519
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	(3,780.00)	599,460.00	3,240.00		8/23/2027	4.29%	$ 76,931.25	$ 76,093.32	$ 4,360.25	357
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	(78,510.00)	982,970.00	61,480.00		12/23/2027	5.23%	$ 97,229.17	$ 147,524.43	$ 8,540.16	479
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.60	(9,339.40)	1,297,816.00	7,155.40		10/31/2027	4.31%	$ 147,468.75	$ 162,872.14	$ 9,481.76	426
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,617,168.00	17,168.00	1,618,432.00	1,264.00		11/10/2027	5.16%	$ 236,166.67	$ 236,851.22	$ 14,119.98	436
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,225,776.00	(12,431.14)		8/15/2028	4.76%	$ 189,211.96	$ 159,492.42	$ 9,878.65	715
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	(5,662.00)	1,000,000.00	5,662.00		9/1/2026	4.96%	$ 113,208.33	$ 134,289.32	$ 8,401.55	1
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.06	(49,960.94)	992,470.00	42,430.94		6/30/2027	4.73%	$ 87,961.96	$ 124,455.54	$ 7,809.96	303
US Treasury	91282CEN7	US Treasury Note	2.75%	10/31/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,288,586.00	74,249.61		4/30/2027	4.82%	$ 89,375.00	$ 160,571.39	$ 10,231.68	242
US Treasury	91282CCH2	US Treasury Note	1.25%	12/21/2023	900,000.00	798,647.55	(101,352.45)	851,454.00	52,806.45		6/30/2028	3.99%	$ 28,430.71	$ 84,949.54	$ 5,712.44	669
FNMA	3135G0Q22	Gov. Agency Debenture	1.88%	12/21/2023	900,000.00	845,676.00	(54,324.00)	898,785.00	53,109.00		9/24/2026	4.22%	$ 38,109.38	$ 92,315.93	$ 6,207.80	24
US Treasury	91282CFB2	US Treasury Note	2.75%	1/2/2024	1,000,000.00	960,354.91	(39,645.09)	986,820.00	26,465.09		7/31/2027	3.95%	$ 70,917.12	$ 96,185.71	$ 6,553.31	334
US Treasury	91282CHE4	US Treasury Note	3.63%	1/17/2024	1,800,000.00	1,775,185.72	(24,814.28)	1,778,346.00	3,160.28		5/31/2028	3.97%	$ 154,567.63	$ 173,911.85	$ 12,047.52	639
JP Morgan Chase	46647PDG8	Corporate Bond	4.85%	2/1/2024	1,400,000.00	1,396,528.00	(3,472.00)	1,403,094.00	6,566.00		7/25/2027	4.93%	$ 168,653.10	$ 166,143.66	$ 11,705.58	328
US Bancorp	91159HJF8	Corporate Bond	4.55%	2/5/2024	1,000,000.00	989,200.00	(10,800.00)	999,330.00	10,130.00		7/22/2027	4.89%	$ 112,057.67	$ 116,642.74	$ 8,255.54	325
FFCB	3133EP5U5	Gov. Agency Debenture	4.13%	3/28/2024	1,700,000.00	1,687,981.00	(12,019.00)	1,687,964.00	(17.00)		3/20/2029	4.28%	$ 138,691.67	$ 163,757.14	$ 12,321.53	932
US Treasury	9128285M8	US Treasury Note	3.13%	4/30/2024	1,200,000.00	1,123,832.14	(76,167.86)	1,168,692.00	44,859.86		11/15/2028	4.69%	$ 76,545.34	$ 117,561.57	$ 9,214.69	807
Cisco Systems	17275RBR2	Corporate Bond	4.85%	5/15/2024	1,000,000.00	999,130.00	(870.00)	1,005,180.00	6,050.00		1/26/2029	4.87%	$ 110,606.94	$ 103,505.53	$ 8,269.77	879
Home Depot	437076CW0	Corporate Bond	4.90%	5/17/2024	1,000,000.00	1,001,790.00	1,790.00	1,006,520.00	4,730.00		3/15/2029	4.86%	$ 93,644.44	$ 103,121.00	$ 8,260.34	927
Treasury	91282CJR3	US Treasury Note	3.75%	5/31/2024	1,200,000.00	1,154,629.02	(45,370.98)	1,183,308.00	28,678.98		12/31/2028	4.68%	$ 93,708.79	$ 114,284.87	$ 9,323.24	853
Citibank	17325FBK3	Corporate Bond	4.84%	8/15/2024	1,250,000.00	1,263,062.50	13,062.50	1,254,287.50	(8,775.00)		7/6/2029	4.60%	$ 119,438.12	$ 108,325.83	$ 9,819.01	1040
FNMA	3135G05Y5	Gov. Agency Debenture	0.75%	9/10/2024	1,100,000.00	1,010,724.00	(89,276.00)	1,058,629.00	47,905.00		10/8/2027	3.56%	$ 13,016.67	$ 67,182.14	$ 6,330.23	403
US Treasury	91282CFL0	US Treasury Note	3.88%	12/3/2024	1,100,000.00	1,088,144.31	(11,855.69)	1,082,730.00	(5,414.31)		9/30/2029	4.12%	$ 56,442.99	$ 70,894.37	$ 7,657.58	1126
FHLB	3130ATUT2	Gov. Agency Debenture	4.50%	2/12/2025	505,000.00	508,253.21	3,253.21	505,505.00	(2,748.21)		12/14/2029	4.35%	$ 30,426.25	$ 30,390.32	$ 3,745.92	1201
FFCB	3133ER5X5	Gov. Agency Debenture	3.88%	3/12/2025	1,000,000.00	998,480.00	(1,520.00)	992,940.00	(5,540.00)		3/7/2028	3.93%	$ 38,211.81	$ 51,089.86	$ 6,668.57	554
Treasury	91282CJF9	US Treasury Note	4.88%	3/31/2025	1,100,000.00	1,130,167.75	30,167.75	1,111,253.00	(18,914.75)		10/31/2028	4.04%	$ 58,069.06	$ 56,493.38	$ 7,681.12	792
Freddie Mac	3134HAW33	Gov. Agency Debenture	4.75%	4/30/2025	1,000,000.00	1,005,644.00	5,644.00	998,730.00	(6,914.00)		12/18/2029	4.23%	$ 54,493.07	$ 54,018.19	$ 7,861.80	1205
US Treasury	91282CNG2	US Treasury Note	4.00%	6/30/2025	660,000.00	665,184.24	5,184.24	649,532.40	(15,651.84)		5/31/2030	3.82%	$ 24,236.08	$ 25,346.41	$ 4,305.42	1369
US Treasury	91282CMG3	US Treasury Note	4.25%	8/4/2025	825,000.00	842,308.43	17,308.43	819,777.75	(22,530.68)		1/31/2030	3.74%	$ 34,681.39	$ 28,219.67	$ 5,301.88	1249
US Treasury	91282CMA6	US Treasury Note	4.13%	8/25/2025	1,200,000.00	1,218,847.77	18,847.77	1,188,708.00	(30,139.77)		11/30/2029	3.72%	$ 37,868.86	$ 38,167.38	$ 7,658.18	1187
US Treasury	91282CHR5	US Treasury Note	4.00%	9/23/2025	950,000.00	967,036.38	17,036.38	934,002.00	(33,034.38)		7/31/2030	3.59%	$ 32,423.92	$ 26,458.71	$ 5,858.71	1430
US Treasury	91282CGQ8	US Treasury Note	4.00%	10/3/2025	1,000,000.00	1,013,362.72	13,362.72	985,660.00	(27,702.72)		2/28/2030	3.67%	$ 36,353.59	$ 27,346.70	$ 6,279.61	1277
State Street Corp	857477DB6	Corporate Bond	4.83%	11/10/2025	580,000.00	596,535.80	16,535.80	580,678.60	(15,857.20)		3/24/2030	4.13%	$ 12,772.51	$ 15,415.70	$ 4,119.71	1301
US Treasury	91282CKA8	US Treasury Note	4.13%	12/17/2025	1,150,000.00	1,157,775.34	7,775.34	1,150,701.50	(7,073.84)		2/15/2027	3.52%	$ 31,453.12	$ 21,775.81	$ 6,923.59	168
US Treasury	91282CHW4	US Treasury Note	4.13%	12/17/2025	1,150,000.00	1,170,308.54	20,308.54	1,135,268.50	(35,040.04)		8/31/2030	3.71%	$ 33,284.88	$ 23,038.22	$ 7,324.97	1461
US Treasury	91282CHZ7	US Treasury Note	4.63%	1/13/2026	1,050,000.00	1,089,087.89	39,087.89	1,055,701.50	(33,386.39)		9/30/2030	3.75%	$ 10,272.84	$ 18,536.39	$ 6,840.81	1491
Morgan Stanley Pvt Bank	61776NU43	Corporate Bond	4.21%	2/26/2026	1,250,000.00	1,254,137.50	4,137.50	1,228,437.50	(25,700.00)		2/8/2029	4.09%	$ 22,820.42	$ 17,414.89	$ 8,707.45	892
John Deere Capital Corp	24422EXN4	Corporate Bond	4.90%	3/17/2026	1,000,000.00	1,024,660.00	24,660.00	998,920.00	(25,740.00)	1,361.11	3/7/2031	4.34%	$ (1,361.11)	$ 12,670.06	$ 7,481.37	1649
US Treasury	91282CLC3	US Treasury Note	4.00%	4/6/2026	1,050,000.00	1,053,691.41	3,691.41	1,038,103.50	(15,587.91)		7/31/2029	3.88%	$ 13,458.56	$ 9,521.94	$ 6,945.41	1065
US Treasury	91282CMB4	US Treasury Note	4.00%	4/6/2026	1,050,000.00	1,052,378.91	2,378.91	1,046,188.50	(6,190.41)		12/15/2027	3.86%	$ 8,076.92	$ 9,453.63	$ 6,895.59	471
Bank of America	06051GMY2	Corporate Bond	4.48%	6/1/2026	1,250,000.00	1,244,325.00	(5,675.00)	1,235,075.00	(9,250.00)	5,907.15	4/23/2029	4.65%	$ (5,907.15)	$ 4,602.04	$ 9,838.83	966
US Treasury	91282CKN0	US Treasury Note	4.63%	6/15/2026	650,000.00	662,037.33	12,037.33	653,276.00	(8,761.33)	3,757.81	4/30/2031	4.20%	$ (3,757.81)	$ 1,134.01	$ 4,687.23	1703
US Treasury	91282CJG7	US Treasury Note	4.88%	6/15/2026	650,000.00	667,801.01	17,801.01	659,600.50	(8,200.51)	3,960.94	10/31/2030	4.18%	$ (3,960.94)	$ 1,135.24	$ 4,692.31	1522
US Treasury	91282CMW8	US Treasury Note	3.75%	6/15/2026	600,000.00	596,580.14	(3,419.86)	594,540.00	(2,040.14)	3,750.00	4/15/2028	4.07%	$ (3,750.00)	$ 1,001.22	$ 4,138.38	593
American Express Co	025816ET2	Corporate Bond	4.44%	7/17/2026	600,000.00	594,702.00	(5,298.00)	593,250.00	(1,452.00)	5,406.87	5/3/2029	4.78%	$ (5,406.87)	$ -	$ 3,520.85	976
US Treasury	91282CJX0	US Treasury Note	4.00%	8/5/2026	1,000,000.00	986,800.23	(13,199.77)	980,230.00	(6,570.23)	543.48	1/31/2031	4.33%	$ (543.48)	$ -	$ 3,058.58	1614
Subtotal					$ 54,956,000.00	$ 54,189,653.66	$ (766,346.34)	$ 54,594,437.79	$ 404,784.13	$ 24,687.36			$ 3,500,538.69	$ 4,330,483.88	$ 389,744.90	
BNY MM		Money Market				219,116.16		219,116.16	0.00			0.00%				1
LAIF		State Investment Pool				15,910,114.99		15,892,174.46	(17,940.53)			3.86%			102,434.62	1
						70,318,884.81		**$70,705,728.41**	**$386,843.60**	**$24,687.36**			$ 3,500,538.69	$ 4,330,483.88	$ 492,179.52	
Matured Assets																
FFCB	3133EPQC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,957.50	1,957.50				7/17/2026	4.48%	$ 69,375.00	$ 66,434.16	$ 1,046.69	
State Street Corp	857477CD3	Corporate Bond	5.27%	4/30/2025	800,000.00	811,184.00	11,184.00				8/3/2026	4.04%	$ 53,071.47	$ 38,867.24	$ 3,102.08	
Total Interest from Matured Investments															$ 4,148.77	
Total Interest FY 2025-26, Matured and Current															$ 496,328.29	

Maturity Profile

	Amount	Percent
0-1 year	$ 30,185,659.57	43%
1-2 years	$14,119,765.06	20%
2-3 years	$12,507,448.32	18%
3-5 years	$ 13,506,011.86	19%
	$70,318,884.81	100%

Town of Los Gatos
Investment Transaction Detail
August 31, 2026

Date	Cusip/Id	Description	Transaction Type	Trade Date	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
8/3/2026	857477CD3	STATE STREET CORP 5.272% 03AUG2026 CALLABLE	BOND INTEREST	8/3/2026	8/3/2026	800,000.00	0.000%	8/3/2026	-	-	21,088.00	21,088.00
8/3/2026	857477CD3	STATE STREET CORP 5.272% 03AUG2026 CALLABLE	REDEMPTION	8/3/2026	8/3/2026	800,000.00	0.000%	8/3/2026	100.00	800,000.00	-	800,000.00
8/5/2026	91282CJX0	USA TREASURY 4% 31JAN2031	PURCHASE	8/4/2026	8/5/2026	1,000,000.00	4.000%	1/31/2031	98.68	986,800.23	543.48	987,343.71
8/4/2026	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	8/4/2026	8/4/2026	296.19	0.000%		100.00	-	-	296.19
8/6/2026	17325FBK3	CITIBANK NA 4.838% 06AUG2029 (CALLABLE 06JUL29)	BOND INTEREST	8/6/2026	8/6/2026	1,250,000.00	4.838%	8/6/2029	-	-	30,237.50	30,237.50
8/10/2026	61776NU43	MORGAN STANLEY PVT BANK 4.213% 08FEB2030 (CALLABLE 08FEB29)	BOND INTEREST	8/8/2026	8/8/2026	1,250,000.00	4.213%	2/8/2030	-	-	27,208.96	27,208.96
8/17/2026	912810FE3	USA TREASURY 5.5% 15AUG2028	BOND INTEREST	8/15/2026	8/15/2026	1,200,000.00	5.500%	8/15/2028	-	-	33,000.00	33,000.00
8/17/2026	91282CKA8	USA TREASURY 4.125% 15FEB2027	BOND INTEREST	8/15/2026	8/15/2026	1,150,000.00	4.125%	2/15/2027	-	-	23,718.75	23,718.75
8/24/2026	3133EPBM6	FEDERAL FARM CREDIT BANK 4.125% 23AUG2027	BOND INTEREST	8/23/2026	8/23/2026	600,000.00	4.125%	8/23/2027	-	-	12,375.00	12,375.00
8/26/2026	17275RBR2	CISCO SYSTEMS INC 4.85% 26FEB2029 (CALLABLE 26JAN29)	BOND INTEREST	8/26/2026	8/26/2026	1,000,000.00	4.850%	2/26/2029	-	-	24,250.00	24,250.00
8/31/2026	91282CHW4	USA TREASURY 4.125% 31AUG2030	BOND INTEREST	8/31/2026	8/31/2026	1,150,000.00	4.125%	8/31/2030	-	-	23,718.75	23,718.75
8/31/2026	91282CGQ8	USA TREASURY 4% 28FEB2030	BOND INTEREST	8/31/2026	8/31/2026	1,000,000.00	4.000%	2/28/2030	-	-	20,000.00	20,000.00

TOWN OF LOS GATOS, CA

Insight ESG ratings as of August 31, 2026

CUSIP	Security description	Maturity date	Par/Shares	Total market value ($)	S&P rating	Moody's rating	Insight ESG rating	Environment	Social	Governance
025816ET2	AMERICAN EXPRESS CO 4.444% 03MAY2030 (CALLABLE 03MAY29)	5/3/2030	600,000	601,961	A-	A2	3	1	3	4
02665WED9	AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	600,000	604,495	BBB+	A3	3	2	3	3
037833DB3	APPLE INC 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	1,300,000	1,299,438	AA+	Aaa	5	3	5	4
06051GMY2	BANK OF AMERICA CORP 4.477% 23APR2030 (CALLABLE 23APR29)	4/23/2030	1,250,000	1,255,237	A-	A1	3	1	3	4
17275RBR2	CISCO SYSTEMS INC 4.85% 26FEB2029 (CALLABLE 26JAN29)	2/26/2029	1,000,000	1,006,042	AA-	A1	3	1	3	3
17325FBK3	CITIBANK NA 4.838% 06AUG2029 (CALLABLE 06JUL29)	8/6/2029	1,250,000	1,258,754	A+	Aa3	3	1	2	5
194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	500,000	513,374	A+	Aa3	3	3	3	3
24422EXN4	JOHN DEERE CAPITAL CORP 4.9% 07MAR2031	3/7/2031	1,000,000	1,022,651	A	A1	2	1	2	4
437076CW0	HOME DEPOT INC 4.9% 15APR2029 (CALLABLE 15MAR29)	4/15/2029	1,000,000	1,025,287	A	A2	2	2	3	3
46647PDG8	JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL27)	7/25/2028	1,400,000	1,410,088	A	A1	3	2	3	4
61776NU43	MORGAN STANLEY PVT BANK 4.213% 08FEB2030 (CALLABLE 08FEB29)	2/8/2030	1,250,000	1,232,032	A+	Aa3	3	1	3	5
69353RFJ2	PNC BANK NA 3.25% 22JAN2028 (CALLABLE 23DEC27)	1/22/2028	1,000,000	986,594	A	A2	3	3	3	3
857477DB6	STATE STREET CORP 4.834% 24APR2030 (CALLABLE 24MAR30)	4/24/2030	580,000	590,672	A	Aa3	1	1	2	2
89236TKL8	TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	1,600,000	1,645,350	A+	A1	1	1	2	4
91159HJF8	US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	1,000,000	1,004,257	A	A3	3	2	3	4
Total Corporate / weighted average			**15,330,000**	**15,456,232**			**3**	**2**	**3**	**4**

ESG ratings are from 1 to 5, with 1 as the highest rating and 5 as the lowest. All ratings are weighted by industry rankings, based on the importance of the category within the individual industry.

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2026*	Increase/ (Decrease) July	August 2026				Estimated Fund Balance 8/31/2026*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	3,090,731	-	-	-	-	-	3,090,731
	Land Held for Resale	-	-	-	-	-	-	-
	Committed Fund Balances:							
	Budget Stabilization	7,870,639	-	-	-	-	-	7,870,639
	Catastrophic	7,870,639	-	-	-	-	-	7,870,639
	Pension/OPEB	1,300,000	-	-	-	-	-	1,300,000
	Measure G District Sales Tax	-	-	-	-	-	-	-
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	1,983,271	-	-	-	-	-	1,983,271
	Carryover Encumbrances	6,367	-	-	-	-	-	6,367
	Compensated Absences	1,519,243	-	-	-	-	-	1,519,243
	ERAF Risk Reserve	-	-	-	-	-	-	-
	Market Fluctuations	1,201,824	-	-	-	-	-	1,201,824
	Council Priorities - Economic Recovery	-	-	-	-	-	-	-
	Unassigned Fund Balances:							
111	Other Unassigned Fund Balance Reserve (Pre YE distribution)	18,480,465	(4,448,527)	7,156,843	(4,234,900)	-	-	16,953,881
	General Fund Total	44,032,732	(4,448,527)	7,156,843	(4,234,900)	-	-	42,506,148

* Interfund transfers to be performed as part of the fiscal year end closing entries.

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2026*	Increase/ (Decrease) July	August 2026 Current Revenue	August 2026 Current Expenditure	August 2026 Transfer In	August 2026 Transfer Out	Estimated Fund Balance 8/31/2026*
	SPECIAL REVENUE							
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	665,021	(20,890)	26,256	(14,111)	-	-	656,276
231-236	Landscape & Lighting Districts	196,158	-	-	(2,080)	-	-	194,078
251	Los Gatos Theatre	568,006	14,948	30,082	(7,838)	-	-	605,198
261-264,269	Library Trusts	559,549	(3,471)	75,000	(2,240)	-	-	628,838
	Special Revenue Total	2,155,387	(9,413)	131,338	(26,269)	-	-	2,251,043
	CAPITAL PROJECTS							
411	GFAR - General Fund Appropriated Reserve	16,084,985	(81,752)	10,440	(919,635)	-	-	15,094,038
412	Community Center Development	819,604	-	-	-	-	-	819,604
421	Grant Funded Projects	286,052	12,619	-	(162,248)	-	-	136,423
461-463	Storm Basin Projects	2,985,906	-	14,370	(89,979)	-	-	2,910,297
471	Traffic Mitigation Projects	666,482	-	-	-	-	-	666,482
472	Utility Undergrounding Projects	3,794,440	-	-	-	-	-	3,794,440
481	Gas Tax Projects	2,857,185	(207)	173,118	(1,527,356)	-	-	1,502,740
	Capital Projects Total	27,494,654	(69,340)	197,928	(2,699,218)	-	-	24,924,024
	INTERNAL SERVICE FUNDS							
611	Town General Liability	131,050	(1,257,869)	-	(3,627)	-	-	(1,130,446)
612	Workers Compensation	2,026,390	(575,658)	94,489	(35,953)	-	-	1,509,268
621	Information Technology	2,157,187	(542,136)	10,785	(60,650)	-	-	1,565,186
631	Vehicle & Equipment Replacement	4,895,601	(488)	-	-	-	-	4,895,113
633	Facility Maintenance	813,454	(32,602)	2,083	(91,235)	-	-	691,700
	Internal Service Funds Total	10,023,682	(2,408,753)	107,357	(191,465)	-	-	7,530,821
	Trust/Agency							
942	RDA Successor Agency	(1,285,100)	(1,773,206)	-	(14,787)	-	-	(3,073,093)
	Trust/Agency Fund Total	(1,285,100)	(1,773,206)	-	(14,787)	-	-	(3,073,093)
	Total Town	**82,421,355**	**(8,709,239)**	**7,593,466**	**(7,166,639)**	**-**	**-**	**74,138,943**

* Interfund transfers to be performed as part of the fiscal year end closing entries.

Deposit Accounts of Interest:

111-23541 General Plan Update deposit account balance $703,276.12

111-23521 BMP Housing deposit account balance $3,541,413.46

TOWN OF LOS GATOS

FINANCE COMMISSION REPORT

MEETING DATE: 11/9/2026

ITEM NO: 5

DATE: November 9, 2026

TO: Finance Commission

FROM: Kristina Alfaro, Administrative Services Director

SUBJECT: Receive the Monthly Financial and Investment Report for September 2026

RECOMMENDATION: Receive the Monthly Financial and Investment Report for September 2026.

BACKGROUND:

California Government Code Section 41004 requires that the Town Treasurer submit to the Town Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. The Administrative Services Director assumes the Town Treasurer role. Attachment 1 contains the September 2026 monthly Financial and Investment Report, which fulfills this requirement.

The September 2026 Monthly Financial and Investment Report will be presented to the Town Council at its November 17, 2026, regular meeting.

DISCUSSION:

The September 2026 Monthly Financial and Investment Report includes a Fund Balance Schedule, representing estimated funding available for all funds at the beginning of the fiscal year and at the end of the respective month.

As operations fluctuate month to month, there are differences between balances in one month and balances in another. Such differences may be significant due to the type of activity in those months and the timing of any estimates used in the presentation, based on the information available. This is demonstrated by the attached September 30, 2026, fund balance report. If

PREPARED BY: Eric Lemon
Finance and Accounting Manager

Reviewed by: Town Manager and Administrative Services Director

differences are extraordinary and unanticipated, we will ensure we present more information to explain the differences.

The difference between the September 30 and August 31 estimated fund balance is due to normal day-to-day fluctuations in revenues and expenditures.

The difference between the beginning fund balance in the September 2026 Investment Report and the ending fund balance in the June 2026 Investment Report was approximately $4.67 million increase in total fund balance. The majority of the variance was caused by the accrual entry of 2026 Q2 sales taxes of approximately $1.52 million, mark-to-market adjustment of approximately $0.56 million, June permit revenue reclassifications of approximately $0.53 million, and year-end reclassifications in the Successor Agency Fund of approximately $1.70 million. In addition, there were several large, one-time, entries that were offset by large regular year-end entries. The one-time entries include a correction to the Below Market Price Housing Program to recognize prior years revenue of $2.74 million and an expenditure of $0.51 million from the removal of two GASB 87 lease contracts that were determined to be short term leases. This was offset by larger regular year-end entries of $0.57 million in bond interest revenue, $2.83 million in reclassifications of revenues to unearned revenue, and $0.12 million in depreciation expense entered for the successor agency. The remainder of the $0.51 million difference is a result of several small year-end entries.

Please note that the amount in the Fund Balance Schedule differs from the Portfolio Allocation and Treasurer's Cash Fund Balances Summary schedule because assets and liabilities are components of the Fund Balance.

As illustrated in the summary below, Ending Fund Balance = Cash + Assets – Liabilities. The resulting amount represents estimated accounting fund balance across Town funds and includes amounts that may be nonspendable, restricted, committed, or assigned.

Reconciling Cash to Fund Balance - September 30, 2026		
Total Cash	$	79,482,206
Plus: Assets	$	17,650,886
Less: Liabilities	$	(21,776,053)
Estimated Fund Balance	**$**	**75,357,039**

As of September 30, 2026, the Town's financial position (Cash Plus Other Assets $97.13M, Liabilities $21.77M, and Fund Equity $75.36M) remains strong, and the Town has sufficient funds to meet the cash demands for the next six months.

As of September 30, 2026, the Town's weighted average yield to maturity for investments under management was 4.25%, which was 34 basis points above the Local Agency Investment Fund (LAIF) yield of 3.91% for the same reporting period. Currently, the LAIF portfolio's

weighted average maturity (WAM) is 281 days versus the Town's longer WAM of 587 days. The Town's assets under management reflect the Town's selection of the 1-3 year benchmark investment strategy through the Town's investment advisor to lock in higher yields at the top of the interest rate cycle. The longer maturities are balanced with shorter-term yields available on investments held with the State's LAIF. The Town's weighted average yield to maturity on investments under management of 4.25% at the close of September was 5 basis points higher when compared to the prior month's return of 4.20% reported as of August 31, 2026.

Since September 2025, LAIF yields decreased from 421 basis points (4.21%) to 391 basis points (3.91%) through the end of September 2026. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

The Federal Open Market Committee held steady rates for most of calendar year 2026. At its September meeting, the committee voted to raise rates 25 basis points to the range of 3.75%-4.00%. This adjustment aligns with the FOMC's objective to promote maximum employment and achieve an inflation target of 2% over the long run.

Nonfarm payrolls increased by 162,000 in August. The prior two months were revised upward by a combined 55,000. The unemployment rate remained at 4.1%, while the labor force participation rate edged higher to 61.6%. Employment gains were concentrated in food services, drinking places and local government education, while the information sector lost jobs.

The Town's investments are in compliance with the Town's Investment Policy dated August 4, 2026, and are also in compliance with the requirements of Section 53600 et seq. of the California Government Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

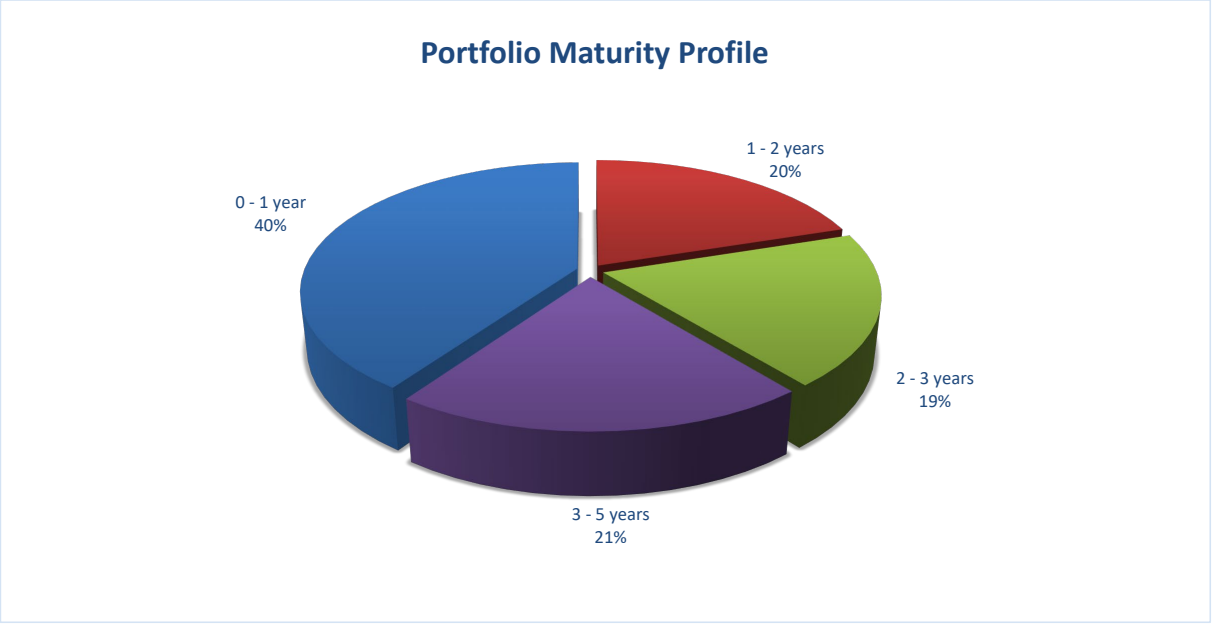
Attachments:
1. Financial and Investment Report (September 2026)

Town of Los Gatos
Summary Investment Information
September 30, 2026

Weighted Average YTM Portfolio Yield on Investments under Management	**4.25%**
Weighted Average Maturity (days)	**587**

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	$79,482,206	$80,075,730	$69,933,610
Managed Investments	$54,646,678		
Local Agency Investment Fund	$15,910,115		
Reconciled Demand Deposit Balances	$8,925,413		
Portfolio Allocation & Treasurer's Cash Balances	$79,482,206		

Benchmarks/ References:			
Town's Average Yield	4.25%	4.20%	4.31%
LAIF Yield for month	3.91%	3.86%	4.21%
3 mo. Treasury	4.11%	3.83%	3.93%
6 mo. Treasury	4.33%	3.99%	3.84%
2 yr. Treasury	4.89%	4.34%	3.61%
5 yr. Treasury	5.09%	4.50%	3.74%
10 Yr. Treasury	5.28%	4.75%	4.15%

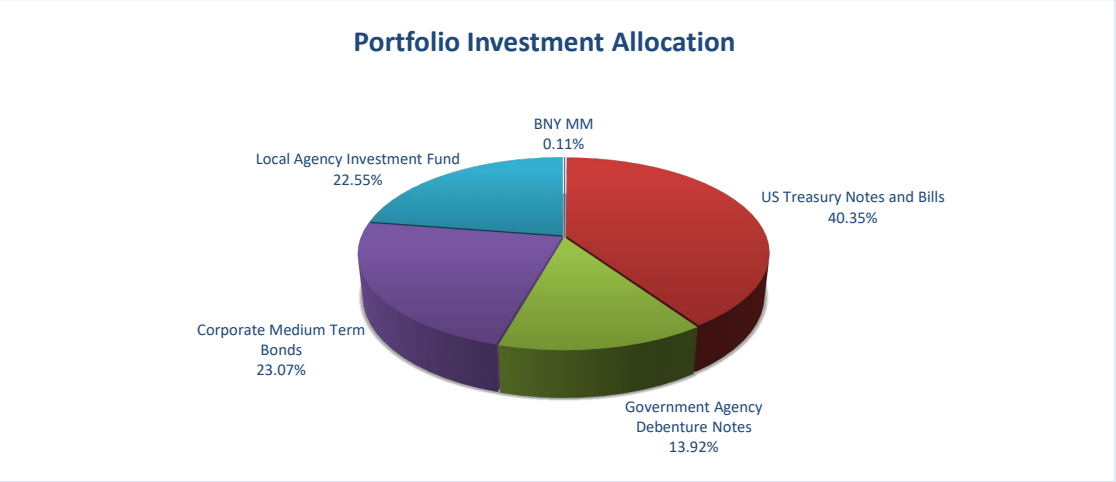


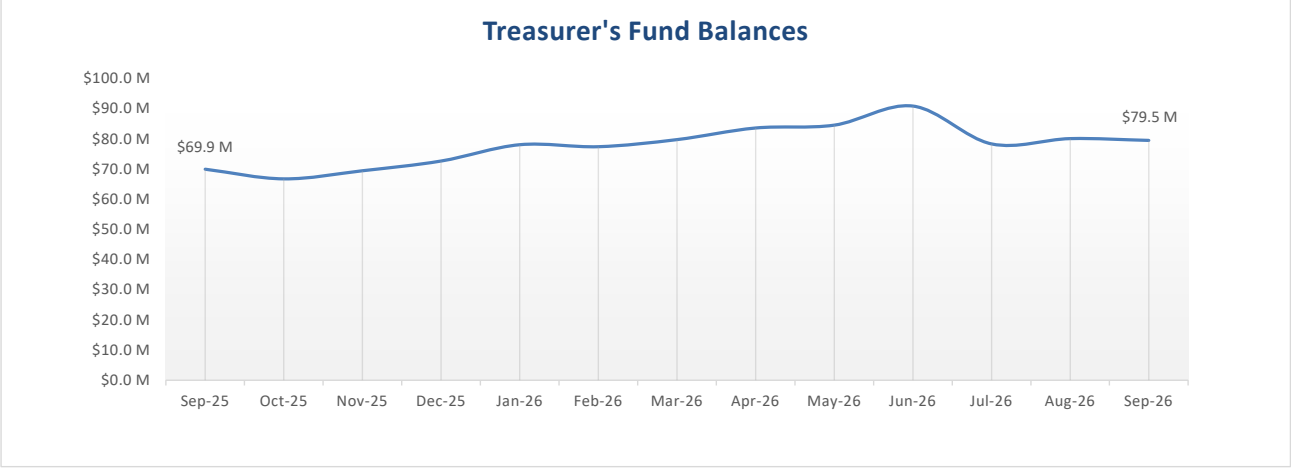
Compliance: The Town's investments are in compliance with the Town's investment policy dated August 4, 2026, and also in compliance with the requirements of Section 53600 et seq. of the California Government Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
September 30, 2026

	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	$ 80,075,730.24	$ 90,859,940.45
Receipts	3,004,883.32	20,546,754.34
Disbursements	(3,598,407.54)	(31,924,488.77)
Cash & Investment Balances - End of Month/Period	$79,482,206.02	$79,482,206.02

Portfolio Allocation	Amount	% of Portfolio	Max. % or $ Allowed per State Law or Policy
BNY MM	$76,828.84	0.11%	20% of Town Portfolio
US Treasury Notes and Bills	$28,473,129.84	40.35%	No Max. on US Treasuries
Government Agency Debenture Notes	$9,820,777.81	13.92%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	$16,275,941.30	23.07%	30% of Town Portfolio
Local Agency Investment Fund	$15,910,114.99	22.55%	$75 M per State Law
Subtotal - Investments	70,556,792.78	100.00%	
Reconciled Demand Deposit Balances	8,925,413.24		
Total Portfolio Allocation & Treasurer's Cash Balances	$79,482,206.02		





Town of Los Gatos
Non-Treasury Restricted Fund Balances
September 30, 2026

	Beginning Balance	September 2026 Deposits Realized Gain/Adj.	September 2026 Interest/ Unrealized Gains (Losses)/ Gains (Losses)	September 2026 Withdrawals / Fees	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	$ 686,251.00	$ -	$ 1,856.97	$ -	$ 688,107.97	**Note 1**
Cert. of Participation 2010 Ser Lease Payment Fund	580.21		233.24		$ 813.45	**Note 2**
Cert. of Participation 2002 Ser A Lease Payment Fund	13,152.53	-	123.36	-	$ 13,275.89	**Note 1**
Cert. of Participation 2010 Ser Reserve Fund	1,334,533.57	-	4,051.06	-	$ 1,338,584.63	**Note 2**
Total Restricted Funds:	$ 2,034,517.31	$ -	$ 6,264.63	$ -	$ 2,040,781.94	
CEPPT IRS Section 115 Trust	4,049,223.84	-	(105,721.07)	(757.51)	$ 3,942,745.26	**Note 3**
Grand Total COPs and CEPPT Trust	$ 6,083,741.15	$ -	$ (99,456.44)	$ (757.51)	$ 5,983,527.20	

These accounts are not part of the Treasurer's fund balances reported elsewhere in this report, as they are for separate and distinct entities.

Note 1: The Certificates of Participation (COP) 2002 Series A bond accounts include a reserve fund which will guarantee the lease payments**,** and a lease payment account for the disbursement to bond holders.

Note 2: The 2010 COP accounts include a reserve fund which guarantees lease payments, and a lease payment fund for the disbursement to bond holders.

Note 3: The CEPPT IRS Section 115 Trust was established as an irrevocable trust dedicated to accumulate resources to fund the Town's unfunded liabilities related to pension and other post employment benefits.

Town of Los Gatos
Statement of Interest Earned
September 30, 2026

July 2026	$	247,458.13
August 2026	$	248,870.16
September 2026	$	264,754.36
October 2026	$	-
November 2026	$	-
December 2026	$	-
January 2027	$	-
February 2027	$	-
March 2027	$	-
April 2027	$	-
May 2027	$	-
June 2027	$	-
	$	761,082.65

Town of Los Gatos
Investment Schedule
September 30, 2026

Institution	CUSIP #	Security	Coupon	Deposit Date	Par Value	Original Cost	Original Issue (Discount) Premium	Market Value	Market Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity or Call
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,277,965.00	49,374.00		6/12/2027	4.19%	$ 140,537.22	$ 189,288.22	$ 13,520.59	255
FFCB	3133EN5V8	Gov. Agency Debenture	4.13%	1/17/2023	236,000.00	239,174.20	3,174.20	235,929.20	(3,245.00)		1/11/2027	3.76%	$ 33,910.25	$ 30,856.96	$ 2,253.05	103
FHLB	3130AQF65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,291,459.00	130,899.60		12/21/2026	4.15%	$ 57,822.92	$ 181,301.91	$ 12,752.12	82
FHLB	3130APJH9	Gov. Agency Debenture	1.00%	1/17/2023	1,000,000.00	907,010.00	(92,990.00)	998,710.00	91,700.00		10/28/2026	4.17%	$ 33,354.17	$ 119,424.46	$ 8,719.88	28
FFCB	3133EN5N6	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,685,533.00	(21,199.00)		1/6/2028	3.91%	$ 231,955.56	$ 225,992.90	$ 16,794.30	463
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	8,856.00	596,466.00	(12,390.00)		1/12/2028	4.34%	$ 89,378.33	$ 82,594.77	$ 6,630.64	469
US Treasury	91282CEF4	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,486,965.00	70,338.88		3/31/2027	4.09%	$ 124,077.87	$ 181,711.12	$ 14,966.36	182
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	4,655.00	497,230.00	(7,425.00)		2/1/2028	4.37%	$ 72,002.79	$ 65,152.13	$ 5,539.74	489
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	(3,780.00)	597,624.00	1,404.00		8/23/2027	4.29%	$ 76,931.25	$ 76,093.32	$ 6,470.04	327
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	(78,510.00)	977,110.00	55,620.00		12/23/2027	5.23%	$ 97,229.17	$ 147,524.43	$ 12,672.50	449
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.60	(9,339.40)	1,292,733.00	2,072.40		10/31/2027	4.31%	$ 147,468.75	$ 162,872.14	$ 14,069.71	396
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,617,168.00	17,168.00	1,608,320.00	(8,848.00)		11/10/2027	5.16%	$ 236,166.67	$ 236,851.22	$ 20,952.22	406
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,213,692.00	(24,515.14)		8/15/2028	4.76%	$ 189,211.96	$ 159,492.42	$ 14,658.64	685
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.06	(49,960.94)	991,060.00	41,020.94		6/30/2027	4.73%	$ 87,961.96	$ 124,455.54	$ 11,588.98	273
US Treasury	91282CEN7	US Treasury Note	2.75%	10/31/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,287,845.00	73,508.61		4/30/2027	4.82%	$ 89,375.00	$ 160,571.39	$ 15,182.50	212
US Treasury	91282CCH2	US Treasury Note	1.25%	12/21/2023	900,000.00	798,647.55	(101,352.45)	846,207.00	47,559.45		6/30/2028	3.99%	$ 28,430.71	$ 84,949.54	$ 8,476.53	639
US Treasury	91282CFB2	US Treasury Note	2.75%	1/2/2024	1,000,000.00	960,354.91	(39,645.09)	985,430.00	25,075.09		7/31/2027	3.95%	$ 70,917.12	$ 96,185.71	$ 9,724.27	304
US Treasury	91282CHE4	US Treasury Note	3.63%	1/17/2024	1,800,000.00	1,775,185.72	(24,814.28)	1,765,332.00	(9,853.72)		5/31/2028	3.97%	$ 154,567.63	$ 173,911.85	$ 17,876.97	609
JP Morgan Chase	46647PDG8	Corporate Bond	4.85%	2/1/2024	1,400,000.00	1,396,528.00	(3,472.00)	1,397,676.00	1,148.00		7/25/2027	4.93%	$ 168,653.10	$ 166,143.66	$ 17,369.56	298
US Bancorp	91159HJF8	Corporate Bond	4.55%	2/5/2024	1,000,000.00	989,200.00	(10,800.00)	995,520.00	6,320.00		7/22/2027	4.89%	$ 112,057.67	$ 116,642.74	$ 12,250.15	295
FFCB	3133EP5U5	Gov. Agency Debenture	4.13%	3/28/2024	1,700,000.00	1,687,981.00	(12,019.00)	1,667,547.00	(20,434.00)		3/20/2029	4.28%	$ 173,754.17	$ 163,757.14	$ 18,283.56	902
US Treasury	9128285M8	US Treasury Note	3.13%	4/30/2024	1,200,000.00	1,123,832.14	(76,167.86)	1,157,436.00	33,603.86		11/15/2028	4.69%	$ 76,545.34	$ 117,561.57	$ 13,673.41	777
Cisco Systems	17275RBR2	Corporate Bond	4.85%	5/15/2024	1,000,000.00	999,130.00	(870.00)	991,830.00	(7,300.00)		1/26/2029	4.87%	$ 110,606.94	$ 103,505.53	$ 12,271.27	849
Home Depot	437076CW0	Corporate Bond	4.90%	5/17/2024	1,000,000.00	1,001,790.00	1,790.00	991,810.00	(9,980.00)		3/15/2029	4.86%	$ 93,644.44	$ 103,121.00	$ 12,257.28	897
Treasury	91282CJR3	US Treasury Note	3.75%	5/31/2024	1,200,000.00	1,154,629.02	(45,370.98)	1,170,096.00	15,466.98		12/31/2028	4.68%	$ 93,708.79	$ 114,284.87	$ 13,834.48	823
Citibank	17325FBK3	Corporate Bond	4.84%	8/15/2024	1,250,000.00	1,263,062.50	13,062.50	1,233,387.50	(29,675.00)		7/6/2029	4.60%	$ 119,438.12	$ 108,325.83	$ 14,570.14	1010
FNMA	3135G05Y5	Gov. Agency Debenture	0.75%	9/10/2024	1,100,000.00	1,010,724.00	(89,276.00)	1,057,837.00	47,113.00		10/8/2027	3.56%	$ 13,016.67	$ 67,182.14	$ 9,393.25	373
US Treasury	91282CFL0	US Treasury Note	3.88%	12/3/2024	1,100,000.00	1,088,144.31	(11,855.69)	1,065,878.00	(22,266.31)		9/30/2029	4.12%	$ 77,755.49	$ 70,894.37	$ 11,362.86	1096
FHLB	3130ATUT2	Gov. Agency Debenture	4.50%	2/12/2025	505,000.00	508,253.21	3,253.21	496,778.60	(11,474.61)		12/14/2029	4.35%	$ 30,426.25	$ 30,390.32	$ 5,558.47	1171
FFCB	3133ER5X5	Gov. Agency Debenture	3.88%	3/12/2025	1,000,000.00	998,480.00	(1,520.00)	987,290.00	(11,190.00)		3/7/2028	3.93%	$ 57,586.81	$ 51,089.86	$ 9,895.30	524
Treasury	91282CJF9	US Treasury Note	4.88%	3/31/2025	1,100,000.00	1,130,167.75	30,167.75	1,099,351.00	(30,816.75)		10/31/2028	4.04%	$ 58,069.06	$ 56,493.38	$ 11,397.79	762
Freddie Mac	3134HAW33	Gov. Agency Debenture	4.75%	4/30/2025	1,000,000.00	1,005,644.00	5,644.00	988,860.00	(16,784.00)		12/18/2029	4.23%	$ 54,493.07	$ 54,018.19	$ 11,665.90	1175
US Treasury	91282CNG2	US Treasury Note	4.00%	6/30/2025	660,000.00	665,184.24	5,184.24	637,104.60	(28,079.64)		5/31/2030	3.82%	$ 24,236.08	$ 25,346.41	$ 6,388.68	1339
US Treasury	91282CMG3	US Treasury Note	4.25%	8/4/2025	825,000.00	842,308.43	17,308.43	805,439.25	(36,869.18)		1/31/2030	3.74%	$ 34,681.39	$ 28,219.67	$ 7,867.30	1219
US Treasury	91282CMA6	US Treasury Note	4.13%	8/25/2025	1,200,000.00	1,218,847.77	18,847.77	1,169,016.00	(49,831.77)		11/30/2029	3.72%	$ 37,868.86	$ 38,167.38	$ 11,363.75	1157
US Treasury	91282CHR5	US Treasury Note	4.00%	9/23/2025	950,000.00	967,036.38	17,036.38	915,382.00	(51,654.38)		7/31/2030	3.59%	$ 32,423.92	$ 26,458.71	$ 8,693.57	1400
US Treasury	91282CGQ8	US Treasury Note	4.00%	10/3/2025	1,000,000.00	1,013,362.72	13,362.72	968,200.00	(45,162.72)		2/28/2030	3.67%	$ 36,353.59	$ 27,346.70	$ 9,318.13	1247
State Street Corp	857477DB6	Corporate Bond	4.83%	11/10/2025	580,000.00	596,535.80	16,535.80	567,843.20	(28,692.60)		3/24/2030	4.13%	$ 12,772.51	$ 15,415.70	$ 6,113.12	1271
US Treasury	91282CKA8	US Treasury Note	4.13%	12/17/2025	1,150,000.00	1,157,775.34	7,775.34	1,149,310.00	(8,465.34)		2/15/2027	3.52%	$ 31,453.12	$ 21,775.81	$ 10,273.72	138
US Treasury	91282CHW4	US Treasury Note	4.13%	12/17/2025	1,150,000.00	1,170,308.54	20,308.54	1,111,992.50	(58,316.04)		8/31/2030	3.71%	$ 33,284.88	$ 23,038.22	$ 10,869.31	1431
US Treasury	91282CHZ7	US Treasury Note	4.63%	1/13/2026	1,050,000.00	1,089,087.89	39,087.89	1,033,473.00	(55,614.89)		9/30/2030	3.75%	$ 34,554.09	$ 18,536.39	$ 10,150.88	1461
Morgan Stanley Pvt Bank	61776NU43	Corporate Bond	4.21%	2/26/2026	1,250,000.00	1,254,137.50	4,137.50	1,211,712.50	(42,425.00)		2/8/2029	4.09%	$ 22,820.42	$ 17,414.89	$ 12,920.73	862
John Deere Capital Corp	24422EXN4	Corporate Bond	4.90%	3/17/2026	1,000,000.00	1,024,660.00	24,660.00	974,680.00	(49,980.00)		3/7/2031	4.34%	$ 23,138.89	$ 12,670.06	$ 11,101.39	1619
US Treasury	91282CLC3	US Treasury Note	4.00%	4/6/2026	1,050,000.00	1,053,691.41	3,691.41	1,022,805.00	(30,886.41)		7/31/2029	3.88%	$ 13,458.56	$ 9,521.94	$ 10,306.10	1035
US Treasury	91282CMB4	US Treasury Note	4.00%	4/6/2026	1,050,000.00	1,052,378.91	2,378.91	1,041,390.00	(10,988.91)		12/15/2027	3.86%	$ 8,076.92	$ 9,453.63	$ 10,232.16	441
Bank of America	06051GMY2	Corporate Bond	4.48%	6/1/2026	1,250,000.00	1,244,325.00	(5,675.00)	1,215,812.50	(28,512.50)	5,907.15	4/23/2029	4.65%	$ (5,907.15)	$ 4,602.04	$ 14,599.56	936
US Treasury	91282CKN0	US Treasury Note	4.63%	6/15/2026	650,000.00	662,037.33	12,037.33	637,864.50	(24,172.83)	3,757.81	4/30/2031	4.20%	$ (3,757.81)	$ 1,134.01	$ 6,955.24	1673
US Treasury	91282CJG7	US Treasury Note	4.88%	6/15/2026	650,000.00	667,801.01	17,801.01	645,580.00	(22,221.01)	3,960.94	10/31/2030	4.18%	$ (3,960.94)	$ 1,135.24	$ 6,962.79	1492
US Treasury	91282CMW8	US Treasury Note	3.75%	6/15/2026	600,000.00	596,580.14	(3,419.86)	590,604.00	(5,976.14)	3,750.00	4/15/2028	4.07%	$ (3,750.00)	$ 1,001.22	$ 6,140.83	563
American Express Co	025816ET2	Corporate Bond	4.44%	7/17/2026	600,000.00	594,702.00	(5,298.00)	584,622.00	(10,080.00)	5,406.87	5/3/2029	4.78%	$ (5,406.87)	$ -	$ 5,868.08	946
US Treasury	91282CJX0	US Treasury Note	4.00%	8/5/2026	1,000,000.00	986,800.23	(13,199.77)	958,400.00	(28,400.23)	543.48	1/31/2031	4.33%	$ (543.48)	$ -	$ 6,587.71	1584
Caterpillar Financial Svcs	14913V2D9	Corporate Bond	4.50%	9/3/2026	1,050,000.00	1,031,110.50	(18,889.50)	1,005,522.00	(25,588.50)	14,175.00	5/15/2031	4.93%	$ (14,175.00)	$ -	$ 3,792.59	1688
US Treasury	91282CKT7	US Treasury Note	4.50%	9/24/2026	1,000,000.00	991,565.85	(8,434.15)	988,240.00	(3,325.85)	14,262.30	5/31/2029	4.84%	$ (14,262.30)	$ -	$ 791.36	974
US Treasury	912797WP8	US Treasury Bill	0.00%	9/24/2026	200,000.00	197,532.94	(2,467.06)	197,692.00	159.06		1/12/2027	4.04%	$ -	$ -	$ 134.57	104
Subtotal					$ 55,306,000.00	$ 54,569,848.95	$ (736,151.05)	$ 54,369,592.35	$ (200,256.60)	$ 51,763.55			$ 3,494,414.93	$ 4,103,878.63	$ 564,064.04	
BNY MM		Money Market				76,828.84		76,828.84	0.00			0.00%				1
LAIF		State Investment Pool				15,910,114.99		15,822,361.32	(87,753.67)			3.91%			175,721.96	1
					55,306,000.00	**70,556,792.78**		**$70,268,782.51**	**($288,010.27)**	**$51,763.55**			$ 3,494,414.93	$ 4,103,878.63	$ 739,786.00	
Matured Assets																
FFCB	3133EPQC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,957.50	1,957.50				7/17/2026	4.48%	$ 69,375.00	$ 66,434.16	$ 1,046.69	
State Street Corp	857477CD3	Corporate Bond	5.27%	4/30/2025	800,000.00	811,184.00	11,184.00				8/3/2026	4.04%	$ 53,071.47	$ 38,867.24	$ 3,102.08	
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	(5,662.00)				9/1/2026	4.96%	$ 136,958.33	$ 134,289.32	$ 8,537.06	
FNMA	3135G0Q22	Gov. Agency Debenture	1.88%	12/21/2023	900,000.00	845,676.00	(54,324.00)				9/24/2026	4.22%	$ 46,546.88	$ 92,315.93	$ 8,610.81	
Total Interest from Matured Investments Total															$ 21,296.65	
Interest FY 2026-27, Matured and Current															$ 761,082.65	

Maturity Profile

	Amount	Percent
0-1 year	$ 28,400,891.19	40%
1-2 years	$14,119,765.06	20%
2-3 years	$13,499,014.17	19%
3-5 years	$ 14,537,122.36	21%
	$70,556,792.78	100%

Town of Los Gatos
Investment Transaction Detail
September 30, 2026

Date	Cusip/Id	Description	Transaction Type	Trade Date	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
9/1/2026	3133EPUW3	FEDERAL FARM CREDIT BANK 4.75% 01SEP2026	REDEMPTION	9/1/2026	9/1/2026	1,000,000.00	0.000%	9/1/2026	100.00	1,000,000.00	-	1,000,000.00
9/1/2026	3133EPUW3	FEDERAL FARM CREDIT BANK 4.75% 01SEP2026	BOND INTEREST	9/1/2026	9/1/2026	1,000,000.00	0.000%	9/1/2026	-	-	23,750.00	23,750.00
9/1/2026	194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	BOND INTEREST	9/1/2026	9/1/2026	500,000.00	4.600%	3/1/2028	-	-	11,500.00	11,500.00
9/3/2026	14913V2D9	CATERPILLAR FINL SERVICE 4.5% 15MAY2031	FI-PUR	9/2/2026	9/3/2026	1,050,000.00	4.500%	5/15/2031	98.20	1,031,110.50	14,175.00	1,045,285.50
9/2/2026	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	9/2/2026	9/2/2026	540.52	0.000%		100.00	-	-	540.52
9/8/2026	3133ER5X5	FEDERAL FARM CREDIT BANK 3.875% 07MAR2028	BOND INTEREST	9/7/2026	9/7/2026	1,000,000.00	3.875%	3/7/2028	-	-	19,375.00	19,375.00
9/8/2026	24422EXN4	JOHN DEERE CAPITAL CORP 4.9% 07MAR2031	BOND INTEREST	9/8/2026	9/8/2026	1,000,000.00	4.900%	3/7/2031	-	-	24,500.00	24,500.00
9/14/2026	037833DB3	APPLE INC 2.9% 12SEP2027 (CALLABLE 12JUN27)	BOND INTEREST	9/12/2026	9/12/2026	1,300,000.00	2.900%	9/12/2027	-	-	18,850.00	18,850.00
9/21/2026	3133EP5U5	FEDERAL FARM CREDIT BANK 4.125% 20MAR2029	BOND INTEREST	9/20/2026	9/20/2026	1,700,000.00	4.125%	3/20/2029	-	-	35,062.50	35,062.50
9/24/2026	91282CKT7	USA TREASURY 4.5% 31MAY2029	FI-PUR	9/23/2026	9/24/2026	1,000,000.00	4.500%	5/31/2029	99.16	991,565.85	14,262.30	1,005,828.15
9/24/2026	912797WP8	USA TREASURY BILL 0% 12JAN2027	MM-PUR	9/23/2026	9/24/2026	200,000.00	0.000%	1/12/2027	98.77	197,532.94	-	197,532.94
9/24/2026	3135G0Q22	FANNIE MAE 1.875% 24SEP2026	BOND INTEREST	9/24/2026	9/24/2026	900,000.00	0.000%	9/24/2026	-	-	8,437.50	8,437.50
9/24/2026	3135G0Q22	FANNIE MAE 1.875% 24SEP2026	REDEMPTION	9/24/2026	9/24/2026	900,000.00	0.000%	9/24/2026	100.00	900,000.00	-	900,000.00
9/30/2026	91282CEF4	USA TREASURY 2.5% 31MAR2027	BOND INTEREST	9/30/2026	9/30/2026	1,500,000.00	2.500%	3/31/2027	-	-	18,750.00	18,750.00
9/30/2026	91282CFL0	USA TREASURY 3.875% 30SEP2029	BOND INTEREST	9/30/2026	9/30/2026	1,100,000.00	3.875%	9/30/2029	-	-	21,312.50	21,312.50
9/30/2026	91282CHZ7	USA TREASURY 4.625% 30SEP2030	BOND INTEREST	9/30/2026	9/30/2026	1,050,000.00	4.625%	9/30/2030	-	-	24,281.25	24,281.25

TOWN OF LOS GATOS, CA

Insight ESG ratings as of September 30, 2026

CUSIP	Security description	Maturity date	Par/Shares	Total market value ($)	S&P rating	Moody's rating	Insight ESG rating	Environment	Social	Governance
025816ET2	AMERICAN EXPRESS CO 4.444% 03MAY2030 (CALLABLE 03MAY29)	5/3/2030	600,000	595,591	A-	A2	3	1	3	4
02665WED9	AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	600,000	602,711	BBB+	A3	3	2	3	3
037833DB3	APPLE INC 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	1,300,000	1,279,932	AA+	Aaa	5	3	5	4
06051GMY2	BANK OF AMERICA CORP 4.477% 23APR2030 (CALLABLE 23APR29)	4/23/2030	1,250,000	1,240,660	A-	A1	3	1	3	4
14913V2D9	CATERPILLAR FINL SERVICE 4.5% 15MAY2031	5/15/2031	1,050,000	1,023,463	A	A1	3	3	3	3
17275RBR2	CISCO SYSTEMS INC 4.85% 26FEB2029 (CALLABLE 26JAN29)	2/26/2029	1,000,000	996,645	AA-	A1	3	1	3	3
17325FBK3	CITIBANK NA 4.838% 06AUG2029 (CALLABLE 06JUL29)	8/6/2029	1,250,000	1,242,103	A+	Aa3	3	1	2	5
194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	500,000	499,212	A+	Aa3	3	3	3	3
24422EXN4	JOHN DEERE CAPITAL CORP 4.9% 07MAR2031	3/7/2031	1,000,000	978,585	A	A1	2	1	2	4
437076CW0	HOME DEPOT INC 4.9% 15APR2029 (CALLABLE 15MAR29)	4/15/2029	1,000,000	1,014,682	A	A2	2	2	3	3
46647PDG8	JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL27)	7/25/2028	1,400,000	1,409,803	A	A1	3	2	3	4
61776NU43	MORGAN STANLEY PVT BANK 4.213% 08FEB2030 (CALLABLE 08FEB29)	2/8/2030	1,250,000	1,219,621	A+	Aa3	3	1	3	5
69353RFJ2	PNC BANK NA 3.25% 22JAN2028 (CALLABLE 23DEC27)	1/22/2028	1,000,000	983,403	A	A2	3	3	3	3
857477DB6	STATE STREET CORP 4.834% 24APR2030 (CALLABLE 24MAR30)	4/24/2030	580,000	580,411	A	Aa3	1	1	2	2
89236TKL8	TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	1,600,000	1,642,449	A+	A1	1	1	2	4
91159HJF8	US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	1,000,000	1,004,196	A	A3	3	2	3	4
Total Corporate / weighted average			**16,380,000**	**16,313,469**			**3**	**2**	**3**	**4**

ESG ratings are from 1 to 5, with 1 as the highest rating and 5 as the lowest. All ratings are weighted by industry rankings, based on the importance of the category within the individual industry.

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2026*	Increase/ (Decrease) July - August	September 2026				Estimated Fund Balance 9/30/2026*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	3,090,731	-	-	-	-	-	3,090,731
	Land Held for Resale	-	-	-	-	-	-	-
	Committed Fund Balances:							
	Budget Stabilization	7,870,639	-	-	-	-	-	7,870,639
	Catastrophic	7,870,639	-	-	-	-	-	7,870,639
	Pension/OPEB	1,300,000	-	-	-	-	-	1,300,000
	Measure G District Sales Tax	-	-	-	-	-	-	-
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	1,983,271	-	-	-	-	-	1,983,271
	Carryover Encumbrances	6,367	-	-	-	-	-	6,367
	Compensated Absences	1,519,243	-	-	-	-	-	1,519,243
	ERAF Risk Reserve	-	-	-	-	-	-	-
	Market Fluctuations	1,201,824	-	-	-	-	-	1,201,824
	Council Priorities - Economic Recovery	-	-	-	-	-	-	-
	Unassigned Fund Balances:							
111	Other Unassigned Fund Balance Reserve (Pre YE distribution)	18,401,372	1,139,723	2,747,075	(4,983,443)	-	-	17,304,727
	General Fund Total	43,953,639	1,139,723	2,747,075	(4,983,443)	-	-	42,856,994

* Interfund transfers to be performed as part of the fiscal year end closing entries.

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2026*	Increase/ (Decrease) July - August	September 2026				Estimated Fund Balance 9/30/2026*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	SPECIAL REVENUE							
211/212	CDBG	87,901	-	-	-	-	-	87,901
222	Urban Runoff (NPDES)	665,021	(8,745)	26,256	(33,965)	-	-	648,567
231-236	Landscape & Lighting Districts	204,231	(2,080)	-	(3,298)	-	-	198,853
251	Los Gatos Theatre	525,967	37,192	25,168	(6,654)	-	-	581,673
261-264,269	Library Trusts	584,928	69,289	-	(2,149)	-	-	652,068
	Special Revenue Total	2,068,048	95,656	51,424	(46,066)	-	-	2,169,062
	CAPITAL PROJECTS							
411	GFAR - General Fund Appropriated Reserve	16,103,950	(990,980)	16,227	(130,483)	-	-	14,998,714
412	Community Center Development	819,604	-	-	(182,440)	-	-	637,164
421	Grant Funded Projects	287,303	(149,629)	113,882	(14,138)	-	-	237,418
461-463	Storm Basin Projects	3,110,277	(75,609)	9,122	(11,641)	-	-	3,032,149
471	Traffic Mitigation Projects	838,834	-	-	-	-	-	838,834
472	Utility Undergrounding Projects	3,954,468	-	-	-	-	-	3,954,468
481	Gas Tax Projects	2,950,496	(1,354,446)	180,675	(363,664)	-	-	1,413,061
	Capital Projects Total	28,064,932	(2,570,664)	319,906	(702,366)	-	-	25,111,808
	INTERNAL SERVICE FUNDS							
611	Town General Liability	131,050	(1,261,496)	393,796	(5,131)	-	-	(741,781)
612	Workers Compensation	2,026,390	(517,123)	414,297	(73,135)	-	-	1,850,429
621	Information Technology	2,142,432	(593,643)	300,077	(15,916)	-	-	1,832,950
631	Vehicle & Equipment Replacement	4,910,562	(15,448)	164,990	-	-	-	5,060,104
633	Facility Maintenance	302,651	(122,517)	314,190	(114,079)	-	-	380,245
	Internal Service Funds Total	9,513,085	(2,510,227)	1,587,350	(208,261)	-	-	8,381,947
	Trust/Agency							
942	RDA Successor Agency	(1,374,625)	(1,787,993)	-	(154)	-	-	(3,162,772)
	Trust/Agency Fund Total	(1,374,625)	(1,787,993)	-	(154)	-	-	(3,162,772)
	Total Town	**82,225,079**	**(5,633,505)**	**4,705,755**	**(5,940,290)**	**-**	**-**	**75,357,039**

* Interfund transfers to be performed as part of the fiscal year end closing entries.

Deposit Accounts of Interest:

111-23541 General Plan Update deposit account balance $619,191.98

111-23521 BMP Housing deposit account balance $800,866.46

TOWN OF LOS GATOS

FINANCE COMMISSION REPORT

MEETING DATE: 11/09/2026

ITEM NO: 6

DATE: November 9, 2026

TO: Finance Commission

FROM: Kristina Alfaro, Administrative Services Director

SUBJECT: Receive and Forward the Fiscal Condition Analysis Report, the Future Growth and Sustainability Study Fiscal Impact Analysis, and the Asset Liability Management Study to the Town Council; and Recommend an Additional Discretionary Payment to CalPERS

RECOMMENDATION:

1. Receive the Fiscal Condition Analysis Report, Future Growth and Sustainability Study Fiscal Impact Analysis, and Asset Liability Management Study, and forward the reports to the Town Council.

2. Recommend that the Town Council authorize a one-time Additional Discretionary Payment (ADP) to CalPERS of $5.5 million, funded with approximately $4.2 million from the Section 115 Pension Trust and $1.3 million from the Pension/OPEB Committed Reserve, subject to confirmation of available balances, appropriate Council authorization, and final identification of the CalPERS amortization bases to be paid down.

3. Recommend that the Town Council redirect the existing $390,000 annual Pension Trust contribution to an annual direct ADP to CalPERS, subject to applicable budget appropriations and adopted Town financial policies.

BACKGROUND:

In December 2025, the Town began work with NHA Advisors with subcontract support from Raftelis Financial Consultants and Willdan. Raftelis is leading the first study with the development of a baseline long-term financial model. Willdan is supporting the second study, focusing on fiscal impact analysis that incorporates proposed and planned growth based on the Housing Element Plan and General Plan, with sensitivity analysis regarding the percentage of

PREPARED BY: Kristina Alfaro
Administrative Services Director

Reviewed by: Town Manager

new units designated as affordable. Both studies will support the future Asset, Liability Management (ALM) study.

A preliminary Fiscal Condition Assessment with Five-Year and Long-Term Financial Projections and Fiscal Impact Analysis for Proposed and Planned Growth was presented to the Finance Commission at their February 2, 2026, meeting. The Commission requested an assumptions memo for the five-year and long-term forecast and changes to the methodology for the study focused on the fiscal impact of proposed and planned growth based on the Housing Element. Memos were posted to the Town's Finance website on March 18, 2026, and were brought to the Finance Commission on April 13, 2026.

On April 21, 2026, the memos were reviewed by the Town Council, and recommendations were provided on scenarios to inform the Asset Liability Management Study.

DISCUSSION:

On August 10, 2026, the final reports for the three studies were presented, and the Finance Commission requested the following updates to the ALM study. The Asset Liability Management Study incorporates information from the Fiscal Condition Analysis, Future Growth and Sustainability Study, Fiscal Impact Analysis, and Council recommendations and was submitted to the Finance Commission for review. The Commission received the three fiscal studies but requested additional time to review.

The Commission identified key issues needing clarification that the updated ALM report addresses.

Should the Finance Commission request additional analysis, the agreement with NHA staff will need to be amended and increased. The reports included in this Finance Commission meeting, and one additional Council meeting, are the last remaining contract items.

Staff is moving forward with a long-standing recommendation from the Commission for an ADP to CalPERS. The amount being recommended is $5.5 million and is a combination of an estimated $4.2 million balance in the 115 Pension Trust and an additional $1.3 million from the Pension/OPEB Committed Reserve. Lastly, staff is also asking the Commission to consider a recommendation to convert the annual $390,000 Pension Trust payment into an annual ADP to CalPERS.

In addition, the improvement in the baseline forecast is driven by the use of Other Post Employment Benefits (OPEB) Trust and a reduction in assumed COLAs consistent with historical practices versus recent history. Staff estimated these costs. Below is a table that shows the

value of each change separately. Please note that the OPEB numbers will not tie one-for-one with the actuarial valuation chart in the ALM. This is because, as part of our effort to become more familiar with our new model, we used it to update both new baseline scenarios. The model, as it is currently set up, does not allow us to change just one account; we must apply an escalator to an entire category. This is why you will see some years match up and some not. We will be working with Raftelis to update the model to ensure we can do both percentages across a category and line-item changes when needed.

CATEGORY	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Original Raftelis Baseline Forecast	**0.1**	**(0.5)**	**(1.5)**	**(2.8)**	**(2.6)**	**(3.5)**	**(4.4)**	**(4.9)**	**(5.8)**	**(6.8)**	**(7.5)**
Use of OPEB Trust (Revenue Increase)	$ -	$ (0.5)	$ (0.3)	$ (0.5)	$ (0.6)	$ (0.8)	$ (0.9)	$ (1.1)	$ (1.3)	$ (1.5)	$ (1.6)
Reduction of COLAs (Expenditure Decrease)	$ -	$ -	$ (0.3)	$ (0.5)	$ (0.8)	$ (1.0)	$ (1.4)	$ (1.8)	$ (2.1)	$ (2.5)	$ (2.9)
New Baseline Forecast Scnario 2	**$ 0.1**	**$ -**	**$ (0.9)**	**$ (1.8)**	**$ (1.2)**	**$ (1.7)**	**$ (2.1)**	**$ (2.0)**	**$ (2.4)**	**$ (2.8)**	**$ (3.0)**

FY 2025-26 Raftelis Model Reconciliation

The Raftelis model forecasted ending FY 2025-26 with $60.5M in revenue and $60.5M in expenditures. Expenditures have materialized in line with the forecast at $60.8M. Revenue materialized $6.3M higher. This was driven by revenue other sources exceeding estimates by $4M, higher-than-estimated business license tax and transfers of $0.3M each, and other sources estimated coming in $2M higher, the exact cause is hard to determine as the forecast is provided in the model at only the category level, but based on the accounts included in this category, it is likely due to pass thru revenues.

CONCLUSION:

As we near the conclusion of NHA's work with Raftelis and Willdan, the Town has gained the benefits of an independent review of forecasted numbers. This has allowed staff to consider some potential different approaches to forecasting and solidify others. As we approach the mid-year financial report and FY 2027-28 Proposed Budget, staff will continue to refine the forecast to produce forecasts that align with historical results. The Willdan study allowed staff to gain development revenue numbers to include in the future, a missing component of the current forecast. Lastly, the ALM study showed that the Town's operating budget is balanced and fiscally sound. Deficits materialize when any capital funding is introduced as illustrated below.

After the following adjustments are made to the Final ALM Study, Scenario 2: decrease projected COLAs, use of OPEB funds to offset retiree medical costs, add in additional revenue for potential new developments, and remove all Capital projects funding, including the $1M that was originally in the Rafelis model. Staff concludes that the Town's operating budget is

fiscally sound and balanced in all 10 years of the forecast. This analysis does not consider the planned use of reserves in FY 26/27 as a structural deficit.

	FISCAL YEAR										
	25/26	**26/27**	**27/28**	**28/29**	**29/30**	**30/31**	**31/32**	**32/33**	**33/34**	**34/35**	**35/36**
Baseline Structural deficit projected by Raftelis with both OPEB and COLA Reduction Savings Estimated by Town Staff	**$0.1**	**$ -**	**$(0.9)**	**$(1.8)**	**$ (1.2)**	**$(1.7)**	**$ (2.1)**	**$(2.0)**	**$(2.4)**	**$(2.8)**	**$ (3.0)**
PENSION											
Projected June 30, 2025 UAL adjustment	**$-**	**$-**	**$(0.2)**	**$0.1**	**$ 0.3**	**$ 0.6**	**$ 0.8**	**$ 0.8**	**$ 0.8**	**$0.8**	**$ 0.8**
$5.5M ADP Payment Reduction	**$-**	**$-**	**$ 1.3**	**$1.0**	**$ 1.1**	**$ 1.1**	**$ 0.8**	**$ 0.7**	**$ 0.4**	**$0.2**	**$ 0.1**
Cash draw for ADP	**$-**	**$(5.5)**	**$-**	**$-**	**$-**	**$-**	**$-**	**$-**	**$-**	**$-**	**$-**
CAPITAL PROGRAM											
Remove $1M CIP Funding is Baseline	**$-**	**$ 1.0**	**$ 1.0**	**$1.0**	**$ 1.0**	**$ 1.0**	**$ 1.0**	**$ 1.0**	**$ 1.0**	**$1.0**	**$ 1.0**
NEW REVENUE											
Impact-fee revenue (projected from new development)	**$-**	**$ 1.4**	**$ 1.4**	**$1.5**	**$ 1.6**	**$ 1.7**	**$ 1.7**	**$ 1.8**	**$ 1.9**	**$2.0**	**$ 2.1**
Net deficit including new revenue	**$0.1**	**$ (3.1)**	**$ 2.6**	**$ 1.8**	**$ 2.8**	**$ 2.7**	**$ 2.2**	**$ 2.3**	**$ 1.7**	**$ 1.2**	**$ 1.0**

The introduction of capital funding at any level results in modeled deficits even with additional impact fee revenues.

Attachments:
1. Fiscal Condition Analysis Report
2. Future Growth And Sustainability Study Fiscal Impact Analysis
3. Asset and Liability Management Study
4. Commissioner Comments

RAFTELIS

TOWN OF LOS GATOS

Fiscal Condition Analysis

Draft Report / July 2026



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July 7, 2026

Kristina Alfaro
Administrative Services Director
Town of Los Gatos
110 E. Main St.
Los Gatos, CA 95030

Subject: Fiscal Condition Analysis

Dear Kristina Alfaro:

Raftelis is pleased to provide this Fiscal Condition Analysis for the Town of Los Gatos (Town) to help the Town forecast future financial conditions and assess the impact of potential policy decisions or other changes to the Town's financial condition.

The report summarizes the Town's current financial condition and projected condition over a 10-year period. It also details the assumptions made to develop that projection and assesses how projections alter when key variables are changed. This report accompanies a separate financial forecasting model provided to the Town for use as an ongoing projection tool.

It has been a pleasure working with you, and we thank you and the Town staff for the support provided during the course of this project.

Sincerely,



Jonathan Ingram
Vice President - Organizational Assessment

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Executive Summary

One feature that defines high-functioning organizations is their ability to proactively identify and plan for future opportunities and risks. Financial projections are a valuable tool in future planning, as they allow organizations to better understand potential future trends and supports them in developing a financial structure that mitigates potential risks and helps the organization achieve its strategic goals.

In 2025, the Town of Los Gatos, California engaged NHA Advisors, along with subcontracted firms Raftelis Financial Consultants (Raftelis) and Willdan, to develop a long-term Fiscal Condition Assessment, Fiscal Condition Analysis, and Asset Liability Management (ALM) Study. Raftelis developed the Financial Condition Assessment, as detailed in this report, defining assumptions to project revenues and expenditures for the Town's General Fund and capital funds over a ten-year period.

Raftelis worked closely with Town staff and leadership to develop a robust forecast for future revenues and expenditures. It is important to note that the projections in the baseline model developed by Raftelis are intended to reflect the current status quo, without any significant policy changes or shifts in demographic or economic trends. The model assumes that Town staffing will remain flat over the projection period and that there will not be any significant new program areas, revenue sources, or changes to Town service levels.

The projections in this baseline model do not represent actual revenues and expenditures; the Town will certainly make policy changes over the next 10 years that impact its financial condition. Instead, the purpose of the baseline forecast is to illustrate the potential impact of revenue and expenditure trends, as well as to serve as a planning tool for the Town's leadership to frame high-level policy and investment considerations. Prospective policy changes can be forecast in the model and then compared to this baseline projection to better understand the potential impact.

Model forecasts were developed by category using the best-available data to project future trends. Data sources and assumptions for each category are discussed in detail further in this report. Key information used to develop the forecasts include trends in actual revenue and expenditures, assessed valuation, population, and cost of living.

The forecast model projects that revenue in the baseline scenario will grow by an average of 3.6% per year, while expenditures will grow by an average of 4.4% per year. The following tables summarize projected General Fund revenues and expenditures by category for the base year, Fiscal Year (FY) 2026, as well as the 10-year projection period.

Table 1: Projected Baseline General Fund Revenues, FY2026-FY2036 ($M)

Category	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Property Tax and VLF Backfill	$27.1	$29.0	$30.6	$32.2	$34.1	$35.9	$38.0	$40.1	$42.4	$44.7	$47.2
Sales and Use Tax	$9.1	$9.3	$9.5	$9.7	$9.8	$10.1	$10.3	$10.5	$10.7	$10.9	$11.1
Other Taxes[1]	$5.9	$6.1	$6.2	$6.3	$6.4	$6.6	$6.8	$6.9	$7.1	$7.2	$7.4
Licenses & Permits	$6.3	$6.3	$6.4	$6.4	$6.4	$6.5	$6.5	$6.5	$6.5	$6.6	$6.6
Town Services	$5.7	$5.9	$6.1	$6.3	$6.5	$6.7	$6.9	$7.1	$7.3	$7.5	$7.7
Other Revenue	$6.4	$6.4	$6.0	$6.1	$6.0	$5.8	$5.6	$5.7	$5.5	$5.6	$5.7
Total	**$60.5**	**$63.0**	**$64.8**	**$67.0**	**$69.2**	**$71.6**	**$74.1**	**$76.8**	**$79.5**	**$82.5**	**$85.7**
Percent Change	N/A	4.0%	2.9%	3.5%	3.2%	3.6%	3.4%	3.7%	3.6%	3.8%	3.8%

Table 2: Projected Baseline General Fund Expenditures, FY2026-FY2036 ($M)

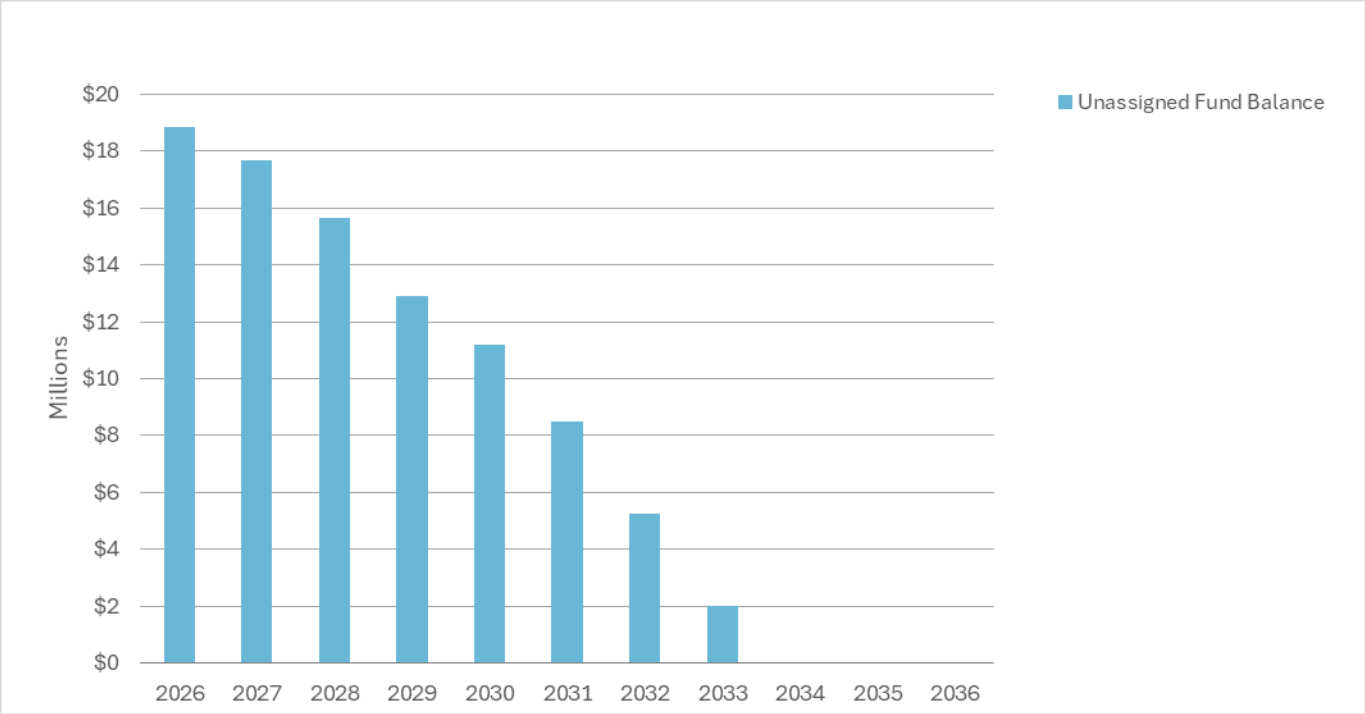
Category	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Personnel Costs	$40.9	$42.9	$44.8	$47.4	$49.7	$52.0	$54.3	$57.1	$59.5	$62.3	$64.7
Internal Service Charges	$6.5	$7.0	$7.2	$7.5	$7.7	$7.9	$8.2	$8.4	$8.7	$8.9	$9.2
Debt Service[2]	$2.1	$2.1	$2.1	$2.1	$0.8	$0.8	$0.7	$0.0	$0.0	$0.0	$0.0
Capital Transfers	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0
Other Expenditures	$10.0	$10.4	$11.2	$11.8	$12.5	$13.5	$14.3	$15.2	$16.1	$17.1	$18.2
Total	**$60.5**	**$63.4**	**$66.3**	**$69.8**	**$71.7**	**$75.2**	**$78.5**	**$81.7**	**$85.3**	**$89.3**	**$93.1**
Percent Change	N/A	4.9%	4.5%	5.3%	2.7%	4.8%	4.4%	4.0%	4.4%	4.7%	4.3%

[1] Includes Business License Tax, Transient Occupancy Tax, and Franchise Fees

[2] Reflects existing debt service schedules; no new debt is assumed in the baseline model

Expenditures are expected to outpace revenues, leading to a projected operating deficit starting in FY2027. Under these forecast assumptions the Town would deplete its unassigned[3] General Fund balance by approximately 2034, as illustrated in the following figure.

Figure 1: Los Gatos Base Scenario General Fund Unassigned Fund Balance Projections



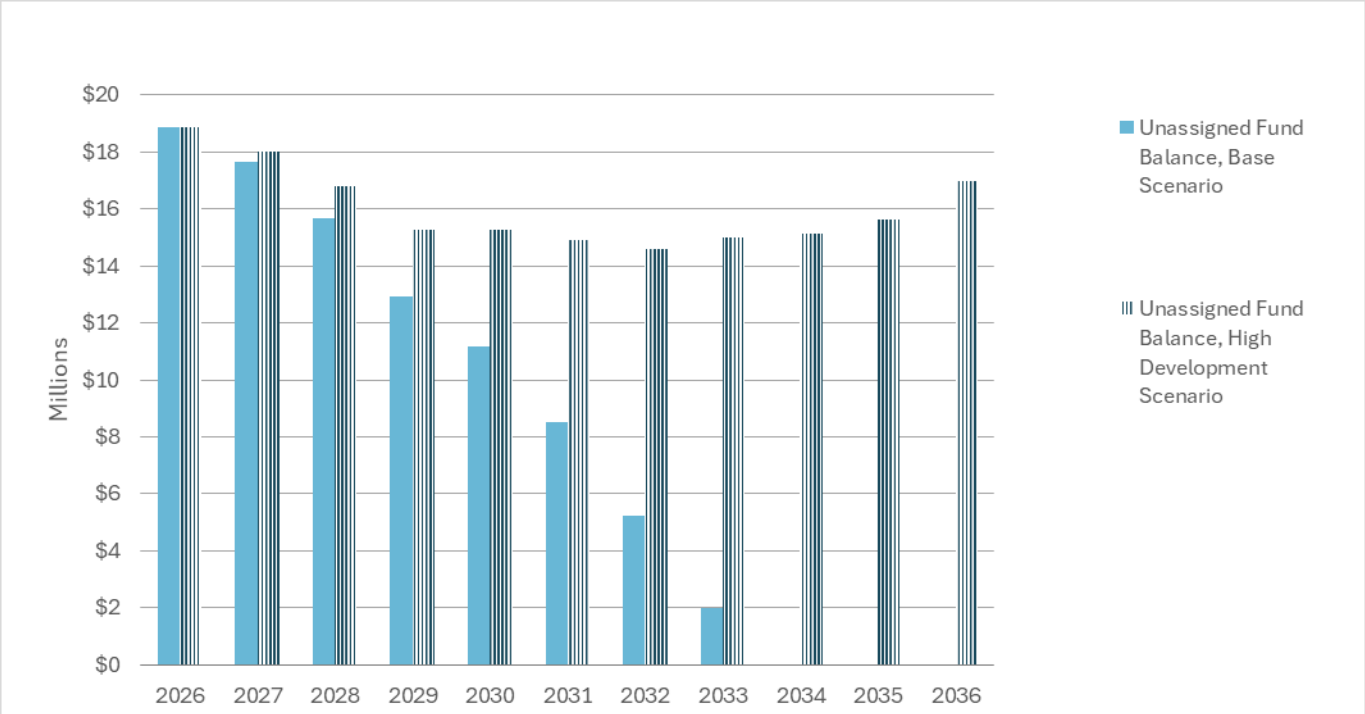
These projections illustrate the potential risks of the Town's current financial condition. However, it is important to reiterate that this scenario assumes no policy intervention by Town leadership. It is a baseline scenario intended to help identify future risks and to serve as a point of comparison to other potential scenarios.

The forecast is also intentionally conservative about the Town's population and development trends to reflect the possibility of an economic downturn and/or slower development during the projection period. If the economy and growth are more robust than assumed in the baseline model, the Town's financial position could look quite different. For example, the figure below compares projected unassigned fund balance in the baseline scenario to a scenario with more development and faster growth in property valuation.[4]

[3] The portion of General Fund balance above the minimum. Minimum General Fund balance is defined by Town policy to be 25% of expenditures in a given year.

[4] The Scenarios and Sensitivity Analysis section of this report provides more detail on the assumptions used to develop this scenario

Figure 2: Los Gatos Base Scenario General Fund High Development Sensitivity Analysis



As the figure illustrates, the Town's actual economic conditions in the coming years could look significantly different based on external factors as well as internal policy decisions. However, it remains important for the Town to take note of the trends identified in the baseline scenario: the Town is currently at risk of a growing General Fund deficit in the coming years. However, the Town's foresight in commissioning this study has created an opportunity to proactively address these emerging risks and better position the organization to meet future conditions.

The following sections provide more detailed analysis of the Town's financial condition and the assumptions used to project future expenditures and revenues.

Introduction

Background

In 2025, the Town of Los Gatos issued a request for proposals to conduct three studies:

1. Fiscal Condition Assessment with Five-Year and Long-Term Financial Projections
2. Fiscal Impact Analysis for proposed and planned growth
3. An ALM Study

The contract was awarded to NHA Advisors with sub-contract support from Raftelis and Willdan. Raftelis is leading the first study with the development of a baseline long-term financial model, which is the focus of this report. Willdan is supporting the second study, focusing on fiscal impact analysis that incorporates proposed and planned growth based on the Housing Element Plan and General Plan, with sensitivity analysis regarding the percentage of new units designated as affordable. Both of these studies will support the future ALM study. Work began in December 2025, with ongoing coordination from each consulting firm.

