

**TOWN OF LOS GATOS
FINANCE COMMISSION AGENDA
FEBRUARY 12, 2024
110 EAST MAIN STREET
TOWN COUNCIL CHAMBERS
5:00 PM**

*Phil Koen, Chair
Linda Reiners, Vice Chair
Andrew Howard, Commissioner
Ashby Monk, Commissioner
Joe Rodgers, Commissioner
Matthew Hudes, Vice Mayor
Rob Rennie, 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 through the Zoom Webinar by following the instructions listed below.

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/84900234481?pwd=yU0df-8jrAkCWM_LI83-iQY6qEV7gg.IQR-LAzX1jg9DnoC
Passcode: 347436 You can also type in 849 0023 4481 in the "Join a Meeting" page on the Zoom website at and use passcode 347436.
When the Mayor 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 (877) 3361839 for US Toll-free or (636) 651-0008 for US Toll. (Conference code: 686100)
If you are participating by calling in, press #2 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: (1) Comments will be limited to three (3) minutes or less at the Chair's discretion.

(2) 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.

(3) Deadlines to submit written comments are:

- 11:00 a.m. the Thursday before the Commission meeting for inclusion in the agenda packet.
- 11:00 a.m. the Friday 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.

(4) Persons wishing to make an audio/visual presentation must submit the presentation electronically to Clerk@losgatosca.gov no later than 3:00 p.m. on the day of the Commission meeting.

CALL MEETING TO ORDER

ROLL CALL

APPROVE REMOTE PARTICIPATION *(This item is listed on the agenda in the event there is an emergency circumstance requiring a Commissioner to participate remotely under AB 2449 (Government Code 54953)).*

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.)*

- [1.](#) Approve the Minutes of the January 8 2024, Finance Commission Regular Meeting
- [2.](#) Receive the Monthly Financial and Investment Report for December 2023
- [3.](#) Receive the Town's Final Financial Transactions Reports for Fiscal Year (FY) 2022/23 and FY 2021/22

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 Finance Commission. 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 *(Up to three minutes may be allotted to each speaker on any of the following items.)*

- [4.](#) Review and Make a Recommendation to the Town Council to Accept as Presented or Accept with Modification the FY 24 Five-Year Forecast and Supporting Work Product
- [5.](#) Consider NBS Revenue Modeling Report and Make Recommendations to the Town Council Regarding the NBS Revenue Modeling Report and Budget Balancing Strategies Including Any Revenue Ballot Measures and Polling for Potential Revenue Ballot Measures
- [6.](#) Review and Make Recommendation to the Town Council to accept as Presented or Accept with Modifications the FY 24 Mid-Year Report and Supporting Work Product
- [7.](#) Review and Adopt the Finance Commission 2024 Workplan, Meeting Dates and Establish Subcommittees for Selected Projects

ADJOURNMENT

ADA NOTICE In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354- 6834. Notification at least two (2) business days prior to the meeting date will enable the Town to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR §35.102-35.104]



**TOWN OF LOS GATOS
FINANCE COMMISSION
AGENDA REPORT**

MEETING DATE: 02/12/2024

ITEM NO: 1

Item 1.

**DRAFT
Minutes of the Finance Commission Meeting
January 8, 2024**

The Finance Commission of the Town of Los Gatos conducted a meeting in person and utilizing teleconferencing means on Monday, January 8, 2024, at 5:00 p.m.

THE MEETING WAS CALLED TO ORDER AT 5:00 P.M.

ROLL CALL

Present: Chair Rick Tinsley, Vice Chair Phil Koen, Commissioner Linda Reiners, Vice Mayor Matthew Hudes, and Council Member Rob Rennie

Absent: Commissioner Andrew Howard

Town Staff Present: Town Manager Laurel Prevetti, Finance Director Gitta Ungvari, and Town Clerk Wendy Wood.

CONSENT ITEMS

1. Approve Draft Minutes of the December 11, 2024, Finance Commission Regular Meeting
2. Receive the Monthly Financial and Investment Report for November 2023.

Items 1 was pulled from consent.

There was no public comment.

MOTION: Motion by Vice Chair Koen to approve the consent Item 2. **Seconded** by Commissioner Reiners.

VOTE: Motion passed 3-0 (Commissioner Howard was absent).

VERBAL COMMUNICATIONS

No one spoke.

OTHER BUSINESS

3. Receive an Overview of the Labor Negotiations Process.

Chair Tinsley provided background information on the item.

PAGE 2 OF 4

SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of January 8, 2024

DATE: January 29, 2024

The Commission asked questions and discussed the item.

Staff addressed the Commissioners' questions.

There was no public comment.

MOTION: Motion by Vice Chair Koen to recommend the Town Council consider the Menlo Park's policy and act upon it accordingly. **Seconded** by Chair Tinsley.

VOTE: Motion passed 3-0 (Commissioner Howard was absent).

MOTION: Motion by Chair Tinsley to make a recommendation to the Town Council to provide guidance, review, and approve any ground rules negotiated with any of our bargaining units. **Seconded** by Commissioner Reiners.

After further discussion motion was withdrawn.

MOTION: Motion by Chair Tinsley to make a recommendation to the Town Council that it direct our labor negotiator to document in writing the ground rules that have been agreed upon with each of our three-bargaining units. **Seconded** by Vice Chair Koen.

VOTE: Motion passed 3-0 (Commissioner Howard was absent).

MOTION: Motion by Chair Tinsley to make a recommendation to the Town Council to publish salary surveys prior to beginning negotiations. **Seconded** by Vice Chair Koen.

VOTE: Motion passed 3-0 (Commissioner Howard was absent).

4. Select a Chair and Vice Chair.

There was no public comment.

MOTION: Motion by Chair Tinsley to nominate Vice Chair Koen to be the Chair for 2024. **Seconded** by Commissioner Reiners.

VOTE: Motion passed 3-0 (Commissioner Howard was absent).

MOTION: Motion by Chair Tinsley to nominate Commissioner Reiners to be Vice Chair for 2024. **Seconded** by Chair Keon.

VOTE: Motion passed 3-0 (Commissioner Howard was absent).

SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of January 8, 2024

DATE: January 29, 2024

5. Discuss and Confirm the Finance Commission Meeting Dates and Times for 2024.

The Commission discussed the meeting dates.

Commissioner Tinsley announced he will be resigning from the Commission at the end of the meeting.

There was no public comment.

No action was taken on this item.

6. Review and Discuss the Finance Commission Draft 2024 Workplan.

Finance Director Gitta Ungvari presented the staff report.

The Commission asked questions and discussed the item.

Staff addressed the questions.

There was no public comment.

MOTION: Motion by **Chair Keon** to direct staff to the work plan items provided to the Commission and overlay it into Los Altos format starting with projects working left to right, ending with how often the Commission will touch the items and the target dates, and overlay with that the four additional growth projects discussed: five-year financial model, key performance indicators, fully funded five-year Capital Improvement Plan, and review the unreserved policy. **Seconded by Commissioner Tinsley.**

VOTE: Motion passed 3-0 (Commissioner Howard was absent).

7. Review the Town's Draft Financial Transactions Report for Submittal to the State Controller.

Finance Director Gitta Ungvari presented the staff report.

The Commission asked questions and discussed the item.

Staff addressed the questions.

There was no public comment.

No action was taken on this item.

SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of January 8, 2024

DATE: January 29, 2024

1. Approve Draft Minutes of the December 11, 2023, Finance Commission Regular Meeting

Vice Chair Reiners clarified the intent of her motion for Item 9 in the December 11, 2023 meeting minutes was to not to state "...separate accounting firm who will perform the work and someone else who will do the final preparation of the financial statements." but instead state "...separate from our independent audit firm to perform work necessary for the preparation of the towns financial statements."

There was no public comment.

MOTION: Motion by Vice Chair Reiners to approve the draft minutes of the December 11, 2023, Finance Commission Regular Meeting. **Seconded by Commissioner Reiners.**

VOTE: Motion passed 3-0 (Commissioner Howard was absent).

ADJOURNMENT:

The meeting adjourned at 7:22 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the January 8, 2024, meeting as approved by the Finance Commission.

Wendy Wood, Town Clerk



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 02/12/2024

ITEM NO: 2

Item 2.

DATE: January 30, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Monthly Financial and Investment Report for December 2023

RECOMMENDATION:

Receive the Monthly Financial and Investment Report for December 2023.

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 Finance Director assumes the Town Treasurer role.

Attachment 1 contains the December 2023 Monthly Financial and Investment Report which fulfills this requirement. The December 2023 Monthly Financial and Investment Report will be presented to Town Council on February 20, 2024.

DISCUSSION:

The December 2023 Monthly Financial and Investment Report includes a Fund Balance Schedule, representing estimated funding available for all funds at the end of the respective month. The fund balances were estimated at a point in time and will be finalized at the final close of the fiscal year.

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

PREPARED BY: Eric Lemon
Finance and Accounting Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

SUBJECT: Monthly Financial and Investment Report for December 2023

DATE: January 30, 2024

DISCUSSION (continued):

As illustrated in the summary below, Total Cash is adjusted by the addition of Total Assets less the amount of Total Liabilities to arrive at the Ending Fund Balance – which represents the actual amount of funds available.

Reconciling Cash to Fund Balance - December 31, 2023		
Total Cash	\$	67,640,642
Plus: Assets	\$	13,702,329
Less: Liabilities	\$	(26,212,721)
Estimated Fund Balance	\$	55,130,250

As of December 31, 2023, the Town's financial position (Assets \$81.34M, Liabilities \$26.21M, and Fund Equity \$55.13M) remains strong and there are no issues meeting financial obligations in the near future.

As of December 31, 2023, the Town's weighted portfolio yield for investments under management was 4.23% which was 30 basis points above the Local Agency Investment Fund (LAIF) yield of 3.93% for the same reporting period. Currently, the LAIF portfolio's weighted average maturity (WAM) is 230 days versus the Town's longer WAM of 587 days. The longer maturity (WAM) for Town assets under management reflects the Town's strategy to take advantage of higher yields associated with longer maturities balanced with shorter term yields available on investments held with the State's LAIF. The Town's weighted average rate of return on investments under management of 4.23% at the close of December was 3 basis points higher when compared to the prior month's return of 4.20% reported as of November 30, 2023.

Since December 2022, LAIF yields had climbed from 217 basis points (2.17%) to 393 basis points (3.93%) through the end of December 2023.