Development of a long-term financial model began with a detailed review of the Town's financial data, policies, and economic factors influencing the fiscal outlook. This included working closely with Town Finance staff to understand their budgeting and forecasting methodology. The team then used this data and feedback to develop reasonable, defensible financial projections by category for revenues and expenditures in the Town's General Fund and capital funds. The forecasts show trends over a 10-year period, with FY2026 as the base year and FY2027-2036 as the projection years.

As part of this project, Raftelis also provided the financial model used to the Town, so that Town staff can use it for future projections. The model allows users to compare the baseline scenario against other potential scenarios to illustrate those scenarios' potential impact. The model can also be updated with new data so that it can be used in future years.

Town Financial and Staffing Overview

General Fund Revenue and Expenditure Trends

The following tables illustrate historical General Fund revenues and expenditures by category for FY2019 through FY2025.

Table 3: Historical General Fund Revenues, FY2019-FY2025 ($M)

Category	2019	2020	2021	2022	2023	2024	2025	Average Change
Property Tax	$13.6	$14.5	$15.8	$16.9	$18.2	$19.3	$20.2	6.7%
Sales and Use Tax (non-Measure G)[5]	$7.9	$6.5	$6.8	$7.2	$7.5	$6.8	$7.0	-1.7%
Sales and Use Tax (Measure G)[6]	$0.2	$1.0	$0.5	$0.6	$0.6	$0.6	$0.7	51.7%
Licenses & Permits	$3.0	$2.7	$3.0	$4.8	$3.3	$4.0	$6.7	19.6%
Town Services	$4.4	$4.4	$4.8	$5.3	$4.6	$5.9	$5.4	4.2%
Vehicle and License Fee Backfill Property Tax	$3.7	$3.9	$4.1	$4.2	$4.6	$4.9	$5.1	5.6%
Business License Tax	$1.5	$1.4	$1.4	$1.5	$2.4	$1.5	$3.0	19.6%
Other Sources	$6.6	$2.7	$3.6	$6.4	$6.9	$3.6	$2.5	-3.3%
Transient Occupancy Tax	$2.7	$1.9	$1.0	$1.9	$2.2	$2.4	$2.4	5.4%
Interest	$0.8	$1.1	$0.8	$0.6	$0.6	$0.9	$1.7	22.0%
Intergovernmental	$0.9	$1.1	$1.6	$1.3	$1.6	$1.2	$1.4	9.1%
Mark to Market[7]	$0.6	$1.1	-$0.8	-$2.0	$0.0	$1.7	$1.2	8898.6%
Franchise Fees	$2.5	$2.5	$2.5	$2.8	$3.1	$2.5	$1.1	-8.8%
Transfers In	$1.6	$0.6	$0.7	$0.6	$0.5	$0.6	$0.8	-3.7%
Fines & Forfeitures	$0.5	$0.3	$0.1	$0.3	$0.4	$0.5	$0.4	22.2%
Total	**$50.7**	**$45.6**	**$46.0**	**$52.5**	**$56.4**	**$56.4**	**$59.5**	**3.0%**

[5] Revenue received by the Town equivalent to 1% of the State's base sales tax rate (7.25%)

[6] Revenue from additional 1/8 cent general sales tax approved by Town voters in 2018

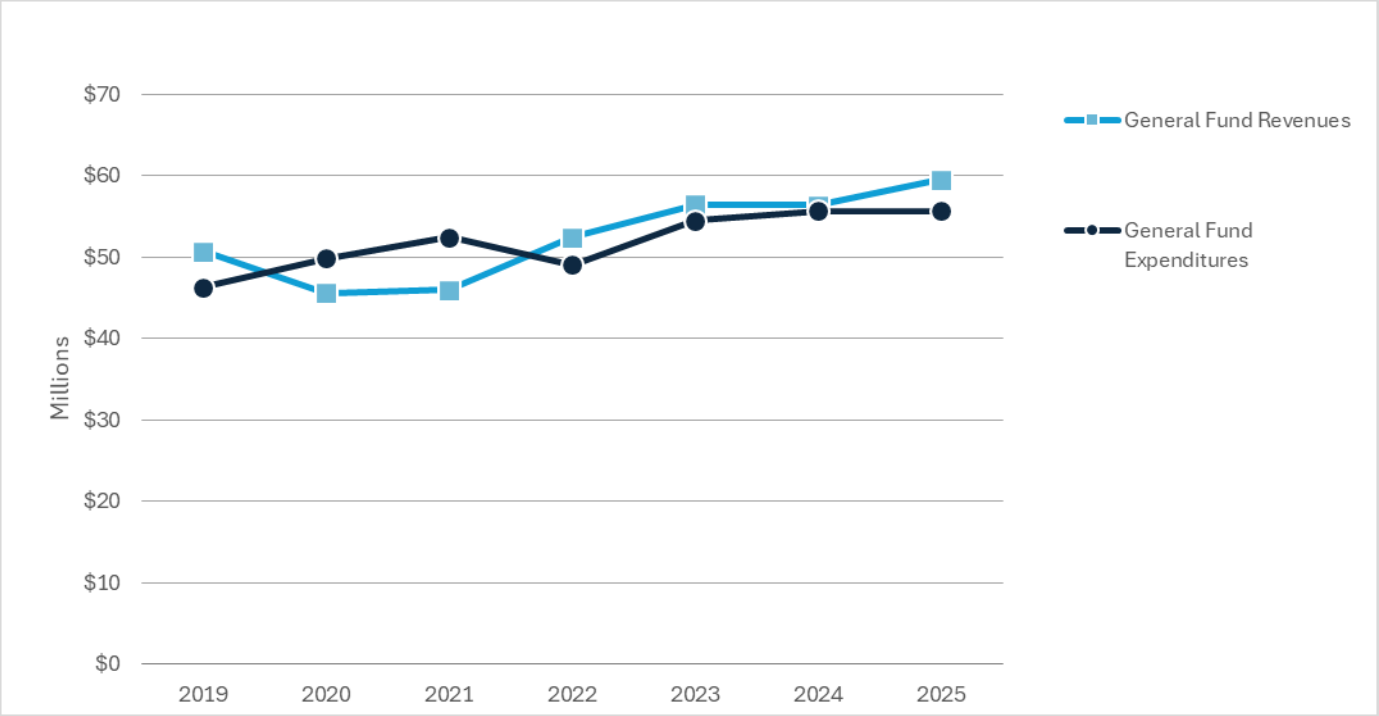
[7] These are accounting gains and are not considered in the financial projections

Table 4: Historical General Fund Expenditures, FY2019-FY2025 ($M)

Category	2019	2020	2021	2022	2023	2024	2025	Average Change
Personnel- Salary	$17.2	$18.2	$19.0	$18.3	$20.0	$21.2	$21.8	4.1%
Personnel- Overtime	$0.7	$0.7	$0.9	$1.1	$1.4	$1.3	$1.3	11.9%
Personnel- California Public Employees' Retirement System (CalPERS)	$5.3	$6.1	$6.4	$6.5	$7.1	$7.4	$8.2	7.7%
Personnel- Healthcare	$1.9	$1.9	$2.0	$2.0	$2.1	$2.5	$2.6	5.4%
Personnel- Other Post-Employment Benefits (OPEB) Pay as You Go	$1.2	$1.2	$1.3	$1.4	$1.5	$1.6	$1.9	8.2%
Personnel- Other Benefits	$1.6	$1.7	$1.7	$1.7	$1.7	$1.8	$2.3	6.3%
Internal Service Charges	$2.5	$2.2	$2.3	$2.6	$2.6	$3.2	$4.2	9.6%
Other Operating Expenditures	$2.7	$2.4	$2.7	$4.2	$7.0	$4.7	$3.9	12.3%
Purchased Services	$3.5	$3.4	$2.9	$3.3	$2.8	$4.2	$3.1	0.5%
Debt Service	$1.9	$1.9	$2.0	$2.1	$2.0	$2.1	$2.1	1.7%
Transfers Out	$6.4	$8.4	$9.5	$2.4	$3.7	$2.7	$1.9	-5.9%
Materials and Supplies	$0.5	$1.0	$1.0	$1.0	$1.3	$1.3	$0.9	15.8%
Utilities	$0.5	$0.5	$0.6	$0.6	$0.6	$0.7	$0.8	10.9%
Grants and Awards	$0.3	$0.3	$0.3	$1.8	$0.6	$0.7	$0.6	75.6%
Total	**$46.3**	**$49.9**	**$52.4**	**$49.0**	**$54.5**	**$55.7**	**$55.7**	**3.3%**

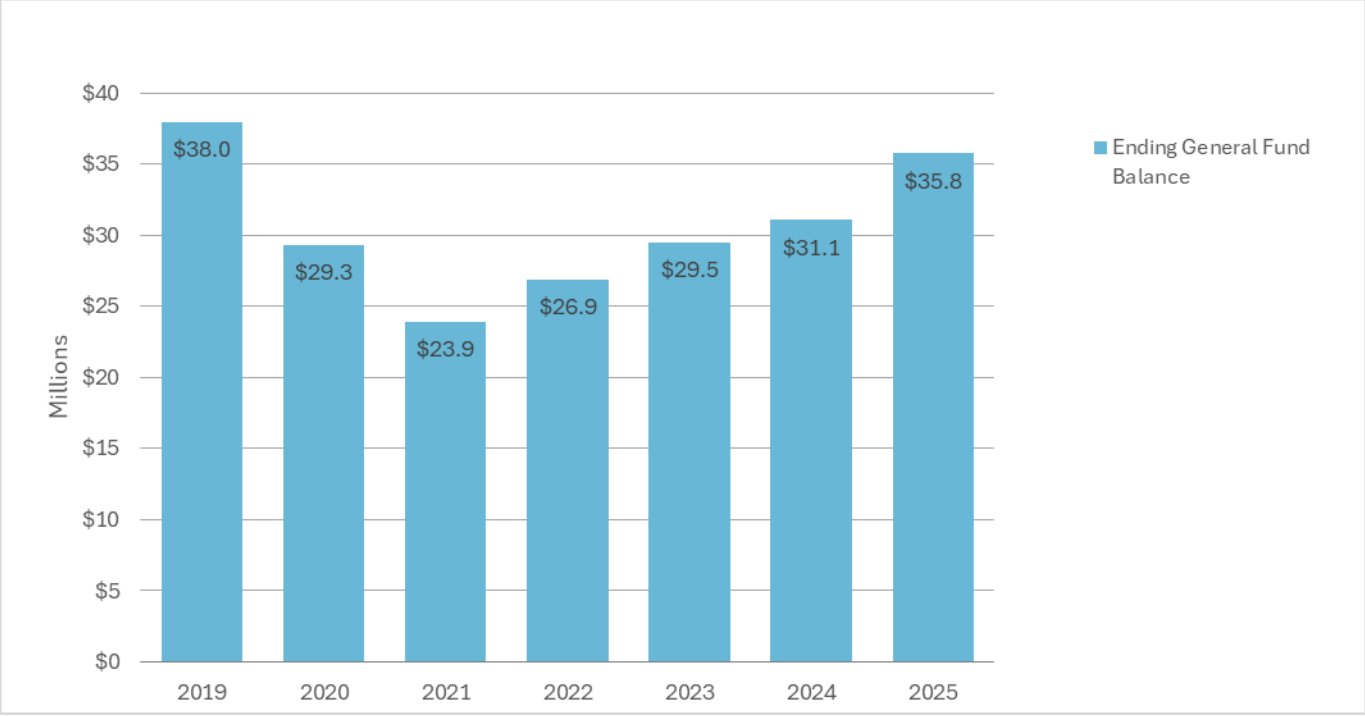
The Town's General Fund revenues decreased and expenditures increased during the Covid-19 pandemic years, but revenues have exceeded expenditures since 2022, as illustrated in the following figure.

Figure 3: General Fund Revenues and Expenditures, FY2019-FY2025



This revenue has helped the Town build up its General Fund balance in recent years, as shown below.

Figure 4: General Fund Ending Fund Balance, FY2019-FY2025

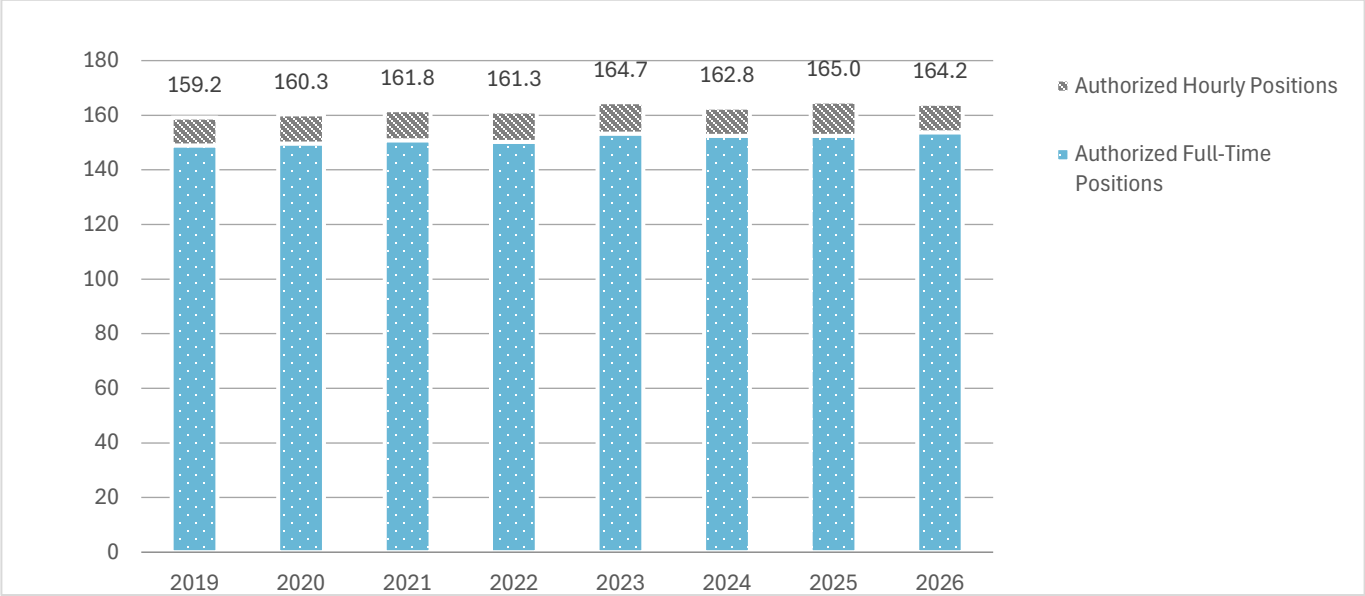


The Town has benefited from strong revenue in recent years, as well as policies to limit expenditure growth. However, it is important to note that these historical trends reflect a period of high growth. The economy has been strong in recent years, and an economic downturn would have a significant impact on revenue received.

Town Staffing Trends

Town staffing levels have remained relatively consistent in recent years, as illustrated in the figure below. The total number of Full-Time Equivalent positions (FTEs) increased by only 3% between 2019 and 2026.

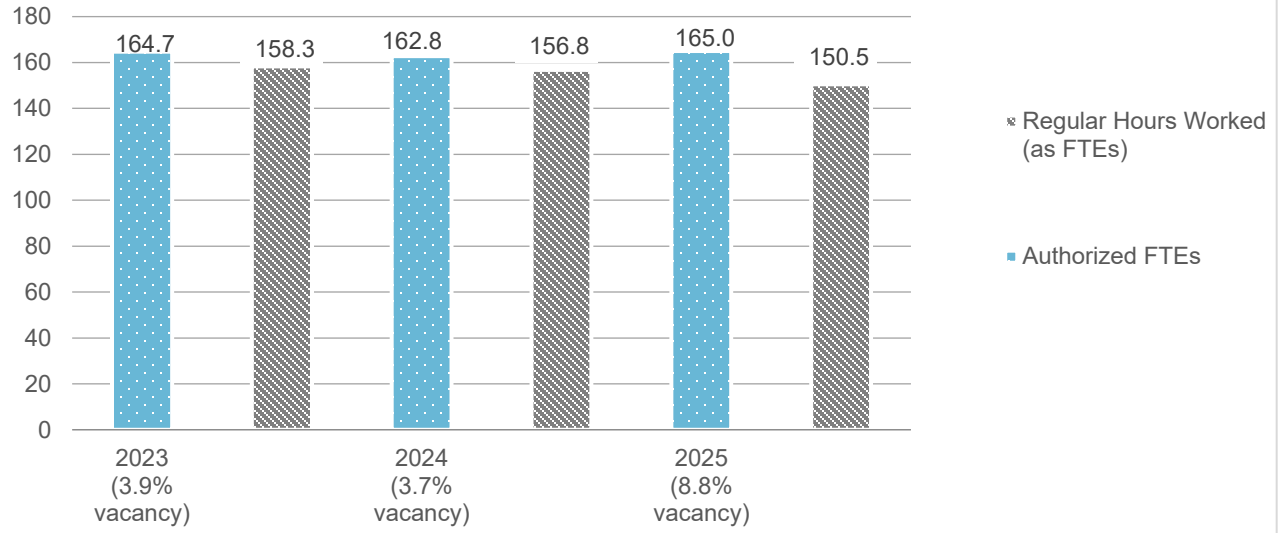
Figure 5: Authorized Full-Time Equivalent Staffing, FY2019-FY2025



The project team also reviewed actual staff hours to understand how they compare to authorized staffing levels. In 2025, Los Gatos staff (both benefitted full-time and hourly) worked a total of 313,083 regular hours[8], the equivalent of approximately 150.5 FTEs. In comparison, the Town had 165.0 authorized FTEs in 2025, which means the Town's vacancy rate in 2026 was approximately 14.5 FTEs or 8.8% of authorized positions. The following figure compares authorized positions for 2023 through 2025.

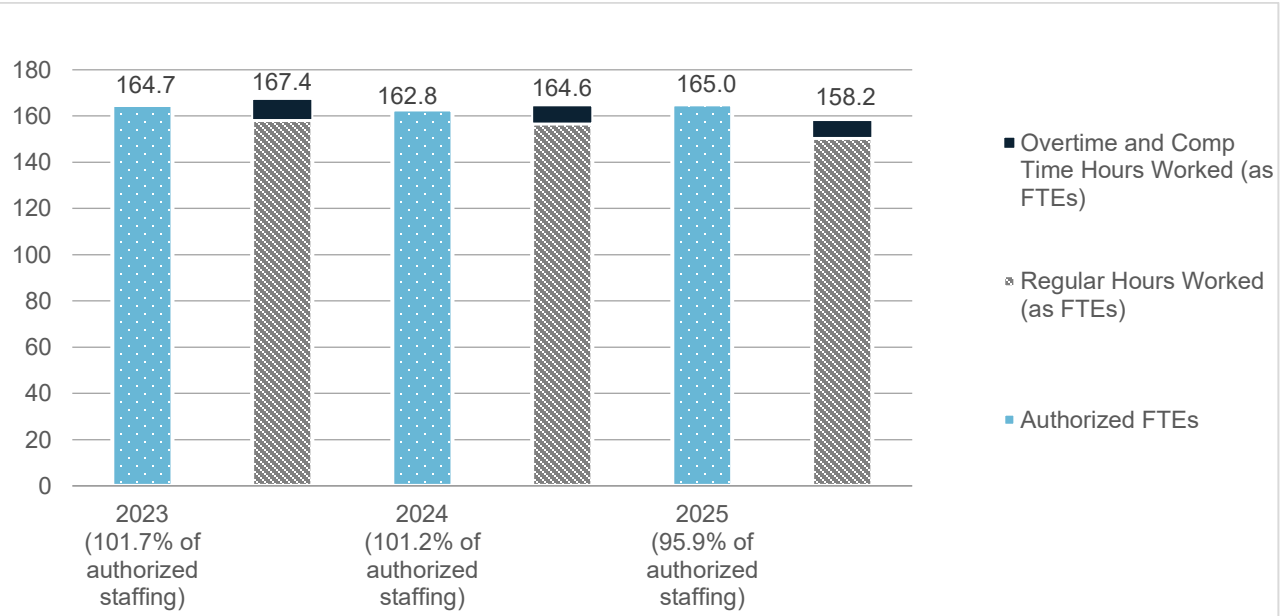
[8] Includes hours worked and leave, except for overtime hours and compensatory time earned.

Figure 6: Authorized Full-Time Equivalent Staffing versus Regular Hours Worked (All Staff)



The Town averaged 9.0 vacant FTEs per year between 2023 and 2025. However, much of that staffing gap was mitigated through staff working overtime or earning compensatory (comp) time. In 2025, staff worked a total of 14,082 hours of additional time above the standard 2,080 hours, the equivalent of approximately 7.7 FTEs. This means that the effective vacancy rate, when additional work hours are included, was 4.1%. In both 2024 and 2025 staff worked more hours than were authorized, as illustrated in the figure below.

Figure 7: Authorized Full-Time Equivalent Staffing versus Total Hours Worked (All Staff)



Appendix A of this report includes additional staffing analysis, including hours worked for full-time employees only and hours worked by department.

Financial Projection Methodology and Assumptions

The financial projections prepared for the Town of Los Gatos were made using a Microsoft Excel™-based financial model that projects General Fund revenues and expenditures, as well as capital expenditures, over a ten-year period. This section of the report provides an overview of the general methodology used for the projections and the model's structure. It also details the model's assumptions for each category of revenues and expenditures, including the data used as a basis for those assumptions.

Methodology for Developing Projections

The baseline forecast assumes normalized historical patterns will continue without major policy intervention. Normalized historical patterns leverage actual revenue and expenditure trends, after adjusting for one-time events or anomalies that may skew expected future results. Budget-to-actual results remain a relevant metric to understand how the Town has historically estimated major revenue and expenditure categories, including recent adjustments to the base budget that may be more in-line with actual performance.

The primary data source used to build the model is a line-item record of budgeted and actual revenues and expenditures by fund from FY2019 through FY2026, provided by Town Finance staff. Other information was also used to develop the model, including personnel history, collective bargaining agreements, economic and population data, and permit data. Further sections of this memo provide more detail on the specific information used to inform each assumption.

The baseline model was also built to balance accuracy with usability. It is meant to be a tool used by staff for years to come, and the more complex the model the more difficult it is to use and the more prone it is to errors. This is the reason why the project team, for example, looks at aggregate data on assessed value and new construction to estimate property taxes, rather than more specific data by census tract, because collecting and maintaining that data would be a significant burden on Town staff. Aggregate data also allows for better identification of trends that may not be apparent at a more granular level. Where appropriate, granular level data such as new housing units for a potential new development can be used in scenario analysis to understand the underlying adjustment or change in assumption required to compare with the baseline forecast.

Financial Model Structure

The model focuses on forecasting General Fund and capital expenditures and revenues over a 10-year period, from FY2027 through FY2036. The FY2026 budget is the initial base year for the model, although in some cases base year assumptions differ from budget, as discussed further in this report. For the purposes of this model, all Measure G Sales Tax revenue is considered part of the General Fund.

Revenue and Operating Expenditure Categories

The model forecasts operating expenditures and revenues by category. Revenue categories largely align with categories used in the Town's audited Annual Comprehensive Financial Report (ACFR), Budget Document, and State Controller's Office required Town Financial Transactions Report. In some cases, more granular categories were developed in consultation with Town staff. Categories were selected with the intention of balancing accuracy with the model's ease of use.

Categories of revenue and operating expenditures used in the model are listed below.

Table 5: Revenue and Operating Expenditure Categories in Model

Revenues	Operating Expenditures
• Property Tax • Vehicle and License Fee (VLF) Backfill Property Tax • Sales and Use Tax (Non-Measure G) • Sales and Use Tax (Measure G) • Licenses & Permits • Franchise Fees • Town Services • Business License Tax • Transient Occupancy Tax • Intergovernmental • Fines & Forfeitures • Investment Income • Other Revenue • Transfers In	• Personnel- Salary • Personnel- Overtime • Personnel- CalPERS • Personnel- OPEB Pay As You Go • Personnel- Other Benefits • Personnel- Vacancy Savings • Grants and Awards • Materials and Supplies • Utilities • Purchased Services • Other Operating Expenditures • Internal Service Charges • Debt Service • Transfers Out- New Capital • Transfers Out- Other (including Pension Trust)

Excluded Revenues and Expenditures

The model uses actual and budgeted revenue and expenditure data as provided by Town staff. This line-item data was mapped to the higher level categories outlined in this memo. Raftelis continues to work with the Town to reconcile actual expenditures provided in the line-item financial system detail with audited financial statements and budget documents. The ACFR reports by function (department), therefore, a direct reconciliation by expenditure classification as structured for the forecast model is not possible. This includes identifying accounts and/or one-time amounts to exclude for normalizing trends. Specific accounts and one-time amounts are identified below; however, this list may continue to change as we refine our understanding of the underlying data and chart of account/fund structure with Town staff.

Excluded accounts typically relate to non-cash or Generally Accepted Accounting Principles (GAAP) adjustments such as depreciation and mark-to-market adjustments. This allows for a forecast that reflects actual funds available for the Town's use.

Table 6: "Non-Cash" Revenue and Expenditure Accounts Excluded from Model

Account Description	Actual Amount
Revenue 45218 - GASB31 to Market	
2019	$643,911
2020	$1,092,564
2021	($780,399)
2022	($2,015,501)
2023	$3,197
2024	$1,712,246
2025	$1,201,824
Expenditures 62142 - Depreciation Expense[9]	
2019	$102,250
2020	$101,693
2021	$101,693
2022	$101,693
2023	$101,693
2024	$77,081,050[10]
2025	$5,914,417

Additionally, one-time revenues and operating expenditures are not considered in the model, because it is not assumed that they would carry forward into future years. This includes American Rescue Plan Act funds that the Town received from 2021 – 2025. The remaining one-time revenues and expenditures excluded from the model are listed in the table below.

[9] Depreciation expense is not recorded to the General Fund. Amounts represent total for all Town funds, including Internal Service Funds and Development Agency Fund.

[10] Fiscal Year 2024 includes a one-time, non-recurring depreciation adjustment related to the implementation of the Town's new financial system. Prior to this only Redevelopment Agency depreciation expenses were shown. This accounting entry established beginning balances for accumulated depreciation and is not comparable to prior years. Values going forward are larger due to the inclusion of all depreciation, not just RDA.

Table 7: One-Time Revenues and Expenditures Excluded from Model

Model Category	Account Number	Fiscal Year(s)	Amount	Town Chart of Accounts Description
Revenues				
Licenses and Permits	42416	2022 Actuals	$1,200,000	Contra revenue for bmp
Intergovernmental	43210	2021 Actuals	$388,181	CARES Act Coronavirus Relief
Intergovernmental	43211	No actual funds logged	$0	American Rescue Plan Act 2021
N/A – Capital Fund	45946	2023 Actuals	$1,565,000	Insurance Settlement
Other Sources	45949	2023-2025 Actuals	$45,323	Misc. Non-Operating Revenues
Town Services	45961	2025 Actuals	($344,388)	Contra revenue for bmp
Transfers In	49411	2025 Actuals	$250,000	Community Grants
Expenditures				
N/A	67109	No actual funds logged	$0	ARPA- American Rescue Plan Act
Grants and Awards	67506	2022 Actuals	$1,200,000	20 dittos ln BMR housing loan
Materials and Supplies	82202	2023, 2025 Actuals	$0	Land Acquisition
Purchased Services	81505	2024 Actuals	$706,713	Subscriptions - GASB 96

Capital

The model also estimates future capital costs for capital projects, vehicles and equipment, and technology. Costs are estimated based on the Town's adopted Capital Improvement Program (CIP), as well as equipment and technology replacement schedules provided by Town staff. The model projects the amount of money transferred from the General Fund to finance these investments, based on past history and Town direction. It assumes no new debt to support capital maintenance needs, although the model allows users to project the potential impact of new debt.

It is important to distinguish capital needs assumed in the baseline model from potential scenarios. For the baseline forecast, ongoing maintenance and replacement needs for existing assets are factored in. If the Town's historical funding for maintenance and replacement have not kept pace with actual need then there is inherent deferred maintenance. A catch-up or higher level of investment to address any deferred maintenance would be a potential scenario. A large-scale capital investment required to support anticipated development would also be considered a scenario.

Financial Forecast Assumptions by Category

The following sections detail assumptions used to project a 10-year General Fund baseline forecast, including projected revenues, operating expenditures, and transfers to other funds.

Revenues

The following sections detail the model's revenue assumptions by category. The sections discuss the model's assumptions for revenues in the base year of the model, FY2026, as well as assumptions for how that amount is projected to change over time during the model period.

The following table compares the categories used in the model to the categories reported in the Town's ACFR and provides context for any variation.

Table 8: Model vs. ACFR Revenue Categories

ACFR Category	Model Category	Comments
Property Taxes	Property Tax VLF Backfill	VLF Backfill is separated because it is revenue from the State, and so forecasts may vary
Sales Taxes	Sales and Use Tax (Non-Measure G) Sales and Use Tax (Measure G)	Separated due to potential differences in forecasts
Transient Occupancy Taxes	Transient Occupancy Tax	
Licenses & Permits	Licenses & Permits Town Services	Separated based on the Town's internal categories and to allow for more specific forecasts
Intergovernmental	Intergovernmental	
Fines and Forfeitures	Fines & Forfeitures	
Franchise Fees	Francise Fees	
Interest	Interest	
Other Taxes Use of Property Other	Business License Tax Other Sources	Business Licenses Tax separated to allow for forecasting based on economic conditions. Other categories are combined for model usability.
Transfers In	Transfers In	

Property Tax

The following table illustrates the Town's historical trend for actual property tax revenue collected, as well as the average annual change.

Table 9: Property Tax Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$13,636,099	N/A
2020	$14,454,513	6.0%
2021	$15,826,162	9.5%
2022	$16,899,618	6.8%
2023	$18,187,388	7.6%
2024	$19,321,147	6.2%
2025	$20,157,765	4.3%
Average		**6.7%**

2026 Budget: $21,450,971

Base Year Estimate: $21,450,971

Historically, General Fund revenue has been 5.6% higher than budget, but in the most recent year actual revenues were close to budget. The model maintains the 2026 budget as the base for forecasting property tax growth over the next ten years.

Potential Revenue Risks and Restrictions

California law restricts the amount of funds that local governments can collect through property tax, primarily through two mechanisms summarized below:

- Proposition 13 was adopted in 1978. It limits property tax assessed value increases at 2% per year and limits property tax revenue to 1% of assessed value (unless a higher rate is approved by voters). Properties can only be assessed at market value for new construction or when a property changes ownership.
- Proposition 4, commonly known as the Gann Limit, was adopted in 1978 and caps local revenue at 1979 expenditure levels, adjusted annually based on population and income.
- Proposition 98, adopted in 1992, requires each local government to set aside a portion of its tax revenues for the Educational Revenue Augmentation Fund (ERAF) to ensure that school districts meet minimum funding levels.[11] Between FY2019 and FY2025, an average of 11.9% of Town property tax revenue was designated for ERAF. However, it is important to note that currently any ERAF funding not needed to meet school funding minimums has been returned to the Town. If the State changes this policy it would reduce total property tax funding available to the Town.

[11] The State is responsible for ensuring that schools receive at least minimum funding. The ERAF allocation reduces the State's funding obligation.

Annual Change Assumption: 5.2%, on average

Estimates of future property tax revenue were based on several factors, selected to account for State revenue restrictions and available information.

The primary information source used to estimate future property tax revenue was data from Santa Clara County on historical valuation trends. As stated above, Proposition 13 restricts changes in valuation except in cases of new construction or when property is bought and sold, so the team evaluated trends separately for new construction, changes in ownership, and other properties.

The team used trends for each of these categories, as well as reported FY2026 valuations and data prepared by a separate company, HdL Companies (HdL), on historical trends in the median value of new construction and the median sales price of homes, to estimate total valuation per year over the course of the model period. The model also assumes that 15% of property tax funds in the base year will be allocated to ERAF, based on Santa Clara County FY2026 budget allocations[12].

Finally, the model calculates the estimated Gann appropriation limit each year, based on a State law limiting property tax revenue that can be collected based on changes in population and income. The team estimated the Gann limit for each model year based on historical population and income trends reported by the United States Census Bureau and verified that the projected revenue did not hit that limit.

The annual change in projected revenue based on these assumptions varies from year to year based on the estimate for each valuation component: new construction, home sales, ERAF, and base valuation. On average, it increases approximately 5.2% per year between FY2027 and FY2036. The assumed growth for new construction considered the Town's Housing Element Plan and anticipated new housing units outlined in that plan. After further discussion with staff and Finance Commission members, there is uncertainty in how those units may be realized over time and whether they will meet state required affordability metrics. As such, the baseline model maintains a steady growth assumption for new residential development but relies on historical trend with a more moderate long-term outlook than the post-pandemic era given recent softness in real estate market activity.

The following table summarizes model assumptions.

[12] The County estimates a $3.2 million allocation to ERAF in 2026.

Table 10: Property Tax Performance History and Assumptions by Component

Property Tax Component	Five Year Average Annual Change[13]	Assumed Portion of Revenue	Assumed Annual Change	Comments
New Construction	12.5%	0.3%	0.0%	Assumed flat to be conservative due to variations in the change of value from year to year
Changes in Ownership	17.1%	2.8%	4.0%	Reduced to be conservative due to variations in the change of value from year to year
ERAF	19.1%	14.9%	6.9%[14]	Based on the average of the past two years to normalize post-pandemic volatility
Base Valuation	6.2%	81.9%	5.6%	Based on the average of the past two years to normalize post-pandemic volatility

Vehicle and License Fee (VLF) Backfill Property Tax

The VLF backfill is a payment from the State of California intended to reimburse local governments for losses due to a State VLF reduction. The annual amount allocated is based on the Town's assessed property valuation. The following table illustrates the category's historical trend for actual revenue collected, as well as the average annual change.

Table 11: VLF Backfill Property Tax Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$3,685,247	N/A
2020	$3,875,914	5.2%
2021	$4,052,672	4.6%
2022	$4,229,462	4.4%
2023	$4,555,700	7.7%[15]
2024	$4,906,019	7.7%
2025	$5,109,100	4.1%
Average		**5.6%**

[13] Based on Santa Clara County valuation reports

[14] Based on the average of the past two years to normalize post-pandemic volatility

[15] Higher increases in FY2023 and 2024 are aligned with higher increases in the Town' property valuation in those years.

2026 Budget: $5,377,328

Base Year Estimate: $5,557,685

Historically, since FY2019, General Fund revenue has consistently outperformed budget by approximately 3.4%. The model assumes the FY2026 base amount will be higher than the current budgeted amount by this average variance.

Potential Revenue Risks and Restrictions

VLF revenue is allocated from the State and is therefore subject to changes in State law. A future legislature could opt to reduce or eliminate this revenue source.

Annual Change Assumptions: 5.4%

VLF revenue is allocated based on property value. The project team used the property value assumptions discussed in the Property Tax section above to project VLF revenue. The model assumes a 5.4% average annual property value increase over the next 10 years.

Sales and Use Tax

The Town has two sources of sales tax revenue:

- The Town, like all California municipalities, receives 1% of the State's base sales tax rate (7.25%)
- The Town has adopted an additional 1/8 cent general sales tax (Measure G)

The following tables illustrate the category's historical sales tax revenue trends.

Table 12: Sales and Use Tax (non-Measure G) Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$7,930,021	N/A
2020	$6,535,034	-17.6%
2021	$6,794,218	4.0%
2022	$7,177,597	5.6%
2023	$7,507,068	4.6%
2024	$6,795,037	-9.5%
2025	$6,992,336	2.9%
Average		**-1.7%**

Table 13: Sales and Use Tax (Measure G) Revenue History[16]

Year	Actual Revenue	Annual Percent Change
2019	$0	N/A
2020	$0	N/A
2021	$1,139,386	N/A
2022	$1,306,076	14.6%
2023	$1,299,409	-0.5%
2024	$1,276,698	-1.7%
2025	$1,338,642	4.9%
Average		**4.3%**

2026 Budget: ***Non-Measure G:*** ***$6,639,081***
Measure G: ***$1,298,825***

Base Year Estimate: ***Non-Measure G:*** ***$7,780,826***
Measure G: ***$1,329,000***

The Town engaged a separate firm, HdL, to forecast sales tax in FY2026. HdL's forecasts were used to inform the base estimate for 2026 as well as future growth detailed below. There is a significant increase in the non-Measure G base estimate for 2026. This is driven by the most recent projections from HdL, which include proprietary, confidential local economic data to inform estimates. This information was not known at the time of budget adoption.

Potential Revenue Risks and Restrictions

Sales tax revenue is closely tied to economic conditions. An economic downturn would have a significant impact on revenue in this category. Additionally, the 1% of the State's sales tax revenue is defined by State legislation and is subject to change by the Legislature.

Annual Change Assumptions: 2.0% (weighted average)

Projections of sales tax revenue are based on industry data as well as trend projections prepared by the Town's economic advisor. The model projects revenue by industry to allow each industry's revenue trends to be separately modeled.

[16] This includes all Measure G revenue, not just the revenue allocated to the General Fund.

Previously, an Economic Review prepared for the Town by an outside firm, MuniServices, provided information on the Town's historical sales tax revenue trends by industry along with estimates for future sales tax collection. As the Town transitions to a new economic advisor (HdL), Raftelis relied on both historical MuniServices reports as well as the first, and most recent, HdL report to establish a framework for detailing the various components that comprise overall sales tax revenue collection.

The industry components of sales tax revenue are detailed in the table below. Historically, the largest generators of sales tax revenue have been the Food and General Retail industries, and they are assumed to remain the largest generators moving forward.

Table 14: Sales Tax Revenue Historical Performance and Assumptions by Industry, as Reported by MuniServices

Industry	Five Year Average Annual Change	Assumed Portion of Revenue[17]	Assumed Annual Change	Comments
Food Products	5.4%	28.7%	2.0%	Based on HdL projection
General Retail	-1.6%	21.1%	2.0%	Based on HdL projection
Transportation	-8.9%	19.6%	2.5%	Based on HdL projection, reduced slightly based on past history (HdL generally projects 3.0-3.5% per year)
County Pool	-4.7%	19.2%	2.0%	Based on HdL projection, reduced slightly based on past history (HdL generally projects 3.0% per year)
Business to Business	0.3%	4.8%	1.0%	Based on HdL projection, reduced slightly based on past history (HdL generally projects 2.2-2.8% per year)
Misc.	-33.0%	3.9%	0.0%	Kept flat due to past volatility
Construction	7.5%	2.6%	2.5%	Based on HdL projection

The historic volatility of sales tax collections and dynamic local economic conditions led the project team to take a conservative approach to forecasting the Town's second-largest revenue source. The baseline model incorporates the significant increase to 2026 base estimates and then uses a lower annual growth rate assumption compared to HdL. The first report from HdL suggests higher growth across each of the industries noted in the table above during 2026-2027 and then settles to a blended average that is slightly below 3%. Some industries like transportation, which have experienced decline in past years due to higher use of electric vehicles, and construction, assume a higher rate of growth (2.5%) because of known development activity expected to have a positive influence on collections. Other sources like general retail and food products rely more on regional inflation trends for cost of goods and no significant variation or increase to the volume of goods purchased from historical experience.

[17] Based on five-year historical average for that industry's representative share of overall sales tax revenue to the Town.

Licenses & Permits

The following table illustrates the Town's historical Licenses & Permits revenue, as well as the average annual change. The significant revenue increase in FY2025 is due to a change in how the Town accounts for Solid Waste revenue; before FY2025, the Town classified it as a Franchise Fee. The revenue collected by the Town from the Solid Waste Joint Powers Agreement (JPA) also increased from prior years as a result of a recently updated valuation report used to determine payment amount.

Table 15: Licenses & Permits Actual Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$3,044,490	N/A
2020	$2,673,706	-12.2%
2021	$3,003,475	12.3%
2022	$3,614,650	20.3%
2023	$3,283,848	-9.2%
2024	$3,993,247	21.6%
2025	$6,681,657	67.3%
Average		**16.7%**

2026 Budget: $6,322,712

Base Year Estimate: $6,322,712

Historically, actual General Fund revenue has been 12.1% higher than budget, on average, but there has been significant volatility after the pandemic. This is coupled with the Solid Waste revenue transfer, updated valuation, and in the 2026 budget changes to permit fees that also increased overall revenue collected in this category. The 2026 budget is in line with most recent 2025 actuals and is used as the base estimate in the forecast model.

Potential Revenue Risks and Restrictions

The amount of License & Permit revenue received by the Town can vary based on external factors, such as the amount of development occurring in the community, but the Town also has the ability to revise fees as needed to cover costs. Additionally, less revenue also means a lower cost to process license and permit applications.

Annual Change Assumptions: 0.4%

The types of licenses and permits issued vary from department to department, so the project team used revenue history by department to estimate future trends. For the Community Development Department, historical permit trends were also used to inform the projection. Other departments' revenue is projected based on past history, due to lack of additional available data.

Although Community Development Department Licenses & Permit revenue has generally been increasing in recent years, with an average increase of 19.4% between FY2019 and FY2025, the number and value of permits has been decreasing, as illustrated in the table below. Because of this decline, it is assumed that Community Development Licenses & Permit revenue will have minimal growth over the next ten years.

Table 16: Building Permit History[18]

Year	Number of Permits	Annual Percent Change	Permit Value	Annual Percent Change
2021	1,196	N/A	$148,527,983	N/A
2022	1,261	5.4%	$156,227,403	5.2%
2023	1,202	-4.7%	$92,855,563	-40.6%
2024	1,019	-15.2%	$94,598,614	1.9%
2025	980	-3.8%	$103,021,665	8.9%
Average		**-4.6%**		**-6.1%**

The following table illustrates assumed annual Licenses & Permits revenue change by department. Police and Solid Waste (non-departmental) revenue are assumed to be flat with the most recent solid waste valuation adjustment reflected in the 2026 base.

Table 17: Licenses & Permits Revenue Assumptions by Department

Department	Five Year Average Change	Average Portion of Revenue	Assumed Annual Change	Comments
Administrative Services	91.7%	0.1%	2.0%	Assumed lower due to volatility
Community Development	19.4%	59.0%	0.5%	Assumed lower due to permit trends
Police	-6.9%	1.8%	0.0%	Assumed flat due to volatility
Parks and Public Works	10.0%	24.8%	0.5%	Assumed lower due to volatility
Non-Departmental	1663.2%	14.2%	0.0%	Significant increase reflects Solid Waste revenue- assumed flat due to volatility

Franchise Fees

The following table illustrates the Town's historical Franchise Fee revenue, as well as the average annual change. The significant revenue decrease in FY2025 is due to a change in how the Town accounts for Solid Waste revenue; before FY2025, the Town considered it a Franchise Fee but is now categorized under Licenses & Permits.

[18] Provided by Town staff

Table 18: Franchise Fees Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$2,475,916	N/A
2020	$2,495,792	0.8%
2021	$2,499,463	0.1%
2022	$2,822,515[19]	12.9%
2023	$3,074,624	8.9%
2024	$2,547,012	-17.2%
2025	$1,057,484	-58.5%
Average		**-8.8%**

2026 Budget: $1,043,730

Base Year Estimate: $1,043,730

Historically, General Fund revenue has been 8.3% higher than budget; however, the recent base adjustment to remove solid waste JPA revenue impacts the future growth assumptions. For the baseline model, the 2026 budget is used as the initial base year estimate since it is in line with actual revenue collected in 2025 after the solid waste revenue transition.

Potential Revenue Risks and Restrictions

Franchise fee revenue depends on private companies' use of public infrastructure and can vary depending on the companies' needs and economic conditions.

Annual Change Assumptions: 1.7%

When Solid Waste revenue is not considered, annual increases in past years have ranged from 0.3% to 8.7%, as illustrated below. The project team believes that past history is the best available indicator to predict future revenue. Annual increases are assumed at 1.7%, which is the average over the past seven years when the outlier year, 2023, is removed.[20]

[19] Increased revenues in FY2022 and 2023 were largely due to increases in Solid Waste revenue, which went from $1.6 million in FY2021 to $1.9 in FY2022, then to $2.1 million in FY2023, only to reduce to $1.5 million in 2024.

[20] The increase is largely driven by a 23% increase in PG&E Franchise Fee revenues for that year.

Table 19: Franchise Fees Actual Revenue History (No Solid Waste Revenue)

Year	Actual Revenue	Annual Percent Change
2019	$892,980	N/A
2020	$898,636	0.6%
2021	$925,621	3.0%
2022	$941,647	1.7%
2023	$1,023,289	8.7%
2024	$1,053,827	3.0%
2025	$1,057,484	0.3%
Average		**2.9%**

Town Services

This revenue category essentially reflects charges for services where the Town has some cost recovery component. The two highest-revenue categories of Town services, accounting for more than $1 million in revenue each in 2025, were policing services for Monte Sereno and building plan reviews.

The following table illustrates the category's historical revenue, as well as the average annual change.

Table 20: Town Services Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$4,440,606	N/A
2020	$4,373,603	-1.5%
2021	$4,778,695	9.3%
2022	$5,310,271	11.1%
2023	$4,631,325	-12.8%
2024	$5,913,520	27.7%
2025	$5,749,895	-2.8%
2026	N/A	N/A
Average		**5.2%**

2026 Budget: $5,736,735

Base Year Estimate: $5,736,735

Actual revenue has averaged about $5 million annually, outperforming budget by approximately 12.1% on average. In 2026 the Town made a significant adjustment to the base budget that is reflective of actual collections the past two years. This is the base estimate used in the forecast.

Potential Revenue Risks and Restrictions

Like sales tax, this is a customer-driven revenue source that has experienced greater volatility over the past seven years. The Town has maintained a conservative budget approach for this revenue source given the difficulty predicting the volume of customer activity from year to year.

Annual Change Assumptions: 3.0%

The types of services offered vary from department to department, so the project team used revenue history by department to estimate future trends. In many departments revenue has varied significantly from year to year. The projections in the model are intended to smooth out this growth from year to year, while also generally assuming a conservative projection to avoid over-estimating revenue with future economic uncertainty.

The following table illustrates assumed annual revenue change by department.

Table 21: Town Services Revenue Historical Performance and Assumptions by Department

Department	Five Year Average Change	Average Portion of Revenue	Assumed Annual Change	Comments
Administrative Services	8.9%	2.2%	5.0%	Assumed lower than average due to past variance
Community Development	1.7%	40.1%	2.0%	Assumed in line with past average
Police	7.4%	24.2%	5.0%	Assumed lower than average due to past variance
Parks and Public Works	9.2%	30.9%	3.0%	Assumed lower than average due to past variance
Non-Departmental	-11.3%	2.6%	0.0%	Assumed flat due to past variance

The following table compares the highest revenue line items that are categorized as Town Services versus those categorized as License & Permits.

Table 22: Town Services and Licenses & Permits Top Revenue Source, FY2025

Town Services	Licenses and Permits
PD Services for Monte Sereno- $1,135,514	Wasteholder Encroachment Fee (Solid Waste)- $2,297,703
Plan Check- $1,043,926	Building Permit Fees- $2,205,805
Plan Check Building- $529,251	Planning Permits- $902,524
Engineering Review Surcharge- $323,972	Encroachment Permits- $459,831
Environmental Impact- $277,397	Tree Removal Permits- $155,535

Business License Tax

The following table illustrates the Town's historical Business License Tax revenue, as well as the average annual change. The revenue has significant year-to-year variation due to economic factors as well as delays in revenue collection. Revenue from one of the largest businesses in the Town was delayed due to an appeal of the tax rate, for example, which is one of the reasons for the significant variation in recent years.

Table 23: Business License Actual Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$1,526,894	N/A
2020	$1,357,080	-11.1%
2021	$1,386,943	2.2%
2022	$1,481,667	6.8%
2023	$2,361,862	59.4%
2024	$1,519,960	-35.6%
2025	$2,975,721	95.8%
Average		**19.6%**

2026 Budget: $2,493,992

Base Year Estimate: $2,470,000

The Town commissioned HdL to project future Business License Tax revenue. The firm created aggressive, conservative, and moderate projection scenarios. Under the moderate scenario, a total of $2.47 million in revenue is estimated for FY2026. HdL bases this forecast on actual payments received in the beginning of the fiscal year as well as projected trends for the remaining months. The forecast leverages this estimate as the 2026 base.

Potential Revenue Risks and Restrictions

The variation from year to year illustrated in the table above illustrates the volatility of this revenue source. It is influenced by economic trends as well as Town tax policy, potential court challenges, and other external factors.

Annual Change Assumptions: 1.5%

Business License Tax revenue has increased significantly in the past years, but there has also been a great deal of variation from year to year. HdL acknowledges this volatility in its projections and forecasts three scenarios: an aggressive estimate, a moderate estimate, and a conservative estimate. HdL's assumption for a moderate Business License Tax growth rate is 1.5% per year, and this assumption is used for the model.

This estimate may be somewhat conservative when compared against past trends in the Consumer Price Index (CPI) for the San Francisco region. The CPI can be considered an indicator of long-term growth, and the past five years of CPI growth have averaged 3.8% per year, as illustrated below. However, we believe that HdL's estimate is appropriate given future economic uncertainty.

Table 24: San Francisco Region CPI History

Year	Annual CPI: All Costs	Percent Change
2020	300.084	1.7%
2021	309.721	3.2%
2022	327.06	5.6%
2023	339.05	3.7%
2024	348.417	2.8%
Average		**3.8%**

Transient Occupancy Tax

The Town charges a Transient Occupancy Tax on hotels and other short-term lodging. Revenue is based on the nightly room rate and number of days at each establishment. The following table illustrates the category's historical revenue, as well as the average annual change.

Table 25: Transient Occupancy Tax Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$2,692,043	N/A
2020	$1,869,685	-30.5%
2021	$1,044,820	-44.1%
2022	$1,895,064	81.4%
2023	$2,228,190	17.6%
2024	$2,367,653	6.3%
2025	$2,417,630	2.1%
Average		**5.4%**

2026 Budget: $2,422,390

Base Year Estimate: $2,412,087

Actual Transient Occupancy Tax revenues have been an average of 10.4% higher than budgeted over the last seven years. However, one of the hotels in the community closed in 2026, and this change will likely reduce the amount of revenue collected from the Transient Occupancy Tax. The Town provided us with the revenue history per establishment and based on this we calculated that the closure will mean a reduction of approximately $260,000 in FY2026. Based on these assumptions, we estimate a base year revenue of approximately $2.4 million.

Potential Revenue Risks and Restrictions

Transient Occupancy Tax revenue varies significantly from year to year, as illustrated above. It is tied to the level of tourism and business travel in the community, which is heavily influenced by economic trends. Additionally, the number of hospitality establishments in the Town also influence the amount of revenue generated.

Annual Change Assumptions: 3.0%

Transient Occupancy Tax revenue is projected forward based on the most recent two years of available historical data on revenue by establishment. Older data is not used due to the impact of the pandemic on hotel occupancy. Data for the establishment that closed was not considered when projecting future trends.

Intergovernmental Revenue

The Town receives some intergovernmental revenue, such as state and federal grants. The following table illustrates the category's historical revenue, as well as the average annual change.

Table 26: Intergovernmental Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$945,191	N/A
2020	$1,094,075	15.8%
2021	$1,185,516	8.4%
2022	$1,263,352	6.6%
2023	$1,553,397	23.0%
2024	$1,157,225	-25.5%
2025	$1,357,593	17.3%
Average		**7.6%**

2026 Budget: $838,936

Base Year Estimate: $1,300,000

Actual intergovernmental revenue has been an average of 29.6% higher than budgeted revenue over the past seven years. The budget in FY2026 is somewhat lower than the past, at $838,936 compared to more than $950,000 in previous years. Political and economic uncertainty justifies a lower budget estimate, but the model seeks to normalize revenues over the 10-year projection period. For this reason, we are assuming a base year revenue of $1.3 million to align with previous years' actual revenue.

Potential Revenue Risks and Restrictions

Intergovernmental revenue is dependent on the state of the economy, as well as the philosophies and priorities of the governments in power. These external factors are difficult to predict, which is one reason why revenues are assumed to be flat for this category as discussed below.

Annual Change Assumptions: 0.0%

Intergovernmental revenue is assumed to be flat due to past volatility and to political uncertainty on the state and federal levels.

Fines & Forfeitures

The Town receives revenue from fines levied for infractions, as well as asset forfeitures. The following table illustrates the category's historical revenue, as well as the average annual change.

Table 27: Fines & Forfeitures Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$510,266	N/A
2020	$271,117	-46.9%
2021	$103,467	-61.8%
2022	$319,170	208.5%
2023	$416,951	30.6%
2024	$480,634	15.3%
2025	$420,127	-12.6%
Average		**22.2%**

2026 Budget: $315,200

Base Year Estimate: $440,000

Actual revenue has consistently been higher than budgeted in recent years, with an average variance of 27.7%. To estimate a reasonable base year revenue, the team averaged the actual fine & forfeiture revenue for the past three years, which translates to approximately $440,000. This is somewhat higher than the budgeted figure for FY2026 but was chosen to establish a reasonable basis for future projections, beyond year-over-year volatility.

Potential Revenue Risks and Restrictions

Fines and forfeiture revenue can vary significantly, as illustrated above, because it depends on the frequency with which individuals incur fines and other penalties. The Town does have some ability to influence revenue by adjusting the amount of the fines and by determining the level of enforcement.

Annual Change Assumptions: 0.8%

Revenue in this category is largely influenced by the frequency of fines incurred, which can vary significantly from year to year. It is reasonable, however, to assume that fines incurred will increase over time somewhat proportionally to population. The average population growth over the past two years of available United States Census data (2023 and 2024) was 0.8%, so it is assumed that fine & forfeiture revenue will increase by 0.8% per year.

It is important to reiterate that revenue in this category could be influenced by policy and practice changes, such as new or increased fines or increased enforcement. The model assumes no changes in fines or enforcement levels in the base scenario, but users can project the impact of potential changes moving forward.

Investment Income

The Town also receives income from funds it has invested. Investment income for the General Fund model excludes earnings from the pension trust designated to support the Town's long-term pension liability. Earnings are generated from operating cash accounts as well as pooled cash funds invested in the state Local Agency Investment Fund (LAIF). The interest rate environment has gone through a period of significant change over the past several years, emerging from near 0% rates for cash-related investments to spikes in interest rates to help curb inflation after the pandemic, and most recently steady reductions from the Federal Reserve. The following table illustrates the category's historical revenue, including GAAP-based revenue that includes required mark-to-market non-cash accounting adjustments and interest income without this adjustment as a proxy for cash-based collections.

Table 28: Investment Income Revenue History

Year	Actual Revenue	Annual Percent Change	Actual Revenue (No Mark-to-Market Adjustment)	Annual Percent Change
2019	$1,445,640	N/A	$801,728	N/A
2020	$2,238,102	54.8%	$1,145,537	42.9%
2021	$58,250	-97.4%	$838,649	-26.8%
2022	($1,404,526)	-2511.2%	$610,975	-27.1%
2023	$584,171	-141.6%	$580,975	-4.9%
2024	$2,597,723	344.7%	$885,477	52.4%
2025	$2,935,466	13.0%	$1,733,643	95.8%
2026	N/A	N/A	N/A	N/A
Average		**-389.6%**		**22.0%**

2026 Budget: $1,567,774

Base Year Estimate: $1,567,774

The model maintains a base estimate equal to the 2026 budget. This estimate is consistent with 2025 earnings.

Potential Revenue Risks and Restrictions

The amount of income generated by the Town's investments is dependent on market changes. It can be volatile from year to year, as illustrated above, and in an economic downturn the Town risks a significant reduction in revenue.

Annual Change Assumptions: 2.0% for LAIF and 2.8% remaining cash investments

There are two offsetting factors influencing the projected interest earnings over the next ten years. First, the assumption for interest earned on investment balance is split between a steady LAIF balance of $15m returning 2.0% on average over the forecast period and approximately $45m of investment account balance that is expected to decline over the forecast period as the projected structural deficit will reduce fund balance and cash on hand for the Town. This declining balance, however, is expected to return interest earnings of approximately 2.8% annually. The interest rate assumptions are lower than the most recent rate of return the Town has experienced of 3.4%. This is influenced by recent Federal Reserve actions to reduce rates.

Actual interest earnings collected by the Town declines over the ten-year period from an estimated $1.5m in 2027 to $700,000 in 2036. This is driven by a lower investment balance of $65 million today to approximately $30 million in 2036. This decline assumes the Town will rely more on fund balance to meet balanced budget requirements, decreasing the amount of cash available to invest.

Other Revenue

The final external revenue category in the model encompasses all revenue not falling into another category, such as donations or property sales. The following table illustrates the category's historical revenue, as well as the average annual change.

Table 29: Other Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$6,575,936	N/A
2020	$2,731,171	-58.5%
2021	$3,550,564	30.0%
2022	$2,410,531	-32.1%
2023	$2,755,697	14.3%
2024	$3,156,921	14.6%
2025	$2,517,861	-20.2%
Average		**-8.7%**

2026 Budget: $2,188,465

Base Year Estimate: $2,800,000

The Town's budgeted revenues in this category for FY2026 are lower than FY2025, reflecting the decrease that took place between FY2024 and FY2025. This is appropriate for the FY2026 budget but may be artificially low if used as the basis for future projections. Instead, the project team used the average revenue for the past three years, approximately $2.8 million, as a basis for future projections.

Potential Revenue Risks and Restrictions

There are a variety of revenue sources in this category, many of which vary significantly from year to year. This impacts the Town's ability to reliably predict future revenues.

Annual Change Assumptions: 0.0%

The base year assumption is intended to normalize revenue projections in this category based on past years' average, but volatility in annual revenue makes it difficult to predict future revenues. For the purposes of the model, revenue is assumed to be flat in the base scenario.

Transfers In

Some General Fund revenue is transfers from other Town funds. The following table illustrates the category's historical revenue, as well as the average annual change.

Table 30: Transfers In Revenue History

Year	Actual Revenue	Annual Percent Change
2019	$1,578,911	N/A
2020	$599,669	-62.0%
2021	$652,056	8.7%
2022	$633,352	-2.9%
2023	$538,536	-15.0%
2024	$564,910	4.9%
2025	$812,411	43.8%
Average		**-3.7%**

The two largest sources of transfers are the General Fund Appropriation Reserve (GFAR) Fund 411 and the Gas Tax Fund; all other transfer amounts have historically been $10,000 or less. The GFAR Fund is used to finance capital projects, and the transfers into the General Fund are intended to represent excess unspent funds in a given year. The Gas Tax Fund transfers go towards operating costs that can legally be paid out of Gas Tax revenue, such as the cost of mowing lawns and trimming trees in Town Right-Of-Way. Historically, the Town has transferred a standard amount year for this purpose.

2026 Budget: $562,411

Base Year Estimate: $321,280

The Town has historically transferred a set amount from most funds each year, as shown in the table below, and these amounts are also assumed in the base budget. The exception is the GFAR Fund 411, where amounts have varied. The GFAR Fund is used to finance capital projects, and over the past seven years GFAR transfers into the General Fund have averaged 6.9% of expenditures. We applied this 6.9% to the average annual assumed GFAR capital expenditures over the model period and based on these assumptions an average of approximately $321,280 is expected to be transferred into the General Fund. This is assumed as the base revenue for FY2026.

Table 31: Assumed Transfers In by Fund, FY2026

Fund	FY2026 Transfers In
General Fund Appropriated Reserve Fund 411	$200,970
Gas Tax Fund	$106,000
Traffic Mitigation Fund	$10,000
Kennedy Assessment District Fund	$1,510
Vasona Assessment District Fund	$1,430
Santa Rosa Assessment District Fund	$660
Blackwell Assessment District Fund	$460
Hillbrook Assessment District Fund	$250
Total	**$321,280**

Annual Change Assumptions: 0.0%

The Town has had a historical practice of transferring in set amounts from various other funds, as discussed above, with the transfers generally remaining flat from year to year. The exception is GFAR transfers, but the base year assumption is the normalized annual projected transfer for the entire model period. For this reason, all transfers are assumed to remain flat.

Personnel Expenditures

The following sections detail personnel-related expenditures including salaries and overtime (e.g., wages) and benefits, including healthcare and retirement.

Personnel Costs- Salary

Personnel-related costs are the single largest driver of operating expenses for the Town. Wages, including salaries and overtime account for nearly 40% of total budgeted expenditures in 2026. Wages and benefit costs are nearly 70% of total cost. To determine the underlying assumption for personnel – salaries cost, the project team reviewed actual expenditure history since 2019 alongside the change in authorized staffing levels over that same period. The following table illustrates these trends.

Table 32: Personnel - Salary Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change	Authorized Staffing	Annual Percent Change	Cost per FTE	Annual Percent Change
2019	$17,223,545	N/A	148.99	N/A	$115,602	N/A
2020	$18,175,614	5.5%	149.63	0.4%	$121,470	5.1%
2021	$18,987,346	4.5%	150.00	0.2%	$126,582	4.2%
2022	$18,306,124	-3.6%	150.24	0.2%	$121,846	-3.7%
2023	$20,011,354	9.3%	153.26	2.0%	$130,571	7.2%
2024	$21,186,554	5.9%	152.51	-0.5%	$138,919	6.4%
2025	$21,813,266	3.0%	152.50	0.0%	$143,038	3.0%
Average		**4.1%**		**0.4%**		**3.7%**

Personnel Costs- Vacancy Savings

Budgeting for vacancy savings is a tool to improve realistic forecasting, especially in an environment of financial constraint. The underlying assumption should be rooted in actual experience for the Town and consider, where appropriate, department specific turnover rates that may have an outsized impact on overall savings, such as Police. The challenge is determining a vacancy factor that does not prevent hiring or influence policy/service level decisions. In other words, vacancy savings occur naturally each year based on normal staffing churn (e.g., time to hire, retirements, voluntary resignations etc.). Where the savings are generated can vary from year to year. Therefore, the estimate should rely on Town-wide experience without impacting individual department hiring practices to meet service level expectations.

Raftelis reviewed the recent budget-to-actual variance for personnel cost (excluding OPEB) to get a sense of annual vacancy savings generated compared to the Town's current vacancy savings estimate of $2.2 million, or 4.6%. The following table compares budgeted personnel costs (not including budgeted vacancy savings) to actual costs in order to understand the variance from year to year.

Table 33: Budgeted vs. Actual Personnel Costs, FY2019-2025[21]

Year	Budgeted Personnel Costs[22]	Actual Personnel Costs	Variance ($)	Variance (%)
2019	$27,182,218	$26,791,635	$390,583	1.4%
2020	$30,910,360	$28,563,165	$2,347,195	7.6%
2021	$31,578,999	$29,954,224	$1,624,775	5.1%
2022	$32,269,661	$29,651,637	$2,618,024	8.1%
2023	$35,472,824	$32,306,067	$3,166,757	8.9%
2024	$36,166,293	$34,234,940	$1,931,353	5.3%
2025	$38,518,446	$36,315,240	$2,203,206	5.7%
Average			**$2,040,270**	**6.0%**

The vacancy savings percentage estimate falls below historical experience; however, the amount is close to the historical average. The Town should exercise caution with this budgetary estimate going forward. Attrition data needs to be evaluated annually to see if staffing trends have changed and if so, adjust this estimate to remain conservative instead of in-line with actual experience. Reductions to the vacancy savings will *increase* the annual budget gap. In addition, part of the historical experience considers overtime and pension costs. While these costs are certainly related to personnel, they are not always linear in terms of impact. Overtime may spike due to service response needs and pension cost also factors in amortization of long-term liability based on market performance in addition to covered payroll.

Bargaining Units

Town staff fall within five different labor groups, with three groups governed by collective bargaining agreements or memorandums of understanding (MOUs). The MOUs indicate contractual salary increases over a set period of time. For purposes of the baseline forecast, Raftelis considered each of these labor groups individually and the associated historical trend for personnel costs. The current MOUs expire at the end of FY 2027. Details regarding salary assumptions for each of these labor groups are provided below.

2026 Personnel – Salary Budget without Vacancy Savings: $25,381,471
2026 Personnel – Salary Budget with Vacancy Savings: $23,182,932
Base Year Estimate: $22,794,863

For the long-term forecast, Raftelis chose to rely on historical trend and not include a vacancy savings factor. The base estimate for 2026 considers the most recent actual personnel cost of $21.8 million and assumed base increase of 4.5%.

[21] Includes salary, overtime, other benefits, and CalPERs pension.

[22] Does not include budgeted vacancy savings

Annual Change Assumptions: 3.9%, weighted average

The model assumes that the number of positions remains unchanged over the course of the model period.[23] Costs are projected forward based on the average annual salary increase by bargaining unit[24], the total number of positions per bargaining unit, and the average annual salary per position. All data was provided by Town staff. Based on these assumptions, salary costs are assumed to increase by an average of 3.9% per year.

The following table summarizes data used to create these assumptions.

Table 34: Salary Assumptions by Bargaining Group

Group	Average Salary Range Increase, Most Recent Three Years of Data	Total Authorized Positions, FY2026	Average Hourly Salary, FY2026
American Federation of State, County and Municipal Employees (AFSCME)	4.0%	14	$47.93
Los Gatos Police Officers' Association	5.2%	39	$81.72
Los Gatos Town Employees' Association	3.0%	56	$58.40
Confidential	3.7%	13	$57.25
Management	3.7%	32	$96.56

Personnel Costs- Overtime

As mentioned previously, overtime costs can vary and are typically tied to overall trends in staffing. Often, overtime costs run higher when staffing levels are lower (higher vacancy rates). The Town's budget for overtime has consistently lagged actual expenditures as illustrated in the following table.

Table 35: Overtime Budgeted and Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change	Adopted Budget
2019	$707,046	N/A	$387,204
2020	$708,955	0.3%	$477,890
2021	$882,421	24.5%	$424,560
2022	$1,134,177	28.5%	$472,270
2023	$1,373,672	21.1%	$604,678
2024	$1,342,518	-2.3%	$578,856
2025	$1,333,709	-0.7%	$599,171
Average		**11.9%**	

[23] The Excel model does include mechanisms to allow the user to project the cost of additional positions.

[24] Actual increases are used where negotiated agreements are available.

2026 Budget: $657,310

Base Year Estimate: $1,371,566

Overtime costs grew significantly between 2021 and 2023. This is likely correlated with lower staffing levels after the pandemic. As staffing levels have stabilized, overtime costs have also remained more consistent at approximately $1.3 million annually. Maintaining a historical trend-based methodology, the 2026 estimate for the General Fund forecast assumes an amount in line with recent experience.

Annual Change Assumptions: 1.0%

The project team analyzed trends in average overtime per authorized position in recent years to project future costs. Overtime per position has varied significantly over time, as illustrated below, but has decreased in recent years. The baseline model assumes no new positions are added; therefore, future overtime costs will be a factor of vacancy rates, changes in service level expectations (without corresponding funding), and the underlying base wage for overtime eligible positions. Because overall salary growth is projected to increase, a corresponding increase is expected for overtime. The projected growth is smaller than anticipated salary growth, assuming staffing levels remain consistent with recent experience and the actual amount of overtime hours incurred (overtime per person) continues to decline slightly.

Table 36: Historical Overtime Costs by Authorized Position

Year	Total Positions	Overtime Per Position	Annual Change
2019	148.99	$4,746	N/A
2020	149.64	$4,738	0%
2021	150.81	$5,851	24%
2022	150.24	$7,549	29%
2023	153.25	$8,964	19%
2024	152.50	$8,803	-2%
2025	152.50	$8,746	-1%
Average			**11.4%**

Personnel Costs- CalPERS

Current and former Town employees participate in the state's public pension fund – CalPERS Plan participation varies depending on when employees entered the system and the nature of their employment (general or public safety). The Town relies on actuarial consultants to provide estimates for annual contributions. These estimates include multiple factors such as current Town payroll for covered employees (those eligible to participate), accrued pension liability resulting from pension assets underperforming relative to plan assumptions, and the expected benefit payment for each vested employee based on demographics and plan features.

Similar to other personnel cost drivers, the project team first assessed actual pension cost paid annually to understand underlying growth trends. This data along with actuarial estimates provided by Foster and Foster® informed assumptions for expected future pension costs. The following table illustrates actual CalPERS costs, as well as the average annual change.

Table 37: CalPERS Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change
2019	$5,282,681	N/A
2020	$6,059,646	14.7%
2021	$6,374,119	5.2%
2022	$6,531,958	2.5%
2023	$7,091,215	8.6%
2024	$7,431,198	4.8%
2025	$8,220,124	10.6%
Average		**7.7%**

2026 Budget: $9,907,119

Base Year Estimate: $9,114,430

The table below details how the 2026 base amount was determined relying on the actuarial estimates from the March 2025 Foster and Foster Report. Included in that report were estimates for covered payroll that support the model's 2026 base estimate for contributions.

Table 38: CalPERS Covered Payroll and Contribution by Group

Employee Group[25]	Employee Count	2025/26 Payroll	2025/26 Contribution[26]	FY2026 Base Estimate
Miscellaneous	114	$15,215,000	30.0%	$4,564,500
Safety	36	$6,842,000	66.5%	$4,549,930
Total	**150**	**$22,057,000**	**N/A**	**$9,114,430**

Annual Change Assumptions: 4.9% on average (varies by year)

The model projects annual covered payroll for Safety and miscellaneous employees based on the assumptions detailed in the salary section above. The Foster and Foster report projects the percentage of payroll contributions needed for both safety and miscellaneous employees over the next 10 years to cover normal cost and the unfunded accrued liability (UAL) payment. This percentage (50th percentile) is used to determine pension cost for the Town over the next ten years.

[25] Includes proportionate share of classic members utilizing final average contribution (FAC) of one year or three years as well as members who joined after the 2013 Public Employees' Retirement Reform Act (PEPRA).

[26] Includes normal cost and unfunded accrued liability (UAL) payment

It is important to note the baseline model does not consider changes to underlying pension assumptions, such as the discount rate used for market rate of return on assets. This type of change would be modeled as a scenario and may have a significant impact on the required contribution from the Town each year. To hedge against growing unfunded liability the Town has also established a pension trust, for which annual contributions are factored into the baseline model projection for the General Fund. Additional details can be found in that expenditure category section.

Figure 8: Foster and Foster Miscellaneous Employer Pension Contributions FY2026-2036

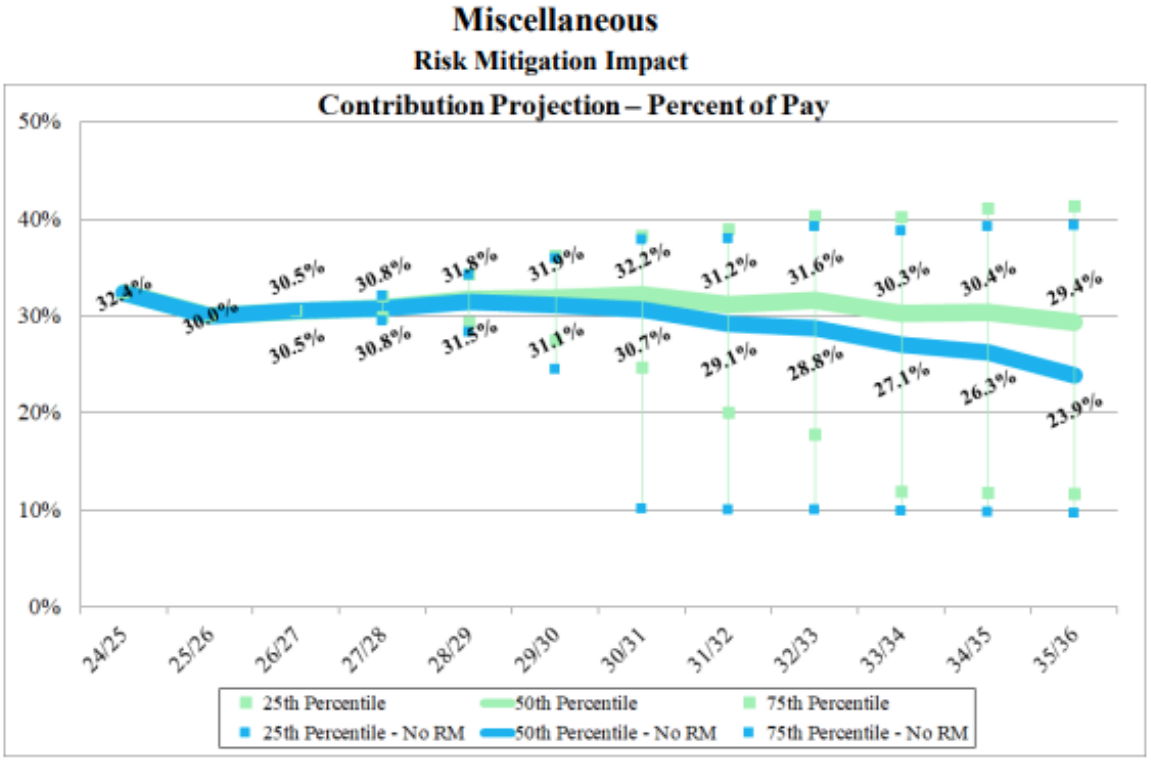
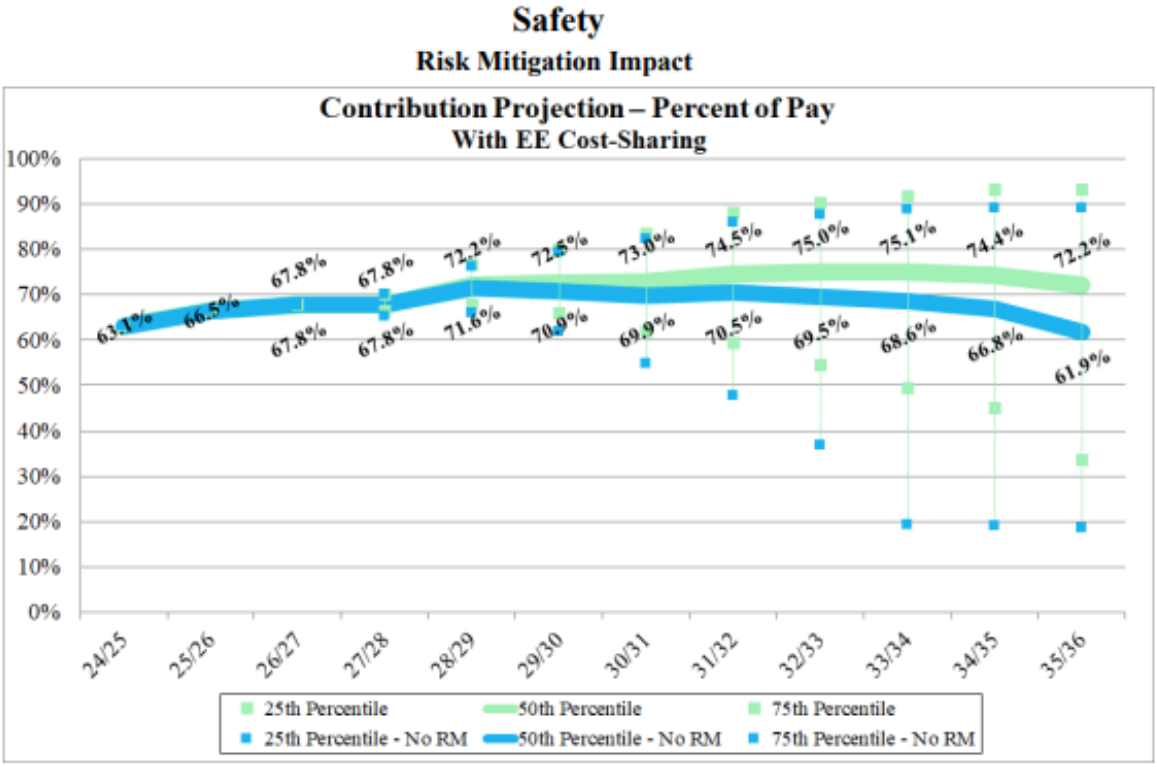


Figure 9: Foster and Foster Safety Employer Pension Contributions FY2026-2036



Personnel Costs- Other Benefits

The other benefits category encompasses costs primarily related to health insurance (including dental and vision) as well as other benefits such as disability and group life insurance. The Town is fully insured, paying a fixed premium to an insurance carrier to provide medical coverage for employees. The following table illustrates the category's historical actual costs, as well as the average annual change.

Table 39: Other Benefits Budgeted and Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change
2019	$3,578,363	N/A
2020	$3,618,950	1.1%
2021	$3,710,338	2.5%
2022	$3,679,378	-0.8%
2023	$3,829,826	4.1%
2024	$4,274,670	11.6%
2025	$4,948,141	15.8%
Average		**5.7%**

2026 Budget: $6,265,770

Base Year Estimate: $5,548,868

Benefit costs were dormant through the pandemic years and then rebounded to above average increases, particularly within the past two years. The lower actual costs experienced in 2020 – 2022 are not anticipated in future years. Rather, it is expected that healthcare costs will settle into historic growth patterns of 6-8% employer cost increases annually. For this reason, the 2026 base estimate in the forecast is $5.5 million, reflecting approximately a 12% increase from the 2025. This is base assumes a "catch up" from the deflated costs experienced previously and is below the Town's 2026 budget. The growth in costs from this base estimate are not expected to increase as much as explained below.

Annual Change Assumptions: 6.6%

The project team looked at trends in healthcare costs from two industry experts, PricewaterhouseCoopers (PwC) and the National Association of Insurance Commissioners (NAIC), as well as the Town's own experience with costs the past several years to develop the annual benefit cost projection of a 6.6% annual increase.

Table 40: Industry Healthcare Cost Trends

Year	PwC Annual Change in Group Plan Healthcare Costs	NAIC Annual Change in Insurance Premiums
2021	7.0%	Not available
2022	5.5%	5.5%
2023	8.0%	5.2%
2024	8.5%	4.9%
2025	8.5%	7.1%
Average	**7.5%**	**5.7%**

Personnel Costs- Other Post-Employment Benefits (OPEB)

The Town's share of retiree medical expenses is categorized as OPEB. The Town is required to provide medical insurance for retirees who are not yet Medicare eligible. The underlying cost for this benefit is related to assumptions for healthcare cost increases (e.g., Other Benefits); however, the demographic composition is a higher age group that typically utilize medical benefits at a higher rate than the overall employee population. The historical trend data supports this, with Town-wide benefit costs growing at 5.7% on average the past seven years, while retiree's share of healthcare costs grew at 8.2%. The following table illustrates the category's historical actual costs, as well as the average annual change.

Table 41: OPEB Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change
2019	$1,181,579	N/A
2020	$1,203,101	1.8%
2021	$1,286,285	6.9%
2022	$1,391,296	8.2%
2023	$1,527,074	9.8%
2024	$1,631,602	6.8%
2025	$1,883,528	15.4%
Average		**8.2%**

2026 Budget: $2,125,000

Base Year Estimate: $2,125,000

The Town's 2026 budget aligns with growth in actual costs of approximately 8% from the most recent fiscal year.

Annual Change Assumptions: 7.7%

Similar to the underlying industry data support total benefit costs for the Town, the anticipated growth for this expenditure category uses a higher overall percentage to mirror the differences in demographics and the higher end of anticipated national healthcare cost increases anticipated by industry experts.

Non-Personnel Expenditures

The Town has multiple ongoing operating expenditures required to support service delivery that do not involve personnel. Actual expenditure trend history and underlying cost assumptions for the General Fund baseline model are detailed by category below. Unless otherwise noted, historical averages shown by department or a more granular expense type reflect the seven-year average consistent with the historical trend data provided.

Grants and Awards

The Town has historically set aside funds for grant and awards programs in the community. The amount has varied depending on the Town's financial position and community/economic factors. For example, grants increased significantly after pandemic, likely related to one-time funding from state and federal sources to support various community programs. The amount of grants awarded is an annual discretionary policy decision. As such, for the baseline forecast model, we relied on Town staff guidance of $155,000 as the ongoing base amount of grants awarded annually with no anticipated increases over the ten year period.

Materials and Supplies

Police, Parks and Public Works, and Library comprise 88% of total materials and supplies expenditures for the Town. The following table illustrates the category's historical cost, as well as the average annual change. Amount have been adjusted to remove one-time anomalies.

Table 42: Materials and Supplies Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change
2019	$506,425	N/A
2020	$954,191	88.4%
2021	$986,060	3.3%
2022	$976,524	-1.0%
2023	$1,004,047	2.8%
2024	$1,336,078	33.1%
2025	$1,205,674	-9.8%
Average		**19.5%**

2026 Budget: $1,341,030

Base Year Estimate: $1,101,676

In FY2024 the Town increased the base budget to $1.3 million, which is slightly higher than recent trends for the past three years. The model assumes an initial base estimate of $1.1 million, which is the five-year historical expenditure average since 2021.

Annual Change Assumptions: 7.4% (weighted average)

The types of materials and supplies purchased vary from department to department, so the project team used expenditure history by department to estimate future trends. As stated previously, three departments drive the majority of underlying cost for this category. The remaining departments make up a smaller share of costs with actual expenses varying from year to year. For those departments, expenditures are assumed to remain flat throughout the model period (e.g., existing allocation of base budget is sufficient to cover these departments collectively).

The following table illustrates historical and assumed annual expenditure change by department. A three-year (post pandemic) average growth rate was used to inform the future costs.

Table 43: Materials and Supplies Expenditure Assumptions by Department

Department	Average Portion of Expenditures	Three Year Average Annual Change	Assumed Annual Change
Police	41.9%	12.8%	10.0%
Parks and Public Works	29.2%	10.1%	7.0%
Library	16.9%	3.0%	2.0%
All Other	12.0%	-15.4%	0.0%

Utilities

The Town pays a variety of utilities including water, electricity, and telecommunications. The following table illustrates actual utilities costs, as well as the average annual change.

Table 44: Utilities Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change
2019	$451,146	N/A
2020	$540,966	19.9%
2021	$572,195	5.8%
2022	$560,096	-2.1%
2023	$636,764	13.7%
2024	$723,753	13.7%
2025	$829,296	14.6%
Average		**10.9%**

2026 Budget: $721,546

Base Year Estimate: $900,000

Actual utilities costs since the pandemic have increased by 14%, exceeding budget estimates in FY2023-25. For the model, an initial 2026 base estimate of $900,000 is used. This is based on the recent three year growth trajectory.

Annual Change Assumptions: 10.6% (weighted average)

Costs were estimated by utility type, based on past history. Utilities with a minimal impact on overall cost and volatile changes year-over-year are assumed to be flat. The following table illustrates assumed annual expenditure change by utility.

Table 45: Utility Expenditure Assumptions by Type

Utility	Average Portion of Expenditures	Average Annual Change	Assumed Percent of Cost[27]	Assumed Annual Change
Electric	6.4%	11.4%	7.0%	12.0%
Water	50.6%	11.9%	51.6%	12.0%
St Lite / Signals Energy	31.1%	9.4%	30.9%	9.0%
911 Communications Line	5.2%	14.8%	5.3%	10.0%
Telephone	3.3%	11.7%	3.3%	8.0%
Mobile/Cell Phones	2.2%	3.2%	1.0%	1.0%
Communications Data Lines	0.3%	-39.2%	0.2%	0.0%
Cable	0.8%	2.9%	0.7%	0.0%

Purchased Services

Purchased services include contracts and third-party technical/advisory support services for the Town. Amounts can vary significantly by department, however, Police, Parks and Public Works, and Community Development account for almost two-thirds of costs, with the remaining share coming from administrative functions (including non-departmental). The table below provides historical expenditure trends.

Table 46: Purchased Services Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change
2019	$3,518,231	N/A
2020	$3,408,461	-3.1%
2021	$2,899,476	-14.9%
2022	$3,308,630	14.1%
2023	$2,795,440	-15.5%
2024	$3,453,697	23.5%
2025	$3,063,557	-11.3%
Average		**-1.2%**

2026 Budget: $3,752,045

Base Year Estimate: $3,206,785

Actual purchased services costs have generally come in lower than budget. The model assumes a 2026 base estimate of $3.2 million, which is consistent with the historical average for expenditures over the past seven years.

[27] Based on most recent 2025 portion of actual cost.

Annual Change Assumptions: 4.6% (weighted average)

Costs were estimated by department, based on past history. Departments with volatile past change that are relatively small relative to total cost incurred are assumed to be flat. The following table illustrates assumed annual expenditure change by Department.

Table 47: Purchased Services Expenditure Assumptions by Department

Department	Average Portion of Expenditures	Average Annual Change	Assumed Percent of Cost[28]	Assumed Annual Change
Council	0.1%	55.1%	0.2%	0.0%
Attorney	5.1%	152.5%	16.2%	10.0%
Administrative Services	8.0%	14.8%	8.1%	5.0%
Community Development	17.1%	1.6%	17.0%	2.0%
Police	20.5%	18.8%	17.5%	10.0%
Parks and Public Works	19.7%	3.3%	19.4%	2.0%
Library	2.9%	7.8%	4.2%	2.0%
Non-Departmental	26.7%	-12.5%	17.5%	0.0%

Other Operating Expenditures

The final non-personnel operating expenditure category includes all operating expenditures that do not fall into another category. Examples include plan check fees, traffic signalization costs, and tax administration fees. The following table illustrates actual costs, as well as the average annual change.

Table 48: Other Operating Costs Budgeted and Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change
2019	$2,732,835	N/A
2020	$2,363,715	-13.5%
2021	$2,656,065	12.4%
2022	$2,826,600	6.4%
2023	$2,898,164	2.5%
2024	$3,177,868	9.7%
2025	$3,907,189	23.0%
Average		**6.7%**

[28] Based on most recent 2025 portion of actual cost.

2026 Budget: $3,367,687

Base Year Estimate: $4,170,370

Actual expenditures increased significantly in 2024 and 2025. The base year estimate assumes this pattern continues with a 6.7% increase from 2025 actual.

Annual Change Assumptions: 6.7%

Based on the average annual change.

Internal Services Charges

The Town relies on internal service funds (ISF) for Town-wide insurance including general liability and workers compensation, as well as facility, Fleet/equipment replacement, and IT services. Each of these funds incur operating costs, including ongoing maintenance, repair, and small capital asset replacement. In some cases, they may also receive external revenue sources that support operating costs. The baseline model first calculates estimated operating costs including ongoing maintenance, repair, and replacement for each ISF, then applies any outside revenue sources, before determining the net "charge" required to be allocated to departments to fully recover operational cost. As a result, the General Fund model internal service charge category reflects this aggregate net "charge" to all General Fund departments. The following sections detail assumptions for each internal service fund.