Staff, in coordination with the Town's investment advisor, primarily replaced maturing investments with long term maturities in the three-to-five-year maturity range. These investments capture current yields that exceed the rates expected to be earned in the LAIF pool during that same time period. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

On March 22, 2023, the Federal Reserve voted to approve a ¼ percentage basis point increase from 4.75% to 5.00%. This action was followed with additional hikes in May 2023 from 5.00% to 5.25% and July from 5.25 % to 5.5 %. Through these actions over time, the Federal Open Market Committee's (FOMC) goal is to bring year to year inflation to its targeted level of 2%.

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SUBJECT: Monthly Financial and Investment Report for December 2023

DATE: January 30, 2024

DISCUSSION (continued):

The labor market showed signs of loosening. The ratio of job openings to unemployed people fell to 1.4, the lowest figure since 2021. Nonfarm payrolls rose by 199,000 in November. Wage growth was 4.0% year-on-year, unchanged from the prior month and the lowest since June 2021. The unemployment rate unexpectedly rose to 3.7% from 3.9% despite a decline in the labor force participation rate from 62.7% to 62.8%.

The Town's investments are in compliance with the Town's Investment Policy dated February 21, 2023, and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

CONCLUSION:

Receive Monthly Financial and Investment Report for December 2023.

Attachment:

1. Financial and Investment Report (December 2023)

Town of Los Gatos
Summary Investment Information
December 31, 2023

Weighted Average YTM Portfolio Yield on Investments under Management

4.23%

Weighted Average Maturity (days)

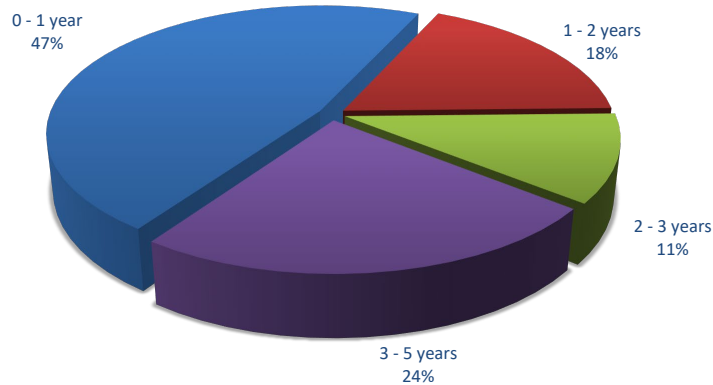
587

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	\$67,640,642	\$65,687,227	\$64,463,675
Cert. of Participation 2002 Lease Payment Fund			
Managed Investments	\$49,413,850		
Local Agency Investment Fund	\$11,278,106		
Reconciled Demand Deposit Balances	\$6,948,686		
Portfolio Allocation & Treasurer's Cash Balances	\$67,640,642		

Benchmarks/ References:

Town's Average Yield	4.23%	4.20%	2.28%
LAIF Yield for month	3.93%	3.84%	2.17%
3 mo. Treasury	5.36%	5.40%	4.41%
6 mo. Treasury	5.27%	5.41%	4.77%
2 yr. Treasury	4.25%	4.68%	4.43%
5 yr. Treasury (most recent)	3.85%	4.27%	4.01%
10 Yr. Treasury	3.88%	4.33%	3.88%

Portfolio Maturity Profile



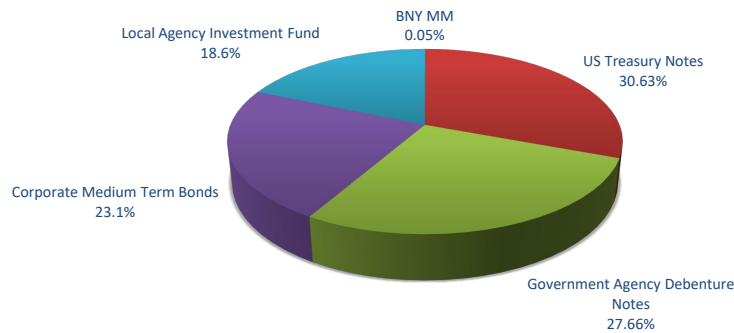
Compliance: The Town's investments are in compliance with the Town's investment policy dated February 21, 2023 and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
December 31, 2023

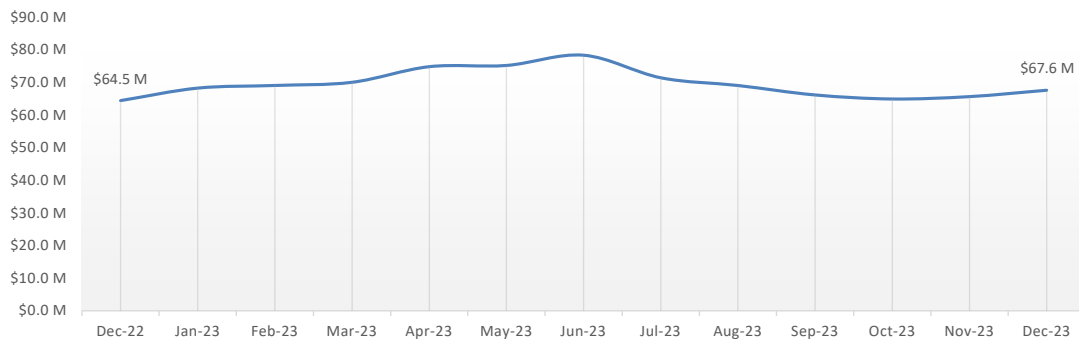
	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	\$ 65,687,226.84	\$ 78,384,947.79
Receipts	6,428,326.09	32,548,230.69
Disbursements	(4,474,910.73)	(43,292,536.28)
Cash & Investment Balances - End of Month/Period	\$67,640,642.20	\$67,640,642.20

Portfolio Allocation	Amount	% of Portfolio	Max. % or \$ Allowed per State Law or Policy
BNY MM	\$31,730.60	0.05%	20% of Town Portfolio
US Treasury Notes	\$18,590,323.24	30.63%	No Max. on US Treasuries
Government Agency Debenture Notes	\$16,786,911.90	27.66%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$14,004,884.01	23.08%	30% of Town Portfolio
Local Agency Investment Fund	\$11,278,106.16	18.58%	\$75 M per State Law
Subtotal - Investments	60,691,955.91	100.00%	
Reconciled Demand Deposit Balances	6,948,686.29		
Total Portfolio Allocation & Treasurer's Cash Balances	\$67,640,642.20		

Portfolio Investment Allocation



Treasurer's Fund Balances



Town of Los Gatos
Non-Treasury Restricted Fund Balances
December 31, 2023

	Beginning Balance	December 2023 Deposits Realized Gain/Adj.	December 2023 Interest/ Earnings	December 2023 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Series A Reserve Fund	\$ 709,697.86		\$ 2,824.02		\$ 712,521.88	Note 1
Cert. Of Participation 2010 Ser A Lease Pymt Fund	790.69		3.35		794.04	Note 1
Cert. of Participation 2002 Lease Payment Fund	436.84		1.80		438.64	Note 1
Cert. of Participation 2010 Series Reserve Fund	1,347,394.36		5,833.96		1,353,228.32	Note 2
Total Restricted Funds:	<u>\$ 2,058,319.75</u>	<u>\$ -</u>	<u>\$ 8,663.13</u>	<u>\$ -</u>	<u>\$ 2,066,982.88</u>	
CEPPT IRS Section 115 Trust	1,400,131.72		62,445.68		\$ 1,462,577.40	Note 3
Grand Total COP's and CEPPT Trust	<u>\$ 3,458,451.47</u>	<u>\$ -</u>	<u>\$ 71,108.81</u>	<u>\$ -</u>	<u>\$ 3,529,560.28</u>	

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 three original funds for the Certificates of Participation 2002 Series A consist of construction funds which will be expended over the next few years, reserve funds which will guarantee the payment of lease payments, and a third fund for the disbursement of lease payments and initial delivery costs.

Note 2: The 2010 COP Funds are all for the Library construction, reserves to guarantee lease payments, and a lease payment fund for the life of the COP issue. The COI fund was closed in September 2010.

Note 3: The CEPPT Section 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
December 31, 2023

Interest by Month

July 2023	\$	133,845.42
August 2023		129,679.93
September 2023		158,361.71
October 2023		151,048.03
November 2023		154,152.18
December 2023		166,600.98
January 2024		-
February 2024		-
March 2024		-
April 2024		-
May 2024		-
June 2024		-
	\$	<u>893,688.25</u>

**Town of Los Gatos
Investment Schedule
December 31, 2023**

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
FFCB	3133EKM1	Gov. Agency Debenture	2.23%	8/2/2019	1,000,000.00	1,014,400.00	14,400.00	995,380.00	(19,020.00)		2/23/2024	1.90%	\$ 96,075.83	\$ 74,902.07	\$ 9,651.25	54
FFCB	3133EMBE1	Gov. Agency Debenture	0.30%	10/8/2020	1,600,000.00	1,598,000.00	(2,000.00)	1,579,888.00	(18,112.00)		3/28/2024	0.34%	\$ 14,253.34	\$ 14,655.57	\$ 2,710.18	88
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,245,816.00	17,225.00		6/21/2027	4.19%	\$ 27,437.22	\$ 28,170.97	\$ 26,997.18	1268
Home Depot	437076BM3	Corporate Bond	3.00%	8/4/2022	1,000,000.00	991,960.00	(8,040.00)	969,360.00	(22,600.00)		1/1/2026	3.04%	\$ 34,750.00	\$ 29,252.66	\$ 16,310.57	732
US Treasury	912828ZW3	US Treasury Note	0.25%	8/9/2022	350,000.00	322,096.88	(27,903.12)	328,783.00	(6,886.12)		6/30/2025	3.16%	\$ 1,217.39	\$ 9,366.72	\$ 5,303.00	547
IBM	459200Y8	Corporate Bond	3.00%	3/25/2021	1,000,000.00	1,071,040.00	71,040.00	990,960.00	(80,080.00)		5/15/2024	0.71%	\$ 79,166.67	\$ 16,751.96	\$ 3,727.16	136
FFCB	3133ENS8	Gov. Agency Debenture	4.13%	1/17/2023	236,000.00	239,174.20	3,174.20	236,417.72	(2,756.48)		1/11/2027	3.76%	\$ 4,705.25	\$ 4,016.30	\$ 4,506.10	1107
US Treasury	91282CBT7	US Treasury Note	0.75%	9/30/2022	800,000.00	712,565.18	(87,434.82)	742,472.00	(29,906.82)		3/31/2026	4.14%	\$ 6,000.00	\$ 23,165.06	\$ 15,613.08	821
FFCB	3133ENP95	Gov. Agency Debenture	4.25%	9/30/2022	900,000.00	900,939.60	939.60	897,606.00	(3,333.60)		9/30/2025	4.14%	\$ 38,250.00	\$ 28,374.86	\$ 19,124.45	639
American Honda	02665WC22	Corporate Bond	2.40%	11/27/2019	1,000,000.00	1,012,410.01	12,410.01	985,210.00	(27,200.01)		6/27/2024	2.12%	\$ 96,733.34	\$ 76,483.79	\$ 10,734.57	179
JP Morgan Chase	46625HRS1	Corporate Bond	3.20%	9/23/2022	500,000.00	474,660.00	(25,340.00)	482,635.00	7,975.00		3/15/2026	4.70%	\$ 19,644.44	\$ 17,865.15	\$ 11,739.95	805
Honeywell Int'l.	438516BW5	Corporate Bond	2.30%	11/20/2019	1,000,000.00	1,014,660.00	14,660.00	982,140.00	(32,520.00)		7/15/2024	1.64%	\$ 85,483.33	\$ 71,679.55	\$ 10,006.86	197
Caterpillar Financial Serv	14913QZV0	Corporate Bond	2.85%	2/23/2021	1,000,000.00	1,077,370.00	77,370.00	989,660.00	(87,710.00)		5/17/2024	0.44%	\$ 77,900.00	\$ 10,677.18	\$ 2,292.42	138
FNMA	3135GOV75	Gov. Agency Debenture	1.75%	10/17/2019	1,100,000.00	1,105,833.30	5,833.30	1,081,652.00	(24,181.30)		7/2/2024	1.63%	\$ 71,706.25	\$ 66,718.86	\$ 9,080.08	184
US Bancorp	91159HHV5	Corporate Bond	3.38%	12/24/2019	1,000,000.00	1,049,040.00	49,040.00	997,630.00	(51,410.00)		2/5/2024	2.12%	\$ 121,968.75	\$ 76,859.43	\$ 11,014.12	36
FFCB	3133EKAQ7	Gov. Agency Debenture	2.08%	10/21/2019	1,000,000.00	1,019,780.00	19,780.00	980,390.00	(39,390.00)		9/10/2024	1.66%	\$ 80,831.11	\$ 61,888.40	\$ 8,447.67	254
FHLB	3135G05X7	Gov. Agency Debenture	0.38%	6/10/2022	1,200,000.00	1,120,952.40	(97,047.60)	1,122,120.00	19,167.60		8/25/2025	3.04%	\$ 5,437.50	\$ 36,626.55	\$ 17,504.64	603
US Treasury	91282ZL7	US Treasury Note	0.38%	4/12/2022	1,700,000.00	1,583,927.57	(116,072.43)	1,609,016.00	25,088.43		4/30/2025	2.72%	\$ 9,879.49	\$ 9,017.06	\$ 22,385.45	486
JP Morgan Chase	46625HUT8	Corporate Bond	3.88%	9/23/2019	1,400,000.00	1,485,414.00	85,414.00	1,397,522.00	(87,892.00)		2/1/2024	2.39%	\$ 209,163.89	\$ 130,689.90	\$ 17,475.98	32
US Treasury	912828V23	US Treasury Note	2.25%	11/29/2021	1,000,000.00	1,032,933.04	32,933.04	1,000,000.00	(32,933.04)		12/31/2023	0.66%	\$ 46,956.52	\$ 10,649.43	\$ 3,390.13	0
US Treasury	91282CBE2	US Treasury Note	0.13%	10/7/2021	1,000,000.00	994,768.98	(5,231.02)	998,160.00	3,391.02		1/15/2024	0.36%	\$ 2,214.67	\$ 6,137.79	\$ 1,789.78	15
FHLB	3130ALH98	Gov. Agency Debenture	0.25%	2/26/2021	1,000,000.00	997,610.00	(2,390.00)	991,800.00	(5,810.00)		2/26/2024	0.33%	\$ 6,250.00	\$ 7,113.30	\$ 1,661.88	57
FHLB	3130AQF65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,195,584.00	35,024.60		12/21/2026	4.15%	\$ 17,197.92	\$ 29,385.32	\$ 25,504.24	1086
US Treasury	912828X70	US Treasury Note	2.20%	12/30/2019	1,000,000.00	1,010,589.29	10,589.29	989,530.00	(21,059.29)		4/30/2024	1.75%	\$ 84,703.30	\$ 68,481.11	\$ 9,859.56	121
US Treasury	912828X72	US Treasury Note	2.00%	10/31/2019	1,000,000.00	1,015,667.41	15,667.41	986,680.00	(28,987.41)		5/31/2024	1.64%	\$ 81,639.34	\$ 60,792.37	\$ 8,360.09	152
US Treasury	91282CBE0	US Treasury Note	0.13%	9/15/2021	650,000.00	647,615.46	(2,384.54)	648,804.00	1,188.54		1/15/2024	0.28%	\$ 1,488.12	\$ 3,281.18	\$ 924.56	15
FHLB	3130APJH9	Gov. Agency Debenture	0.75%	1/17/2023	1,000,000.00	907,010.00	(92,990.00)	932,070.00	25,060.00		10/28/2026	4.17%	\$ 5,854.17	\$ 14,420.85	\$ 16,179.49	1032
FFCB	3133ENSX6	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,699,218.00	(7,514.00)		1/6/2028	3.91%	\$ 27,955.56	\$ 25,921.64	\$ 33,588.61	1467
Freddie Mac	3137EAE13	Gov. Agency Debenture	0.04%	5/1/2023	750,000.00	689,032.50	(60,967.50)	700,140.00	11,107.50	156.26	9/23/2025	3.97%	\$ (156.26)	\$ 4,222.09	\$ 14,274.74	632
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	8,856.00	605,688.00	(3,168.00)		1/12/2028	4.34%	\$ 4,778.33	\$ 3,603.61	\$ 13,261.29	1473
US Treasury	91282CF4	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,434,495.00	17,868.88		3/31/2027	4.09%	\$ 11,577.87	\$ 3,416.23	\$ 29,932.72	1186
US Treasury	91282CGA3	US Treasury Note	4.00%	6/20/2023	2,100,000.00	2,080,558.59	(19,441.41)	2,089,248.00	8,689.41		1/15/2025	4.40%	\$ 40,852.46	\$ 2,515.25	\$ 46,280.54	715
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	4,655.00	512,630.00	7,975.00		2/1/2028	4.37%	\$ 3,002.79	\$ -	\$ 10,236.47	1493
FannieMae	3135G06G3	Gov. Agency Debenture	0.50%	7/14/2023	500,000.00	455,157.00	(44,843.00)	465,830.00	10,673.00		11/7/2025	4.63%	\$ 784.72	\$ -	\$ 10,164.75	677
FFCB	3133EPQC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,957.50	1,957.50	505,375.00	3,417.50		7/17/2026	4.48%	\$ -	\$ -	\$ 10,282.21	929
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	(3,780.00)	601,848.00	5,628.00		8/23/2027	4.29%	\$ 2,681.25	\$ -	\$ 11,955.51	1331
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	(78,510.00)	941,160.00	19,670.00	270.83	12/23/2027	5.23%	\$ (270.83)	\$ -	\$ 21,901.39	1453
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.60	(9,339.40)	1,309,139.00	18,478.40		10/31/2027	4.31%	\$ 13,406.25	\$ -	\$ 23,398.53	1400
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,617,168.00	17,168.00	1,658,192.00	41,024.00		11/10/2027	5.16%	\$ 18,166.67	\$ -	\$ 29,150.92	1410
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,283,952.00	45,744.86	8,788.04	8/15/2028	4.76%	\$ (8,788.04)	\$ -	\$ 14,804.64	1689
Pepsico Inc	713448DF2	Corporate Bond	2.85%	10/16/2023	1,000,000.00	947,570.00	(52,430.00)	967,060.00	19,490.00	4,116.67	11/24/2025	5.24%	\$ (4,116.67)	\$ -	\$ 11,109.16	694
FFCB	3133EPWU3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	(5,662.00)	1,015,410.00	21,072.00	5,541.67	9/1/2026	4.96%	\$ (5,541.67)	\$ -	\$ 10,705.20	975
Freddie Mac	3137EAEF0	Gov. Agency Debenture	1.50%	10/13/2023	1,000,000.00	951,540.00	(48,460.00)	965,540.00	14,000.00	2,541.67	2/12/2025	5.32%	\$ (2,541.67)	\$ -	\$ 11,091.53	409
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.06	(49,960.94)	971,850.00	27,810.94		6/30/2027	4.73%	\$ 6,711.96	\$ -	\$ 9,573.50	1277
US Treasury	91282CEN7	US Treasury Note	2.75%	10/31/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,251,250.00	36,913.61		4/30/2027	4.82%	\$ -	\$ -	\$ 10,066.65	1216
US Treasury	912828YV6	US Treasury Note	1.50%	11/15/2023	700,000.00	673,667.97	(26,332.03)	678,944.00	5,276.03		11/30/2024	5.26%	\$ 430.33	\$ -	\$ 4,502.48	335
US Treasury	91282CAB7	US Treasury Note	0.25%	11/15/2023	675,000.00	623,900.39	(51,099.61)	632,232.00	8,331.61	490.66	7/31/2025	4.92%	\$ (490.66)	\$ -	\$ 3,979.63	578
US Treasury	91282CGL9	US Treasury Note	3.88%	11/30/2023	1,000,000.00	883,515.62	(16,484.38)	991,330.00	7,814.38	6,458.33	3/31/2025	5.17%	\$ (6,458.33)	\$ -	\$ 4,340.41	456
US Treasury	91282CH12	US Treasury Note	1.25%	12/21/2023	900,000.00	798,647.55	(101,352.45)	803,394.00	4,746.45		6/30/2028	3.99%	\$ 305.71	\$ -	\$ 921.36	1643
FNMA	3135GOQ22	Gov. Agency Debenture	1.88%	12/21/2023	900,000.00	845,676.00	(54,324.00)	849,231.00	3,555.00	4,078.12	9/24/2026	4.22%	\$ (4,078.12)	\$ -	\$ 1,001.26	998
Subtotal					\$ 50,361,000.00	\$ 49,382,119.15	#####	\$ 49,296,441.72	\$ (85,677.43)	\$ -			\$ 1,425,119.50	\$ 1,072,702.22	\$ 626,866.95	
BNY MM		Money Market				31,730.60		31,730.60	0.00			0.00%				1
LAIF		State Investment Pool				11,278,106.16		11,205,284.91	(72,821.25)			3.93%			253,114.93	1
						\$60,691,955.91		\$60,533,457.23	(\$158,498.68)	\$32,442.25			\$ 1,425,119.50	\$ 1,072,702.22	\$ 879,981.88	
Matured Assets																
PNC Financial	69349LAM0	Corporate Bond	3.80%	2/7/2022	1,000,000.00	1,033,470.00	33,470.00				7/25/2023	1.49%	\$ 55,733.33	\$ 20,987.56	\$ 1,032.85	
US Treasury	91282CCN9	US Treasury Note	0.13%	1/13/2022	1,200,000.00	1,188,375.00	(11,625.00)				7/31/2023	0.75%	\$ 2,323.37	\$ 13,176.45	\$ 766.36	
Toyota Motor Credit	89236THA6	Corporate Bond	1.35%	4/12/2021	500,000.00	510,580.00	10,580.00				8/25/2023	0.45%	\$ 15,993.75	\$ 5,065.91	\$ 350.67	
Toyota Motor Credit	89236THA6	Corporate Bond	1.35%	1/11/2022	1,100,000.00	1,107,315.00	7,315.00				8/25/2023	0.94%	\$ 24,090.00	\$ 15,144.57	\$ 1,585.23	
US Treasury	91282CDA6	US Treasury Note	0.25%	1/31/2022	1,100,000.00</											