Liability Self-Insurance Fund

The underlying cost of this fund reflects general liability insurance premiums, which are influenced by the Town's claims experience and insurance industry cost trends. The following table illustrates historical operating expenditures for the fund, as well as the average annual change. The fund does not consistently receive external revenue to support operating costs.

Table 49: Liability Self-Insurance Fund Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change
2019	$338,617	N/A
2020	$400,823	18.4%
2021	$646,495	61.3%
2022	$583,924	-9.7%
2023	$988,486	69.3%
2024	$1,131,184	14.4%
2025	$1,320,458	16.7%
Average		**28.4%**

2026 Charges for Service Budget: $1,825,348

Base Year Estimate: $1,622,241

Actual costs spiked beginning in 2023 through 2025. The Town recently moved to a new JPA that is expected to yield some cost savings in future years. The 2026 base estimate reflects historical cost with anticipated growth of 22% from 2025 actual.

Annual Change Assumptions: 7.0%, on average

With the recent shift to a new JPA, the annual growth in insurance costs are expected to slow from recent historical averages. Costs are still projected to increase each year at a rate greater than inflation given insurance industry trends. This assumption will need to be closely monitored as the Town receives future premium and claims data under the new JPA.

Workers' Compensation Self-Insurance Fund

The underlying cost of this fund reflects workers compensation claims activity. The following table illustrates historical operating expenditures for the fund, as well as the average annual change.

Table 50: Workers' Compensation Self-Insurance Fund Actual Revenue and Expenditure History

Year	Actual Operating Expenditures	Annual Percent Change	Actual External Revenues	Annual Percent Change
2019	$1,270,628	N/A	412,720	N/A
2020	$1,525,589	20.1%	526,552	27.6%
2021	$1,381,049	-9.5%	327,768	-37.8%
2022	$1,533,045	11.0%	258,474	-21.1%
2023	$1,913,144	24.8%	163,755	-36.6%
2024	$1,332,697	-30.3%	392,310	139.6%
2025	$1,131,566	-15.1%	330,788	-15.7%
Average		**0.2%**		**9.3%**

2026 Charges for Service Budget: $1,901,696

Base Year Estimate: $1,650,000

Recently, workers compensation costs have declined from the 2023 peak of $1.9 million. With the difficulty predicting claims activity, some contingency or fund balance within the ISF is desired as a way to smooth incremental cost increases over time. The 2026 base estimate includes the historical average cost of $1.4 million with a $250,000 contingency.

Annual Change Assumptions: 2.3%, on average

The model projects Workers' Compensation Self-Insurance Fund costs using a general inflationary factor of 2%. Year-to-year costs have varied significantly. With some contingency built into the base estimate, ongoing growth assumptions are smoothed to consider inflation given the average historical experience has been relatively flat.

Facilities Maintenance Internal Service Fund

The facilities maintenance funds provides funding for the upkeep and maintenance of Town facilities. The following table illustrates actual operating expenditures, as well as the average annual change and external revenue sources (outside of charges to General Fund departments) that support facilities maintenance operating needs.

Table 51: Facilities Maintenance Fund Budgeted and Actual Contribution History

Year	Actual Operating Expenditures	Annual Percent Change	Actual External Revenues	Annual Percent Change
2019	$968,550	N/A	$904,548	N/A
2020	$1,002,775	3.5%	$233,302	-74.2%
2021	$1,063,763	6.1%	$333,649	43.0%
2022	$1,217,971	14.5%	$1,115,005	234.2%
2023	$1,298,219	6.6%	$394,952	-64.6%
2024	$1,330,691	2.5%	$490,512	24.2%
2025	$1,418,481	6.6%	$245,818	-49.9%
Average		**6.6%**		**18.8%**

2026 Charges for Service Budget: $1,175,983 (net of external revenue)

Base Year Estimate: $1,175,983

The Town has consistently charged the General Fund departments 100% of underlying operating expenditures. The 2026 base maintains the original adopted budget of $1.2 million, which is reflective of actual operating expenditures less external revenue sources.

Annual Change Assumptions: 7.2%, on average

The model projects Facilities Maintenance Fund costs by category, based on past history and consistent with underlying assumptions for General Fund costs for the same non-personnel expenditure categories. The expected charge is offset by approximately $340,000 in revenue, which does not include a growth factor over the ten years. The following table summarizes expenditure assumptions by category.

Table 52: Facilities Maintenance Fund Model Assumptions

Expenditure Category	FY2025 Actual Expenditures	Annual Change Assumed for Model
Materials and Supplies	$404,096	3.5%
Utilities	$817,793	8.0%
Purchased Services	$158,481	2.0%
Other Operating Expenditures	$58,836	6.1%

Information Technology (IT) Internal Service Fund

The IT ISF supports Town-wide application support and maintenance contracts, along with equipment (hardware) replacement cycles. The following table illustrates actual operating expenditures, as well as the average annual change.

Table 53: IT Internal Service Fund Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change
2019	$566,952	N/A
2020	$796,071	40.4%
2021	$668,473	-16.0%
2022	$877,789	31.3%
2023	$538,282	-38.7%
2024	$731,789	35.9%
2025	$887,063	21.2%
Average		**12.4%**

2026 Charges for Service Budget: $954,554

Base Year Estimate: $1,067,101

Base year estimates for the IT ISF charges for services do not include any assumption for external revenue sources. In addition, the 2026 base estimate is reflective of the anticipated maintenance and replacement schedule provided by Town staff, not historical spending. This schedule reflects the true cost to maintain the IT infrastructure the Town has in place to support current service levels.

Annual Change Assumptions: 3.0%, on average

The Town provided an inventory of existing technology assets and planned replacement schedules, and the project team used this data to project annual technology replacement needs over the 10-year model period. The model projects that actual technology costs will be between approximately $1.1 and $1.5 million per year over the next 10 years. These figures are smoothed out over the model period to allow for a more predictable annual contribution. Contribution amounts are assumed to increase by 3% each year based on inflation and higher replacement costs over time.

The following table illustrates estimated actual technology needs by year. It is based on existing technology and does not assume any expansion of technology use.

Table 54: Estimated Technology Replacement Needs per Year, FY2026-2036

Year	Town Estimate of Maintenance and Replacement Needs	Smoothed Estimate for Forecast[29]
2026	$1,251,845	$1,042,067
2027	$1,420,894	$1,101,297
2028	$1,105,082	$1,134,336
2029	$1,157,701	$1,168,366
2030	$1,206,837	$1,203,417
2031	$1,138,311	$1,239,520
2032	$1,508,759	$1,276,705
2033	$1,214,200	$1,315,007
2034	$1,190,731	$1,354,457
2035	$1,196,769	$1,395,091
2036	$1,276,077	$1,436,943
Average	**$1,242,473**	**N/A**

Equipment Replacement Internal Service Fund

The Equipment Replacement ISF supports maintenance and replacement of vehicles and other large equipment used by various Town departments. The following table illustrates historical operating expenditures, as well as the average annual change. Since the fund supports vehicle and equipment replacement (capital costs), there is greater variation in funds expended annually. This may be due to market conditions delaying the purchasing and receipt of new vehicles, which was common immediately after the pandemic. The fund also relies more heavily on fund balance to support catch-up or timing of replacement.

[29] Includes 3% annual inflationary increase

Table 55: Equipment Replacement Fund Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change	Actual Revenues	Annual Percent Change
2019	$601,961	N/A	$22,492	N/A
2020	$540,036	-10.3%	$36,987	64.4%
2021	$248,302	-54.0%	$59,852	61.8%
2022	$157,761	-36.5%	$48,484	-19.0%
2023	$526,960	234.0%	$78,916	62.8%
2024	$187,323	-64.5%	$33,418	-57.7%
2025	$563,192	200.7%	$43,409	29.9%
Average		**44.9%**		**23.7%**

2026 Charges for Service Budget: $1,167,544

Base Year Estimate: $1,026,554

Base year estimates for the Equipment Replacement ISF charges for services includes a small assumption of $40,000 in external revenue to offset General Fund charges for services. This external revenue is typically generated by sale proceeds from auction on obsolete vehicles that have exceeded their useful life. In addition, the 2026 base estimate is reflective of the anticipated maintenance and replacement schedule provided by Town staff, not historical spending. This schedule reflects the ongoing cost required to replace the Town's current vehicle and equipment asset inventory.

Annual Change Assumptions: 3.0%, on average

The Town provided an inventory of equipment and planned replacement schedules, and the project team used this to project annual vehicle and equipment replacement needs over the 10-year model period. The Town replacement schedule projects that actual equipment costs will be between approximately $215,000 and $2.4 million per year over the next 10 years. These figures are smoothed out over the model period to allow for a more predictable annual contribution. Contribution amounts are assumed to increase by 3% each year.

The following table illustrates estimated actual equipment needs by year. It is based on existing equipment and does not assume any expansion for increased service levels.

Table 56: Estimated Equipment Replacement Needs per Year, FY2026-2036

Year	Town Estimate of Maintenance and Replacement Needs	Smoothed Estimate for Forecast[30]
2026	$584,890	$1,000,000
2027	$2,387,730	$1,089,741
2028	$2,014,115	$1,122,433
2029	$214,275	$1,156,106
2030	$1,029,654	$1,190,789
2031	$837,932	$1,226,513
2032	$532,015	$1,263,308
2033	$1,079,139	$1,301,207
2034	$1,414,414	$1,340,244
2035	$2,162,045	$1,380,451
2036	$1,403,991	$1,421,864
Average	**$1,241,836**	**N/A**

Debt Service

The following table illustrates historical debt service, as well as the average annual change and the average annual variance between budgeted and actual.

Table 57: Debt Service Budgeted and Actual Expenditure History

Year	Actual Expenditures	Annual Percent Change
2019	$1,909,073	N/A
2020	$1,905,024	-0.2%
2021	$1,960,505	2.9%
2022	$2,055,884	4.9%
2023	$2,049,747	-0.3%
2024	$2,119,919	3.4%
2025	$2,108,681	-0.5%
Average		**1.7%**

[30] Includes 3% annual inflationary increase

2026 Budget: $2,057,884

Base Year Estimate: $2,057,884

It is assumed that actual debt service expenditures will match the Town's adopted debt service schedule, as provided by Town staff.

Annual Change Assumptions: Varies

Debt service payments are based on debt service schedules provided by the Town. No additional debt is assumed during the model period.

Transfers Out

Pension Trust Transfers

The Town transfers General Fund balance to a pension trust each year as a policy directive to accumulate reserves and investment earnings that can be used to offset the anticipated growth in unfunded pension liability over time. Similar to Town grants, the amount funded to the Pension Trust is an annual discretionary policy decision. For the baseline forecast, the model assumes $390,000 is transferred annually from the General Fund.

Capital Transfers Out

For purposes of a baseline model forecast, transfers from the General Fund to support capital investment should only consider tier one funding, which is the required maintenance, repair, and replacement cost for existing assets used to provide services. If the Town has historically underfunded asset maintenance needs, this would not be reflected in the underlying baseline assumption. Rather, a scenario-based analysis could be used that incorporates higher funding levels to address deferred maintenance needs in a way that positions the Town to achieve desired replacement cycles for future years. The same scenario-based assumption is true for new capital projects tied to potential development or projects desired by Town Council.

The table below shows the history of capital expenditure, non-transfer revenue, and General Fund revenue (transfers in).

Table 58: Capital Improvement Projects Sources and Uses History

Year	Actual Capital Expenditures	Non-Transfer Revenue Sources	General Fund Transfer
2019	$9,521,126	$6,162,615	$2,335,220
2020	$8,477,293	$13,382,084	$6,982,591
2021	$6,398,953	$5,622,634	$3,401,479
2022	$18,257,900	$18,196,039	$1,750,001
2023	$10,617,693	$18,098,143	$3,006,978
2024	$13,375,941	$11,406,579	$1,615,000
2025	$16,525,663	$14,029,724	$1,110,000
Average	**$11,882,081**	**$12,413,974**	**$2,885,896**

The General Fund baseline model only considers pay-go cash sourced from the General Fund operating budget needed to support tier one capital needs after considering any external sources of designated revenue used for capital purposes. The model does not assume any new debt is issued to support ongoing tier one capital needs.

Base Year Estimate: $1,000,000

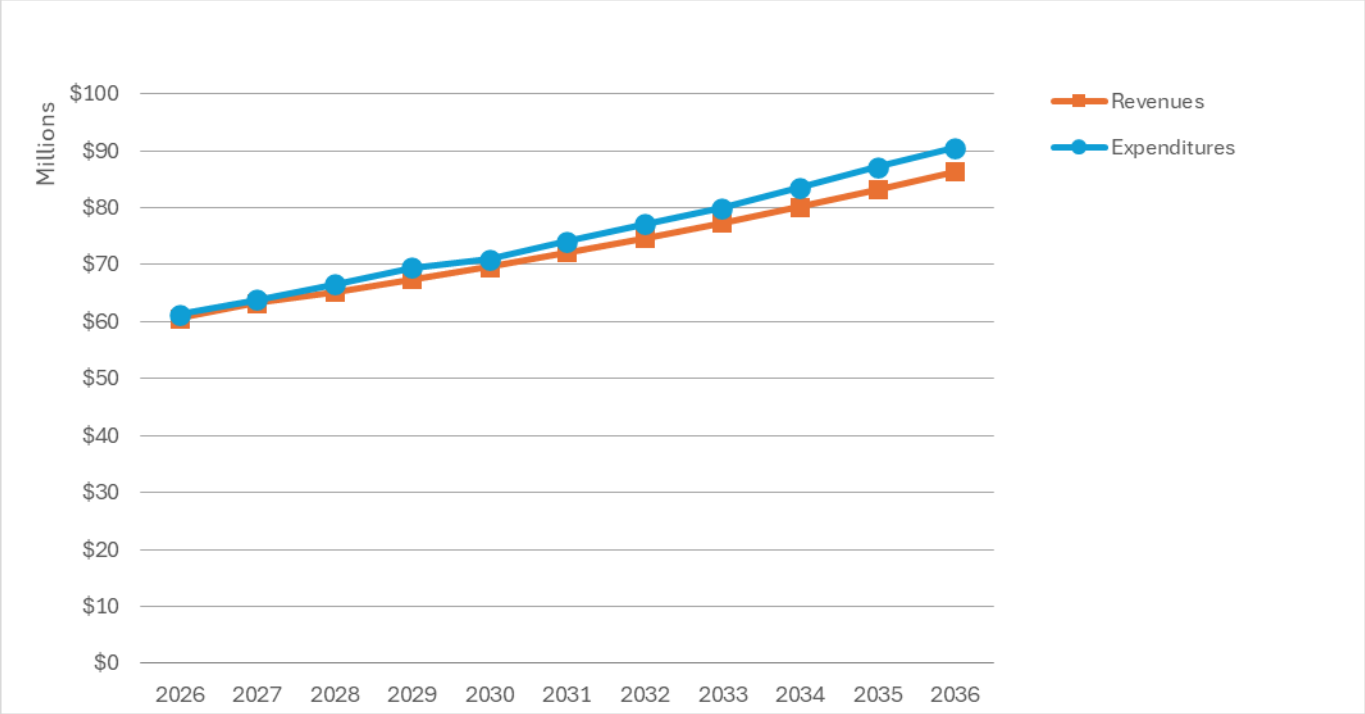
Ultimately, General Fund cash to support capital investment is a policy decision. Given the history of total capital expenditures and other capital revenue sources, the model assumes a conservative $1 million is transferred annually only to support tier one project needs. Additional capital investment is required but will be modeled as scenarios within the ALM study components of the project.

There are potential options to mitigate the impact of these capital needs on the General Fund. The Town's capital funds have an estimated FY2026 beginning fund balance of $17.3 million, per the Town's FY2026 budget book, and the strategic use of fund balance could minimize the need for General Fund transfers. The Town also has the option of incurring additional debt to finance capital project. No new debt is assumed in projections, but the Excel model allows users to project the impact of additional bond financing.

Financial Outlook

The following figure summarizes the projected revenues and expenditures under the baseline scenario.[31]

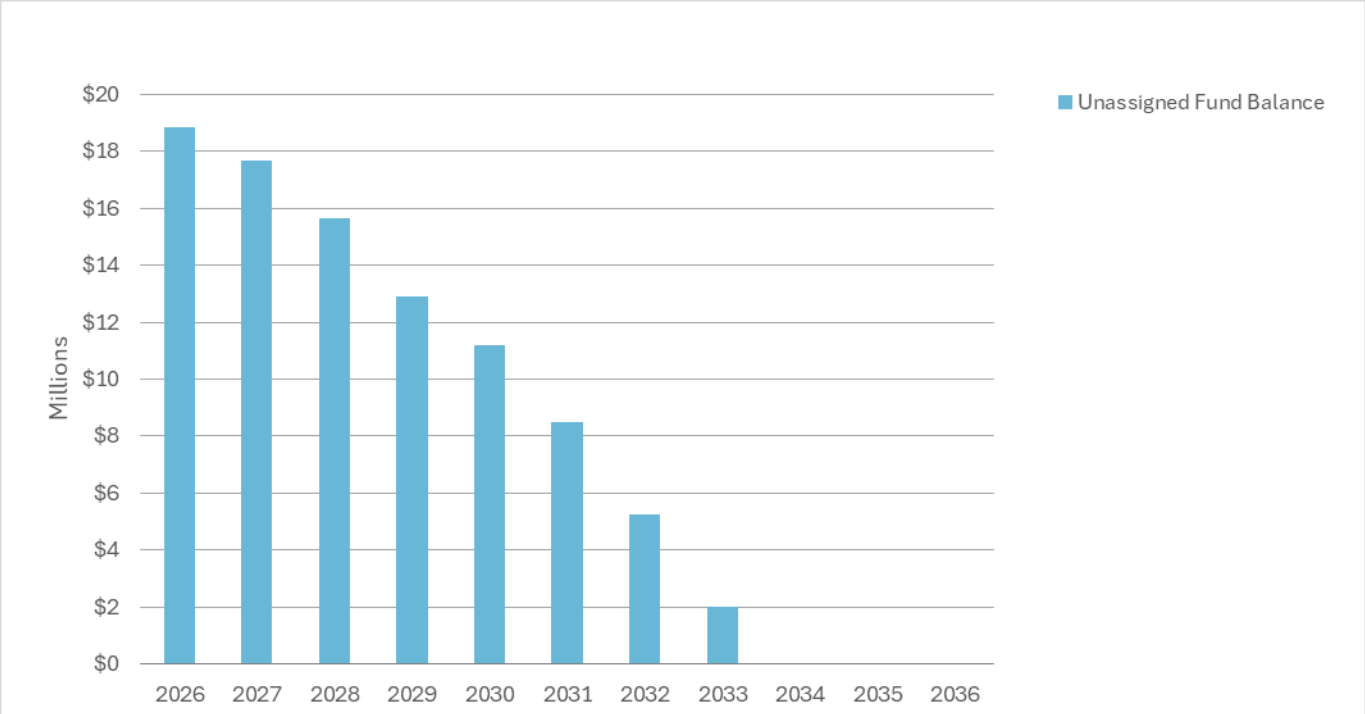
Figure 10: Los Gatos Base Scenario General Fund Revenue and Expenditure Projections



The model shows a gap between estimated revenues and expenditures that is projected to increase over time based on underlying assumptions for each of the model forecast categories detailed in this memo. Under these forecast assumptions the Town would deplete its unassigned General Fund balance by approximately 2034, as illustrated in the following figure.

[31] Any fund balance remaining beyond the minimum fund balance established by Town policy- the policy requires a minimum General Fund balance of 25% of annual expenditures

Figure 11: Los Gatos Base Scenario General Fund Unassigned Fund Balance Projections



It is again important to reiterate that these projections are based on a number of assumptions, and actual costs will vary significantly based on policy and operational decisions as well as external factors like the economy. The Excel model provided to staff as part of this project allows users to evaluate the potential impact of different scenarios.

The tables below show the estimated revenues, expenditures, and impact on fund balance in greater detail.

Table 59: Detailed General Fund Revenue Projections, FY2026-2036, in Millions

Category	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Property Tax	$21.5	$23.1	$24.4	$25.7	$27.2	$28.7	$30.4	$32.1	$33.9	$35.8	$37.8
VLF Backfill	$5.6	$5.9	$6.2	$6.5	$6.9	$7.2	$7.6	$8.0	$8.5	$8.9	$9.4
Sales and Use Tax (non-Measure G)	$7.8	$7.9	$8.1	$8.3	$8.4	$8.6	$8.8	$9.0	$9.1	$9.3	$9.5
Sales and Use Tax (Measure G)	$1.3	$1.4	$1.4	$1.4	$1.4	$1.5	$1.5	$1.5	$1.6	$1.6	$1.6
Licenses & Permits	$6.3	$6.3	$6.4	$6.4	$6.4	$6.5	$6.5	$6.5	$6.5	$6.6	$6.6
Town Services	$5.7	$5.9	$6.1	$6.3	$6.5	$6.7	$6.9	$7.1	$7.3	$7.5	$7.7
Business License Tax	$2.5	$2.5	$2.5	$2.6	$2.6	$2.7	$2.7	$2.7	$2.8	$2.8	$2.9
Transient Occupancy Tax	$2.4	$2.5	$2.6	$2.6	$2.7	$2.8	$2.9	$3.0	$3.1	$3.2	$3.3
Intergovernmental	$1.3	$1.3	$1.3	$1.3	$1.3	$1.3	$1.3	$1.3	$1.3	$1.3	$1.3
Franchise Fees	$1.0	$1.1	$1.1	$1.1	$1.1	$1.1	$1.2	$1.2	$1.2	$1.2	$1.2
Fines & Forfeitures	$0.4	$0.4	$0.4	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5
Transfers In	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3
Interest	$1.6	$1.6	$1.2	$1.2	$1.0	$1.0	$0.8	$0.8	$0.7	$0.7	$0.7
Other Sources	$2.8	$2.8	$2.8	$2.8	$2.8	$2.8	$2.8	$2.8	$2.8	$2.8	$2.8
Total Revenues	**$60.5**	**$63.0**	**$64.8**	**$67.0**	**$69.2**	**$71.6**	**$74.1**	**$76.8**	**$79.5**	**$82.5**	**$85.7**
Percent Change	**N/A**	**4.0%**	**2.9%**	**3.5%**	**3.2%**	**3.6%**	**3.4%**	**3.7%**	**3.6%**	**3.8%**	**3.8%**

Table 60: Detailed General Fund Expenditure Projections, FY2026-2036, in Millions

Category	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Operating Expenditures											
Salary	$22.8	$23.6	$24.5	$25.5	$26.5	$27.6	$28.6	$29.8	$31.0	$32.2	$33.5
Overtime	$1.4	$1.4	$1.4	$1.4	$1.4	$1.4	$1.5	$1.5	$1.5	$1.5	$1.5
CalPERS	$9.1	$9.7	$10.1	$11.1	$11.7	$12.3	$12.8	$13.5	$13.9	$14.5	$14.7
OPEB	$2.1	$2.3	$2.5	$2.7	$2.9	$3.1	$3.3	$3.6	$3.9	$4.2	$4.5
Other Benefits	$5.5	$5.9	$6.3	$6.7	$7.2	$7.6	$8.1	$8.7	$9.2	$9.9	$10.5
Materials and Supplies	$1.1	$1.2	$1.3	$1.4	$1.5	$1.6	$1.7	$1.8	$1.9	$2.1	$2.2
Internal Service Charges	$6.5	$7.0	$7.2	$7.5	$7.7	$7.9	$8.2	$8.4	$8.7	$8.9	$9.2
Grants and Awards	$0.2	$0.2	$0.2	$0.2	$0.2	$0.2	$0.2	$0.2	$0.2	$0.2	$0.2
Utilities	$0.9	$1.0	$1.1	$1.2	$1.3	$1.5	$1.6	$1.8	$2.0	$2.2	$2.5
Debt Service	$2.1	$2.1	$2.1	$2.1	$0.8	$0.8	$0.7	$0.0	$0.0	$0.0	$0.0
Purchased Services	$3.2	$3.4	$3.5	$3.7	$3.8	$4.0	$4.2	$4.4	$4.6	$4.8	$5.0
Other Operating Expenditures	$4.2	$4.5	$4.8	$5.1	$5.4	$5.8	$6.2	$6.6	$7.0	$7.5	$8.0
Total Operating Expenditures	**$59.1**	**$62.0**	**$64.9**	**$68.4**	**$70.3**	**$73.8**	**$77.1**	**$80.3**	**$83.9**	**$87.9**	**$91.8**
Transfers Out											
New Capital	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0
Other	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4
Total Transfers Out	**$1.4**	**$1.4**	**$1.4**	**$1.4**	**$1.4**	**$1.4**	**$1.4**	**$1.4**	**$1.4**	**$1.4**	**$1.4**
Total Expenditures	**$60.5**	**$63.4**	**$66.3**	**$69.8**	**$71.7**	**$75.2**	**$78.5**	**$81.7**	**$85.3**	**$89.3**	**$93.1**
Percent Change	**N/A**	**4.9%**	**4.5%**	**5.3%**	**2.7%**	**4.8%**	**4.4%**	**4.0%**	**4.4%**	**4.7%**	**4.3%**

Table 61: Total General Fund Balance Projections, FY2026-2036, in Millions

Category	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Total Revenues	$60.5	$63.0	$64.8	$67.0	$69.2	$71.6	$74.1	$76.8	$79.5	$82.5	$85.7
Total Expenditures	$60.5	$63.4	$66.3	$69.8	$71.7	$75.2	$78.5	$81.7	$85.3	$89.3	$93.1
Net Fund Balance Change	**$0.1**	**($0.5)**	**($1.5)**	**($2.8)**	**($2.6)**	**($3.5)**	**($4.4)**	**($4.9)**	**($5.8)**	**($6.8)**	**($7.5)**
Total Fund Balance	$34.9	$34.4	$32.9	$30.1	$27.6	$24.0	$19.6	$14.8	$9.0	$2.2	($5.2)
Total Unassigned Fund Balance	**$18.9**	**$17.7**	**$15.7**	**$12.9**	**$11.2**	**$8.5**	**$5.2**	**$2.0**	**$0.0**	**$0.0**	**$0.0**

Sensitivity Analysis

The baseline financial forecast relies on a number of assumptions, as detailed in the previous sections. Actual revenues and expenditures in future years will vary based on policy decisions made by the Town Council and external trends like the strength of the economy and the pace of growth and development,

The model provided to the Town allows users to project the impact of potential internal and external changes on the Town's estimated fund balance. These projections can be compared against the base scenario to understand the possible impact of these changes. The Town can use these comparisons to evaluate the potential impact of policy decisions as well as to better understand the potential risks and opportunities created by changing population levels and economic conditions.

The following sections briefly compare the base scenario to potential alternative scenarios to illustrate how different assumptions can impact model forecasts.

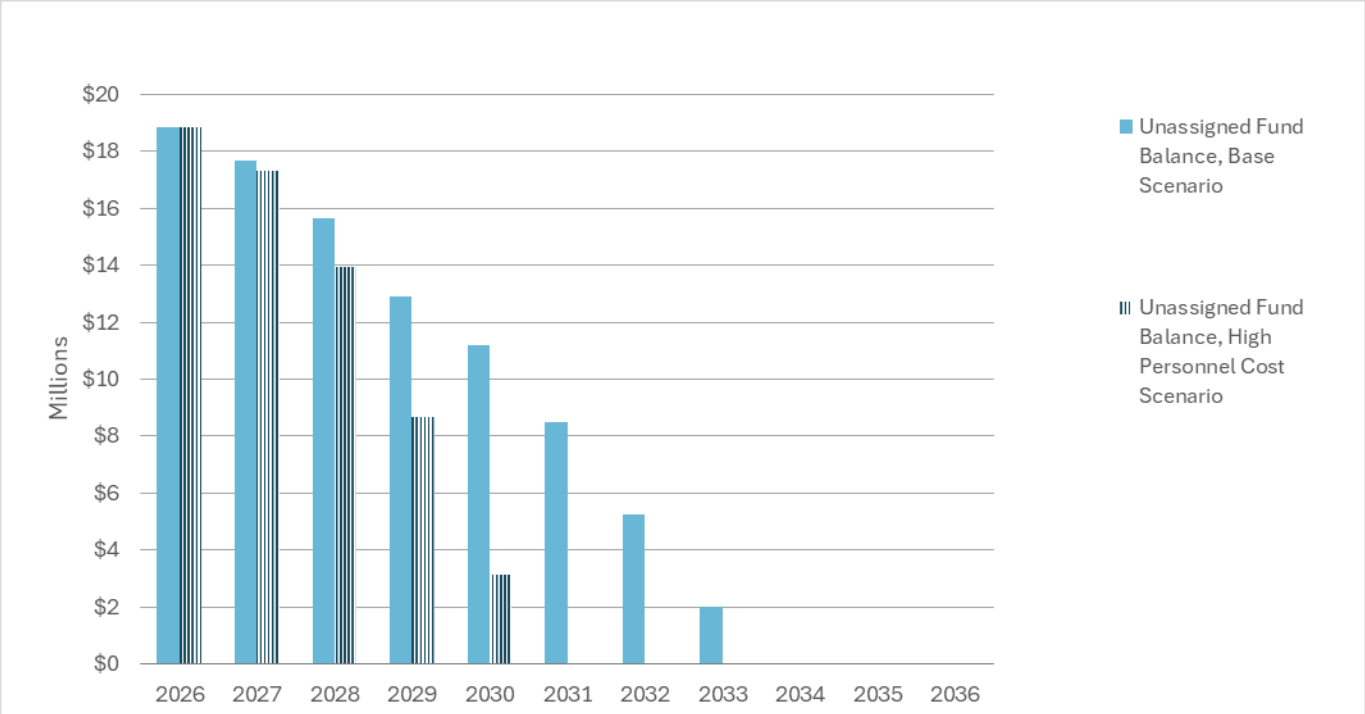
Potential Scenario: Staffing Costs Increase More Rapidly

Staffing costs accounted for approximately 63% of General Fund operating costs between FY2019 and FY2025. Personnel are the largest operating cost driver, so salary and benefits trends will have a significant impact on the Town's future financial condition. To understand the potential risk created by higher staffing costs, the team projected a high staffing cost scenario with the following assumptions:

- A 6% annual increase in salary costs, compared to approximately 4% in the base scenario
- A 5% annual increase in overtime costs, compared to approximately 1% in the base scenario
- An 8% annual increase in OPEB costs, compared to approximately 5% in the base scenario
- A 10% increase in healthcare costs, compared to approximately 7% in the base scenario

Based on these assumptions, with higher staffing costs the Town would deplete its unassigned General Fund balance by 2031, three years earlier than the base scenario. The forecasted impact of these higher costs is illustrated in the figure below.

Figure 12: Los Gatos Base Scenario General Fund Higher Salary Cost Sensitivity Analysis



Potential Scenario: The Town Develops More Rapidly

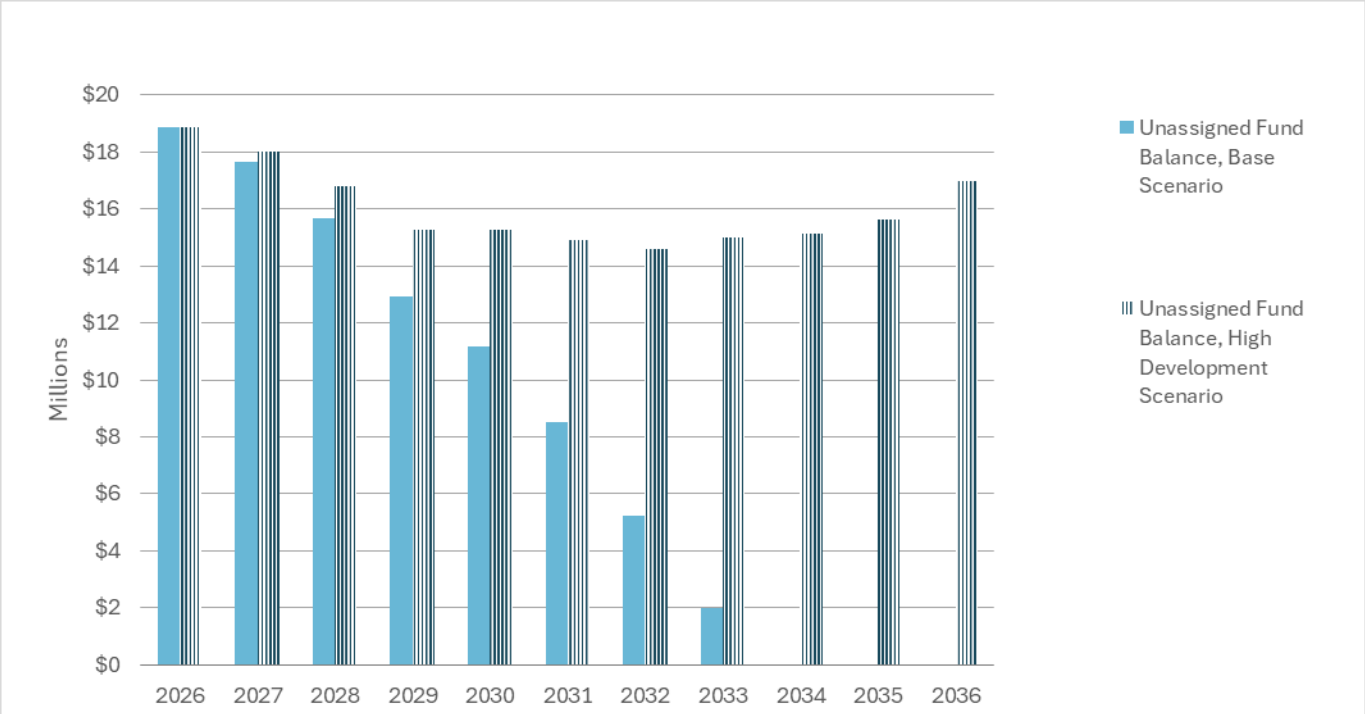
The base scenario is relatively conservative in its projections of the Town's future development, as discussed in previous sections. However, the Town could develop more rapidly than the baseline model projects, which would have a significant impact on the Town's revenue.

To understand the potential for increased revenue generation with more development, the team projected a scenario with the following assumptions:

- A 10% annual increase in new construction valuation, compared to keeping growth flat in the base scenario
- A 15% annual increase in change of ownership valuation, compared to approximately 4% in the base scenario
- A 6% annual increase in other valuation, compared to approximately 5% in the base scenario
- A 5% increase in Town development fee revenue, compared to approximately 2% in the base scenario
- A proportionate increase in annual VLF revenue

Based on these assumptions, with more property tax and VLF revenue the Town would be able to maintain a significant unassigned fund balance over the course of the model period. The forecasted impact of this increased revenue is illustrated in the figure below.

Figure 13: Los Gatos Base Scenario General Fund High Development Sensitivity Analysis



These variations illustrate the impact of both external trends and internal decision making on the Town's financial outlook. Although favorable economic trends have the potentially to significantly improve the Town's outlook, it is still important for the Town to proactively prepare for the risk of financial downturn and of increased operating costs.

Conclusion

The Town of Los Gatos is to be commended for its commitment to long-term thinking and proactive planning for its financial future. The forecasts detailed in this report are the result of extensive analysis using the best available data in order to develop the most reasonable and defensible projections for the Town's financial forecast under current conditions. However, as the Sensitivity Analysis section of this report illustrates, the Town's policy decisions and external trends can have a significant impact on the Town's financial future.

The model provided to the Town as part of this project is a tool that allows users to project the Town's finances under a variety of circumstances. The next step for the Town should be to continue to compare the base scenario projection to various additional scenarios to gain more insight into risk areas as well as opportunities to increase revenue or operate more efficiently. The model is also designed to be updated annually as new financial information becomes available, allowing it to be used in future years.

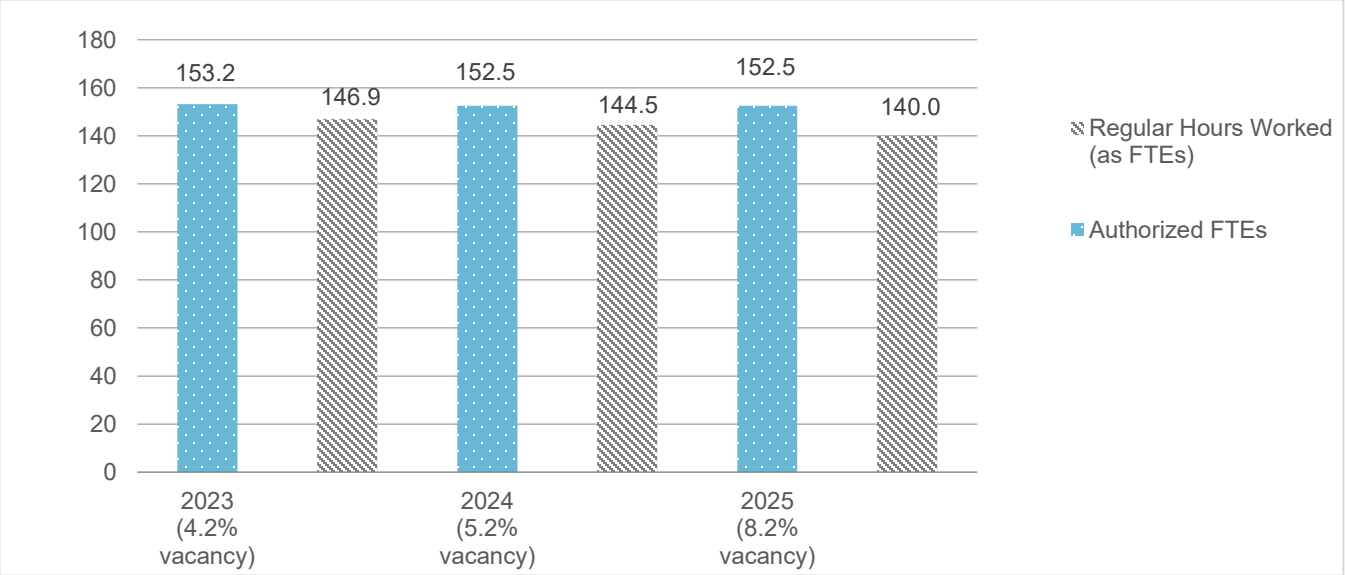
APPENDIX A:
Staff Hours Analysis

Staff Hours Analysis by Employee Type and Department

Full-Time Benefitted Employees

In 2025, Los Gatos full-time benefitted staff[32] worked a total of 291,178 regular hours[33], the equivalent of approximately 140.0 FTEs. In comparison, the Town had 152.5 full-time benefitted authorized FTEs in 2025, which means the Town's full-time benefitted vacancy rate in 2026 was approximately 12.5 FTEs, or 8.2% of authorized positions. The following figure compares authorized full-time benefitted positions for 2023 through 2025.

Figure 14: Authorized Full-Time Equivalent Staffing versus Regular Hours Worked (Full-Time Benefitted Staff)

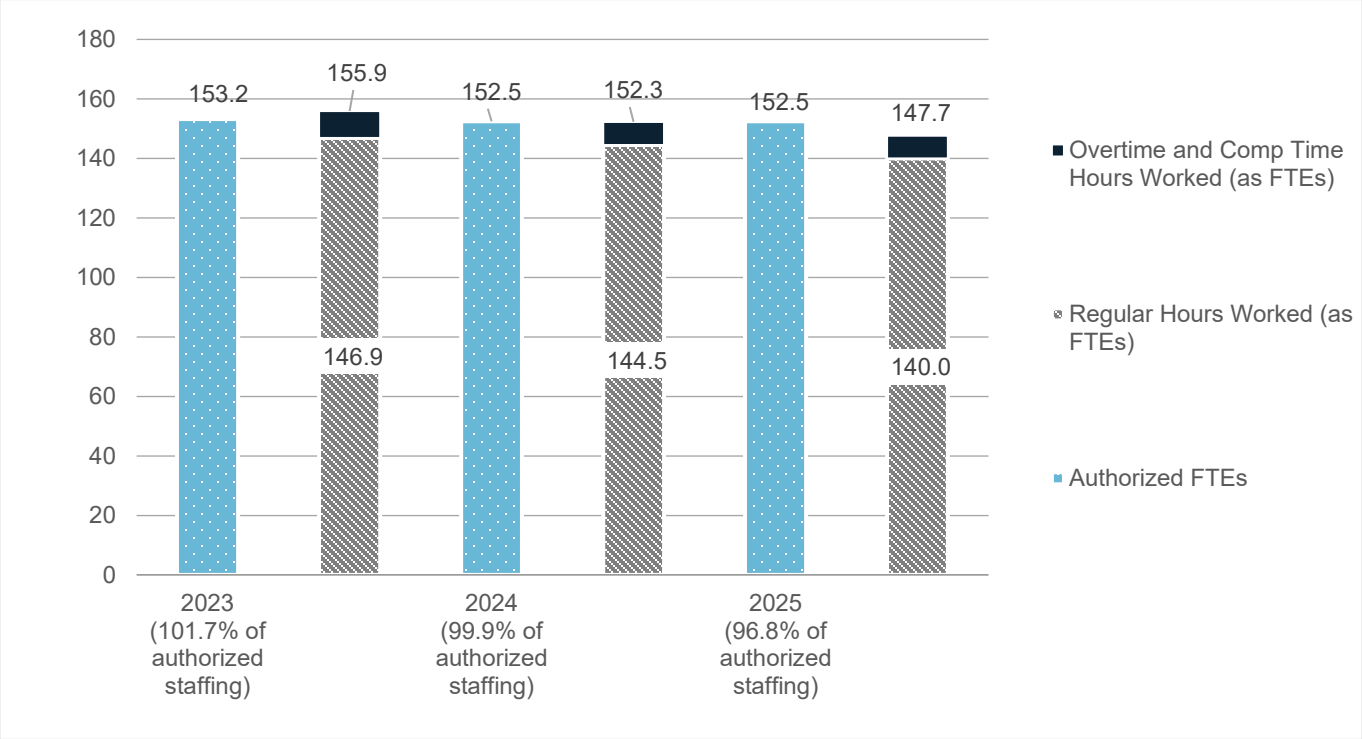


The Town averaged 9.0 vacant full-time benefitted FTEs per year between 2023 and 2025. However, much of that staff capacity gap was mitigated by staff working overtime or earning comp time. In 2025, full-time benefitted staff worked a total of 14,008 hours of additional time above the standard 2,080 hours, the equivalent of approximately 7.7 FTEs. This means that the effective vacancy rate, when additional work hours are included, was 3.2%. The figure below compares authorized full-time benefitted staffing to total hours worked (expressed as FTEs).

[32] Employees who are eligible for Town benefits.

[33] Includes hours worked and leave, except for overtime and compensatory time earned.

Figure 15: Authorized Full-Time Equivalent Staffing versus Total Hours Worked (Full-Time Benefitted Staff)



Staffing Levels by Department

The following table compares the average authorized and actual staffing levels by department for 2023 through 2025. It includes both full-time benefitted and hourly staff. The departments with the highest vacancy rates are Town Offices, which have an average vacancy rate of 21.5%, and Community Development, which has an average vacancy rate of 9.4%. The only department with staffing hours above authorized staffing was Police, as they rely heavily on overtime and comp time hours.

Table 62: Average Authorized and Actual Staffing by Department, 2023-2025

Department	Authorized Staffing	Total Regular Hours Worked (as FTEs)	Total OT and Comp Hours Worked (as FTEs)	Total Hours Worked (as FTEs)	Vacancy Rate (Regular Hours)	Vacancy Rate (When OT and Comp Hours Considered)
Administrative Services	21.8	21.3	0.2	21.5	2.6%	1.5%
Community Development	21.1	19.0	0.1	19.1	9.7%	9.4%
Library	16.0	15.2	0.2	15.3	5.4%	4.4%
Parks and Public Works	39.7	35.7	0.7	36.4	10.0%	8.2%
Police	63.2	62.1	7.0	69.1	1.6%	-9.5%
Town Offices	2.5	1.9	0.0	1.9	21.5%	21.5%

Town of Los Gatos

Future Growth and Sustainability Study

Fiscal Impact Analysis

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EXHIBIT A – Fiscal Impact Model

Executive Summary

The Town of Los Gatos (the "Town") is undertaking an integrated fiscal sustainability and growth impact analysis to evaluate the Town's outlook for fiscal sustainability. Included in that effort is a fiscal impact study to evaluate the fiscal implications of planned and potential development through 2040 on the Town's General Fund.

The development scenario analyzed in this report is projected to have a positive recurring impact on the Town's General Fund. At buildout, the model estimates that new residential development would generate approximately $10.8 million in annual General Fund revenues and approximately $9.0 million in annual General Fund expenditures, resulting in a positive annual net fiscal impact of approximately $1.8 million in 2026 dollars.

While this finding is important for long-term fiscal sustainability, the Town's need to increase its infrastructure investments in the short term, and that new infrastructure will bring additional operations, maintenance and servicing costs that have not been evaluated as part of this engagement. Major capital facilities, stormwater improvements, roadway capacity projects, or regional transportation improvements are not yet fully funded.

When reviewing these results, the Town should consider the annual expenditures calculated in this report to be an underestimate. In preparation for the few thousand units that may be constructed through 2040, the Town should consider implementing the following programs:

- A development impact fee program to ensure that new development is paying for its fair share allocation of new infrastructure.
- An annual transfer of new general tax revenues from new development should be set aside to help the Town build major capital facilities, public safety facilities, stormwater improvements, roadway capacity projects, and/or regional transportation improvements.
- A Community Facilities District special tax for services to ensure that new residential development is contributing to the service burden it creates on the Town's General Fund after accounting for the Town's general revenue needs.

The practical conclusion is that new development is not projected to create an annual operating deficit for the Town. However, the Town should still ensure that growth pays its fair share of the infrastructure, facilities, maintenance, and service obligations it creates. All available new development funding tools should be evaluated before unrestricted General Fund revenues are committed to growth-related service costs.

The unrestricted revenues generated by new development should be a part of the Town's broader fiscal strategy. They may be needed to support existing infrastructure, deferred capital needs, reserves, pension and OPEB obligations, and other Townwide priorities.

I. Introduction

The Town of Los Gatos (the "Town") is undertaking an integrated fiscal sustainability and growth impact analysis to evaluate the Town's outlook for fiscal sustainability. Included in that effort is a fiscal impact study to evaluate the fiscal implications of planned and potential development through 2040 on the Town's General Fund. The analysis began with the Town's General Fund forecast and the growth assumptions in the General Plan and Housing Element. It was then refined with input from the Finance Department, Community Development Department, Finance Commission, and Town Council to reflect the development scenario the Town believes is most useful for long-term fiscal planning.

The scenario analyzed in this report assumes 3,263 new housing units by 2040, including 400 ADUs, with development occurring evenly over the forecast period. It also assumes that 15 percent of new units will be affordable and that the remaining units will be market rate. The model estimates the new revenues, service costs, and net fiscal impact that this growth would have on the General Fund.

This study should be evaluated alongside the Fiscal Condition Analysis/Five-Year Forecast and the Asset Liability Management Study. Taken together, the three studies give the Town a fuller picture of its operating outlook, growth impacts, infrastructure needs, reserves, and long-term liabilities. That broader view is necessary for developing a fiscal strategy that is realistic, defensible, and actionable.

Key Findings

The 2040 development scenario is projected to generate more recurring General Fund revenues than recurring General Fund expenditures. On an annual operating basis, the assumed growth is fiscally positive.

However, that positive operating result does not resolve the Town's capital and infrastructure questions. An infrastructure deficit affects new residents as well as existing residents. Qualitatively, it can be assumed that the actual expenditure needs of new development are greater than the per-capita assumption presented in this analysis. A storm drain failure, roadway chokepoint, interchange project, or major facility deficiency cannot be estimated reliably by applying a simple per-capita multiplier.

Third, the Town should treat infrastructure funding as a separate but related policy question. New development should pay the portion of infrastructure and service costs that it requires to achieve a full level of service. Existing development should pay for existing deficiencies and Townwide improvements that are not attributable to new growth. Regional facilities should be funded with regional, state, federal, and grant sources wherever possible. However, it is likely that the Town will be required to contribute to those larger-scale infrastructure projects with unrestricted general revenues.

II. Development Assumptions

Number and Type of Residential Units

The scenario evaluated in this fiscal impact analysis assumes 3,263 new housing units by 2040. This number was selected as a median case, since it splits the difference between the 2,787 projected in the Housing Element and SB 330 project sites and the 3,738 projected in the Town's General Plan. This approach gives the Town a conservative but supportable 2040 planning scenario.

Of the 3,263 units, 2,863 are assumed to be planned residential units and 400 are assumed to be Accessory Dwelling Units (ADUs). Furthermore, fifteen percent (15%) of the planned residential units are assumed to be affordable. In determining the income levels of each affordable unit, the ratios in the Town's Housing Element were preserved.

A summary of the projected residential development by unit type is shown in Table 1 below.

Table 1
Residential Development Scenario by Unit Type

Category	No. Units	Share of Planned Residential Units
Very Low Income Planned Units	193	6.7%
Low Income Planned Units	112	3.9%
Moderate Income Planned Units	115	4.0%
Market-Rate Planned Units	2,443	85.3%
Subtotal: Planned Residential Units	**2,863**	**100.0%**
ADUs	400	NA
Total New Housing Units	**3,263**	**NA**

The model separates planned residential units from ADUs because they do not have the same fiscal profile. Planned residential units are modeled as multifamily units and carry the primary assessed value, population, and service-cost impacts. ADUs are modeled separately because they are expected to have lower assessed values and slightly lower household sizes.

For valuation purposes, the model assumes that roughly 15 percent of planned residential units will be affordable. To arrive at the specific affordable classifications, the allocations in the Housing Element were reduced by 75%, which places the percentage of affordable units at approximately 15% rather than 60%, preserving the relative proportions among very low-, low-, and moderate-income units. The remaining planned units are treated as above-moderate or market-rate units.

Construction and Absorption Assumptions

The model uses straight-line absorption to account for the fact that many of the planned units are already in the development pipeline, and demand for housing in Los Gatos is relatively high. Units will be added to the housing stock evenly over the forecast period rather than front-loaded in the early years. Please note that this is a modeling assumption rather than a forecast. Furthermore, due to the nature of this fiscal impact analysis, which assumes that revenues and expenditures accrue with new residential construction, the net fiscal impact per unit should remain relatively constant, regardless of when the residential units are constructed.

Planned residential units are phased in over 15 years, beginning in Fiscal Year 2026-27. ADUs are added at 25 per year, reaching 400 units by the end of the forecast period. Under this approach, the model reaches the full buildout of 3,263 units by Fiscal Year 2040-41.

Table 2
Construction and Absorption Assumptions

Development Component	Total Units	First Fiscal Year	Buildout Year
Planned Residential Units	2,863	2026-27	2040-41
ADUs	400	2025-26	2040-41
Total	**3,263**		

Value and Demographic Assumptions

Valuation is central to the fiscal impact analysis, because several revenue components accrue to the residential development based on market value and assessed value:

- Property taxes are based on assessed value, as determined by the County Assessor, in compliance with Proposition 13.
- Property tax in-lieu of vehicle license fees was created through a swap between the State and California cities, resulting in an ongoing general fund contribution that grows at the same rate as property taxes.
- Sales tax estimates are based on the estimated household income of the families that purchase the homes, which in turn is based on the estimated sales price value.

The model starts with the estimated Los Gatos single-family home value of approximately $2.45 million. It then applies a typical multi-family adjustment factor for multi-family homes at the moderate income level and uses income category adjustments for the affordable units to estimate the value of all planned residential units. ADUs are assigned a separate value of $350,000, based on the California ADU Handbook, which estimates the typical construction cost of ADUs in the Bay Area.

The resulting weighted average home value is approximately $2.33 million per planned residential unit and $350,000 per ADU.

Likewise, demographics are a core component of the analysis. Many expenditures and revenues accrue to each unit based on the number of people living in the household, such as license and permit revenues, police expenditures, parks and public works expenditures, and community development expenditures. Los Gatos averages 2.4 persons per household, and industry best practices generally assume that multi-family units have 90% as many people living in them as single family units. Accessory dwelling units are assumed to have 2.0 persons per household, in accordance with industry standards.

Assumptions regarding residential values and demographics are shown in Table 3 below.

Table 3
Value and Demographic Assumptions

Category	Total Units	Value per Unit	Persons per Household
Very Low Income Residential Units	193	$427,984	2.16
Low Income Residential Units	112	$1,112,758	2.16
Moderate Income Residential Units	115	$1,711,935	2.16
Market Rate Residential Units	2,443	$2,567,903	2.16
ADUs	400	$350,000	2.00
Total / Weighted Average	**3,263**	**$2,089,332**	2.14

III. Methodology

The Fiscal Year 2025-26 Proposed General Fund budget for the Town was reviewed to determine which revenues and expenditures would reasonably be affected by new residential development. The aim of this study is meant to complement the results of the Fiscal Conditions Analysis/Five-Year Forecast and Asset Liability Management Study. It answers a relatively narrow question: if the projected residential development occurs as planned, then what will the positive and negative impacts be to the Town's General Fund?

The analysis is presented in constant 2026 dollars. The purpose of this choice is threefold:

- The cumulative, annual and per-unit results are easy to understand in the context of current fiscal conditions.
- Revenues and expenditures tend to grow at similar rates.
- Adjusting different inflation factors (sometimes called "inflation hacking") to artificially inflate or deflate the results is not a possibility.

The revenues and expenditures reviewed in the model were classified as excluded, overhead, case study, or multiplier items. A summary of the methodology is outlined below:

- Excluded items are revenues or expenditures that do not have a clear relationship to new residential growth, are one-time in nature, are restricted for a specific purpose, or are principally borne by another agency or fund. These items are not used to estimate the recurring fiscal impacts from new development.
- Overhead items were identified separately from direct costs. The model calculates the relationship between overhead and eligible direct General Fund expenditures and calculate an overhead factor. That factor is then applied to the direct impacts to incorporate the administrative burden into the full cost estimate.
- Case study items were modeled individually in situations where an alternative methodology would produce a stronger model than the simpler multiplier approach. For this study, these items include property tax, property tax in-lieu of vehicle license fees, and sales and use tax. These revenues accrue to other measurable bases rather than to the number of people and/or employees being added to the service population.
- Multiplier-based items associated with the three population bases were summed up and divided by the Town's population basis to generate an appropriate multiplier. Then each multiplier was applied to the estimated future growth of that population base to estimate future impacts associated with those items, using the appropriate basis.

Property Tax Revenues

Property tax revenues from new development were estimated using a case study methodology. The model assigns assessed value to the planned residential units and ADUs included in the 2040 development scenario. Planned residential units are valued using a weighted average assessed value that reflects the assumed affordable and market-rate mix. ADUs are valued separately because they have a different fiscal profile.

At buildout, the model estimates approximately $6.819 billion in new secured residential assessed value from the development scenario. The model also includes unsecured assessed value equal to one percent of secured assessed value, or approximately $68.2 million. Total taxable assessed value used for the property tax calculation is therefore approximately $6.887 billion in FY 2025-26 dollars.

The Town's property tax revenue is calculated by applying the Town's estimated using the Town's Fiscal Year 2025-26 Adopted Budget to estimate the two principal revenue components associated with new property values.

The first is the general secured property tax revenues that are based on the Town's AB 8 apportionment factor multiplied by the general one percent (1%) property tax revenues collected by the County. Using the Fiscal Year 2025-26 secured property tax revenues of $18,615,157 and the FY 2025-26 local secured assessed value of $19,584,340,863, we determined that the Town receives approximately 9.51% of the 1% general property tax revenues.

The second component is Vehicle License Fee (VLF) backfill. This revenue source resulted from the State of California's 2004 VLF-property tax swap, under which cities and counties began receiving additional property tax revenue in lieu of the portion of VLF revenues that they previously received. Since the VLF backfill allocation changes in proportion with the growth or decline in local assessed valuation, it can be modeled in the same way general property tax revenues are. Dividing the Town's Fiscal Year 2025-26 VLF backfill revenue of $5,377,328 by the local secured assessed value results in an equivalent factor of 2.75% of the 1% general property tax revenue that can be added to the secured property tax allocation.

Where new residential development occurs on sites with existing commercial uses, the model accounts for the existing commercial base before estimating the net effect of redevelopment. That treatment is important. The fiscal impact should measure the change created by new growth, not simply the gross value of new housing.

Sales and Use Tax Revenues

Because the development scenario is primarily residential and does not assume a new retail center or defined new taxable commercial project, sales and use tax revenues were estimated indirectly. The model does not assume that all household spending by new residents will occur in Los Gatos. It estimates the portion of taxable sales likely to be captured by the Town.

The model evaluates taxable sales using resident spending patterns and local taxable sales relationships. The final model applies an estimated taxable sales factor of approximately $14,475 per new resident. The Town's local sales tax share is then applied to the estimated taxable sales generated by the new resident population.

This approach is more appropriate for Los Gatos than assigning sales tax on a per-household basis alone. Los Gatos has a substantial existing retail and restaurant base, but it also sits within a larger regional economy. New residents will spend some taxable dollars in Town and some elsewhere. The model therefore estimates local capture rather than total household spending.

Multiplier Revenues

The remaining eligible General Fund revenues were analyzed using a multiplier method. For each revenue source, the budgeted amount was divided by the appropriate demand basis: residents, employees, or persons served. The resulting multiplier was then applied to the increase in that same demand basis generated by the 2040 development scenario.

This method is used only for revenues that reasonably scale with growth. Revenues that are one-time, restricted, unrelated to population or service demand, or already captured through a case study method were excluded from the multiplier calculation.

The revenue methodology classifications and multipliers are presented in Table 4 below.

Table 4 – Town General Fund Revenues

Town of Los Gatos General Fund Revenues
Fiscal Year 2025-26 Proposed Budget

Revenue Category	Budgeted Amount	Analysis Classification	Qualified Revenues	Multiplier
Property Tax	$21,450,971	Case Study	$0	
VLF Backfill Property Tax	$5,337,328	Case Study	$0	
Sales & Use Tax	$6,639,081	Case Study	$0	
Measure G - Direct Sales Tax	$1,298,825	Case Study	$0	
Franchise Fees	$1,043,730	Per Person Served	$1,043,730	$23.77
Transient Occupancy Tax	$2,422,390	Case Study	$0	
Other Taxes (Bus. License Tax)	$2,493,992	Case Study	$0	
Licenses & Permits	$6,322,712	Per Person Served	$6,322,712	$144.00
Intergovernmental	$838,936	Excluded	$0	
Town Services [1]	$5,736,735	Excluded	$0	
Fines & Forfeitures	$315,200	Per Person Served	$315,200	$7.18
Interest	$1,567,774	Excluded	$0	
Other Sources	$3,795,502	Excluded	$0	
Total	**$59,263,176**		**$7,681,642**	

Multiplier Basis	Qty.
Number of Residents	33,355
Number of Employees	21,105
Number of Persons Served	43,908

1: User fees excluded from revenues and used as adjustments to expenditures.

Multiplier Expenditures

All Town Expenditures were analyzed using a multiplier method. The multiplier method takes the budgeted amount for a specific expenditure item and divides it by the appropriate basis for the expenditure, which is number of residents, number of employees, or persons served (which is represented by residents plus 0.5 times employees).

For Expenditures, we also classify some as Overhead Expenditures. The Overhead Expenditures are compared with the overall operating budget to determine an overhead rate. That rate is then applied to the Expenditure multiplier to get a fully-burdened rate.

The expenditure methodology classifications and multipliers are shown in Table 5 below.

Table 5 – Town General Fund Expenditures

Town of Los Gatos General Fund Expenditures
Fiscal Year 2025-26 Proposed Budget

Department	Budgeted Amount	Analysis Classification	Qualified Expenditures	Overhead	Adjustment [1]	Net Expenditures	Multiplier (No Overhead)	Multiplier (With Overhead)
Police Department	$23,504,430	Per Person Served	$23,504,430	$0	$0	$23,504,430	$535.32	$690.26
Parks & Public Works	$11,404,963	Per Person Served	$11,404,963	$0	($92,605)	$11,312,358	$257.64	$332.21
Non-Departmental	$5,345,295	Overhead	$0	$5,345,295	($95,950)	$5,249,345		
Community Development	$6,021,135	Per Person Served	$6,021,135	$0	($1,876,491)	$4,144,644	$94.39	$121.72
Administrative Services	$7,338,116	Overhead	$0	$7,338,116	$0	$7,338,116		
Library Services	$3,655,823	Per Resident	$3,655,823	$0	$0	$3,655,823	$109.60	$141.33
Town Council	$222,115	Overhead	$0	$222,115	$0	$222,115		
Town Attorney	$3,795,502	Excluded	$0	$0	$0	$0		
Total	**$61,287,379**		**$44,586,351**	**$12,905,526**	**($2,065,046)**	**$55,426,831**		

Multiplier Basis	Qty.
Number of Residents	33,355
Number of Employees	21,105
Number of Persons Served	43,908

Overhead Percentage:
28.9%

1: Adjustments represent the user fee revenues collected for each department. Source: Account-level adopted FY 2025-26 Budget

Operating and Capital Impacts

The fiscal impact model measures recurring General Fund revenues and recurring General Fund expenditures, estimating whether new development, once built and occupied, is likely to generate enough annual General Fund revenue to support the municipal services it requires.

Capital costs are fundamentally different from operating costs. Some capital costs are project-specific and can be addressed through conditions of approval, frontage improvements, dedications, impact fees, or other development requirements. Other capital costs are systemwide. These include facilities or infrastructure that serve both new and existing development, such as stormwater systems, arterial roadway improvements, public facilities, parks, and regional transportation projects.

System-wide capital costs should not be buried inside a per-capita operating model. Doing so would create a false level of precision. The cost of a major stormwater improvement, roadway expansion or interchange project depends on engineering scope, location, design standards, available grant funding, regional cost sharing, and timing. Those costs should be evaluated through the Town's capital planning process, engineering studies and/or a development impact fee nexus study.

For that reason, the net fiscal impact shown in this report should be understood as an operating result. It can be used to qualitatively inform the policy decision of requiring exactions from new development in the form of impact fees, special taxes and other mechanisms without providing a specific amount.

IV. Fiscal Impact Analysis Conclusions

Net Fiscal Impact from New Residential Development

The 2040 development scenario is projected to generate a positive recurring impact on the Town's General Fund. At buildout, the model estimates approximately $10.8 million in annual General Fund revenues and approximately $9.0 million in annual General Fund expenditures, resulting in a positive annual net fiscal impact of approximately $1.8 million in 2026 dollars.

The revenue estimate is driven primarily by property tax, property tax in-lieu of vehicle license fees, sales and use tax, and other General Fund revenues that increase with population or service demand. The expenditure estimate reflects the cost of providing municipal services to the new residents and service population generated by the development scenario.

Under the assumptions used in this analysis, the residential development scenario improves the Town's recurring General Fund operating position.

Table 6 – Net Fiscal Impact Summary

Budget Line Item	Buildout Impact
Revenues	
Sales and Use Tax	$1,137,282
Property Tax (incl. VLF Backfill)	$8,437,120
Franchise Fees	$166,019
Licenses & Permits	$1,005,713
Fines & Forfeitures	$50,137
Total	**$10,796,271**
Expenditures	
Police Department	$4,820,863
Parks & Public Works	$2,320,215
Community Development	$850,085
Library Services	$987,047
Total	**$8,978,210**
Net Fiscal Impact	**$1,818,061**
Net Fiscal Impact per Unit	**$557.17**

Capital and Infrastructure Funding Framework

Capital improvements identified through the Town's planning, engineering, and budgeting processes should be evaluated for funding based on the following principles:

- The capital improvements that satisfy the highest level of need should be prioritized.
- Funding sources that are funded or subsidized by the state or the federal government should be prioritized.
- Funding sources that do not require a two-thirds majority of registered voters in the Town should be prioritized.
- The responsibility for funding infrastructure improvements should generally be borne by the people and/or properties benefiting from the improvements and/or creating the need for the improvements.

Table 7 below outlines a general funding strategy for capital improvements.

Table 7 – Capital Improvement Funding Strategy

Category	Recommended Funding Strategy
Repair and replacement of infrastructure and public facilities that serve existing development only	Surplus general fund revenues, supplemental tax measures.
Construction of new infrastructure and public facilities needed to serve new and existing development	Development impact fees, development conditions and/or CFDs for new development's share, other funding sources needed for existing development's share.
Infrastructure needs created by new development with no perceivable nexus to existing development	Development conditions and/or CFDs.
Regional infrastructure projects	Prioritize state and federal grants and loans. Fund remainder with combination of sources discussed above to the extent possible.

Impact Fees, Conditions of Development and Other Exactions

Development impact fees and conditions of approval are the Town's primary tools for assigning development-related capital costs to new development. Impact fees are generally used for systemwide facilities or capacity improvements, while conditions of approval are generally used for project-specific improvements, dedications, or obligations tied to the impacts of a particular development application.

Where a cost is attributable to new development, the Town may evaluate development impact fees, conditions of approval, or other development exactions before relying on the General Fund. The legal requirement to establish an impact fee or condition a new development project to build a needed improvement is two-fold: (i) there must be a nexus or reasonable connection between

the project and the improvement, and (ii) the exaction imposed on the project must be roughly proportional to the benefit the project receives from the improvement.

Community Facilities Districts (CFDs)

CFDs are a flexible funding mechanism that is principally implemented in connection with new development projects.

The most common use is when a development project requests the ability to use a CFD to finance infrastructure and/or public facilities required for the development of the project. CFD bonds are issued which are secured by the underlying land rather than by a general or limited obligation of a public agency. These types of CFDs are often essential to ensure the financial viability of a development project. However, they have historically been criticized for shifting the burden for project financing from the developer to the future homeowners.

Over the past decade or so, CFDs have been increasingly used to fund public services rather than project-related infrastructure. As the services burden on local agencies outpaces growth in general revenues, cities, counties, towns and special districts increasingly implement CFDs to improve the fiscal balance of new development projects. These services CFDs generally have much lower special tax rates than facilities CFDs. Also, the property paying the CFD special tax receives a direct benefit from the services on an annual basis. As a result, services CFDs are generally perceived as fair and necessary, given the limited revenue generation from residential development.

A services special tax can be established in an amount up to and including the cost per unit to provide necessary services. The general revenues that residential units generate may be considered, but it is not necessary. In situations where those general revenues are needed for other uses, a new development project can be required to cover a greater portion of those services with a special tax.

Generally, CFDs for services are established by a “first-in-line” project. Subsequently, future projects are conditioned to annex to the CFD to help pay for public services, with each residential unit paying substantially the same amount.

Policy Conclusions

The central conclusion of this report is that the development scenario analyzed in this report is projected to improve the Town’s long-term fiscal condition. However, the Town’s infrastructure and service funding needs in the near-term may require the use of funding measures related to new development, as described in this report.

The implementation of project-related funding mechanisms fits within the California public finance paradigm, which places the responsibility of offsetting the impacts of new development on the property to be constructed, whereas repairs, improvements and enhancements to existing infrastructure and services must be approved by voters. In resolving the near-term fiscal challenges, the Town should use all tools at its disposal. Doing so would preserve and perhaps enhance the level of service, ensuring that Los Gatos maintains its desirability and status for for all residents and visitors alike.

EXHIBIT A

Town of Los Gatos Fiscal Impact Analysis

Fiscal Year			2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Description	**Source**	**One-Time Amount**	**Annual Amounts →**					
Housing Construction								
General plan estimated units								
Accessory dwelling units	*3/5 Teleconference*	400						
Planned residential units	*3/5 Teleconference*	2,863						
Planned residential units	*Sourced from above*	2,863						
Construction start	*Estimate*	2026						
Buildout period	*Estimate*	15						
Annual new multi-family residential units			0.00	190.87	190.87	190.87	190.87	190.87
Accessory dwelling units	*Sourced from above*							
Construction start	*Estimate*	2026						
Buildout period	*Estimate*	15						
Annual new accessory dwelling units			25.00	25.00	25.00	25.00	25.00	25.00
Cumulative New Housing Units by Category								
Cumulative multi-family residential units			0	190	381	572	763	954
Cumulative accessory dwelling units			25	50	75	100	125	150
Assessed Value								
Estimated Assessed Values								
Single family residential unit	*Zillow Los Gatos median value estimate*	$2,445,622						
MF as percentage of SF	*Industry best practice*	70%						
Multi-family residential unit (Moderate Income)	*Calculated*	$1,711,935						
Multi-family residential unit (Above Moderate Income)	*150% of Moderate*	$2,567,903						
Multi-family residential unit (Low Income)	*65% of Moderate*	$1,112,758						
Multi-family residential unit (Very Low Income)	*25% of Moderate*	$427,984						
Percentage allocation by income level								
Very low income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	6.7%						
Low income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	3.9%						
moderate income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	4.0%						
above moderate income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	85.4%						
Weighted average multi-family unit		$2,332,790						
Accessory dwelling unit	*California ADU Handbook*	$350,000						
Cumulative New Assessed Value from Residential Construction								
Multi-family residential units			$0	$443,230,133	$888,793,056	$1,334,355,978	$1,779,918,901	$2,225,481,824
Accessory dwelling units			$8,750,000	$17,500,000	$26,250,000	$35,000,000	$43,750,000	$52,500,000
Total cumulative new secured assessed value			$8,750,000	$460,730,133	$915,043,056	$1,369,355,978	$1,823,668,901	$2,277,981,824
Estimated Persons per Household								
Los Gatos average PPH	*Los Gatos General Plan*	2.40						
MF as percentage of SF	*Industry best practice*	90%						
Multi-family residential unit		2.16						
Accessory dwelling unit	*Industry best practice*	2.00						

Fiscal Year			2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Description	**Source**	**One-Time Amount**	**Annual Amounts →**					
Population Increase								
Cumulative New Population from Residential Construction								
Multi-family residential units			0	410	823	1,236	1,648	2,061
Accessory dwelling units			50	100	150	200	250	300
Total cumulative new residents			50	510	973	1,436	1,898	2,361
Property Taxes								
FY 2025-26 Local Secured Assessed Value		$19,584,340,863						
FY 2025-26 Secured Property Tax Revenues	*Adopted Budget*	$18,615,157						
FY 2025-26 Property Tax In-Lieu of VLF Revenues	*Adopted Budget*	$5,377,328						
Est. AB 8 Apportionment Factor x 1%		0.0951%						
Est. PTILVLF Apportionment Factor x 1%		0.0275%						
Unsecured AV as percentage of secured (res. only)	*Industry best practice*	1%						
Cumulative new secured AV			$8,750,000	$460,730,133	$915,043,056	$1,369,355,978	$1,823,668,901	$2,277,981,824
Cumulative new unsecured AV			$87,500	$4,607,301	$9,150,431	$13,693,560	$18,236,689	$22,779,818
Total new secured AV			$8,837,500	$465,337,434	$924,193,486	$1,383,049,538	$1,841,905,590	$2,300,761,642
Cumulative new property taxes			$8,400	$442,309	$878,457	$1,314,606	$1,750,754	$2,186,902
Cumulative new PTILVLF			$2,427	$127,769	$253,758	$379,748	$505,737	$631,727
Cumulative new property taxes and in-lieu payments			$10,827	$570,078	$1,132,216	$1,694,353	$2,256,491	$2,818,629
Sales and Use Taxes								
General sales and use tax rate	*California Sales Tax Policy*	1.000%						
Measure G 1/8% sales tax	*Adopted Budget*	0.125%						
Total sales tax rate		1.125%						
Sales and use tax revenues FY 2025-26	*Adopted Budget*	$6,639,081						
Area Median Income (AMI)	*Housing Element Update, May 2024, 10.1.1*	$168,500						
Very low income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	25%						
Very low income estimated median income		$42,125						
Estimated taxable sales as percentage of income		24.4%						
Estimated taxable sales per household		$10,278						
Low income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	65%						
Low income estimated median income		$109,525						
Estimated taxable sales as percentage of income		16.3%						
Estimated taxable sales per household		$17,798						
Moderate income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	100%						
Moderate income estimated median income		$168,500						
Estimated taxable sales as percentage of income		12.6%						
Estimated taxable sales per household		$21,313						
Above moderate income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	150%						
Above moderate income estimated median income		$252,750						
Estimated taxable sales as percentage of income		12.6%						
Estimated taxable sales per household		$31,970						

Fiscal Year			2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Description	**Source**	**One-Time Amount**	**Annual Amounts →**					
Percentage allocation by income level								
Very low income	*Housing Element Update, May 2024, Table D-1*	7%						
Low income	*Housing Element Update, May 2024, Table D-1*	4%						
moderate income	*Housing Element Update, May 2024, Table D-1*	4%						
above moderate income	*Housing Element Update, May 2024, Table D-1*	85%						
Weighted average taxable sales per houshold		$29,529						
Estimated leakage rate	*Industry best practice*	40%						
Sales tax revenues per household		$199						
Cumulative new households estimate			25	240	456	672	888	1104
New sales and use tax			$4,983	$47,837	$90,891	$133,944	$176,998	$220,051
Alternative Sales Tax Methodology								
New taxable sales per resident		$14,475						
Cumulative new residents			50	510	973	1,436	1,898	2,361
New taxable sales			$723,730	$7,387,835	$14,083,205	$20,778,575	$27,473,945	$34,169,315
New sales and use tax			$8,142	$83,113	$158,436	$233,759	$309,082	$384,405
Cumulative Net New Revenues		Multiplier						
Sales and Use Tax		Case Study	$8,142	$83,113	$158,436	$233,759	$309,082	$384,405
Property Tax (incl. VLF Backfill)		Case Study	$10,827	$570,078	$1,132,216	$1,694,353	$2,256,491	$2,818,629
Franchise Fees	*Genera Fund Revenues Tab*	$23.77	$1,189	$12,133	$23,128	$34,124	$45,119	$56,115
Licenses & Permits	*Genera Fund Revenues Tab*	$144.00	$7,200	$73,498	$140,107	$206,716	$273,325	$339,934
Fines & Forfeitures	*Genera Fund Revenues Tab*	$7.18	$359	$3,664	$6,985	$10,305	$13,626	$16,946
Total Net New Revenues			$27,716	$742,486	$1,460,872	$2,179,257	$2,897,643	$3,616,029
Cumulative Net New Expenditures		Multiplier						
Police Department	*General Fund Expenditures Tab*	$690.26	$34,513	$352,311	$671,600	$990,889	$1,310,177	$1,629,466
Parks & Public Works	*General Fund Expenditures Tab*	$332.21	$16,611	$169,562	$323,232	$476,901	$630,570	$784,240
Community Development	*General Fund Expenditures Tab*	$121.72	$6,086	$62,125	$118,426	$174,728	$231,030	$287,331
Library Services	*General Fund Expenditures Tab*	$141.33	$7,066	$72,134	$137,507	$202,879	$268,252	$333,625
Total Net New Expenditures			$64,276	$656,132	$1,250,764	$1,845,397	$2,440,029	$3,034,662
Net Fiscal Impacts			NA	$86,354	$210,107	$333,861	$457,614	$581,367
Net Fiscal Impact per Unit			NA	$359.81	$460.76	$496.82	$515.33	$526.60
Average annual fiscal impact (2026$)		**$952,179.40**						
Average annual fiscal impact per unit (2026$)		**$523.04**						

Note: If no source is provided, then the quantity is either calculated or sourced from elsewhere in the cash flow model.

Fiscal Year			2031-2032	2032-2033	2033-2034	2034-2035	2035-2036	2036-2037
Description	**Source**	**One-Time Amount**						
Housing Construction								
General plan estimated units								
Accessory dwelling units	*3/5 Teleconference*	400						
Planned residential units	*3/5 Teleconference*	2,863						
Planned residential units	*Sourced from above*	2,863						
Construction start	*Estimate*	2026						
Buildout period	*Estimate*	15						
Annual new multi-family residential units			190.87	190.87	190.87	190.87	190.87	190.87
Accessory dwelling units	*Sourced from above*							
Construction start	*Estimate*	2026						
Buildout period	*Estimate*	15						
Annual new accessory dwelling units			25.00	25.00	25.00	25.00	25.00	25.00
Cumulative New Housing Units by Category								
Cumulative multi-family residential units			1145	1336	1526	1717	1908	2099
Cumulative accessory dwelling units			175	200	225	250	275	300
Assessed Value								
Estimated Assessed Values								
Single family residential unit	*Zillow Los Gatos median value estimate*	$2,445,622						
MF as percentage of SF	*Industry best practice*	70%						
Multi-family residential unit (Moderate Income)	*Calculated*	$1,711,935						
Multi-family residential unit (Above Moderate Income)	*150% of Moderate*	$2,567,903						
Multi-family residential unit (Low Income)	*65% of Moderate*	$1,112,758						
Multi-family residential unit (Very Low Income)	*25% of Moderate*	$427,984						
Percentage allocation by income level								
Very low income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	6.7%						
Low income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	3.9%						
moderate income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	4.0%						
above moderate income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	85.4%						
Weighted average multi-family unit		$2,332,790						
Accessory dwelling unit	*California ADU Handbook*	$350,000						
Cumulative New Assessed Value from Residential Construction								
Multi-family residential units			$2,671,044,747	$3,116,607,670	$3,559,837,802	$4,005,400,725	$4,450,963,648	$4,896,526,571
Accessory dwelling units			$61,250,000	$70,000,000	$78,750,000	$87,500,000	$96,250,000	$105,000,000
Total cumulative new secured assessed value			$2,732,294,747	$3,186,607,670	$3,638,587,802	$4,092,900,725	$4,547,213,648	$5,001,526,571
Estimated Persons per Household								
Los Gatos average PPH	*Los Gatos General Plan*	2.40						
MF as percentage of SF	*Industry best practice*	90%						
Multi-family residential unit		2.16						
Accessory dwelling unit	*Industry best practice*	2.00						

Fiscal Year			2031-2032	2032-2033	2033-2034	2034-2035	2035-2036	2036-2037
Description	**Source**	**One-Time Amount**						
Population Increase								
Cumulative New Population from Residential Construction								
Multi-family residential units			2,473	2,886	3,296	3,709	4,121	4,534
Accessory dwelling units			350	400	450	500	550	600
Total cumulative new residents			2,823	3,286	3,746	4,209	4,671	5,134
Property Taxes								
FY 2025-26 Local Secured Assessed Value		$19,584,340,863						
FY 2025-26 Secured Property Tax Revenues	*Adopted Budget*	$18,615,157						
FY 2025-26 Property Tax In-Lieu of VLF Revenues	*Adopted Budget*	$5,377,328						
Est. AB 8 Apportionment Factor x 1%		0.0951%						
Est. PTILVLF Apportionment Factor x 1%		0.0275%						
Unsecured AV as percentage of secured (res. only)	*Industry best practice*	1%						
Cumulative new secured AV			$2,732,294,747	$3,186,607,670	$3,638,587,802	$4,092,900,725	$4,547,213,648	$5,001,526,571
Cumulative new unsecured AV			$27,322,947	$31,866,077	$36,385,878	$40,929,007	$45,472,136	$50,015,266
Total new secured AV			$2,759,617,694	$3,218,473,746	$3,674,973,681	$4,133,829,733	$4,592,685,785	$5,051,541,837
Cumulative new property taxes			$2,623,051	$3,059,199	$3,493,108	$3,929,256	$4,365,404	$4,801,553
Cumulative new PTILVLF			$757,716	$883,705	$1,009,048	$1,135,037	$1,261,027	$1,387,016
Cumulative new property taxes and in-lieu payments			$3,380,767	$3,942,904	$4,502,156	$5,064,293	$5,626,431	$6,188,569
Sales and Use Taxes								
General sales and use tax rate	*California Sales Tax Policy*	1.000%						
Measure G 1/8% sales tax	*Adopted Budget*	0.125%						
Total sales tax rate		1.125%						
Sales and use tax revenues FY 2025-26	*Adopted Budget*	$6,639,081						
Area Median Income (AMI)	*Housing Element Update, May 2024, 10.1.1*	$168,500						
Very low income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	25%						
Very low income estimated median income		$42,125						
Estimated taxable sales as percentage of income		24.4%						
Estimated taxable sales per household		$10,278						
Low income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	65%						
Low income estimated median income		$109,525						
Estimated taxable sales as percentage of income		16.3%						
Estimated taxable sales per household		$17,798						
Moderate income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	100%						
Moderate income estimated median income		$168,500						
Estimated taxable sales as percentage of income		12.6%						
Estimated taxable sales per household		$21,313						
Above moderate income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	150%						
Above moderate income estimated median income		$252,750						
Estimated taxable sales as percentage of income		12.6%						
Estimated taxable sales per household		$31,970						

Fiscal Year				2031-2032	2032-2033	2033-2034	2034-2035	2035-2036	2036-2037
Description	**Source**	**One-Time Amount**							
Percentage allocation by income level									
Very low income	*Housing Element Update, May 2024, Table D-1*		7%						
Low income	*Housing Element Update, May 2024, Table D-1*		4%						
moderate income	*Housing Element Update, May 2024, Table D-1*		4%						
above moderate income	*Housing Element Update, May 2024, Table D-1*		85%						
Weighted average taxable sales per houshold			$29,529						
Estimated leakage rate	*Industry best practice*		40%						
Sales tax revenues per household			$199						
Cumulative new households estimate				1320	1536	1751	1967	2183	2399
New sales and use tax				$263,105	$306,158	$349,012	$392,066	$435,119	$478,173
Alternative Sales Tax Methodology									
New taxable sales per resident			$14,475						
Cumulative new residents				2,823	3,286	3,746	4,209	4,671	5,134
New taxable sales				$40,864,685	$47,560,055	$54,224,160	$60,919,530	$67,614,900	$74,310,270
New sales and use tax				$459,728	$535,051	$610,022	$685,345	$760,668	$835,991
Cumulative Net New Revenues			Multiplier						
Sales and Use Tax			Case Study	$459,728	$535,051	$610,022	$685,345	$760,668	$835,991
Property Tax (incl. VLF Backfill)			Case Study	$3,380,767	$3,942,904	$4,502,156	$5,064,293	$5,626,431	$6,188,569
Franchise Fees	*Genera Fund Revenues Tab*		$23.77	$67,111	$78,106	$89,050	$100,046	$111,042	$122,037
Licenses & Permits	*Genera Fund Revenues Tab*		$144.00	$406,543	$473,152	$539,450	$606,059	$672,668	$739,277
Fines & Forfeitures	*Genera Fund Revenues Tab*		$7.18	$20,267	$23,588	$26,893	$30,213	$33,534	$36,854
Total Net New Revenues				$4,334,415	$5,052,801	$5,767,570	$6,485,956	$7,204,342	$7,922,728
Cumulative Net New Expenditures			Multiplier						
Police Department	*General Fund Expenditures Tab*		$690.26	$1,948,755	$2,268,044	$2,585,841	$2,905,130	$3,224,419	$3,543,708
Parks & Public Works	*General Fund Expenditures Tab*		$332.21	$937,909	$1,091,578	$1,244,530	$1,398,199	$1,551,868	$1,705,538
Community Development	*General Fund Expenditures Tab*		$121.72	$343,633	$399,935	$455,973	$512,275	$568,577	$624,878
Library Services	*General Fund Expenditures Tab*		$141.33	$398,998	$464,370	$529,438	$594,811	$660,184	$725,556
Total Net New Expenditures				$3,629,294	$4,223,927	$4,815,783	$5,410,415	$6,005,047	$6,599,680
Net Fiscal Impacts				$705,120	$828,874	$951,788	$1,075,541	$1,199,294	$1,323,048
Net Fiscal Impact per Unit				$534.18	$539.63	$543.57	$546.79	$549.38	$551.50
Average annual fiscal impact (2026$)			**$952,179.40**						
Average annual fiscal impact per unit (2026$)			**$523.04**						

Note: If no source is provided, then the quantity is either calculated or sourced from elsewhere in the cash flow model.

Fiscal Year			2037-2038	2038-2039	2039-2040	2040-2041
Description	**Source**	**One-Time Amount**				
Housing Construction						
General plan estimated units						
Accessory dwelling units	*3/5 Teleconference*	400				
Planned residential units	*3/5 Teleconference*	2,863				
Planned residential units	*Sourced from above*	2,863				
Construction start	*Estimate*	2026				
Buildout period	*Estimate*	15				
Annual new multi-family residential units			190.87	190.87	190.87	190.87
Accessory dwelling units	*Sourced from above*					
Construction start	*Estimate*	2026				
Buildout period	*Estimate*	15				
Annual new accessory dwelling units			25.00	25.00	25.00	25.00
Cumulative New Housing Units by Category						
Cumulative multi-family residential units			2290	2481	2672	2863
Cumulative accessory dwelling units			325	350	375	400
Assessed Value						
Estimated Assessed Values						
Single family residential unit	*Zillow Los Gatos median value estimate*	$2,445,622				
MF as percentage of SF	*Industry best practice*	70%				
Multi-family residential unit (Moderate Income)	*Calculated*	$1,711,935				
Multi-family residential unit (Above Moderate Income)	*150% of Moderate*	$2,567,903				
Multi-family residential unit (Low Income)	*65% of Moderate*	$1,112,758				
Multi-family residential unit (Very Low Income)	*25% of Moderate*	$427,984				
Percentage allocation by income level						
Very low income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	6.7%				
Low income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	3.9%				
moderate income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	4.0%				
above moderate income	*Housing Element Update, May 2024, Table D-1 (reduced by 75%)*	85.4%				
Weighted average multi-family unit		$2,332,790				
Accessory dwelling unit	*California ADU Handbook*	$350,000				
Cumulative New Assessed Value from Residential Construction						
Multi-family residential units			$5,342,089,494	$5,787,652,417	$6,233,215,340	$6,678,778,262
Accessory dwelling units			$113,750,000	$122,500,000	$131,250,000	$140,000,000
Total cumulative new secured assessed value			$5,455,839,494	$5,910,152,417	$6,364,465,340	$6,818,778,262
Estimated Persons per Household						
Los Gatos average PPH	*Los Gatos General Plan*	2.40				
MF as percentage of SF	*Industry best practice*	90%				
Multi-family residential unit		2.16				
Accessory dwelling unit	*Industry best practice*	2.00				

Fiscal Year			2037-2038	2038-2039	2039-2040	2040-2041
Description	**Source**	**One-Time Amount**				
Population Increase						
Cumulative New Population from Residential Construction						
Multi-family residential units			4,946	5,359	5,772	6,184
Accessory dwelling units			650	700	750	800
Total cumulative new residents			5,596	6,059	6,522	6,984
Property Taxes						
FY 2025-26 Local Secured Assessed Value		$19,584,340,863				
FY 2025-26 Secured Property Tax Revenues	*Adopted Budget*	$18,615,157				
FY 2025-26 Property Tax In-Lieu of VLF Revenues	*Adopted Budget*	$5,377,328				
Est. AB 8 Apportionment Factor x 1%		0.0951%				
Est. PTILVLF Apportionment Factor x 1%		0.0275%				
Unsecured AV as percentage of secured (res. only)	*Industry best practice*	1%				
Cumulative new secured AV			$5,455,839,494	$5,910,152,417	$6,364,465,340	$6,818,778,262
Cumulative new unsecured AV			$54,558,395	$59,101,524	$63,644,653	$68,187,783
Total new secured AV			$5,510,397,889	$5,969,253,941	$6,428,109,993	$6,886,966,045
Cumulative new property taxes			$5,237,701	$5,673,849	$6,109,998	$6,546,146
Cumulative new PTILVLF			$1,513,006	$1,638,995	$1,764,984	$1,890,974
Cumulative new property taxes and in-lieu payments			$6,750,707	$7,312,844	$7,874,982	$8,437,120
Sales and Use Taxes						
General sales and use tax rate	*California Sales Tax Policy*	1.000%				
Measure G 1/8% sales tax	*Adopted Budget*	0.125%				
Total sales tax rate		1.125%				
Sales and use tax revenues FY 2025-26	*Adopted Budget*	$6,639,081				
Area Median Income (AMI)	*Housing Element Update, May 2024, 10.1.1*	$168,500				
Very low income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	25%				
Very low income estimated median income		$42,125				
Estimated taxable sales as percentage of income		24.4%				
Estimated taxable sales per household		$10,278				
Low income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	65%				
Low income estimated median income		$109,525				
Estimated taxable sales as percentage of income		16.3%				
Estimated taxable sales per household		$17,798				
Moderate income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	100%				
Moderate income estimated median income		$168,500				
Estimated taxable sales as percentage of income		12.6%				
Estimated taxable sales per household		$21,313				
Above moderate income estimated percentage of AMI	*Housing Element Update, May 2024, 10.1.1*	150%				
Above moderate income estimated median income		$252,750				
Estimated taxable sales as percentage of income		12.6%				
Estimated taxable sales per household		$31,970				

Fiscal Year			2037-2038	2038-2039	2039-2040	2040-2041
Description	**Source**	**One-Time Amount**				
Percentage allocation by income level						
Very low income	*Housing Element Update, May 2024, Table D-1*	7%				
Low income	*Housing Element Update, May 2024, Table D-1*	4%				
moderate income	*Housing Element Update, May 2024, Table D-1*	4%				
above moderate income	*Housing Element Update, May 2024, Table D-1*	85%				
Weighted average taxable sales per houshold		$29,529				
Estimated leakage rate	*Industry best practice*	40%				
Sales tax revenues per household		$199				
Cumulative new households estimate			2615	2831	3047	3263
New sales and use tax			$521,226	$564,280	$607,333	$650,387
Alternative Sales Tax Methodology						
New taxable sales per resident		$14,475				
Cumulative new residents			5,596	6,059	6,522	6,984
New taxable sales			$81,005,640	$87,701,010	$94,396,380	$101,091,750
New sales and use tax			$911,313	$986,636	$1,061,959	$1,137,282
Cumulative Net New Revenues		Multiplier				
Sales and Use Tax		Case Study	$911,313	$986,636	$1,061,959	$1,137,282
Property Tax (incl. VLF Backfill)		Case Study	$6,750,707	$7,312,844	$7,874,982	$8,437,120
Franchise Fees	*Genera Fund Revenues Tab*	$23.77	$133,033	$144,028	$155,024	$166,019
Licenses & Permits	*Genera Fund Revenues Tab*	$144.00	$805,886	$872,495	$939,104	$1,005,713
Fines & Forfeitures	*Genera Fund Revenues Tab*	$7.18	$40,175	$43,496	$46,816	$50,137
Total Net New Revenues			$8,641,113	$9,359,499	$10,077,885	$10,796,271
Cumulative Net New Expenditures		Multiplier				
Police Department	*General Fund Expenditures Tab*	$690.26	$3,862,997	$4,182,285	$4,501,574	$4,820,863
Parks & Public Works	*General Fund Expenditures Tab*	$332.21	$1,859,207	$2,012,876	$2,166,546	$2,320,215
Community Development	*General Fund Expenditures Tab*	$121.72	$681,180	$737,482	$793,783	$850,085
Library Services	*General Fund Expenditures Tab*	$141.33	$790,929	$856,302	$921,675	$987,047
Total Net New Expenditures			$7,194,312	$7,788,945	$8,383,577	$8,978,210
Net Fiscal Impacts			$1,446,801	$1,570,554	$1,694,308	$1,818,061
Net Fiscal Impact per Unit			$553.27	$554.77	$556.06	$557.17
Average annual fiscal impact (2026$)		**$952,179.40**				
Average annual fiscal impact per unit (2026$)		**$523.04**				

Note: If no source is provided, then the quantity is either calculated or sourced from elsewhere in the cash flow model.

TOWN OF LOS GATOS

ASSET LIABILITY MANAGEMENT REPORT

Analysis of Capital Funding, Long-Term Liabilities, Reserves, and Revenue Requirements

October 2026

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ATTACHMENT 3

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Executive Summary

The asset liability management analysis evaluates the Town of Los Gatos' capital requirements, long-term pension and retiree health liabilities, cash reserves, prospective borrowing, development-related revenues, and structural deficit as components of one integrated long-range financial framework. This analysis is for the period from FY 2026-2027 through FY 2035-2036, a ten-year period. This is consistent with the Raftelis report. The principal conclusion is that the size and timing of the capital improvement program (CIP), together with the availability of recurring revenue, are the dominant determinants of fiscal sustainability. Pension cost management can improve the timing and amount of required payments, but it does not replace a capital affordability decision or a recurring revenue strategy.

This report uses the long term structural deficit projected in the Raftelis report as a baseline for all cash flow analysis. The Town does have a long term structural deficit. This report covers a number of options that Town has for eliminating or reducing that deficit. One change is made to the annual deficits projected in the Raftelis report – the use of existing OPEB reserves to fund annual OPEB payments. This is explained in more detail elsewhere in this report.

The historic CIP approximated $4 million or more annually and was concentrated on roadway repairs and improvements. Its principal recurring sources include gas tax revenues, pass-through receipts from the Santa Clara Valley Transportation Authority's 2010 and 2016 tax measures, and traffic and storm-drain impact fees. Prior-year capital fund balances also support the program. The General Fund annual contribution was eliminated for FY 2025-2026 because of the structural deficit, demonstrating that even the existing program competed for General Fund capacity.

The potential capital program considered by this analysis is substantially larger. It includes approximately $20 million of Tier 2 projects, a Highway 17/Highway 9 interchange with an estimated total cost of at least $180 million, a proposed police building estimated at $70 million, and a Town Hall renovation described as a rough low-side estimate of $25 million or more. Tier 3 projects are excluded. Under the modeled assumptions, Tier 2 is funded on a pay-as-you-go basis over ten years with 5 percent annual cost inflation, while the major facilities and the local share of the interchange contribution are debt financed. The annualized cost of this expanded program, rather than pension intervention, is the primary driver of the long-term structural deficit. In addition, this report includes estimates of the Town's Unprogrammed CIP. These projects are implied by funding for studies and design in current Town CIP documents, but for which actual project costs are not shown. The interchange analysis contains an unresolved local-share assumption. A 20 percent local share is described as potentially necessary for the project to gain traction, which would equal approximately $36 million on a $180 million project. The modeled financing instead assumes a Town contribution of $18 million, consisting of $5.4 million of cash for biddable plans and full permitting and $12.6 million financed through lease revenue bonds. The $18 million modeled contribution is retained, but the difference between the practical funding threshold and the modeled share must be resolved before the forecast is used as an implementation plan.

The potential debt program assumes lease revenue bond financing for the police building, the $12.6 million net interchange contribution, and the $25 million Town Hall renovation. Project costs total $107.6 million. After a 1 percent issuance-expense assumption, the modeled financing amount is $108.676 million. At a 5 percent interest rate over 30 years, estimated annual debt service is approximately $7.070 million. Borrowing reduces the immediate construction-period draw on reserves, but the resulting fixed annual obligation materially increases the structural deficit.

The analysis identifies $34.413 million of cash balances across restricted, non-spendable, committed, assigned, and unassigned categories that are legally available in one form or another to support the General Fund. This includes a $4.171 million pension-related restricted balance (Section 115 Trust), $159,000 of non-spendable resources, $16.377 million of committed balances, $5.261 million of assigned balances, and $8.445 million of unassigned fund balance. For high-level modeling, nonrestricted resources and certain committed amounts are aggregated to show the overall liquidity capacity. Actual use remains subject to legal restrictions, adopted policies, intended purposes, and minimum operating-liquidity requirements.

The other post-employment benefits (OPEB) position is comparatively well funded. More than $30 million of invested assets support an actuarial liability exceeding $38 million, producing a funded ratio above 75 percent. The June 30, 2025 actuarial valuation shows a FY 2026-27 actuarially determined contribution of approximately $1.732 million and a recommended net trust reimbursement of approximately $705,000. The policy issue is whether continued funding of the OPEB unfunded liability provides greater long-term value than preserving liquidity or funding capital and pension priorities.

The CalPERS pension analysis uses the June 30, 2024 valuation as the formal baseline and incorporates expected June 30, 2025 results for scenario development. The unfunded accrued liability (UAL) is approximately $67.2 million at June 30, 2024 and is

expected to decline to approximately $60.1 million at June 30, 2025, primarily because of 12.1 percent investment returns. Historical results indicate that CalPERS investment performance can change the Town's UAL and payment schedule by amounts larger than the modeled benefit of an Additional Discretionary Deposit (ADP). That factor is potentially more consequential than the ADP decision, but it is also outside the Town's control and highly uncertain.

The pension scenario analysis compares a $4.2 million ADP applied to long or short bases, Section 115 trust payment smoothing, and an approximately $8.2 million ADP directed to bases with ten years or less remaining. The larger ADP produces approximately $10.7 million of gross payment relief through fiscal year 2036 and approximately $2.5 million of modeled net reduction after the initial use of funds. The analysis indicates that a targeted ADP can make financial sense, especially when relief is concentrated during the payment peak, but it is not a gamechanger for the long-term structural deficit because its annual benefit is small relative to the cost of the expanded CIP and associated debt service.

Development is modeled as a potential source of both one-time capital revenue and recurring service revenue. The analysis assumes 3,263 residential units through 2040, including 400 accessory dwelling units, or approximately 230 units annually. A simplified impact-fee allocation and a $750 annual Mello-Roos services and facilities tax on each new unit generate combined modeled receipts rising from approximately $1.63 million in FY 2026-2027 to $4.32 million in FY 2036. Taxing new development has a significant positive impact on long term General Fund cash flows because the revenue grows over time and can materially offset the deficit. However, the timing and amount of new revenues are highly uncertain because development activity is volatile and the fee and tax structures are not yet implemented.

The analysis evaluates two scenarios. Scenario 1 is a master cash flow through FY 2035-2036 for the General Fund reflecting all major assumptions, including potential new revenue sources and a CalPERS intervention described in this report. Scenario 1 also includes a reduction in the original structural deficit estimated by Raftelis done by Town staff to reflect changes in how OPEB is managed. Scenario 2 is the same as Scenario 1 with the exception that additional reductions to the structural deficit projected by Raftelis from COLA reductions is also shown. The fundamental metric used in this analysis is the percent of the annual debt service for a lease revenue bond to fund the full CIP for the Town that can actually be supported without draining down cash balances below their starting level after the CalPERS intervention. Scenario 1, the baseline shows that the Town can afford about 8% of the $118.5 million CIP shown in this report. Scenario 2 shows that it can afford about 30% of that CIP.

The results establish a consistent hierarchy of fiscal drivers for the Town’s General Fund. The scale of the CIP, both cash funded and debt funded, is the principal controllable driver of the long-term deficit. New taxes are necessary in every modeled scenario, although the required tax base and amount differ materially. Development-related taxation can substantially improve the outlook but remains exposed to the building cycle. A targeted ADP can reduce pension costs and improve near-term capacity, but it does not solve the structural deficit problem. Future CalPERS performance may have a larger effect than an ADP, but it is similarly uncertain and should not be treated as a dependable funding source.

Principal Objective Takeaways

1. The size and timing of the expanded CIP are the principal controllable drivers of the Town's long-term structural deficit. The Town cannot afford 100% of the identified CIP (including the Unprogrammed CIP) without either new revenues or cost savings not shown in this report.
2. A targeted ADP can make financial sense and provide useful near-term relief, but its benefit is not large enough to offset the annualized cost of the full capital program.
3. Future CalPERS investment performance may have a larger fiscal effect than the modeled ADP, but it is volatile, outside the Town's control, and unsuitable as a dependable budget solution.
4. Every modeled scenario depends on a new tax or exaction; no scenario resolves the structural imbalance using existing revenues alone.
5. Impact fees and a new-development Mello-Roos tax can materially improve the forecast and may be a gamechanger if development occurs as assumed.
6. Development-related revenue remains highly uncertain because construction timing, unit mix, affordability, absorption, and legal implementation can differ from the model.
7. Project prioritization, minimum reserve targets, the structure of new revenue, and the timing of pension and OPEB actions are the principal policy decisions requiring Town direction.

1. Introduction and Scope

Asset liability management (ALM) is used in this report as an integrated planning framework rather than as a narrow investment-management exercise. The Town's assets include cash reserves, pension and OPEB trust balances, capital assets that may support lease financing, and prospective development and tax revenues. Its liabilities and claims on future resources include the structural General Fund deficit, current and expanded capital requirements, debt service, pension payments, OPEB costs, and the need to maintain operating and emergency liquidity. The analytical objective is to evaluate these elements together so that an action that improves one part of the financial position is not considered without its effect on other funding needs and overall cash position

The analysis evaluates six interrelated questions:(1) whether and how to add Tier 2 projects; (2) how to address the Highway 17/Highway 9 interchange, police building, and Town Hall; (3) whether debt can preserve liquidity without creating unaffordable fixed costs; (4) whether pension and OPEB resources should be used to reduce or smooth payments; (5) whether new development can fund a meaningful share of capital and service costs; and (6) what recurring new tax revenue would be required under each capital scenario.

The report is intended for policy-level review. It describes modeled relationships and tradeoffs but does not determine project necessity, establish legal authority, select a financing structure, or recommend a final ballot measure. Those decisions require updated technical, legal, financial, and community analyses.

2. Analytical Framework and Limitations

The analysis is high level and relies on assumptions that vary in precision. Some values are documented account balances or actuarial results; others are preliminary project estimates, simplified development assumptions, or illustrative financing and tax structures. The results should be interpreted as sensitivity tests rather than forecasts or guarantees. The principal controllable variable is the size and timing of the CIP. The principal external variables are CalPERS' performance and the pace of new development. Both external variables can materially change the result, but neither should be relied upon as a certain source of fiscal improvement.

Fund-balance classifications have different legal and policy implications. Restricted balances are constrained by external requirements. Non-spendable balances are not available in spendable form. Committed and assigned balances reflect formal or intended uses that may require governmental action to change. Unassigned balance is the residual category, but it remains necessary for working capital, emergencies, and volatility. The cash-flow model generally aggregates nonrestricted balances, including some amounts committed for pension and OPEB purposes, to measure broad liquidity. That treatment is analytically useful but does not establish that all balances are available for any purpose.

Table 1. Key Modeling Assumptions

Assumption Area	Modeled Assumption	Status / Limitation
Forecast period	Generally FY 2025-2026 through 2035-2036	High-level cash-flow horizon; selected pension schedules extend beyond FY 2035-2036.
Existing CIP	Approximately $4+ million annually through FY 2029-2030	Primarily roadway work; funding sources and carryover balances may vary.
Tier 2	Base estimate of $20 million; $2 million in first year, inflated 5% annually for 10 years	Pay-as-you-go; no Tier 3 funding.
CIP grants	$500,000 annually for tier 2	Assumed, not identified by award.
Interchange	$180+ million total; modeled Town share of $18 million (10% local share)	Conflicts with statement that 20% local share may be minimum; $5.4 million cash and $12.6 million debt are modeled.
Police building	$70 million	Town estimate; modeled as fully debt financed.
Town Hall renovation	$25 million	Rough low-side estimate; modeled as debt financed.
Lease revenue bonds	30 years; 5.0% interest; 1.0% issuance expense	Produces approximately $7.07 million annual debt service; asset and affordability analysis required.

Assumption Area	Modeled Assumption	Status / Limitation
Cash earnings in integrated forecast	No separate investment-earnings line in the revised schedule	The reproduced forecast does not add cash investment earnings; actual results may differ.
Pension scenarios	$4.2 million existing Section 115 resources; approximately $8.2 million for larger ADP; all ADP scenarios assume interest savings of 6.8%	ADP savings are smaller than the annualized full-CIP cost; future CalPERS performance may have a larger but uncertain effect. ADP 6.8% interest is also not guaranteed and is based on future CalPERS investment performance
Section 115 Trust earnings	4.9% conservative and 7.0% moderate/aggressive	Modeling assumptions, not guaranteed returns.
Development	3,263 units through 2040, including 400 ADUs; 230 units annually in projection	Potentially material fiscal benefit, but pace, mix, absorption, and timing are volatile.
Impact fee	$6,329 illustrative per-unit allocation, inflated 5% annually	Simplified allocation; an AB 1600 study is required.
New-development special tax	$750 per new unit, inflating 2% annually	Illustrative Mello-Roos assumption; implementation and legal review required.
Town-wide parcel tax	$200 per parcel on approximately 11,400 parcels; 2% inflator; collection beginning FY 2028-2029	Illustrative structure and timing; Tier 2 remains positive only through FY 2033- 2034 under the revised sensitivity.
Town staff estimated structural deficit reductions from salary cost of living adjustments (COLA) and the utilization of the OPEB/Retiree Medical Trust	Assumes annual cola aligned with historical trends vs the most recent negotiated adjustments. Using the most recent actuarial valuation as of June 30, 2025, staff included increased revenue from the drawdown of the OPEB Trust Fund. Use of these funds would still result in a 99.5% funded status at the end of the 10-year forecast period.	COLA Adjustments decreased forecasted expenditures between $0.3M to $2.8M. Use of OPEB Trust increases annual revenues from $0.1M to $1.6M.

Source: NHA Advisors asset liability management analysis using stated assumptions.

3. Existing Capital Improvement Program

The historic CIP was approximately $4 million or more per year through FY 2029-2030. Gas tax receipts and pass-through revenues from VTA's 2010 and 2016 tax measures are identified as principal sources, together with traffic and storm-drain impact fees and prior-year capital balances. The General Fund annual contribution was eliminated for FY 2025- 2026 because of the structural deficit. This existing constraint is important because the potential expanded CIP is substantially larger than the current program.

The existing program was primarily directed to road repairs and improvements. For analytical purposes, all remaining Tier 1 projects are considered fully funded. Tier 2 consists of approximately $20 million of additional projects that are not currently funded at the same level. Tier 3 is a further set of potential projects that is excluded entirely from the modeled cash flows. The tier structure is therefore a prioritization device: Tier 2 is an expansion tested in the model, and Tier 3 remains outside the available financial capacity evaluated.

The Tier 2 model begins with a $2 million annual allocation and applies 5 percent annual inflation over ten years. The revised integrated schedule includes a net $1 million Tier 2 amount in FY 2026-2027 and annual outlays increasing to approximately $3.1 million by FY 2035-2036. Since the Raftelis report assumed a $1 million/year Tier 2 CIP in this baseline structure deficit projections, and since this report uses the Raftelis structural deficit projection as a baseline (as revised by Town staff), the analysis assumes only a $1 million/year increase in CIP to fully fund CIP. This escalating pay-as-you-go requirement is a larger and more persistent driver of the structural deficit than the annual payment relief produced by the ADP.

4. Potential Capital Projects Beyond the Existing CIP

The analysis identifies four major categories outside the existing program: Tier 2, the Highway 17/Highway 9 interchange, a new police building, and Town Hall renovation. These projects differ in regional significance, readiness, cost certainty, and potential funding source, but together they define the central affordability question. Even with Tier 3 excluded, the expanded program requires a combination of reserves, debt, grants, development exactions, and Town-wide tax revenue.

Table 2. Potential Capital Projects and Modeled Funding

Project / Program	Estimated Cost	Modeled Town Funding	Proposed Source	Principal Qualification
Tier 2 CIP	$20 million base estimate	$2 million in first year, inflated 5% annually over 10 years. $1 million per year already funded in baseline structural deficit projection	Pay-as-you-go; portion of $500,000 annual combined grants	Scope and schedule require refinement; Tier 3 excluded.
Highway 17/Highway 9 interchange	$180+ million	$18 million modeled, plus additional $5.4 million predevelopment costs	Cash for plans/permitting; $12.6 million lease revenue bonds; outside construction funding	The analysis also states that a 20% local share may be required, implying a higher Town contribution.
New police building	$70 million	$70 million, lease revenue bond	Lease revenue bonds	Town estimate; construction timing and affordability require analysis.
Town Hall renovation	$25+ million	$25 million modeled	Lease revenue bonds	Described as a rough low-side estimate.
On-going Unprogrammed CIP	$3 to $4 million per year	100% funded	Pay-as-you- go	Rough estimate at this time
Onetime Unprogrammed CIP	$10.9 million	100% funded	Lease revenue bonds	Rough estimate at this time
Tier 3	Not specified	None	Not funded	Excluded from all modeled results.

Source: NHA Advisors capital funding analysis using Town-provided project estimates.

5. Highway 17/Highway 9 Interchange

The interchange is the largest individual project and is treated as a pivotal funding question because of its regional function, limited outside-funding capacity, and anticipated 2029 construction start. The analysis estimates the total cost at more than $180 million, with construction from 2029 through 2031. VTA reports that federal, State, and VTA sources are overcommitted and that traffic-related improvements have received lower priority from VTA, while noting that federal priorities may differ.

VTA's current CIP shows a 10 percent local share but characterizes that amount as unrealistically low, stating that 20 percent is the minimum local contribution likely to give the project traction. On a $180 million cost, 20 percent would be approximately $36 million. The subsequent strategy and cash-flow model nevertheless use an $18 million Town contribution. Because the local-share assumption affects debt service, reserve use, and the amount of outside funding required, it is one of the most consequential unresolved model inputs.

The suggested strategy begins with $5.4 million of Town cash to complete biddable specifications and obtain full permitting. This expenditure is intended to advance project readiness while Town officials and stakeholders seek greater VTA sales-tax, Caltrans, and federal participation. For purposes of this report, we assume that this $5.4 million cash contribution does not count towards the $18 million 10% local share threshold. We also assume that the $18 million contribution would be financed through lease revenue bonds. The Town should consider documenting the long-term regional cost of inaction to support external funding advocacy with VTA, and potentially MTC. These items are proposed analytical and advocacy steps, not a formally adopted funding plan.

The principal tradeoff is timing. Cash-funded predevelopment may improve readiness and competitiveness for external funding, but it reduces liquidity before construction funding is secured. However, cash-funded predevelopment keeps the interchange project grant eligible for the time being. Debt financing limits the near-term reserve draw but creates a long-term General Fund obligation. A revised model should show at least the 10 percent and 20 percent local-share cases, as well as the effect of delayed construction and lower outside funding.

It is important to note that VTA's minimum 10% local share requirement is broadly defined – the 10% can come from other sources, such as State or Federal funds. The Town could consider making a major effort to secured CalTrans or Federal funding for this interchange to augment the VTA funds.

6. The Town's Unprogrammed CIP

There are several capital projects that are implied by studies and design work identified in the Town's various CIP documents, but for which construction costs are not shown. Table 3 below shows the ongoing annual Unprogrammed CIP. Table 3 shows one-time Unprogrammed CIP projects. Table 3 ongoing annual Unprogrammed CIP costs are incorporated into both Scenario 1 and Scenario 2 cash flows as pay-go annual expenses. The Table 4 one-time Unprogrammed CIP is incorporated into the potential sizing for the lease revenue bond discussed in Section 7 "Potential Debt Financing Program".

Table 3. Ongoing Unprogrammed CIP Summary

	Fiscal Year									
Project	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**2034-35**	**2035-36**
Annual Street Repair and Resurfacing	2,000,000	2,100,000	2,205,000	2,315,250	2,431,013	2,552,563	2,680,191	2,814,201	2,954,911	3,102,656
Annual restriping	75,000	78,750	75,001	78,751	75,002	78,752	75,003	78,753	75,004	78,754
Roadside fire fuel reduction				150,000	157,500	165,375	173,644	182,326	191,442	201,014
Vegetation Management Townwide	150,000	157,500	165,375	173,644	182,326	191,442	201,014	211,065	221,618	232,699
ADA Compliance Work	500,000	525,000	551,250	578,813	607,753	638,141	670,048	703,550	738,728	775,664
Total	**2,725,000**	**2,861,250**	**2,996,626**	**3,296,457**	**3,453,594**	**3,626,273**	**3,799,900**	**3,989,895**	**4,181,703**	**4,390,788**

Questions/Assumptions

- Annual street repair and resurfacing costs inflated at 5% per year.
- Annual restriiping and roadside fuel reduction inflated at 5% per year
- Roadside fire fuel reduction work begins in FY 2030, after grants has been depleted
- Annual vegetation management and ADA compliance inflated at 5% per year

Table 4. One Time Unprogrammed CIP Summary

East Main Street Crosswalks	150,000
Blossom Hill Road Union to Camden	2,000,000
Curb Gutter Sidewalk	1,000,000
Santa Cruz Avenue Reconstruction	2,000,000
Loma Draingage	2,000,000
Green Stormwater Infrastructure	500,000
Timber Bridge	1,000,000
Sport Court Resurfacing	750,000
Fleet Outdoor Service Area	500,000
Downtown Restroom	1,000,000
Total	**10,900,000**

7. Potential Debt Financing Program

The model uses a single lease revenue bond program for the proposed police building, the net interchange contribution after cash-funded predevelopment, and Town Hall renovation. Lease revenue bonds generally rely on a lease of eligible public assets and annual appropriations rather than a voter-approved property-tax levy. The Town would need to encumber lien-free assets, and the preliminary analysis indicates that sufficient assets may be available, subject to careful legal, asset, and affordability review.

Table 5. Modeled Lease Revenue Bond Financing

Financed Component	Project Cost	Qualification
Police building	$70,000,000	Town estimate; fully financed in model.
Interchange local share, net of predevelopment	$12,600,000	$18 million modeled local share less $5.4 million cash for plans and permitting.
Town Hall renovation	$25,000,000	Very rough low-side estimate.
Tier 2 / Tier 3/ Ongoing Unprogrammed CIP	$0	Tier 2 and ongoing Unprogrammed CIP are pay-as-you-go; Tier 3 is excluded.
One-time Unprogrammed CIP	$10,900,000	From Table 4 above
Total project cost financed	$118,500,000	Before issuance expenses.

Financed Component	Project Cost	Qualification
Issuance expenses	$1,118,500	Assumed at 1 percent of project costs.
Total financing amount	$119,685,000	Modeled par / financing amount.
Annual debt service	$7,785,681	30-year level-payment estimate at 5.0 percent.

Source: NHA Advisors financing analysis using stated project and debt assumptions.

Debt financing would align repayment more closely with the useful lives of long-lived facilities and reduce the construction-period draw on reserves. It would also create a fixed annual claim of approximately $7.07 million for 30 years. This amount is substantially larger than the annual cash-flow benefit of the modeled ADP. Debt therefore addresses timing rather than affordability and requires a recurring revenue source commensurate with the resulting obligation.

8. Town Reserves and Liquidity

The reserve summary reports total balances of approximately $34.413 million. These balances are not homogeneous. The Section 115 pension amount is restricted; the rehabilitation loan reserve is non-spendable; stabilization, catastrophic, and pension/OPEB amounts are committed; several balances are assigned to specified purposes; and the unassigned balance is approximately $8.445 million.

Table 6. Summary of Town Cash Reserves by Classification

Classification / Purpose	Balance
Restricted — Pension Section 115 trust	$4,170,731
Nonspendable — Rehabilitation loan reserve	$159,000
Committed — Budget stabilization	$7,538,452
Committed — Catastrophic	$7,538,452
Committed — Pension/OPEB	$1,300,000
Assigned — Capital/special projects	$1,983,271
Assigned — Compensated absences	$1,519,243
Assigned — Open space	$410,000
Assigned — Sustainability	$140,553
Assigned — Market fluctuations	$1,201,824
Assigned — Carryover encumbrances	$6,367
Unassigned fund balance	$8,444,847
Total	$34,412,740

Source: Town cash-balance classifications incorporated into the asset liability management analysis.

For the integrated cash-flow analysis, most nonrestricted cash, including amounts committed for pension and OPEB purposes, is treated as an aggregate starting balance. This approach shows the overall trajectory of liquid resources if the Town funds operating deficits, pension interventions, pay-as-you-go capital, and debt service from the same broad pool. It does not imply that all listed amounts can or should be repurposed.

The reserve decision is therefore a portfolio-allocation problem. Cash can fund capital directly and avoid borrowing; it can be contributed to CalPERS or a trust to reduce or smooth pension costs; it can support OPEB; it can absorb the structural deficit; or it can remain available for stabilization and emergencies. Each use has an opportunity cost. A minimum-reserve framework is necessary before the model is used to authorize projects or liability contributions. The Town has a reserve policy. We believe that the cash balances projected in the cash flows in this report are broadly in conformance with the policy.

9. OPEB Liability and Funding Policy

The Town's OPEB plan is reported as more than 75 percent funded, with over $30 million of invested cash reserves against an actuarial liability exceeding $38 million. The analysis states that the Town significantly curtailed future employee OPEB liabilities in 2018. It also distinguishes OPEB from CalPERS by stating that the Town is not subject to an equivalent legal requirement to fully amortize the unfunded OPEB liability. This legal characterization should be confirmed as part of any policy change

Table 7. Selected OPEB Valuation and Contribution Information

Item	FY 2026-27	FY 2027-28
Valuation date	June 30, 2025	June 30, 2025
Discount rate	6.25%	6.25%
Normal cost	$786,226	$761,791
Administrative expenses	$22,750	$24,154
UAAL amortization payment	$923,393	$948,787
Total actuarially determined contribution	$1,732,369	$1,734,732
Estimated explicit benefit payments	($2,146,584)	($2,241,845)
Estimated implicit benefit payments	($290,946)	($310,647)
Recommended net trust contribution / (reimbursement)	($705,161)	($817,760)

Source: Town of Los Gatos Retiree Healthcare Plan, June 30, 2025 actuarial valuation.

The actuarial consultant's recommended negative net trust contribution is effectively a reimbursement or withdrawal because estimated benefit payments exceed the actuarially determined contribution. The analysis uses this result to raise a broader policy issue: whether continued contributions toward the OPEB unfunded liability provide sufficient long-term value when compared with preserving liquidity, funding capital, or addressing pension costs. A final decision would require an updated funding policy, projected benefit cash flows, trust-return assumptions, tax and accounting review, and an assessment of intergenerational equity.

BENEFIT PAYMENT AND PRE-FUNDING PROJECTION – TRUST DISBURSEMENTS

Fiscal Year	Explicit Subsidy Benefit Pmts	Implicit Subsidy Benefit Pmts	Trust Pmt (Reimb.)	ADC	Proj. Payroll (in millions)	ADC % of Pay	Funded % BOY
2026/27	$2,146,584	$290,946	(705,161)	$1,732,369	$21.1	8.2%	77.6%
2027/28	2,241,845	310,647	(817,760)	1,734,732	21.7	8.0%	80.7%
2028/29	2,359,145	371,306	(987,828)	1,742,623	22.3	7.8%	83.8%
2029/30	2,438,680	403,164	(1,094,116)	1,747,728	22.9	7.6%	86.3%
2030/31	2,466,868	376,711	(1,096,536)	1,747,043	23.5	7.4%	88.1%
2031/32	2,596,937	467,863	(1,307,442)	1,757,358	24.2	7.3%	90.1%
2032/33	2,670,452	522,349	(1,418,069)	1,774,732	24.9	7.1%	92.1%
2033/34	2,728,092	563,724	(1,500,313)	1,791,503	25.5	7.0%	94.4%
2034/35	2,801,657	640,255	(1,628,876)	1,813,036	26.2	6.9%	96.8%
2035/36	2,810,881	625,847	(1,601,174)	1,835,554	27.0	6.8%	99.5%

Figure 1. OPEB Actuarially Determined Subsidy Benefit and Reimbursement Payments

The source table shows the composition of the actuarially determined contribution and the projected net trust reimbursement and projected funded ratio.

Source: Town of Los Gatos Retiree Healthcare Plan, June 30, 2025 actuarial valuation.

10. CalPERS Pension Position

The formal pension baseline is the June 30, 2024 actuarial valuation, which reports a UAL of approximately $67.2 million. June 30, 2025 valuation results (released after the Raftelis study was finalized) reduce the UAL to approximately $60.1 million. The change reflects an estimated $11.5 million reduction from 12.1 percent investment returns, partly offset by approximately $700,000 of assumption changes and $3.8 million of non-investment losses. The magnitude of the investment-related change is greater than the modeled net benefit of the ADP and illustrates why future CalPERS performance is a major, but uncertain, driver of the Town's outlook.

Table 8. Selected CalPERS Position and Payment Measures

Measure	June 30, 2024	June 30, 2025	Change / Observation
Unfunded accrued liability	$67.233 million	$60.134 million	Reduction of approximately $7.1 million.
Funded ratio, excluding Section 115 trust	74.0%	77.2%	Improves by approximately 3.2 percentage points.
Effective Funded ratio, including Section 115 trust	74.8%	78.4%	Trust increases funded ratio by about 1.2 percentage points in FY 2024-25.
Modeled cumulative UAL payments	$100.457 million	$87.100 million	Expected 2025 schedule is approximately $13.357 million lower.
Near-term UAL payment peak	Approximately $7.5 million in FY 2030-31 under 2024 schedule	Approximately $7.35 million in FY 2028-29 under expected 2025 schedule	Expected results accelerate decline of the payment peak.

Source: CalPERS actuarial valuation reports and the CalPERS Pension Outlook Tool.

Historical results demonstrate the sensitivity of the UAL to investment performance. The UAL declined from approximately $61.9 million in 2020 to $36.7 million in 2021 after a 22.4 percent return, then increased to approximately $64.9 million in 2022 after a negative 7.5 percent return. A preliminary FY 2025-2026 return of 14.8 percent is not translated into a UAL reduction in the model because the effect was not sufficiently known. Conservative planning should therefore separate known actuarial savings from potential future market performance.

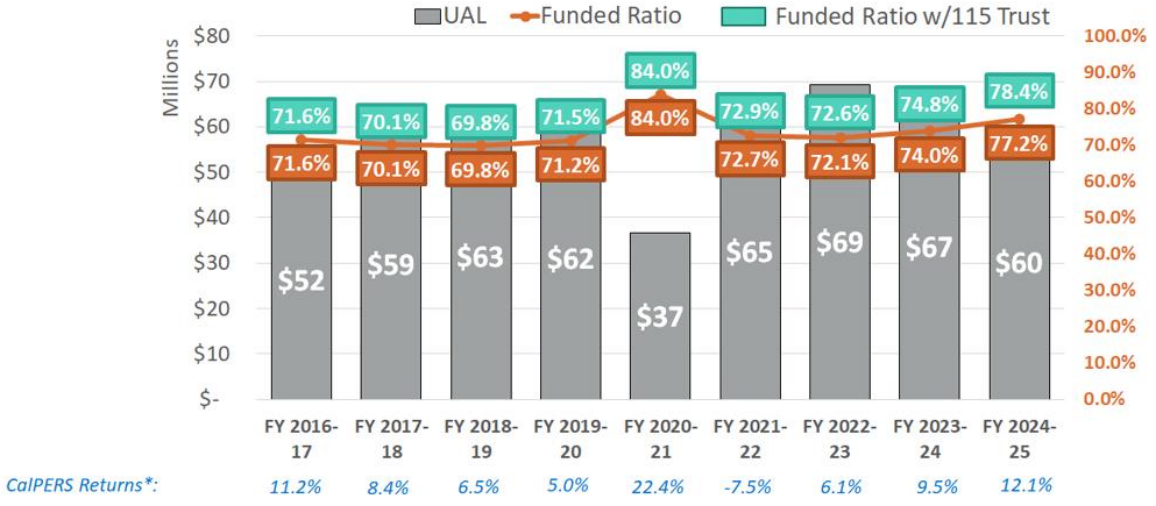


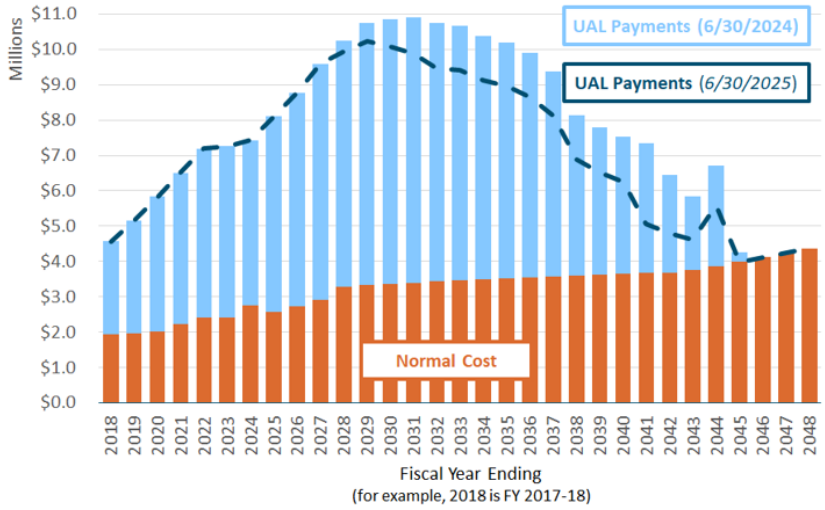
Figure 2. Historical UAL Balance and Funded Ratio

The figure illustrates the relationship between investment returns, the UAL, and the funded ratio from 2017 through expected 2025 results.

Source: CalPERS actuarial valuation reports and the CalPERS Pension Outlook Tool.

Under the expected June 30, 2025 actuarial valuation schedule, annual UAL payments are approximately $6.69 million in FY 2026-27, rise to approximately $7.35 million in FY 2028-29, and decline to approximately $5.54 million by FY 2035-36. Normal cost is projected separately and rises over time. The combination of normal cost and UAL payments therefore remains a material General Fund commitment even as the UAL payment component declines. The reduction in projected UAL payments between the June 30, 2024 actuarial valuation and June 30, 2025 valuation can be seen in Figure 3 below.

Four principal headwinds support conservative planning: future market downturns or return volatility; changes in actuarial assumptions such as the discount rate or inflation; Town salary increases and cost-of-living adjustments above CalPERS assumptions; and potential legislative changes. It should be noted that the benefits of the 12.1% returns from FY 2024-25 were offset by nearly 1/3 (33%) due to "non-investment losses," likely generated by the Town's recent practice of providing larger salary increases/COLAs than those assumed by CalPERS and/or having an increased number of early retirements. Without these non-investment losses, the reduction in UAL would have been $3.8 million more. These risks reinforce the conclusion that favorable CalPERS performance, although potentially more consequential than an ADP, cannot be treated as a reliable solution to the structural deficit.



UAL Payment Comparison
(June 30, 2024 Valuation vs. June 30, 2025 Valuation)

FY	A June 30, 2024	B June 30, 2025	A - B C Difference
2026-27	$6,691,300	$6,691,300	$0
2027-28	$6,946,110	$7,121,868	($175,758)
2028-29	$7,420,188	$7,349,306	$70,882
2029-30	$7,475,956	$7,158,434	$317,522
2030-31	$7,504,822	$6,940,660	$564,162
2031-32	$7,301,051	$6,490,251	$810,800
2032-33	$7,207,877	$6,397,077	$810,800
2033-34	$6,880,697	$6,069,897	$810,800
2034-35	$6,673,106	$5,862,305	$810,801
2035-36	$6,353,674	$5,542,874	$810,800
2036-37	$5,792,152	$4,981,352	$810,800
2037-38	$4,540,010	$3,729,209	$810,801
2038-39	$4,167,824	$3,357,022	$810,802
2039-40	$3,875,434	$3,064,634	$810,800
2040-41	$3,675,949	$2,851,736	$824,213
2041-42	$2,772,939	$1,299,048	$1,473,891
2042-43	$2,086,632	$1,033,080	$1,053,552
2043-44	$2,830,261	$1,159,879	$1,670,382
2044-45	$260,689	$0	$260,689
Total	**$100,456,671**	**$87,099,932**	**$13,356,739**

Figure 3. Historical and Projected CalPERS Payments

The new June 30, 2025 UAL schedule reduces cumulative payments and accelerates the decline from the payment peak relative to the June 30, 2024 schedule.

Source: CalPERS actuarial valuation reports and the CalPERS Pension Outlook Tool.

11. Pension Cost-Management Alternatives

The pension strategies are not mutually exclusive. They vary in whether they directly reduce the UAL, preserve control and liquidity, change the amortization schedule, or transfer investment risk. The alternatives include strategies currently used by the Town, strategies suitable for further consideration, and strategies that are not advisable under the modeled near-term deficits and current market conditions.

Table 9. Pension Cost-Management Alternatives

Alternative	Basic Mechanism	Potential Advantages	Principal Disadvantages / Risk	Source Treatment
Annual CalPERS prepayment	Pay annual UAL amount early in the fiscal year.	Approximately 3.3% prepayment discount; administratively simple.	Uses cash earlier; limited structural effect beyond discount.	Currently used.
Fresh Start	Replace existing bases with a shorter / level amortization schedule.	Less interest over full period; simplified payment pattern.	Higher near-term payments; no flexibility to return to prior schedule.	Not recommended given near-term deficits.
Pension obligation bonds	Borrow to pay off the UAL at an assumed lower borrowing rate.	Potential payment leveling and interest-rate differential.	Investment/reinvestment risk; fixed debt; savings not guaranteed as they are based on future CalPERS investment performance	Not recommended under current market/rate and risk conditions.
Additional discretionary payment	Pay selected amortization bases directly to CalPERS.	Immediate UAL reduction; future payment reduction; implicit 6.8% discount-rate benefit if assumptions are realized.	Irreversible; reduces liquidity and investment control; market timing and reinvestment risk.	Recommended for targeted consideration; financially useful but not sufficient to resolve the structural deficit.

Alternative	Basic Mechanism	Potential Advantages	Principal Disadvantages / Risk	Source Treatment
Section 115 trust	Maintain restricted pension/OPEB assets outside the pension system until withdrawn or transferred.	Budget flexibility, liquidity within restricted purpose, investment options, and payment smoothing.	Does not reduce UAL until transferred; investment risk; requires contributions.	Recommended for smoothing and investment control and budget flexibility.

Source: NHA Advisors analysis of pension cost-management alternatives.

The Town has a history of proactive pension cost management, including consistent early UAL prepayment, a June 2014 payoff of the $4.5 million Safety Plan side fund UAL, set-asides for ADPs totaling $12.7 million, and establishment of a CalPERS Section 115 trust with a current balance of approximately $4.17 million. Existing policy sets aside $390,000 annually and permits up to $690,000 when the Town ends the fiscal year in a positive position.

Selection of ADP bases is central to the timing of benefits. Long bases maximize gross long-term reduction but spread annual relief over a longer period. Short bases produce less total reduction but concentrate relief during the UAL payment peak. A tailored selection can target the desired annual cash-flow profile. In the Town's current circumstances, the relevant question is not whether an ADP can produce savings, but whether the timing of those savings justifies the immediate reduction in liquidity and meaningfully supports the capital and operating forecast.

12. Pension Scenario Analysis

All pension scenarios assume use of the approximately $4.2 million Section 115 trust balance. Scenario 3 requires an additional amount of approximately $4 million from unassigned reserves, resulting in an initial intervention of approximately $8.2 million. Scenario 1A applies the $4.2 million as an ADP to long bases; Scenario 1B uses short bases; Scenarios 2A and 2B use trust withdrawals to smooth payments under 4.9 percent and 7.0 percent earnings assumptions; and Scenario 3 applies the larger ADP to all bases with ten years or less remaining.

Table 10. Comparative Pension Scenario Results

Scenario	Initial Resource Use	Gross Reduction Through FY 2032-33	Gross Reduction Through FY 2035-36	Total Gross Reduction	Net Reduction Through FY 2035-36	Primary Timing / Liquidity Effect
1A — Long-base ADP	$4.2M ADP	$2.363M	$3.545M	$7.556M	($0.625M)	Largest long-term gross reduction among $4.2M alternatives; least near-term relief; irreversible.
1B — Short/tailored ADP	$4.2M ADP	$4.827M	$5.301M	$5.301M	$1.100M	Relief concentrated in payment-peak years; less total gross reduction than long bases.
2A — Trust smoothing, 4.9%	$4.2M trust withdrawals	$4.706M	$4.706M	$4.706M	$0.536M	Levels UAL payments near $6.13M from FY 2027-28 to FY 2032-33; preserves decision flexibility until withdrawals.
2B — Trust smoothing, 7.0%	$4.2M trust withdrawals	$4.952M	$4.952M	$4.952M	$0.782M	Levels UAL payments near $6.08M from FY 2027-28 to FY 2032-33; result depends on higher earnings.
3 — ADP on bases ≤10 years	Approximately $8.2M ADP	$9.167M	$10.651M	$10.651M	$2.465M	Largest near-term relief and reserve draw; irreversible and highest market-timing exposure.

Source: NHA Advisors pension scenario analysis. Net reduction equals modeled gross payment reduction through fiscal year 2036 less the initial resource use. Amounts are rounded.

Scenario 1A reduces annual payments by approximately $393,879 for most of the modeled period, but negative remaining payments would require a roll-up adjustment in FY 2040-41 through FY 2043-44. Its principal limitation is timing: the Town would use $4.2 million immediately but recover only approximately $3.5 million in gross payment reductions through FY 2035-36. The alternative may reduce long-term pension cost, but it provides relatively little support during the period of greatest capital pressure.

Scenario 1B and the two trust-smoothing alternatives concentrate more benefit in the next seven to ten years, when UAL payments are highest. Scenario 3 provides the greatest near-term payment reduction but uses approximately $8.2 million of pension trust and unassigned resources. The larger ADP can make economic sense under the stated assumptions, but the revised integrated forecast demonstrates that the resulting payment relief is not sufficient to offset Tier 2 escalation and the annual debt service associated with the full CIP.

The scenario comparisons do not constitute investment guarantees. An ADP effectively assumes that the benefit of reducing a liability discounted at 6.8 percent will be realized through future CalPERS experience. Trust smoothing depends on trust returns and withdrawal timing. Both approaches reduce cash available for capital, operating stabilization, or unforeseen needs. Future CalPERS' performance may ultimately affect pension costs more than the ADP itself, but that performance is uncertain and should not be embedded as a balancing assumption.

Scenario Modeling - Annual Cost Reductions

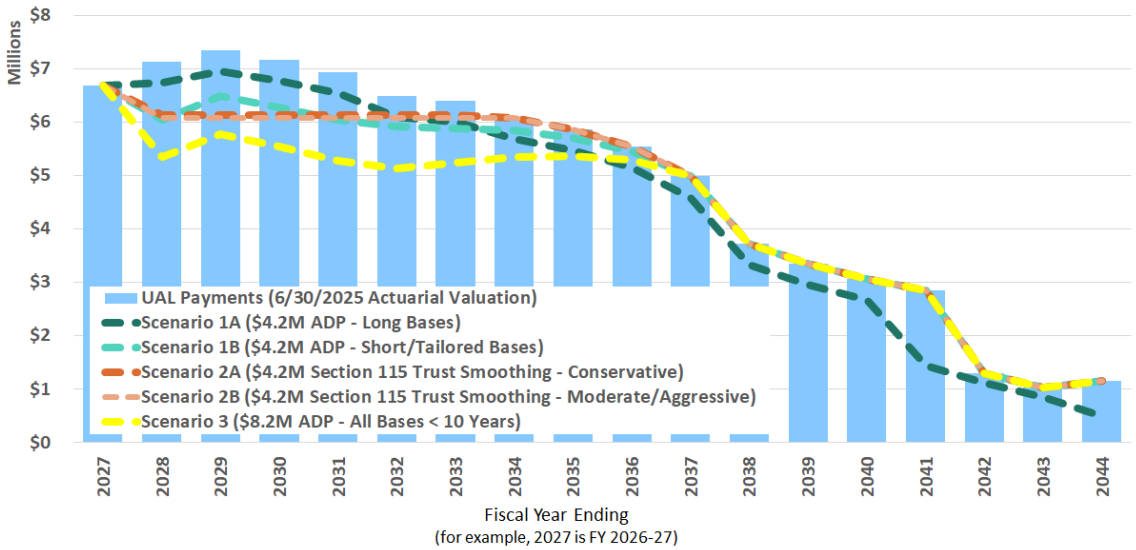
Fiscal Year	Scenario 1A ($4.2M ADP - Long Bases)	Scenario 1B ($4.2M ADP - Short Bases)	Scenario 2A ($4.2M Section 115 Trust Smoothing - Conservative)	Scenario 2B ($4.2M Section 115 Trust Smoothing - Moderate/Aggressive)	Scenario 3 ($8.2M ADP - All Bases < 10 Years)
2026 - 2027	$0	$0	$0	$0	$0
2027 - 2028	$393,878	$1,079,065	$996,658	$1,037,682	$1,778,487
2028 - 2029	$393,879	$858,103	$1,224,096	$1,265,120	$1,577,109
2029 - 2030	$393,879	$882,130	$1,033,224	$1,074,248	$1,621,268
2030 - 2031	$393,879	$906,830	$815,450	$856,474	$1,666,663
2031 - 2032	$393,879	$579,836	$365,041	$406,065	$1,360,944
2032 - 2033	$393,879	$520,590	$271,867	$312,891	$1,162,973
2033 - 2034	$393,879	$232,784	$0	$0	$728,062
2034 - 2035	$393,879	$159,535	$0	$0	$498,965
2035 - 2036	$393,879	$82,001	$0	$0	$256,468
2036 - 2037	$393,879	$0	$0	$0	$0
2037 - 2038	$393,879	$0	$0	$0	$0
2038 - 2039	$393,879	$0	$0	$0	$0
2039 - 2040	$393,879	$0	$0	$0	$0
2040 - 2041	$1,411,009	$0	$0	$0	$0
2041 - 2042	$181,803	$0	$0	$0	$0
2042 - 2043	$181,802	$0	$0	$0	$0
2043 - 2044	$660,658	$0	$0	$0	$0
Total Cost Reduction	**$7,555,696**	**$5,300,874**	**$4,706,335**	**$4,952,478**	**$10,650,938**
Cost Reduction Through FY 2032-33	$2,363,272	$4,826,555	$4,706,335	$4,952,478	$9,167,444
Cost Reduction Through FY 2035-36	$3,544,908	$5,300,874	$4,706,335	$4,952,478	$10,650,938
Net Cost Reduction Through FY 2035-36	*(625,823)*	*1,130,143*	*535,604*	*781,747*	*2,464,767*

Note: Scenario 1A creates annual cost reduction of $393,879 for 20 years. However, given negative UAL remaining payments after ADP from FY 2043-44 to FY 2046-47, a "roll-up" would occur and modify remaining UAL payments from FY 2040-41 to FY 2043-44. Cost reduction estimates above are compared to this "rolled-up" remaining UAL.

Figure 4. Pension Scenario Annual Cost Reductions and Summary Results

The figure summarizes annual gross reductions and modeled net reductions after the initial use of pension resources.

Source: NHA Advisors pension scenario analysis.



13. Preliminary Pension and OPEB Findings

The preliminary pension findings support reconsideration, rather than automatic continuation, of the annual $390,000 Section 115 contribution. A targeted ADP or trust-smoothing strategy can improve budget predictability and provide financial value, particularly if relief is concentrated during the next five to ten years. The analysis does not support treating pension intervention as a solution to the structural deficit: the modeled savings are materially smaller than the annualized cost of the expanded CIP, and the immediate use of reserves reduces flexibility.

If reserves are used for pension management, the modeled results favor concentrating relief in the next five to ten years rather than maximizing gross savings over a longer period. That period corresponds to the projected UAL payment peak and the possible commencement of major capital debt service. It is worth noting that the projected payment peak period will likely be more concentrated in the early years once the FY 2025-26 investment returns of 14.8% work their way into the valuation reports next year. Short-base ADPs and Section 115 smoothing preserve more near-term budgetary capacity than a long-base ADP, although trust smoothing retains greater reversibility until funds are withdrawn.

The analysis also raises whether the current CalPERS Section 115 provider offers sufficient investment flexibility. CalPERS provides two trust options, with expected returns between 4.9% and 5.4%. There are several other providers that provide more investment options, the ability to tailor portfolios, and have demonstrated better historical returns than CalPERS. Any provider review should consider governance, fees, custody, investment policy, risk, liquidity, and transition requirements rather than return alone.

The OPEB position supports a parallel review. A well-funded trust and the actuarial recommendation for reimbursement may allow the Town to reduce or suspend contributions toward the OPEB unfunded liability, but the effect on long-term funding, benefit security, and future contribution volatility should be evaluated. The pension and OPEB decisions should be coordinated because both compete for the same reserves and annual General Fund capacity.

The analysis identifies a possible economic relationship between investing pension-related cash at expected rates above 5 percent and issuing tax-exempt capital debt at rates below 5 percent. This comparison is not risk-free: pension or trust returns and future CalPERS performance are uncertain, while bond debt service is fixed. It is therefore a risk-adjusted allocation question rather than a simple interest-rate arbitrage.

14. New Development and Fiscal Effects

The development model assumes 3,263 residential units through 2040, including 400 accessory dwelling units, or approximately 230 new units annually. Affordable units are assumed to represent approximately 15 percent of non-ADU units. Prior fiscal-impact work indicates that housing growth may have a positive operating effect before incremental capital costs, but infrastructure and service costs may be significant. The analysis therefore tests impact fees and a special tax as methods of converting growth into net fiscal capacity.

The impact-fee estimate is intentionally simplified. It assumes that all units pay the same fee, including rental, ownership, ADU, and deed-restricted affordable units, although actual implementation would differ. The model allocates $108 million of Tier 2, police-building, and interchange local-share costs across 17,063 existing and projected housing units, producing an illustrative $6,329 per unit. An AB 1600 study would be required to establish nexus, proportionality, eligible costs, and the actual fee structure. However, the Town should seek legal advice on how to best manage impact fees on new infill development.

Table 11. Development Assumptions and Fiscal Effects

Development / Revenue Item	Modeled Assumption	Fiscal Character	Key Limitation
Residential growth	3,263 units through 2040, including 400 ADUs; approximately 230 units annually	Driver of recurring and one-time revenues and service costs	Timing, tenure, affordability mix, and absorption are uncertain.
Illustrative impact fee	$6,329 per unit, based on $108M allocated across 17,063 units; 5% annual inflator in revenue model	One-time capital revenue	Not an adopted fee; actual fee requires AB 1600 study and differentiated treatment.

Development / Revenue Item	Modeled Assumption	Fiscal Character	Key Limitation
New-development Mello-Roos tax	$750 per unit annually; 2% inflator	Recurring services and facilities revenue	Requires district and entitlement implementation; dependent on development pace.
Combined new-development revenue	$1.628M in FY 2026-27 rising to $4.320M in FY 2035-36	Combination of one-time and recurring revenue	Potentially large enough to change the forecast, but timing is highly dependent on the building cycle.

Source: NHA Advisors development and revenue analysis using stated growth assumptions.

Table 12. Selected Modeled Annual New-Development Revenues

Fiscal Year	Illustrative Impact Fees	New-Development Special Tax	Combined Revenue
2026-2027	$1.456M	$0.173M	$1.628M
2027-2028	$1.529M	$0.352M	$1.880M
2029-2030	$1.685M	$0.732M	$2.417M
2031-2032	$1.858M	$1.143M	$3.001M
2033-2034	$2.048M	$1.585M	$3.634M
2035-2036	$2.258M	$2.062M	$4.320M

Source: NHA Advisors development revenue model. Amounts are rounded.

The fiscal contribution of development should be evaluated on a net and timing-specific basis. Impact fees may fund eligible capital costs but do not ordinarily support General Fund operating expenses. The new-development annual special tax may support services and facilities, but the tax base builds gradually and depends on construction activity. Under the modeled pace, these revenues are large enough to change the fiscal result and may be a gamechanger. Their volatility, implementation requirements, and exposure to the building cycle make them materially less certain than a broad existing tax base. Section 16 below does include the ongoing long-term net positive fiscal impact cash flows from new development, as shown in the Future Growth and Sustainability Study.

15. Potential Voter-Approved Revenue

A parcel tax or local sales-tax override is identified as the most practical Town-wide revenue structure for addressing the structural deficit. The revised scenarios also rely on a new-development Mello-Roos tax and impact fees. As a result, the policy question is not whether new taxes are required, but which tax bases, rates, and implementation schedules provide sufficient and reasonably stable revenue for the selected capital program. Voting thresholds and initiative requirements are legal matters requiring current legal analysis.

Table 13. Illustrative Town-Wide Parcel-Tax Revenue

Average Annual Tax per Parcel	Approximate Taxable Parcels	Estimated Annual Revenue
$100	11,400	$1,140,000
$200	11,400	$2,280,000
$300	11,400	$3,420,000
$400	11,400	$4,560,000

Source: NHA Advisors parcel-tax sensitivity analysis.

The cash-flow model assumes a flat $200 annual tax on approximately 11,400 parcels, approved no later than November 2028, with full collection beginning in FY 2028-29 and a 2 percent annual inflator. Proceeds are assumed to be available for broadly defined capital purposes. The flat structure is used for modeling simplicity; a more nuanced Mello-Roos structure based on land use may improve equity or feasibility.

The sales-tax sensitivity uses 2025 taxable sales of approximately $138.95 million and a current 9.25 percent combined rate. Under the simplified calculation, generating $1 million annually would require an additional rate of approximately 0.72

percent, while generating $2 million would require approximately 1.44 percent. The 0.72 percent sales tax increase would take the Town to the 10% combined sales tax limit in the State statutes. The 1.44 percent sales tax increase would require special State legislation. Limited statutory capacity, sales leakage, and potential competitive effects are reasons the model does not rely on sales tax. Updated legal, economic, and retail analysis would be required before selecting a measure.

The modeled $200 parcel tax generates approximately $2.28 million initially. Combined with development exactions, it supports Tier 2 through FY 2033-34 but does not prevent deficits from returning in FY 2034-35 and FY 2035-36. It is also substantially below the approximately $7.07 million annual debt service of the full lease revenue bond program. The full program therefore requires a materially larger or broader tax package, project reductions or phasing, additional outside funding, or a combination of these actions.

16. Structural Deficit and Long-Term Cash Flow

The integrated model begins with the structural deficit projected by Raftelis as modified by Town staff, adds the effects of expected June 30, 2025 CalPERS results, elimination of the annual $390,000 Section 115 transfer, Tier 2 spending, interchange predevelopment, lease revenue bond debt service, development revenue, a Town-wide parcel tax, and assumed grants. It also includes a $5.5 million ADP to CalPERS, which has been recommended by staff after reviewing the preliminary options and assessing current pension reserve levels. The revised schedule does not include a separate investment-earnings line for cash balances since the baseline Raftelis structural deficit projection (as revised by staff) already includes investment earnings.

Table 14. Scenario 1 – Base Case Combined Cash Flows and Estimates of Cash Reserves Through FY 2035-2036

Scenario 1	Fiscal Year										
Deficit Estimates	**2025-2026**	**2026-2027**	**2027-2028**	**2028-2029**	**2029-2030**	**2030-2031**	**2031-2032**	**2032-2033**	**2033-2034**	**2034-2035**	**2035-2036**
Structural deficit projected by Raftelis, amended with OPEB savings estimated by Town staff	**100,000**	**(300,000)**	**(1,200,000)**	**(2,300,000)**	**(2,000,000)**	**(2,800,000)**	**(3,500,000)**	**(3,800,000)**	**(4,500,000)**	**(5,300,000)**	**(5,800,000)**
PENSION											
Projected June 30, 2025 UAL adjustment		-	(175,758)	70,882	317,522	564,162	810,800	810,800	810,800	810,800	810,800
Eliminate $390K annual Section 115 transfer		390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000
$5.5M ADP Payment Reduction			1,264,799	1,049,037	1,078,410	1,108,605	787,260	691,176	364,306	249,671	128,331
Cash draw for ADP		(5,500,000)									
CAPITAL PROGRAM											
Tier 2 CIP (5% inflation)		(1,000,000)	(1,050,000)	(1,102,500)	(1,157,625)	(1,215,506)	(1,276,282)	(1,340,096)	(1,407,100)	(1,477,455)	(1,551,328)
Unprogrammed CIP Ongoing Work		(681,250)	(715,313)	(749,157)	(824,114)	(863,398)	(906,568)	(949,975)	(997,474)	(1,045,426)	(1,097,697)
Hwy 17/Hwy 9 Interchange pre-development		(2,700,000)	(2,700,000)								
28% of $118.5 million combined CIP Lease Revenue Bond				(2,179,991)	(2,179,991)	(2,179,991)	(2,179,991)	(2,179,991)	(2,179,991)	(2,179,991)	(2,179,991)
Total cash flow deficit	**100,000**	**(9,791,250)**	**(4,186,272)**	**(4,821,728)**	**(4,375,798)**	**(4,996,128)**	**(5,874,781)**	**(6,378,085)**	**(7,519,459)**	**(8,552,401)**	**(9,299,885)**
NEW REVENUE											
Impact-fee revenue		1,360,839	1,428,881	1,500,325	1,575,342	1,654,109	1,736,814	1,823,655	1,914,837	2,010,579	2,111,108
Positive annual General Fund impact from new development projected by Fiscal Impact Study		86,354	210,107	333,861	457,614	581,367	705,120	828,874	951,789	1,075,541	1,199,254
Town-wide parcel-tax revenue				2,280,000	2,325,600	2,372,112	2,419,554	2,467,945	2,517,304	2,567,650	2,619,003
New development Mello-Roos tax		161,250	328,950	503,294	684,479	872,711	1,068,198	1,271,156	1,481,805	1,700,371	1,927,087
Grant Funding for CIP		500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total new revenue		**2,108,443**	**2,467,938**	**5,117,480**	**5,543,035**	**5,980,299**	**6,429,686**	**6,891,630**	**7,365,735**	**7,854,141**	**8,356,452**
Net deficit including new revenue	**100,000**	**(7,682,807)**	**(1,718,333)**	**295,752**	**1,167,237**	**984,170**	**554,906**	**513,545**	**(153,724)**	**(698,260)**	**(943,433)**
Beginning Committed, Assigned and Unassigned cash	34,412,740	34,512,740	26,829,933	25,111,600	25,407,352	26,574,588	27,558,758	28,113,664	28,627,209	28,473,485	27,775,226
Ending Committed, Assigned and Unassigned cash	**34,512,740**	**26,829,933**	**25,111,600**	**25,407,352**	**26,574,588**	**27,558,758**	**28,113,664**	**28,627,209**	**28,473,485**	**27,775,226**	**26,831,793**

Source: NHA Advisors integrated cash-flow model. Parentheses indicate cash outflows or negative balances; amounts are rounded to the nearest dollar. The revised schedule does not include a separate investment-earnings line.

Table 14 shows that in order to keep the Town's cash balance approximately equal to its level after the ADP CalPERS intervention show in FY 2026-2027, the Town would need to restrict the proposed lease revenue bond to about 28% of the total CIP amount shown in Table 5.

Below is Table 15, showing the effect of COLA reductions by the Town. The percentage of the Table 5 potential CIP that could be funded by a lease revenue bond increases to 49%.

Table 15. Scenario 2 – Base Case Combined Cash Flows and Estimates of Cash Reserves Through FY 2035-2036 (w/COLA Savings)

Scenario 2	Fiscal Year										
Deficit Estimates	**2025-2026**	**2026-2027**	**2027-2028**	**2028-2029**	**2029-2030**	**2030-2031**	**2031-2032**	**2032-2033**	**2033-2034**	**2034-2035**	**2035-2036**
Baseline Structural deficit projected by Raftelis with both OPEB and COLA Reduction Savings Estimated by Town Staff	**100,000**	-	**(900,000)**	**(1,800,000)**	**(1,200,000)**	**(1,700,000)**	**(2,100,000)**	**(2,000,000)**	**(2,400,000)**	**(2,800,000)**	**(3,000,000)**
PENSION											
Projected June 30, 2025 UAL adjustment		-	(175,758)	70,882	317,522	564,162	810,800	810,800	810,800	810,800	810,800
Eliminate $390K annual Section 115 transfer		390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000
$5.5M ADP Payment Reduction		-	1,264,799	1,049,037	1,078,410	1,108,605	787,260	691,176	364,306	249,671	128,331
Cash draw for ADP		(5,500,000)	-	-	-	-	-	-	-	-	-
CAPITAL PROGRAM											
Tier 2 CIP (5% inflation)		(1,000,000)	(1,050,000)	(1,102,500)	(1,157,625)	(1,215,506)	(1,276,282)	(1,340,096)	(1,407,100)	(1,477,455)	(1,551,328)
Unprogrammed CIP Ongoing Work		(681,250)	(715,313)	(749,157)	(824,114)	(863,398)	(906,568)	(949,975)	(997,474)	(1,045,426)	(1,097,697)
Hwy 17/Hwy 9 Interchange pre-development		(2,700,000)	(2,700,000)								
49% of $118.5 million combined CIP Lease Revenue Bond				(3,814,984)	(3,814,984)	(3,814,984)	(3,814,984)	(3,814,984)	(3,814,984)	(3,814,984)	(3,814,984)
Total cash flow deficit	**100,000**	**(9,491,250)**	**(3,886,272)**	**(5,956,721)**	**(5,210,791)**	**(5,531,121)**	**(6,109,774)**	**(6,213,078)**	**(7,054,452)**	**(7,687,394)**	**(8,134,878)**
NEW REVENUE											
Impact-fee revenue		1,360,839	1,428,881	1,500,325	1,575,342	1,654,109	1,736,814	1,823,655	1,914,837	2,010,579	2,111,108
Positive annual General Fund impact from new development projected by Fiscal Impact Study		86,354	210,107	333,861	457,614	581,367	705,120	828,874	951,789	1,075,541	1,199,254
Town-wide parcel-tax revenue				2,280,000	2,325,600	2,372,112	2,419,554	2,467,945	2,517,304	2,567,650	2,619,003
New development Mello-Roos tax		161,250	328,950	503,294	684,479	872,711	1,068,198	1,271,156	1,481,805	1,700,371	1,927,087
Grant Funding for CIP		500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total new revenue		**2,108,443**	**2,467,938**	**5,117,480**	**5,543,035**	**5,980,299**	**6,429,686**	**6,891,630**	**7,365,735**	**7,854,141**	**8,356,452**
Net deficit including new revenue	**100,000**	**(7,382,807)**	**(1,418,333)**	**(839,241)**	**332,244**	**449,177**	**319,913**	**678,552**	**311,283**	**166,747**	**221,574**
Beginning Committed, Assigned and Unassigned cash	34,412,740	34,512,740	27,129,933	25,711,600	24,872,359	25,204,602	25,653,779	25,973,692	26,652,244	26,963,527	27,130,274
Ending Committed, Assigned and Unassigned cash	**34,512,740**	**27,129,933**	**25,711,600**	**24,872,359**	**25,204,602**	**25,653,779**	**25,973,692**	**26,652,244**	**26,963,527**	**27,130,274**	**27,351,849**

Table 16 below shows a simple comparison of Scenarios 1 and 2. Under Scenario 1 only 28% of the Table 5 CIP could be funded under a lease revenue bond. Under Scenario 2, with additional reductions to the structural deficit due to a reduction in projected costs of living adjustments and the use of the Other Post Employment Benefits Trust, 49% of the CIP could be funded under a lease revenue bond. Both scenarios, as noted before, include all potential new revenue sources shown in this report.

Table 16. Selected Cash-Flow Sensitivity Results

Scenario	Short Description	Lease Revenue Bond Capacity Percentage
1	Base case, with additional OPEB savings and other adjustments made to baseline model by Town staff	28%
2	Same as Scenario 1, but with additional savings from better management of Internal Service Funds	49%

17. Economic Downturn Sensitivity

For purposes of this report, we have modeled a hypothetical economic downturn. We assumed that the economic downturn increased the baseline structural deficit by $3 million per year for fiscal years 2027-28, 2028-29 and 2029-30. This amounts to an approximate 5% annual reduction in annual General Fund revenues. The net effect of this hypothetical economic downturn is to reduce lease revenue bond funding percentage metric from the 49% shown in Scenario 2 to 35% with the economic downturn assumptions shown above.

18. Integrated Findings and Policy Tradeoffs

The analysis does not identify a single action that resolves all competing objectives. The principal controllable variable is project scope and timing. Pension management, reserve use, debt financing, development exactions, and Town-wide taxes alter the timing and distribution of costs, but none eliminates the need to align the CIP with recurring revenue and minimum liquidity.

Table 17. Principal Policy Decisions and Tradeoffs

Category	Policy Decision	Potential Benefit	Principal Cost / Risk	Key Dependency
CIP	**Add Tier 2 and ongoing Unprogrammed CIP on pay-as-you-go basis**	Advances additional projects without long-term debt.	Annual costs rise with 5% inflation and reduce operating flexibility.	Parcel-tax and development-revenue performance.
	Advance all major projects with lease revenue bonds	Matches cost with useful life and protects construction-period cash.	Approximately $7.85M annual fixed debt service for 30 years.	Affordability, lien-free assets, rates, project costs, and revenue.
	Use cash for interchange plans and permitting	Improves project readiness and supports outside-funding advocacy.	Immediate $5.4M liquidity reduction before construction funding is secured.	Confirmation of regional funding and local-share requirement.

Category	Policy Decision	Potential Benefit	Principal Cost / Risk	Key Dependency
CalPERS	**Make targeted pension ADP**	Directly reduces UAL and near-term payments.	Uses money for CIP and CalPERS reinvestment risk.	Selected bases, reserve floor, and CalPERS performance.
	Use Section 115 trust for smoothing	Maintains greater control and targets peak-year relief.	Does not reduce UAL until transferred; investment risk.	Investment policy, provider, return, and withdrawal plan.
	Reduce or pause OPEB UAL funding	Preserves annual cash and may follow actuarial reimbursement recommendation.	Potentially increases future volatility or reduces funded status.	Updated actuarial projections and funding policy.
	Change OPEB and COLA practices	Reduces expenses, creates capacity for major CIP projects	Changes in personnel policy	Staff and elected willingness to make changes
New Revenue	**Seek Town-wide recurring revenue**	Provides broader capacity for Tier 2 and structural balance.	Voter burden, legal process, political feasibility, and implementation lag.	Measure design, public process, and community support.
	Rely on development exactions	Links growth to capital and service costs.	Revenue timing is volatile and may affect development feasibility.	AB 1600 study, district design, entitlements, and development pace.

Source: Synthesis of the financial analysis and modeled results.

Project prioritization has the greatest leverage. The pension scenarios produce gross reductions ranging from approximately $4.7 million to $10.7 million over multiple years, while the full bond program requires approximately $7.85 million every year. A targeted ADP can make financial sense and can improve near-term capacity, but it is not a gamechanger relative to the size of the CIP. Again, based on our analysis, the Town cannot afford the full CIP lease revenue bond debt service of $7.85 million per year without cost reductions or new revenue sources not reflected in this report.

Liquidity is the second controlling consideration. Scenarios 1 and 2 both show ending cash balances approximately equal to the Town's cash balance after doing the $8+ million ADP CalPERS intervention. If the Town elected to draw down cash reserves in the future, more of the CIP could be funded.

Revenue design is the third controlling consideration. New-development taxes and impact fees are potentially large enough to change the result, but they accumulate over time and are sensitive to the building cycle. Even with a $200/year Town-wide parcel tax the Town cannot fully fund the Table 5 CIP through a lease revenue bond. The remaining choices are to increase or broaden recurring taxes, secure materially more external funding, reduce or phase projects, or accept a greater reserve draw and lower financial flexibility.

19. Preliminary Conclusions

Under the assumptions evaluated, existing revenues and reserves are not sufficient to fund the full expanded capital program, eliminate the structural deficit, and maintain positive aggregate cash through FY 2035-36. Both scenarios rely on new taxes or exactions.

Borrowing reduces the immediate reserve use associated with the police building, Town Hall, and part of the interchange contribution, but it creates an estimated $7.85 million of annual debt service (for full CIP funding) for 30 years. Debt therefore addresses timing rather than affordability. The capacity to issue bonds depends on recurring tax revenue, project scope, reserve policy, and the Town's tolerance for long-term General Fund commitments.

Pension cost management can improve the financial position, particularly when savings are concentrated during the next five to ten years. A targeted ADP can make financial sense, but its benefit is smaller than the annual cost of the expanded CIP and must be weighed against the immediate loss of liquidity. Future CalPERS performance may have a larger fiscal effect than the ADP, but its volatility requires conservative planning. OPEB funding may provide additional near-term flexibility because of the plan's funded status and recommended trust reimbursement. The $5.5 million ADP shown in the cash flows results in significant operating costs reductions through 2036.

New development is expected to contribute positive revenue under the modeled assumptions. Impact fees and a new-development special tax could materially align growth with infrastructure and municipal-service requirements and may be a gamechanger in the long run for providing additional funding capacity for the Town's potential CIP.

The analysis indicates a fundamental need for the Town to prioritize or phase projects and to establish a recurring tax strategy. The estimated new revenue sources more than solve for the projected structural deficit. However, at best only about 30% of the potential CIP can be funded, in addition to the pay go Tier 2 CIP and the ongoing Unprogrammed CIP.

20. Recommended Next Steps

The following work is required before final implementation decisions. The priorities are to refine the capital program, establish a minimum reserve framework, test the stability and legal feasibility of new taxes, and update the uncertain external assumptions that could materially change the result.

1. Update the scope, cost, escalation, and schedule for Tier 2, the police building, and Town Hall, and identify the projects that can be phased or deferred.
2. Resolve the Highway 17/Highway 9 interchange local-share assumption by modeling at least 10 percent and 20 percent Town contributions and confirming the status of VTA, State, and federal funding.
3. Confirm the $5.4 million predevelopment scope, schedule, and decision points before committing cash.
4. Complete an asset analysis for lease revenue bond security and prepare a debt-capacity and affordability framework that includes reserve requirements and overlapping obligations.
5. Update the long-range General Fund forecast and reconcile the structural-deficit baseline with the new June 30, 2025 CalPERS schedule. Consider also doing this for the expected June 30, 2026 CalPERS schedule.
6. Perform sensitivity analysis for construction inflation, financing rates, development pace, grant shortfalls, delayed ballot implementation, and lower investment earnings.
7. Establish minimum operating, stabilization, and emergency reserve targets and identify which committed or assigned balances could be reallocated under applicable law and policy.
8. Obtain updated CalPERS and OPEB actuarial information and compare targeted ADPs, trust smoothing, and OPEB contribution changes within the reserve framework.
9. Review the Section 115 trust investment structure, provider alternatives, fees, governance, and risk-adjusted return objectives.
10. Conduct an AB 1600 impact-fee study and separately quantify incremental capital and operating costs attributable to development.
11. Evaluate the legal and financial structure of a new-development Mello-Roos services and facilities tax.
12. Evaluate Town-wide parcel-tax, Mello-Roos, sales-tax, and other recurring-revenue alternatives, including legal thresholds, distributional effects, revenue stability, public process, and community support.
13. Prepare staged implementation schedules showing the financial effect of advancing, deferring, or reducing each major project.
14. Develop an integrated policy decision calendar that aligns project approvals, pension and OPEB actions, financing preparation, outside-funding applications, and any ballot process.

The next phase should include an AB 1600 impact-fee study, analysis of a special Mello-Roos tax on new development, evaluation of Town-wide tax structures, project prioritization, a targeted CalPERS intervention, and cash funding for interchange design and permitting accompanied by expanded regional and federal funding advocacy. These actions remain subjects for further analysis and policy direction rather than final recommendations.

Appendix A. Major Assumptions and Qualifications

The following schedule summarizes the major assumptions and qualifications used in the report. It is intended to distinguish documented balances and actuarial results from preliminary estimates, policy assumptions, and sensitivity variables.

Table A-1. Major Assumptions and Qualifications

Topic	Major Assumption / Qualification
ALM scope	CIP, projects outside the CIP, CalPERS and OPEB, reserves, debt, development, taxes, and the structural deficit are evaluated as one financial system.
Existing CIP	Approximately $4+ million annually through FY 2029-30; road-focused; General Fund contribution eliminated for FY 2025-26.
Potential projects	Tier 2 $20 million; interchange $180+ million; police building $70 million; Town Hall $25+ million; Tier 3 excluded.
Tier 2 cash flow	$2 million initial annual funding concept with 5% inflation over ten years; revised integrated schedule includes a net $1 million amount in FY 2026-27 and rising costs thereafter.
Interchange local funding	A 20% share is described as a possible practical minimum, while the model uses $18 million or 10% plus a$5.4 million cashcontribution for design.

Topic	Major Assumption / Qualification
Ongoing Unprogrammed CIP	Ranges from $2.7 million to $4.4 million per year. Funded on a pay-go basis
One time Unprogrammed CIP	$10.9 million. Potentially funded through lease revenue bond
Debt assumptions	$118.5 million project costs; 1% issuance expense; $119,7 million financed; 5%; 30 years; approximately $7.785million annual debt service.
Reserves	$34.413 million aggregate starting cash across restricted, nonspendable, committed, assigned, and unassigned categories; legal and policy availability differs.
OPEB	More than 75% funded; $30 million+ assets; $38 million+ liability; FY 2026-27 ADC approximately $1.732 million; recommended reimbursement approximately $705,000.
CalPERS baseline	$67.2 million UAL at June 30, 2024; expected $60.1 million at June 30, 2025.
CalPERS performance	Investment returns can affect the UAL by more than the modeled ADP benefit; future performance is volatile and not treated as a dependable balancing source.
Pension interventions	$4.2 million ADP or trust alternatives and an approximately $8.2 million larger ADP; results depend on selected bases, returns, and timing.
ADP conclusion	A targeted ADP can make financial sense and improve near-term cash flow, but it is not a gamechanger relative to the annualized cost of the expanded CIP. $5.5 million ADP is assumed.
Development	3,263 units through 2040 including 400 ADUs; approximately 230 units annually; development pace and mix are uncertain.
Impact fee	$6,329 illustrative per-unit allocation with 5% inflation; an AB 1600 study and actual nexus analysis are required.
New-development special tax	$750 per unit with a 2% inflator; potentially material but dependent on development timing and implementation.
Town-wide parcel tax	$200 per parcel on approximately 11,400 parcels with 2% inflator beginning fiscal year 2028-29; illustrative and not adopted.
Tax requirement	Every modeled scenario relies on a new tax or exaction; existing revenues alone do not eliminate the structural deficit.
Scenario 1	Base case with all new revenue sources – shows a capacity to fund 8% of the lease revenue bond
Scenario 2	Includes additional revenue from the use of the OPEB Trust, and a reduction in projected costs of living adjustments
Integrated cash balance	Ending cash is approximately $26 million in FY 2035-36 for Scenario 1. This cash balance target is a constraint in the modeling such that the % of CIP funded through a lease revenue bond is the key variable
Primary controllable driver	The size and timing of the CIP have greater leverage than pension intervention.
Primary uncertain drivers	Future CalPERS performance and new development activity can materially change the result but are highly uncertain.
Next analytical steps	Refine projects, outside funding, reserve targets, CalPERS/OPEB information, development exactions, tax structures, and staged implementation schedules.

Source: NHA Advisors asset liability management analysis using Town-provided financial, capital, actuarial, and development information.

Appendix B. Defined Terms

ADP: Additional discretionary payment made directly to CalPERS to reduce selected amortization bases and future required payments.

ALM: Asset liability management; the integrated evaluation of financial assets, reserves, liabilities, capital commitments, debt, and revenues.

CIP: Capital Improvement Program; the Town's planned capital projects and funding schedule.

Lease revenue bonds: Obligations commonly supported by lease payments on public assets and annual appropriations, subject to final legal and financing structure.

OPEB: Other postemployment benefits, principally retiree healthcare benefits in this analysis.

Unprogrammed CIP: CIP implied by studies or engineering work in CIP documents, but for which cost estimates are not actually shown.

Section 115 trust: A tax-exempt trust restricted to eligible pension and/or OPEB purposes that can hold and invest assets outside the pension system until used.

UAL / UAAL: Unfunded accrued actuarial liability; the portion of actuarial liabilities not supported by actuarial assets. The OPEB table uses UAAL, while the pension analysis uses UAL.

VTA: Santa Clara Valley Transportation Authority.

Outlook

COLA projections

From Adam Fischer <[redacted]>
Date Mon 10/12/2026 10:09 AM
To Kristina Alfaro <KAlfaro@losgatosca.gov>
Cc Chris Constantin <CConstantin@losgatosca.gov>

[EXTERNAL SENDER]

One more question came up as I was reviewing the agenda packet:

Looking at Tables 14 and 15 on pages 207 and 208, the adjusted structural deficit improves by approximately $2.8 million annually by 2036.

The report references both COLA reductions and Internal Service Fund savings. Can staff provide a breakdown of how much of that improvement is attributable to each?

Specifically, what personnel cost growth rates are assumed, and have those assumptions been incorporated into existing labor agreements or are they dependent on future negotiations?

Thank you,

Adam

Sent from my iPhone

> On Oct 11, 2026, at 7:34 PM, Adam Fischer <[redacted]> wrote:
>
> Hi Kristina-
>
> I want to reconcile two statements in the Monthly Financial Report. The overall expenditure analysis indicates that expenditures and encumbrances are trending below prior years (pg 77). However, the Internal Service Funds commentary (pg 78) says they're trending above historical levels, citing insurance costs, expenditure timing and encumbrances.
>
> I understand these are different fund groupings, but when I look at the historical numbers for ISF specifically, actual expenditures and encumbrances have declined slightly year over year.
>
> It appears the increase from 39.7% to 51.12% utilization is primarily a result of the revised budget declining from $8.9M to $6.62M.
>
> Can staff confirm that interpretation and explain why the narrative emphasizes expenditure trends rather than the reduction in the budget?

Thank you,

Adam

TOWN OF LOS GATOS

FINANCE COMMISSION REPORT

MEETING DATE: 11/09/2026

ITEM NO: 7

DATE: October 29, 2026

TO: Finance Commission

FROM: Kristina Alfaro, Administrative Services Director

SUBJECT: Receive and Forward to the Town Council the Fiscal Year 2026-27 First Quarter Financial Report and the Preliminary Unaudited Fiscal Year 2025-26 Year-End Results

RECOMMENDATION:

Receive and forward to the Town Council the Fiscal Year 2026-27 First Quarter Financial Report and the preliminary unaudited Fiscal Year 2025-26 Year-End Results.

BACKGROUND:

As part of the Town's new ongoing monthly and quarterly financial reporting process, staff is providing standardized expenditure and revenue reports that present financial activity with multiple levels of detail. These monthly and quarterly reports are intended to enhance transparency, support monitoring of departmental spending, and ensure timely administrative oversight.

Financial reporting is completed two months in arrears to allow for the closing of each accounting period, verification of transactions, and reconciliation of revenue postings. As a result, the First Quarter Financial Report that includes revenue and expenditure data through September is being presented in November 2026. In addition, this report also contains preliminary FY 2025-26 year-end unaudited reporting for all funds and analysis for the General Fund.

DISCUSSION:

Reports Provided

The First Quarter Financial Report provides expenditure and revenue information with the following breakdowns

PREPARED BY: Kristina Alfaro
Administrative Services Director

Reviewed by: Town Manager

1. **By Fund**
   Total expenditures and revenues for each Town fund, allowing for high-level review of fiscal performance across all funding sources.
2. **By Fund and Category**
   Expenditures and revenues within each fund divided into major categories such as personnel, operating, capital, charges for services, taxes, and other revenue types.
3. **By Fund and Department**
   Departmental expenditures by the specific fund supporting each program or operational area.
4. **By Fund, Department and Expense/Revenue Category**
   A detailed breakdown that ties each department's budget activity to the relevant fund and categorizes expenditures and revenues for more granular analysis.
5. **Historical Reports by Fund and Revenue, Expense and by Department for the General Fund**
   Revenue and expenditures for a 4-year period. Includes 3 prior years and the current fiscal year.
6. **Prior fiscal year-end revenue and expenditure reports by Fund**
   Provided only in the first quarter report, these provide preliminary unaudited year-end revenue and expenditure totals by fund.
7. **Prior fiscal year-end reports by fund and category for the General Fund only**
   Provided only in the first quarter report, these provide preliminary unaudited year-end numbers for the General Fund by revenue and expense categories.

Analysis Overview

The first-quarter financial report supports monitoring of budget-to-actual performance and identification of variances. Unlike monthly reports, it includes a preliminary unaudited prior-year General Fund analysis, reporting by individual fund rather than fund type, and a look ahead to mid-year reporting.

Staff compares first-quarter FY 2026-27 results with the same period from the prior three fiscal years, using a 25% straight-line benchmark for illustration while relying primarily on historical trends. The analysis begins at the fund level, followed by detailed General Fund reviews by category and department, and includes vacancy savings across all funds. Revenue collection is calculated as year-to-date actuals divided by the revised budget, while expenditures include both actuals and encumbrances. Because encumbrances convert to actual expenditures as obligations are paid, early variances are expected to normalize.

However, budgets exceeding 100% are reviewed for possible adjustment. The Town uses modified accrual accounting, and most early-year anomalies involving receivables,

encumbrances, and carryovers should have resolved by the end of the first quarter, with any remaining issues discussed in the report.