Town of Los Gatos
Investment Transaction Detail
December 31, 2023

Date	Cusip/Id	Description	Transaction Type	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
12/4/2023	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	12/4/2023	334.85	0.000%		100.00	-	-	334.85
12/15/2023	91282CGA3	USA TREASURY 4% 15DEC2025	BOND INTEREST	12/15/2023	2,100,000	400.000%	12/15/2025	-	-	42,000.00	42,000.00
12/15/2023	46625HRS1	JPMORGAN CHASE & CO 3.2% 15JUN2026 (CALLABLE 15MAR26)	BOND INTEREST	12/15/2023	500,000	320.000%	6/15/2026	-	-	8,000.00	8,000.00
12/21/2023	91282CCH2	USA TREASURY 1.25% 30JUN2028	PURCHASE	12/21/2023	900,000	125.000%	6/30/2028	88.74	798,647.55	5,319.29	803,966.84
12/21/2023	3135G0Q22	FANNIE MAE 1.875% 24SEP2026	PURCHASE	12/21/2023	900,000	187.500%	9/24/2026	93.96	845,676.00	4,078.13	849,754.13
12/21/2023	3130AQF65	FEDERAL HOME LOAN BANK 1.25% 21DEC2026	BOND INTEREST	12/21/2023	1,300,000	125.000%	12/21/2026	-	-	8,125.00	8,125.00
12/21/2023	3133EJ3Q0	FEDERAL FARM CREDIT BANK 2.875% 21DEC2023	BOND INTEREST	12/21/2023	1,500,000	287.500%	12/21/2023	-	-	21,562.50	21,562.50
12/21/2023	3133EJ3Q0	FEDERAL FARM CREDIT BANK 2.875% 21DEC2023	REDEMPTION	12/21/2023	1,500,000	287.500%	12/21/2023	100.00	1,500,000.00	-	1,500,000.00
12/27/2023	02665WCZ2	AMERICAN HONDA FINANCE 2.4% 27JUN2024	BOND INTEREST	12/27/2023	1,000,000	240.000%	6/27/2024	-	-	12,000.00	12,000.00

Town of Los Gatos								
Insight ESG Ratings as of December 31, 2023								
Security Description	Maturity Date	Par/Shares	S&P Rating	Moody Rating	Insight ESG Rating	Environment	Social	Governance
JPMORGAN CHASE & CO 3.875% 01FEB2024	2/1/2024	\$ 1,400,000	A-	A1	3	1	3	4
US BANCORP 3.375% 05FEB2024 (CALLABLE 05JAN24)	2/5/2024	\$ 1,000,000	A	A3	4	3	4	4
IBM CORP 3.0% 15MAY2024	5/15/2024	\$ 1,000,000	A-	A3	2	1	2	3
CATERPILLAR FIN SERVICES 2.85% 17MAY24	5/17/2024	\$ 1,000,000	A	A2	4	4	3	4
AMERICAN HONDA FINANCE 2.4% 27JUN2024	6/27/2024	\$ 1,000,000	A-	A3	3	2	3	3
HONEYWELL INTERNATIONAL 2.3% 15AUG2024 (CALLABLE 15JUL24)	8/15/2024	\$ 1,000,000	A	A2	4	3	4	3
PEPSICO INC 2.85% 24FEB2026 (CALLABLE 24NOV25)	2/24/2026	\$ 1,000,000	A+	A1	2	2	2	2
HOME DEPOT INC. 3% 01APR2026 (CALLABLE 01JAN2026)	4/1/2026	\$ 1,000,000	A	A2	2	2	3	3
JPMORGAN CHASE & CO 3.2 15JUN2026 (CALLABLE 15MAR26)	6/15/2026	\$ 500,000	A-	A1	3	1	3	4
APPLE INC. 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	\$ 1,300,000	AA+	Aaa	5	1	4	5
TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	\$ 1,600,000	A+	A1	3	2	3	4
AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	\$ 600,000	A-	A3	3	2	3	3
PNC BANK NA 3.25% 22JAN2028 (CALLABLE 01 FEB28)	1/22/2028	\$ 1,000,000	A	A2	3	2	3	3
COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	\$ 500,000	AA-	Aa3	3	2	3	3
Total/Average		\$ 13,900,000			3.1	2.0	3.1	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

Item 2.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2023	Increase/ (Decrease) July - Nov	Dec 2023				Estimated Fund Balance 12/31/2023*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
111	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	1,400,163	-	-	-	-	-	1,400,163
	Land Held for Resale	44,338	-	-	-	-	-	44,338
	Committed Fund Balances:							
	Budget Stabilization	6,129,774	-	-	-	-	-	6,129,774
	Catastrophic	6,129,775	-	-	-	-	-	6,129,775
	Pension/OPEB	300,000	-	-	-	-	-	300,000
	Measure G District Sales Tax	590,581	-	-	-	-	-	590,581
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	10,359,577	-	-	-	-	-	10,359,577
	Carryover Encumbrances	37,698	-	-	-	-	-	37,698
	Compensated Absences	1,580,623	-	-	-	-	-	1,580,623
	ERAF Risk Reserve	689,608	-	-	-	-	-	689,608
	Council Priorities - Economic Recovery	1,556,614	-	-	-	-	-	1,556,614
	Unassigned Fund Balances:							
	Other Unassigned Fund Balance Reserve (Pre YE distribution)	-	(4,165,093)	5,540,278	(5,474,559)	-	-	(4,099,374)
	General Fund Total	29,528,304	(4,165,093)	5,540,278	(5,474,559)	-	-	25,428,930.00

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

Fund Schedule

Item 2.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2023	Increase/ (Decrease) July - Nov	Dec 2023				Estimated Fund Balance 12/31/2023*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	SPECIAL REVENUE							
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	629,843	35,579	29,996	(36,669)	-	-	658,749
231-236	Landscape & Lighting Districts	176,964	(13,774)	-	-	-	-	163,190
251	Los Gatos Theatre	74,991	(2,219)	5,514	(211)	-	-	78,075
711-716	Library Trusts	530,173	76,274	500	(992)	-	-	605,955
	Special Revenue Total	1,578,624	95,860	36,010	(37,872)	-	-	1,672,622
	CAPITAL PROJECTS							
411	GFAR - General Fund Appropriated Reserve	21,725,837	(25,323)	86,754	(229,579)	-	-	21,557,689
421	Grant Funded Projects	(406,889)	(98,189)	-	(24,846)	-	-	(529,924)
461-463	Storm Basin Projects	3,218,331	73,055	3,087	-	-	-	3,294,473
471	Traffic Mitigation Projects	431,079	-	33,016	(33,016)	-	-	431,079
472	Utility Undergrounding Projects	3,438,996	10,881	855	-	-	-	3,450,732
481	Gas Tax Projects	1,671,245	(915,098)	142,468	-	-	-	898,615
	Capital Projects Total	30,078,599	(954,674)	266,180	(287,441)	-	-	29,102,664
	INTERNAL SERVICE FUNDS							
611	Town General Liability	212,022	(500,210)	540,911	(37,512)	-	-	215,211
612	Workers Compensation	514,813	(350,942)	117,769	(134,423)	-	-	147,217
621	Information Technology	2,474,618	(308,853)	164,526	(22,550)	-	-	2,307,741
631	Vehicle & Equipment Replacement	2,413,719	232,110	270,052	-	-	-	2,915,881
633	Facility Maintenance	927,699	83,305	236,359	(44,968)	-	-	1,202,395
	Internal Service Funds Total	6,542,871	(844,590)	1,329,617	(239,453)	-	-	6,788,445
	Trust/Agency							
942	RDA Successor Agency	(6,187,789)	(1,674,135)	-	(487)	-	-	(7,862,411)
	Trust/Agency Fund Total	(6,187,789)	(1,674,135)	-	(487)	-	-	(7,862,411)
	Total Town	61,540,609		7,172,085	(6,039,812)	-	-	55,130,250

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

Deposit Accounts of Interest:

111-23541 General Plan Update deposit account balance \$853,257.47
 111-23521 BMP Housing deposit account balance \$4,021,280.60



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 02/12/2024

ITEM NO: 3

Item 3.

DATE: February 5, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Town's Final Financial Transactions Reports for Fiscal Year (FY) 2022/23 and FY 2021/22

RECOMMENDATION:

Receive the Town's Final Financial Transactions Reports (FTR) for Fiscal Year (FY) 2022/23 and FY 2021/22

BACKGROUND:

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties states that:

(a) The Finance Commission shall:

- (4) Review the Director of Finance's summary of the Town's financial report required by section 53891 of the California Government Code and prepared in accordance with section 2.50.010(c) of the Town Code, and provide written comments and recommendations to the Director of Finance prior to the publishing of the summary of the report.