CONCLUSION:

The preliminary unaudited FY 2025-26 year-end results reflect a favorable position for the General Fund. Actual revenues totaled $66.7 million, or 4.2% above the revised budget, and expenditures totaled $60.8 million, or 4.6% below the revised budget. This resulted in an approximately $5.9 million increase to the General Fund balance. Although some of the favorable revenue variance resulted from one-time or accounting-related activity, overall results show revenues exceeded expectations and expenditures remained below available appropriations. The Town will present recommendations for the final year-end surplus in the mid-year financial report.

Both revenue and expenditure reports for the quarter provide a generally favorable picture of the Town's financial performance. Revenue collections are trending above the prior three-year range overall, while expenditures and encumbrances are trending below historical levels. General Fund revenues are 17.3% collected, compared with a historical range of 11.0% to 14.7%. General Fund expenditures and encumbrances are 22.1% of the revised budget, compared with a historical range of 25.3% to 26.5%. Delays in reporting between the Community Development and Finance systems are resulting in the Q1 revenue numbers being understated by approximately $1.2 million in the Licenses and Permits and Town Services revenue categories in the General Fund. Staff anticipates posting these items to the financial system by the October monthly reports.

Salaries are at 20.1%, slightly below the 20.3% pay-period benchmark, while overtime is at 22.3% and above the benchmark. PERS, medical benefits, and other benefits remain below the 25% monthly benchmark.

FISCAL IMPACT:

There is no direct fiscal impact associated with receiving and filing the first quarter report.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:
1. Expenditure Report by Fund
2. Expenditure Report by Fund and Expense
3. Expenditure Report by Fund and Department

4. Expenditure Report by Fund, Department and Expenditure Category
5. Revenue Report by Fund
6. Revenue Report by Fund and Revenue Category
7. Revenue Report by Fund and Department
8. Revenue Report by Fund, Department and Revenue Category
9. FY 26-27 First Quarter Report
10. Historical first quarter Reports
11. FY 2025-26 Year-end Expenditures by Fund Report
12. FY 2025-26 Year-end Revenues by Fund Report
13. FY 2025-26 Year-end General Fund Expenditures by Fund and Category
14. FY 2025-26 Year-end General Fund Revenues by Fund and Category

YEAR-TO-DATE BUDGET REPORT EXPENDITURES

BY FUND

FOR 2027 03

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
111 GENERAL FUND	66,201,027	67,256,257	12,299,973.97	4,983,442.56	2,855,872.57	52,100,410.50	22.5%
121 MEASURE G FUND	1,267,556	1,267,556	.00	.00	.00	1,267,556.00	.0%
222 URBAN RUNOFF FUND	272,433	272,433	68,966.74	33,965.37	.00	203,466.31	25.3%
231 BLACKWELL DISTRICT	3,544	3,544	448.02	355.02	930.00	2,165.98	38.9%
232 KENNEDY MEADOWS DISTRICT	12,695	12,695	1,768.26	1,159.26	6,090.00	4,836.74	61.9%
233 GEMINI COURT DISTRICT	1,628	1,628	92.00	46.00	460.00	1,076.00	33.9%
234 SANTA ROSA HEIGHTS DISTRICT	8,087	8,087	1,118.00	559.00	5,590.00	1,379.00	82.9%
235 VASONA HEIGHTS DISTRICT	8,957	8,957	1,008.42	375.00	3,750.00	4,198.20	53.1%
236 HILLBROOK DISTRICT	5,578	5,578	943.42	803.42	1,400.00	3,234.10	42.0%
251 LOS GATOS THEATRE	82,919	82,919	14,711.87	6,654.02	9,025.00	59,181.97	28.6%
261 LIBRARY TRUST DONATIONS	72,000	72,000	7,860.34	2,149.24	.00	64,139.66	10.9%
263 MCCLENDON TRUST	1,700	1,700	.00	.00	.00	1,700.00	.0%
264 BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND	4,254,364	16,163,752	1,140,519.24	130,483.07	-728,100.89	15,751,334.06	2.6%
412 COMMUNITY CENTER DEVELOPMENT	0	437,500	182,440.00	182,440.00	45,950.00	209,110.00	52.2%
421 GRANT FUNDED PROJECTS	36,750	5,387,765	176,386.43	14,138.05	13,184.57	5,198,194.29	3.5%
461 STORM BASIN 1	0	886,775	12,893.75	195.00	-12,893.75	886,775.00	.0%
462 STORM BASIN 2	130,000	696,226	88,725.60	11,445.80	139,092.40	468,407.72	32.7%
463 STORM BASIN 3	0	238,770	.00	.00	.00	238,770.00	.0%
471 TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	.00	10,000.00	.0%
481 GAS TAX FUND	2,023,807	4,446,316	1,891,227.64	363,663.70	303,002.06	2,252,086.76	49.3%
611 GENERAL LIABILITY FUND	1,416,500	1,416,500	1,266,627.00	5,131.00	.00	149,873.00	89.4%
612 WORKERS COMPENSATION FUND	1,762,379	1,762,379	694,766.72	73,135.04	47,741.75	1,019,870.53	42.1%
621 INFORMATION TECHNOLOGY	1,313,722	1,313,722	627,603.45	15,915.91	254,802.08	431,316.07	67.2%
631 EQUIPMENT REPLACEMENT FUND	338,843	354,292	15,448.20	.00	-15,448.20	354,291.97	.0%
633 FACILITIES MAINTENANCE FUND	1,776,027	1,776,027	288,685.33	114,078.93	412,370.88	1,074,970.52	39.5%
942 SA TRUST FUND	3,938,045	3,938,045	1,788,146.44	153.84	.00	2,149,898.49	45.4%
GRAND TOTAL	84,944,559	107,827,422	20,570,360.84	5,940,289.23	3,342,818.47	83,914,242.87	22.2%

** END OF REPORT - Generated by Kristina Alfaro **

YEAR-TO-DATE BUDGET REPORT EXPENDITURES

BY FUND AND CATEGORY

FOR 2027 03

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
111 GENERAL FUND							
5A SALARIES	24,176,333	24,176,333	4,853,031.51	1,835,104.24	.00	19,323,301.65	20.1%
5B OVERTIME	1,457,000	1,457,000	324,765.68	140,049.87	.00	1,132,234.32	22.3%
5C PERS	10,800,788	10,800,788	2,198,938.42	758,591.37	.00	8,601,850.07	20.4%
5D MEDICAL BENEFITS	3,371,803	3,371,803	733,482.10	242,301.12	.00	2,638,321.14	21.8%
5E OTHER BENEFITS	2,922,678	2,922,678	580,874.15	199,696.18	.00	2,341,803.71	19.9%
5F RETIREE MEDICAL	2,193,606	2,193,606	542,226.65	180,516.21	9,614.00	1,641,765.35	25.2%
5G MATERIALS & SUPPLIES	1,162,435	1,162,435	155,999.01	51,134.93	247,890.79	758,545.40	34.7%
5H CONTRACTS	6,418,548	7,473,778	1,171,563.54	350,478.82	2,443,243.78	3,858,970.76	48.4%
5I UTILITIES	1,001,460	1,001,460	281,318.48	114,303.11	124,216.61	595,925.13	40.5%
5J GRANTS AND AWARDS	283,950	283,950	488.31	.00	15,000.00	268,461.69	5.5%
5K PASS THRU	1,462,593	1,462,593	274,498.66	213,849.66	15,907.39	1,172,186.95	19.9%
5L MISCELLANEOUS	0	0	-4,119.71	-4,119.71	.00	4,119.71	100.0%
5M INT SERVICE CHARGES	5,065,614	5,065,614	1,160,901.57	888,533.96	.00	3,904,712.22	22.9%
5N DEBT SERVICE	2,057,884	2,057,884	26,005.60	13,002.80	.00	2,031,878.40	1.3%
5O CAPITAL PROJECTS	15,000	15,000	.00	.00	.00	15,000.00	.0%
5P TRANSFERS OUT	3,811,334	3,811,334	.00	.00	.00	3,811,334.00	.0%
TOTAL GENERAL FUND	66,201,027	67,256,257	12,299,973.97	4,983,442.56	2,855,872.57	52,100,410.50	22.5%
121 MEASURE G FUND							
5H CONTRACTS	50,520	50,520	.00	.00	.00	50,520.00	.0%
5K PASS THRU	1,217,036	1,217,036	.00	.00	.00	1,217,036.00	.0%
TOTAL MEASURE G FUND	1,267,556	1,267,556	.00	.00	.00	1,267,556.00	.0%
222 URBAN RUNOFF FUND							
5A SALARIES	128,934	128,934	21,950.59	7,683.05	.00	106,983.22	17.0%
5C PERS	40,378	40,378	8,391.07	2,803.40	.00	31,986.71	20.8%
5D MEDICAL BENEFITS	14,209	14,209	2,422.84	757.33	.00	11,786.48	17.1%
5E OTHER BENEFITS	9,020	9,020	1,826.09	612.04	.00	7,194.21	20.2%
5G MATERIALS & SUPPLIES	3,717	3,717	.00	.00	.00	3,717.00	.0%
5H CONTRACTS	55,406	55,406	32,139.02	20,898.00	.00	23,266.98	58.0%
5I UTILITIES	14,265	14,265	1,089.34	845.07	.00	13,175.66	7.6%
5M INT SERVICE CHARGES	6,504	6,504	1,147.79	366.48	.00	5,356.05	17.6%

YEAR-TO-DATE BUDGET REPORT EXPENDITURES
BY FUND AND CATEGORY

FOR 2027 03

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
TOTAL URBAN RUNOFF FUND	272,433	272,433	68,966.74	33,965.37	.00	203,466.31	25.3%
231 BLACKWELL DISTRICT							
5H CONTRACTS	1,484	1,484	186.00	93.00	930.00	368.00	75.2%
5I UTILITIES	1,600	1,600	262.02	262.02	.00	1,337.98	16.4%
5P TRANSFERS OUT	460	460	.00	.00	.00	460.00	.0%
TOTAL BLACKWELL DISTRICT	3,544	3,544	448.02	355.02	930.00	2,165.98	38.9%
232 KENNEDY MEADOWS DISTRICT							
5H CONTRACTS	8,385	8,385	1,218.00	609.00	6,090.00	1,077.00	87.2%
5I UTILITIES	2,800	2,800	550.26	550.26	.00	2,249.74	19.7%
5P TRANSFERS OUT	1,510	1,510	.00	.00	.00	1,510.00	.0%
TOTAL KENNEDY MEADOWS DISTRICT	12,695	12,695	1,768.26	1,159.26	6,090.00	4,836.74	61.9%
233 GEMINI COURT DISTRICT							
5H CONTRACTS	1,018	1,018	92.00	46.00	460.00	466.00	54.2%
5P TRANSFERS OUT	610	610	.00	.00	.00	610.00	.0%
TOTAL GEMINI COURT DISTRICT	1,628	1,628	92.00	46.00	460.00	1,076.00	33.9%
234 SANTA ROSA HEIGHTS DISTRICT							
5H CONTRACTS	7,427	7,427	1,118.00	559.00	5,590.00	719.00	90.3%
5P TRANSFERS OUT	660	660	.00	.00	.00	660.00	.0%
TOTAL SANTA ROSA HEIGHTS DISTRICT	8,087	8,087	1,118.00	559.00	5,590.00	1,379.00	82.9%
235 VASONA HEIGHTS DISTRICT							

YEAR-TO-DATE BUDGET REPORT EXPENDITURES

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235 VASONA HEIGHTS DISTRICT	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5H CONTRACTS	5,138	5,138	750.00	375.00	3,750.00	638.05	87.6%
5I UTILITIES	2,389	2,389	258.42	.00	.00	2,130.15	10.8%
5P TRANSFERS OUT	1,430	1,430	.00	.00	.00	1,430.00	.0%
TOTAL VASONA HEIGHTS DISTRICT	8,957	8,957	1,008.42	375.00	3,750.00	4,198.20	53.1%
236 HILLBROOK DISTRICT							
5H CONTRACTS	2,055	2,055	280.00	140.00	1,400.00	375.40	81.7%
5I UTILITIES	3,272	3,272	663.42	663.42	.00	2,608.70	20.3%
5P TRANSFERS OUT	250	250	.00	.00	.00	250.00	.0%
TOTAL HILLBROOK DISTRICT	5,578	5,578	943.42	803.42	1,400.00	3,234.10	42.0%
251 LOS GATOS THEATRE							
5H CONTRACTS	15,696	15,696	975.00	325.00	9,025.00	5,696.00	63.7%
5I UTILITIES	67,223	67,223	13,736.87	6,329.02	.00	53,485.97	20.4%
TOTAL LOS GATOS THEATRE	82,919	82,919	14,711.87	6,654.02	9,025.00	59,181.97	28.6%
261 LIBRARY TRUST DONATIONS							
5H CONTRACTS	37,000	37,000	7,860.34	2,149.24	.00	29,139.66	21.2%
5L MISCELLANEOUS	35,000	35,000	.00	.00	.00	35,000.00	.0%
TOTAL LIBRARY TRUST DONATIONS	72,000	72,000	7,860.34	2,149.24	.00	64,139.66	10.9%
263 MCCLENDON TRUST							
5G MATERIALS & SUPPLIES	1,700	1,700	.00	.00	.00	1,700.00	.0%
TOTAL MCCLENDON TRUST	1,700	1,700	.00	.00	.00	1,700.00	.0%
264 BARBARA J CASSIN TRUST							

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264 BARBARA J CASSIN TRUST	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5G MATERIALS & SUPPLIES	6,000	6,000	.00	.00	.00	6,000.00	.0%
TOTAL BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND							
5O CAPITAL PROJECTS	3,812,873	15,722,261	1,140,519.24	130,483.07	-728,100.89	15,309,843.06	2.6%
5P TRANSFERS OUT	441,491	441,491	.00	.00	.00	441,491.00	.0%
TOTAL CAPITAL PROJECTS FUND	4,254,364	16,163,752	1,140,519.24	130,483.07	-728,100.89	15,751,334.06	2.6%
412 COMMUNITY CENTER DEVELOPMENT							
5O CAPITAL PROJECTS	0	437,500	182,440.00	182,440.00	45,950.00	209,110.00	52.2%
TOTAL COMMUNITY CENTER DEVELOPMEN	0	437,500	182,440.00	182,440.00	45,950.00	209,110.00	52.2%
421 GRANT FUNDED PROJECTS							
5O CAPITAL PROJECTS	36,750	5,387,765	176,386.43	14,138.05	13,184.57	5,198,194.29	3.5%
TOTAL GRANT FUNDED PROJECTS	36,750	5,387,765	176,386.43	14,138.05	13,184.57	5,198,194.29	3.5%
461 STORM BASIN 1							
5O CAPITAL PROJECTS	0	886,775	12,893.75	195.00	-12,893.75	886,775.00	.0%
TOTAL STORM BASIN 1	0	886,775	12,893.75	195.00	-12,893.75	886,775.00	.0%
462 STORM BASIN 2							
5O CAPITAL PROJECTS	130,000	696,226	88,725.60	11,445.80	139,092.40	468,407.72	32.7%
TOTAL STORM BASIN 2	130,000	696,226	88,725.60	11,445.80	139,092.40	468,407.72	32.7%
463 STORM BASIN 3							

YEAR-TO-DATE BUDGET REPORT EXPENDITURES
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463 STORM BASIN 3	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5O CAPITAL PROJECTS	0	238,770	.00	.00	.00	238,770.00	.0%
TOTAL STORM BASIN 3	0	238,770	.00	.00	.00	238,770.00	.0%
471 TRAFFIC MITIGATION FUND							
5P TRANSFERS OUT	10,000	10,000	.00	.00	.00	10,000.00	.0%
TOTAL TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	.00	10,000.00	.0%
481 GAS TAX FUND							
5O CAPITAL PROJECTS	1,917,807	4,340,316	1,891,227.64	363,663.70	303,002.06	2,146,086.76	50.6%
5P TRANSFERS OUT	106,000	106,000	.00	.00	.00	106,000.00	.0%
TOTAL GAS TAX FUND	2,023,807	4,446,316	1,891,227.64	363,663.70	303,002.06	2,252,086.76	49.3%
611 GENERAL LIABILITY FUND							
5H CONTRACTS	1,416,500	1,416,500	1,266,627.00	5,131.00	.00	149,873.00	89.4%
TOTAL GENERAL LIABILITY FUND	1,416,500	1,416,500	1,266,627.00	5,131.00	.00	149,873.00	89.4%
612 WORKERS COMPENSATION FUND							
5H CONTRACTS	1,762,379	1,762,379	694,766.72	73,135.04	47,741.75	1,019,870.53	42.1%
TOTAL WORKERS COMPENSATION FUND	1,762,379	1,762,379	694,766.72	73,135.04	47,741.75	1,019,870.53	42.1%
621 INFORMATION TECHNOLOGY							
5G MATERIALS & SUPPLIES	336,520	336,520	30,113.27	1,688.95	69,032.22	237,374.51	29.5%
5H CONTRACTS	956,742	956,742	591,596.68	12,411.19	185,769.86	179,375.06	81.3%

YEAR-TO-DATE BUDGET REPORT EXPENDITURES
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	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5I UTILITIES	20,460	20,460	5,893.50	1,815.77	.00	14,566.50	28.8%
TOTAL INFORMATION TECHNOLOGY	1,313,722	1,313,722	627,603.45	15,915.91	254,802.08	431,316.07	67.2%
631 EQUIPMENT REPLACEMENT FUND							
5O CAPITAL PROJECTS	338,843	354,292	15,448.20	.00	-15,448.20	354,291.97	.0%
TOTAL EQUIPMENT REPLACEMENT FUND	338,843	354,292	15,448.20	.00	-15,448.20	354,291.97	.0%
633 FACILITIES MAINTENANCE FUND							
5G MATERIALS & SUPPLIES	78,794	78,794	8,067.32	1,738.05	5,957.91	64,769.07	17.8%
5H CONTRACTS	628,835	628,835	111,537.99	51,684.09	406,412.97	110,884.47	82.4%
5I UTILITIES	733,314	733,314	169,080.02	60,656.79	.00	564,233.98	23.1%
5L MISCELLANEOUS	335,083	335,083	.00	.00	.00	335,083.00	.0%
TOTAL FACILITIES MAINTENANCE FUND	1,776,027	1,776,027	288,685.33	114,078.93	412,370.88	1,074,970.52	39.5%
942 SA TRUST FUND							
5A SALARIES	1,247	1,247	269.49	102.03	.00	977.53	21.6%
5B OVERTIME	0	0	13.78	6.22	.00	-13.78	100.0%
5C PERS	395	395	89.10	31.02	.00	306.35	22.5%
5E OTHER BENEFITS	120	120	26.94	9.67	.00	92.81	22.5%
5H CONTRACTS	5,395	5,395	3,520.00	.00	.00	1,875.00	65.2%
5L MISCELLANEOUS	120,823	120,823	.00	.00	.00	120,823.01	.0%
5M INT SERVICE CHARGES	64	64	14.63	4.90	.00	49.07	23.0%
5N DEBT SERVICE	3,810,001	3,810,001	1,784,212.50	.00	.00	2,025,788.50	46.8%
TOTAL SA TRUST FUND	3,938,045	3,938,045	1,788,146.44	153.84	.00	2,149,898.49	45.4%
GRAND TOTAL	84,944,559	107,827,422	20,570,360.84	5,940,289.23	3,342,818.47	83,914,242.87	22.2%

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Town of Los Gatos ~CA 55122~

YEAR-TO-DATE BUDGET REPORT EXPENDITURES
BY FUND, AND DEPARTMENT

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	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
111 GENERAL FUND							
11 TOWN COUNCIL	204,135	204,135	45,945.39	19,552.51	.00	158,189.54	22.5%
12 TOWNWIDE	9,973,699	9,978,699	956,076.31	300,703.05	377,437.32	8,645,185.37	13.4%
13 TOWN ATTORNEY	1,219,001	1,219,001	206,287.68	71,140.04	331,821.87	680,891.45	44.1%
20 ADMINISTRATIVE SERVICES	7,407,705	8,313,328	1,518,402.58	570,036.48	223,376.74	6,571,549.06	21.0%
30 COMMUNITY DEVELOPMENT	5,978,879	5,978,879	1,254,979.40	526,775.72	204,625.07	4,519,274.27	24.4%
40 POLICE	24,902,698	24,925,621	4,959,724.60	2,045,632.58	57,989.15	19,907,906.79	20.1%
50 PARKS AND PUBLIC WORKS	12,266,419	12,388,103	2,506,111.43	1,037,072.23	1,503,854.57	8,378,136.71	32.4%
70 LIBRARY	4,248,492	4,248,492	852,446.58	412,529.95	156,767.85	3,239,277.31	23.8%
TOTAL GENERAL FUND	66,201,027	67,256,257	12,299,973.97	4,983,442.56	2,855,872.57	52,100,410.50	22.5%
121 MEASURE G FUND							
12 TOWNWIDE	1,267,556	1,267,556	.00	.00	.00	1,267,556.00	.0%
TOTAL MEASURE G FUND	1,267,556	1,267,556	.00	.00	.00	1,267,556.00	.0%
222 URBAN RUNOFF FUND							
50 PARKS AND PUBLIC WORKS	272,433	272,433	68,966.74	33,965.37	.00	203,466.31	25.3%
TOTAL URBAN RUNOFF FUND	272,433	272,433	68,966.74	33,965.37	.00	203,466.31	25.3%
231 BLACKWELL DISTRICT							
50 PARKS AND PUBLIC WORKS	3,544	3,544	448.02	355.02	930.00	2,165.98	38.9%
TOTAL BLACKWELL DISTRICT	3,544	3,544	448.02	355.02	930.00	2,165.98	38.9%
232 KENNEDY MEADOWS DISTRICT							
50 PARKS AND PUBLIC WORKS	12,695	12,695	1,768.26	1,159.26	6,090.00	4,836.74	61.9%

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232 KENNEDY MEADOWS DISTRICT	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
TOTAL KENNEDY MEADOWS DISTRICT	12,695	12,695	1,768.26	1,159.26	6,090.00	4,836.74	61.9%
233 GEMINI COURT DISTRICT							
50 PARKS AND PUBLIC WORKS	1,628	1,628	92.00	46.00	460.00	1,076.00	33.9%
TOTAL GEMINI COURT DISTRICT	1,628	1,628	92.00	46.00	460.00	1,076.00	33.9%
234 SANTA ROSA HEIGHTS DISTRICT							
50 PARKS AND PUBLIC WORKS	8,087	8,087	1,118.00	559.00	5,590.00	1,379.00	82.9%
TOTAL SANTA ROSA HEIGHTS DISTRICT	8,087	8,087	1,118.00	559.00	5,590.00	1,379.00	82.9%
235 VASONA HEIGHTS DISTRICT							
50 PARKS AND PUBLIC WORKS	8,957	8,957	1,008.42	375.00	3,750.00	4,198.20	53.1%
TOTAL VASONA HEIGHTS DISTRICT	8,957	8,957	1,008.42	375.00	3,750.00	4,198.20	53.1%
236 HILLBROOK DISTRICT							
50 PARKS AND PUBLIC WORKS	5,578	5,578	943.42	803.42	1,400.00	3,234.10	42.0%
TOTAL HILLBROOK DISTRICT	5,578	5,578	943.42	803.42	1,400.00	3,234.10	42.0%
251 LOS GATOS THEATRE							
50 PARKS AND PUBLIC WORKS	82,919	82,919	14,711.87	6,654.02	9,025.00	59,181.97	28.6%
TOTAL LOS GATOS THEATRE	82,919	82,919	14,711.87	6,654.02	9,025.00	59,181.97	28.6%
261 LIBRARY TRUST DONATIONS							

YEAR-TO-DATE BUDGET REPORT EXPENDITURES
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261 LIBRARY TRUST DONATIONS	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
70 LIBRARY	72,000	72,000	7,860.34	2,149.24	.00	64,139.66	10.9%
TOTAL LIBRARY TRUST DONATIONS	72,000	72,000	7,860.34	2,149.24	.00	64,139.66	10.9%
263 MCCLENDON TRUST							
70 LIBRARY	1,700	1,700	.00	.00	.00	1,700.00	.0%
TOTAL MCCLENDON TRUST	1,700	1,700	.00	.00	.00	1,700.00	.0%
264 BARBARA J CASSIN TRUST							
70 LIBRARY	6,000	6,000	.00	.00	.00	6,000.00	.0%
TOTAL BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND							
80 CAPITAL PROGRAMS	4,254,364	16,163,752	1,140,519.24	130,483.07	-728,100.89	15,751,334.06	2.6%
TOTAL CAPITAL PROJECTS FUND	4,254,364	16,163,752	1,140,519.24	130,483.07	-728,100.89	15,751,334.06	2.6%
412 COMMUNITY CENTER DEVELOPMENT							
80 CAPITAL PROGRAMS	0	437,500	182,440.00	182,440.00	45,950.00	209,110.00	52.2%
TOTAL COMMUNITY CENTER DEVELOPMEN	0	437,500	182,440.00	182,440.00	45,950.00	209,110.00	52.2%
421 GRANT FUNDED PROJECTS							
80 CAPITAL PROGRAMS	36,750	5,387,765	176,386.43	14,138.05	13,184.57	5,198,194.29	3.5%
TOTAL GRANT FUNDED PROJECTS	36,750	5,387,765	176,386.43	14,138.05	13,184.57	5,198,194.29	3.5%
461 STORM BASIN 1							

YEAR-TO-DATE BUDGET REPORT EXPENDITURES
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461 STORM BASIN 1	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
80 CAPITAL PROGRAMS	0	886,775	12,893.75	195.00	-12,893.75	886,775.00	.0%
TOTAL STORM BASIN 1	0	886,775	12,893.75	195.00	-12,893.75	886,775.00	.0%
462 STORM BASIN 2							
80 CAPITAL PROGRAMS	130,000	696,226	88,725.60	11,445.80	139,092.40	468,407.72	32.7%
TOTAL STORM BASIN 2	130,000	696,226	88,725.60	11,445.80	139,092.40	468,407.72	32.7%
463 STORM BASIN 3							
80 CAPITAL PROGRAMS	0	238,770	.00	.00	.00	238,770.00	.0%
TOTAL STORM BASIN 3	0	238,770	.00	.00	.00	238,770.00	.0%
471 TRAFFIC MITIGATION FUND							
80 CAPITAL PROGRAMS	10,000	10,000	.00	.00	.00	10,000.00	.0%
TOTAL TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	.00	10,000.00	.0%
481 GAS TAX FUND							
80 CAPITAL PROGRAMS	2,023,807	4,446,316	1,891,227.64	363,663.70	303,002.06	2,252,086.76	49.3%
TOTAL GAS TAX FUND	2,023,807	4,446,316	1,891,227.64	363,663.70	303,002.06	2,252,086.76	49.3%
611 GENERAL LIABILITY FUND							
13 TOWN ATTORNEY	1,416,500	1,416,500	1,266,627.00	5,131.00	.00	149,873.00	89.4%
TOTAL GENERAL LIABILITY FUND	1,416,500	1,416,500	1,266,627.00	5,131.00	.00	149,873.00	89.4%
612 WORKERS COMPENSATION FUND							

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612 WORKERS COMPENSATION FUND	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
20 ADMINISTRATIVE SERVICES	1,762,379	1,762,379	694,766.72	73,135.04	47,741.75	1,019,870.53	42.1%
TOTAL WORKERS COMPENSATION FUND	1,762,379	1,762,379	694,766.72	73,135.04	47,741.75	1,019,870.53	42.1%
621 INFORMATION TECHNOLOGY							
20 ADMINISTRATIVE SERVICES	1,313,722	1,313,722	627,603.45	15,915.91	254,802.08	431,316.07	67.2%
TOTAL INFORMATION TECHNOLOGY	1,313,722	1,313,722	627,603.45	15,915.91	254,802.08	431,316.07	67.2%
631 EQUIPMENT REPLACEMENT FUND							
50 PARKS AND PUBLIC WORKS	338,843	354,292	15,448.20	.00	-15,448.20	354,291.97	.0%
TOTAL EQUIPMENT REPLACEMENT FUND	338,843	354,292	15,448.20	.00	-15,448.20	354,291.97	.0%
633 FACILITIES MAINTENANCE FUND							
50 PARKS AND PUBLIC WORKS	1,776,027	1,776,027	288,685.33	114,078.93	412,370.88	1,074,970.52	39.5%
TOTAL FACILITIES MAINTENANCE FUND	1,776,027	1,776,027	288,685.33	114,078.93	412,370.88	1,074,970.52	39.5%
942 SA TRUST FUND							
00 NO DEPARTMENT	3,938,045	3,938,045	1,788,146.44	153.84	.00	2,149,898.49	45.4%
TOTAL SA TRUST FUND	3,938,045	3,938,045	1,788,146.44	153.84	.00	2,149,898.49	45.4%
GRAND TOTAL	84,944,559	107,827,422	20,570,360.84	5,940,289.23	3,342,818.47	83,914,242.87	22.2%

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YEAR-TO-DATE BUDGET REPORT EXPENDITURES

BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
111 GENERAL FUND							
11 TOWN COUNCIL							
5A SALARIES	81,814	81,814	20,270.89	9,982.95	.00	61,543.51	24.8%
5B OVERTIME	1,282	1,282	.00	.00	.00	1,282.16	.0%
5C PERS	20,924	20,924	4,230.45	1,744.76	.00	16,693.41	20.2%
5D MEDICAL BENEFITS	70,750	70,750	17,766.68	6,311.84	.00	52,983.08	25.1%
5E OTHER BENEFITS	10,208	10,208	2,430.54	964.66	.00	7,777.66	23.8%
5G MATERIALS & SUPPLIES	1,675	1,675	253.13	71.91	.00	1,421.87	15.1%
5H CONTRACTS	13,125	13,125	.00	.00	.00	13,125.00	.0%
5M INT SERVICE CHARGES	4,357	4,357	993.70	476.39	.00	3,362.85	22.8%
TOTAL TOWN COUNCIL	204,135	204,135	45,945.39	19,552.51	.00	158,189.54	22.5%
12 TOWNWIDE							
5C PERS	390,000	390,000	.00	.00	.00	390,000.00	.0%
5F RETIREE MEDICAL	2,193,606	2,193,606	542,226.65	180,516.21	9,614.00	1,641,765.35	25.2%
5G MATERIALS & SUPPLIES	11,309	11,309	860.36	14.46	.00	10,448.64	7.6%
5H CONTRACTS	1,471,882	1,476,882	385,432.41	105,632.29	352,823.32	738,626.27	50.0%
5J GRANTS AND AWARDS	15,000	15,000	.00	.00	15,000.00	.00	100.0%
5K PASS THRU	0	0	.00	-14.00	.00	.00	.0%
5L MISCELLANEOUS	0	0	-4,119.71	-4,119.71	.00	4,119.71	100.0%
5M INT SERVICE CHARGES	22,684	22,684	5,671.00	5,671.00	.00	17,013.00	25.0%
5N DEBT SERVICE	2,057,884	2,057,884	26,005.60	13,002.80	.00	2,031,878.40	1.3%
5P TRANSFERS OUT	3,811,334	3,811,334	.00	.00	.00	3,811,334.00	.0%
TOTAL TOWNWIDE	9,973,699	9,978,699	956,076.31	300,703.05	377,437.32	8,645,185.37	13.4%
13 TOWN ATTORNEY							
5A SALARIES	506,326	506,326	81,313.49	27,096.67	.00	425,012.83	16.1%
5B OVERTIME	204	204	85.03	25.44	.00	118.95	41.7%
5C PERS	161,452	161,452	33,026.53	10,958.84	.00	128,425.92	20.5%
5D MEDICAL BENEFITS	66,696	66,696	9,924.50	2,563.07	.00	56,771.40	14.9%
5E OTHER BENEFITS	30,594	30,594	5,228.48	1,552.65	.00	25,365.43	17.1%

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BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5G MATERIALS & SUPPLIES	3,841	3,841	145.59	132.69	.00	3,695.41	3.8%
5H CONTRACTS	406,955	406,955	68,060.37	23,401.61	331,821.87	7,072.76	98.3%
5I UTILITIES	470	470	.00	.00	.00	470.00	.0%
5M INT SERVICE CHARGES	42,462	42,462	8,503.69	5,409.07	.00	33,958.75	20.0%
TOTAL TOWN ATTORNEY	1,219,001	1,219,001	206,287.68	71,140.04	331,821.87	680,891.45	44.1%
20 ADMINISTRATIVE SERVICES							
5A SALARIES	4,086,114	4,086,114	824,040.16	306,168.97	.00	3,262,073.70	20.2%
5B OVERTIME	13,332	13,332	4,852.07	2,162.52	.00	8,479.48	36.4%
5C PERS	1,226,559	1,226,559	270,571.92	93,143.98	.00	955,987.20	22.1%
5D MEDICAL BENEFITS	440,494	440,494	98,192.38	29,463.83	.00	342,302.04	22.3%
5E OTHER BENEFITS	280,932	280,932	59,529.99	20,363.26	.00	221,402.41	21.2%
5G MATERIALS & SUPPLIES	22,444	22,444	2,303.26	1,554.79	.00	20,140.74	10.3%
5H CONTRACTS	950,289	1,855,913	173,710.13	61,350.05	223,376.74	1,458,825.81	21.4%
5M INT SERVICE CHARGES	372,540	372,540	85,202.67	55,829.08	.00	287,337.68	22.9%
5O CAPITAL PROJECTS	15,000	15,000	.00	.00	.00	15,000.00	.0%
TOTAL ADMINISTRATIVE SERVICES	7,407,705	8,313,328	1,518,402.58	570,036.48	223,376.74	6,571,549.06	21.0%
30 COMMUNITY DEVELOPMENT							
5A SALARIES	2,927,833	2,927,833	616,843.53	239,660.82	.00	2,310,989.36	21.1%
5B OVERTIME	1,195	1,195	.00	.00	.00	1,194.74	.0%
5C PERS	913,143	913,143	204,822.64	71,873.83	.00	708,320.50	22.4%
5D MEDICAL BENEFITS	364,687	364,687	84,158.16	28,052.72	.00	280,529.28	23.1%
5E OTHER BENEFITS	203,703	203,703	44,554.15	16,133.03	.00	159,148.80	21.9%
5G MATERIALS & SUPPLIES	29,899	29,899	3,604.12	2,926.23	.00	26,294.88	12.1%
5H CONTRACTS	405,459	405,459	55,136.11	5,988.54	138,680.56	211,642.33	47.8%
5I UTILITIES	1,880	1,880	1,476.66	131.16	.00	403.34	78.5%
5K PASS THRU	718,708	718,708	145,497.11	84,862.11	65,944.51	507,266.38	29.4%
5L MISCELLANEOUS	27,006	27,006	6,751.45	6,751.45	.00	20,254.34	25.0%
5M INT SERVICE CHARGES	385,366	385,366	92,135.47	70,395.83	.00	293,230.32	23.9%
TOTAL COMMUNITY DEVELOPMENT	5,978,879	5,978,879	1,254,979.40	526,775.72	204,625.07	4,519,274.27	24.4%
40 POLICE							

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BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5A SALARIES	9,838,555	9,838,555	1,966,994.62	767,589.81	.00	7,871,560.12	20.0%
5B OVERTIME	1,372,086	1,372,086	304,235.38	132,702.17	.00	1,067,850.66	22.2%
5C PERS	6,099,317	6,099,317	1,252,057.37	431,157.42	.00	4,847,259.49	20.5%
5D MEDICAL BENEFITS	1,473,897	1,473,897	315,019.01	107,788.22	.00	1,158,877.63	21.4%
5E OTHER BENEFITS	1,761,902	1,761,902	338,758.46	115,302.22	.00	1,423,143.47	19.2%
5G MATERIALS & SUPPLIES	350,474	350,474	27,560.56	6,528.36	29,170.44	293,743.00	16.2%
5H CONTRACTS	1,072,655	1,095,578	144,754.58	26,784.67	28,818.71	922,004.25	15.8%
5I UTILITIES	84,155	84,155	11,644.38	8,763.16	.00	72,510.62	13.8%
5J GRANTS AND AWARDS	63,950	63,950	488.31	.00	.00	63,461.69	.8%
5K PASS THRU	125,150	125,150	.00	.00	.00	125,150.00	.0%
5L MISCELLANEOUS	229,549	229,549	57,387.31	57,387.31	.00	172,161.90	25.0%
5M INT SERVICE CHARGES	2,431,009	2,431,009	540,824.62	391,629.24	.00	1,890,183.96	22.2%
TOTAL POLICE	24,902,698	24,925,621	4,959,724.60	2,045,632.58	57,989.15	19,907,906.79	20.1%
50 PARKS AND PUBLIC WORKS							
5A SALARIES	4,901,909	4,901,909	990,161.50	349,935.85	.00	3,911,747.78	20.2%
5B OVERTIME	65,332	65,332	15,593.20	5,159.74	.00	49,738.68	23.9%
5C PERS	1,420,275	1,420,275	310,807.37	106,915.93	.00	1,109,467.29	21.9%
5D MEDICAL BENEFITS	680,153	680,153	145,992.36	47,701.39	.00	534,161.04	21.5%
5E OTHER BENEFITS	509,404	509,404	101,829.14	34,482.01	.00	407,575.02	20.0%
5G MATERIALS & SUPPLIES	470,290	470,290	82,780.34	26,091.43	61,952.50	325,557.36	30.8%
5H CONTRACTS	1,962,970	2,084,654	300,934.47	127,321.66	1,367,722.58	415,996.81	80.0%
5I UTILITIES	914,955	914,955	268,197.44	105,408.79	124,216.61	522,541.17	42.9%
5K PASS THRU	618,735	618,735	129,001.55	129,001.55	-50,037.12	539,770.57	12.8%
5L MISCELLANEOUS	-256,555	-256,555	-64,138.76	-64,138.76	.00	-192,416.24	25.0%
5M INT SERVICE CHARGES	978,950	978,950	224,952.82	169,192.64	.00	753,997.23	23.0%
TOTAL PARKS AND PUBLIC WORKS	12,266,419	12,388,103	2,506,111.43	1,037,072.23	1,503,854.57	8,378,136.71	32.4%
70 LIBRARY							
5A SALARIES	1,833,782	1,833,782	353,407.32	134,669.17	.00	1,480,374.35	19.3%
5B OVERTIME	3,570	3,570	.00	.00	.00	3,569.65	.0%
5C PERS	569,118	569,118	123,422.14	42,796.61	.00	445,696.26	21.7%
5D MEDICAL BENEFITS	275,126	275,126	62,429.01	20,420.05	.00	212,696.67	22.7%
5E OTHER BENEFITS	125,934	125,934	28,543.39	10,898.35	.00	97,390.92	22.7%
5G MATERIALS & SUPPLIES	272,503	272,503	38,491.65	13,815.06	156,767.85	77,243.50	71.7%
5H CONTRACTS	135,213	135,213	43,535.47	.00	.00	91,677.53	32.2%

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	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5J GRANTS AND AWARDS	205,000	205,000	.00	.00	.00	205,000.00	.0%
5M INT SERVICE CHARGES	828,246	828,246	202,617.60	189,930.71	.00	625,628.43	24.5%
TOTAL LIBRARY	4,248,492	4,248,492	852,446.58	412,529.95	156,767.85	3,239,277.31	23.8%
TOTAL GENERAL FUND	66,201,027	67,256,257	12,299,973.97	4,983,442.56	2,855,872.57	52,100,410.50	22.5%
121 MEASURE G FUND							
12 TOWNWIDE							
5H CONTRACTS	50,520	50,520	.00	.00	.00	50,520.00	.0%
5K PASS THRU	1,217,036	1,217,036	.00	.00	.00	1,217,036.00	.0%
TOTAL TOWNWIDE	1,267,556	1,267,556	.00	.00	.00	1,267,556.00	.0%
TOTAL MEASURE G FUND	1,267,556	1,267,556	.00	.00	.00	1,267,556.00	.0%
222 URBAN RUNOFF FUND							
50 PARKS AND PUBLIC WORKS							
5A SALARIES	128,934	128,934	21,950.59	7,683.05	.00	106,983.22	17.0%
5C PERS	40,378	40,378	8,391.07	2,803.40	.00	31,986.71	20.8%
5D MEDICAL BENEFITS	14,209	14,209	2,422.84	757.33	.00	11,786.48	17.1%
5E OTHER BENEFITS	9,020	9,020	1,826.09	612.04	.00	7,194.21	20.2%
5G MATERIALS & SUPPLIES	3,717	3,717	.00	.00	.00	3,717.00	.0%
5H CONTRACTS	55,406	55,406	32,139.02	20,898.00	.00	23,266.98	58.0%
5I UTILITIES	14,265	14,265	1,089.34	845.07	.00	13,175.66	7.6%
5M INT SERVICE CHARGES	6,504	6,504	1,147.79	366.48	.00	5,356.05	17.6%
TOTAL PARKS AND PUBLIC WORKS	272,433	272,433	68,966.74	33,965.37	.00	203,466.31	25.3%
TOTAL URBAN RUNOFF FUND	272,433	272,433	68,966.74	33,965.37	.00	203,466.31	25.3%
231 BLACKWELL DISTRICT							
50 PARKS AND PUBLIC WORKS							

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231 BLACKWELL DISTRICT	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5H CONTRACTS	1,484	1,484	186.00	93.00	930.00	368.00	75.2%
5I UTILITIES	1,600	1,600	262.02	262.02	.00	1,337.98	16.4%
5P TRANSFERS OUT	460	460	.00	.00	.00	460.00	.0%
TOTAL PARKS AND PUBLIC WORKS	3,544	3,544	448.02	355.02	930.00	2,165.98	38.9%
TOTAL BLACKWELL DISTRICT	3,544	3,544	448.02	355.02	930.00	2,165.98	38.9%
232 KENNEDY MEADOWS DISTRICT							
50 PARKS AND PUBLIC WORKS							
5H CONTRACTS	8,385	8,385	1,218.00	609.00	6,090.00	1,077.00	87.2%
5I UTILITIES	2,800	2,800	550.26	550.26	.00	2,249.74	19.7%
5P TRANSFERS OUT	1,510	1,510	.00	.00	.00	1,510.00	.0%
TOTAL PARKS AND PUBLIC WORKS	12,695	12,695	1,768.26	1,159.26	6,090.00	4,836.74	61.9%
TOTAL KENNEDY MEADOWS DISTRICT	12,695	12,695	1,768.26	1,159.26	6,090.00	4,836.74	61.9%
233 GEMINI COURT DISTRICT							
50 PARKS AND PUBLIC WORKS							
5H CONTRACTS	1,018	1,018	92.00	46.00	460.00	466.00	54.2%
5P TRANSFERS OUT	610	610	.00	.00	.00	610.00	.0%
TOTAL PARKS AND PUBLIC WORKS	1,628	1,628	92.00	46.00	460.00	1,076.00	33.9%
TOTAL GEMINI COURT DISTRICT	1,628	1,628	92.00	46.00	460.00	1,076.00	33.9%
234 SANTA ROSA HEIGHTS DISTRICT							
50 PARKS AND PUBLIC WORKS							

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234 SANTA ROSA HEIGHTS DISTRICT	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5H CONTRACTS	7,427	7,427	1,118.00	559.00	5,590.00	719.00	90.3%
5P TRANSFERS OUT	660	660	.00	.00	.00	660.00	.0%
TOTAL PARKS AND PUBLIC WORKS	8,087	8,087	1,118.00	559.00	5,590.00	1,379.00	82.9%
TOTAL SANTA ROSA HEIGHTS DISTRICT	8,087	8,087	1,118.00	559.00	5,590.00	1,379.00	82.9%
235 VASONA HEIGHTS DISTRICT							
50 PARKS AND PUBLIC WORKS							
5H CONTRACTS	5,138	5,138	750.00	375.00	3,750.00	638.05	87.6%
5I UTILITIES	2,389	2,389	258.42	.00	.00	2,130.15	10.8%
5P TRANSFERS OUT	1,430	1,430	.00	.00	.00	1,430.00	.0%
TOTAL PARKS AND PUBLIC WORKS	8,957	8,957	1,008.42	375.00	3,750.00	4,198.20	53.1%
TOTAL VASONA HEIGHTS DISTRICT	8,957	8,957	1,008.42	375.00	3,750.00	4,198.20	53.1%
236 HILLBROOK DISTRICT							
50 PARKS AND PUBLIC WORKS							
5H CONTRACTS	2,055	2,055	280.00	140.00	1,400.00	375.40	81.7%
5I UTILITIES	3,272	3,272	663.42	663.42	.00	2,608.70	20.3%
5P TRANSFERS OUT	250	250	.00	.00	.00	250.00	.0%
TOTAL PARKS AND PUBLIC WORKS	5,578	5,578	943.42	803.42	1,400.00	3,234.10	42.0%
TOTAL HILLBROOK DISTRICT	5,578	5,578	943.42	803.42	1,400.00	3,234.10	42.0%
251 LOS GATOS THEATRE							
50 PARKS AND PUBLIC WORKS							

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251 LOS GATOS THEATRE	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5H CONTRACTS	15,696	15,696	975.00	325.00	9,025.00	5,696.00	63.7%
5I UTILITIES	67,223	67,223	13,736.87	6,329.02	.00	53,485.97	20.4%
TOTAL PARKS AND PUBLIC WORKS	82,919	82,919	14,711.87	6,654.02	9,025.00	59,181.97	28.6%
TOTAL LOS GATOS THEATRE	82,919	82,919	14,711.87	6,654.02	9,025.00	59,181.97	28.6%
261 LIBRARY TRUST DONATIONS							
70 LIBRARY							
5H CONTRACTS	37,000	37,000	7,860.34	2,149.24	.00	29,139.66	21.2%
5L MISCELLANEOUS	35,000	35,000	.00	.00	.00	35,000.00	.0%
TOTAL LIBRARY	72,000	72,000	7,860.34	2,149.24	.00	64,139.66	10.9%
TOTAL LIBRARY TRUST DONATIONS	72,000	72,000	7,860.34	2,149.24	.00	64,139.66	10.9%
263 MCCLENDON TRUST							
70 LIBRARY							
5G MATERIALS & SUPPLIES	1,700	1,700	.00	.00	.00	1,700.00	.0%
TOTAL LIBRARY	1,700	1,700	.00	.00	.00	1,700.00	.0%
TOTAL MCCLENDON TRUST	1,700	1,700	.00	.00	.00	1,700.00	.0%
264 BARBARA J CASSIN TRUST							
70 LIBRARY							
5G MATERIALS & SUPPLIES	6,000	6,000	.00	.00	.00	6,000.00	.0%
TOTAL LIBRARY	6,000	6,000	.00	.00	.00	6,000.00	.0%

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264 BARBARA J CASSIN TRUST	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
TOTAL BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND							
80 CAPITAL PROGRAMS							
5O CAPITAL PROJECTS	3,812,873	15,722,261	1,140,519.24	130,483.07	-728,100.89	15,309,843.06	2.6%
5P TRANSFERS OUT	441,491	441,491	.00	.00	.00	441,491.00	.0%
TOTAL CAPITAL PROGRAMS	4,254,364	16,163,752	1,140,519.24	130,483.07	-728,100.89	15,751,334.06	2.6%
TOTAL CAPITAL PROJECTS FUND	4,254,364	16,163,752	1,140,519.24	130,483.07	-728,100.89	15,751,334.06	2.6%
412 COMMUNITY CENTER DEVELOPMENT							
80 CAPITAL PROGRAMS							
5O CAPITAL PROJECTS	0	437,500	182,440.00	182,440.00	45,950.00	209,110.00	52.2%
TOTAL CAPITAL PROGRAMS	0	437,500	182,440.00	182,440.00	45,950.00	209,110.00	52.2%
TOTAL COMMUNITY CENTER DEVELOPMEN	0	437,500	182,440.00	182,440.00	45,950.00	209,110.00	52.2%
421 GRANT FUNDED PROJECTS							
80 CAPITAL PROGRAMS							
5O CAPITAL PROJECTS	36,750	5,387,765	176,386.43	14,138.05	13,184.57	5,198,194.29	3.5%
TOTAL CAPITAL PROGRAMS	36,750	5,387,765	176,386.43	14,138.05	13,184.57	5,198,194.29	3.5%
TOTAL GRANT FUNDED PROJECTS	36,750	5,387,765	176,386.43	14,138.05	13,184.57	5,198,194.29	3.5%
461 STORM BASIN 1							
80 CAPITAL PROGRAMS							

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461 STORM BASIN 1	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5O CAPITAL PROJECTS	0	886,775	12,893.75	195.00	-12,893.75	886,775.00	.0%
TOTAL CAPITAL PROGRAMS	0	886,775	12,893.75	195.00	-12,893.75	886,775.00	.0%
TOTAL STORM BASIN 1	0	886,775	12,893.75	195.00	-12,893.75	886,775.00	.0%
462 STORM BASIN 2							
80 CAPITAL PROGRAMS							
5O CAPITAL PROJECTS	130,000	696,226	88,725.60	11,445.80	139,092.40	468,407.72	32.7%
TOTAL CAPITAL PROGRAMS	130,000	696,226	88,725.60	11,445.80	139,092.40	468,407.72	32.7%
TOTAL STORM BASIN 2	130,000	696,226	88,725.60	11,445.80	139,092.40	468,407.72	32.7%
463 STORM BASIN 3							
80 CAPITAL PROGRAMS							
5O CAPITAL PROJECTS	0	238,770	.00	.00	.00	238,770.00	.0%
TOTAL CAPITAL PROGRAMS	0	238,770	.00	.00	.00	238,770.00	.0%
TOTAL STORM BASIN 3	0	238,770	.00	.00	.00	238,770.00	.0%
471 TRAFFIC MITIGATION FUND							
80 CAPITAL PROGRAMS							
5P TRANSFERS OUT	10,000	10,000	.00	.00	.00	10,000.00	.0%
TOTAL CAPITAL PROGRAMS	10,000	10,000	.00	.00	.00	10,000.00	.0%
TOTAL TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	.00	10,000.00	.0%

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481 GAS TAX FUND	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
481 GAS TAX FUND							
80 CAPITAL PROGRAMS							
5O CAPITAL PROJECTS	1,917,807	4,340,316	1,891,227.64	363,663.70	303,002.06	2,146,086.76	50.6%
5P TRANSFERS OUT	106,000	106,000	.00	.00	.00	106,000.00	.0%
TOTAL CAPITAL PROGRAMS	2,023,807	4,446,316	1,891,227.64	363,663.70	303,002.06	2,252,086.76	49.3%
TOTAL GAS TAX FUND	2,023,807	4,446,316	1,891,227.64	363,663.70	303,002.06	2,252,086.76	49.3%
611 GENERAL LIABILITY FUND							
13 TOWN ATTORNEY							
5H CONTRACTS	1,416,500	1,416,500	1,266,627.00	5,131.00	.00	149,873.00	89.4%
TOTAL TOWN ATTORNEY	1,416,500	1,416,500	1,266,627.00	5,131.00	.00	149,873.00	89.4%
TOTAL GENERAL LIABILITY FUND	1,416,500	1,416,500	1,266,627.00	5,131.00	.00	149,873.00	89.4%
612 WORKERS COMPENSATION FUND							
20 ADMINISTRATIVE SERVICES							
5H CONTRACTS	1,762,379	1,762,379	694,766.72	73,135.04	47,741.75	1,019,870.53	42.1%
TOTAL ADMINISTRATIVE SERVICES	1,762,379	1,762,379	694,766.72	73,135.04	47,741.75	1,019,870.53	42.1%
TOTAL WORKERS COMPENSATION FUND	1,762,379	1,762,379	694,766.72	73,135.04	47,741.75	1,019,870.53	42.1%
621 INFORMATION TECHNOLOGY							
20 ADMINISTRATIVE SERVICES							

YEAR-TO-DATE BUDGET REPORT EXPENDITURES
BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

621 INFORMATION TECHNOLOGY	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5G MATERIALS & SUPPLIES	336,520	336,520	30,113.27	1,688.95	69,032.22	237,374.51	29.5%
5H CONTRACTS	956,742	956,742	591,596.68	12,411.19	185,769.86	179,375.06	81.3%
5I UTILITIES	20,460	20,460	5,893.50	1,815.77	.00	14,566.50	28.8%
TOTAL ADMINISTRATIVE SERVICES	1,313,722	1,313,722	627,603.45	15,915.91	254,802.08	431,316.07	67.2%
TOTAL INFORMATION TECHNOLOGY	1,313,722	1,313,722	627,603.45	15,915.91	254,802.08	431,316.07	67.2%
631 EQUIPMENT REPLACEMENT FUND							
50 PARKS AND PUBLIC WORKS							
5O CAPITAL PROJECTS	338,843	354,292	15,448.20	.00	-15,448.20	354,291.97	.0%
TOTAL PARKS AND PUBLIC WORKS	338,843	354,292	15,448.20	.00	-15,448.20	354,291.97	.0%
TOTAL EQUIPMENT REPLACEMENT FUND	338,843	354,292	15,448.20	.00	-15,448.20	354,291.97	.0%
633 FACILITIES MAINTENANCE FUND							
50 PARKS AND PUBLIC WORKS							
5G MATERIALS & SUPPLIES	78,794	78,794	8,067.32	1,738.05	5,957.91	64,769.07	17.8%
5H CONTRACTS	628,835	628,835	111,537.99	51,684.09	406,412.97	110,884.47	82.4%
5I UTILITIES	733,314	733,314	169,080.02	60,656.79	.00	564,233.98	23.1%
5L MISCELLANEOUS	335,083	335,083	.00	.00	.00	335,083.00	.0%
TOTAL PARKS AND PUBLIC WORKS	1,776,027	1,776,027	288,685.33	114,078.93	412,370.88	1,074,970.52	39.5%
TOTAL FACILITIES MAINTENANCE FUND	1,776,027	1,776,027	288,685.33	114,078.93	412,370.88	1,074,970.52	39.5%
942 SA TRUST FUND							
00 NO DEPARTMENT							

YEAR-TO-DATE BUDGET REPORT EXPENDITURES

BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

942 SA TRUST FUND	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5A SALARIES	1,247	1,247	269.49	102.03	.00	977.53	21.6%
5B OVERTIME	0	0	13.78	6.22	.00	-13.78	100.0%
5C PERS	395	395	89.10	31.02	.00	306.35	22.5%
5E OTHER BENEFITS	120	120	26.94	9.67	.00	92.81	22.5%
5H CONTRACTS	5,395	5,395	3,520.00	.00	.00	1,875.00	65.2%
5L MISCELLANEOUS	120,823	120,823	.00	.00	.00	120,823.01	.0%
5M INT SERVICE CHARGES	64	64	14.63	4.90	.00	49.07	23.0%
5N DEBT SERVICE	3,810,001	3,810,001	1,784,212.50	.00	.00	2,025,788.50	46.8%
TOTAL NO DEPARTMENT	3,938,045	3,938,045	1,788,146.44	153.84	.00	2,149,898.49	45.4%
TOTAL SA TRUST FUND	3,938,045	3,938,045	1,788,146.44	153.84	.00	2,149,898.49	45.4%
GRAND TOTAL	84,944,559	107,827,422	20,570,360.84	5,940,289.23	3,342,818.47	83,914,242.87	22.2%

** END OF REPORT - Generated by Kristina Alfaro **

YEAR-TO-DATE BUDGET REPORT REVENUE

BY FUND

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
111 GENERAL FUND	63,067,086	63,183,510	11,093,597.15	2,637,343.19	52,089,912.69	17.6%
121 MEASURE G FUND	1,358,000	1,358,000	109,731.62	109,731.62	1,248,268.38	8.1%
222 URBAN RUNOFF FUND	315,072	315,072	52,511.82	26,255.91	262,560.18	16.7%
231 BLACKWELL DISTRICT	3,210	3,210	.00	.00	3,210.00	.0%
232 KENNEDY MEADOWS DISTRICT	10,605	10,605	.00	.00	10,605.00	.0%
233 GEMINI COURT DISTRICT	4,750	4,750	.00	.00	4,750.00	.0%
234 SANTA ROSA HEIGHTS DISTRICT	4,550	4,550	.00	.00	4,550.00	.0%
235 VASONA HEIGHTS DISTRICT	10,075	10,075	.00	.00	10,075.00	.0%
236 HILLBROOK DISTRICT	6,040	6,040	.00	.00	6,040.00	.0%
251 LOS GATOS THEATRE	121,100	121,100	70,417.72	25,168.00	50,682.28	58.1%
261 LIBRARY TRUST DONATIONS	71,000	71,000	75,000.00	.00	-4,000.00	105.6%
262 NESS TRUST	400	400	.00	.00	400.00	.0%
263 MCCLENDON TRUST	2,000	2,000	.00	.00	2,000.00	.0%
264 BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND	1,263,873	2,201,746	35,283.00	16,227.00	2,166,462.87	1.6%
413 LONG-TERM COMMUNITY BENEFIT	3,000,000	3,000,000	.00	.00	3,000,000.00	.0%
421 GRANT FUNDED PROJECTS	36,750	7,514,371	126,500.71	113,881.52	7,387,870.63	1.7%
461 STORM BASIN 1	70,337	70,337	14,370.00	.00	55,966.92	20.4%
462 STORM BASIN 2	117,302	117,302	9,122.00	9,122.00	108,180.18	7.8%
463 STORM BASIN 3	-3,446	-3,446	.00	.00	-3,445.78	.0%
471 TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	10,000.00	.0%
472 UTILITY UNDERGROUND TAX FUND	46,346	46,346	.00	.00	46,346.10	.0%
481 GAS TAX FUND	1,919,278	1,919,278	353,793.60	180,675.36	1,565,484.50	18.4%
611 GENERAL LIABILITY FUND	1,984,001	1,984,001	393,795.56	393,795.56	1,590,205.17	19.8%
612 WORKERS COMPENSATION FUND	1,997,508	1,997,508	518,805.48	414,296.87	1,478,702.92	26.0%
621 INFORMATION TECHNOLOGY	1,313,722	1,313,722	318,122.13	300,077.37	995,599.47	24.2%
631 EQUIPMENT REPLACEMENT FUND	679,960	679,960	164,990.00	164,990.00	514,970.00	24.3%
633 FACILITIES MAINTENANCE FUND	2,286,974	2,286,974	366,279.10	314,190.08	1,920,694.50	16.0%
732 PERS CEPPT PENSION TRUST	390,000	390,000	.00	.00	390,000.00	.0%
942 SA TRUST FUND	3,923,926	3,923,926	.00	.00	3,923,926.00	.0%
GRAND TOTAL	84,016,419	92,548,337	13,702,319.89	4,705,754.48	78,846,017.01	14.8%

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YEAR-TO-DATE BUDGET REPORT REVENUE

BY FUND AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
111 GENERAL FUND						
4A PROPERTY TAX	28,224,841	28,224,841	129,161.06	49,423.27	28,095,679.94	.5%
4B SALES & USE TAX	8,380,517	8,380,517	496,093.83	496,093.83	7,884,423.17	5.9%
4D TRANSIENT OCCUPANCY	2,278,360	2,278,360	183,935.52	456,199.88	2,094,424.48	8.1%
4E BUSINESS LIC & OTHER	2,686,760	2,686,760	155,396.87	119,465.09	2,531,363.13	5.8%
4F FRANCHISE FEES	1,089,210	1,089,210	.00	.00	1,089,210.00	.0%
4G FINES & FORFEITURES	315,200	315,200	116,825.87	56,293.16	198,374.13	37.1%
4H LICENSES & PERMITS	7,802,811	7,802,811	1,941,565.67	491,177.69	5,861,245.33	24.9%
4I TOWN SERVICES	3,906,037	3,906,037	731,113.24	475,860.68	3,174,923.76	18.7%
4J OTHER SOURCES	2,630,318	2,630,318	4,120,983.62	286,190.99	-1,490,665.62	156.7%
4K INTERGOVERNMENTAL	741,477	857,901	699,232.71	165,908.60	158,668.13	81.5%
4L PASS THRU	2,534,469	2,534,469	2,519,288.76	40,730.00	15,180.24	99.4%
4M TRANSFERS IN	562,411	562,411	.00	.00	562,411.00	.0%
4N DEBT SERVICE REMIB	1,914,675	1,914,675	.00	.00	1,914,675.00	.0%
TOTAL GENERAL FUND	63,067,086	63,183,510	11,093,597.15	2,637,343.19	52,089,912.69	17.6%
121 MEASURE G FUND						
4C MEASURE G	1,358,000	1,358,000	109,731.62	109,731.62	1,248,268.38	8.1%
TOTAL MEASURE G FUND	1,358,000	1,358,000	109,731.62	109,731.62	1,248,268.38	8.1%
222 URBAN RUNOFF FUND						
4H LICENSES & PERMITS	315,072	315,072	52,511.82	26,255.91	262,560.18	16.7%
TOTAL URBAN RUNOFF FUND	315,072	315,072	52,511.82	26,255.91	262,560.18	16.7%
231 BLACKWELL DISTRICT						
4A PROPERTY TAX	3,160	3,160	.00	.00	3,160.00	.0%
4J OTHER SOURCES	50	50	.00	.00	50.00	.0%
TOTAL BLACKWELL DISTRICT	3,210	3,210	.00	.00	3,210.00	.0%
232 KENNEDY MEADOWS DISTRICT						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4A PROPERTY TAX	10,275	10,275	.00	.00	10,275.00	.0%
4J OTHER SOURCES	330	330	.00	.00	330.00	.0%
TOTAL KENNEDY MEADOWS DISTRICT	10,605	10,605	.00	.00	10,605.00	.0%
233 GEMINI COURT DISTRICT						
4A PROPERTY TAX	4,600	4,600	.00	.00	4,600.00	.0%
4J OTHER SOURCES	150	150	.00	.00	150.00	.0%
TOTAL GEMINI COURT DISTRICT	4,750	4,750	.00	.00	4,750.00	.0%
234 SANTA ROSA HEIGHTS DISTRICT						
4A PROPERTY TAX	4,500	4,500	.00	.00	4,500.00	.0%
4J OTHER SOURCES	50	50	.00	.00	50.00	.0%
TOTAL SANTA ROSA HEIGHTS DISTRICT	4,550	4,550	.00	.00	4,550.00	.0%
235 VASONA HEIGHTS DISTRICT						
4A PROPERTY TAX	9,735	9,735	.00	.00	9,735.00	.0%
4J OTHER SOURCES	340	340	.00	.00	340.00	.0%
TOTAL VASONA HEIGHTS DISTRICT	10,075	10,075	.00	.00	10,075.00	.0%
236 HILLBROOK DISTRICT						
4A PROPERTY TAX	5,950	5,950	.00	.00	5,950.00	.0%
4J OTHER SOURCES	90	90	.00	.00	90.00	.0%
TOTAL HILLBROOK DISTRICT	6,040	6,040	.00	.00	6,040.00	.0%
251 LOS GATOS THEATRE						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4J OTHER SOURCES	121,100	121,100	70,417.72	25,168.00	50,682.28	58.1%
TOTAL LOS GATOS THEATRE	121,100	121,100	70,417.72	25,168.00	50,682.28	58.1%
261 LIBRARY TRUST DONATIONS						
4J OTHER SOURCES	71,000	71,000	75,000.00	.00	-4,000.00	105.6%
TOTAL LIBRARY TRUST DONATIONS	71,000	71,000	75,000.00	.00	-4,000.00	105.6%
262 NESS TRUST						
4J OTHER SOURCES	400	400	.00	.00	400.00	.0%
TOTAL NESS TRUST	400	400	.00	.00	400.00	.0%
263 MCCLENDON TRUST						
4J OTHER SOURCES	2,000	2,000	.00	.00	2,000.00	.0%
TOTAL MCCLENDON TRUST	2,000	2,000	.00	.00	2,000.00	.0%
264 BARBARA J CASSIN TRUST						
4J OTHER SOURCES	6,000	6,000	.00	.00	6,000.00	.0%
TOTAL BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND						
4H LICENSES & PERMITS	120,000	120,000	.00	.00	120,000.00	.0%
4I TOWN SERVICES	0	80,000	.00	.00	80,000.00	.0%
4J OTHER SOURCES	106,000	106,000	35,283.00	16,227.00	70,717.00	33.3%
4K INTERGOVERNMENTAL	1,037,873	1,895,746	.00	.00	1,895,745.87	.0%

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
TOTAL CAPITAL PROJECTS FUND	1,263,873	2,201,746	35,283.00	16,227.00	2,166,462.87	1.6%
413 LONG-TERM COMMUNITY BENEFIT						
4M TRANSFERS IN	3,000,000	3,000,000	.00	.00	3,000,000.00	.0%
TOTAL LONG-TERM COMMUNITY BENEFIT	3,000,000	3,000,000	.00	.00	3,000,000.00	.0%
421 GRANT FUNDED PROJECTS						
4K INTERGOVERNMENTAL	36,750	7,514,371	126,500.71	113,881.52	7,387,870.63	1.7%
TOTAL GRANT FUNDED PROJECTS	36,750	7,514,371	126,500.71	113,881.52	7,387,870.63	1.7%
461 STORM BASIN 1						
4H LICENSES & PERMITS	48,695	48,695	14,370.00	.00	34,325.31	29.5%
4J OTHER SOURCES	21,642	21,642	.00	.00	21,641.61	.0%
TOTAL STORM BASIN 1	70,337	70,337	14,370.00	.00	55,966.92	20.4%
462 STORM BASIN 2						
4H LICENSES & PERMITS	48,695	48,695	9,122.00	9,122.00	39,573.31	18.7%
4J OTHER SOURCES	68,607	68,607	.00	.00	68,606.87	.0%
TOTAL STORM BASIN 2	117,302	117,302	9,122.00	9,122.00	108,180.18	7.8%
463 STORM BASIN 3						
4H LICENSES & PERMITS	2,627	2,627	.00	.00	2,626.50	.0%
4J OTHER SOURCES	-6,072	-6,072	.00	.00	-6,072.28	.0%
TOTAL STORM BASIN 3	-3,446	-3,446	.00	.00	-3,445.78	.0%
471 TRAFFIC MITIGATION FUND						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4J OTHER SOURCES	10,000	10,000	.00	.00	10,000.00	.0%
TOTAL TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	10,000.00	.0%
472 UTILITY UNDERGROUND TAX FUND						
4E BUSINESS LIC & OTHER	30,000	30,000	.00	.00	30,000.00	.0%
4J OTHER SOURCES	16,346	16,346	.00	.00	16,346.10	.0%
TOTAL UTILITY UNDERGROUND TAX FUN	46,346	46,346	.00	.00	46,346.10	.0%
481 GAS TAX FUND						
4J OTHER SOURCES	1,471	1,471	.00	.00	1,471.10	.0%
4K INTERGOVERNMENTAL	1,917,807	1,917,807	353,793.60	180,675.36	1,564,013.40	18.4%
TOTAL GAS TAX FUND	1,919,278	1,919,278	353,793.60	180,675.36	1,565,484.50	18.4%
611 GENERAL LIABILITY FUND						
4I TOWN SERVICES	1,984,001	1,984,001	393,795.56	393,795.56	1,590,205.17	19.8%
TOTAL GENERAL LIABILITY FUND	1,984,001	1,984,001	393,795.56	393,795.56	1,590,205.17	19.8%
612 WORKERS COMPENSATION FUND						
4I TOWN SERVICES	1,997,508	1,997,508	387,829.47	387,829.47	1,609,678.93	19.4%
4J OTHER SOURCES	0	0	130,976.01	26,467.40	-130,976.01	100.0%
TOTAL WORKERS COMPENSATION FUND	1,997,508	1,997,508	518,805.48	414,296.87	1,478,702.92	26.0%
621 INFORMATION TECHNOLOGY						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4I TOWN SERVICES	1,313,722	1,313,722	318,122.13	300,077.37	995,599.47	24.2%
TOTAL INFORMATION TECHNOLOGY	1,313,722	1,313,722	318,122.13	300,077.37	995,599.47	24.2%
631 EQUIPMENT REPLACEMENT FUND						
4I TOWN SERVICES	659,960	659,960	164,990.00	164,990.00	494,970.00	25.0%
4J OTHER SOURCES	20,000	20,000	.00	.00	20,000.00	.0%
TOTAL EQUIPMENT REPLACEMENT FUND	679,960	679,960	164,990.00	164,990.00	514,970.00	24.3%
633 FACILITIES MAINTENANCE FUND						
4E BUSINESS LIC & OTHER	25,000	25,000	.00	.00	25,000.00	.0%
4I TOWN SERVICES	1,234,499	1,234,499	308,624.75	308,624.75	925,874.25	25.0%
4J OTHER SOURCES	216,141	216,141	57,654.35	5,565.33	158,486.25	26.7%
4M TRANSFERS IN	811,334	811,334	.00	.00	811,334.00	.0%
TOTAL FACILITIES MAINTENANCE FUND	2,286,974	2,286,974	366,279.10	314,190.08	1,920,694.50	16.0%
732 PERS CEPPT PENSION TRUST						
4J OTHER SOURCES	390,000	390,000	.00	.00	390,000.00	.0%
TOTAL PERS CEPPT PENSION TRUST	390,000	390,000	.00	.00	390,000.00	.0%
942 SA TRUST FUND						
4J OTHER SOURCES	61,664	61,664	.00	.00	61,664.00	.0%
4N DEBT SERVICE REMIB	3,862,262	3,862,262	.00	.00	3,862,262.00	.0%
TOTAL SA TRUST FUND	3,923,926	3,923,926	.00	.00	3,923,926.00	.0%
GRAND TOTAL	84,016,419	92,548,337	13,702,319.89	4,705,754.48	78,846,017.01	14.8%

** END OF REPORT - Generated by Kristina Alfaro **

YEAR-TO-DATE BUDGET REPORT REVENUE

BY FUND AND DEPARTMENT

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
111 GENERAL FUND						
12 TOWNWIDE	45,782,113	45,782,113	5,285,682.61	1,316,315.40	40,496,430.39	11.5%
13 TOWN ATTORNEY	0	0	51.00	.00	-51.00	100.0%
20 ADMINISTRATIVE SERVICES	4,745,627	4,745,627	283,004.15	400,151.72	4,462,622.85	6.0%
30 COMMUNITY DEVELOPMENT	4,647,024	4,647,024	1,551,004.70	63,657.94	3,096,019.30	33.4%
40 POLICE	4,121,766	4,121,766	1,303,543.21	576,400.94	2,818,222.79	31.6%
50 PARKS AND PUBLIC WORKS	3,729,556	3,845,980	2,658,300.12	280,817.19	1,187,679.72	69.1%
70 LIBRARY	41,000	41,000	12,011.36	.00	28,988.64	29.3%
TOTAL GENERAL FUND	63,067,086	63,183,510	11,093,597.15	2,637,343.19	52,089,912.69	17.6%
121 MEASURE G FUND						
12 TOWNWIDE	1,358,000	1,358,000	109,731.62	109,731.62	1,248,268.38	8.1%
TOTAL MEASURE G FUND	1,358,000	1,358,000	109,731.62	109,731.62	1,248,268.38	8.1%
222 URBAN RUNOFF FUND						
50 PARKS AND PUBLIC WORKS	315,072	315,072	52,511.82	26,255.91	262,560.18	16.7%
TOTAL URBAN RUNOFF FUND	315,072	315,072	52,511.82	26,255.91	262,560.18	16.7%
231 BLACKWELL DISTRICT						
50 PARKS AND PUBLIC WORKS	3,210	3,210	.00	.00	3,210.00	.0%
TOTAL BLACKWELL DISTRICT	3,210	3,210	.00	.00	3,210.00	.0%
232 KENNEDY MEADOWS DISTRICT						
50 PARKS AND PUBLIC WORKS	10,605	10,605	.00	.00	10,605.00	.0%
TOTAL KENNEDY MEADOWS DISTRICT	10,605	10,605	.00	.00	10,605.00	.0%

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND DEPARTMENT

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
233 GEMINI COURT DISTRICT						
50 PARKS AND PUBLIC WORKS	4,750	4,750	.00	.00	4,750.00	.0%
TOTAL GEMINI COURT DISTRICT	4,750	4,750	.00	.00	4,750.00	.0%
234 SANTA ROSA HEIGHTS DISTRICT						
50 PARKS AND PUBLIC WORKS	4,550	4,550	.00	.00	4,550.00	.0%
TOTAL SANTA ROSA HEIGHTS DISTRICT	4,550	4,550	.00	.00	4,550.00	.0%
235 VASONA HEIGHTS DISTRICT						
50 PARKS AND PUBLIC WORKS	10,075	10,075	.00	.00	10,075.00	.0%
TOTAL VASONA HEIGHTS DISTRICT	10,075	10,075	.00	.00	10,075.00	.0%
236 HILLBROOK DISTRICT						
50 PARKS AND PUBLIC WORKS	6,040	6,040	.00	.00	6,040.00	.0%
TOTAL HILLBROOK DISTRICT	6,040	6,040	.00	.00	6,040.00	.0%
251 LOS GATOS THEATRE						
50 PARKS AND PUBLIC WORKS	121,100	121,100	70,417.72	25,168.00	50,682.28	58.1%
TOTAL LOS GATOS THEATRE	121,100	121,100	70,417.72	25,168.00	50,682.28	58.1%
261 LIBRARY TRUST DONATIONS						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND DEPARTMENT

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
70 LIBRARY	71,000	71,000	75,000.00	.00	-4,000.00	105.6%
TOTAL LIBRARY TRUST DONATIONS	71,000	71,000	75,000.00	.00	-4,000.00	105.6%
262 NESS TRUST						
70 LIBRARY	400	400	.00	.00	400.00	.0%
TOTAL NESS TRUST	400	400	.00	.00	400.00	.0%
263 MCCLENDON TRUST						
70 LIBRARY	2,000	2,000	.00	.00	2,000.00	.0%
TOTAL MCCLENDON TRUST	2,000	2,000	.00	.00	2,000.00	.0%
264 BARBARA J CASSIN TRUST						
70 LIBRARY	6,000	6,000	.00	.00	6,000.00	.0%
TOTAL BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND						
80 CAPITAL PROGRAMS	1,263,873	2,201,746	35,283.00	16,227.00	2,166,462.87	1.6%
TOTAL CAPITAL PROJECTS FUND	1,263,873	2,201,746	35,283.00	16,227.00	2,166,462.87	1.6%
413 LONG-TERM COMMUNITY BENEFIT						
80 CAPITAL PROGRAMS	3,000,000	3,000,000	.00	.00	3,000,000.00	.0%
TOTAL LONG-TERM COMMUNITY BENEFIT	3,000,000	3,000,000	.00	.00	3,000,000.00	.0%
421 GRANT FUNDED PROJECTS						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND DEPARTMENT

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
80 CAPITAL PROGRAMS	36,750	7,514,371	126,500.71	113,881.52	7,387,870.63	1.7%
TOTAL GRANT FUNDED PROJECTS	36,750	7,514,371	126,500.71	113,881.52	7,387,870.63	1.7%
461 STORM BASIN 1						
80 CAPITAL PROGRAMS	70,337	70,337	14,370.00	.00	55,966.92	20.4%
TOTAL STORM BASIN 1	70,337	70,337	14,370.00	.00	55,966.92	20.4%
462 STORM BASIN 2						
80 CAPITAL PROGRAMS	117,302	117,302	9,122.00	9,122.00	108,180.18	7.8%
TOTAL STORM BASIN 2	117,302	117,302	9,122.00	9,122.00	108,180.18	7.8%
463 STORM BASIN 3						
80 CAPITAL PROGRAMS	-3,446	-3,446	.00	.00	-3,445.78	.0%
TOTAL STORM BASIN 3	-3,446	-3,446	.00	.00	-3,445.78	.0%
471 TRAFFIC MITIGATION FUND						
80 CAPITAL PROGRAMS	10,000	10,000	.00	.00	10,000.00	.0%
TOTAL TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	10,000.00	.0%
472 UTILITY UNDERGROUND TAX FUND						
80 CAPITAL PROGRAMS	46,346	46,346	.00	.00	46,346.10	.0%
TOTAL UTILITY UNDERGROUND TAX FUN	46,346	46,346	.00	.00	46,346.10	.0%
481 GAS TAX FUND						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND DEPARTMENT

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
80 CAPITAL PROGRAMS	1,919,278	1,919,278	353,793.60	180,675.36	1,565,484.50	18.4%
TOTAL GAS TAX FUND	1,919,278	1,919,278	353,793.60	180,675.36	1,565,484.50	18.4%
611 GENERAL LIABILITY FUND						
13 TOWN ATTORNEY	1,984,001	1,984,001	393,795.56	393,795.56	1,590,205.17	19.8%
TOTAL GENERAL LIABILITY FUND	1,984,001	1,984,001	393,795.56	393,795.56	1,590,205.17	19.8%
612 WORKERS COMPENSATION FUND						
20 ADMINISTRATIVE SERVICES	1,997,508	1,997,508	518,805.48	414,296.87	1,478,702.92	26.0%
TOTAL WORKERS COMPENSATION FUND	1,997,508	1,997,508	518,805.48	414,296.87	1,478,702.92	26.0%
621 INFORMATION TECHNOLOGY						
20 ADMINISTRATIVE SERVICES	1,313,722	1,313,722	318,122.13	300,077.37	995,599.47	24.2%
TOTAL INFORMATION TECHNOLOGY	1,313,722	1,313,722	318,122.13	300,077.37	995,599.47	24.2%
631 EQUIPMENT REPLACEMENT FUND						
50 PARKS AND PUBLIC WORKS	679,960	679,960	164,990.00	164,990.00	514,970.00	24.3%
TOTAL EQUIPMENT REPLACEMENT FUND	679,960	679,960	164,990.00	164,990.00	514,970.00	24.3%
633 FACILITIES MAINTENANCE FUND						
50 PARKS AND PUBLIC WORKS	2,286,974	2,286,974	366,279.10	314,190.08	1,920,694.50	16.0%
TOTAL FACILITIES MAINTENANCE FUND	2,286,974	2,286,974	366,279.10	314,190.08	1,920,694.50	16.0%
732 PERS CEPPT PENSION TRUST						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND DEPARTMENT

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
12 TOWNWIDE	390,000	390,000	.00	.00	390,000.00	.0%
TOTAL PERS CEPPT PENSION TRUST	390,000	390,000	.00	.00	390,000.00	.0%
942 SA TRUST FUND						
00 NO DEPARTMENT	3,923,926	3,923,926	.00	.00	3,923,926.00	.0%
TOTAL SA TRUST FUND	3,923,926	3,923,926	.00	.00	3,923,926.00	.0%
GRAND TOTAL	84,016,419	92,548,337	13,702,319.89	4,705,754.48	78,846,017.01	14.8%

** END OF REPORT - Generated by Kristina Alfaro **

Town of Los Gatos ~CA 55122~

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
111 GENERAL FUND						
12 TOWNWIDE						
4A PROPERTY TAX	28,224,841	28,224,841	129,161.06	49,423.27	28,095,679.94	.5%
4B SALES & USE TAX	8,380,517	8,380,517	496,093.83	496,093.83	7,884,423.17	5.9%
4D TRANSIENT OCCUPANCY	2,278,360	2,278,360	183,935.52	456,199.88	2,094,424.48	8.1%
4F FRANCHISE FEES	1,089,210	1,089,210	.00	.00	1,089,210.00	.0%
4H LICENSES & PERMITS	3,107,316	3,107,316	529,929.49	254,178.71	2,577,386.51	17.1%
4I TOWN SERVICES	88,500	88,500	7,448.00	66.00	81,052.00	8.4%
4J OTHER SOURCES	467,224	467,224	3,813,777.11	6,054.11	-3,346,553.11	816.3%
4K INTERGOVERNMENTAL	8,550	8,550	125,337.60	54,299.60	-116,787.60	1465.9%
4M TRANSFERS IN	222,920	222,920	.00	.00	222,920.00	.0%
4N DEBT SERVICE REMIB	1,914,675	1,914,675	.00	.00	1,914,675.00	.0%
TOTAL TOWNWIDE	45,782,113	45,782,113	5,285,682.61	1,316,315.40	40,496,430.39	11.5%
13 TOWN ATTORNEY						
4I TOWN SERVICES	0	0	51.00	.00	-51.00	100.0%
TOTAL TOWN ATTORNEY	0	0	51.00	.00	-51.00	100.0%
20 ADMINISTRATIVE SERVICES						
4E BUSINESS LIC & OTHER	2,679,550	2,679,550	155,396.87	119,465.09	2,524,153.13	5.8%
4H LICENSES & PERMITS	128,200	128,200	19,964.75	15,687.75	108,235.25	15.6%
4I TOWN SERVICES	11,000	11,000	.00	.00	11,000.00	.0%
4J OTHER SOURCES	1,926,877	1,926,877	107,642.53	264,998.88	1,819,234.47	5.6%
TOTAL ADMINISTRATIVE SERVICES	4,745,627	4,745,627	283,004.15	400,151.72	4,462,622.85	6.0%
30 COMMUNITY DEVELOPMENT						
4G FINES & FORFEITURES	10,000	10,000	1,965.00	315.00	8,035.00	19.7%

YEAR-TO-DATE BUDGET REPORT REVENUE

BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4H LICENSES & PERMITS	2,872,575	2,872,575	846,092.28	35,533.24	2,026,482.72	29.5%
4I TOWN SERVICES	1,034,241	1,034,241	41,558.40	5,579.70	992,682.60	4.0%
4J OTHER SOURCES	10,000	10,000	.00	.00	10,000.00	.0%
4L PASS THRU	720,208	720,208	661,389.02	22,230.00	58,818.98	91.8%
TOTAL COMMUNITY DEVELOPMENT	4,647,024	4,647,024	1,551,004.70	63,657.94	3,096,019.30	33.4%
40 POLICE						
4G FINES & FORFEITURES	305,200	305,200	114,860.87	55,978.16	190,339.13	37.6%
4H LICENSES & PERMITS	34,850	34,850	9,170.00	1,299.00	25,680.00	26.3%
4I TOWN SERVICES	1,788,691	1,788,691	460,206.04	407,514.78	1,328,484.96	25.7%
4J OTHER SOURCES	68,322	68,322	157,422.55	.00	-89,100.55	230.4%
4K INTERGOVERNMENTAL	707,667	707,667	561,883.75	111,609.00	145,783.25	79.4%
4L PASS THRU	1,217,036	1,217,036	.00	.00	1,217,036.00	.0%
TOTAL POLICE	4,121,766	4,121,766	1,303,543.21	576,400.94	2,818,222.79	31.6%
50 PARKS AND PUBLIC WORKS						
4E BUSINESS LIC & OTHER	7,210	7,210	.00	.00	7,210.00	.0%
4H LICENSES & PERMITS	1,659,870	1,659,870	536,409.15	184,478.99	1,123,460.85	32.3%
4I TOWN SERVICES	982,605	982,605	221,849.80	62,700.20	760,755.20	22.6%
4J OTHER SOURCES	117,895	117,895	42,141.43	15,138.00	75,753.57	35.7%
4K INTERGOVERNMENTAL	25,260	141,684	.00	.00	141,683.84	.0%
4L PASS THRU	597,225	597,225	1,857,899.74	18,500.00	-1,260,674.74	311.1%
4M TRANSFERS IN	339,491	339,491	.00	.00	339,491.00	.0%
TOTAL PARKS AND PUBLIC WORKS	3,729,556	3,845,980	2,658,300.12	280,817.19	1,187,679.72	69.1%
70 LIBRARY						
4I TOWN SERVICES	1,000	1,000	.00	.00	1,000.00	.0%
4J OTHER SOURCES	40,000	40,000	.00	.00	40,000.00	.0%
4K INTERGOVERNMENTAL	0	0	12,011.36	.00	-12,011.36	100.0%
TOTAL LIBRARY	41,000	41,000	12,011.36	.00	28,988.64	29.3%
TOTAL GENERAL FUND	63,067,086	63,183,510	11,093,597.15	2,637,343.19	52,089,912.69	17.6%

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
121 MEASURE G FUND						
12 TOWNWIDE						
4C MEASURE G	1,358,000	1,358,000	109,731.62	109,731.62	1,248,268.38	8.1%
TOTAL TOWNWIDE	1,358,000	1,358,000	109,731.62	109,731.62	1,248,268.38	8.1%
TOTAL MEASURE G FUND	1,358,000	1,358,000	109,731.62	109,731.62	1,248,268.38	8.1%
222 URBAN RUNOFF FUND						
50 PARKS AND PUBLIC WORKS						
4H LICENSES & PERMITS	315,072	315,072	52,511.82	26,255.91	262,560.18	16.7%
TOTAL PARKS AND PUBLIC WORKS	315,072	315,072	52,511.82	26,255.91	262,560.18	16.7%
TOTAL URBAN RUNOFF FUND	315,072	315,072	52,511.82	26,255.91	262,560.18	16.7%
231 BLACKWELL DISTRICT						
50 PARKS AND PUBLIC WORKS						
4A PROPERTY TAX	3,160	3,160	.00	.00	3,160.00	.0%
4J OTHER SOURCES	50	50	.00	.00	50.00	.0%
TOTAL PARKS AND PUBLIC WORKS	3,210	3,210	.00	.00	3,210.00	.0%
TOTAL BLACKWELL DISTRICT	3,210	3,210	.00	.00	3,210.00	.0%
232 KENNEDY MEADOWS DISTRICT						
50 PARKS AND PUBLIC WORKS						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4A PROPERTY TAX	10,275	10,275	.00	.00	10,275.00	.0%
4J OTHER SOURCES	330	330	.00	.00	330.00	.0%
TOTAL PARKS AND PUBLIC WORKS	10,605	10,605	.00	.00	10,605.00	.0%
TOTAL KENNEDY MEADOWS DISTRICT	10,605	10,605	.00	.00	10,605.00	.0%
233 GEMINI COURT DISTRICT						
50 PARKS AND PUBLIC WORKS						
4A PROPERTY TAX	4,600	4,600	.00	.00	4,600.00	.0%
4J OTHER SOURCES	150	150	.00	.00	150.00	.0%
TOTAL PARKS AND PUBLIC WORKS	4,750	4,750	.00	.00	4,750.00	.0%
TOTAL GEMINI COURT DISTRICT	4,750	4,750	.00	.00	4,750.00	.0%
234 SANTA ROSA HEIGHTS DISTRICT						
50 PARKS AND PUBLIC WORKS						
4A PROPERTY TAX	4,500	4,500	.00	.00	4,500.00	.0%
4J OTHER SOURCES	50	50	.00	.00	50.00	.0%
TOTAL PARKS AND PUBLIC WORKS	4,550	4,550	.00	.00	4,550.00	.0%
TOTAL SANTA ROSA HEIGHTS DISTRICT	4,550	4,550	.00	.00	4,550.00	.0%
235 VASONA HEIGHTS DISTRICT						
50 PARKS AND PUBLIC WORKS						
4A PROPERTY TAX	9,735	9,735	.00	.00	9,735.00	.0%
4J OTHER SOURCES	340	340	.00	.00	340.00	.0%
TOTAL PARKS AND PUBLIC WORKS	10,075	10,075	.00	.00	10,075.00	.0%

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
TOTAL VASONA HEIGHTS DISTRICT	10,075	10,075	.00	.00	10,075.00	.0%
236 HILLBROOK DISTRICT						
50 PARKS AND PUBLIC WORKS						
4A PROPERTY TAX	5,950	5,950	.00	.00	5,950.00	.0%
4J OTHER SOURCES	90	90	.00	.00	90.00	.0%
TOTAL PARKS AND PUBLIC WORKS	6,040	6,040	.00	.00	6,040.00	.0%
TOTAL HILLBROOK DISTRICT	6,040	6,040	.00	.00	6,040.00	.0%
251 LOS GATOS THEATRE						
50 PARKS AND PUBLIC WORKS						
4J OTHER SOURCES	121,100	121,100	70,417.72	25,168.00	50,682.28	58.1%
TOTAL PARKS AND PUBLIC WORKS	121,100	121,100	70,417.72	25,168.00	50,682.28	58.1%
TOTAL LOS GATOS THEATRE	121,100	121,100	70,417.72	25,168.00	50,682.28	58.1%
261 LIBRARY TRUST DONATIONS						
70 LIBRARY						
4J OTHER SOURCES	71,000	71,000	75,000.00	.00	-4,000.00	105.6%
TOTAL LIBRARY	71,000	71,000	75,000.00	.00	-4,000.00	105.6%
TOTAL LIBRARY TRUST DONATIONS	71,000	71,000	75,000.00	.00	-4,000.00	105.6%
262 NESS TRUST						
70 LIBRARY						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4J OTHER SOURCES	400	400	.00	.00	400.00	.0%
TOTAL LIBRARY	400	400	.00	.00	400.00	.0%
TOTAL NESS TRUST	400	400	.00	.00	400.00	.0%
263 MCCLENDON TRUST						
70 LIBRARY						
4J OTHER SOURCES	2,000	2,000	.00	.00	2,000.00	.0%
TOTAL LIBRARY	2,000	2,000	.00	.00	2,000.00	.0%
TOTAL MCCLENDON TRUST	2,000	2,000	.00	.00	2,000.00	.0%
264 BARBARA J CASSIN TRUST						
70 LIBRARY						
4J OTHER SOURCES	6,000	6,000	.00	.00	6,000.00	.0%
TOTAL LIBRARY	6,000	6,000	.00	.00	6,000.00	.0%
TOTAL BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND						
80 CAPITAL PROGRAMS						
4H LICENSES & PERMITS	120,000	120,000	.00	.00	120,000.00	.0%
4I TOWN SERVICES	0	80,000	.00	.00	80,000.00	.0%
4J OTHER SOURCES	106,000	106,000	35,283.00	16,227.00	70,717.00	33.3%
4K INTERGOVERNMENTAL	1,037,873	1,895,746	.00	.00	1,895,745.87	.0%
TOTAL CAPITAL PROGRAMS	1,263,873	2,201,746	35,283.00	16,227.00	2,166,462.87	1.6%

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
TOTAL CAPITAL PROJECTS FUND	1,263,873	2,201,746	35,283.00	16,227.00	2,166,462.87	1.6%
413 LONG-TERM COMMUNITY BENEFIT						
80 CAPITAL PROGRAMS						
4M TRANSFERS IN	3,000,000	3,000,000	.00	.00	3,000,000.00	.0%
TOTAL CAPITAL PROGRAMS	3,000,000	3,000,000	.00	.00	3,000,000.00	.0%
TOTAL LONG-TERM COMMUNITY BENEFIT	3,000,000	3,000,000	.00	.00	3,000,000.00	.0%
421 GRANT FUNDED PROJECTS						
80 CAPITAL PROGRAMS						
4K INTERGOVERNMENTAL	36,750	7,514,371	126,500.71	113,881.52	7,387,870.63	1.7%
TOTAL CAPITAL PROGRAMS	36,750	7,514,371	126,500.71	113,881.52	7,387,870.63	1.7%
TOTAL GRANT FUNDED PROJECTS	36,750	7,514,371	126,500.71	113,881.52	7,387,870.63	1.7%
461 STORM BASIN 1						
80 CAPITAL PROGRAMS						
4H LICENSES & PERMITS	48,695	48,695	14,370.00	.00	34,325.31	29.5%
4J OTHER SOURCES	21,642	21,642	.00	.00	21,641.61	.0%
TOTAL CAPITAL PROGRAMS	70,337	70,337	14,370.00	.00	55,966.92	20.4%
TOTAL STORM BASIN 1	70,337	70,337	14,370.00	.00	55,966.92	20.4%
462 STORM BASIN 2						
80 CAPITAL PROGRAMS						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4H LICENSES & PERMITS	48,695	48,695	9,122.00	9,122.00	39,573.31	18.7%
4J OTHER SOURCES	68,607	68,607	.00	.00	68,606.87	.0%
TOTAL CAPITAL PROGRAMS	117,302	117,302	9,122.00	9,122.00	108,180.18	7.8%
TOTAL STORM BASIN 2	117,302	117,302	9,122.00	9,122.00	108,180.18	7.8%
463 STORM BASIN 3						
80 CAPITAL PROGRAMS						
4H LICENSES & PERMITS	2,627	2,627	.00	.00	2,626.50	.0%
4J OTHER SOURCES	-6,072	-6,072	.00	.00	-6,072.28	.0%
TOTAL CAPITAL PROGRAMS	-3,446	-3,446	.00	.00	-3,445.78	.0%
TOTAL STORM BASIN 3	-3,446	-3,446	.00	.00	-3,445.78	.0%
471 TRAFFIC MITIGATION FUND						
80 CAPITAL PROGRAMS						
4J OTHER SOURCES	10,000	10,000	.00	.00	10,000.00	.0%
TOTAL CAPITAL PROGRAMS	10,000	10,000	.00	.00	10,000.00	.0%
TOTAL TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	10,000.00	.0%
472 UTILITY UNDERGROUND TAX FUND						
80 CAPITAL PROGRAMS						
4E BUSINESS LIC & OTHER	30,000	30,000	.00	.00	30,000.00	.0%
4J OTHER SOURCES	16,346	16,346	.00	.00	16,346.10	.0%
TOTAL CAPITAL PROGRAMS	46,346	46,346	.00	.00	46,346.10	.0%

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
TOTAL UTILITY UNDERGROUND TAX FUN	46,346	46,346	.00	.00	46,346.10	.0%
481 GAS TAX FUND						
80 CAPITAL PROGRAMS						
4J OTHER SOURCES	1,471	1,471	.00	.00	1,471.10	.0%
4K INTERGOVERNMENTAL	1,917,807	1,917,807	353,793.60	180,675.36	1,564,013.40	18.4%
TOTAL CAPITAL PROGRAMS	1,919,278	1,919,278	353,793.60	180,675.36	1,565,484.50	18.4%
TOTAL GAS TAX FUND	1,919,278	1,919,278	353,793.60	180,675.36	1,565,484.50	18.4%
611 GENERAL LIABILITY FUND						
13 TOWN ATTORNEY						
4I TOWN SERVICES	1,984,001	1,984,001	393,795.56	393,795.56	1,590,205.17	19.8%
TOTAL TOWN ATTORNEY	1,984,001	1,984,001	393,795.56	393,795.56	1,590,205.17	19.8%
TOTAL GENERAL LIABILITY FUND	1,984,001	1,984,001	393,795.56	393,795.56	1,590,205.17	19.8%
612 WORKERS COMPENSATION FUND						
20 ADMINISTRATIVE SERVICES						
4I TOWN SERVICES	1,997,508	1,997,508	387,829.47	387,829.47	1,609,678.93	19.4%
4J OTHER SOURCES	0	0	130,976.01	26,467.40	-130,976.01	100.0%
TOTAL ADMINISTRATIVE SERVICES	1,997,508	1,997,508	518,805.48	414,296.87	1,478,702.92	26.0%
TOTAL WORKERS COMPENSATION FUND	1,997,508	1,997,508	518,805.48	414,296.87	1,478,702.92	26.0%
621 INFORMATION TECHNOLOGY						
20 ADMINISTRATIVE SERVICES						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4I TOWN SERVICES	1,313,722	1,313,722	318,122.13	300,077.37	995,599.47	24.2%
TOTAL ADMINISTRATIVE SERVICES	1,313,722	1,313,722	318,122.13	300,077.37	995,599.47	24.2%
TOTAL INFORMATION TECHNOLOGY	1,313,722	1,313,722	318,122.13	300,077.37	995,599.47	24.2%
631 EQUIPMENT REPLACEMENT FUND						
50 PARKS AND PUBLIC WORKS						
4I TOWN SERVICES	659,960	659,960	164,990.00	164,990.00	494,970.00	25.0%
4J OTHER SOURCES	20,000	20,000	.00	.00	20,000.00	.0%
TOTAL PARKS AND PUBLIC WORKS	679,960	679,960	164,990.00	164,990.00	514,970.00	24.3%
TOTAL EQUIPMENT REPLACEMENT FUND	679,960	679,960	164,990.00	164,990.00	514,970.00	24.3%
633 FACILITIES MAINTENANCE FUND						
50 PARKS AND PUBLIC WORKS						
4E BUSINESS LIC & OTHER	25,000	25,000	.00	.00	25,000.00	.0%
4I TOWN SERVICES	1,234,499	1,234,499	308,624.75	308,624.75	925,874.25	25.0%
4J OTHER SOURCES	216,141	216,141	57,654.35	5,565.33	158,486.25	26.7%
4M TRANSFERS IN	811,334	811,334	.00	.00	811,334.00	.0%
TOTAL PARKS AND PUBLIC WORKS	2,286,974	2,286,974	366,279.10	314,190.08	1,920,694.50	16.0%
TOTAL FACILITIES MAINTENANCE FUND	2,286,974	2,286,974	366,279.10	314,190.08	1,920,694.50	16.0%
732 PERS CEPPT PENSION TRUST						
12 TOWNWIDE						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, DEPARTMENT AND CATEGORY

FOR 2027 03

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4J OTHER SOURCES	390,000	390,000	.00	.00	390,000.00	.0%
TOTAL TOWNWIDE	390,000	390,000	.00	.00	390,000.00	.0%
TOTAL PERS CEPPT PENSION TRUST	390,000	390,000	.00	.00	390,000.00	.0%
942 SA TRUST FUND						
00 NO DEPARTMENT						
4J OTHER SOURCES	61,664	61,664	.00	.00	61,664.00	.0%
4N DEBT SERVICE REMIB	3,862,262	3,862,262	.00	.00	3,862,262.00	.0%
TOTAL NO DEPARTMENT	3,923,926	3,923,926	.00	.00	3,923,926.00	.0%
TOTAL SA TRUST FUND	3,923,926	3,923,926	.00	.00	3,923,926.00	.0%
GRAND TOTAL	84,016,419	92,548,337	13,702,319.89	4,705,754.48	78,846,017.01	14.8%

** END OF REPORT - Generated by Kristina Alfaro **

TOWN OF LOS GATOS
QUARTERLY FINANCIAL REPORT – FY 2026-27
JULY-SEPTEMBER

The following is the First Quarter Financial Report for Fiscal Year 2026-27. It informs the Town Council, Town Leadership, and the public of the Town's fiscal status. The Finance Commission is receiving the report in its advisory capacity and may provide comments or recommendations to the Town Council. This report also provides a preliminary, unaudited prior year-end analysis of the General Fund; year-to-date revenue and expenditure analysis as of the first quarter of the fiscal year; analysis by fund; General Fund analysis by revenue and expense categories; and department and vacancy savings estimates to date. Lastly, it looks forward to mid-year and third-quarter reporting.