California Government Code Section 53891 requires financial transactions of each local agency to be submitted to the State Controller's Office (SCO) within seven months after the close of the fiscal year (February 1st). This State mandated report is referred to as the Cities "Financial Transactions Report" (FTR).

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

PAGE 2 OF 2

SUBJECT: Receive the Town's Financial Transactions Reports

DATE: February 05, 2024

BACKGROUND (continued):

The FTR must contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles. The purpose of the FTR is to provide financial and statistical data about California cities on as uniform a basis as possible. Following the completion and publication of the Annual Comprehensive Financial Report (ACFR), the underlying financial transactions included therein are translated into the format specified by the SCO and transmitted by the statutory annual deadline.

DISCUSSION:

The Finance Commission discussed the item at its January 8, 2024 meeting. Based on the Commission's comments and questions, staff reviewed the report for consistency and made appropriate modifications. As requested by the Commission, Attachments 1 and 2 contain the Final FY 2022/23 and FY 2021/22 FTR respectively as submitted to the State Controller Office.

CONCLUSION:

Receive the Town's Final Financial Transactions Reports for FY 2022/23 and FY 2021/22.

Attachments:

1. Final FY 2022/23 Annual City Financial Transaction Report
2. Final FY 2021/22 Annual City Financial Transaction Report

City of Los Gatos
Cities' Financial Transactions Report
General Information

Item 3.

Fiscal Year: 2023

Form #1

Members of the Governing Body

	First Name	M. I.	Last Name
Mayor	Maria		Ristow
Member 1	Mary		Badame
Member 2	Matthew		Hudes
Member 3	Rob		Rennie
Member 4	Rob		Moore
Member			

City Fiscal Officer

First Name	Gitta	M. I.		Last Name	Ungvari
Title	Finance Director	Telephone	(408) 354-6805		
Email	GUngvari@losgatosca.gov	Fax No.			

City Mailing Address

Street 1	110 E. Main Street	<input type="checkbox"/> Has Address Changed?
Street 2		
City	Los Gatos	State CA Zip 95030

Report Prepared By

Firm Name	Chavan & Associates, LLP				
First Name	Sheldon	M. I.		Last Name	Chavan
Title	Managing Partner	Telephone	(408) 217-8749		
Email	Sheldon@cna1lp.com	Fax No.	(408) 872-4159		

1. Does the report contain data from audited financial statements? ☒ Yes ☐ No

2. Does this city have blended component unit(s) (BCU(s))? Refer to the Cities' Financial Transactions Report (FTR) instructions for the definition of this term. If "Yes", answer questions 3 and 4.

☐ Yes ☒ No

3. Is financial data of the BCU(s) included in this city's financial statements or Annual Comprehensive Financial Report (ACFR)?

☐ Yes ☐ No

4. Is financial data of the BCU(s) included in this city's FTR? If "Yes", answer question 5. ☐ Yes ☐ No

5. Specify the name(s) of the BCU(s).

BCU

6. Is this city a charter city or a general law city?

General Law City

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (1 of 7) (Record Completed)

Building maintenance ▼

Operating Revenues

R02. Charges for Services	938,492
R03. Other Operating Revenues	151,627
R04. Total Operating Revenues	\$1,090,119

Operating Expenses

R05. Personnel Services	
R06. Contractual Services	414,459
R07. Materials and Supplies	104,177
R08. General and Administrative Expenses	663,241
R09. Depreciation and Amortization Expenses	
R10. Other Operating Expenses	152,348
R11. Total Operating Expenses	\$1,334,225
R12. Operating Income (Loss)	\$-244,106

Nonoperating Revenues

R13. Investment Income	
R14. Gain on Disposal of Capital Assets	
R15. Other Nonoperating Revenues	
R16. Total Nonoperating Revenues	\$0

Nonoperating Expenses

R17. Interest Expense	
R18. Loss on Disposal of Capital Assets	
R19. Other Nonoperating Expenses	
R20. Total Nonoperating Expenses	\$0
R21. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$-244,106

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	243,325
R27.	Transfers Out	0

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$-781
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$928,481
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$927,700

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	927,700
R36.	Total Net Position (Deficit)	\$927,700

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (2 of 7) (Record Completed)

Equipment replacement

Operating Revenues

R02. Charges for Services

639,367

R03. Other Operating Revenues

52,939

R04. Total Operating Revenues

\$692,306

Operating Expenses

R05. Personnel Services

R06. Contractual Services

R07. Materials and Supplies

526,961

R08. General and Administrative Expenses

R09. Depreciation and Amortization Expenses

R10. Other Operating Expenses

R11. Total Operating Expenses

\$526,961

R12. Operating Income (Loss)

\$165,345

Nonoperating Revenues

R13. Investment Income

R14. Gain on Disposal of Capital Assets

R15. Other Nonoperating Revenues

25,978

R16. Total Nonoperating Revenues

\$25,978

Nonoperating Expenses

R17. Interest Expense

R18. Loss on Disposal of Capital Assets

R19. Other Nonoperating Expenses

R20. Total Nonoperating Expenses

\$0

R21. Income (Loss) Before Capital Contributions, Transfers, and Special
and Extraordinary Items

\$191,323

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$191,323
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$2,222,394
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$2,413,717

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	2,413,717
R36.	Total Net Position (Deficit)	\$2,413,717

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund

Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (3 of 7) (Record Completed)

Information Technology

Operating Revenues

R02. Charges for Services

753,353

R03. Other Operating Revenues

1,745

R04. Total Operating Revenues

\$755,098

Operating Expenses

R05. Personnel Services

R06. Contractual Services

121,172

R07. Materials and Supplies

162,678

R08. General and Administrative Expenses

22,921

R09. Depreciation and Amortization Expenses

202,422

R10. Other Operating Expenses

R11. Total Operating Expenses

\$509,193

R12. Operating Income (Loss)

\$245,905

Nonoperating Revenues

R13. Investment Income

R14. Gain on Disposal of Capital Assets

R15. Other Nonoperating Revenues

R16. Total Nonoperating Revenues

\$0

Nonoperating Expenses

R17. Interest Expense

29,221

R18. Loss on Disposal of Capital Assets

R19. Other Nonoperating Expenses

R20. Total Nonoperating Expenses

\$29,221

R21. Income (Loss) Before Capital Contributions, Transfers, and Special
and Extraordinary Items

\$216,684

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	-733,000

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$-516,316
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$2,990,930
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$2,474,614

Net Position (Deficit)

R33.	Net Investment in Capital Assets	118,503
R34.	Restricted	
R35.	Unrestricted	2,356,111
R36.	Total Net Position (Deficit)	\$2,474,614

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (4 of 7) (Record Completed)

Self insurance

Operating Revenues

R02. Charges for Services

397,216

R03. Other Operating Revenues

R04. Total Operating Revenues

\$397,216

Operating Expenses

R05. Personnel Services

R06. Contractual Services

R07. Materials and Supplies

R08. General and Administrative Expenses

988,485

R09. Depreciation and Amortization Expenses

R10. Other Operating Expenses

R11. Total Operating Expenses

\$988,485

R12. Operating Income (Loss)

\$-591,269

Nonoperating Revenues

R13. Investment Income

R14. Gain on Disposal of Capital Assets

R15. Other Nonoperating Revenues

R16. Total Nonoperating Revenues

\$0

Nonoperating Expenses

R17. Interest Expense

R18. Loss on Disposal of Capital Assets

R19. Other Nonoperating Expenses

R20. Total Nonoperating Expenses

\$0

R21. Income (Loss) Before Capital Contributions, Transfers, and Special
and Extraordinary Items

\$-591,269

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$-591,269
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$803,293
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$212,024

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	212,024
R36.	Total Net Position (Deficit)	\$212,024

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (5 of 7) (Record Completed)

Stores ▼

Operating Revenues

R02. Charges for Services

R03. Other Operating Revenues

R04. Total Operating Revenues

Operating Expenses

R05. Personnel Services

R06. Contractual Services

R07. Materials and Supplies

R08. General and Administrative Expenses

R09. Depreciation and Amortization Expenses

R10. Other Operating Expenses

R11. Total Operating Expenses

R12. Operating Income (Loss)

Nonoperating Revenues

R13. Investment Income

R14. Gain on Disposal of Capital Assets

R15. Other Nonoperating Revenues

R16. Total Nonoperating Revenues

Nonoperating Expenses

R17. Interest Expense

R18. Loss on Disposal of Capital Assets

R19. Other Nonoperating Expenses

R20. Total Nonoperating Expenses

R21. Income (Loss) Before Capital Contributions, Transfers, and Special
and Extraordinary Items

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$0
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$0
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$0

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	0
R36.	Total Net Position (Deficit)	\$0

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (6 of 7) (Record Completed)

Vehicle maintenance

Operating Revenues

R02. Charges for Services

R03. Other Operating Revenues

R04. Total Operating Revenues

\$0

Operating Expenses

R05. Personnel Services

R06. Contractual Services

R07. Materials and Supplies

R08. General and Administrative Expenses

R09. Depreciation and Amortization Expenses

R10. Other Operating Expenses

R11. Total Operating Expenses

\$0

R12. Operating Income (Loss)

\$0

Nonoperating Revenues

R13. Investment Income

R14. Gain on Disposal of Capital Assets

R15. Other Nonoperating Revenues

R16. Total Nonoperating Revenues

\$0

Nonoperating Expenses

R17. Interest Expense

R18. Loss on Disposal of Capital Assets

R19. Other Nonoperating Expenses

R20. Total Nonoperating Expenses

\$0

R21. Income (Loss) Before Capital Contributions, Transfers, and Special
and Extraordinary Items

\$0

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$0
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$0
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$0

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	0
R36.	Total Net Position (Deficit)	\$0

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund

Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (7 of 7) (Record Completed)

Workers Compensation

Operating Revenues

R02. Charges for Services

967,013

R03. Other Operating Revenues

165,755

R04. Total Operating Revenues

\$1,132,768

Operating Expenses

R05. Personnel Services

R06. Contractual Services

41,707

R07. Materials and Supplies

R08. General and Administrative Expenses

1,871,439

R09. Depreciation and Amortization Expenses

R10. Other Operating Expenses

R11. Total Operating Expenses

\$1,913,146

R12. Operating Income (Loss)

\$-780,378

Nonoperating Revenues

R13. Investment Income

5

R14. Gain on Disposal of Capital Assets

R15. Other Nonoperating Revenues

R16. Total Nonoperating Revenues

\$5

Nonoperating Expenses

R17. Interest Expense

R18. Loss on Disposal of Capital Assets

R19. Other Nonoperating Expenses

R20. Total Nonoperating Expenses

\$0

R21. Income (Loss) Before Capital Contributions, Transfers, and Special
and Extraordinary Items

\$-780,373

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$-780,373
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$1,295,181
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$514,808

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	115,981
R35.	Unrestricted	398,827
R36.	Total Net Position (Deficit)	\$514,808

City of Los Gatos
Cities' Financial Transactions Report
Functional Revenue Details Report
Governmental Funds

Item 3.

Back to Form: Functional Revenue Details

Fiscal Year: 2023

Form #15

Functional Revenue Detail List:

Revenue Form	Functional Revenue	Expenditure Form	Expenditure Function	Amount
SpecialBenefitAssessments	Lighting	TransportationCommunityDevelopment	Streets – Trees/Landscaping	38,161
			Sub Total:	\$38,161
LicensesPermits	Construction Permits	TransportationCommunityDevelopment	Construction and Engineering Regulation	1,996,095
		TransportationCommunityDevelopment	Planning	522,837
			Sub Total:	\$2,518,932
FinesForfeituresRevenue	Forfeitures and Penalties	TransportationCommunityDevelopment	Construction and Engineering Regulation	16,400
		GeneralGovernmentPublicSafety	Police	25,789
			Sub Total:	\$42,189
FinesForfeituresRevenue	Investment Income	HealthCultureLeisure	Libraries	9,842
		TransportationCommunityDevelopment	Streets – Trees/Landscaping	3,058
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	211,470
			Sub Total:	\$224,370
FinesForfeituresRevenue	Rents, Leases, and Concessions	GeneralGovernmentPublicSafety	Police	32,400
			Sub Total:	\$32,400
FinesForfeituresRevenue	Vehicle Code Fines	GeneralGovernmentPublicSafety	Police	374,761
			Sub Total:	\$374,761
IntergovernmentalState	Gasoline Tax	TransportationCommunityDevelopment	Streets/Highways/Storm Drains	1,597,057
			Sub Total:	\$1,597,057
IntergovernmentalState	Peace Officers Standards and Training	GeneralGovernmentPublicSafety	Police	14,475
			Sub Total:	\$14,475
IntergovernmentalState	Public Safety – Prop. 172	GeneralGovernmentPublicSafety	Police	510,783
			Sub Total:	\$510,783
ChargesforCurrentServices	Engineering Fees, Inspection and Other Charges	TransportationCommunityDevelopment	Construction and Engineering Regulation	1,179,525
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	103,223
			Sub Total:	\$1,282,748
ChargesforCurrentServices	Parks and Recreation Fees	HealthCultureLeisure	Parks and Recreation	38,986
			Sub Total:	\$38,986
ChargesforCurrentServices	Plan Checking Fees	TransportationCommunityDevelopment	Construction and Engineering Regulation	684,201
		TransportationCommunityDevelopment	Planning	155,282
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	242,219
			Sub Total:	\$1,081,702
ChargesforCurrentServices	Special Police Department Services	GeneralGovernmentPublicSafety	Police	1,350,001
			Sub Total:	\$1,350,001
ChargesforCurrentServices	Street, Sidewalk, and Curb Repairs Charges	TransportationCommunityDevelopment	Construction and Engineering Regulation	244,437

		TransportationCommunityDevelopment	Streets – Trees/Landscaping	<div>Item 3.</div>
			Sub Total:	\$252,957
MiscellaneousRevenues	Contributions from Nongovernmental Sources	TransportationCommunityDevelopment	Construction and Engineering Regulation	14,820
		HealthCultureLeisure	Libraries	106,502
		GeneralGovernmentPublicSafety	Management and Support	22,721
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	138,621
			Sub Total:	\$282,664
MiscellaneousRevenues	Development Impact Fees	TransportationCommunityDevelopment	Planning	878,381
		TransportationCommunityDevelopment	Streets – Trees/Landscaping	23,282
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	930,621
			Sub Total:	\$1,832,284
			Functional Revenue Total:	\$11,474,450
			Other Functional Revenue Total:	\$10,431,159
			Functional Revenue Grand Total:	\$21,905,609

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Taxes

Item 3.

Fiscal Year: 2023

Form #16

	Functional Revenues	General Revenues	Total Revenues
	A	B	C
Taxes			
R01. Secured and Unsecured Property Taxes		15,631,259	15,631,259
R02. Supplemental Roll Secured and Unsecured Property Taxes		1,415,817	1,415,817
R03. Property Tax In-Lieu of Vehicle License Fees		4,555,700	4,555,700
R04. Voter-Approved Indebtedness Property Taxes			
R05. Supplemental Roll Voter-Approved Indebtedness Property Taxes			
R06. Property Taxes – Prior		78,735	78,735
R07. Supplemental Roll Property Taxes – Prior			
R08. Pass-through Property Taxes (ABX1 26)			
R09. Residual Property Taxes (ABX1 26)			
R11. Parcel Tax			
R12. Other Property Taxes		363,346	363,346
R13. Interest, Penalties, and Delinquent Taxes		16,405	16,405
R14. Sales and Use Taxes		8,806,477	8,806,477
R16. Transportation Taxes – Transit			
R17. Transportation Taxes – Nontransit			
R18. Transient Occupancy Taxes		2,228,190	2,228,190
R19. Franchises		3,074,624	3,074,624
R20. Business License Taxes		2,361,862	2,361,862
R21. Real Property Transfer Taxes		637,667	637,667
R22. Utility Users Taxes			
R23. Construction Development Taxes		35,496	35,496
Taxes – Other			
R24. Admission Tax			
R25. Parking Tax			

R27. Other Taxes – Other (Specify)

Item 3.

R27a.

Specify Functional Revenues

Select Expenditure Function

Functional Revenues

Select

Add

R27b.

Specify General Revenues

General Revenues

Add

	Functional Revenues	General Revenues	Total Revenues
	A	B	C
R28. Total Taxes	\$0	\$39,205,578	\$39,205,578

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Special Benefit Assessments

Item 3.

Fiscal Year: 2023

Form #17

	Special Benefit Assessments	Functional Revenues
R01.	Fire	<input type="text"/>
R02.	Paramedics	<input type="text"/>
R03.	Police	<input type="text"/>
R04.	Lighting	<input type="text" value="38,161"/>
R05.	Other Special Benefit Assessments (Specify)	<input type="text"/>
R05a.	<div><div>Specify Functional Revenues</div><div>Select Expenditure Function</div></div>	
	<div><input type="text"/><div>Select</div><div><input type="text"/></div><div>Add</div></div>	
R06.	Total Special Benefit Assessments	<input type="text" value="\$38,161"/>

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Licenses and Permits

Item 3.

Fiscal Year: 2023

Form #18

	Functional Revenues A	General Revenues B	Total Revenues C
Licenses and Permits			
R01. Animal Licenses			
R02. Bicycle Licenses			
R03. Construction Permits	2,518,932		2,518,932
R04. Street and Curb Permits			
R05. Other Licenses and Permits (Specify)	1,296,839		1,296,839

R05a. **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

Title 24 Under Utility Fee	Construction and Engineering Regulati	114,595	Delete
Reservations and tree removal	Parks and Recreation	192,093	Delete
Alarm special event firearms parking fees	Police	77,260	Delete
Solid Waste Fees	Solid Waste	258,507	Delete
Street sweeping and storm drainage	Streets/Highways/Storm Drains	654,384	Delete
	Select		Add
Total:		1,296,839	

R05b. **Specify General Revenues** **General Revenues**

		Add
--	--	-----

	Functional Revenues A	General Revenues B	Total Revenues C
R06. Total Licenses and Permits	\$3,815,771	\$0	\$3,815,771

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Fines, Forfeitures, Penalties, and Revenue from Use of Money and Property

Item 3.

Fiscal Year: 2023

Form #19

	Functional Revenues A	General Revenues B	Total Revenues C
Fines, Forfeitures, and Penalties			
R01. Vehicle Code Fines	374,761		374,761
R03. Forfeitures and Penalties	42,189		42,189
R03.5 Other Fines (Specify)			

R03.5a **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

R03.5b **Specify General Revenues** **General Revenues**

	Functional Revenues A	General Revenues B	Total Revenues C
R04. Total Fines, Forfeitures, and Penalties	\$416,950		\$416,950

Revenue from Use of Money and Property

R05. Investment Income	224,370	584,171	808,541
R06. Rents, Leases, and Concessions	32,400	188,561	220,961
R07. Royalties			
R09.5 Other Revenue from Use of Money and Property (Specify)			

R09.5a **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

R09.5b **Specify General Revenues** **General Revenues**

	Functional Revenues A	General Revenues B	Total Revenues C
R10. Total Revenue from Use of Money and Property	\$256,770	\$772,732	\$1,029,502

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Intergovernmental – State

Item 3.

Fiscal Year: 2023

Form #20

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
Intergovernmental – State				
R01.	Homeowners Property Tax Relief		44,158	44,158
R03.	Gasoline Tax	1,597,057		1,597,057
R04.	Peace Officers Standards and Training	14,475		14,475
R05.	Off-Highway Motor Vehicle In-Lieu Fee			
R07.5	Other Intergovernmental – State (Specify)		34,406	34,406

R07.5a

Specify General Revenues

General Revenues

Vehicle License Fee Collection in Excess	34,406	Delete
		Add
Total:	34,406	

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
State Grants – Other				
R08.	Mandated Cost		4,871	4,871
R09.	Public Safety – Prop. 172	510,783		510,783
R10.	Public Safety – 2011			
R31.	Other State Grants – Other (Specify)	933,388		933,388

R31a.