Executive Summary

FY 2025-26 Year-End

Across all funds, FY 2025-26 is expected to end the fiscal year with the following: $88.1M in revenues and $76.6M in expenditures. This resulted in an overall positive impact on the fund balance/retained earnings of $11.4M. General Fund revenue is $66.8M, and expenditures are $60.8M, resulting in an increase to fund balance of $6.0M. A more in depth discussion of the General Fund is included later in this report.

FY 2025-26 YEAR-END UNAUDITED ACTUALS BY FUND TYPE

Fund Type	Revenues	Expenditures[1]	Impact to Fund Balance
General (111/121/732)	$66,749,831[2]	$60,802,878	$5,946,953
Special Revenue (2*)	$515,788	$413,033	$102,755
Capital Projects (4*)	$9,622,689	$7,171,054	$2,451,635
Internal Service (6*)	$7,178,957	$5,915,283	$1,263,674
Trust (9*)	$3,983,262	$2,320,741	$1,662,521
TOTAL	**$88,050,527**	**$76,622,989**	**$11,427,538**

FY 2026-27 First Quarter

Revenue across all funds for the first quarter of the fiscal year is at 14.8% and trending above the prior three-year range of 8.9 to 13.6%. Expenditure and encumbrances across all funds are 22.2% and trending below the prior three-year range of 28.9% to 31.9%. Delays in reporting between the Community Development and Finance systems are resulting in the Q1 revenue

[1] For FY 2025-26 only YTD Exp are included in the Expenditures totals. Encumbrances in all but Capital Funds will be liquidated as part of the financial system year-end close after the completion of the Annual Comprehensive Financial Report.

[2] System-reported revenue for funds 111, 121, and 732 totaled $66,252,654. To report only actual revenue received accurately, staff added back the negative $777,343 in unrealized mark-to-market loss and removed the positive $280,166 of unrealized interest in Fund 732, resulting in an adjusted General Fund revenue of $66,749,831. The Town currently includes both the loss and unrealized interest earnings in a revenue account.

numbers being understated by approximately $1.2 million in the Licenses and Permits and Town Services revenue categories in the General Fund. Staff anticipates posting these items to the financial system by the October monthly reports.

FY 2026-27 BY FUND TYPE FIRST QUARTER SUMMARY

Fund	Fund Type	REVENUE			EXPENDITURES		
		HISTORICAL RANGE	FY 26-27 % COLL	TREND	HISTORICAL RANGE	FY 26-27 % EXP	TREND
111/ 121/ 732	GENERAL FUND	11.0%- 14.7%	17.3%	↑	25.3%- 26.5%	22.1%	↓
2*	SPECIAL REVENUE FUNDS	30.3%- 63.2%	35.7%	✓	18.5%- 26.7%	26.1%	✓
4*	CAPITAL PROJECTS FUND	3.1%- 11.3%	3.6%	✓	29.5%- 35.2%	11.5%	↓
6*	INTERNAL SERVICE FUNDS	12.7%- 20.5%	21.3%	↑	42.1%- 49.2%	54.2%	↑
9*	TRUST FUND	0.0%- 0.0%	0.0%	✓	44.0%- 45.7%	45.4%	✓
OVERALL REVENUE AND EXPENDITURE TRENDS BY FUND		**8.9%- 13.6%**	**14.8%**	**↑**	**28.9%- 31.9%**	**22.2%**	**↓**

Background

On June 2, 2026, the Town Council adopted the Fiscal Year (FY) 2026-27 Final Budget (Original Approp), an $84,944,559 spending plan funded by $84,016,419 (Original Estim Rev), resulting in the use of fund balance of $928,140. The General Fund expenditure appropriation was adopted at $67,468,583 with estimated revenues of $64,815,086, resulting in an estimated use of unassigned fund balance of $2,653,497 due primarily to the transfer out of $3.0 million of unassigned fund balance to a new Capital Projects Fund for Future Community Use. As of September 2026, $22.9M in budget revisions and transfers have occurred. All increases are the result of the year-end carryover process. The Capital Projects Fund has the largest portion of the carryovers with $21.8M primarily due to funded but uncompleted capital projects. More detail is provided in the table below.

BUDGET TRANSFERS AND ADJUSTMENTS TO DATE

Fund	Department	Category	Amount[3]	Description
General	Townwide	Contracts	$5,000	Prior year encumbered funds for ongoing services
	Emergency Preparedness	Contracts	$905,624	Dedicated allocation for emergency preparedness

[3] Totals may vary due to rounding.

Fund	Department	Category	Amount[3]	Description
				and response. Carryovers each year until fully spent
	Police Administration	Contracts	$22,923	Prior year encumbered funds for ongoing services
	Town Engineering	Contract	$5,260	Prior year encumbered funds for ongoing services
	Measure B Fund Education and Encouragement	Contracts	$116,423	Prior year grant funding carried forward for ongoing services
TOTAL GENERAL FUND ADJ AND TRANSFERS			**$1,055,230**	
Capital Projects Fund	Capital Programs	Capital Projects	$21,812,183	Funding for approved but unfinished capital projects
Internal Service Funds	Parks and Public Works	Capital Projects	$15,449	Prior year encumbered funds for a speed trailer purchase
TOTAL BUDGET TRANSFERS AND ADJUSTMENTS ALL FUNDS			**$22,882,862**	

In this report, the General Fund is shown as a combination of three funds 111, 121, and 732. Attached system reports show these funds separately.

Reports Provided

The First Quarter Financial Report provides expenditure and revenue information with the following breakdowns:

1. **By Fund**
   Total expenditures and revenues for each Town fund, allowing for high-level review of fiscal performance across all funding sources.
2. **By Fund and Category**
   Expenditures and revenues within each fund divided into major categories such as personnel, operating, capital, charges for services, taxes, and other revenue types.
3. **By Fund and Department**
   Departmental expenditures by the specific fund supporting each program or operational area.
4. **By Fund, Department and Expense/Revenue Category**
   A detailed breakdown that ties each department's budget activity to the relevant fund and categorizes expenditures and revenues for more granular analysis.
5. **Historical Reports by Fund and Revenue, Expense and by Department for the General Fund**
   Revenue and expenditures for 4 years. Includes 3 prior years and the current fiscal year.

6. **Prior fiscal year-end revenue and expenditure reports by Fund**
   Provided only in the first quarter report, these provide preliminary unaudited year-end revenue and expenditure totals by fund.
7. **Prior fiscal year-end reports by fund and category for the General Fund only**
   Provided only in the first quarter report, these provide preliminary unaudited year-end numbers for the General Fund by revenue and expense categories.

Analysis Overview

These reports support ongoing monitoring of budget-to-actual performance, highlight variances that may require adjustment, and help ensure compliance with adopted financial policies. Staff approaches the analysis in two ways.

The first quarter report differs from the monthly reports in three ways:

1. A preliminary unaudited General Fund prior year-end analysis
2. By Fund vs. by Fund Type Analysis
3. Look forward to Mid-Year Reporting

Analysis remains the same; staff begins with a straight-line analysis that assumes expenditures and revenues are expended and collected evenly throughout the year, with each month representing 3/12, or 25.0%, of the annual budget. Straight line analysis was shown as part of trend analysis tables; however, staff show this for illustrative purposes. As you will see, the trend analysis provides far more meaningful analysis, and we would expect this trend to continue throughout the fiscal year.

In trend analysis, staff have reviewed the first quarter reports for revenue/expenditures of three prior fiscal years (FY) 2023-24 to 2025-26 against actual revenues/expenditures and collections in FY 2026-27 to determine if we are on trend with prior years.

Analysis is done by Fund first, followed by in depth analysis for the General Fund only that includes, by category, by department analysis. Staff focused on irregular patterns and on items trending above or below prior year trends for both revenues and expenditures for all analysis completed in this report.

Staff completed a vacancy savings analysis across all funds to determine how the budget is tracking against projected salary savings. This is done across all funds because salary and benefits are charged across multiple funds, with the largest majority being in the General Fund.

When looking at the % Collected and % Expended columns across various reports, the following formulas are used: revenue YTD Actuals/Revised Budget. For expenditures, the formula is (YTD Actuals + Encumbrances)/Revised Budget.

MTD refers to Month to Date, and encumbrances represent money that has been set aside for an agreement to purchase goods or services. As actual expenditures are charged against the

encumbrance, it should decrease, and actual expenditures should increase. For this reason, in many areas where % Expended is trending greatly above the trend or straight line, staff will note the reason, but this is not a cause for concern. We expect both analyses to normalize as the year progresses. However, should a budget be over 100% expended, staff will note the reason, as this may indicate an issue that may require an adjustment.

The Town operates on a modified accrual basis. Under this basis, revenues and expenditures are generally recognized when measurable and incurred, with year-end accruals used to assign transactions to the appropriate fiscal year.

By the first quarter of the fiscal year, the prior two months' reporting anomalies related to receivables, encumbrances, and budget carryovers should be mostly resolved. Any outstanding issues will be discussed.

FY 2025-26 Preliminary Year-End Revenue Analysis General Fund (111, 121 and 732) Only

Overall, the General Fund ended FY 2025-26 with $66.7M in actual revenue, $2.7M, or 4.2% higher than the revised budget of $64.0M. Categories that varied significantly from the revised budget are discussed in more detail.

Revenue Category	FY 2025-26 Revised Budget	FY 2025-26 Actuals	Variance	% Variance
PROPERTY TAX	$26,771,710	$26,960,910	$189,200	0.7%
SALES & USE TAX	$7,501,065	$7,628,141	$127,076	1.7%
MEASURE G	$1,369,000	$1,385,985	$16,985	1.2%
TRANSIENT OCCUPANCY	$2,255,805	$2,215,045	($40,760)	-1.8%
BUSINESS LIC & OTHER	$2,619,281	$2,813,957	$194,676	7.4%
FRANCHISE FEES	$1,008,838	$1,009,397	$ 559	0.1%
FINES & FORFEITURES	$312,200	$525,003	$212,803	68.2%
LICENSES & PERMITS	$7,302,170	$7,976,805	$674,635	9.2%
TOWN SERVICES	$4,446,819	$4,409,580	($37,239)	-0.8%
OTHER SOURCES	$2,883,699	$4,541,143	$1,657,444	57.5%
INTERGOVERNMENTAL	$1,531,719	$1,198,288	($333,431)	-21.8%
PASS THRU	$3,540,829	$3,605,398	$64,569	1.8%
TRANSFERS IN	$582,029	$572,029	($10,000)	-1.7%
DEBT SERVICE REMIB	$1,908,150	$1,908,150	$ 0	0.0%
Total General Fund Revenue	**$64,033,314**	**$66,749,831**	**$2,716,517**	**4.2%**

Business Lic & Other actual revenue at year-end is $2.8M, $0.2M, or 7.4% higher than the revised budget. This is primarily due to business license revenue materializing higher than budgeted. The last 5 years have averaged $2.3M, with the most recent two years materializing

at $3.0M and $2.8M. Staff will continue to monitor this category and may return at the mid-year financial report to increase this revenue category.

Fines and Forfeitures actual revenue at year-end is $0.5M, $0.2M, or 68.2% higher than the revised budget. This is primarily due to citation data revenue materializing higher than budgeted due to underbudgeting of this revenue category. The last 5 years have averaged $0.4M, with the most recent two years materializing at $0.4M and $0.5M. Staff will continue to monitor this category and may return at the mid-year financial report to increase this category.

Licenses and Permits actual revenue at year-end is $8.0M, $0.7M, or 9.2% higher than the revised budget. This is primarily due to higher tree removal, online parking, encroachment, alarm, building, and planning permit fees. The largest increase is in tree removal revenue due to the reclassification of pass thru revenues to department revenues because of a crosswalk error between the financial and permitting systems. Town staff conducted a review of all accounts and have corrected any errors.

Other Sources actual revenue at year-end is $4.5M, $1.7M, or 57.5% higher than the revised budget. This is primarily due to the GASB 96 entry of $0.9M that has an offsetting expense entry, resulting in no impact to fund balance. Interest and investment earnings of $0.5M, and an unanticipated insurance reimbursement of $0.2M also contributed to higher revenue.

Intergovernmental actual revenue at year-end is $1.2M, -$0.3M, or 21.8% lower than the revised budget. This is primarily due to unspent Supplemental Law Enforcement (SLESF) funds. These revenues have been carried forward and budgeted in FY 2026-27.

Expense Category	FY 2025-26 Revised Budget	FY 2025-26 Actuals	Variance	% Variance
SALARIES	$23,408,220	$23,348,159	($60,060)	-0.3%
OVERTIME	$704,376	$1,452,950	$748,575	106.3%
PERS	$10,597,119	$9,420,279	($1,176,840)	-11.1%
MEDICAL BENEFITS	$3,395,753	$2,842,329	($553,424)	-16.3%
OTHER BENEFITS	$2,883,003	$2,499,091	($383,912)	-13.3%
Total Salaries & Benefits	$40,988,470	$39,562,809	($1,425,661)	**-3.5%**
RETIREE MEDICAL	$2,173,606	$2,037,365	($136,241)	-6.3%
MATERIALS & SUPPLIES	$1,110,604	$1,180,868	$70,264	6.3%
CONTRACTS	$7,075,983	$5,343,843	($1,732,140)	-24.5%
UTILITIES	$905,046	$906,075	$1,029	0.1%
GRANTS AND AWARDS	$251,820	$261,843	$10,023	4.0%
PASS THRU	$3,852,358	$3,417,988	($434,370)	-11.3%
MISCELLANEOUS	($41,000)	($174,838)	($133,838)	326.4%
INT SERVICE CHARGES	$4,894,461	$4,741,204	($153,256)	-3.1%
DEBT SERVICE	$2,057,884	$2,128,347	$70,463	3.4%
CAPITAL PROJECTS	$191,868	$1,097,372	$905,504	471.9%
TRANSFERS OUT	$300,000	$300,000	$0	0.0%
OPEB	$0	$0	$0	0.0%

Expense Category	FY 2025-26 Revised Budget	FY 2025-26 Actuals	Variance	% Variance
GENERAL FUND EXPENDITURES	**$63,761,100**	**$60,802,878**	**($2,958,222)**	**-4.6%**

Salaries & Benefits actual expenses at year-end are $39.6M, ($1.4M), or 3.5% lower than the revised budget. This is primarily due to two reasons: first, how we budget the vacancy savings, and second, additional vacancy savings achieved due to attrition and the time it takes to replace an employee who has retired or left Town service. We budget vacancy savings as 4.6% of all budgeted salary and benefits. However, the full savings amount is only budgeted in the salary category and not in each benefit category. This is why we don't see consistent savings across all categories. Most of the budget savings, 60%, is in the Police Department, followed by 16% in Parks and Public Works, with the remaining departments making up the 24%.

Contracts actual expenses at year-end are $5.4M or ($1.7M), or 24.5% lower than the revised budget. This is primarily due to savings across various departments, with the largest savings in Non-Departmental, Administrative Services, and Parks and Public Works. In non-departmental, the largest savings come from special studies and financial services. Administrative services savings were in legal and labor relations, software annual support, and custodial trustee services. Parks and public works savings were in misc services and repairs, tree pruning services, special studies, and traffic signalization. In the upcoming fiscal year, we anticipate ending the year closer to budget because of the base budget exercise that was completed as part of the fiscal year 2026-27 budget.

Pass Thru actual expenses at year-end are $3.4M ($0.4M), or 11.3% lower than the revised budget. This is primarily due to decreased plan check expenses of $0.6M, offset by increased expenses for environmental impacts, arborist, and excess SLESF funds.

Miscellaneous actual expenses at year-end are ($0.2M), ($.1M), or 326.4% lower than the revised budget. This is primarily due to higher copy charges and a GASB 96 entry.

Capital Project actual expenses at year-end are $1.1M, $0.9M, or 471.9% higher than the revised budget. This is primarily due to the GASB 96 subscription-based technology agreements entry of $0.9M. This has an offsetting revenue entry in other sources and results in a net zero impact for fund balance in the General Fund.

<u>FY 2026-27 First Quarter Analysis</u>

Revenues by Fund Trend Analysis
Overall revenues across all funds as of the first quarter are 14.8% collected and trending above the same period in prior years. Prior years ranged from 8.9% to 13.6% collected as a percent of the revised budget for the quarter.

Fund	Fund Name	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
111	GENERAL FUND	15.0%	11.2%	11.4%	25.0%	17.6%	↑
121	MEASURE G FUND	7.4%	7.2%	0.0%	25.0%	8.1%	↑
732	PERS CEPPT PENSION TRUST	0.0%	0.0%	0.0%	25.0%	0.0%	✓
Total General Fund		**14.7%**	**11.0%**	**11.2%**	**25.0%**	**17.3%**	**↑**
222	URBAN RUNOFF FUND	16.7%	16.7%	16.7%	25.0%	16.7%	✓
251	LOS GATOS THEATRE	24.2%	216.9%	37.3%	25.0%	58.1%	✓
261	LIBRARY TRUST DONATIONS	125.4%	84.9%	98.9%	25.0%	105.6%	✓
411	CAPITAL PROJECTS FUND	23.5%	8.1%	6.8%	25.0%	1.6%	↓
412	COMMUNITY CENTER DEVELOPMENT	0%	0.0%	0.0%	25.0%	N/A	N/A
413	LONG-TERM COMMUNITY BENEFIT	0.0%	0.0%	0.0%	25.0%	0.0%	✓
421	GRANT FUNDED PROJECTS	0.7%	0.2%	11.8%	25.0%	1.7%	✓
461	STORM BASIN 1	38.0%	22.4%	19.2%	25.0%	20.4%	✓
462	STORM BASIN 2	27.2%	4.4%	77.2%	25.0%	7.8%	✓
463	STORM BASIN 3	3784.2%	0.0%	-25.5%	25.0%	0.0%	✓
471	TRAFFIC MITIGATION FUND	0.0%	0.0%	0.0%	25.0%	0.0%	✓
472	UTILITY UNDERGROUND TAX FUND	21.7%	7.8%	18.3%	25.0%	0.0%	↓
481	GAS TAX FUND	13.4%	14.1%	13.0%	25.0%	18.4%	↑
611	GENERAL LIABILITY FUND	0.6%	0.0%	0.0%	25.0%	19.8%	↑
612	WORKERS COMPENSATION FUND	7.0%	2.8%	5.8%	25.0%	26.0%	↑
621	INFO TECH	26.5%	21.1%	21.9%	25.0%	24.2%	✓
631	EQUIPMENT REPLACEMENT FUND	24.4%	25.0%	24.6%	25.0%	24.3%	↓
633	FACILITIES MAINTENANCE FUND	38.2%	24.4%	23.8%	25.0%	16.0%	↓
942	SA TRUST FUND	0.0%	0.0%	0.0%	25.0%	0.0%	✓
TOTAL REVENUE BY FUND		**13.6%**	**8.9%**	**11.0%**	**25.0%**	**14.8%**	**↑**

111/121/732 General Fund revenues collected are 17.3% and trending above the same point in the prior three years. Prior years ranged from 11.2% to 14.7% collected as a percent of the revised budget for the same period. This is primarily due to a large one-time payment for the

sale of the 4 Tait property. This is discussed in more detail in the General Fund by category section of this report.

472 Utility Underground Tax Fund actual revenues collected are 0.0% and trending below the same point in the prior three years. Prior years ranged from 7.8% to 21.7% collected as a percent of the revised budget for the quarter. This is primarily due to a delay in posting community development system revenues into the financial system.

481 Gas Tax Fund actual revenues collected are 18.4% and trending above the same point in the prior three years. Prior years ranged from 13.0% to 14.1% collected as a percent of the revised budget for the quarter. This is primarily due to the timing of the SB1 RMRA payment in the current quarter. Two payments have been received in the current quarter, and only one payment was received in the prior quarters.

612 Workers' Compensation Fund actual revenues collected are 26.0% and trending above the same point in the prior three years. Prior years ranged from 2.8% to 7.0% collected as a percent of the revised budget for the quarter. This is primarily due to a process change to post internal service fund revenue quarterly. In prior years, this revenue was posted in the second half of the fiscal year.

631 Equipment Replacement Fund actual revenues collected are 24.3% and trending below the same point in the prior three years. Prior years ranged from 24.6% to 25.0% collected as a percent of the revised budget for the quarter. This is primarily due to reduced charges to departments from prior years, resulting in decreased revenue.

633 Facilities Maintenance Fund actual revenues collected are 16.0% and trending below the same point in the prior three years. Prior years ranged from 23.4% to 38.2% collected as a percent of the revised budget for the quarter. This is primarily due to higher budgeted revenue than prior years, causing consistent quarterly revenue to trend lower as a percent of budget.

Expenditures by Fund Trend Analysis

Expenditures and encumbrances are 22.2% as of the first quarter and below the trend for the same period in the prior three years, which have ranged from 28.9% to 31.9% expended as a percent of the revised budget.

Fund	Fund Name	FY2023-24 % EXP	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
111	GENERAL FUND	27.1%	25.9%	26.3%	25.0%	22.5%	↓
121	MEASURE G FUND	0.0%	0.0%	0.0%	25.0%	0.0%	✓
732	PERS CEPPT PENSION TRUST	0.0%	0.0%	0.0%	25.0%	0.0%	✓
TOTAL GENERAL FUND		**26.5%**	**25.3%**	**25.8%**	**25.0%**	**22.1%**	**↓**

Fund	Fund Name	FY2023-24 % EXP	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
222	URBAN RUNOFF FUND	21.0%	19.6%	14.2%	25.0%	25.3%	↑
231	BLACKWELL DISTRICT	53.6%	36.3%	41.7%	25.0%	38.9%	✓
232	KENNEDY MEADOWS DISTRICT	82.5%	61.5%	65.5%	25.0%	61.9%	✓
233	GEMINI COURT DISTRICT	55.6%	31.7%	31.7%	25.0%	33.9%	✓
234	SANTA ROSA HEIGHTS DISTRICT	92.2%	82.2%	82.2%	25.0%	82.9%	✓
235	VASONA HEIGHTS DISTRICT	59.2%	52.5%	52.5%	25.0%	53.1%	✓
236	HILLBROOK DISTRICT	43.4%	25.7%	35.0%	25.0%	42.0%	✓
251	LOS GATOS THEATRE	38.6%	11.0%	12.2%	25.0%	28.6%	✓
261	LIBRARY TRUST DONATIONS	14.4%	7.8%	11.6%	25.0%	10.9%	✓
411	CAPITAL PROJECTS FUND	24.0%	25.5%	36.0%	25.0%	2.6%	↓
421	GRANT FUNDED PROJECTS	53.7%	43.0%	20.9%	25.0%	3.5%	↓
462	STORM BASIN 2	0.0%	20.7%	4.6%	25.0%	32.7%	↑
471	TRAFFIC MITIGATION FUND	35.3%	44.0%	0.0%	25.0%	0.0%	✓
481	GAS TAX FUND	45.2%	47.6%	28.0%	25.0%	49.3%	↑
611	GENERAL LIABILITY FUND	87.3%	86.1%	84.3%	25.0%	89.4%	↑
612	WORKERS COMPENSATION FUND	37.6%	36.9%	37.9%	25.0%	42.1%	↑
621	INFO TECH	63.8%	59.0%	45.3%	25.0%	67.2%	↑
631	EQUIPMENT REPLACEMENT FUND	16.0%	27.4%	7.6%	25.0%	0.0%	↓
633	FACILITIES MAINTENANCE FUND	47.8%	32.3%	47.2%	25.0%	39.5%	✓
942	SA TRUST FUND	44.0%	44.9%	45.7%	25.0%	45.4%	✓
TOTAL EXPENDITURES		**31.9%**	**30.6%**	**28.9%**	**25.0%**	**22.2%**	↓

111/121/732 General Fund actual expenditures and encumbrances are 22.1% and trending below the prior three years, which have ranged from 25.3% to 26.5% expended as a percent of

the revised budget for the quarter. This is due to variances across multiple expense categories. See the General Fund by category section for further information.

222 Urban Runoff Fund actual expenditures and encumbered funds are 25.3% and are trending above the same point in the prior three years. Prior years ranged from 14.2% to 21.0% expended as a percent of the revised budget for the quarter. This is primarily due to a West Valley Storm Water Authority (WVSA) assessment for the value of their services that exceed the property assessment residents pay to the County for their work.

411 Capital Projects Fund actual expenditures and encumbered funds are 2.6% and trending below the same point in the prior three years. Prior years ranged from 24.0% to 36.0% expended as a percent of the revised budget for the quarter. This is primarily due to expenses for capital projects varying based on project timelines and phases.

421 Grant Funded Projects actual expenditures and encumbered funds are 3.5% and trending below the same point in the prior three years. Prior years ranged from 20.9% to 53.7% expended as a percent of the revised budget for the quarter. This is primarily due to expenses for capital projects varying based on project timelines and phases.

462 Storm Basin 2 actual expenditures and encumbered funds are 32.7% and trending above the same point in the prior three years. Prior years ranged from 0.0% to 20.7% expended as a percent of the revised budget for the quarter. This is primarily due to expenses for capital projects varying based on project timelines and phases.

481 Gas Tax Fund actual expenditures and encumbered funds are 49.3% and trending above the same point in the prior three years. Prior years ranged from 28.0% to 47.6% expended as a percent of the revised budget for the quarter. This is primarily due to expenses for capital projects varying based on project timelines and phases.

611 General Liability Fund actual expenditures and encumbered funds are 89.4% and trending above the same point in the prior three years. Prior years ranged from 84.3% to 87.3% expended as a percent of the revised budget for the quarter. This is primarily due to a change in insurance providers, resulting in a lower budget number compared to expended funds.

612 Workers' Compensation Fund actual expenditures and encumbered funds are 42.1% and trending above the same point in the prior three years. Prior years ranged from 36.9% to 37.9% expended as a percent of the revised budget for the quarter. This is primarily due to a combination of encumbered funds and fluctuations in budgeted expenditures.

621 Information Technology Fund actual expenditures and encumbered funds are 67.2% and trending above the same point in the prior three years. Prior years ranged from 45.3% to 63.8% expended as a percent of the revised budget for the quarter. This is primarily due to a combination of encumbered funds and fluctuations in budgeted expenditures.

631 Equipment Replacement Fund actual expenditures and encumbered funds are 0.0% and are trending below the same point in the prior three years. Prior years ranged from 7.6% to 27.4% expended as a percent of the revised budget for the quarter. This is primarily due to the timing of vehicle and equipment purchases in the current year.

General Fund[4] Department Revenue Trend Analysis

Overall General Fund revenues across all departments as of the first quarter are 17.3% collected and trending above the same period in prior years. Prior years ranged from 11.0% to 14.7% collected as a percent of the revised budget for the quarter.

Department Name	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
Townwide	4.5%	3.6%	3.4%	25%	11.4%	↑
Town Attorney	0.0%	0.0%	0.0%	25%	0.0%	✓
Administrative Services	48.5%	2.3%	-22.5%	25.0%	6.0%	✓
Community Development	35.2%	41.2%	59.7%	25.0%	33.4%	↓
Police	18.4%	18.7%	23.4%	25.0%	31.6%	↑
Parks & Public Works	91.9%	83.5%	77.1%	25.0%	69.1%	↓
Library	123.4%	90.2%	55.6%	25.0%	29.3%	↓
General Fund % Collected by Department	**14.7%**	**11.0%**	**11.2%**	**25.0%**	**17.3%**	**↑**

Townwide actual revenues collected are 11.4% and are trending above the same point in the prior three years. Prior years ranged from 3.4% to 4.5% collected as a percent of the revised budget for the quarter. This is primarily due to the sale of 4 Tait.

Community Development actual revenues collected are 33.4% and are trending below the same point in the prior three years. Prior years have ranged from 35.2% to 59.7% collected as a percent of the revised budget for the quarter. This is primarily due to a continued delay in posting town services revenue from the permitting software to the financial system.

Police actual revenues collected are 31.6% and trending above the same point in the prior three years. Prior years have ranged from 18.4% to 23.4% collected as a percent of the revised budget for the quarter. This is primarily due to the carryforward of unspent Supplemental Law Enforcement Service Funds (SLESF) revenue from the prior fiscal year.

Parks and Public Works actual revenues collected are 69.1% and trending below the same point in the prior three years. Prior years ranged from 77.1% to 91.9%. This is due to a delay in posting deferred pass thru revenues from the prior year.

[4] The General Fund includes Funds 111, 121 and 732.

Library actual revenues collected are 29.3% and trending below the same point in the prior three years. Prior years ranged from 55.6% to 123.4% collected as a percent of the revised budget for the quarter. This is primarily due to larger grant funds received in prior years.

General Fund Revenue by Category Trend Analysis

Overall General Fund revenues across all categories as of the first quarter are 17.3% collected and are above the same period in prior years. Prior years ranged from 11.0% to 14.7% collected as a percent of the revised budget for the quarter.

CATEGORY	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
PROPERTY TAX	0.6%	0.3%	0.3%	25.0%	0.5%	✓
SALES & USE TAX	7.0%	7.5%	7.4%	25.0%	5.9%	↓
MEASURE G	7.4%	7.2%	7.2%	25.0%	8.1%	↑
TRANSIENT OCCUPANCY	11.1%	12.6%	10.2%	25.0%	8.1%	↓
BUSINESS LIC & OTHER	1.9%	2.4%	2.5%	25.0%	5.8%	↑
FRANCHISE FEES	20.6%	0.0%	0.0%	25.0%	0.0%	✓
FINES & FORFEITURES	44.4%	23.3%	35.5%	25.0%	37.1%	✓
LICENSES & PERMITS	36.0%	26.5%	32.1%	25.0%	24.9%	↓
TOWN SERVICES	25.6%	26.1%	34.4%	25.0%	18.7%	↓
OTHER SOURCES	96.7%	0.0%	-41.4%	25.0%	136.4%	↑
INTERGOVERNMENTAL	21.4%	38.5%	40.0%	25.0%	81.5%	↑
PASS THRU	101.0%	119.6%	98.8%	25.0%	99.4%	✓
TRANSFERS IN	21.3%	0.0%	0.0%	25.0%	0.0%	✓
DEBT SERVICE REMIB	0.0%	0.0%	0.0%	25.0%	0.0%	✓
GENERAL FUND % COLLECTED BY CATEGORY	**14.7%**	**11.0%**	**11.2%**	**25.0%**	**17.3%**	**↑**

Sales & Use Tax actual revenues collected are 5.9% and trending below the same point in the prior three years. Prior years ranged from 7.0% to 7.5% collected as a percent of the revised budget for the quarter. This is primarily due to increased budgeting in this category based on better analysis from the Town's sales tax consultant. Sales tax received for the quarter is trending above the two most recent years.

Measure G actual revenues collected are 8.1% and trending above the same point in the prior three years. Prior years ranged from 7.2% to 7.4% collected as a percent of the revised budget for the quarter. This is primarily due to increased collections across most sales tax categories.

Transient Occupancy Tax actual revenues collected are 8.1% and are trending below the same point in the prior three years. Prior years ranged from 10.2% to 12.6% collected as a percent of the revised budget for the quarter. This is primarily due to the closure of a hotel in the fall of last fiscal year.

Business Lic & Other actual revenues collected are 5.8% and trending above the same point in the prior three years. Prior years ranged from 1.9% to 2.5% collected as a percent of the revised budget for the quarter. This is primarily due to the business license audit that is currently in progress.
Licenses and Permits' actual revenues collected are 24.9% and trending below the same point in the prior three years. Prior years ranged from 26.5% to 36.0% collected as a percent of the revised budget for the quarter. This is primarily due to a continued delay in posting Licenses and Permits revenue from the permitting software to the financial system.

Town Services actual revenues collected are 18.7% and trending below the same point in the prior three years. Prior years ranged from 25.6% to 34.4% collected as a percent of the revised budget for the quarter. This is primarily due to a continued delay in posting town services revenue from the permitting software to the financial system.

Other Sources actual revenues collected are 136.4% and trending above the same point in the prior three years. Prior years ranged from -41.4% to 96.7%, collected as a percent of the revised budget for the quarter. This is primarily due to the sale of 4 Tait.

Intergovernmental actual revenues collected are 81.5% and are trending above the same point in the prior three years. Prior years ranged from 21.4% to 40.0%, collected as a percent of the revised budget for the quarter. This is primarily due to the carryforward of unspent Supplemental Law Enforcement Service Funds (SLESF) revenue from the prior fiscal year.

General Fund Department Expense Trend Analysis

Actual expenditures and encumbered funds are 22.1% or below the same point in the prior three years. Prior years ranged from 25.3% to 26.5% expended as a percent of the revised budget for the quarter.

Department	FY2023-24 % EXP	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	Trend
Town Council	23.6%	23.6%	22.8%	25.0%	22.5%	↓
Townwide	26.3%	14.6%	15.6%	25.0%	11.9%	↓
Town Attorney	16.2%	36.2%	56.1%	25.0%	44.1%	✓
Administrative Services	22.8%	24.7%	19.3%	25.0%	21.0%	✓
Community Development	27.5%	33.9%	38.7%	25.0%	24.4%	↓
Police	23.6%	21.8%	21.8%	25.0%	20.1%	↓
Parks & Public Works	34.4%	34.9%	35.7%	25.0%	32.4%	↓
Library	26.9%	29.2%	26.4%	25.0%	23.8%	↓
GENERAL FUND % EXPENSED BY DEPARTMENT	26.5%	25.3%	25.8%	25.0%	22.1%	↓

Town Council actual expenditures and encumbered funds are 22.5% and trending below the same point in the prior three years. Prior years ranged from 22.8% to 23.6% expended as a percent of the revised budget for the quarter. This is primarily due to a copier charge that was previously budgeted across departments that is now accounted for in the IT internal service fund.

Townwide actual expenditures and encumbered funds are 11.9% and trending below the same point in the prior three years. Prior years ranged from 14.6% to 26.3% expended as a percent of the revised budget for the quarter. This is primarily due to a higher revised budget than prior years.

Community Development actual expenditures and encumbered funds are 24.4% and are trending below the same point in the prior three years. Prior years ranged from 27.5% to 38.7% expended as a percent of the revised budget for the quarter. This is primarily due to prior years having a large encumbrance in pass thru that has yet to be encumbered in the current year.

Police actual expenditures and encumbered funds are 20.1% and trending below the same point in the prior three years. Prior years ranged from 21.8% to 23.6% expended as a percent of the revised budget for the quarter. This is primarily due to a few encumbrances that were set up in prior years that have yet to be set up in the current year.

Parks and Public Works actual expenditures and encumbered funds are 32.4% and trending below the same point in the prior three years. Prior years ranged from 34.4% to 35.7% expended as a percent of the revised budget for the quarter. This is primarily due to prior years having a large encumbrance in pass thrus that has yet to be encumbered in the current year.

Library actual expenditures and encumbered funds are 23.8% and trending below the same point in the prior three years. Prior years ranged from 26.4% to 29.2% expended as a percent of the revised budget for the quarter. This is primarily due to decreased software expenses.

General Fund by Expense Category Analysis: *Actual* expenditures and encumbered funds are 22.1% and below the same point in the prior three years. Prior years ranged from 25.3% to 26.5% expended as a percent of the revised budget for the quarter.

CATEGORY	FY 2023-24 % EXP	FY 2024-25 % EXP	FY 2025-26 % EXP	STRAIGHT LINE	FY 2026-27 % EXP	TREND
SALARIES	21.1%	20.8%	20.9%	25.0%	20.1%	↓
OVERTIME	35.7%	46.2%	31.3%	25.0%	22.3%	↓
PERS	20.3%	21.3%	20.1%	25.0%	20.4%	✓
MEDICAL BENEFITS	21.2%	20.7%	20.4%	25.0%	21.8%	↑
OTHER BENEFITS	20.4%	21.0%	19.9%	25.0%	19.9%	✓
RETIREE MEDICAL	31.0%	33.9%	30.3%	25.0%	25.2%	↓
MATERIALS & SUPPLIES	31.0%	37.1%	32.6%	25.0%	34.7%	✓

CATEGORY	FY 2023-24 % EXP	FY 2024-25 % EXP	FY 2025-26 % EXP	STRAIGHT LINE	FY 2026-27 % EXP	TREND
CONTRACTS	47.6%	46.7%	39.8%	25.0%	48.0%	↑
UTILITIES	39.0%	35.5%	38.3%	25.0%	40.5%	↑
GRANTS AND AWARDS	34.7%	29.7%	10.6%	25.0%	5.5%	↓
PASS THRU	63.7%	58.2%	73.1%	25.0%	10.8%	↓
MISCELLANEOUS	18.1%	59.2%	71.3%	25.0%	NA	N/A
INT SERVICE CHARGES	22.0%	23.2%	23.5%	25.0%	22.9%	✓
DEBT SERVICE	1.3%	0.6%	1.3%	25.0%	1.3%	✓
CAPITAL PROJECTS	100.0%	53.0%	91.3%	25.0%	0.0%	↓
TRANSFERS OUT	0.0%	0.0%	0.0%	25.0%	0.0%	✓
OPEB	0.0%	0.0%	0.0%	25.0%	0.0%	✓
GENERAL FUND TOTALS BY CATEGORY	26.5%	25.3%	25.8%	25.0%	22.1%	↓

Salaries actual expenditures and encumbered funds are 20.1% and trending below the same point in the prior three years. Prior years ranged from 20.8% to 21.1% expended as a percent of the revised budget for the quarter. See the vacancy savings analysis portion of this report for more information.

Overtime actual expenditures and encumbered funds are 22.3% and trending below the same point in the prior three years. Prior years ranged from 31.3% to 46.2% expended as a percent of the revised budget for the quarter. This is primarily due to budgeting overtime closer to prior-year actuals, resulting in a lower overall percentage utilization.

Medical Benefits actual expenditures and encumbered funds are 21.8% and trending above the same point in the prior three years. Prior years ranged from 20.4% to 21.2% expended as a percent of the revised budget for the quarter. This is due to a change in budgeting methodology that has resulted in a lower budgeted number, resulting in higher percentage utilization.

Retiree Medical actual expenditures and encumbered funds are 25.2% and trending below the same point in the prior three years. Prior years ranged from 30.3% to 33.9% expended as a percent of the revised budget for the quarter. This is due to the prior two fiscal years including an October payment, and the current year does not.

Contracts actual expenditures and encumbered funds are 48.0% and trending above the same point in the prior three years. Prior years ranged from 39.8% to 47.6% expended as a percent of the revised budget for the quarter. This is primarily due to the business license administration costs related to the audit, special studies for the fiscal condition assessment, and the Santa Clara County's City's Association annual contribution.

Utilities actual expenditures and encumbered funds are 40.5% and trending above the same point in the prior three years. Prior years ranged from 35.5% to 39.0% expended as a percent of

the revised budget for the quarter. This is primarily due to the timing of September payments for fuel, water, and energy occurring in the first quarter of this year that occurred as part of the second quarter in prior years.

Grants and Awards actual expenditures and encumbered funds are 5.5% and trending below the same point in the prior three years. Prior years ranged from 10.6% to 34.7% expended as a percent of the revised budget for the quarter. This is primarily due to delayed community grant expenditures.

Pass Thru actual expenditures and encumbered funds are 10.8% and trending below the same point in the prior three years. Prior years ranged from 58.2% to 73.1% expended as a percent of the revised budget for the quarter. This is primarily due to several encumbrances that were set up in prior years that are not in the current year.

Miscellaneous actual expenditures as no revised budget and therefore does not have a meaningful percentage-utilization calculation. The first-quarter report reflects a net credit of $4,120, related to interdepartmental postage charges that were inadvertently posted after the budget was removed. Staff expects to correct the posting as part of the October reporting.

Capital Projects actual expenditures and encumbered funds are 0.0% and trending below the same point in the prior three years. Prior years ranged from 53.0% to 100.0% expended as a percent of the revised budget for the quarter. This is primarily due to prior years containing encumbrances for capital purchases. There is no encumbrance in the current year.

All Fund Vacancy Savings by Pay Period Analysis

The adopted budget includes a 4.6% vacancy-savings assumption. This amount was calculated by applying 4.6% to the pre-vacancy salary-and-benefit base. The revised salary-and-benefit budget shown below reflects the resulting vacancy-savings reduction.

The payroll percentage column is derived by taking all the pay periods in the quarter (5) plus 29% of the last payroll in June that was paid in July, based on the total days in July in that pay period. Adding these two together and dividing by the total pay periods in a year, or 26, arrives at 5.29 pay periods having occurred as of the first quarter. The by-pay-period analysis is appropriate for salaries and overtime categories. The remaining benefit categories are processed monthly (3/12 or 25%) and are a more accurate benchmark percentage for analysis of these categories.

Category	Revised Budget	YTD Expenditures	Available Budget	PCT USED	% of Pay Periods/ Straight-line
5A SALARIES	$24,306,514	$4,875,252	$19,431,262	20.1%	20.30%
5B OVERTIME	$1,457,000	$324,779	$1,132,221	22.3%	20.30%
5C PERS	$10,841,562	$2,207,419	$8,634,143	20.4%	25.00%

Category	Revised Budget	YTD Expenditures	Available Budget	PCT USED	% of Pay Periods/ Straight-line
5D MEDICAL BENEFITS	$3,386,013	$735,905	$2,650,108	21.7%	25.00%
5E OTHER BENEFITS	$2,931,818	$582,727	$2,349,091	19.9%	25.00%
Total Salary and Benefits	$42,922,906	$8,726,082	$34,196,824	20.3%	25.00%

Salary and benefit expenditures are 20.3% of the revised budget as of the first quarter. Salaries are trending slightly below the benchmark, and overtime is trending above the 20.3% payroll-period benchmark, at 22.3%. Benefit categories of PERS, Medical Benefits, and Other Benefits are all below the 25% monthly straight-line benchmark.

Estimated Additional Salary Savings

In addition to the analysis above, staff has estimated additional vacancy savings above the 4.6% vacancy savings already included in the budget. The table below estimates, based on either a PPP or per pay period or monthly methodology, the estimated actual costs as of the first quarter. We begin by dividing salaries and overtime by 26 pay periods and all other categories by 12 months to get a PPP or monthly costs. We then multiply those amounts by the total pay periods or months in the quarter. This gets us estimated Q1 costs. We then compare this to actual Q1 costs and get either additional vacancy savings or overages. As of Q1, we are projecting to have achieved $805,650 or 8.5% savings.

CATEGORY	REVISED BUDGET	Method	Per PPP Costs (Revised/ 26 pay periods or 12 months)	Q1 Budgeted Costs (PPP Cost*5.29 or 3 months)	Q1 Actual Costs	Est Add'l Vacancy Savings Q1	% Savings
5A SALARIES	$24,306,514	PPP	$934,866	$4,945,441	$4,875,252	$70,189	1.4%
5B OVERTIME	$1,457,000	PPP	$56,038	$296,443	$324,779	($28,336)	-9.6%
5C PERS	$10,841,562	Monthly	$903,463	$2,710,390	$2,207,419	$502,971	18.6%
5D MEDICAL BENEFITS	$3,386,013	Monthly	$282,168	$846,503	$735,905	$110,598	13.1%
5E OTHER BENEFITS	$2,931,818	Monthly	$244,318	$732,954	$582,727	$150,227	20.5%
Total Salary and Benefits	**$42,922,906**		**$2,420,854**	**$9,531,732**	**$8,726,082**	**$805,650**	**8.5%**

A dedicated vacancy report is not yet available from the ERP; once operational, staff will use that report to provide a more direct analysis of vacancy savings.

Mid-Year and Third Quarter Reporting Goals

Town finance staff is working toward providing the following additional updates and recommendations as part of the mid-year and third quarter reports.

At mid-year, staff anticipates providing recommendations for the final year-end fund balance surplus of $6.0M. In addition, staff will provide an updated General Fund forecast. Lastly, we anticipate preliminary year-end projections for FY 2026-27.

In the third quarter, staff will provide an updated FY 2026-27 year-end forecast.

CONCLUSION

The preliminary unaudited FY 2025-26 year-end results reflect a favorable position for the General Fund. Actual revenues totaled $66.7 million, or 4.2% above the revised budget, and expenditures totaled $60.8 million, or 4.6% below the revised budget. This resulted in an approximately $5.9 million increase to the General Fund balance. Although some of the favorable revenue variance resulted from one-time or accounting-related activity, overall results show revenues exceeded expectations and expenditures remained below available appropriations. The Town will present recommendations for the final year-end surplus in the mid-year financial report.

Both revenue and expenditure reports for the quarter provide a generally favorable picture of the Town's financial performance. Revenue collections are trending above the prior three-year range overall, while expenditures and encumbrances are trending below historical levels. General Fund revenues are 17.3% collected, compared with a historical range of 11.0% to 14.7%. General Fund expenditures and encumbrances are 22.1% of the revised budget, compared with a historical range of 25.3% to 26.5%. Delays in reporting between the Community Development and Finance systems are resulting in the Q1 revenue numbers being understated by approximately $1.2 million in the Licenses and Permits and Town Services revenue categories in the General Fund. Staff anticipates posting these items to the financial system by the October monthly reports.

Salaries are at 20.1%, slightly below the 20.3% pay-period benchmark, while overtime is at 22.3% and above the benchmark. PERS, medical benefits, and other benefits remain below the 25% monthly benchmark.

GENERAL FUND HISTORICAL YTD SEPTEMBER ACTUALS VS. REVISED BUDGET BY REVENUE CATEGORY
(in millions)

REVENUE CATEGORY	FY 2023-24 REVISED BUDGET	FY 2023-24 YTD ACTUALS	FY 2023-24 PCT COLL	FY 2024-25 REVISED BUDGET	FY 2024-25 YTD ACTUALS	FY 2024-25 PCT COLL	FY 2025-26 REVISED BUDGET	FY 2025-26 YTD ACTUALS	FY 2025-26 PCT COLL	FY 2026-27 REVISED BUDGET	FY 2026-27 YTD ACTUALS	FY 2026-27 PCT COLL
PROPERTY TAX	$(23.2)	$(0.2)	0.6%	$(25.2)	$(0.1)	0.3%	$(26.8)	$(0.1)	0.3%	$(28.2)	$(0.1)	0.5%
SALES & USE TAX	$(7.9)	$(0.6)	7.0%	$(6.6)	$(0.5)	7.5%	$(6.6)	$(0.5)	7.4%	$(8.4)	$(0.5)	5.9%
MEASURE G	$(1.3)	$(0.1)	7.4%	$(1.3)	$(0.1)	7.2%	$(1.3)	$(0.1)	7.2%	$(1.4)	$(0.1)	8.1%
TRANSIENT OCCUPANCY	$(2.4)	$(0.3)	11.1%	$(2.3)	$(0.3)	12.6%	$(2.4)	$(0.2)	10.2%	$(2.3)	$(0.2)	8.1%
BUSINESS LIC & OTHER	$(2.4)	$(0.0)	1.9%	$(2.4)	$(0.1)	2.4%	$(2.5)	$(0.1)	2.5%	$(2.7)	$(0.2)	5.8%
FRANCHISE FEES	$(2.1)	$(0.4)	20.6%	$(1.0)	$-	0.0%	$(1.0)	$-	0.0%	$(1.1)	$-	0.0%
FINES & FORFEITURES	$(0.2)	$(0.1)	44.4%	$(0.3)	$(0.1)	23.3%	$(0.3)	$(0.1)	35.5%	$(0.3)	$(0.1)	37.1%
LICENSES & PERMITS	$(3.1)	$(1.1)	36.0%	$(6.0)	$(1.6)	26.5%	$(6.6)	$(2.1)	32.1%	$(7.8)	$(1.9)	24.9%
TOWN SERVICES	$(3.3)	$(0.9)	25.6%	$(3.4)	$(0.9)	26.1%	$(4.1)	$(1.4)	34.4%	$(3.9)	$(0.7)	18.7%
OTHER SOURCES	$(1.8)	$(1.7)	96.7%	$(2.7)	$(0.0)	0.0%	$(2.2)	$0.9	-41.4%	$(3.0)	$(4.1)	136.4%
INTERGOVERNMENTAL	$(0.9)	$(0.2)	21.4%	$(1.2)	$(0.5)	38.5%	$(1.1)	$(0.4)	40.0%	$(0.9)	$(0.7)	81.5%
PASS THRU	$(2.2)	$(2.2)	101.0%	$(1.9)	$(2.2)	119.6%	$(2.6)	$(2.6)	98.8%	$(2.5)	$(2.5)	99.4%
TRANSFERS IN	$(0.5)	$(0.1)	21.3%	$(0.6)	$-	0.0%	$(0.6)	$-	0.0%	$(0.6)	$-	0.0%
DEBT SERVICE REMIB	$(1.9)	$-	0.0%	$(1.9)	$-	0.0%	$(1.9)	$-	0.0%	$(1.9)	$-	0.0%
TOTAL	**$(53.3)**	**$(7.8)**	**14.7%**	**$(56.9)**	**$(6.3)**	**11.0%**	**$(60.1)**	**$(6.8)**	**11.2%**	**$(64.9)**	**$(11.2)**	**17.3%**

ATTACHMENT 10

GENERAL FUND HISTORICAL YTD SEPTEMBER ACTUALS VS. REVISED BUDGET BY EXPENDITURE CATEGORY
(in millions)

	FY 2023-24				FY 2024-25				FY 2025-26				FY 2026-27			
EXPENSE CATEGORY	REVISED BUDGET	ACTUALS	ENC	PCT EXP	REVISED BUDGET	ACTUALS	ENC	PCT EXP	REVISED BUDGET	ACTUALS	ENC	PCT EXP	REVISED BUDGET	ACTUALS	ENC	PCT EXP
SALARIES	$21.2	$4.5	$0.0	21.1%	$23.4	$4.9	$0.0	20.8%	$23.2	$4.8	$0.0	20.9%	$24.2	$4.9	$0.0	20.1%
OVERTIME	$0.6	$0.2	$0.0	35.7%	$0.6	$0.3	$0.0	46.2%	$0.7	$0.2	$0.0	31.3%	$1.5	$0.3	$0.0	22.3%
PERS	$8.6	$1.8	$0.0	20.3%	$9.2	$2.0	$0.0	21.3%	$10.3	$2.1	$0.0	20.1%	$10.8	$2.2	$0.0	20.4%
MEDICAL BENEFITS	$2.7	$0.6	$0.0	21.2%	$3.1	$0.6	$0.0	20.7%	$3.4	$0.7	$0.0	20.4%	$3.4	$0.7	$0.0	21.8%
OTHER BENEFITS	$2.0	$0.4	$0.0	20.4%	$2.5	$0.5	$0.0	21.0%	$2.9	$0.6	$0.0	19.9%	$2.9	$0.6	$0.0	19.9%
RETIREE MEDICAL	$1.6	$0.5	$0.0	31.0%	$1.7	$0.6	$0.0	33.9%	$2.1	$0.6	$0.0	30.3%	$2.2	$0.5	$0.0	25.2%
MATERIALS & SUPPLIES	$1.2	$0.2	$0.2	31.0%	$1.2	$0.1	$0.3	37.1%	$1.1	$0.2	$0.2	32.6%	$1.2	$0.2	$0.2	34.7%
CONTRACTS	$5.4	$0.8	$1.8	47.6%	$5.7	$0.8	$1.9	46.7%	$7.1	$1.0	$1.8	39.8%	$7.5	$1.2	$2.5	48.0%
UTILITIES	$0.8	$0.2	$0.2	39.0%	$0.9	$0.2	$0.2	35.5%	$0.9	$0.2	$0.1	38.3%	$1.0	$0.3	$0.1	40.5%
GRANTS AND AWARDS	$0.7	$0.2	$0.0	34.7%	$0.6	$0.0	$0.1	29.7%	$0.3	$0.0	$0.0	10.6%	$0.3	$0.0	$0.0	5.5%
PASS THRU	$3.9	$1.6	$0.9	63.7%	$2.5	$0.2	$1.3	58.2%	$2.8	$0.3	$1.7	73.1%	$2.7	$0.3	$0.0	10.8%
MISCELLANEOUS	-$0.1	$0.0	$0.0	18.1%	$0.0	$0.0	$0.0	59.2%	$0.0	$0.0	$0.0	71.3%	$0.0	$0.0	$0.0	100%
INT SERVICE CHARGES	$3.4	$0.7	$0.0	22.0%	$4.4	$1.0	$0.0	23.2%	$4.9	$1.2	$0.0	23.5%	$5.1	$1.2	$0.0	22.9%
DEBT SERVICE	$2.1	$0.0	$0.0	1.3%	$2.1	$0.0	$0.0	0.6%	$2.1	$0.0	$0.0	1.3%	$2.1	$0.0	$0.0	1.3%
CAPITAL PROJECTS	$0.1	$0.0	$0.1	100.0%	$0.1	$0.0	$0.0	53.0%	$0.2	$0.0	$0.2	91.3%	$0.0	$0.0	$0.0	0.0%
TRANSFERS OUT	$1.6	$0.0	$0.0	0.0%	$1.1	$0.0	$0.0	0.0%	$0.0	$0.0	$0.0	0.0%	$3.8	$0.0	$0.0	0.0%
OPEB	$0.0	$0.0	$0.0	0.0%	$0.0	$0.0	$0.0	0.0%	$0.0	$0.0	$0.0	0.0%	$0.0	$0.0	$0.0	0.0%
TOTAL	**$55.7**	**$11.7**	**$3.1**	**26.5%**	**$59.0**	**$11.1**	**$3.8**	**25.3%**	**$61.8**	**$11.9**	**$4.1**	**25.8%**	**$68.5**	**$12.3**	**$2.9**	**22.1%**

ALL FUNDS HISTORICAL YTD SEPTEMBER REVENUE ACTUALS VS. REVISED BUDGET
(in millions)

	FY 2023-24			FY 2024-25			FY 2025-26			FY 2026-27		
FUND TYPE	**REVISED BUDGET**	**YTD ACTUALS**	**PCT COLL**	**REVISED BUDGET**	**YTD ACTUALS**	**PCT COLL**	**REVISED BUDGET**	**YTD ACTUALS**	**PCT COLL**	**REVISED BUDGET**	**YTD ACTUALS**	**PCT COLL**
1 - General	$(53.3)	$(7.8)	14.7%	$(56.9)	$(6.3)	11.0%	$(60.1)	$(6.8)	11.2%	$(64.9)	$(11.2)	17.3%
2 - Special Revenue	$(0.5)	$(0.2)	30.3%	$(0.3)	$(0.2)	63.2%	$(0.4)	$(0.1)	35.4%	$(0.6)	$(0.2)	35.7%
4 - Capital Project	$(23.9)	$(2.7)	11.3%	$(23.5)	$(0.7)	3.1%	$(16.4)	$(1.8)	11.1%	$(14.9)	$(0.5)	3.6%
5 -Internal Service	$(4.9)	$(1.0)	20.5%	$(6.8)	$(0.9)	12.7%	$(7.4)	$(1.0)	13.2%	$(8.3)	$(1.8)	21.3%
9 - Trust	$(3.8)	$-	0.0%	$(3.8)	$-	0.0%	$(3.9)	$-	0.0%	$(3.9)	$-	0.0%
TOTAL	**$(86.6)**	**$(11.7)**	**13.6%**	**$(91.3)**	**$(8.1)**	**8.9%**	**$(88.3)**	**$(9.7)**	**11.0%**	**$(92.5)**	**$(13.7)**	**14.8%**

ALL FUNDS HISTORICAL YTD SEPTEMBER EXPENDITURE ACTUALS VS. REVISED BUDGET

	FY 2023-24				FY 2024-25				FY 2025-26				FY 2026-27			
Fund Type	REVISED BUDGET	ACTUALS	ENC	PCT EXP	REVISED BUDGET	ACTUALS	ENC	PCT EXP	REVISED BUDGET	ACTUALS	ENC	PCT EXP	REVISED BUDGET	ACTUALS	ENC	PCT EXP
1 - General	$55.7	$11.7	$3.1	26.5%	$59.0	$11.1	$3.8	25.3%	$61.8	$11.9	$4.1	25.8%	$68.5	$12.3	$2.9	22.1%
2 - Special Revenue	$0.5	$0.1	$0.0	26.7%	$0.6	$0.1	$0.0	18.5%	$0.5	$0.1	$0.0	18.5%	$0.5	$0.1	$0.0	26.1%
4 - Capital Project	$45.1	$3.6	$12.3	35.2%	$44.2	$0.8	$14.1	33.7%	$28.4	$2.5	$5.9	29.5%	$28.3	$3.5	$(0.2)	11.5%
5 -Internal Service	$6.3	$2.3	$0.8	49.2%	$8.0	$2.7	$1.0	46.1%	$8.9	$2.9	$0.9	42.1%	$6.6	$2.9	$0.7	54.2%
9 - Trust	$3.8	$1.7	$-	44.0%	$3.8	$1.7	$-	44.9%	$3.8	$1.7	$-	45.7%	$3.9	$1.8	$-	45.4%
TOTAL	$111.4	$19.3	$16.3	31.9%	$115.6	$16.4	$18.9	30.6%	$103.4	$19.0	$10.9	28.9%	$107.8	$20.6	$3.3	22.2%

ATTACHMENT 10

YEAR-TO-DATE BUDGET REPORT EXPENDITURES

BY FUND,

FOR 2026 13

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
111 GENERAL FUND	59,113,090	62,463,369	59,411,596.59	4,318,216.79	1,952,871.69	1,098,900.27	98.2%
121 MEASURE G FUND	1,267,556	1,297,731	1,385,985.40	1,352,755.40	.00	-88,254.40	106.8%
211 CDBG LOAN FUND	0	0	78,752.35	78,752.35	.00	-78,752.35	100.0%
222 URBAN RUNOFF FUND	221,318	221,318	162,837.52	2,995.05	.00	58,480.47	73.6%
231 BLACKWELL DISTRICT	3,072	3,762	2,907.56	649.33	.00	854.44	77.3%
232 KENNEDY MEADOWS DISTRICT	11,875	12,513	11,963.34	2,000.66	.00	549.66	95.6%
233 GEMINI COURT DISTRICT	1,742	1,742	1,208.00	610.00	.00	534.00	69.3%
234 SANTA ROSA HEIGHTS DISTRICT	8,156	8,156	7,413.00	660.00	.00	743.00	90.9%
235 VASONA HEIGHTS DISTRICT	9,019	9,019	7,555.05	1,430.00	.00	1,463.95	83.8%
236 HILLBROOK DISTRICT	6,536	6,536	4,869.06	685.36	.00	1,666.94	74.5%
251 LOS GATOS THEATRE	121,916	121,916	61,101.97	5,833.72	.00	60,814.21	50.1%
261 LIBRARY TRUST DONATIONS	74,000	74,000	66,425.45	35,000.00	.00	7,574.55	89.8%
263 MCCLENDON TRUST	2,000	2,000	2,000.00	.00	.00	.00	100.0%
264 BARBARA J CASSIN TRUST	6,000	6,000	6,000.00	.00	.00	.00	100.0%
411 CAPITAL PROJECTS FUND	4,290,936	4,944,056	5,195,694.51	2,318,615.92	3,212,238.93	-3,463,877.70	170.1%
421 GRANT FUNDED PROJECTS	0	745,855	745,854.70	116,618.00	618,043.62	-618,043.62	182.9%
461 STORM BASIN 1	571,300	34,525	34,525.00	13,140.00	122,535.00	-122,535.00	454.9%
462 STORM BASIN 2	475,000	154,319	154,319.28	.00	78.25	-78.25	100.1%
463 STORM BASIN 3	75,000	0	.00	.00	.00	.00	.0%
471 TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	.00	10,000.00	.0%
481 GAS TAX FUND	1,784,585	1,040,660	1,040,660.19	106,000.00	27,290.00	-27,290.00	102.6%
611 GENERAL LIABILITY FUND	1,758,736	1,758,736	1,751,876.09	116,677.25	.00	6,859.91	99.6%
612 WORKERS COMPENSATION FUND	1,846,050	1,846,050	1,214,598.73	-226,824.84	.00	631,451.27	65.8%
621 INFORMATION TECHNOLOGY	1,588,716	1,593,457	1,342,341.39	488,118.88	.00	251,115.46	84.2%
631 EQUIPMENT REPLACEMENT FUND	2,105,936	433,670	184,517.64	.00	15,448.68	233,704.17	46.1%
633 FACILITIES MAINTENANCE FUND	1,419,567	1,449,567	1,421,948.96	60,006.66	.00	27,617.67	98.1%
732 PERS CEPPT PENSION TRUST	0	0	5,295.80	5,295.80	.00	-5,295.80	100.0%
942 SA TRUST FUND	3,817,112	3,817,112	2,320,741.29	417,025.83	.00	1,496,370.38	60.8%
GRAND TOTAL	80,589,218	82,056,068	76,622,988.87	9,214,262.16	5,948,506.17	-515,426.77	100.6%

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YEAR-TO-DATE BUDGET REPORT REVENUES

BY FUND,

FOR 2026 13

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
111 GENERAL FUND	58,176,761	61,974,313	63,896,502.16	5,716,202.74	-1,922,188.88	103.1%
121 MEASURE G FUND	1,298,825	1,369,000	1,385,985.40	245,355.42	-16,985.40	101.2%
222 URBAN RUNOFF FUND	163,690	163,690	163,689.96	13,640.83	.04	100.0%
231 BLACKWELL DISTRICT	3,210	3,210	3,814.76	654.76	-604.76	118.8%
232 KENNEDY MEADOWS DISTRICT	10,605	10,605	11,172.94	1,110.28	-567.94	105.4%
233 GEMINI COURT DISTRICT	4,750	4,750	6,798.24	2,198.24	-2,048.24	143.1%
234 SANTA ROSA HEIGHTS DISTRICT	4,550	4,550	5,853.89	1,253.70	-1,303.89	128.7%
235 VASONA HEIGHTS DISTRICT	10,075	10,075	11,817.47	2,082.47	-1,742.47	117.3%
236 HILLBROOK DISTRICT	6,040	6,040	7,083.07	1,308.07	-1,043.07	117.3%
251 LOS GATOS THEATRE	121,100	121,100	205,948.81	-42,038.52	-84,848.81	170.1%
261 LIBRARY TRUST DONATIONS	71,000	75,000	79,048.50	4,818.50	-4,048.50	105.4%
262 NESS TRUST	400	400	1,030.98	1,030.98	-630.98	257.7%
263 MCCLENDON TRUST	2,000	2,000	3,803.99	3,803.99	-1,803.99	190.2%
264 BARBARA J CASSIN TRUST	6,000	6,000	15,725.52	15,725.52	-9,725.52	262.1%
411 CAPITAL PROJECTS FUND	2,542,254	3,667,697	4,324,699.01	1,086,648.32	-657,002.27	117.9%
421 GRANT FUNDED PROJECTS	0	2,602,163	2,610,587.96	328,750.23	-8,425.13	100.3%
461 STORM BASIN 1	59,055	59,055	143,776.23	36,471.23	-84,721.23	243.5%
462 STORM BASIN 2	102,493	102,493	330,777.73	96,000.36	-228,284.73	322.7%
463 STORM BASIN 3	-8,306	-8,306	-666.57	-8,100.57	-7,639.43	8.0%
471 TRAFFIC MITIGATION FUND	0	0	162,352.01	162,352.01	-162,352.01	100.0%
472 UTILITY UNDERGROUND TAX FUND	45,870	45,870	190,554.79	160,028.41	-144,684.79	415.4%
481 GAS TAX FUND	1,822,989	1,822,989	1,860,607.78	245,779.43	-37,618.78	102.1%
611 GENERAL LIABILITY FUND	1,825,348	1,825,348	1,674,179.61	447,559.65	151,168.18	91.7%
612 WORKERS COMPENSATION FUND	1,901,696	1,901,696	1,981,016.19	439,840.74	-79,319.74	104.2%
621 INFORMATION TECHNOLOGY	954,554	954,554	899,670.72	19,140.10	54,882.90	94.3%
631 EQUIPMENT REPLACEMENT FUND	1,187,544	1,187,544	1,204,651.23	14,960.41	-17,107.23	101.4%
633 FACILITIES MAINTENANCE FUND	1,519,570	1,419,570	1,419,439.51	4,135.21	130.49	100.0%
732 PERS CEPPT PENSION TRUST	390,000	690,000	970,166.21	280,166.21	-280,166.21	140.6%
942 SA TRUST FUND	3,923,926	3,923,926	3,983,262.43	2,022,850.43	-59,336.43	101.5%
GRAND TOTAL	76,145,998	83,945,332	87,553,350.53	11,303,729.15	-3,608,018.82	104.3%

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YEAR-TO-DATE BUDGET REPORT EXPENDITURES

BY FUND AND CATEGORY

FOR 2026 13

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
111 GENERAL FUND							
5A SALARIES	23,182,932	23,408,220	23,348,159.48	447,088.64	.00	60,060.33	99.7%
5B OVERTIME	657,310	704,376	1,452,950.49	34,025.60	.00	-748,574.82	206.3%
5C PERS	10,297,119	10,597,119	9,420,279.00	86,621.94	.00	1,176,840.25	88.9%
5D MEDICAL BENEFITS	3,382,768	3,395,753	2,842,329.05	7,293.70	.00	553,423.55	83.7%
5E OTHER BENEFITS	2,883,003	2,883,003	2,499,091.23	14,899.50	.00	383,911.54	86.7%
5F RETIREE MEDICAL	2,125,000	2,173,606	2,037,365.13	-5,479.48	.00	136,240.87	93.7%
5G MATERIALS & SUPPLIES	1,091,060	1,110,604	1,180,868.02	36,397.34	.00	-70,264.42	106.3%
5H CONTRACTS	5,852,202	7,025,463	5,293,667.37	401,673.07	363,660.04	1,368,136.01	80.5%
5I UTILITIES	905,046	905,046	906,074.96	11,083.60	.00	-1,029.06	100.1%
5J GRANTS AND AWARDS	274,307	251,820	261,843.48	15,000.00	.00	-10,023.48	104.0%
5K PASS THRU	1,551,000	2,605,147	2,076,882.26	143,873.57	1,589,211.65	-1,060,946.89	140.7%
5L MISCELLANEOUS	-41,000	-41,000	-174,837.90	-75,780.27	.00	133,837.90	426.4%
5M INT SERVICE CHARGES	4,894,461	4,894,461	4,741,204.27	.00	.00	153,256.24	96.9%
5N DEBT SERVICE	2,057,884	2,057,884	2,128,347.42	1,985,316.62	.00	-70,463.42	103.4%
5O CAPITAL PROJECTS	0	191,868	1,097,372.33	916,202.96	.00	-905,504.33	571.9%
5P TRANSFERS OUT	0	300,000	300,000.00	300,000.00	.00	.00	100.0%
TOTAL GENERAL FUND	59,113,090	62,463,369	59,411,596.59	4,318,216.79	1,952,871.69	1,098,900.27	98.2%
121 MEASURE G FUND							
5H CONTRACTS	50,520	50,520	44,880.00	11,650.00	.00	5,640.00	88.8%
5K PASS THRU	1,217,036	1,247,211	1,341,105.40	1,341,105.40	.00	-93,894.40	107.5%
TOTAL MEASURE G FUND	1,267,556	1,297,731	1,385,985.40	1,352,755.40	.00	-88,254.40	106.8%
732 PERS CEPPT PENSION TRUST							
5H CONTRACTS	0	0	5,295.80	5,295.80	.00	-5,295.80	100.0%
TOTAL PERS CEPPT PENSION TRUST	0	0	5,295.80	5,295.80	.00	-5,295.80	100.0%
GRAND TOTAL	60,380,646	63,761,100	60,802,877.79	5,676,267.99	1,952,871.69	1,005,350.07	98.4%

** END OF REPORT - Generated by Kristina Alfaro **

YEAR-TO-DATE BUDGET REPORT REVENUE

BY FUND AND CATEGORY

FOR 2026 13

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
111 GENERAL FUND						
4A PROPERTY TAX	26,828,299	26,771,710	26,960,910.39	206,020.98	-189,200.39	100.7%
4B SALES & USE TAX	6,639,081	7,501,065	7,628,140.83	2,054,186.89	-127,075.83	101.7%
4D TRANSIENT OCCUPANCY	2,422,390	2,255,805	2,215,045.31	512,224.62	40,759.69	98.2%
4E BUSINESS LIC & OTHER	2,500,992	2,619,281	2,813,957.32	25,114.91	-194,676.70	107.4%
4F FRANCHISE FEES	1,043,730	1,008,838	1,009,396.88	100,337.85	-558.88	100.1%
4G FINES & FORFEITURES	315,200	312,200	525,002.51	44,627.98	-212,802.51	168.2%
4H LICENSES & PERMITS	6,573,301	7,302,170	7,976,804.84	-244,001.54	-674,634.84	109.2%
4I TOWN SERVICES	4,114,498	4,446,819	4,409,579.55	-359,071.02	37,239.45	99.2%
4J OTHER SOURCES	1,784,799	2,193,699	3,073,799.72	1,504,998.89	-880,100.72	140.1%
4K INTERGOVERNMENTAL	835,936	1,531,719	1,198,287.85	-305,046.25	333,431.15	78.2%
4L PASS THRU	2,647,974	3,540,829	3,605,397.96	-303,369.57	-64,569.30	101.8%
4M TRANSFERS IN	562,411	582,029	572,029.00	572,029.00	10,000.00	98.3%
4N DEBT SERVICE REMIB	1,908,150	1,908,150	1,908,150.00	1,908,150.00	.00	100.0%
TOTAL GENERAL FUND	58,176,761	61,974,313	63,896,502.16	5,716,202.74	-1,922,188.88	103.1%
121 MEASURE G FUND						
4C MEASURE G	1,298,825	1,369,000	1,385,985.40	245,355.42	-16,985.40	101.2%
TOTAL MEASURE G FUND	1,298,825	1,369,000	1,385,985.40	245,355.42	-16,985.40	101.2%
732 PERS CEPPT PENSION TRUST						
4J OTHER SOURCES	390,000	690,000	970,166.21	280,166.21	-280,166.21	140.6%
TOTAL PERS CEPPT PENSION TRUST	390,000	690,000	970,166.21	280,166.21	-280,166.21	140.6%
GRAND TOTAL	59,865,586	64,033,313	66,252,653.77	6,241,724.37	-2,219,340.49	103.5%

** END OF REPORT - Generated by Kristina Alfaro **

TOWN OF LOS GATOS

FINANCE COMMISSION REPORT

MEETING DATE: 11/09/2026

ITEM NO: 8

DATE: November 9, 2026

TO: Finance Commission

FROM: Chris Contantin, Town Manager

SUBJECT: Discuss Phases 2 and 3 of the Community Grant Program Review and Provide Direction to Staff Regarding Any Recommendations for Town Council Consideration

RECOMMENDATION:

Discuss Phases 2 and 3 of the Community Grant Program review and provide direction to staff regarding any recommendations for Town Council consideration.

BACKGROUND:

At the August 10, 2026, Finance Commission meeting, the Commission approved the Community Grant Program Review Scoping Memorandum as its roadmap for reviewing the Town's Community Grant Program. The review was organized into three phases: (1) applicant eligibility and grant administration, (2) review of the rental assistance program, and (3) review of conflict disclosure and recusal requirements.

Phase 1 focused on establishing baseline eligibility requirements for grant applicants and reviewing proposed eligibility screening and scoring methodologies applicable to both sustaining and competitive grants. Supporting materials included a proposed eligibility standard framework and revised scoring process.

At its September 30, 2026, special meeting, the Finance Commission reviewed the Community Grant Program and made recommendations to the Town Council related to grant policies, applicant eligibility screening, scoring procedures, award approval processes, sustaining grants, and grant administration.

PREPARED BY: Kristina Alfaro
Administrative Services Director

Reviewed by: Town Manager

DISCUSSION:

As part of its continued discussion of the Community Grant Review Process, the Commission will further consider Phase 2 and Phase 3 and any related recommendations.

Phase 2 – Rental Assistance Program Review
The Scoping Memorandum proposes reviewing the Town's rental assistance programs to evaluate program effectiveness, service delivery models, and funding levels. Topics identified for consideration include:

- Households served and cost-effectiveness of existing rental assistance programs.
- Use of multiple providers versus a single provider.
- The relationship between grant funding and contractual service arrangements.
- Program reporting, performance measures, and accountability.
- The effectiveness of the current prime contractor/subcontractor structure.
- Historical program outcomes and funding levels.

The Commission may discuss whether modifications to program structure, provider selection, funding levels, or reporting requirements should be recommended to the Town Council.

Phase 3 – Conflict Disclosure and Recusal Requirements
The Scoping Memorandum proposes a review of Council Policy 2-04 and related conflict disclosure and recusal practices applicable to elected officials, commissioners, and other participants in the grant award process. Topics identified for discussion include:

- Disclosure of relationships with grant applicants.
- Documentation of disclosures and recusals in the public record.
- Standards that exceed minimum legal requirements.
- Applicability of disclosure and recusal requirements to boards, commissions, and committees involved in grant evaluations. Potential revisions to Council Policy 2-04.

These phases would result in recommendations for the Town Council's consideration.

Attachments:
1. Scoping Memorandum
2. Commissioner's Communication – LGARC Audit

SCOPING MEMORANDUM

To: Los Gatos Finance Commission
From: Phil Koen, Member
Date: August 5, 2026
Subject: Community Grant Program Review — Three-Phase Structure

Purpose. This is a proposal for how the Community Grant Program should be reviewed. It is a starting point, not a finished plan. The Commission and staff should review it and make any changes that would improve the review process.

Work product. Each phase will produce a set of specific written recommendations for the Town's consideration — nothing more than that. The Commission is purely a recommending body. Every recommendation in this review goes to the Town Council, and the Council alone decides which to adopt, which to change, and which to set aside. The Council is accountable for those decisions.

Phase 1 — The duty to know your applicant

Focus. Identifying the organizations that meet the Town's standards, so that every organization the Town funds is known to be run well enough to be trusted with public money.

Phase 1 rests on a duty the Town owes the people whose money it is spending: know your applicant. Everything that comes after — scoring, ranking, awarding, contracting — assumes the Town already knows who it is dealing with. If that is not established first, the rest of the process is only a form of words. This is fundamental to the grant process, not an add-on to it. The object is to identify the organizations that meet the Town's standards and are ready to receive public money, so the Council can fund them with confidence.

Look at the scoring rubric the Town uses today and add criteria that establish four things: how open an organization is about itself, how it is governed, how it handles conflicts of interest, and whether its required federal and state filings are current and in good standing. Together these show whether an applicant meets the standards the Town expects of anyone it funds.