Specify Functional Revenues

Select Expenditure Function

Functional Revenues

PUBLIC LIBRARY FUND	Libraries	63,046	Delete
TOBACCO PREVENTON GRANT	Physical and Mental Health	6,500	Delete
ABAG-REAP GRANT	Planning	34,167	Delete
STATE HCD LEAP GRANT	Planning	150,000	Delete
ABANDON VEHICLES	Police	28,477	Delete
Cal OES	Police	35,062	Delete
SLESF	Police	313,876	Delete
TRAFF SAFETY (CVC) B&F	Police	29,024	Delete
AB939	Solid Waste	43,236	Delete
CALRECYCLE ORGANIC WASTE	Solid Waste	230,000	Delete
	Select		Add
Total:		933,388	

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
R32.	Total Intergovernmental – State	\$3,055,703	\$83,435	\$3,139,138

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Intergovernmental – Federal, County, and Other Taxes In-Lieu

Item 3.

Fiscal Year: 2023

Form #21

	Functional Revenues A	General Revenues B	Total Revenues C
Intergovernmental – Federal			
R13. Community Development Block Grant	<input type="text"/>	<input type="text"/>	<input type="text"/>
R14. Workforce Investment Act (WIA)	<input type="text"/>	<input type="text"/>	<input type="text"/>
R15. Other Federal Grants (Specify)	<input type="text" value="4,211,228"/>	<input type="text"/>	<input type="text" value="4,211,228"/>

R15a.	Specify Functional Revenues	Select Expenditure Function	Functional Revenues	
	<input type="text" value="CERT/EMPG HOMELAND GRANTS"/>	<input type="text" value="Disaster Preparedness"/>	<input type="text" value="11,560"/>	<input type="button" value="Delete"/>
	<input type="text" value="Federal ARPA"/>	<input type="text" value="Disaster Preparedness"/>	<input type="text" value="3,614,872"/>	<input type="button" value="Delete"/>
	<input type="text" value="HAZARD MITIGATION GRANT"/>	<input type="text" value="Disaster Preparedness"/>	<input type="text" value="60,058"/>	<input type="button" value="Delete"/>
	<input type="text" value="Dept of Justice Grants"/>	<input type="text" value="Police"/>	<input type="text" value="5,381"/>	<input type="button" value="Delete"/>
	<input type="text" value="MTC OBAG"/>	<input type="text" value="Streets/Highways/Storm Drains"/>	<input type="text" value="519,357"/>	<input type="button" value="Delete"/>
	<input type="text"/>	<input type="text" value="Select"/>	<input type="text"/>	<input type="button" value="Add"/>
		Total:	<input type="text" value="4,211,228"/>	

	Functional Revenues A	General Revenues B	Total Revenues C
R16. Total Intergovernmental – Federal	<input type="text" value="\$4,211,228"/>	<input type="text"/>	<input type="text" value="\$4,211,228"/>

Intergovernmental – County			
R17.	County Grants of State Gasoline Tax	<input type="text"/>	<input type="text"/>
R18.	Other County Grants (Specify)	<input type="text" value="2,570,027"/>	<input type="text" value="2,570,027"/>

R18.5a	Specify Functional Revenues	Select Expenditure Function	Functional Revenues	
	<input type="text" value="VTA/TFCA Grants"/>	<input type="text" value="Other Transportation 1"/>	<input type="text" value="900"/>	<input type="button" value="Delete"/>
	<input type="text" value="SB2HCD Planning Grant"/>	<input type="text" value="Planning"/>	<input type="text" value="160,000"/>	<input type="button" value="Delete"/>
	<input type="text" value="SCC ADA Grant"/>	<input type="text" value="Planning"/>	<input type="text" value="250,000"/>	<input type="button" value="Delete"/>
	<input type="text" value="VTA Measure B"/>	<input type="text" value="Streets/Highways/Storm Drains"/>	<input type="text" value="2,159,127"/>	<input type="button" value="Delete"/>
	<input type="text"/>	<input type="text" value="Select"/>	<input type="text"/>	<input type="button" value="Add"/>
		Total:	<input type="text" value="2,570,027"/>	

R18.5b	Specify General Revenues	General Revenues	
	<input type="text"/>	<input type="text"/>	<input type="button" value="Add"/>

	Functional Revenues A	General Revenues B	Total Revenues C
R19. Total Intergovernmental – County	<input type="text" value="\$2,570,027"/>	<input type="text" value="\$0"/>	<input type="text" value="\$2,570,027"/>

R20.	Other Taxes In-Lieu (Specify)	<input type="text"/>	<input type="text"/>
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R20.5a	Specify Functional Revenues	Select Expenditure Function	Functional Revenues
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Select

Add

Item 3.

R20.5b

Specify General Revenues

General Revenues

Add

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Miscellaneous Revenues and Grand Totals

Item 3.

Go to Form: Functional Revenue Detail

Fiscal Year: 2023

Form #23

	Functional Revenues A	General Revenues B	Total Revenues C
Miscellaneous Revenues			
R01. Development Impact Fees	1,832,284		1,832,284
R04. Contributions from Nongovernmental Sources	282,664		282,664
R05. Other Miscellaneous Revenues (Specify)	698,842	209,083	907,925

R05a. **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

ADA training	Construction and Engineering Regulati	5,186	Delete
Affordable Housing Reimb	Housing	300,000	Delete
Credit card fees	Management and Support	41,152	Delete
Reimbursements and Claims	Parks and Recreation	179,476	Delete
Misc Donations	Police	167,366	Delete
Street trees fees	Streets – Trees/Landscaping	5,662	Delete
	Select		Add
Total:		698,842	

R05b. **Specify General Revenues** **General Revenues**

Garbage JPA revenue	130,270	Delete
Insurance Claims	2,751	Delete
Non-point Source Equity Disbursement	22,431	Delete
Other revenue	53,631	Delete
		Add
Total:		209,083

	Functional Revenues A	General Revenues B	Total Revenues C
R10. Total Miscellaneous Revenues	\$2,813,790	\$209,083	\$3,022,873
R11. Grand Totals	\$21,905,609	\$40,270,828	\$62,176,437

City of Los Gatos
Cities' Financial Transactions Report
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Item 3.

Fiscal Year: 2023

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
Additions				
Contributions				
R01. Employer				
R02. Plan Members				
R03. Private Contributions				
R04. Contributions to Pooled Investments				
R05. Other Contributions				
R06. Total Contributions	\$0	\$0	\$0	\$0
Investment Income (Loss)				
R07. Net Appreciation (Depreciation) in Fair Value of Investments				
R08. Interest			80,795	
R09. Dividends				
R10. Other Investment Income				
R11. (Investment Expense)				
Securities Lending Income (Loss)				
R12. Securities Lending Income				
R13. (Securities Lending Expense)				
R14. Net Securities Lending Income (Loss)	\$0	\$0	\$0	\$0
R15. Net Investment Income (Loss)	\$0	\$0	\$80,795	\$0
R15.5 Tax Revenues			1,942,119	
R16. Receipts from Depositors				
R17. Other Additions				
R18. Total Additions	\$0	\$0	\$2,022,914	\$0
Deductions				
R19. Benefit Payments				
R20. Refunds of Contributions				
R21. Administrative Expenses			5,640	
R22. Payments to and for Depositors				
R23. Distributions from Pooled Investments				
R24. Other Deductions			597,536	
R25. Total Deductions	\$0	\$0	\$603,176	\$0
R26. Change in Net Position	\$0	\$0	\$1,419,738	\$0
R27. Net Position (Deficit), Beginning of Fiscal Year	\$0	\$0	\$-7,607,526	\$0
R28. Adjustment				
R29. Reason for Adjustment				
R30. Net Position (Deficit), End of Fiscal Year	\$0	\$0	\$-6,187,788	\$0

City of Los Gatos
Cities' Financial Transactions Report
Other Long-Term Debt
Loans, Notes, and Other

Item 3.

Go to Report: Detail Summary of Other Long-Term Debt

Fiscal Year: 2023

Form #32

R01. Purpose of Debt (1 of 2) (Record Completed)	Energy Efficiency Loan
R02. Nature of Revenue Pledged	Savings on utility bills
R03. Debt Type	Loans
R04. Fund Type	Governmental
R06. Year of Issue	2021
R07. Beginning Maturity Year	2021
R08. Ending Maturity Year	2031
R09. Principal Authorized	1,560,336
R10. Principal Received to Date	1,560,336
R11. Principal Unspent	
R12. Principal Outstanding, Beginning of Fiscal Year	\$1,352,291
R13. Adjustment to Principal in Current Fiscal Year	
R14. Reason for Adjustment to Principal in Current Fiscal Year	
R15. Principal Received in Current Fiscal Year	
R16. Principal Paid in Current Fiscal Year	156,034
R17. Principal Refinanced in Current Fiscal Year	
R18. Principal Outstanding, End of Fiscal Year	\$1,196,257
R19. Principal Outstanding, Current Portion	156,034
R20. Principal Outstanding, Noncurrent Portion	\$1,040,223
R21. Interest Paid in Current Fiscal Year	
R22. Principal Delinquent, End of Fiscal Year	
R23. Interest Delinquent, End of Fiscal Year	

City of Los Gatos
Cities' Financial Transactions Report
Other Long-Term Debt
Loans, Notes, and Other

Item 3.

Go to Report: Detail Summary of Other Long-Term Debt

Fiscal Year: 2023

Form #32

R01. Purpose of Debt (2 of 2) (Record Completed)	Subscription Liabilities
R02. Nature of Revenue Pledged	None
R03. Debt Type	Other
R04. Fund Type	Internal Service
R06. Year of Issue	2023
R07. Beginning Maturity Year	2023
R08. Ending Maturity Year	2028
R09. Principal Authorized	653,681
R10. Principal Received to Date	653,681
R11. Principal Unspent	
R12. Principal Outstanding, Beginning of Fiscal Year	
R13. Adjustment to Principal in Current Fiscal Year	
R14. Reason for Adjustment to Principal in Current Fiscal Year	
R15. Principal Received in Current Fiscal Year	653,681
R16. Principal Paid in Current Fiscal Year	58,747
R17. Principal Refinanced in Current Fiscal Year	
R18. Principal Outstanding, End of Fiscal Year	\$594,934
R19. Principal Outstanding, Current Portion	149,154
R20. Principal Outstanding, Noncurrent Portion	\$445,780
R21. Interest Paid in Current Fiscal Year	29,221
R22. Principal Delinquent, End of Fiscal Year	
R23. Interest Delinquent, End of Fiscal Year	

City of Los Gatos
 Cities' Financial Transactions Report
 Detail Summary of Other Long-Term Debt

Item 3.