What the Town asks for should fit the size of the grant and the size of the organization. A small volunteer group asking for a one-time award should not have to produce what a larger organization on a recurring grant produces. A requirement that no small nonprofit can meet does not identify the organizations that meet the Town's standards — it excludes capable ones that do. But fitting the requirement to the applicant is not the same as waiving it. There is a floor that applies at any dollar amount. The Town should know who sits on the board, that the organization's filings are current and complete, and that the same person does not both approve a payment and write the check. Holding that floor is what looking after the public's money means.

The scoring has to apply to both kinds of applications — sustaining grants and competitive grants alike. Vetting the sustaining organizations carries a one-time cost, because most of what we ask for has to be gathered once and then only confirmed each year after that. It is worth paying. These organizations receive the largest and steadiest support the Town gives, and none has ever been confirmed against a standard of this kind. Exempting them would leave the biggest dollars unexamined.

Once the rubric is final, every organization staff recommends for a grant should be run through it before the FY 27 grants are finalized. A standard that is written but not applied to the cycle in front of us accomplishes nothing.

The last thing for the Commission to settle in this phase is whether the final grant allocations ought to go back to the Town Council, so the Council can confirm that what staff produced matches the direction the Council gave. There is a reason to raise it. In the FY 26 cycle, the allocation of the rental assistance money and the contracts that carried it out were never brought back for review and approval, and it is fair to debate whether what staff did fully complied with the Council's funding resolution. Sending the final allocations back for confirmation is simply good process. It costs one agenda item and it settles, at the time, any later question about whether the money went where the Council said it should. This belongs in Phase 1 because it governs how the FY 27 cycle is closed out.

Phase 2 — The rental assistance program

Focus. Whether the rental assistance program is built to deliver the best result for the money, how much the Town should set aside for it each year, and whether a single provider would do the job better than three.

Review the rental assistance program from top to bottom and find where it can be improved — better results, lower cost, less waste. The question to answer is this: why should the Town not pick one organization to deliver rental assistance, the way it already does for the senior nutrition program? On June 18, 2024 the Council gave nutrition to a single provider and, in the same action, directed that rent relief be divided equally among as many as three organizations. Two programs, opposite designs, decided the same night. The Commission should find out which design works better.

Phase 2 should also end with a number — a recommendation on how much the Town sets aside for rental assistance each year. That number has to be built on top of what the Town already buys. In June 2025 the Town signed a five-year agreement with West Valley Community Services running from July 1, 2025 through June 30, 2030, paying up to $15,000 a year, $75,000 over the term, for emergency rental and utility assistance, with a committed output of twelve Los Gatos households a year. Two months later the Council created a separate $20,000 grant track for rental assistance, and West Valley also holds a $20,000 sustaining grant for human services support. The Commission should first establish how many households the Town is actually reaching across all of these and at what cost per household, then recommend a total annual figure and how it should be divided between contract and grant.

The review should also weigh the prime-and-subcontractor arrangement now in place, where one organization holds the grant and passes part of the money to a second organization to deliver. The case for it: a single point of contact for the Town, a local organization that can reach people who would not walk into a county agency, and less administrative work for staff. The case against it: the Town has no agreement with the organization actually spending part of the money, gets no reporting directly from it, and has no way to enforce terms against it; the grant agreement itself bars a grantee from delegating performance to anyone else without written Town consent; and running a small program through two sets of books makes cost per household almost impossible to compare. The Commission should decide whether to keep the structure, keep it only where the subcontract is documented and consented to in writing, or drop it.

None of this can be settled without the record. The Commission should review the annual reports the organizations filed for the FY 24, FY 25, and FY 26 cycles — households served, dollars actually disbursed, money left unspent or returned, and whether each report was filed on time and on the required form. Three years side by side will show whether the programs delivered what was promised, and whether the reports the Town receives are good enough to tell.

Phase 3 — The duty to recuse when conflicts arise: a deep review of Policy 2-04

Focus. Whether the Town tells Council members clearly enough when the duty to recuse applies, and whether the standard it holds them to is high enough.

Phase 1 rests on the duty to know your applicant. Phase 3 rests on the matching duty on the Town's side of the table: when a conflict arises, the member steps aside. That duty is worth as little as the guidance behind it, which is why this phase calls for a deep review of Policy 2-04 rather than a glance at it — what the policy says now, what it said before, what was taken out, and what other cities put in its place.

There are several reasons a Council member can be required to step aside. State law bars a public official from taking part in a contract in which the official has a financial interest — that is Government Code section 1090. A separate line of court decisions bars an official from deciding a matter where the official's impartiality is in real doubt. And there are ethical reasons that have nothing to do with either. Policy 2-04 used to carry guidance on this. It was taken out in the revision the Council adopted on August 19, 2025, and nothing was put in its place.

The law is only a floor. Statutes tell you where conduct becomes illegal. They do not tell you how the people who decide where public money goes ought to behave. Policy 2-04 says this itself: its opening paragraph states that the Council adopted rules holding Council members to standards above and beyond what the law requires. The provision that was deleted was one of those higher standards. The same revision also removed the sentence applying those expectations to the Town's boards, committees, and commissions — the bodies that score grant applications. So the Town did not lower its standard. It stopped having one.

The Commission should recommend a standard high enough that a resident reading the record could not find even a hint of impropriety in an award of public money. In practical terms:

- **Say it before the vote.** A member who has a connection to an applicant tells the Council what that connection is before the item is decided.
- **Include the family.** That covers what the member knows of a spouse's or child's connections, and any other relationship that gives the appearance of bias.
- **Write it down.** What was said goes into the Town's records — including for items on the consent calendar.
- **Say it out loud when stepping aside.** If the member sits an item out, that is stated at the meeting and recorded.
- **Stepping aside is always allowed.** A member may sit an item out to avoid the appearance of impropriety, even where the law would let him or her vote.

Palo Alto's council handbook requires all of these. Los Gatos requires none of them. Public confidence in the grant program does not rest on whether an award was legal. It rests on whether someone reading the file can see that the decision was made fairly.

Sequencing

This will probably take three meetings, one for each phase. Only the Phase 1 material is going out now. The Phase 2 and Phase 3 material will follow before those meetings.

MEMORANDUM

To: Kristina Alfaro, Administrative Services Director

From: Phil Koen, Member, Finance Commission

Date: November 3, 2026

Re: Audit objectives and scope for the review of Town grants to the Los Gatos Anti-Racism Coalition (LGARC)

cc: Chris Constantin, Town Manager; Ashby Monk, Chair, Finance Commission

Purpose

This memo proposes the audit objectives and scope needed to restore public trust in the Town's rental assistance grants to LGARC. Its aim is to reach agreement on that scope before the auditor's work begins.

Agreement is needed now for two reasons. First, it is unclear what the "agreed-upon procedures" review referred to in the Town Manager's October 27, 2026 memorandum will cover. Second, no audit plan has been presented to the Council or the Finance Commission.

Why the scope must be agreed in advance

In an agreed-upon procedures engagement, the auditor performs only the procedures the Town specifies and reports what it found. It gives no opinion, and it does not look beyond those procedures. The list of procedures is therefore the audit. If the list is narrow, the result will be narrow, however carefully the work is done.

What has been described so far is narrow:

- **Not every grant year.** Finance is to confirm that the FY 2024-25 and FY 2025-26 grant reports were submitted and accepted. FY 2023-24 is not mentioned.
- **IRS filings only.** The referral to the auditor concerns potential discrepancies involving IRS filings. LGARC files the Form 990-N e-Postcard, which reports only its name, address, EIN, principal officer and that its gross receipts are normally $50,000 or less. It contains no financial figures, so reviewing it cannot show how grant funds were spent.

Public trust in the program has been eroded by what the Town has done and failed to do. A review whose scope the public cannot see, and which covers selected years or issues, will not restore it. The Town also has a legal obligation: the California Constitution prohibits gifts of public funds (art. XVI, § 6), and each LGARC agreement gives the Town the right to examine LGARC's records and to recover funds not used as agreed.

This falls within the Finance Commission's duties under Town Code § 2.50.225, with staff support under § 2.50.205(e).

Audit objectives

The audit should determine whether LGARC fully complied with each grant contract. For every grant year, it should reach five conclusions:

1. **Recipient eligibility.** Every rental assistance payment went to an eligible Los Gatos household, as the agreement and LGARC's proposal require.
2. **Complete accounting.** All grant funds are accounted for, from the Town's payment to final disbursement, and the actual payee of every payment is known.
3. **True financial filings.** LGARC's state and federal filings are true and correct.
4. **Truthful governance.** The governance LGARC described in its grant reports to the Town is accurate.
5. **Other contract terms.** LGARC complied with every other term of each agreement.

Form of the engagement

A list of findings without a conclusion will not settle the question. The engagement should be a compliance examination that ends in the auditor's opinion on whether LGARC complied with each agreement. If the Town keeps the agreed-upon procedures format, each finding should at least state, by grant year, whether the result shows compliance or noncompliance.

Proposed scope

Grant years. Every LGARC grant contract: FY 2023-24, FY 2024-25 and FY 2025-26.

Size of the audit. The work is limited. Across three grant years, LGARC directly administered $34,500 of Town grant funds and reports assisting 37 households in 40 payments:

Grant year	Grant received	Households assisted	Payments	Rental assistance paid	Returned to Town
FY 2023-24	$12,000	23 (22 in payment record)	25	$12,000	$0
FY 2024-25	$12,500	8	9	$7,376	$4,613.03
FY 2025-26	$10,000	6	6	$10,000	$0
Total	**$34,500**	**37**	**40**	**$29,376**	**$4,613.03**

Sources: LGARC's final grant reports and payment schedules. The FY 2023-24 report states $11,922.38 of rental assistance; its checks total $12,000. The FY 2024-25 report states $7,886.97 spent, $100 more than its itemized payments and expenses. In FY 2025-26, the Town paid LGARC $20,000; the table shows only the $10,000 LGARC paid out directly, since it passed the other $10,000 to St. Vincent de Paul. Each LGARC amount that year is the grant's share of a larger payment. Reconciling these differences is part of the audit.

Records. LGARC's bank statements for all accounts from inception; cancelled checks and transfer records; case files; bylaws, board rosters and minutes; and all state and federal filings, including any amendments. Recipient identities can be protected: the auditor, not the public, needs to see the case files.

Access to records. Each agreement requires LGARC to keep its records and make them available to the Town. A refusal to produce any record the auditor requests, including the names of its directors, should be reported as noncompliance with the agreement, and the Town should withhold further funds and consider recovery.

Procedures by objective:

1. Recipient eligibility. Audit every case file, not a sample. Confirm that each file is complete as LGARC described it to the Town. Its FY 2023-24 report states that every case requires personal identification, a lease and documents corroborating the applicant's circumstances. For every payment, confirm from the file the recipient's identity; a lease in incorporated Los Gatos in force on the payment date; documented need meeting LGARC's stated criteria; approval by the process LGARC described; and that the recipient is not a director, officer, case manager or relative of one.

2. Complete accounting and who was actually paid. Trace each Town payment into LGARC's accounts and every disbursement out, including the $10,000 transferred to St. Vincent de Paul in FY 2025-26. Reconcile each final report to the bank records. Establish where funds were held before they were spent, and, where a payment combined grant and other funds, the source of each part.

For every payment, identify the actual payee from the cancelled check (front and endorsement) or the Zelle or bank transfer record, including the receiving account holder's name. LGARC has paid some assistance to landlords and some directly to recipients.

- **Paid to a landlord or property manager:** confirm the payee is the lessor named on the lease and is not a director, officer, case manager or relative of one. Confirm the payment with the landlord in writing and match it to the tenant's rent ledger.
- **Paid to the recipient:** obtain evidence that the money was applied to rent, such as the landlord's receipt or ledger showing the payment credited, and confirm it with the landlord in writing. A payment to a recipient that cannot be traced to rent should be reported as unsupported.

3. True financial filings. For each year, reconcile total cash receipts in LGARC's bank records to the revenue reported on its state and federal filings, and identify the source of every receipt: Town grants, other grants, donations, and any loans or advances. Reconcile each RRF-1, CT-TR-1 and Form 990-series filing to the bank records and the Town's payments. Determine what the $12,169.47 reported in 2023 as officer and director compensation and as accounts payable was, and whether the answer to RRF-1 Part B, Question 1 was true. Determine whether the Town's 2023 payment was reported, and whether LGARC qualified to file a 990-N for 2025, when its revenue exceeded $50,000.

4. Truthful governance. LGARC's grant reports say each payment is approved by a vote: a three-fifths majority of its Board in FY 2023-24, and five of eight voting members, including volunteers who are not directors, in FY 2024-25. LGARC has not disclosed who sits on its Board. Identify the directors, officers and voting members for each year, confirm from the minutes that every payment was approved as described and by whom, and identify any relationship between those approving payments and the recipients.

5. Other contract terms. Test each agreement's remaining terms, including:

- **Grant period:** every payment fell within it. As filed, six FY 2024-25 payments are dated before that grant began.

- **Payment limits:** amounts stayed within the per-case limits LGARC described. Its FY 2023-24 report states assistance of up to $500 per case; FY 2024-25 payments ran as high as $1,676.
- **Changes in scope:** any use of funds other than as described in LGARC's proposal had the Town's prior written consent, as each agreement requires.
- **Committed outputs:** households served against the number LGARC committed to. LGARC committed to 22 in FY 2024-25 and reported 8.
- **Reporting:** each report was filed on time and contained the documentation the agreement requires.

Related reviews. Two matters outside LGARC's own records should be reviewed alongside the audit:

- **Transfer to St. Vincent de Paul.** Determine whether LGARC's transfer of $10,000 to St. Vincent de Paul in FY 2025-26 complied with the Council's August 19, 2025 action, which allocated $20,000 for rental assistance administered with St. Vincent de Paul and LGARC and did not specify how it would be divided. The review should establish who decided the division and on what authority, and whether the Town gave the prior written consent the agreement requires before LGARC delegated performance to another organization, and who gave it. This review does not extend to St. Vincent de Paul's own records.
- **Town administration.** Document, for each grant year, the date the Town paid each grant, what the Town received and accepted, who accepted each report, and how the FY 2024-25 refund was calculated, so that gaps in oversight can be corrected.

Reporting. Findings by grant year and by objective, stating whether LGARC complied and whether the agreement's repayment clause applies. If at any point the auditor finds indications of false statements or misuse of funds, it should report them immediately to Finance and the Town Attorney rather than waiting for the final report.

Public review of the results

The audit results must be made public. Under the October 27 memorandum, staff would evaluate the findings, give LGARC an opportunity to respond, and bring to the Council only issues that require Council action. The results should instead follow the same procedure the Town uses for its annual financial audit: the auditor's report goes first to the Finance Commission, which reviews it at a public meeting and makes recommendations to the Town Council. The Council then considers the report and the Commission's recommendations, including any recovery of funds under the agreements.

Independence of the audit

The Library Director, Ryan Baker, administered the Community Grant Program and was responsible for overseeing these grants. He has also commented publicly on LGARC's reporting. An audit of LGARC's grants is necessarily a review of how they were administered, and it should not be overseen by the person whose work it examines. I ask that he not take part, and that Finance direct the audit and receive the findings.

The audit firm should have no relationship with LGARC, its officers or the staff who administered the program. The Town should state who engages the firm, the estimated cost and the expected completion date, so the Commission can schedule its review.

Requested next steps

1. Share the auditor's engagement letter and current list of procedures with the Finance Commission.
2. Confirm in writing whether the Town agrees with the objectives and scope above, and identify any differences.
3. Place the agreed scope before the Commission before the auditor's work begins.
4. Have Finance direct the audit, without the Library Director's participation.
5. Withhold FY 2026-27 funds to LGARC until the audit is complete.
6. Make the audit report public and present it first to the Finance Commission, which will review it and make recommendations to the Town Council, as with the Town's annual audit.

I would appreciate your response before the Commission's November 9 meeting.

Report: Audit Documentation for Grant FY 2023-2024

Los Gatos Anti-Racism Coalition

Section 1.1 - Line-by-Line Expenditures

For comprehensibility and convenience, we provide a table below to summarize the use of grant funds during the period July 1, 2023 through June 30, 2024. All records that include the phrase "(Payment [number] of [number])" indicate a household served multiple times during the grant period. Records that do not include this phrase indicate a household that was served exactly once during the grant period.

Date	Grant Fund Expenditure	Grant Funds Used	Image Available on Page #
1/10/2024	Recipient 1	$500	4
1/26/2024	Recipient 2	$250	5
1/27/2024	Recipient 3 (Payment 1 of 2)	$500	6
1/28/2024	Recipient 4	$500	7
2/5/2024	Recipient 5 (Payment 1 of 2)	$500	8
2/6/2024	Recipient 6	$500	9
2/8/2024	Recipient 7	$500	10
2/14/2024	Recipient 8	$500	11
2/20/2024	Recipient 9	$500	12
2/21/2024	Recipient 10	$500	13
2/23/2024	Recipient 11	$500	14
2/23/2024	Recipient 12	$500	15
2/24/2024	Recipient 3 (Payment 2 of 2)	$500	16
2/27/2024	Recipient 13	$500	17

Date	Grant Fund Expenditure	Grant Funds Used	Image Available on Page #
2/29/2024	Recipient 14	$500	18
2/29/2024	Recipient 5 (Payment 2 of 2)	$500	19
3/6/2024	Recipient 15	$500	20
3/13/2024	Recipient 16	$500	21
3/20/2024	Recipient 17	$500	22
3/20/2024	Recipient 18	$500	24
3/26/2024	Recipient 19	$500	24
3/31/2024	Recipient 9 (Payment 2 of 2)	$500	25
4/29/2024	Recipient 20	$500	26
5/04/2024	Recipient 21	$500	27
5/24/2024	Recipient 22	$250	28
Total Grant Funds Spent			$12,000

Section 1.2 - Disclosures Regarding Produced Documentation

To comply with the instructions provided to us regarding the production of all back-up documentation, the Los Gatos Anti-Racism Coalition ("LGARC") has been requested to provide copies of all receipts, invoices, or other records or documents supporting each expenditure, which are provided in Section 1.3.

LGARC provides the following disclosures:

1. To ensure that we are best able to establish trust with applicants to rental assistance resources, both LGARC and SVdP have policies that prohibit them from releasing specific information about applicants without their explicit consent. These policies are standard in agencies that administer financial resources, often requiring a Statement of Information or another form of consent from clients prior to divulging sensitive information. We redact all personally identifying information relating to rental assistance that could be used to discern the precise identities of program recipients, including, but not limited to, program recipient names, landlord information, and specific addresses. Nevertheless, recognizing that entirely redacted records are not particularly informative, we provide an approximate location regarding the households served by providing a nearby street of the residence.

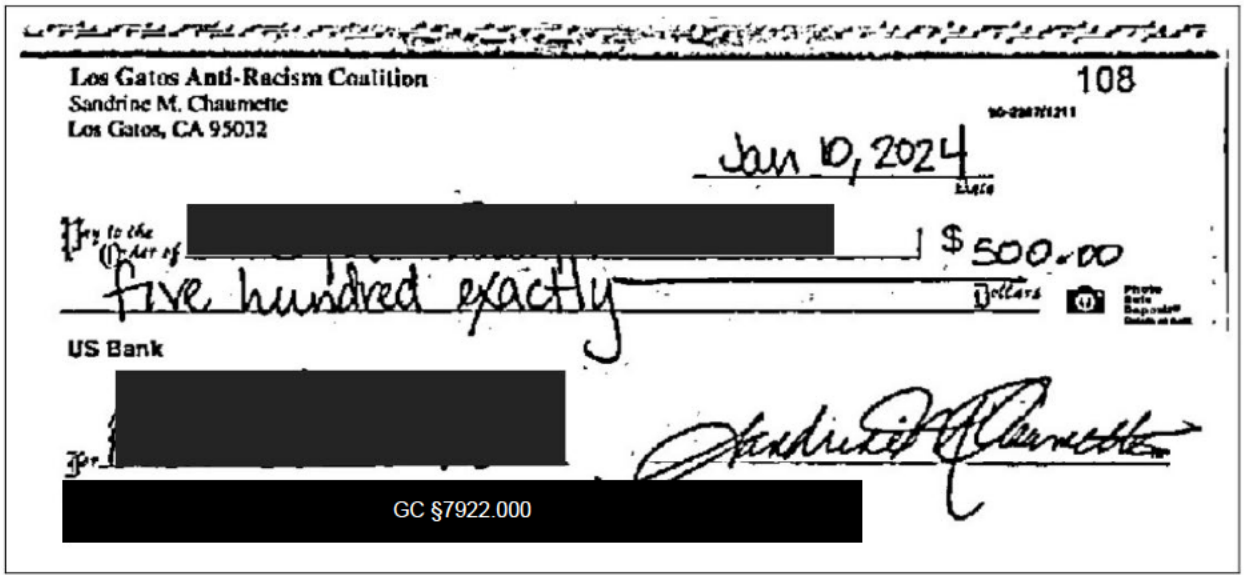
2. LGARC's original grant application allocated $500 for promotional materials (flyers, tape, white-out, and envelopes) to raise awareness of our rental assistance program, which was almost brand new at the time we had applied for grant funding. By the end of the grant cycle, LGARC provided over $13,000 in rental assistance during the grant cycle, exceeding the full $12,000 grant awarded to us; because rental assistance disbursements alone consumed the entire grant, no grant funds were used for promotional materials.

3. LGARC's application for this grant states that it intends to disburse rental assistance by "directly transferring money to the applicant's bank account," aiming to establish a program as tenant-friendly as possible. Zelle was the primary vehicle for these direct transfers. However, banks do not store individual Zelle receipts after twelve months. Prior to filing this report, Jeff Suzuki visited US Bank, which hosts our checking account, to procure these individual records. The representative at the bank stated that longer-term records were only available in the form of monthly bank statements, which should provide the necessary records for approval. Therefore, the Zelle records produced for this report are images of the relevant segments of our bank statements that record these transactions under the section "Other Withdrawals."

4. Any and all further inquiries regarding the materials herein may be directed to the LGARC's official email address for its rental assistance program: rentalassistance@lgarc.org. Inquiries regarding SVdP's use of grants funds may also be sent to this email address, which will be subsequently forwarded to those who operate the rental assistance program at SVdP.

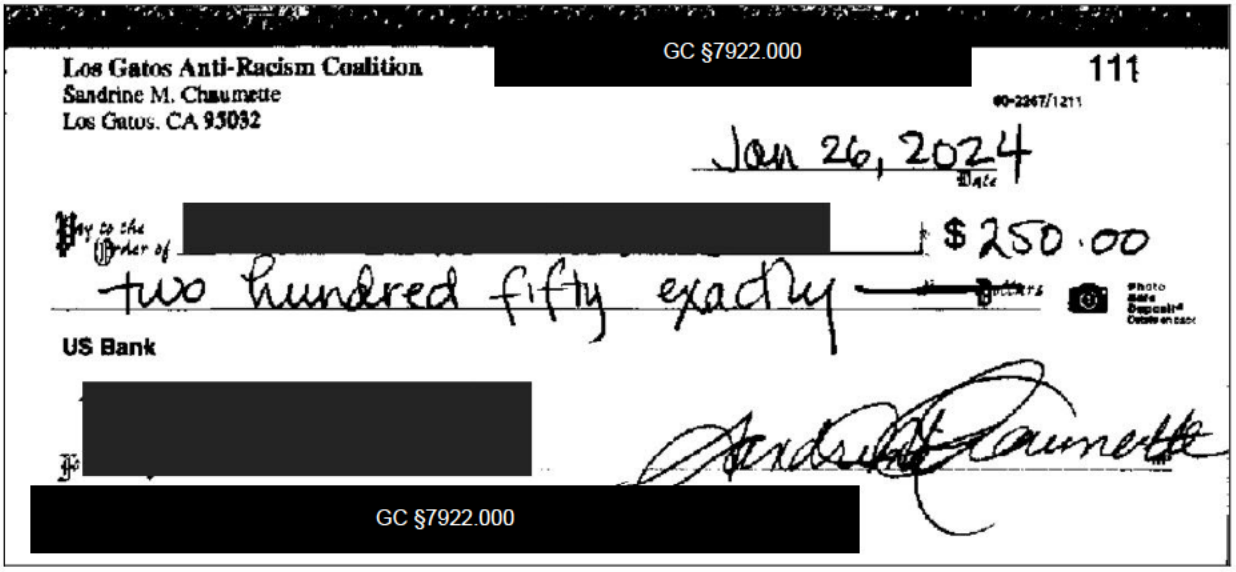
Section 1.3 - Records of Expenditures

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #1



Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Pollard Road.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #2



Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Lark Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #3



Date	Description of Transaction		Ref Number	Amount
[redacted]				
Jan 29	Zelle Instant On 01/27/24	PMT To [redacted] PMT ID=USBI9PYirxW9		500.00-
Jan 29	Zelle Instant On 01/28/24	PMT To [redacted] PMT ID=USBEUpvirQ2b		500.00-
[redacted]				

Above is an extracted image from our January 2024 bank statement under “Other Withdrawals.” This statement shows two Zelle transfers with non-grant-related transactions redacted.

The first of these two unredacted records documents the funds delivered to Rental Assistance Recipient #3.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from Summit Road.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #4

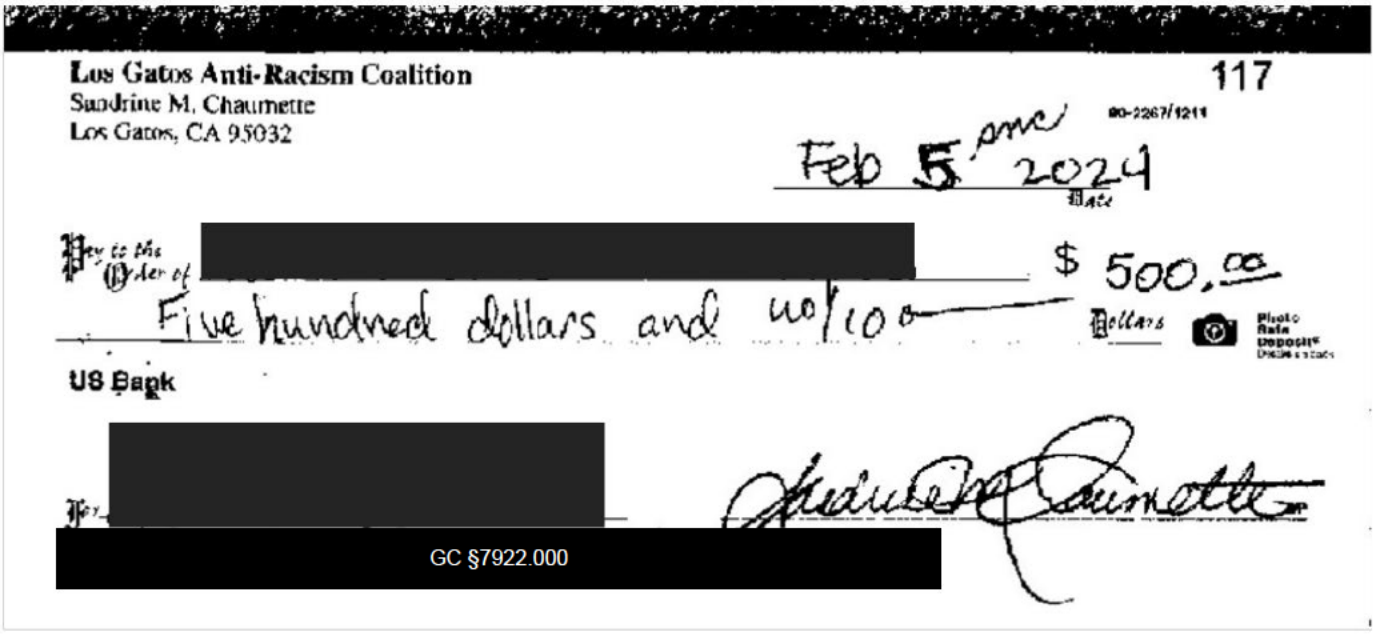
Date	Description of Transaction		Ref Number	Amount
[redacted]				
Jan 29	Zelle Instant On 01/27/24	PMT To [redacted] PMT ID=USBI9PYirxW9		500.00-
Jan 29	Zelle Instant On 01/28/24	PMT To [redacted] PMT ID=USBEUpvirQ2b		500.00-
[redacted]				

Above is an extracted image from our January 2024 bank statement under “Other Withdrawals.” This statement shows two Zelle transfers with non-grant-related transactions redacted.

The second of these two unredacted records documents the funds delivered to Rental Assistance Recipient #4.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from Los Gatos Boulevard.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #5


Los Gatos Anti-Racism Coalition
Sandrine M. Chaumette
Los Gatos, CA 95032

117

80-2267/1211

Feb 5 2024
Date

Pay to the Order of [redacted] $ 500.00

Five hundred dollars and no/100 Dollars

Photo Safe Deposit

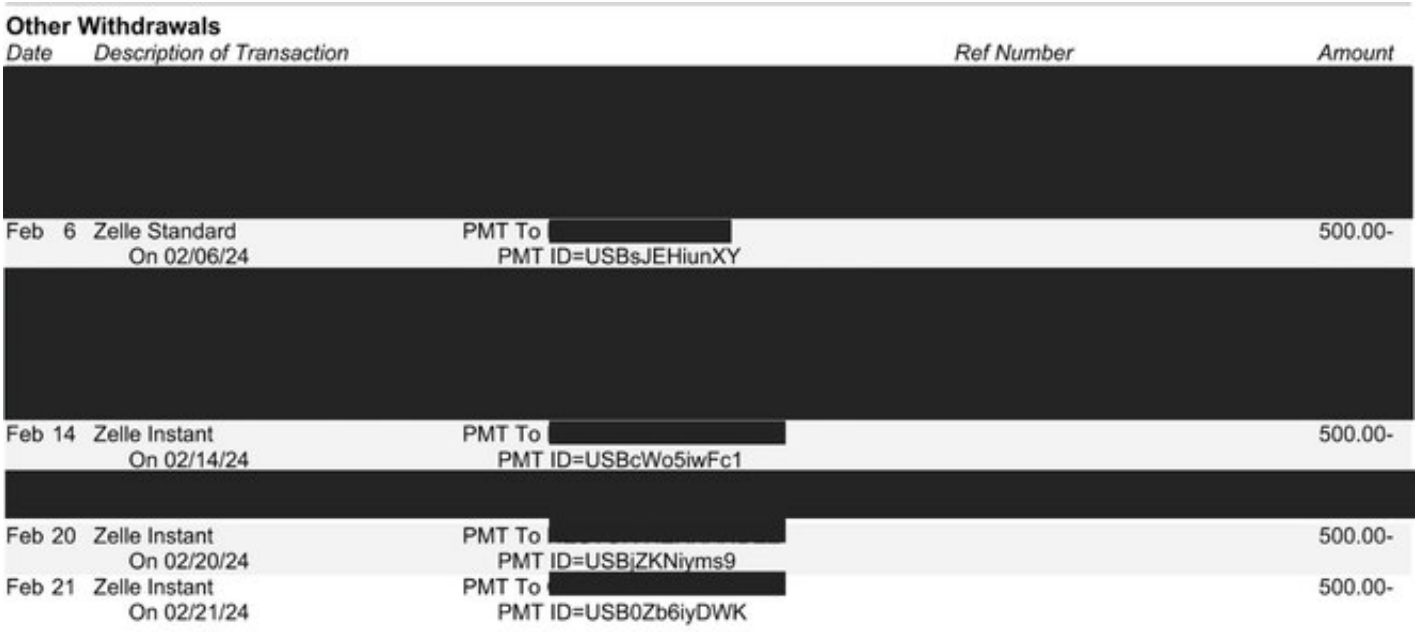
US Bank

For [redacted]

GC §7922.000

Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Boulevard.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #6



Other Withdrawals

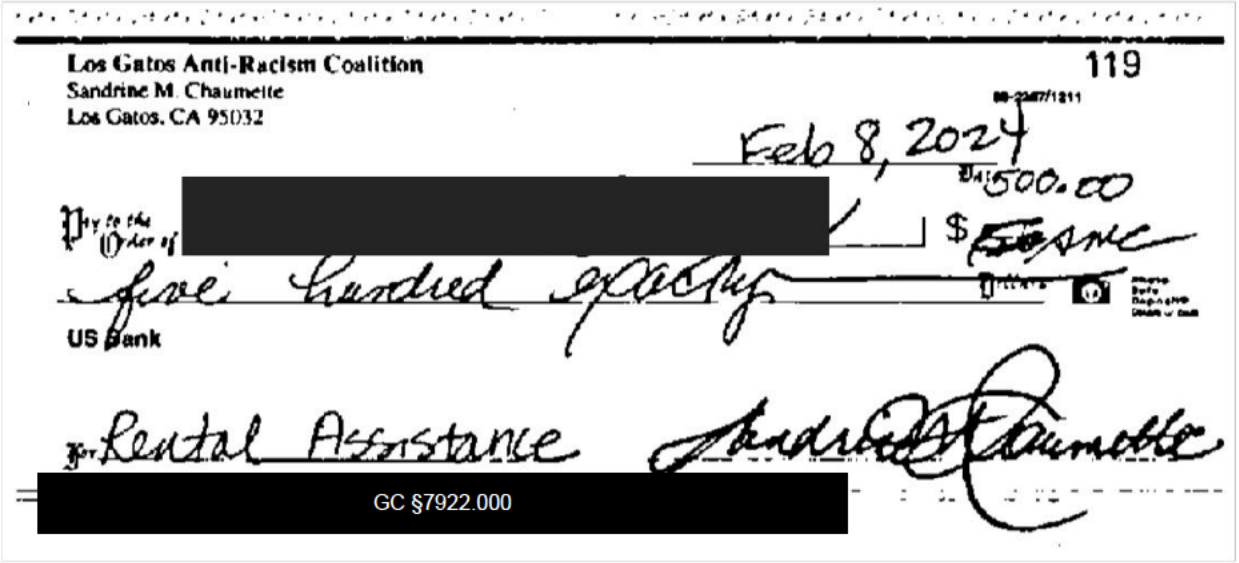
Date	*Description of Transaction*		*Ref Number*	*Amount*
[redacted]				
Feb 6	Zelle Standard On 02/06/24	PMT To [redacted] PMT ID=USBsJEHiunXY		500.00-
[redacted]				
Feb 14	Zelle Instant On 02/14/24	PMT To [redacted] PMT ID=USBcWo5iwFc1		500.00-
[redacted]				
Feb 20	Zelle Instant On 02/20/24	PMT To [redacted] PMT ID=USBjZKNiyms9		500.00-
Feb 21	Zelle Instant On 02/21/24	PMT To [redacted] PMT ID=USB0Zb6iyDWK		500.00-

Above is an extracted image from our February 2024 bank statement under “Other Withdrawals.” This statement shows four Zelle transfers with non-grant-related transactions redacted.

The first of the unredacted records documents the funds delivered to Rental Assistance Recipient #6.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from University Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #7


Los Gatos Anti-Racism Coalition
Sandrine M. Chaumette
Los Gatos, CA 95032

119

Feb 8, 2024

500.00

Pay to the Order of [redacted]

$ [redacted]

five hundred exactly

US Bank

for Rental Assistance

Sandrine M. Chaumette

[redacted] GC §7922.000

Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Boulevard.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #8

Other Withdrawals

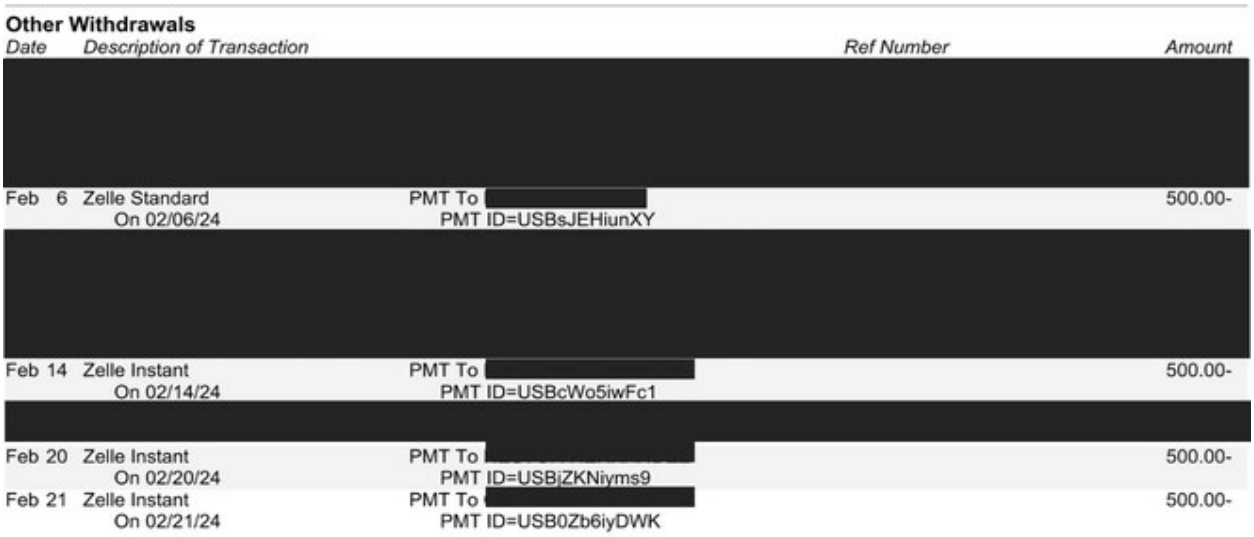
Date	*Description of Transaction*		*Ref Number*	*Amount*
[redacted]				
Feb 6	Zelle Standard On 02/06/24	PMT To [redacted] PMT ID=USBsJEHiunXY		500.00-
[redacted]				
Feb 14	Zelle Instant On 02/14/24	PMT To [redacted] PMT ID=USBcWo5iwFc1		500.00-
[redacted]				
Feb 20	Zelle Instant On 02/20/24	PMT To [redacted] PMT ID=USBjZKNiyms9		500.00-
Feb 21	Zelle Instant On 02/21/24	PMT To [redacted] PMT ID=USB0Zb6iyDWK		500.00-

Above is an extracted image from our February 2024 bank statement under “Other Withdrawals.” This statement shows four Zelle transfers with non-grant-related transactions redacted.

The second of the unredacted records in this statement documents the funds delivered to Rental Assistance Recipient #8.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from Lark Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #9



Other Withdrawals

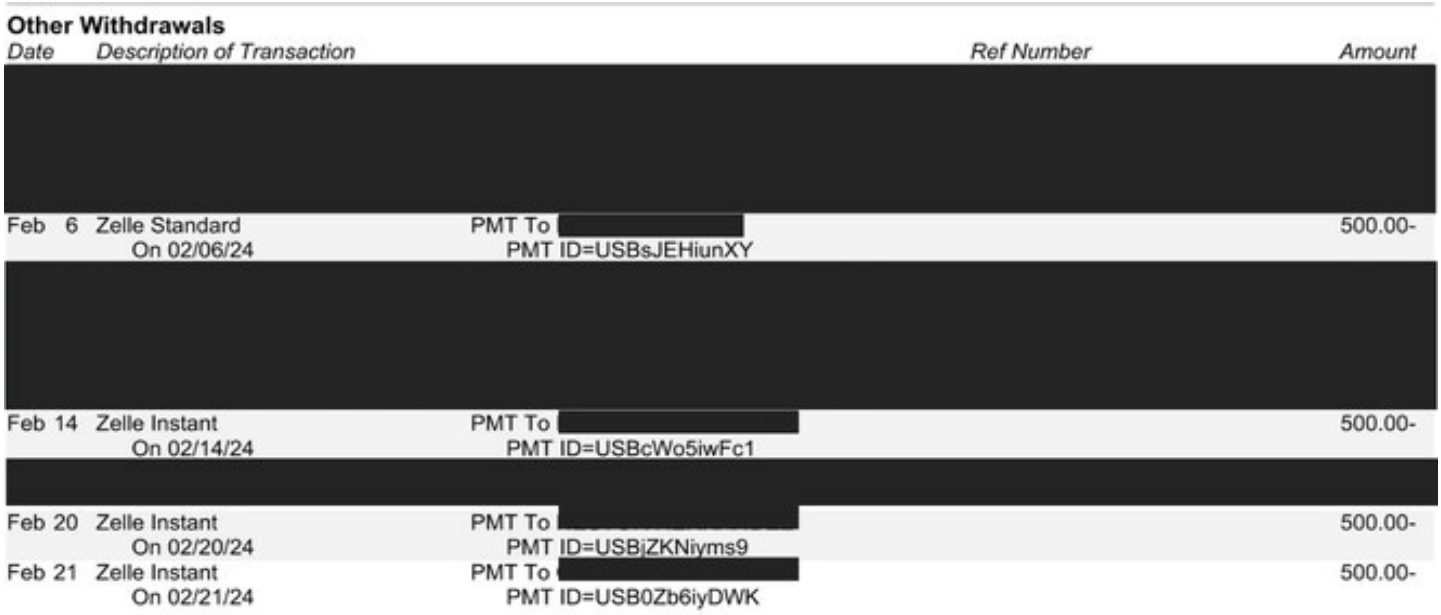
Date	*Description of Transaction*		*Ref Number*	*Amount*
[redacted]				
Feb 6	Zelle Standard On 02/06/24	PMT To [redacted] PMT ID=USBsJEHiunXY		500.00-
[redacted]				
Feb 14	Zelle Instant On 02/14/24	PMT To [redacted] PMT ID=USBcWo5iwFc1		500.00-
[redacted]				
Feb 20	Zelle Instant On 02/20/24	PMT To [redacted] PMT ID=USBjZKNiyms9		500.00-
Feb 21	Zelle Instant On 02/21/24	PMT To [redacted] PMT ID=USB0Zb6iyDWK		500.00-

Above is an extracted image from our February 2024 bank statement under “Other Withdrawals.” This statement shows four Zelle transfers with non-grant-related transactions redacted.

The fourth of the unredacted records in this statement documents the funds delivered to Rental Assistance Recipient #9.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from University Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #10



Other Withdrawals

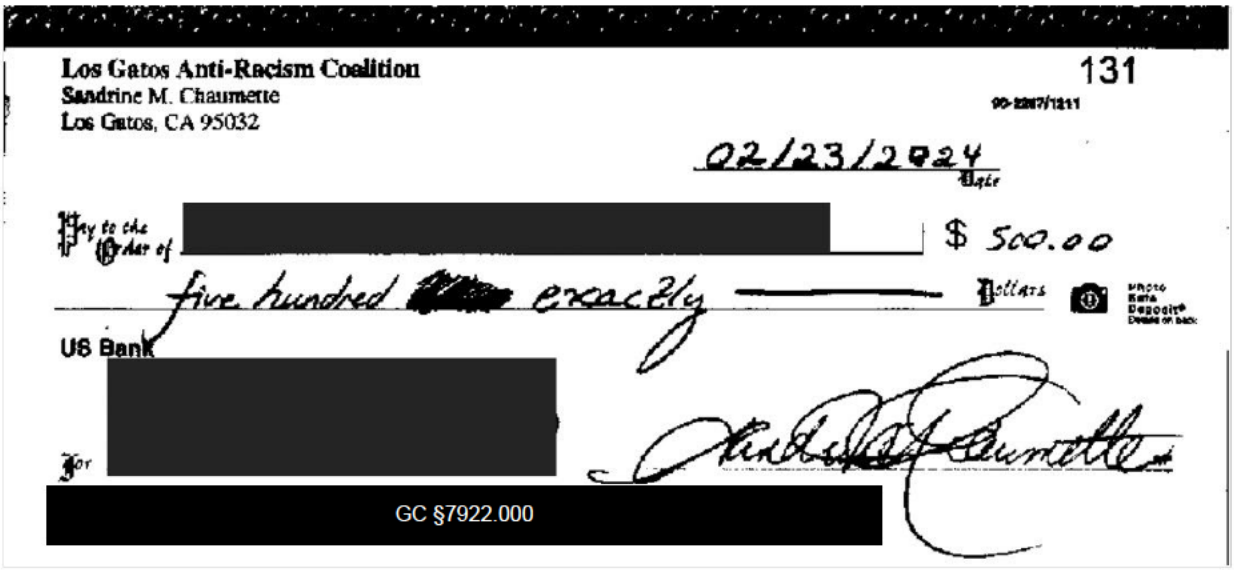
Date	*Description of Transaction*		*Ref Number*	*Amount*
[redacted]				
Feb 6	Zelle Standard On 02/06/24	PMT To [redacted] PMT ID=USBsJEHiunXY		500.00-
[redacted]				
Feb 14	Zelle Instant On 02/14/24	PMT To [redacted] PMT ID=USBcWo5iwFc1		500.00-
[redacted]				
Feb 20	Zelle Instant On 02/20/24	PMT To [redacted] PMT ID=USBjZKNiyms9		500.00-
Feb 21	Zelle Instant On 02/21/24	PMT To [redacted] PMT ID=USB0Zb6iyDWK		500.00-

Above is an extracted image from our February 2024 bank statement under “Other Withdrawals.” This statement shows four Zelle transfers with non-grant-related transactions redacted.

The third of the unredacted records in this statement documents the funds delivered to Rental Assistance Recipient #10.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from Los Gatos Boulevard.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #11


Los Gatos Anti-Racism Coalition
Sandrine M. Chaumette
Los Gatos, CA 95032

131

02/23/2024
Date

Pay to the Order of [redacted] $ 500.00

five hundred [redacted] exactly Dollars

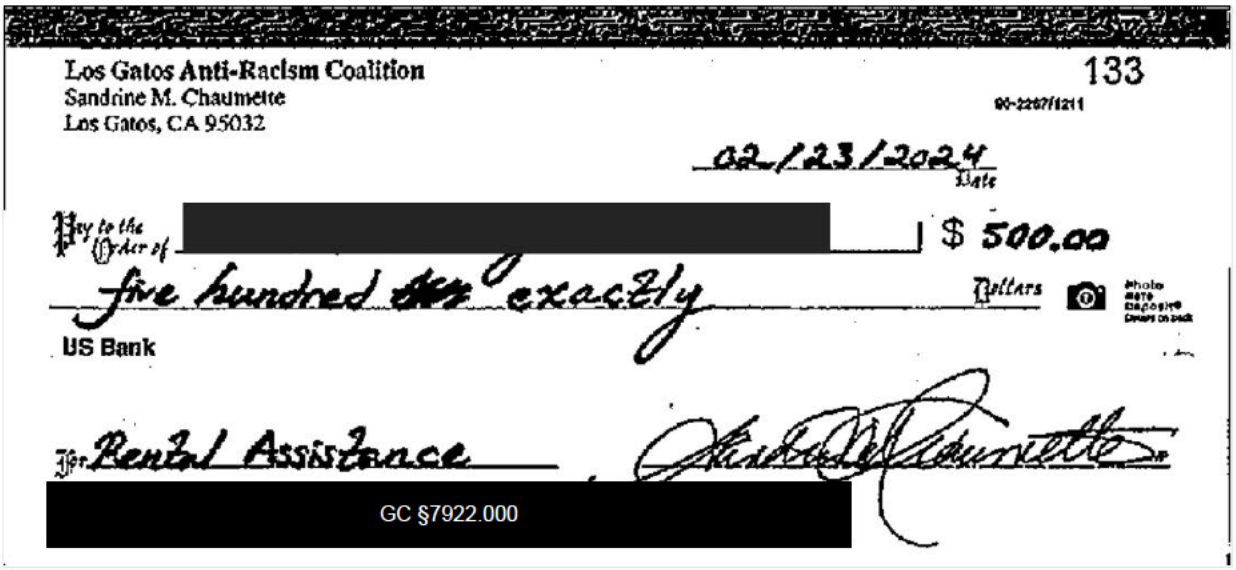
US Bank

For [redacted]

GC §7922.000

Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Lark Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #12


Los Gatos Anti-Racism Coalition
Sandrine M. Chaumette
Los Gatos, CA 95032

133

02/23/2024
Date

Pay to the Order of [redacted] $ 500.00

five hundred exactly Dollars

US Bank

For Rental Assistance

[redacted] GC §7922.000

Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from University Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #3 (Payment 2 of 2)

U.S. Bank National Association

Account Number GC §7922.000

Other Withdrawals (continued)

Date	*Description of Transaction*		*Ref Number*	*Amount*
Feb 26	Zelle Instant On 02/24/24	PMT To [redacted] PMT ID=USBm5WOizvpa		500.00-
Feb 27	Zelle Instant On 02/27/24	PMT To [redacted] PMT ID=USBzQ6eiAmsk		500.00-
Feb 29	Zelle Instant On 02/29/24	PMT To [redacted] PMT ID=USBylDdiAVqx		500.00-

Above is an extracted image from our February 2024 bank statement under “Other Withdrawals.” This statement shows three Zelle transfers. The first of the unredacted records in this statement documents the funds delivered to Rental Assistance Recipient #3, the second time we provided rental assistance for this applicant.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from Summit Road.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #13

U.S. Bank National Association **Account Number** GC §7922.000

Other Withdrawals (continued)

Date	*Description of Transaction*		*Ref Number*	*Amount*
Feb 26	Zelle Instant On 02/24/24	PMT To [redacted] PMT ID=USBm5WOizvpa		500.00-
Feb 27	Zelle Instant On 02/27/24	PMT To [redacted] PMT ID=USBzQ6eiAmsk		500.00-
Feb 29	Zelle Instant On 02/29/24	PMT To [redacted] PMT ID=USByIDdiAVqx		500.00-

Above is an extracted image from our February 2024 bank statement under "Other Withdrawals." This statement shows three Zelle transfers. The second of the unredacted records in this statement documents the funds delivered to Rental Assistance Recipient #13.

Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Blossom Hill Road.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #14

U.S. Bank National Association **Account Number** GC §7922.000

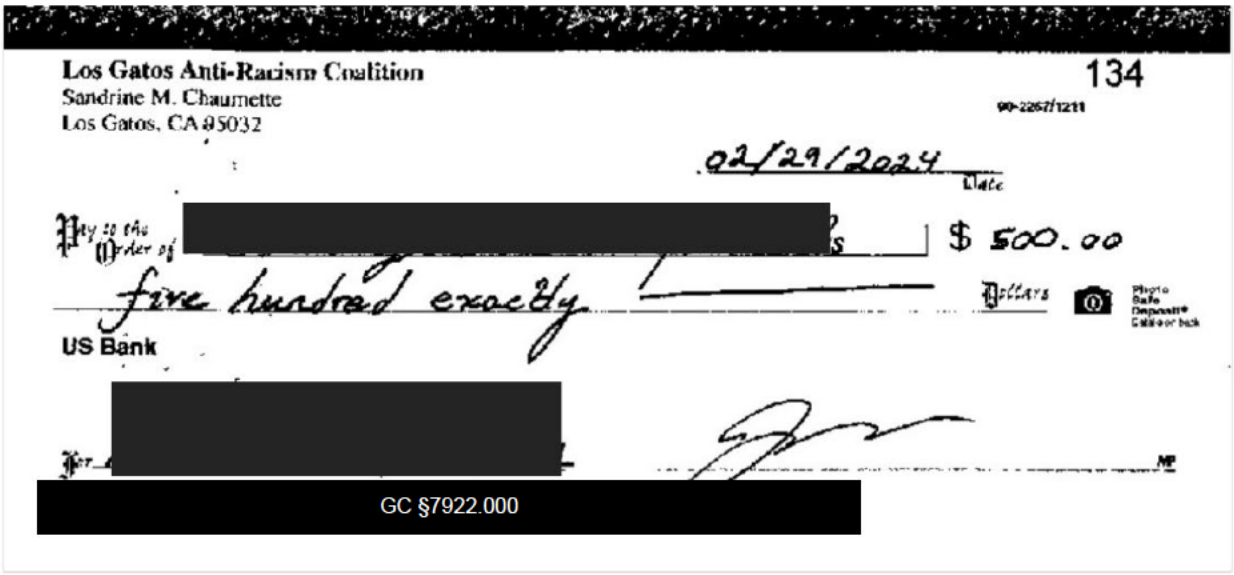
Other Withdrawals (continued)

Date	*Description of Transaction*		*Ref Number*	*Amount*
Feb 26	Zelle Instant On 02/24/24	PMT To [redacted] PMT ID=USBm5WOizvpa		500.00-
Feb 27	Zelle Instant On 02/27/24	PMT To [redacted] PMT ID=USBzQ6eiAmsk		500.00-
Feb 29	Zelle Instant On 02/29/24	PMT To [redacted] PMT ID=USByIDdiAVqx		500.00-

Above is an extracted image from our February 2024 bank statement under "Other Withdrawals." This statement shows three Zelle transfers. The third of the unredacted records in this statement documents the funds delivered to Rental Assistance Recipient #14.

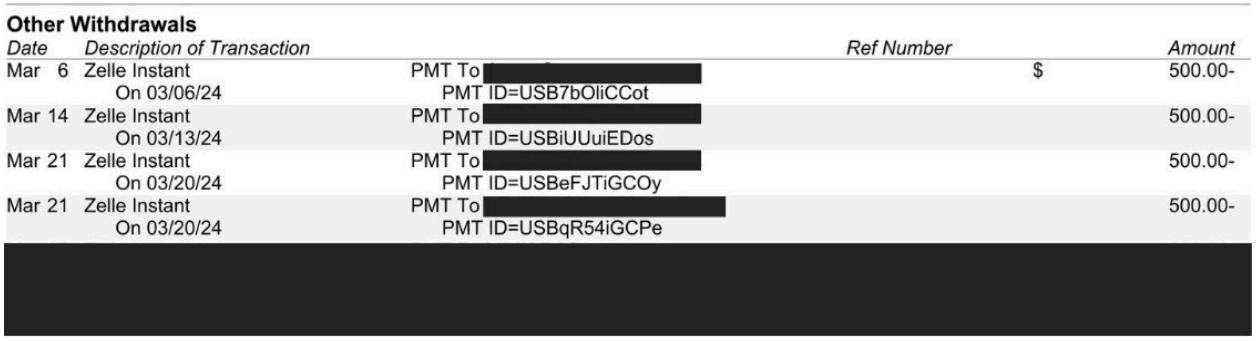
Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Knowles Drive.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
***Rental Assistance* Recipient #5 (Payment 2 of 2)**



Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Boulevard.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
***Rental Assistance* Recipient #15**



Other Withdrawals

Date	*Description of Transaction*		*Ref Number*		*Amount*
Mar 6	Zelle Instant On 03/06/24	PMT To [redacted] PMT ID=USB7bOliCCot		$	500.00-
Mar 14	Zelle Instant On 03/13/24	PMT To [redacted] PMT ID=USBiUUuiEDos			500.00-
Mar 21	Zelle Instant On 03/20/24	PMT To [redacted] PMT ID=USBeFJTiGCOy			500.00-
Mar 21	Zelle Instant On 03/20/24	PMT To [redacted] PMT ID=USBqR54iGCPe			500.00-

[redacted]

Above is an extracted image from our March 2024 bank statement under “Other Withdrawals.” This statement shows four Zelle transfers. The first of the unredacted records in this statement documents the funds delivered to Rental Assistance Recipient #15.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from Lark Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
***Rental Assistance* Recipient #16**

Other Withdrawals

Date	*Description of Transaction*		*Ref Number*		*Amount*
Mar 6	Zelle Instant On 03/06/24	PMT To [redacted] PMT ID=USB7bOliCCot		$	500.00-
Mar 14	Zelle Instant On 03/13/24	PMT To [redacted] PMT ID=USBiUUuiEDos			500.00-
Mar 21	Zelle Instant On 03/20/24	PMT To [redacted] PMT ID=USBeFJTiGCOy			500.00-
Mar 21	Zelle Instant On 03/20/24	PMT To [redacted] PMT ID=USBqR54iGCPe			500.00-

[redacted]

Above is an extracted image from our March 2024 bank statement under “Other Withdrawals.” This statement shows four Zelle transfers.

The second of the unredacted records in this statement documents the funds delivered to Rental Assistance Recipient #16.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from Summit Road.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #17

Other Withdrawals

Date	*Description of Transaction*		*Ref Number*		*Amount*
Mar 6	Zelle Instant On 03/06/24	PMT To [redacted] PMT ID=USB7bOliCCot		$	500.00-
Mar 14	Zelle Instant On 03/13/24	PMT To [redacted] PMT ID=USBiUUuiEDos			500.00-
Mar 21	Zelle Instant On 03/20/24	PMT To [redacted] PMT ID=USBeFJTiGCOy			500.00-
Mar 21	Zelle Instant On 03/20/24	PMT To [redacted] PMT ID=USBqR54iGCPe			500.00-

[redacted]

Above is an extracted image from our March 2024 bank statement under “Other Withdrawals.” This statement shows four Zelle transfers.

The third of the unredacted records in this statement documents the funds delivered to Rental Assistance Recipient #17.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from University Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #18

Other Withdrawals

Date	*Description of Transaction*		*Ref Number*		*Amount*
Mar 6	Zelle Instant On 03/06/24	PMT To [redacted] PMT ID=USB7bOliCCot		$	500.00-
Mar 14	Zelle Instant On 03/13/24	PMT To [redacted] PMT ID=USBiUUuiEDos			500.00-
Mar 21	Zelle Instant On 03/20/24	PMT To [redacted] PMT ID=USBeFJTiGCOy			500.00-
Mar 21	Zelle Instant On 03/20/24	PMT To [redacted] PMT ID=USBqR54iGCPe			500.00-

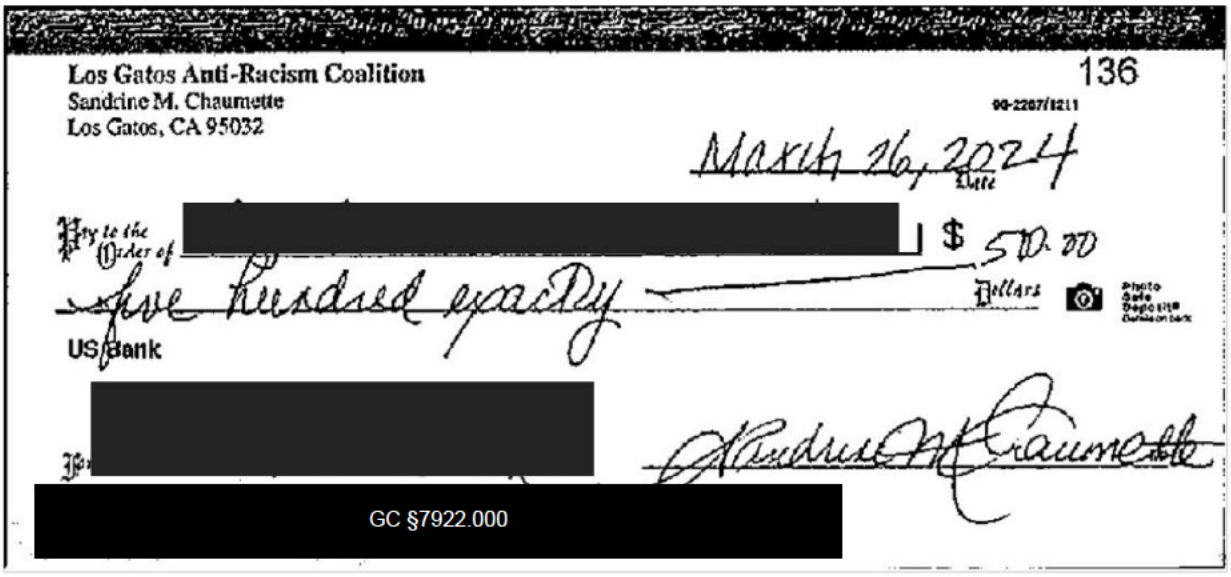
[redacted]

Above is an extracted image from our March 2024 bank statement under “Other Withdrawals.” This statement shows four Zelle transfers.

The fourth of the unredacted records in this statement documents the funds delivered to Rental Assistance Recipient #18.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from University Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #19


Los Gatos Anti-Racism Coalition
Sandrine M. Chaumette
Los Gatos, CA 95032

136

90-2287/1211

March 26, 2024
Date

Pay to the Order of [redacted] $ 500.00

Five Hundred exactly Dollars

US Bank

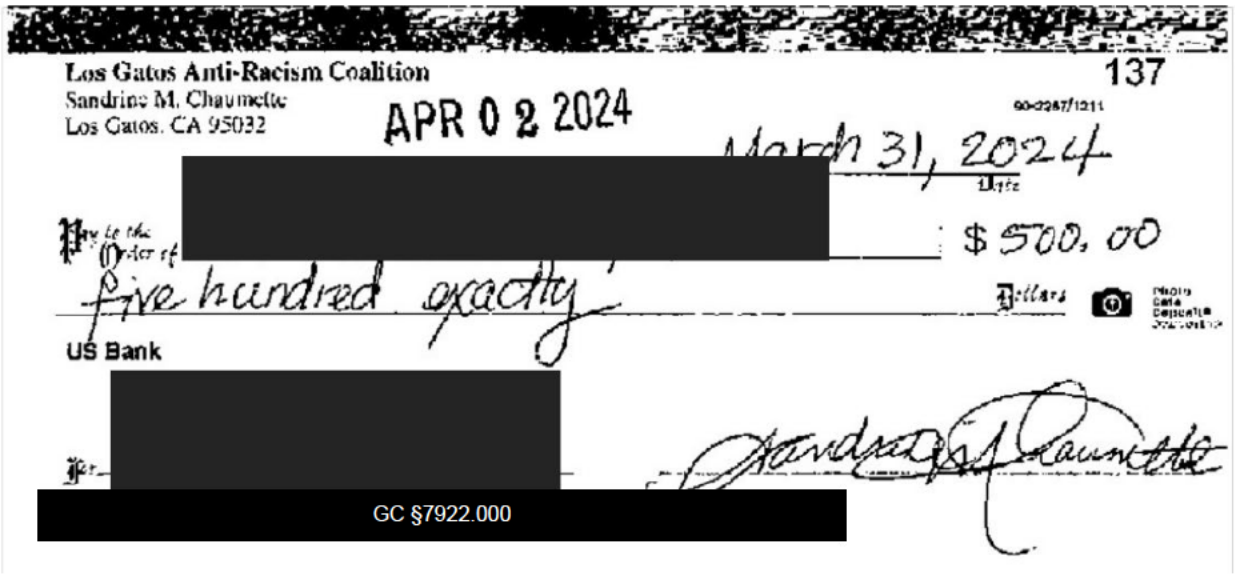
[redacted]

Sandrine M. Chaumette

[redacted] GC §7922.000

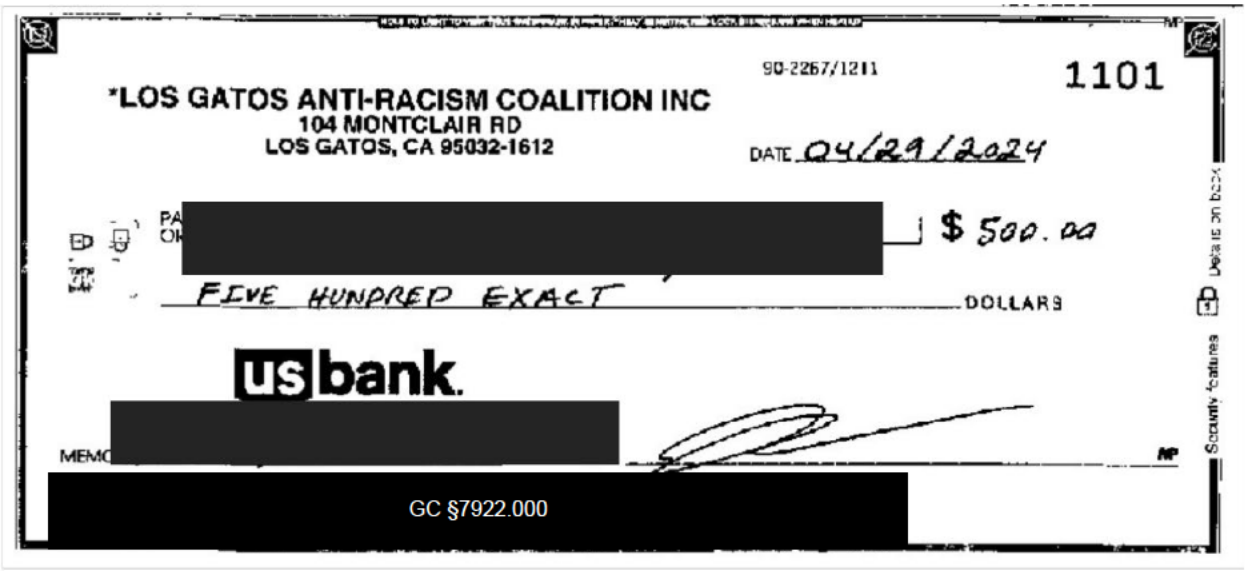
Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Wedgewood Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #9 (Payment 2 of 2)



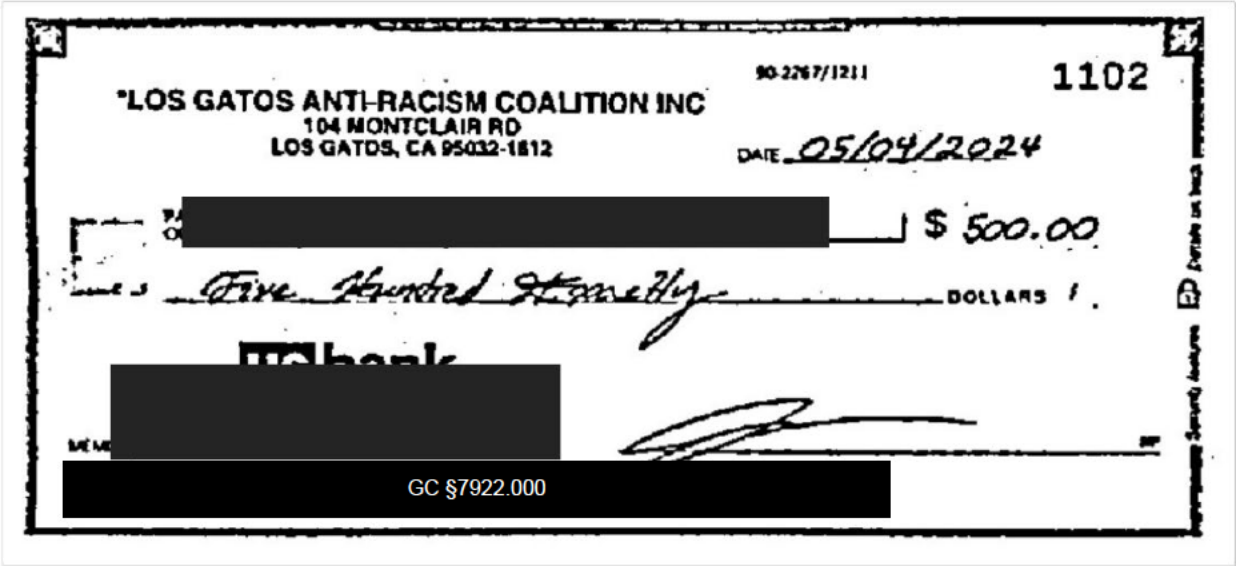
Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Knowles Drive.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #20



Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Boulevard.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #21



Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Boulevard.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #22

Other Withdrawals

Date	*Description of Transaction*		*Ref Number*		*Amount*
May 24	Zelle Instant On 05/24/24	PMT To [redacted] PMT ID=USBsvMbiZ1fx		$	500.00-

Above is an extracted image from our May 2024 bank statement under “Other Withdrawals,” which shows the rental assistance given to Recipient #22.

Note that while the table provided in Section 1.1 stated that the amount of grant funds used was $250. The above record shows that the total amount of rental assistance provided by LGARC was $500.

Additional Context	Description
Approximate Street of Recipient’s Residence	A street accessible from Los Gatos Boulevard.

Redaction Log

Reason	Page (# of occurrences)	Description
GC §7922.000	**4** (1) **5** (2) **8** (1) **10** (1) **14** (1) **15** (1) **16** (1) **17** (1) **18** (1) **19** (1) **24** (1) **25** (1) **26** (1) **27** (1)	Government Code §7922.000 The agency shall justify withholding any record by demonstrating that the record in question is exempt under express provisions of this chapter or that on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record. The email associated with the release of these documents will contain the reason(s) for redaction.

Report: Audit Documentation for Grant FY 2024-2025

Los Gatos Anti-Racism Coalition

Section 1.1 - Line-by-Line Expenditures

For comprehensibility and convenience, we, the Los Gatos Anti-Racism Coalition, provide two tables below to summarize the use of grant funds during the period June 30, 2024 through July 2025. All records that include the phrase “(Payment [number] of [number])” indicate a household served multiple times during the grant period. Records that do not include this phrase indicate a household that was served exactly once during the grant period.

These grant funds were spent on two categories: [1] expenses associated with administering our rental assistance program, including the rental assistance transfers and postage and [2] other expenses, including printed promotional materials to spread community awareness and survey incentives to understand the impact of the rental assistance provided during the previous grant cycle.

The two tables summarizing these two categories of spending are provided on the next page.

Table 1: Grant Fund Use - Rental Assistance Expenditures

Date	Grant Fund Expenditure	Grant Funds Used	Image Available on Page #
9/10/2024	Recipient 1	$500	5
9/12/2024	Recipient 2	$500	6
1/17/2025	Recipient 3	$500	7
1/31/2025	Recipient 4	$500	8
2/7/2025	Recipient 5 (Payment 1 of 2)	$600	9
3/5/2025	Recipient 6	$1,000	10
4/2/2025	Recipient 5 (Payment 2 of 2)	$1,676	11
4/21/2025	Recipient 7	$800	12
5/29/2025	Recipient 8	$1,300	13
6/17/2025	Postage Stamps	$17	14
Grant Funds Spent (Rental Assistance)			$7,393.00

Table 2: Rental Assistance Grant Fund Usage - Other Expenses

Date	Grant Fund Expenditure	Grant Funds Used	Image Available on Page #
7/31/2024	Rental Assistance Reports	$120.00	15-16
3/26/2025	Survey Respondent Payment 1	$23.95	17-18
3/31/2025	Survey Respondent Payment 2	$20.00	19
4/18/2025	Survey Respondent Payment 3	$20.00	20
5/6/2025	Survey Respondent Payment 4	$20.00	21
5/6/2025	Survey Respondent Payment 5	$20.00	22
5/14/2025	Rental Assistance Flyers	$270.00	23-24
Grant Funds Spent - Other Expenses			$493.95
Total Grant Funds Spent (Including Table 1 & 2)			$7,886.95

Section 1.2 - Disclaimers Regarding Produced Documentation

To comply with the instructions provided to us regarding the production of all back-up documentation, the Los Gatos Anti-Racism Coalition (“LGARC”) has been requested to provide copies of all receipts, invoices, or other records or documents supporting each expenditure, which are provided in Section 1.3.

LGARC provides the following disclosure:

1. To ensure that we are best able to establish trust with applicants to rental assistance resources, both LGARC and SVdP have policies that prohibit them from releasing specific information about applicants without their explicit consent. These policies are standard in agencies that administer financial resources, often requiring a Statement of Information or another form of consent from clients prior to divulging sensitive information. We redact all personally identifying information relating to rental assistance that could be used to discern the precise identities of program recipients, including, but not limited to, program recipient names, landlord information, and specific addresses. Nevertheless, recognizing that entirely redacted records are not particularly informative, we provide an approximate location regarding the households served by providing a nearby street of the residence.

2. The full grant amount of $12,500 was not spent during this period, primarily for the reasons stated in our filed grant report in 2024-2025: [1] lost connections due to employee attrition at other non-profit organizations who referred applicants to our program in the previous year and [2] early adherence to our policy that individual rental assistance applications should be for a maximum of $500, a policy that was amended when the flow of applications arrived at a pace lower than the previous grant cycle. We anticipated a higher number of applicants than we received this cycle, since we used all of our grant funds with this maximum in place during the previous cycle. On July 30, 2025, these unspent grant funds were returned to the Town of Los Gatos via a check delivered in person to the Library Director, Ryan Baker, at the Los Gatos Library. This check was cashed on August 27, 2025.

3. LGARC’s application for this grant states that it intends to disburse rental assistance by “directly transferring money to the applicant’s bank account,” aiming to establish a program as tenant-friendly as possible. Zelle was the primary vehicle for these direct transfers. However, banks do not store individual Zelle receipts after twelve months. Prior to filing this report, Jeff Suzuki visited US Bank, which hosts our checking account, to procure these individual records. The representative at the bank stated that longer-term

records were only available in the form of monthly bank statements, which should provide the necessary records for approval. Therefore, the rental assistance Zelle records produced for this report are images of the relevant segments of our bank statements that record these transactions under the section "Other Withdrawals."

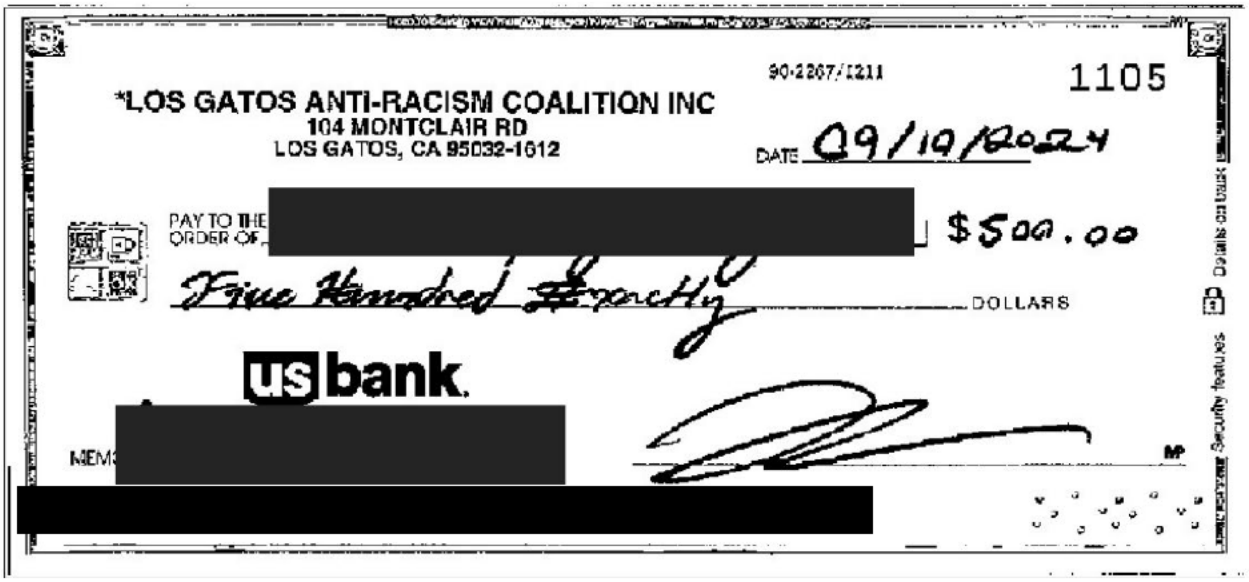
4. As noted in our grant application, a portion of these grant funds were dedicated to conduct a survey using survey incentives. We emailed previous applicants of the program to provide updates on their general situation. This survey was sent out to previous applicants of the rental assistance program in Los Gatos. To compensate these survey respondents for their time and effort and to incentivize responses, we offered to send $20 via the following channels: a Zelle payment, a digital Visa gift card, or a physical Visa gift card. Alternatively, survey respondents were also given the choice to refuse the survey incentive. There were 5 respondents from the 2023-2024 grant cycle, and all had chosen a form of payment. 4 of them requested a direct Zelle transfer. 1 requested a physical gift mailed to their address. These Zelle receipts provided from these surveys come from the *Transaction* tab of the website, as opposed to our bank statements. Unlike for rental assistance cases, these Zelle transactions were saved when they were sent out.[1]

5. Any and all further inquiries regarding the materials herein may be directed to the LGARC's official email address for its rental assistance program: rentalassistance@lgarc.org.

Section 1.3 - Records of Expenditures

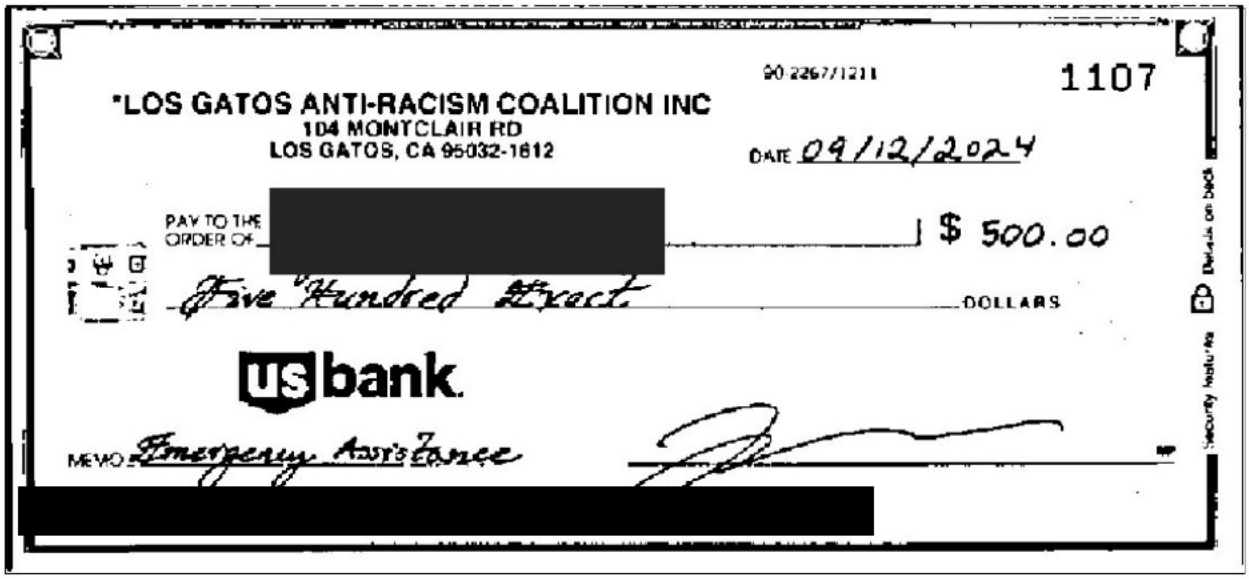
Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #1

[1] The difference in the record types for Zelle transfers (i.e., bank statements and transaction images) lies in the fact that individuals involved in administering the survey and the case managers of the program were distinct. Besides Jeff Suzuki, one other case manager had access to the LGARC bank account and could verify for themselves that rental assistance was delivered to the applicant. Meanwhile, the primary volunteer responsible for administering the survey did not have access to this bank account. As a result, Jeff Suzuki stored these images as visual proof to the survey administrator that the Zelle survey incentive was sent out.



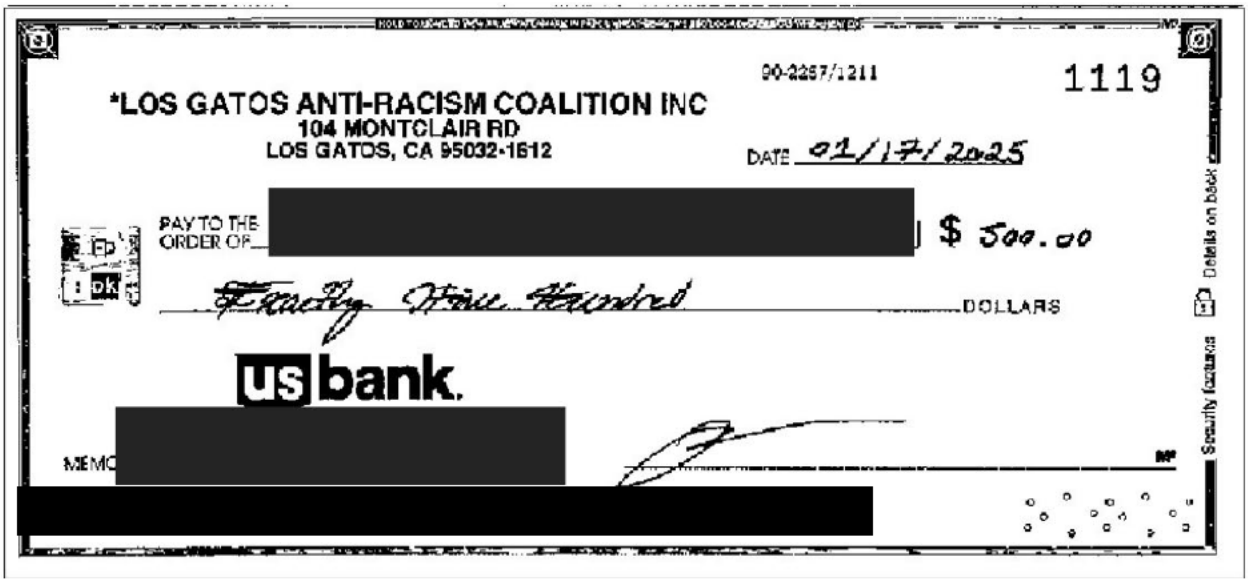
Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Almaden Road.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #2



Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Boulevard.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #3



Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from University Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #4

Feb 3	Zelle Instant On 01/31/25	PMT To [redacted] PMT ID=USBwZirn2FvW	$	500.00-

Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Main Street.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #5 (Payment 1 of 2)

Feb 10 Zelle Instant PMT To [redacted] 600.00-
On 02/07/25 PMT ID=USBGIxHn4EH2

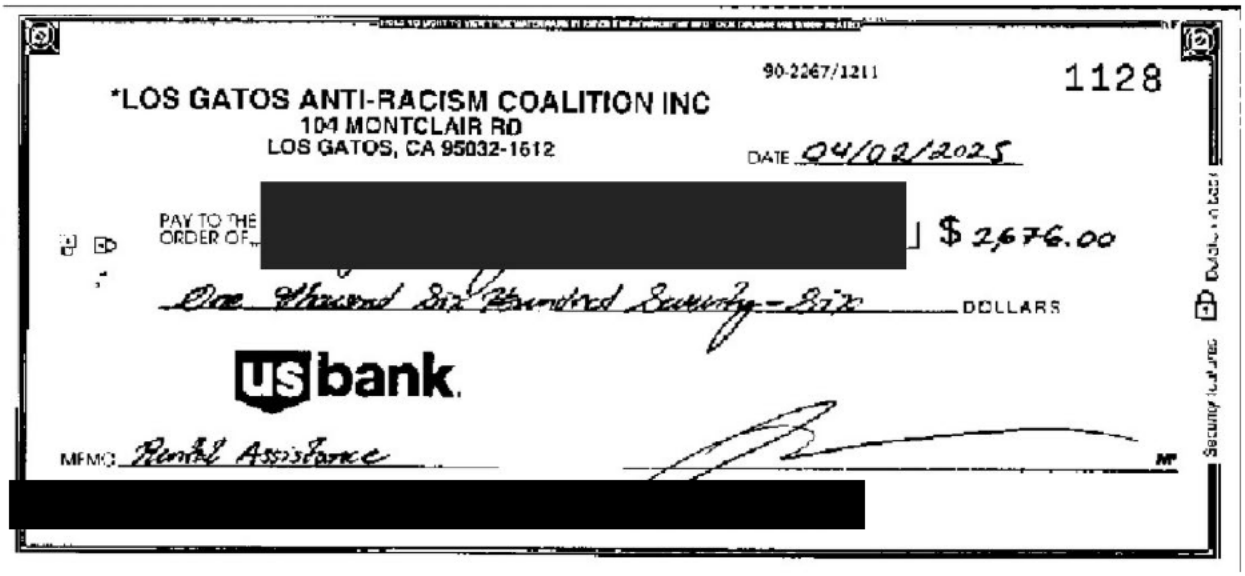
Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Boulevard.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #6



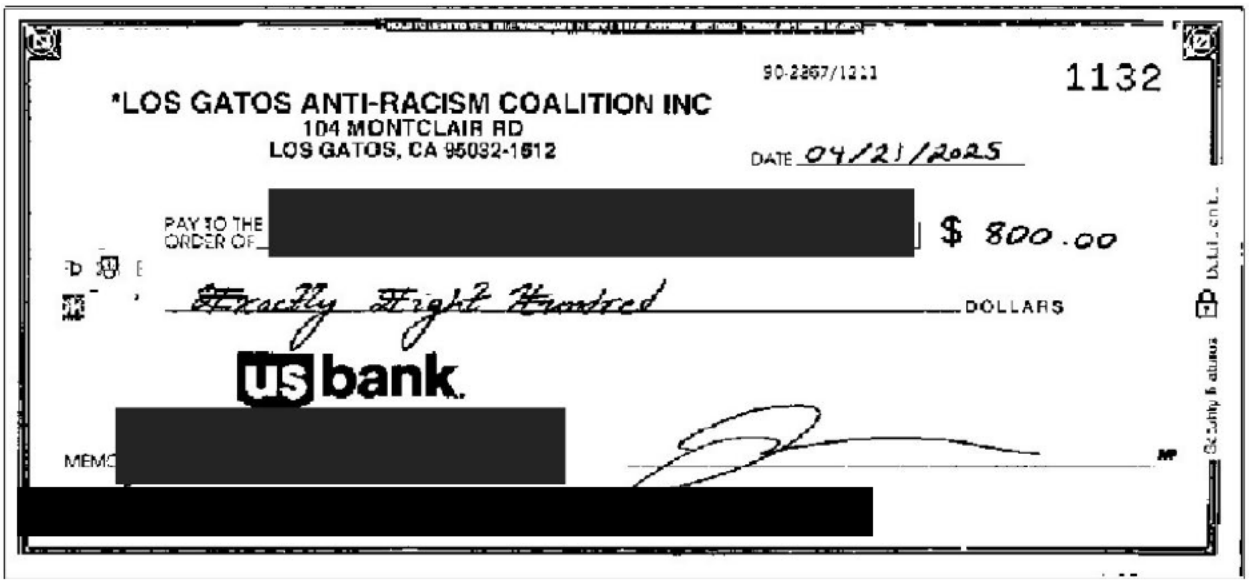
Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Boulevard.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #5 (Payment 2 of 2)



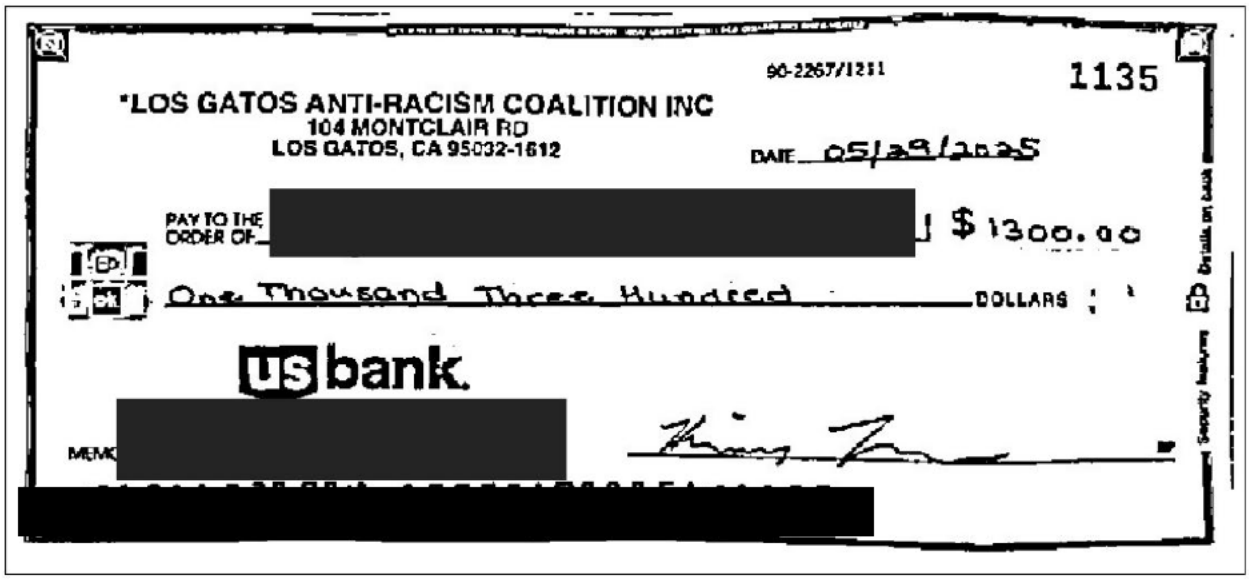
Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Boulevard.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #7



Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Summit Road.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #8



Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from University Avenue.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance: Postage Stamps

Below is a receipt for 20 stamps ordered from the United States Postal Service.

UNITED STATES POSTAL SERVICE®

EMERYVILLE
1585 62ND ST
EMERYVILLE, CA 94608-2039
www.usps.com

06/17/2025 09:16 AM

Product	Qty	Unit Price	Price
SP Brst Cncr	20	$0.85	$17.00

Grand Total: $17.00

Credit Card Remit $17.00
Card Name: VISA
Account #: XXXXXXXXXXXX1315
Approval #: 010322
Transaction #: 289
AID: A0000000980840 Contactless
AL: US DEBIT

TO REPORT AN ISSUE
Visit https://emailus.usps.com

A portion of this sale is a contribution.
The fair market value of the postage portion of the indicated stamps equals the First-Class postage rate.

PREVIEW YOUR MAIL AND PACKAGES
Sign up for FREE at
https://informeddelivery.usps.com

All sales final on stamps and postage.
Refunds for guaranteed services only.
Thank you for your business.

Customer Service
1-800-ASK-USPS
Agents do not have any additional information other than what is provided on USPS.com.

Tell us about your experience.
Go to: https://postalexperience.com/pos?mt=9
or call 1-800-410-7420.

UFN: 055518-0013
Receipt #: 840-59450092-1-7244875-1
Clerk: 01

Privacy Act Statement: Your information will be used to provide you with an electronic receipt for your purchase transaction via email. Collection is authorized by 39 USC 401, 403, and 404. Providing the information is voluntary, but if not provided, we will be unable to process your request to receive an electronic receipt. We do not disclose your information to third parties without your consent, except to facilitate the transaction, to act on your behalf or request, or as legally required. This includes the following limited circumstances: to a congressional office on your behalf; to financial entities regarding financial transaction issues; to a U.S. Postal Service auditor; to entities, including law enforcement, as required by law or in legal proceedings; to contractors and other entities aiding us to fulfill the service (service providers); to process servers; to domestic government agencies if needed as part of their duties; and to a foreign government agency for violations and alleged violations of law. For more information on our privacy policies visit www.usps.com/privacypolicy.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Reports Receipt

Below is an email exchange that documents an order from Canva, a company that enables users to design materials on their website and purchase physical copies. Below is an email chain documenting an expense made to order 10 copies of an impact report of the Los Gatos Anti-Racism Coalition's Rental Assistance Program from 2023-2024.[2] A digital version of this report is available at https://lgarc.org/rental-assistance/, bottom of the page.

The sender of this email, who prefers to remain anonymous, is a volunteer of the Los Gatos Anti-Racism Coalition. In this email exchange, they offer to pay for these 10 copies out-of-pocket. Nevertheless, this volunteer was reimbursed from LGARC's bank account.

Part 1 of 1: Rental Assistance Reports Receipt

[redacted] Wed, Jul 31, 2024 at 9:12 AM
To: antiracism.lg@gmail.com

Here you go! Per my note in Slack, I'm happy to just pay for these, but if we have dedicated funds for printing to spend down and want to use the $120 towards more discretionary stuff, I'm also fine getting reimbursed and contributing the $120 to another part of the program that is less directly funded.

---------- Forwarded message ---------
From: [redacted]
Date: Wed, Jul 31, 2024 at 9:08 AM
Subject: Fwd: Your Canva invoice
To: [redacted]

---------- Forwarded message ---------
From: **Canva** <no-reply@canva.com>
Date: Wed, Jul 31, 2024 at 9:05 AM
Subject: Your Canva invoice
To: [redacted]



Your invoice

Thank you for your purchase! Your invoice details are below.

INVOICE	DATE OF ISSUE
04229-50032973	Jul 31, 2024

[2] Since our program was approximately 1 year old, starting in June 2023, our program remained unknown to many residents in Los Gatos and organizations operating in the town. These reports were used to provide background on our program to organizations in Los Gatos and prominent individuals who had connections to organizations specializing in social work.

Part 1 of 2: Rental Assistance Reports Receipt

BRAND ID	BILLED TO
[redacted]	

Details

ITEM		AMOUNT
Print items		$120.00
Shipping		$0.00
	Charged:	**$120.00**

View details | View all invoices



Did you know?

A bolt of lightning is five times hotter than the sun.

You're receiving this email because you have a Canva account. This email is not a marketing or promotional email. That is why this email does not contain an unsubscribe link. You will receive this email even if you have unsubscribed from Canva's marketing emails.

Canva

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Survey Respondent Payment #1

Survey respondent requested a Vanilla gift card, a type of cash-equivalent Visa gift card, as their chosen survey incentive. The survey administrator, a volunteer with the Los Gatos Anti-Racism Coalition, paid for this gift card receipt out of pocket and was subsequently reimbursed.

Fwd: Your Vanilla Gift Order Is On Its Way 006453127

[redacted] Wed, May 14, 2025 at 6:41 PM

Here is the gift card receipt!

[redacted]

---------- Forwarded message ---------
From: **VanillaGift.com** <noreply@orders.vanillagift.com>
Date: Wed, Mar 26, 2025 at 11:01 AM
Subject: Your Vanilla Gift Order Is On Its Way 006453127
[redacted]

Vanilla gift

Your Vanilla Gift Order Is On Its Way

Hello [redacted]

We have emailed your Vanilla Gift Card **order #006453127.**

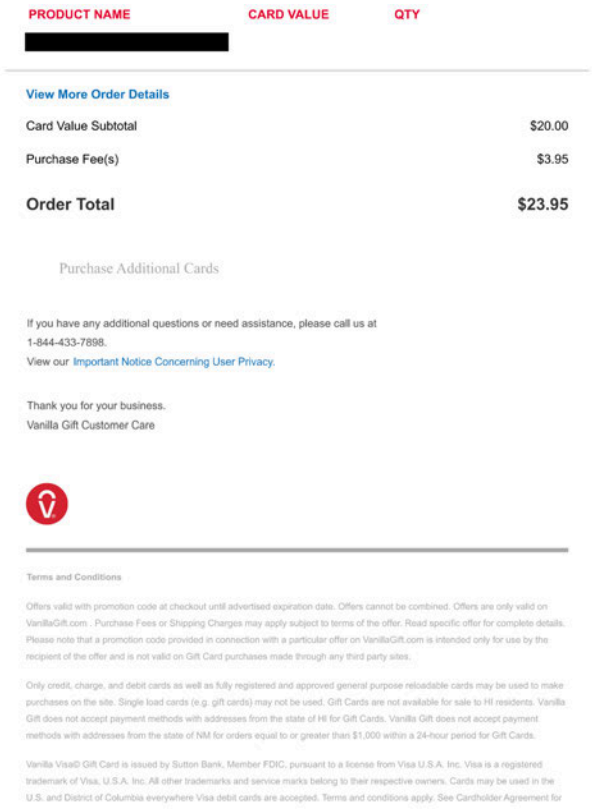
Have the recipient check their spam or junk folder and allow up to **24 hours** for the email to arrive.

Need to edit, change, or resend the recipient's eGift email? Change/Resend Email

PRODUCT NAME	CARD VALUE	QTY
	$20.00	1

Thanks Angled eGift Card
By E-Mail

Email Recipient:



PRODUCT NAME [redacted] CARD VALUE QTY

View More Order Details

Card Value Subtotal $20.00

Purchase Fee(s) $3.95

Order Total **$23.95**

Purchase Additional Cards

If you have any additional questions or need assistance, please call us at 1-844-433-7898.
View our Important Notice Concerning User Privacy.

Thank you for your business.
Vanilla Gift Customer Care

Terms and Conditions

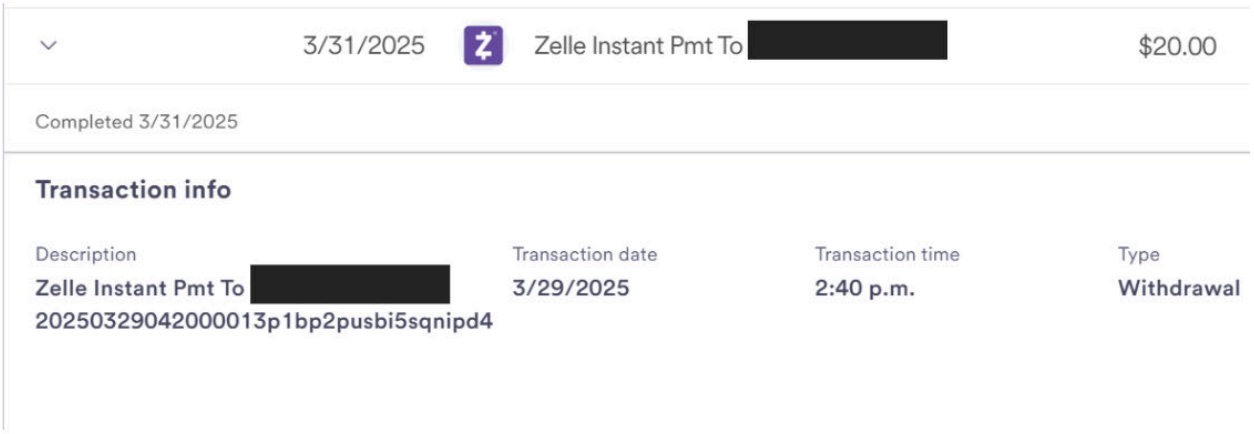
Offers valid with promotion code at checkout until advertised expiration date. Offers cannot be combined. Offers are only valid on VanillaGift.com . Purchase Fees or Shipping Charges may apply subject to terms of the offer. Read specific offer for complete details. Please note that a promotion code provided in connection with a particular offer on VanillaGift.com is intended only for use by the recipient of the offer and is not valid on Gift Card purchases made through any third party sites.

Only credit, charge, and debit cards as well as fully registered and approved general purpose reloadable cards may be used to make purchases on the site. Single load cards (e.g. gift cards) may not be used. Gift Cards are not available for sale to HI residents. Vanilla Gift does not accept payment methods with addresses from the state of HI for Gift Cards. Vanilla Gift does not accept payment methods with addresses from the state of NM for orders equal to or greater than $1,000 within a 24-hour period for Gift Cards.

Vanilla Visa® Gift Card is issued by Sutton Bank, Member FDIC, pursuant to a license from Visa U.S.A. Inc. Visa is a registered trademark of Visa, U.S.A. Inc. All other trademarks and service marks belong to their respective owners. Cards may be used in the U.S. and District of Columbia everywhere Visa debit cards are accepted. Terms and conditions apply. See Cardholder Agreement for

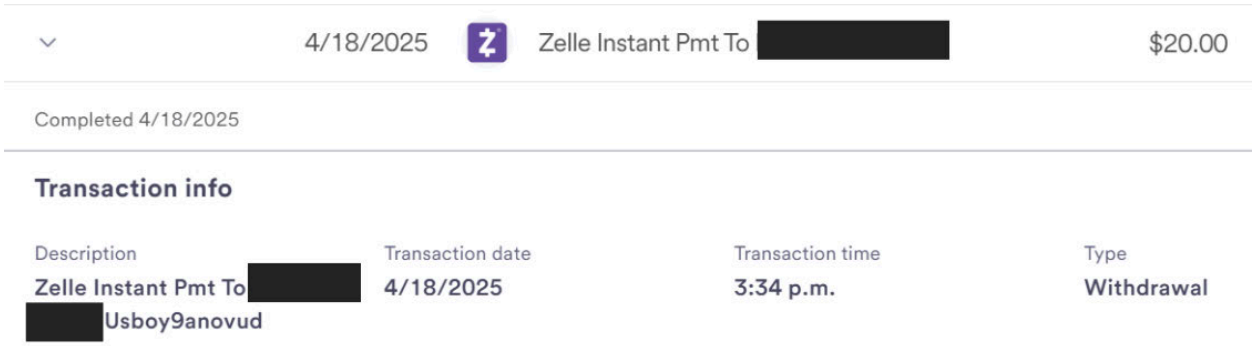
Additional Context	Description
Rental Assistance Recipient Identifier	Respondent is Recipient 18 from FY 2023-2024.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Survey Respondent Payment #2



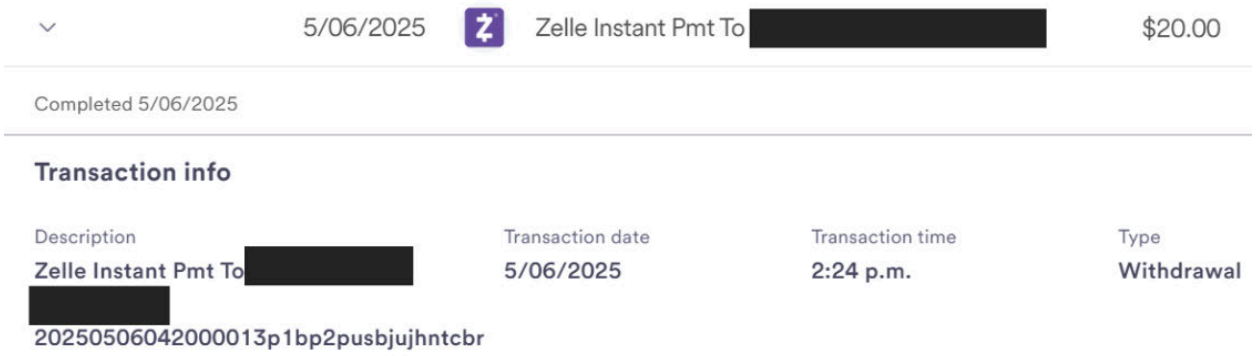
Additional Context	Description
Survey Respondent Identity	Respondent is associated with Recipient 7 from the FY 2023-2024 grant cycle, present in our audit report for 2023-2024.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Survey Respondent Payment #3



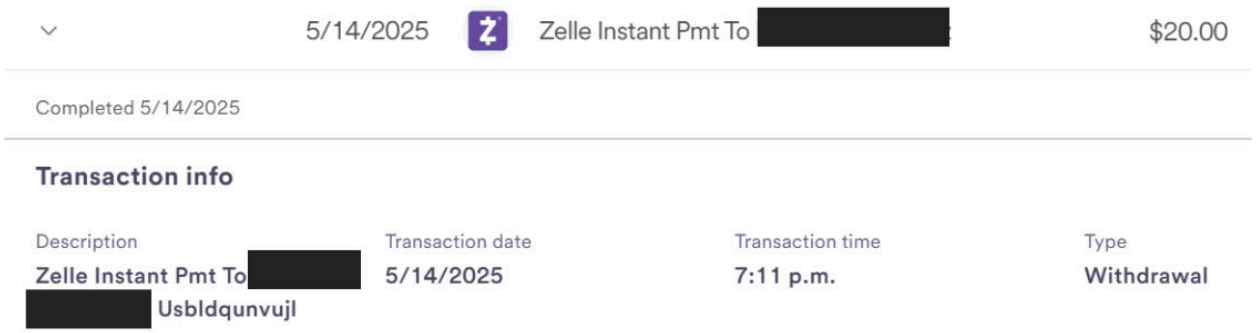
Additional Context	Description
Rental Assistance Respondent	Respondent is Recipient 14 from FY 2023-2024, from the FY 2023-2024 grant cycle, present in our audit report for 2023-2024.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Survey Respondent Payment #4



Additional Context	Description
Rental Assistance Recipient Identifier	Respondent is Recipient 2 from FY 2023-2024, from the FY 2023-2024 grant cycle, present in our audit report for 2023-2024.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Survey Respondent Payment #5



Additional Context	Description
Rental Assistance Recipient Identifier	Respondent is Recipient 9 from FY 2023-2024, from the FY 2023-2024 grant cycle, present in our audit report for 2023-2024.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Flyers

Below is the receipt for an order of 1,000 flyers from Canva to spread information about the Los Gatos Anti-Racism Coalition's rental assistance program. The shipping address "Ste 100 663 Blossom Hill Rd, Los Gatos, California…" is a branch of Fedex, where the flyers were picked up.

Canva

Tax Invoice

Invoice Date
May 12, 2025

Invoice no.
04515-14346716

To
Jeffrey Suzuki
GC §7922.000

Shipping Address
GC §7922.000
Los Gatos
California 95032
United States

Print items

1000 Trifolds iAGnTC-ckJU May 12, 2025	US$270.00

Shipping fee	Free
Total	US$270.00
Includes tax	US$22.86
Total charged	US$270.00

Please retain for your records.
Canva US Inc.
3212 E. Cesar Chavez Street, Building 1, Suite 1300 Austin Texas 78702 United States
Copyright © 2025 Canva US Inc.. All rights reserved.

For informative purposes, the design of these flyers is shown below:

Volunteers distributed these flyers to organizations across Los Gatos, such as the Los Gatos Library and faith buildings in Los Gatos, for public display.



Redaction Log

Reason	Page (# of occurrences)	Description
GC §7922.000	**23** (2)	Government Code §7922.000 The agency shall justify withholding any record by demonstrating that the record in question is exempt under express provisions of this chapter or that on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record. The email associated with the release of these documents will contain the reason(s) for redaction.

TOWN OF LOS GATOS
COMMUNITY GRANTS REPORT

Instructions

1. This report must be submitted to the Town of Los Gatos by July 31 of the fiscal year in which the grant was received.
2. Any unused grant funding must be returned to the Town of Los Gatos.
3. Final report will be submitted to Ryan Baker, Library Director, via a submission link. For questions, please email rbaker@losgatosca.gov

Grantee Information

Organization:	Los Gatos Anti-Racism Coalition ("LGARC")
Mailing Address:	55 Tait Avenue, Los Gatos, CA 95030
Program Coordinator:	Jeffrey Suzuki
Contact Email:	antiracism.lg@gmail.com
Contact Phone:	GC §7922.000

Program Information

Program Title:	Rental Assistance for Los Gatos Residents
Date/s of Program:	July 1, 2025 - June 30, 2026
Total Program Attendance:	8 Recipient Households
Number of Los Gatos Residents participating:	18 Recipient Individuals

Budget

Total Grant Funds Awarded:	$20,000
Total Grant Funds Spent:	$20,000

Itemize all grant fund expenditures (use additional pages as needed):	**Amount**
See "Appendix: Financial Documentation" after EXHIBIT B	
Total	$20,000

EXHIBIT B

Program Summary

Please provide an overview of the program as it was implemented during the grant period:

The introduction of Sustaining Grants in 2025 necessitated the appointment of an individual organization to receive rental assistance resources. After deliberations between the Los Gatos Anti-Racism Coalition ("LGARC") and Saint Vincent de Paul Los Gatos Conference ("SVdP"), it was decided between the organizations that the Los Gatos Anti-Racism Coalition would receive the sustaining grant.

Recognizing the benefits of increased service coverage in Los Gatos and work capacity to administer cases, the LGARC agreed to disburse $10,000, one-half of these grant funds, to SVdP. This arrangement was confirmed as acceptable by the Library Director, Ryan Baker. This $10,000 was disbursed from LGARC's bank account to SVdP's bank account in two $5,000 payments.

Administration of LGARC's rental assistance program is a five-step process:

1. We receive an email or a call directly from an applicant—who might have found us through a flier, our website, or word of mouth—or from another organization referring an applicant to us. After a request for assistance has been established, the case is assigned to a case manager in the Coalition. There are currently five case managers: the president of the Coalition, a board member, and three volunteers. Our organization accepts applications from all ethnic and racial backgrounds with the understanding that preventing homelessness is anti-racist. The ongoing housing crisis threatens the socioeconomic, ethnic, and racial diversity of our neighborhoods.

2. The case manager confirms the applicant's eligibility for rental assistance by discussing their situation and needs, then requests documents to verify their identity and circumstances. Every case requires personal identification (e.g. driver's license, passport, or birth certificate), a lease, relevant income statements, and documents to corroborate the applicant's circumstances. As an example, if an applicant reports to have suffered an expensive medical emergency that caused them to be unable to pay their rent, we ask for (1) their personal identification document, (2) their lease, (3) their recent bank statements if they have a bank account, and (4) receipts of their medical expenses. To ensure prompt response times, LGARC case managers frequently manage their cases on both weekdays and weekends.

3. Upon receiving the requested documents from the applicant, the LGARC Board of Directors and case managers review the application. There are 6 members total which constitute the voting team. During the voting process, members of the voting team frequently request that the case manager return to the applicant with additional clarification questions and document requests. This review process usually takes 1-2 days, barring additional information requests from the applicant.

4. After reviewing the application with all documents and correspondence, the board and its case managers vote to approve or deny the case. Once the voting team has cast 4 votes of approval, the case manager is allowed to notify the applicant that rental assistance is on the way.

5. In the event that the Board approves the application, the case manager informs the applicant of the approval, and begins to coordinate the payment process. LGARC's standard operating procedure is to direct payment to the recipient's landlord directly when the applicant has rent arrears. LGARC occasionally elects to disburse funds to the applicant directly if a payment to their landlord poses potential risk to the applicant, one prominent risk being potential to the applicant and landlord's relationship if the landlord is unaware that their tenant is experiencing financial instability.

SVdP's rental assistance program has a similar process to that of the LGARC program, primary differences lying in [1] the individuals involved between the two organizations, since the organization's memberships are entirely independent (i.e. the organizations do not have any overlapping membership) and [2] the Saint Vincent de Paul Los Gatos Conference has a team of 12 members that review rental assistance applications, where 4 votes of approval are necessary to provide rental assistance.

Program Summary cont.

Please tell us about the population that this program served and any direct impacts that your organization observed as a result of the program:

Combined, the LGARC and SVdP provided $20,000 of rental assistance to 8 households.

Strictly under the purview of the grant, the Los Gatos Anti-Racism Coalition provided a total of $10,000 to 6 households in Los Gatos. It is worth noting that LGARC provided resources additional to the funds provided by this grant. Outside of these grant funds, LGARC provided an additional $13,630 to 7 other households in Los Gatos.

Strictly under the purview of the grant, SVdP provided a total of $10,000 to 2 households in Los Gatos. Outside of the grant, SVdP provided an additional $1,642 to these households. The Saint Vincent de Paul Los Gatos Conference is also providing rental assistance in excess of the Los Gatos Grant funding amounts and is in need of the additional Grant funding from the Town of Los Gatos.

All of the recipients were either unemployed and seeking work, suffering from a medical emergency, or experiencing a short-term financial emergency due to lost income or benefits. During this period, we provided support to seniors, families with children, and individuals in desperate situations. Frequently, these households experienced a combination of those circumstances; for example, some lost wages because they developed a medical condition and needed to take leave from work.

To provide a more in-depth example, one of LGARC's recipients was a U.S. Citizen immigrant of color who experienced a string of terrible luck. In the few months before she had applied to LGARC's Rental Assistance Program, her old apartment in San Francisco burned down in a residential fire, she was laid off from her work, and she went through a costly separation from her partner. Verification of her documents indicated that all of the elements of her story were credible. We even researched her old apartment unit, which had indeed burned down.

As a result of these compounding factors, she had fallen behind on rent. Beyond her circumstances, she was clearly a highly intelligent, well-organized, and driven person. She repeatedly stated her intention to find work as soon as possible. She simply needed time and resources to stabilize her situation and pay her rent. We elected to approve her rental assistance application.

She responded: "Wow, thank you SO MUCH!! I am grateful beyond words! This is such timely news & really will go a long way in helping me to get back on my feet. It is such a relief to hear this incredible news, and I really appreciate you all going above and beyond to help me!"

Recipients, themselves, feel this program fills a long-standing gap in housing support. Another recipient shared the following feedback regarding LGARC's Rental Assistance Program: "I got behind with rent due to illness and other challenges in life. I am very grateful to receive the assistance from the organization. This allowed myself to be relieved of the stress brought on by being behind in my rent. I could focus completely on healing and getting back on track in my household."

These testimonials demonstrate the need in our community that these grant funds allow us to address. The collaboration between LGARC and SVdP is essential for both organizations to maximize the benefit to our community members and ensure that we are reaching those recipients with the highest level of need.

These grant funds are essential to ensure that both organizations are able to maximize their positive impact, providing levels of assistance that would otherwise be financially prohibitive for our organization. To provide an example from LGARC specifically, before the introduction of grants dedicated to rental assistance from the Town of Los Gatos, the maximum amount of rental assistance that a Los Gatos resident would be able to receive from LGARC was $500. In fact, this $500 limit remains largely in most of Santa Clara County. Considering that applicants with eviction notices usually have $1,500 to $2,500 in rent arrears, $500 is substantial, but ultimately insufficient to entirely remove the risk of eviction. Because the Town of Los Gatos has invested resources into rental assistance, LGARC is often able fund cases to remove the risk of eviction entirely by paying the entirety of an applicant's arrears, decreasing an applicant's chance of becoming unhoused to zero in the short-term.

Program Summary cont.

Please provide any additional statistics that you feel would highlight your program:

As noted on the first page, both programs combined provided rental assistance to 8 households composed of 18 individuals. Since our rental assistance programs operate on a household level, accepting one application per household, demographic statistics of the program recipients are given below on a household level:

25% (2/8) of applicant households were Black.
50% (4/8) of applicant households were White.
25% (2/8) of applicant households were Latino/a/x.

75% (6/8) of the applicants who served as direct points of contact were identified as Female on their identification document. All of these households were either one-member households or households headed by a single mother.
25% (2/8) of the applicants who served as direct points of contact were identified as Male on their identification document. One of these households was headed by a single father, the other being an elderly individual who had incurred substantial medical expenses.

Signatures

I certify that the information provided in this report is true and correct to the best of my knowledge.

Event Coordinator:	Jeffrey Suzuki	Date: 07/31/2026
(Name Printed): Jeffrey Suzuki		
Organization's Director:	Jeffrey Suzuki	Date: 07/31/2026
(Name Printed): Jeffrey Suzuki		

Appendix: Financial Documentation

Section 1.1 - Line-by-Line Expenditures

Below are three tables that capture all grant-related expenses on a transaction level. Tables 1 and 2 provide line-by-line expenses regarding LGARC's and SVdP's rental assistance programs, respectively. As noted in the written part of our report, each "Recipient" is a household. With the exception of SVdP's disbursements, each record for each item corresponds to a distinct individual page in Section 1.3, provided by the right-most column of each table.

Table 1: Los Gatos Anti-Racism Coalition Grant Expenditures for Rental Assistance

Payment Dated	Grant Fund Item	Grant Funds Used	Note	Image Available on Page #
11/9/2025	Rental Assistance Recipient #1	$1,000	Check image associated with this item shows that the amount noted on the check exceeds grant funds used. To cover the remaining expenses related to this application, LGARC employed funds from a one-time grant provided by Santa Clara County, which enabled LGARC to provide a maximum of $1,000 rental assistance per resident of District 5.	5
11/15/2025	Rental Assistance Recipient #2	$1,500	See note above.	6
12/27/2025	Rental Assistance Recipient #3	$1,295	See note above.	7
4/30/2026	Rental Assistance Recipient #4	$2,000	See note above.	8
5/27/2026	Rental Assistance Recipient #5	$2,000	See note above.	9
6/17/2026	Rental Assistance Recipient #6	$2,205	See note above. $130 additional dollars were drawn from other sources, including donations.	10

(Continuation of Table 1) LGARC Total from Previous Page	$10,000

Table 2: Saint Vincent de Paul Los Gatos Conference Grant Expenditures for Rental Assistance

Payment Dated	Grant Fund Item	Grant Funds Used	Note	Image Available on Page #
8/19/2025	Rental Assistance Recipient #1, Payment 1	$2,980.00	Original check shows $4,622.50, which exceeds the grant funds used. To fund the remainder of this application, other sources of funding were used.	11
3/4/2026	Rental Assistance Recipient #1, Payment 2	$4,350.00	This represents the second payment made to the same household as on 8/19/2025.	
4/1/2026	Rental Assistance Recipient #2	$2,670.00	N/A	
SVdP Total				$10,000

Table 3: Transfers from LGARC to SVdP

Date	Sender	Recipient	Funds Transferred	Image Available on Page #
2/20/2026	LGARC	SVdP	$5,000	12
2/20/2026	LGARC	SVdP	$5,000	13

Section 1.2 - Disclosures Regarding Produced Documentation

To comply with the instructions provided to us regarding the production of a report, LGARC has been requested to provide copies of all receipts, invoices, or other records or documents supporting each expenditure, which are provided in Section 1.3. LGARC provides the following disclosures:

1. To ensure that we are best able to establish trust with applicants to rental assistance resources, both LGARC and SVdP have policies that prohibit them from releasing specific information about applicants without their explicit consent. These policies are often standard in agencies that administer financial resources, often requiring a Statement of Information from clients prior to divulging sensitive information. We redact all personally identifying information relating to rental assistance that could be used to discern the precise identities of program recipients, including, but not limited to, program recipient names, landlord information, and specific addresses. Nevertheless, recognizing that entirely redacted records are not particularly informative, we provide approximate information regarding the households served, such as nearby streets and general circumstances experienced by the program recipients.

2. As stated in our original grant application, LGARC occasionally transmits its rental assistance electronically. Usually, these payments are conducted via the financial service Zelle, either to the landlord or property manager. More specifically, the record for LGARC's Rental Assistance Recipient #3 includes the receipt for a Zelle payment directly to the applicant, due to the applicant's fear that our rental assistance would damage their relationship with their landlord. As noted in our Exhibit B, we collect and verify documents, such as leases, personal identification, bank statements, and pay stubs, from all applicants to ensure that their case is credible.

3. Some of LGARC's checks list "104 Montclair Rd, Los Gatos, CA 95032" as LGARC's address. Others list a zip code "95032" in Los Gatos along with the name of our former treasurer. This is our former legal business address. These checks have outdated information about our current location. These checks come from our pre-printed check stock, and Jeff Suzuki serves as the live and authorized signatory for all checks included in this report. Per internal policy, we continued using this stock rather than waste resources, since the checks remained valid for deposit. Mailed envelopes used our correct current address as the return address, and these checks have been cashed without issue; we're procuring updated check stock for next year.

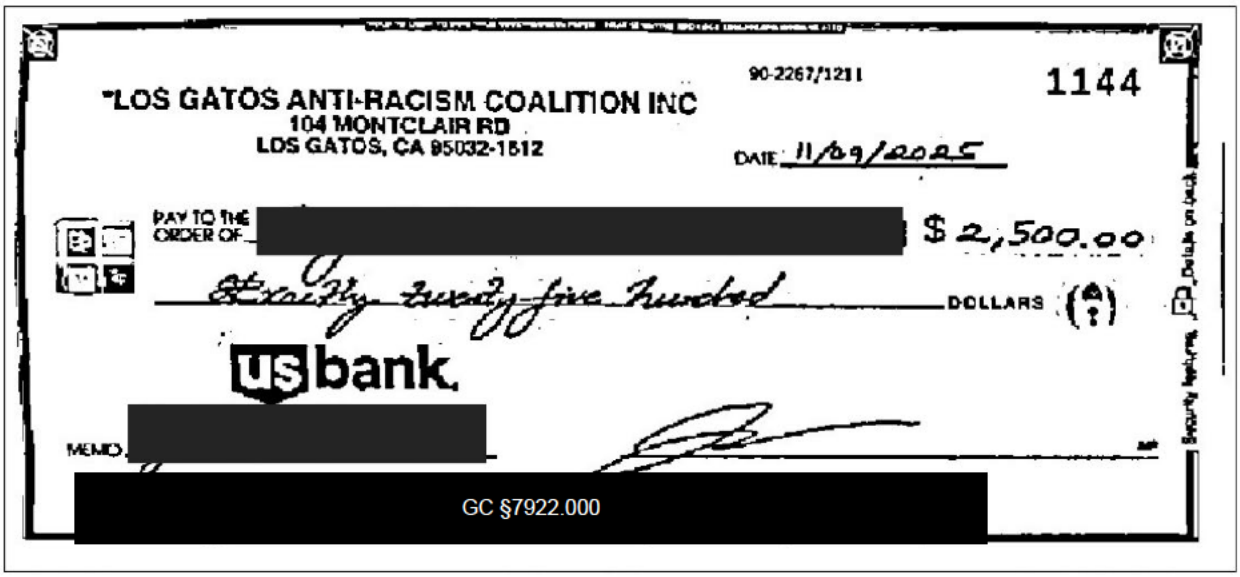
4. SVdP did not provide LGARC with images of the records for individual financial transactions prior to the deadline on July 31st, 2026. Rather, SVdP provided a spreadsheet output by Wells Fargo, which shows the transactions relevant to the use of these grant funds. We are willing to coordinate with SVdP to provide these individual receipts in a follow-up report if deemed necessary.

5. Any and all further inquiries regarding the materials herein may be directed to the LGARC's official email address for its rental assistance program: rentalassistance@lgarc.org. Inquiries regarding SVdP's use of grants funds may also be sent to this email address, which will be subsequently forwarded to those who operate the rental assistance program at SVdP.

Section 1.3 - Records of Expenditures

Below are the individual receipts, invoices, or other records or documents mentioned in the tables of Section 1.1.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance: Rental Assistance Recipient #1



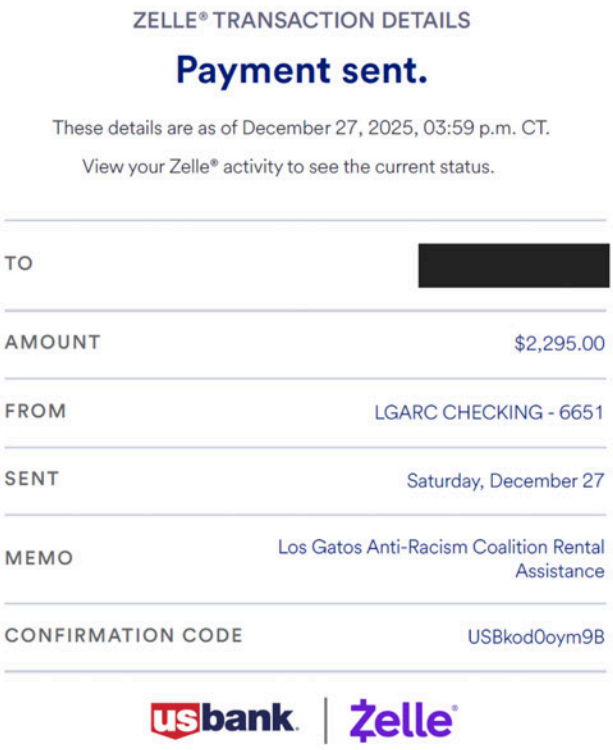
Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from University Ave.
Circumstances Faced by Applicant	Single parent. Owed substantial money in child support, which hasn't been received. Has eviction notice. Emergency expenses from car damage.
LGARC Payment Directed to	Applicant's Landlord/Property Management

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance: Rental Assistance Recipient #2



Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Blvd.
Circumstances Faced by Applicant	Elderly individual who lives alone. Medical emergency. Has rent arrears.
LGARC Payment Directed to	Applicant's Landlord/Property Management

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #3



ZELLE® TRANSACTION DETAILS

Payment sent.

These details are as of December 27, 2025, 03:59 p.m. CT.

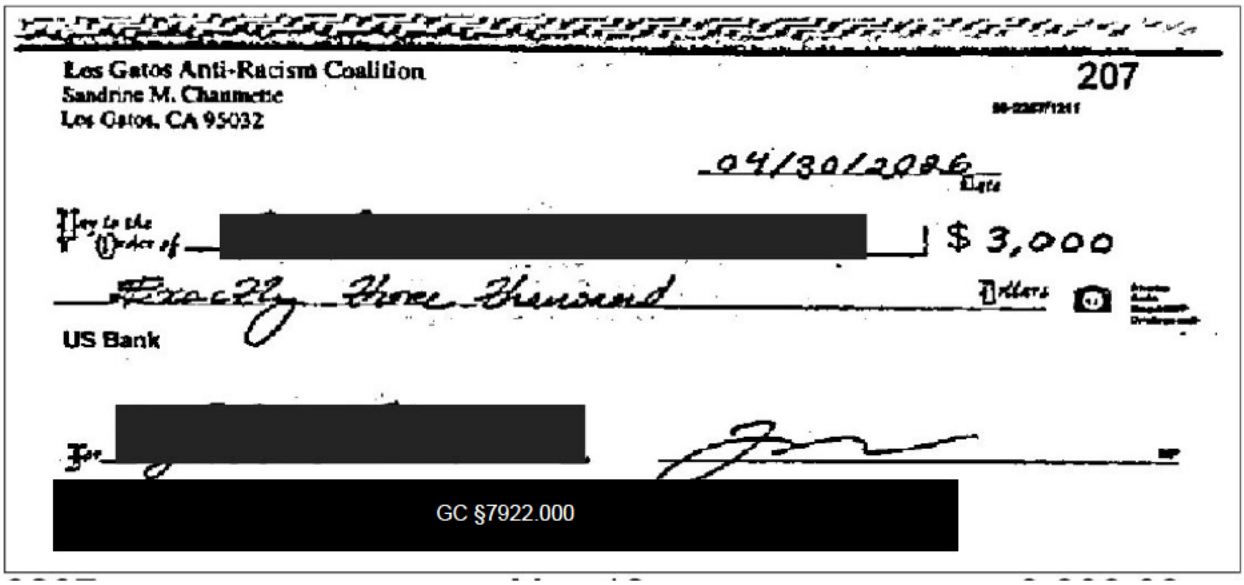
View your Zelle® activity to see the current status.

TO	[redacted]
AMOUNT	$2,295.00
FROM	LGARC CHECKING - 6651
SENT	Saturday, December 27
MEMO	Los Gatos Anti-Racism Coalition Rental Assistance
CONFIRMATION CODE	USBkod0oym9B

usbank | Zelle

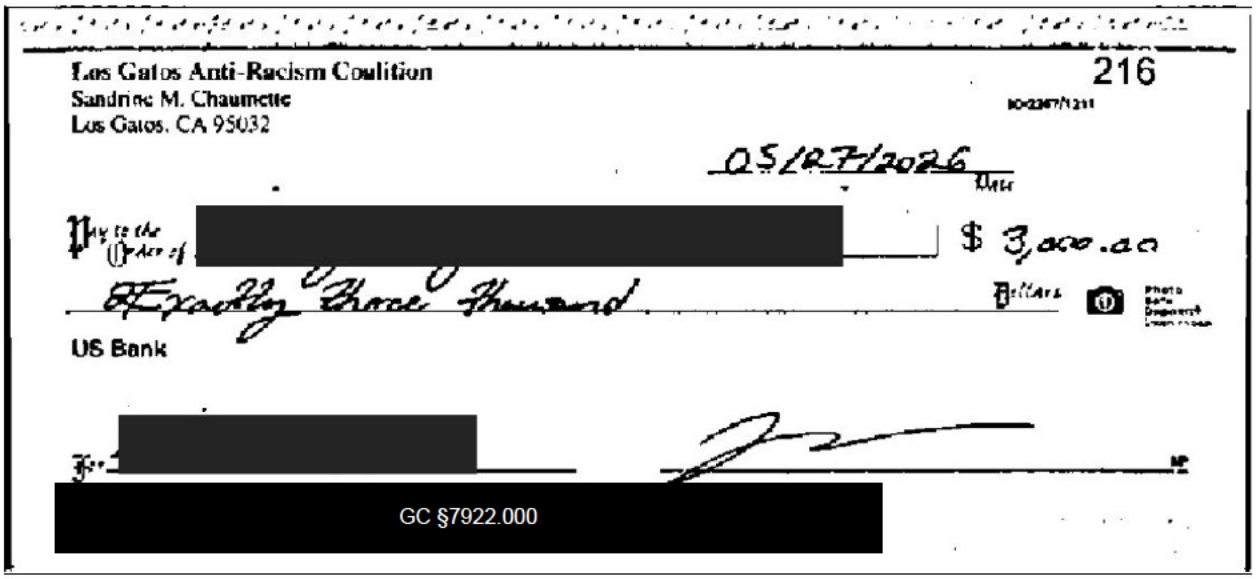
Additional Context	Description
Approximate Street of Recipient's Residence	Hernandez Avenue.
Circumstances Faced by Applicant	Individual recently terminated from job. Emergency expenses. Has rent arrears.
LGARC Payment Directed to	Applicant.

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #4



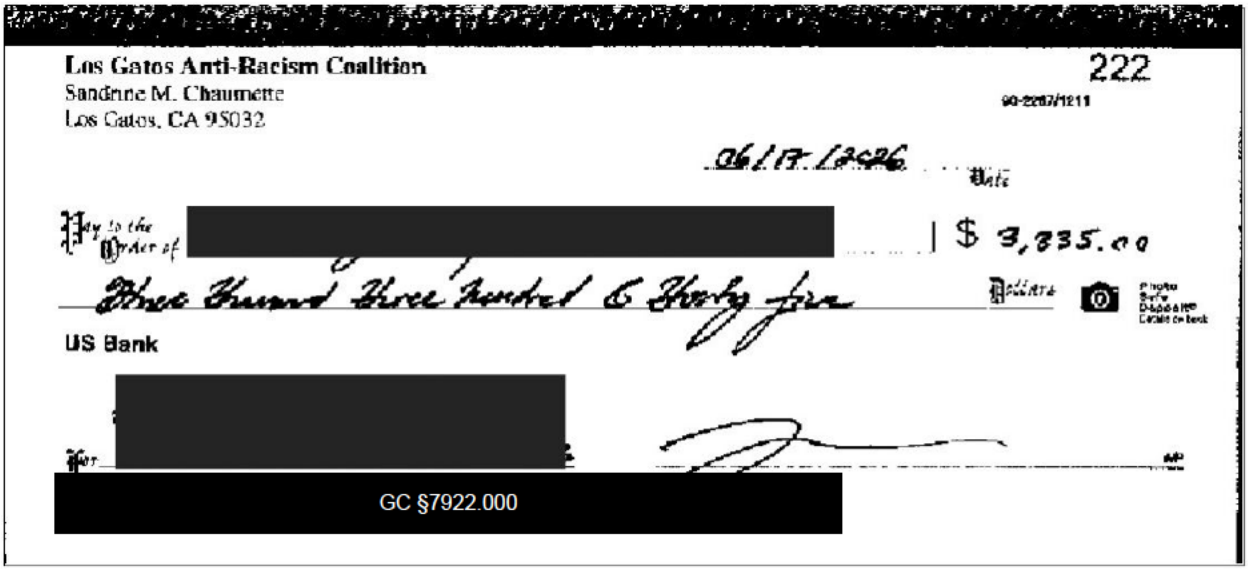
Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Wedgewood Ave.
Circumstances Faced by Applicant	Single parent. Lost wages due to attending to a child's medical condition. Has rent arrears and is behind on utility payments.
LGARC Payment Directed to	Applicant's Landlord/Property Management

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance:
Rental Assistance Recipient #5



Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Blvd.
Circumstances Faced by Applicant	Elderly individual recovering from health issues. Increased medical demand placed increased demand on fixed income. Eviction notice.
LGARC Payment Directed to	Applicant's Landlord/Property Management

Los Gatos Anti-Racism Coalition Grant Expenditure for Rental Assistance: Rental Assistance Recipient #6


Los Gatos Anti-Racism Coalition
Sandrine M. Chaumette
Los Gatos, CA 95032

222

06/17/2026

Pay to the Order of [redacted] $ 3,835.00

Three Thousand Three Hundred & Thirty-five

Dollars

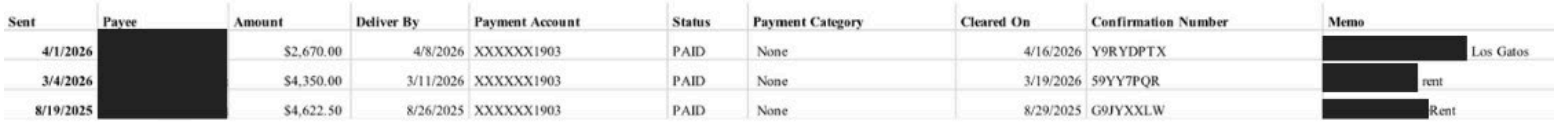
US Bank

For [redacted]

GC §7922.000

Additional Context	Description
Approximate Street of Recipient's Residence	A street accessible from Los Gatos Blvd.
Circumstances Faced by Applicant	Elderly individual experiencing health issues, preventing short-term employment. Eviction notice.
LGARC Payment Directed to	Applicant's Landlord/Property Management

Saint Vincent de Paul Los Gatos Conference Grant Expenditures for Rental Assistance
Records Produced
Personally Identifying Information Redacted



Sent	Payee	Amount	Deliver By	Payment Account	Status	Payment Category	Cleared On	Confirmation Number	Memo
4/1/2026	[redacted]	$2,670.00	4/8/2026	XXXXXX1903	PAID	None	4/16/2026	Y9RYDPTX	[redacted] Los Gatos
3/4/2026	[redacted]	$4,350.00	3/11/2026	XXXXXX1903	PAID	None	3/19/2026	59YY7PQR	[redacted] rent
8/19/2025	[redacted]	$4,622.50	8/26/2025	XXXXXX1903	PAID	None	8/29/2025	G9JYXXLW	[redacted] Rent

Above is an image of a spreadsheet provided by SVdP, described as “Wells Fargo Bank record for the rent payments.”

The first record corresponds to Grant Item “Rental Assistance Recipient #1, Payment 1”.
The second record corresponds to Grant Item “Rental Assistance Recipient #1, Payment 2”.
The third record corresponds to Grant Item “Rental Assistance Recipient #2”.

Transfers from LGARC to SVdP

Transfer 1 of 2: $5,000 from LGARC to SVdP
Receipt from LGARC Bank Activity



Zelle Transfer to Society of St Vincent De Paul

$5,000.00

Posted
Zelle Standard Pmt To Society Of St Vincent De Paul
Usbe6v3rijoc

Transaction info

Date
2/20/2026

Time
11:53 pm

Last 4 digits of card used
6651

Type
Withdrawal

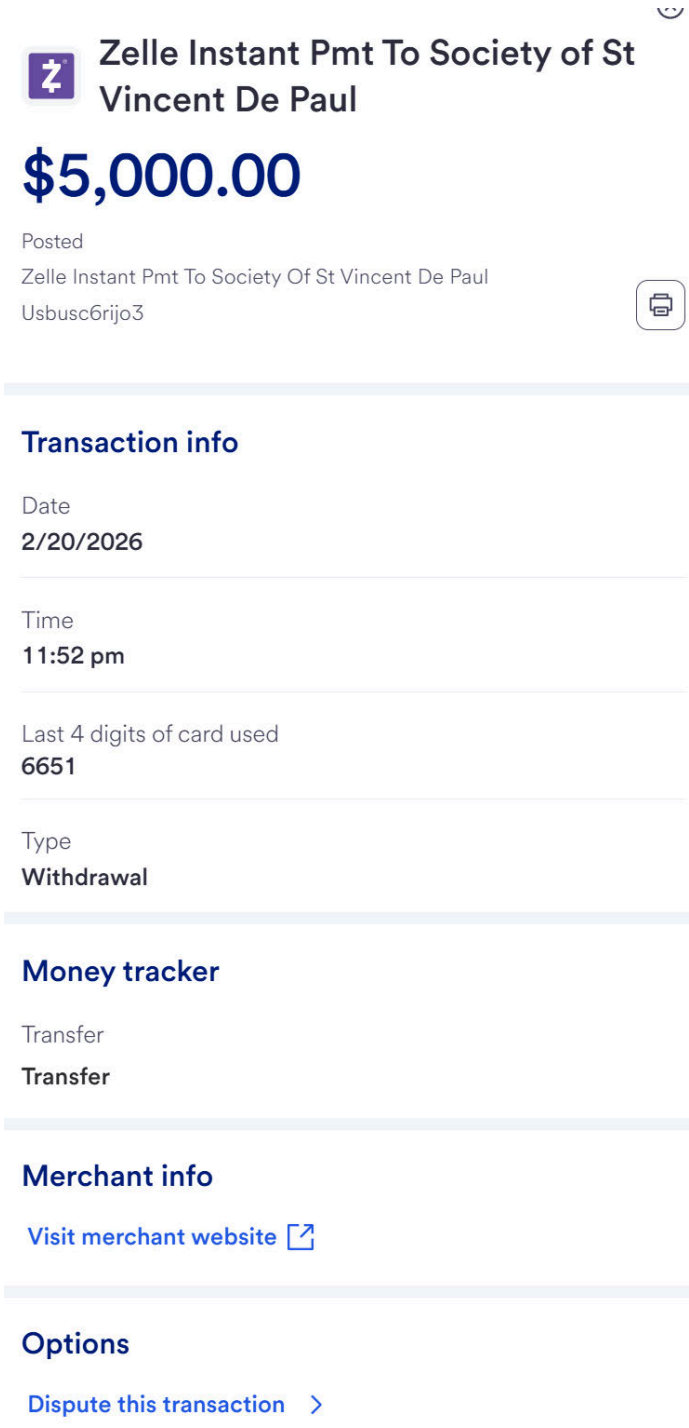
Money tracker

Transfer
Transfer

Options

Dispute this transaction >

Transfer 2 of 2: $5,000 from LGARC to SVdP
Receipt from LGARC Bank Activity
Bank Transfer Limits Necessitated Dividing the Transfer into Two Parts



Zelle Instant Pmt To Society of St Vincent De Paul

$5,000.00

Posted
Zelle Instant Pmt To Society Of St Vincent De Paul
Usbusc6rijo3

Transaction info

Date
2/20/2026

Time
11:52 pm

Last 4 digits of card used
6651

Type
Withdrawal

Money tracker

Transfer
Transfer

Merchant info

Visit merchant website

Options

Dispute this transaction >

Redaction Log

Reason	Page (# of occurrences)	Description
GC §7922.000	**1** (1)	Government Code §7922.000 The agency shall justify withholding any record by demonstrating that the record in question is exempt under express provisions of this chapter or that on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record. The email associated with the release of these documents will contain the reason(s) for redaction.

Redaction Log

Reason	Page (# of occurrences)	Description
GC §7922.000	**9** (1) **10** (1) **12** (1) **13** (1) **14** (1)	Government Code §7922.000 The agency shall justify withholding any record by demonstrating that the record in question is exempt under express provisions of this chapter or that on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record. The email associated with the release of these documents will contain the reason(s) for redaction.

TOWN OF LOS GATOS
COMMUNITY GRANTS REPORT

Instructions

1. This report must be submitted to the Town of Los Gatos by August 1, 2024.
2. Any unused grant funding must be returned to the Town of Los Gatos.
3. Submit final report to:
   Town Manager's Office
   Attn: Community Grants
   110 E. Main St, Los Gatos, CA 95030

Grantee Information

Organization:	Los Gatos Anti-Racism Coalition
Mailing Address:	55 Tait Avenue, Los Gatos, California
Program Coordinator:	Jeffrey Suzuki
Contact Email:	antiracism.lg@gmail.com
Contact Phone:	GC §7922.000

Program Information

Program Title:	Rental Assistance for Low-Income Residents
Date/s of Program:	10/01/2023 to 6/30/2024
Total Program Attendance:	N/A
Number of Los Gatos Residents participating:	23 Recipient Households (estimate: 34 to 70 individuals)

Budget

Total Grant Funds Awarded:	$12,000
Total Grant Funds Spent:	$12,000

Itemize all grant fund expenditures (use additional pages as needed):	**Amount**
Promotional Materials	$58.97
Shipping Costs for Checks	$18.65
Rental Assistance Delivered	$11,922.38
Total	$12,000

EXHIBIT B

Program Summary

Please provide an overview of the program as it was implemented during the grant period:

The administration of our rental assistance program is a five-step process:

1. We receive an email directly from an applicant—who found us through a flier, our website, or word of mouth—or from another organization referring an applicant to us. The two primary organizations that refer applicants to the Coalition are West Valley Community Services and St. Vincent de Paul (SVdP) at St. Mary of the Immaculate Conception. After a request for assistance has been established, the case is assigned to a case manager in the Coalition. There are currently two case managers: the president of the Coalition and one other board member. Our organization accepts applications from all ethnic and racial groups.

2. The case manager vets the applicant by discussing their situation and needs, then requests documents to verify their circumstances and identity. Every case requires personal identification (e.g. driver' s license, passport, or birth certificate), a lease, and documents to corroborate the applicant's circumstances. As an example, if an applicant claims to have suffered an expensive medical emergency, we ask for (1) their personal identification document, (2) their lease, (3) their recent bank statements if they have a bank account, and (4) a receipt of the medical expense.

3. Case managers are responsible for following up with applicants twice every two weeks to procure the requested documents. If the applicant is unresponsive, their case is considered timed-out and there is no vote on their case. Upon receiving these documents, the Board of the Los Gatos Anti-Racism Coalition reviews the application. For any given case, this document review stage is concluded within 1-2 days.

4. After document review, the board votes to approve or deny the case. A three-fifths majority or more is required to approve the application and transfer the funds to the applicant.

5. In the event of an approval, the case manager informs the applicant that their application has been approved by the board and asks if the applicant would prefer to receive their funds in the form of an electronic Zelle payment or a mailed check. The Coalition provides up to $500 of assistance per case based on the recipient's needs. Some applications were denied on the basis of insufficient need for assistance (i.e., not at-risk of losing their housing). In those instances, the case manager informs the applicant that the case has been denied and notifies them of other resources they may be interested in.

In addition to these efforts, the Los Gatos Anti-Racism Coalition printed and distributed fliers to nearby faith organizations, the Los Gatos Library, and those who had potential references.

Program Summary cont.

Please tell us about the population that this program served and any direct impacts that your organization observed as a result of the program:

The Coalition's Rental Assistance Program has issued financial aid to 23 households of the Town of Los Gatos in 27 cases over the past year. All funds awarded from this grant went to keeping community members and families housed. A quarter of the households we served had actually received pay-or-quit notices or court summons for eviction prior to disbursement. After providing support, the Coalition has only encountered two confirmed cases of recipients being forced out of their homes.

Though the other renters supported by this program may not have been given explicit notice, all of them were at the precipice of housing security. Roughly 70% of recipients were unemployed when they contacted The Coalition, and over 96% of recipients were at risk of losing their homes due to unforeseen shifts in their financial circumstances (e.g, emergency medical costs, raises in rent, pay cuts). We have distributed aid to individuals with debilitating chronic medical conditions and seniors struggling to re-enter the workforce. Some simply find themselves with emergency car expenses that place them at risk. Our board has seen the loss of a loved one incur extraordinary expenses that jeopardized an applicant's tenancy.

Recipients, themselves, feel this program fills a long-standing gap in housing support. As one anonymous grantee phrased it, "It literally was the last resort I had. I was 20 days late on my rent for the month of May...when Disability ended for me, I had nothing to fall back…This helped me from being evicted from my home that I've lived at for five years and kept me from being on the streets. I am truly grateful."

Of the 23 recipients we served this year, 2 were confirmed to be evicted after receiving assistance from the Coalition. To our knowledge, both of these individuals were able to secure housing elsewhere shortly afterward, citing that the assistance made it easier for them to transition to new housing. We have had difficulty following up with recipients, likely due to having highly busy or stressful lives. Because this was the first year of our rental assistance program, we focused on building out our application and approval system and ensuring each recipient demonstrated need. This coming year, we will focus on growing our ability to measure long-term success by improving our ability to follow up with recipients even after this grant cycle has ended.

While there is some uncertainty regarding outcomes, there are strong reasons to believe that most, if not all, of the remaining 21 recipients remain housed. First, recipients, except for those who had received two rounds of assistance, were not told that there was no more assistance available for them. Therefore, if a recipient was on the verge of eviction again, they would have been incentivized to reach out to us for additional assistance. Of these 21 recipients who did not have confirmed evictions, 2 did reach out again, but we were compelled to deny their applications as we had exhausted our grant money and needed to prioritize first-time recipients at that time. Given all of this information, we estimate that ~82-91% of the 23 recipients have remained housed after receiving assistance.

Program Summary cont.

Program Summary cont.

Please provide any additional statistics that you feel would highlight your program:

According to the last official US Census in 2020, roughly two-thirds of Los Gatos is white, less than 10% is Latino/x, and less than 1% is black. Comparatively, around 30% of the Los Gatos residents we served were white, 43% were Latino/x, 23% were Black, and 4% were Middle Eastern.

These statistics corroborate our understanding that housing insecurity disproportionately impacts people of color and that providing rental assistance is crucial to diversity, equity, and inclusion in our community.

Additionally, the median age of recipients was 55 years old. Approximately two-thirds of the recipients were women.

Signatures

I certify that the information provided in this report is true and correct to the best of my knowledge.

Event Coordinator:		Date: 07/31/2024
(Name Printed): Jeffrey Suzuki		
Organization's Director:		Date: 07/31/2024
(Name Printed): Jeffrey Suzuki		

Redaction Log

Reason	Page (# of occurrences)	Description
GC §7922.000	**1** (1)	Government Code §7922.000 The agency shall justify withholding any record by demonstrating that the record in question is exempt under express provisions of this chapter or that on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record. The email associated with the release of these documents will contain the reason(s) for redaction.

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TOWN OF LOS GATOS
GRANT AGREEMENT

Summary:

The Town of Los Gatos ("Town") has awarded a grant to **Los Gatos Anti-Racism Coalition** ("Grantee") in the total amount not to exceed **$12,000** for the period from **July 1, 2023** to **June 30, 2024.** This letter ("Agreement") sets forth the terms and conditions of the grant award.

Payment Terms and Use of Funds:

Grantee must accept the terms of this Agreement prior to disbursement of grant funds. Grant disbursement to the Grantee shall be made after receipt of the grant claim form and the countersigned original of this Agreement. Please submit award claim and signed copy of this agreement to: Town of Los Gatos, Town Manager's Office, Attention: Community Grants, 110 E. Main Street, Los Gatos, CA 95030.

Grant funds shall be used exclusively to support the project(s) as set forth in the Grantee's proposal, which is attached as Exhibit A and incorporated by reference, with the exception of funding for print or community outreach proposals. Any use of funds for a purpose other than that described in the Grantee's original proposal requires the Town's prior written consent.

Unused Funds:

At the conclusion of the grant period, Grantee agrees to return any unexpended or unaccounted for funds to the Town. Grantee agrees to return all disbursed funds if (1) grant funds have not been used for their intended purpose, or (2) have been used inconsistently with the terms of this Agreement, or (3) if the activities or outputs funded by the grant are materially incomplete by the end of the grant period, as determined by the Town in its sole discretion.

No Pledge:

This Agreement shall not be interpreted to create any pledge or any commitment by the Town to make any further grants or contributions to Grantee or any other person or entity for this or any other project.

Reporting and Records:

Grantee agrees to deliver to the office of the Town Clerk a final written report and video presentation in the form attached as Exhibit B to this Agreement by August 1, 2024 (one month after the date the agreement ends). The written report must include copies of completed contracts, paid invoices, timecards, payroll check register report, cash receipts, vouchers, cancelled checks, bank statements and/or other official documentation to show the Town how the grant funds were expended. This documentation shall explain how each expense is related to the approved purpose of the grant. The final written report is a publicly accessible document.

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Original receipts and invoices must be maintained by Grantee for five years and shall be made available to the Town upon request. Grantee agrees to maintain adequate financial records consistent with generally accepted accounting practices, and to retain such records for at least five years after the conclusion of the grant period. The Town may monitor and conduct an evaluation of the Grantee's operation to ensure compliance with this Agreement.

Grantee will provide a minimum of one site visit or project observation at a mutually agreed upon time during the grant period to a Town staff representative. An interim check-in by phone, video meeting or email may also by requested at any time during the grant period by either the Town or the Grantee.

Publicity Acknowledgement:

Grantee will acknowledge the Town's support in any publications or materials related to the project, as follows: "Supported in part by a grant from the Town of Los Gatos". Grantee agrees that The Town may include information about the Grantee and its activities in its own reports and publications and may distribute such information to third parties.

No Agency:

Grantee is solely responsible for the results of its services, compliance with the terms of this Agreement, and for all activities supported by the grant. Nothing in this Agreement creates a partnership, agency, joint venture, employment, or any other type of relationship between the Grantee and the Town. The Grantee shall not represent itself as an agent of the Town for any purpose and has no authority to bind the Town in any manner whatsoever.

No Lobbying:

Grantee confirms that the grant funds will not be used for the purpose of lobbying, carrying on propaganda or otherwise attempting to influence legislation as defined by the United States Internal Revenue Code of 1986.

No Assignment:

Grantee may not assign this Agreement or delegate performance of the terms of this Agreement or of the project to any other person or entity without the prior written consent of the Town.

Indemnity:

Grantee agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Town, its elected and appointed officials, employees, and agents, from any and all claims, injury, liabilities, losses and expenses (including attorney's fees) directly, indirectly wholly or partially arising from or in connection with any act or omission of Grantee, its employees or agents, in applying for or accepting the grant, in expending or applying grant funds, or in carrying out the project as set forth in the proposal. Grantee shall defend Town, its elected and appointed officials, employees, and agents, against any such claims.

Compliance with Law:

Grantee shall comply with and cause all its contractors and employees, if any, to comply with all

DocuSign Envelope ID: 7D808A72-9EB3-4006-86B7-D10206D530EC

applicable federal, state and local laws, ordinances, codes, regulations.

Contact and Notices:

All notices, reports, or other correspondences related to this Agreement shall be sent to the following Addresses:

TOWN
Town of Los Gatos
Town Manager's Office
Attn: Community Grants
110 E. Main St
Los Gatos, CA 95030

GRANTEE
The Los Gatos Anti-Racism Coalition
GC §7922.000
Los Gatos CA 95032

Agreement and Authority:

Grantee acknowledges and agrees that this Agreement represents the entire agreement between the Grantee and the Town with respect to the subject matter addressed herein. The terms of this Agreement may be modified only by writing signed by duly authorized representatives of both parties. The person(s) signing this Agreement on behalf of the Grantee represents and warrants to the Town that they have the requisite legal authority and power to execute this Agreement, and to bind Grantee to the obligations contained herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first herein above set forth.

TOWN OF LOS GATOS

DocuSigned by:
Laurel Prevetti
853FEEA2EB39470...
Laurel Prevetti, Town Manager — 9/22/2023
Date

The Los Gatos Anti-Racism Coalition

DocuSigned by:
0CC7B947ADE740F...
Signature of grant representative — 9/18/2023
Date

Jeffrey Suzuki
Printed name of grant representative

President of Los Gatos Anti-Racism Coalition
Title of grant representative

DocuSign Envelope ID: 7D808A72-9EB3-4006-86B7-D10206D530EC

APPROVED AS TO FORM:

DocuSigned by:
Gabrielle Whelan
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

9/20/2023
Date

Attest:

DocuSigned by:
Wendy Wood
BF0EBCBE2C214F8...
Wendy Wood, Town Clerk

Exhibits:
A. Grantee's original proposal
B. Final Grant Report Template

Los Gatos Grant Agreement.Los Gatos Anti Racism Coalition

DocuSign Envelope ID: 7D808A72-9EB3-4006-86B7-D10206D530EC

Community Grant Certification and Claim Form

Grant funds issued to:

Organization Name: The Los Gatos Anti-Racism Coalition

Mailing Address: GC §7922.000 Los Gatos CA 95032

Grant Award Amount: $12,000.00

Title of Grant Project: Rental Assistance for Low-Income Residents of Los Gatos

GRANT CERTIFICATION AND CLAIM:

I certify that I am a duly authorized representative of the applicant organization and that the funds will only be used for the project/service as described in our organization's original grant application. Any funds not expended by June 30, 2024 must be returned to the Town.

Any changes to the scope of the project must be communicated to and approved by the Town.

All advertising or marketing for the funded project/service must contain the byline "Supported in part by a grant from the Town of Los Gatos"

A final grant report, expenditure report, and video presentation must be submitted by July 31, 2024.

By: DocuSigned by: 0CC7B947ADE740F... Printed Name: Jeffrey Suzuki

(Signature of authorized representative)

Title: President of Los Gatos Anti-Racism Coalition Date: 9/18/2023

For office use only:

Payment amount: $12,000. Account Number: 2102-67701

Invoice # _____ PO # _____

DocuSign Envelope ID: 7D808A72-9EB3-4006-86B7-D10206D530EC

#26

COMPLETE

Collector:	Web Link 2 (Web Link)
Started:	Monday, July 24, 2023 8:54:53 AM
Last Modified:	Monday, July 24, 2023 8:57:04 AM
Time Spent:	00:02:10
IP Address:	73.252.213.157

Page 1: Deadline for submission: Monday, July 24th at 5:00 p.m. Application guidelines and rules:

Q1

Please provide your contact information

Name of coordinator for this proposal	**Jeffrey Suzuki**
Name of organization	**The Los Gatos Anti-Racism Coalition**
Address	GC §7922.000
City/Town	**Los Gatos**
State/Province	**CA**
ZIP/Postal Code	**95030**
Email Address	GC §7922.000
Phone Number	

Q2

Organization's EIN#

88-3215057

Q3

Title of your proposal

Rental Assistance for Low-Income Residents of Los Gatos

Q4

Amount of grant funding requested (up to $12,000)

$12,000

DocuSign Envelope ID: 7D808A72-9EB3-4006-86B7-D10206D530EC

Q5

Please provide a concise one sentence overview of your proposed program (i.e. what will you be spending the money on, for whom, and why?)

The Los Gatos Anti-Racism Coalition will provide financial support to low-income renters on the verge of eviction to prevent homelessness and preserve the socioeconomic diversity of the town.

Q6

Briefly describe how this project fits within the goals and mission of your organization.

The Los Gatos Anti-Racism Coalition (LG ARC) is a local nonprofit that works to combat racism by uniting the community to build a Los Gatos that is welcoming and accessible to all. One of the ways in which the coalition advances racial justice is through our existing rental assistance program that distributes financial aid to residents of Los Gatos and the greater Bay Area. Los Gatos is an expensive community, making it challenging to afford to live here. This is often particularly true for community members of color who have faced institutional and structural challenges before and during their lives. LG ARC has found that housing and racism are inextricably linked, and therefore that supporting residents struggling to afford to pay rent in our area is an effective and crucial way to combat racism.

Provided below is a news article recently published about our rental assistance program:
https://www.mercurynews.com/2023/06/25/los-gatos-based-coalition-creates-rental-assistance-program/

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Q7

Fully describe your proposed program, what you intend to deliver, and how you plan to accomplish it.(Make sure to also include how the need for the program was identified; the target audience and number of people that will participate; the direct benefit to the Los Gatos community)

The start of a person's homelessness often begins with being short a few hundred dollars. A University of California San Francisco study that surveyed homeless people across the state found that 70% of those surveyed believed a monthly payment of $300-$500 would have prevented their homelessness.

Our program will provide $300-500 of rental assistance to Los Gatos residents who find themselves short this sum, totalling 24 to 40 families, potentially totalling over a hundred individuals. Unlike our current rental assistance program, the money provided through this grant will be exclusively used to support Los Gatos residents.

If selected for this funding, a small proportion of the grant funds we receive will be used to spread awareness of this program via flyers and local newspapers. The remainder will be used to provide direct rental assistance. Applicants will provide documented proof of income/unemployment, potential non-routine expenses, and/or substantial increases in rent.

Three members of the Los Gatos Anti-Racism Coalition, including its president, will check each of these applications. In the event of approval, we will either deliver a check or directly transfer money to the applicant's bank account.

This program will directly benefit the Los Gatos community in three main ways. First, the program will prevent some additional homelessness. Out of all of the families assisted, if even one individual is prevented from becoming unhoused in Los Gatos, $12,000 is a very efficient investment. Homeless individuals are often present for years if not decades, which is accompanied by extensive police oversight and other social services expenses.

Secondly, families who would have otherwise been financially forced out of the community are able to stay in Los Gatos. Preserving the existing economic diversity not only aligns with the town's priority for DEI, but is practical economically and socially. The people we plan to serve will likely be service workers, caretakers, and other working class members of our community. Every worker who leaves Los Gatos is an additional expense to businesses that rely on them, an additional effort to find a replacement. Attrition is a consistent complaint of businesses in Los Gatos.

Lastly, the reputation of the town will improve in the eyes of surrounding municipalities. It is evident that the county pays close attention to the actions of Los Gatos and its organizations and tailors its actions accordingly. For example, Santa Clara County matched Los Gatos' financial commitment to aid the unhoused after our budget was raised to $50,000. Any additional goodwill improves our position to receive the support we require from the county.

Q8

What is your project timeline?

We will distribute the funds from the time of receiving funds to June 30, 2024.

On a practical level, our program will continue until we run out of funds. We may run additional fundraisers of our own to prevent this from happening.

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Q9

Please give a breakdown of your program budget. If additional funding is needed to cover the full cost of the proposal, please identify what sources of funding will be covering those additional costs.

Promotional costs (including printing and materials) - $500
Rental assistance to low-income residents - $11,500

Note that LGARC has no labor costs, as it is a volunteer-run organization.

Q10

How will you evaluate the success of the program?

The number of people who are able to stabilize their financial situation will be our metric of success. We will periodically reach out to those we have supported to see if additional assistance is required and evaluate the success of our program.

As we will provide between $300-500 to each qualifying family, our goal will be to support a minimum of 24 and a maximum of 40 families, totalling as many as 100 or so individuals.

We will also evaluate the success of our program using qualitative data gathered through testimonials of recipients of the funding. We will measure our success based on recipients' experiences navigating the rental assistance application, how effective the funding was in stabilizing their lives, and whether they feel the program was helpful.

Q11

Please articulate how your proposal and/or the mission of your organization aligns with the Town of Los Gatos commitment to Equity, Diversity, and Inclusion.

This program will provide direct support to the most vulnerable members of our community. In our existing program, all but one of the applications we have received have been from people who have suffered a catastrophic injury or health problem, such as a bone break or cancer. They have all been people of color, even though our program accepts applications from all races. By providing support, we've effectively given more time for a person to consolidate their fragile situation.

Additionally, we should note that the community has become less socioeconomically diverse over time. A few decades ago, Los Gatos was a fairly accessible town to those with working class incomes. But today, this is no longer the case. As rents continue to rise, more working families will be displaced. By keeping at least some of these families in our community through providing financial assistance, we will have prevented the exclusion that would have otherwise happened.

The Town of Los Gatos has firmly committed to prioritizing DEI. A faithful execution of this priority would include direct action to prevent the further displacement of our low-income residents. The Los Gatos Anti-Racism Coalition was founded as a non-profit organization for this very purpose and, therefore, is positioned to provide this direct action.

Q12

Does your project align with one of the following 2023-2025 Council strategic priorities?

Diversity, Equity, and Inclusion Efforts

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TOWN OF LOS GATOS
COMMUNITY GRANTS REPORT

Instructions

1. This report must be submitted to the Town of Los Gatos by August 1, 2024.
2. Any unused grant funding must be returned to the Town of Los Gatos.
3. Submit final report to:
   Town Manager's Office
   Attn: Community Grants
   110 E. Main St, Los Gatos, CA 95030

Grantee Information

Organization:	
Mailing Address:	
Program Coordinator:	
Contact Email:	
Contact Phone:	

Program Information

Program Title:	
Date/s of Program:	
Total Program Attendance:	
Number of Los Gatos Residents participating:	

Budget

Total Grant Funds Awarded:	
Total Grant Funds Spent:	

Itemize all grant fund expenditures (use additional pages as needed):	**Amount**
Total	

EXHIBIT B

DocuSign Envelope ID: 7D808A72-9EB3-4006-86B7-D10206D530EC

Program Summary

Please provide an overview of the program as it was implemented during the grant period:

DocuSign Envelope ID: 7D808A72-9EB3-4006-86B7-D10206D530EC

Program Summary cont.

Please tell us about the population that this program served and any direct impacts that your organization observed as a result of the program:

DocuSign Envelope ID: 7D808A72-9EB3-4006-86B7-D10206D530EC

Program Summary cont.

Program Summary cont.
Please provide any additional statistics that you feel would highlight your program:

Signatures		
I certify that the information provided in this report is true and correct to the best of my knowledge.		
Event Coordinator:		Date:
(Name Printed):		
Organization's Director:		Date:
(Name Printed):		

Redaction Log

Reason	Page (# of occurrences)	Description
GC §7922.000	**6** (2) **5** (1) **3** (1)	Government Code §7922.000 The agency shall justify withholding any record by demonstrating that the record in question is exempt under express provisions of this chapter or that on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record. The email associated with the release of these documents will contain the reason(s) for redaction.

TOWN OF LOS GATOS
COMMUNITY GRANTS REPORT
FY2024-25

Instructions

1. This report must be submitted to the Town of Los Gatos by July 31, 2025.
2. Any unused grant funding must be returned to the Town of Los Gatos.
3. Final report will be submitted to Ryan Baker, Library Director, via a submission link. For questions, please email rbaker@losgatosca.gov

Grantee Information

Organization:	Los Gatos Anti-Racism Coalition
Mailing Address:	55 Tait Avenue, Los Gatos, CA, 95030
Program Coordinator:	Jeffrey Suzuki
Contact Email:	antiracism.lg@gmail.com
Contact Phone:	GC §7922.000

Program Information

Program Title:	Rental Assistance
Date/s of Program:	July 1st, 2024 - June 30th, 2025
Total Program Attendance:	8 household receipients
Number of Los Gatos Residents participating:	12 individual recipients

Budget

Total Grant Funds Awarded:	$12,500
Total Grant Funds Spent:	$7,886.97

Itemize all grant fund expenditures (use additional pages as needed):	**Amount**
09-06-2024: Rental Assistance Payment 1	$500
09-12-2024: Rental Assistance Payment 2	$500
01-18-2025: Rental Assistance Payment 3	$500
01-23-2024: Rental Assistance Payment 4	$500
02-05-2024: Rental Assistance Payment 5	$600
03-02-2024: Rental Assistance Payment 6	$1,000
04-02-2024: Rental Assistance Payment 7	$1,676
04-21-2024: Rental Assistance Payment 8	$800
05-30-2024: Rental Assistance Payment 9	$1,300
Total	See Final Page

Program Summary

Please provide an overview of the program as it was implemented during the grant period:

Administration of our rental assistance program is a five-step process:

1. We receive an email directly from an applicant—who found us through a flier, our website, or word of mouth—or from another organization referring an applicant to us. After a request for assistance has been established, the case is assigned to a case manager in the Coalition. There are currently volunteer five case managers: the president of the Coalition, a board member, and three volunteers.

2. Our organization accepts applications from all ethnic and racial groups. After assigning an vets the applicant by discussing their situation and needs, then requests documents to verify their circumstances and identity. Every case requires personal identification (e.g. driver's license, passport, or birth certificate), a lease, relevant income statements, and documents to corroborate the applicant's circumstances. As an example, if an applicant claims to have suffered an expensive medical emergency, we ask for (1) their personal identification document, (2) their lease, (3) their recent bank statements if they have a bank account, and (4) a receipt of the medical expense.

3. Upon receiving these documents, the Board of the Los Gatos Anti-Racism Coalition and its case managers review the application. Case evaluation takes 1-2 days.

4. After document review, the board and the Coalition's case managers vote to approve or deny the case. Taken together, there are 8 voting members, and 5 votes are required for a case to be approved.

5. IIn the event of an approval, the case manager informs the applicant that their application has been approved by the board. We usually pay the recipient's property management when the applicant has rent arrears, although we occasionally choose to pay the applicant directly if circumstances necessitate it. Some applications were denied on the basis of insufficient need for assistance (i.e., not at-risk of losing their housing). In those instances, the case manager informs the applicant that the case has been denied and notifies them of other resources they may be of use to them.

In addition to assisting applicants, the Coalition used a small portion of the Community Grant funds to print and distribute flyers and reports to nearby faith organizations, the Los Gatos Library, and other organizations that may know of residents that need rental assistance.

Finally, in March 2025, the Coalition conducted a survey of applicants from the Community Grant period of 2023-2024. We wanted to answer the all-important question: "did people in our program remain housed after we helped them?" We provided a monetary incentive of $20 to complete the survey. During this period, Los Gatos provided rental assistance to 23 recipient households. Out of a total of 23 recipients, 5 responded. To summarize, 4 of the 5 respondents remained housed. Respondents that remained housed generally stated that the rental assistance they had received and the speed at which they received it was a critical factor for them to avoid their eviction, one respondent saying "Your help with rent was a life saver at that time. We had many issues and this generosity allowed our family to stay in our rental." If the survey respondents are representative of all 23 recipients of the program, this prevention rate of 80% is very high for a $500 rent subsidy. Considering that the cost of homelessness to society can range from tens of thousands to over a hundred thousand per person per year, the results indicate that such a subsidy is a highly cost-effective way to keep people in our community housed.

Program Summary cont.

Please tell us about the population that this program served and any direct impacts that your organization observed as a result of the program:

For our rental assistance program, we provided a total of $7,376 to 8 households in Los Gatos and another $510.97 on other expenses. In accordance with the grant's requirements, the Los Gatos Anti-Racism Coalition returned $4,613.03 to the Town of Los Gatos, representing the unspent funds provided through the grant program.

Recipients were a median age of 54 years old; the youngest was 34 and the oldest was 67 years old. 6 of the recipients were people of color of Latino/x, Black, and Asian descent, while 2 were white.

All of the recipients were either unemployed and seeking work, suffering from a medical emergency, or experiencing a short-term financial emergency on a fixed income. During this period, we helped seniors, families with children, and individuals in desperate situations.

Recipients, themselves, feel this program fills a long-standing gap in housing support. As one anonymous recipient shared: “It literally was the last resort I had. I was 20 days late on my rent for the month of May...when Disability ended for me, I had nothing to fall back…This helped me from being evicted from my home that I’ve lived at for five years And kept me from being on the streets. I am truly grateful.”

The Coalition processed applications with a high sense of urgency. One of our strongest beliefs is that those on the verge of eviction not only need resources, but resources quickly. Since the start of this program, our rental assistance team has dedicated its mornings, work lunches, nights, and weekends, working long and hard at a moment’s notice. Our speed has not gone unnoticed by program recipients. A single mother seeking work who received assistance shared: “At first I was nervous to reach out. But then once I was in touch with the person who took my case on, I felt like I was heard. Nigel [a case manager of the Coalition] was kind & understanding. I initially assumed the process would take a very long time. However, Nigel helped to process my application & case extremely fast. I am beyond grateful.”

For our rental assistance program, we provided a total of $7,376 to 8 households in Los Gatos. There are two primary reasons why we did not spend the full $12,500 this year:

1. Employee attrition at other non-profit organizations. A substantial share of rental assistance recipients were referred to the Los Gatos Anti-Racism Coalition through other non-profit organizations specializing in community support. However, almost all of these connections made from 2023 through 2024 had left their positions, leaving the Coalition with fewer applicants from Los Gatos. We are currently in the process of strengthening our partnerships with these organizations and their new personnel.
2. Program structure. The Los Gatos Anti-Racism Coalition nominally offers up to $500 in rapid rental assistance to families on the verge of eviction. Our grant application states that we are able to provide additional funds if necessary. In the opening months of the grant period, the Los Gatos Anti-Racism Coalition abided by this $500 maximum, anticipating a similar number of applicants as the previous year. However, as it became clear with time that there were fewer referrals due to the aforementioned employee attrition, the Los Gatos Anti-Racism Coalition began to pay rent arrears in full when applicants had eviction notices as permitted in our grant application. Hypothetically, if the Los Gatos Anti-Racism Coalition were to go back in time and paid the full rent arrears of the exact same set of recipients, it would have spent well over $12,500 on rental assistance. This point is especially instructive–if provided with another grant with $12,500, the Los Gatos Anti-Racism Coalition would increase its assistance amount per applicant earlier in the grant cycle.

Program Summary cont.

Program Summary cont.
Please provide any additional statistics that you feel would highlight your program:

Signatures		
I certify that the information provided in this report is true and correct to the best of my knowledge.		
Event Coordinator:	Jeffrey Suzuki	Date: July 31, 2025
(Name Printed): Jeffrey Suzuki		
Organization's Director:	Jeffrey Suzuki	Date: July 31, 2025
(Name Printed): Jeffrey Suzuki		

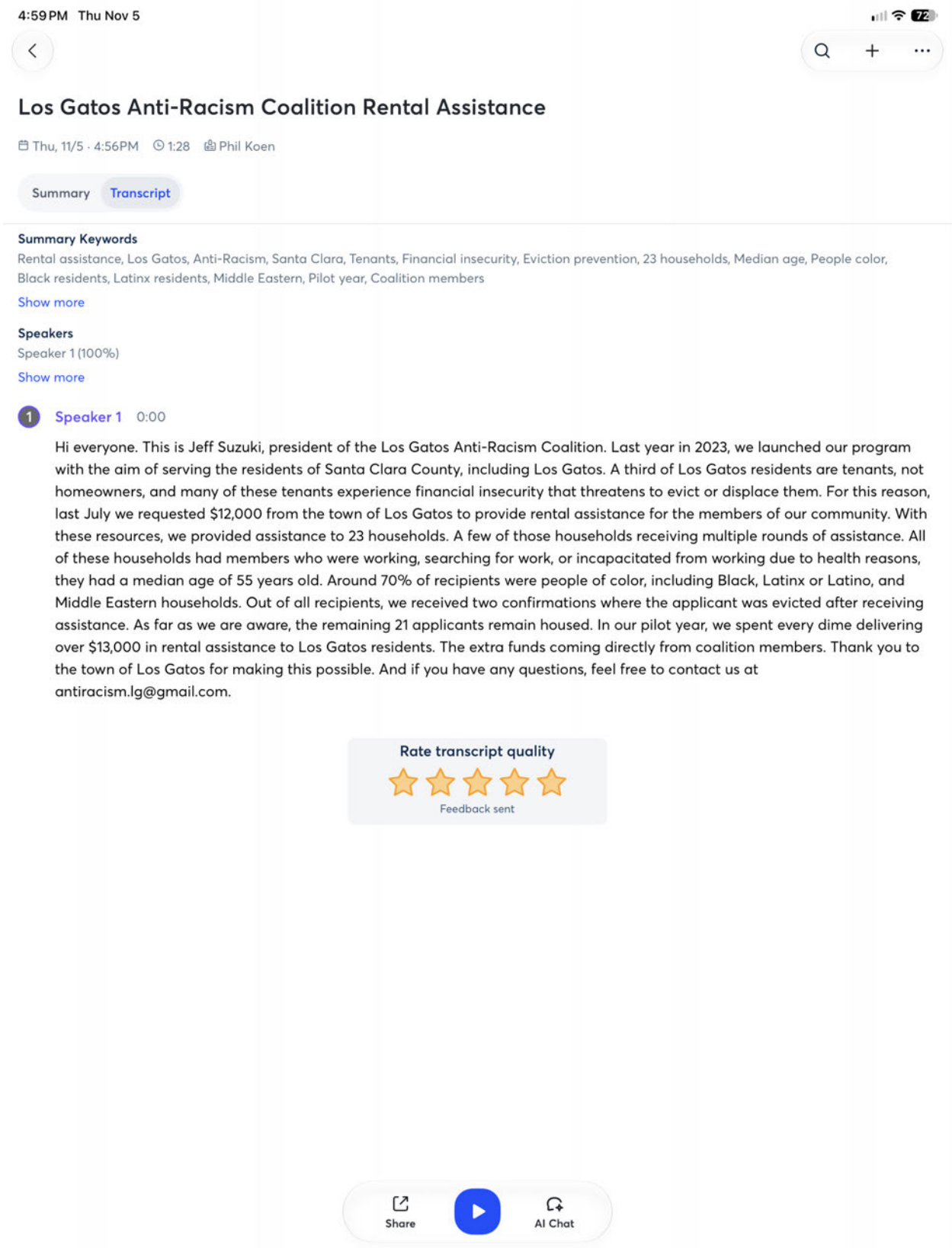
Additional Expenses	**Amount**
Rental Assistance Survey Payments	$103.97
Rental Assistance Public Awareness Materials (e.g. Reports, Flyers)	$290.00
Postage	$17.00
Total, Including Items on the First Page	$7,886.97

Redaction Log

Reason	Page (# of occurrences)	Description
GC §7922.000	**1** (1)	Government Code §7922.000 The agency shall justify withholding any record by demonstrating that the record in question is exempt under express provisions of this chapter or that on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record. The email associated with the release of these documents will contain the reason(s) for redaction.

From: Phil Koen
To: Wendy Wood; Kristina Alfaro; Chris Constantin
Cc: Gabrielle Whelan
Subject: Transcription of FY23/24 LGARC Video
Date: Friday, November 6, 2026 7:01:16 AM
Attachments: IMG_0802.PNG

[EXTERNAL SENDER]
Please distribute to the FC for the upcoming FC meeting



Sent from my iPhone