Back to Form: Other Long-Term Debt

Fiscal Year: 2023

Summary Form #32

	Year of Issue	Principal Outstanding, Beginning of Fiscal Year	Principal Received in Current Fiscal Year	Principal Paid in Current Fiscal Year	Principal Outstanding, End of Fiscal Year	Principal Outstanding, Current Portion	Principal Outstanding, Noncurrent Portion
Governmental							
Loans							
Energy Efficiency Loan	2021	1,352,291	0	156,034	1,196,257	156,034	1,040,223
Total Governmental Debt:		\$1,352,291	\$0	\$156,034	\$1,196,257	\$156,034	\$1,040,223
Internal Service							
Other							
Subscription Liabilities	2023	0	653,681	58,747	594,934	149,154	445,780
Total Internal Service Debt:		\$0	\$653,681	\$58,747	\$594,934	\$149,154	\$445,780

City of Los Gatos
Cities' Financial Transactions Report
Debt Service Reconciliation

Item 3.

Go to Report: Debt Summary

Fiscal Year: 2023

Form #35

	Governmental Funds	Internal Service Fund	Enterprise Funds
Debt Payments from Debt Forms			
R01. Long-Term Debt (Bonds, COP, and Other Agency Debt)			
R02. Other Long-Term Debt	156,034	29,221	
R03. Construction Financing			
R04. Lease Obligations (Purchase Agreements)			
R05. Total Debt Payments from Debt Forms	\$156,034	\$29,221	\$0
R06. Debt Service	156,034	29,221	
R07. Difference	\$0	\$0	\$0
R08. Reason for Difference			

City of Los Gatos
Cities' Financial Transactions Report
Debt Summary

Item 3.

Fiscal Year: 2023

Summary Form #31-34

	Governmental Funds		Proprietary Funds	
	Principal Paid in CY	Interest Paid in CY	Internal Service Interest Paid in CY	Enterprise Interest Paid in CY
Long-Term Debt				
R01. Total Certificates of Participation				
R02. Total General Obligation Bonds				
R03. Total Pension Obligation Bonds				
R04. Total Revenue Bonds				
R05. Total Other Agency Debt				
R06. Total Long-Term Debt				
Other Long-Term Debt				
R07. Total Loans	156,034			
R08. Total Notes				
R09. Total Other - Leases (<10 years)			29,221	
R10. Total Other Long-Term Debt	156,034		29,221	
Construction Financing				
R11. Total Loans				
R12. Total Notes				
R13. Total Other				
R14. Total Construction Financing				
Lease Obligations				
R16. Total Leases				
R18. Total Other Contracts				
R19. Total Lease Obligation				
R20. Total Debt Payments from Debt Forms	156,034		29,221	
Debt Service				
	Principal Payments	Interest Payments		
R21. Principal Payments on Long Term Debt	156,034			
R22. Interest Payments on Long-Term Debt				
R23. Lease Obligations (Purchase Agreements)				
R24. Total	156,034			

Note: The debt service section (R21:R23) is used to reconcile with the following forms:

Form 28: Statement of Net Expenditures - Governmental Funds - Debt Service, Capital Outlay, and Grand Totals
(R01:R02.5)

Form 29: Major Object Classification - Governmental Funds (R09:R11)

City of Los Gatos
Cities' Financial Transactions Report
Check List of Services Provided
Service

Item 3.

Fiscal Year: 2023

Form #36

Service

(Please see * below for codes to enter)

R01. Police	AB
R02. Fire	I
R03. Emergency Medical	J
R04. Street Lighting	J
R05. Public Transit	H
R06. Community Development - Planning	A
R07. Solid Waste	H
R08. Sewers	H
R09. Parks and Recreation	AF
R10. Libraries	A
R11. Water	J

*** Service Codes**

A = Provided by Paid City Employees

B = Provided by City Volunteers

Provided wholly or in part through contract with:

C = Another City

G = Another City

D = County

H = Special District or Other Public Agency

E = Private Sector

I = County

F = Special District or Other Public Agency

J = Private Sector

K = Service not provided within city

	Number of Paid City Employees A	Number of Volunteers B	Total Number of Employees C
R12. Police Protection	60	367	427
R13. Police Officers	39	5	44
R14. Fire Protection			
R15. Fire Fighters			
R16. Emergency Medical			

City of Los Gatos
Cities' Financial Transactions Report
Balance Sheet
Governmental Funds

Item 3.

Fiscal Year: 2023

Form #:

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Total Governmental Funds
Assets						
R01. Cash and Investments	33,591,832	1,391,601		31,875,218		66,858
R02. Investments	1,400,163	58,344				1,458
R03. Accounts Receivable (net)	1,482,426	85,151		1,078,834		2,646
R04. Taxes Receivable						
R05. Interest Receivable (net)	349,806					349
R05.5 Leases Receivable		319,957		241,506		561
R07. Due from Other Funds	1,832					1
R08. Due from Other Governments	1,885,545	171		552,684		2,438
R09. Advances to Other Funds						
R10. Inventories						
R11. Prepaid Items	153,868					153
R12. Loans, Notes, and Contracts Receivable	1,059,000	78,752				1,137
R13. Other Assets 1	344,338					344
R14. Other Assets 2						
R15. Other Assets 3						
R16. Total Assets	\$40,268,810	\$1,933,976	\$0	\$33,748,242	\$0	\$75,951
R17. Deferred Outflows of Resources						
R18. Total Assets and Deferred Outflows of Resources	\$40,268,810	\$1,933,976	\$0	\$33,748,242	\$0	\$75,951
Liabilities						
R19. Accounts Payable	1,061,762	19,052		1,257,903		2,338
R20. Contracts and Retainage Payable						
R21. Interest Payable						
R22. Due to Other Funds		1,832				1
R23. Due to Other Governments	69,836					69
R24. Advances from Other Funds						
R25. Deposits and Advances	6,849,378					6,849
R26. Loans and Notes Payable						
R27. Other Liabilities 1	2,759,530	64,795		1,377,226		4,201
R28. Other Liabilities 2						
R29. Other Liabilities 3						
R30. Total Liabilities	\$10,740,506	\$85,679	\$0	\$2,635,129	\$0	\$13,461
R31. Deferred Inflows of Resources		269,670		1,034,516		1,304
R32. Total Liabilities and Deferred Inflows of Resources	\$10,740,506	\$355,349	\$0	\$3,669,645	\$0	\$14,765

Fund Balances (Deficits)

R33. Nonspendable	159,000	50,287		5,690		214
R34. Restricted	1,444,501	707,140		8,823,398		10,975
R35. Committed	13,150,130	821,200		1,769,057		15,740
R36. Assigned	14,774,673			19,480,452		34,255
R37. Unassigned						
R38. Total Fund Balances (Deficits)	\$29,528,304	\$1,578,627	\$0	\$30,078,597	\$0	\$61,185
R39. Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$40,268,810	\$1,933,976	\$0	\$33,748,242	\$0	\$75,951

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Position
Proprietary Funds

Item 3.

Fiscal Year: 2023

Form #38

	Enterprise	Internal Service
Assets		
Current Assets		
Cash and Investments		
R01. Unrestricted		8,000,397
R02. Restricted		115,981
R03. Accounts Receivable (net)		75,438
R04. Taxes Receivable		
R05. Interest Receivable (net)		
R05.5 Leases Receivable		
R06. Due from Other Funds		
R07. Due from Other Governments		
R08. Inventories		
R09. Prepaid Items		
R10. Other Current Assets 1		
R11. Other Current Assets 2		
R12. Total Current Assets	\$0	\$8,191,816
Noncurrent Assets		
R13. Cash and Investments, Restricted		
R14. Investments		
R14.5 Leases Receivable		1,348,155
R15. Other Loans, Notes, and Contracts Receivable		
Capital Assets		
R16. Land		
R17. Buildings and Improvements (Report at cost.)		
R18. Equipment (Report at cost.)		
R18.5 Infrastructure (Report at cost.)		
R18.6 Lease Assets (Lessee)		
R19. Other Intangible Assets – Amortizable (Report at cost.)		915,860
R20. Construction in Progress		
R21. Intangible Assets – Nonamortizable		
R22. Other Capital Assets (Report at cost.)		
R23. Less: Accumulated Depreciation/Amortization		-202,422
R23.5 Net Pension Asset		
R23.6 Net OPEB Asset		
R24. Other Noncurrent Assets 1		
R25. Other Noncurrent Assets 2		
R26. Total Noncurrent Assets	\$0	\$2,061,593
R27. Total Assets	\$0	\$10,253,409

Deferred Outflows of Resources

R28.	Related to Pensions		
R28.5	Related to OPEB		
R28.6	Related to Debt Refunding		
R29.	Other Deferred Outflows of Resources		
R30.	Total Deferred Outflows of Resources	\$0	\$0
R31.	Total Assets and Deferred Outflows of Resources	\$0	\$10,253,409

Liabilities

Current Liabilities

R32.	Accounts Payable		243,435
R33.	Contracts and Retainage Payable		
R34.	Interest Payable		27,915
R35.	Due to Other Funds		
R36.	Due to Other Governments		59
R37.	Deposits and Advances		
R38.	Accrued Compensated Absences		
R39.	Long-Term Debt, Due Within One Year	0	149,154
R40.	Other Long-Term Liabilities, Due Within One Year		
R41.	Other Current Liabilities 1		
R42.	Other Current Liabilities 2		
R43.	Total Current Liabilities	\$0	\$420,563

Noncurrent Liabilities

R44.	Deposits and Advances		
R45.	Compensated Absences		
R46.	General Obligation Bonds		
R47.	Revenue Bonds		
R48.	Certificates of Participation		
R49.	Other Bonds		
R50.	Loans (Other Long-Term Debt)		
R51.	Notes (Other Long-Term Debt)		
R52.	Other (Other Long-Term Debt)		445,780
R53.	Construction Financing – Federal		
R54.	Construction Financing – State		
R54.5	Lease Liability		
R55.	Lease-Obligations (Purchase Agreements)		
R56.	Net Pension Liability		
R57.	Net OPEB Liability		
R58.	Other Noncurrent Liabilities 1		2,126,708
R59.	Other Noncurrent Liabilities 2		
R60.	Total Noncurrent Liabilities	\$0	\$2,572,488
R61.	Total Liabilities	\$0	\$2,993,051

Deferred Inflows of Resources

R62. Related to Pensions		
R62.5 Related to OPEB		
R62.6 Related to Debt Refunding		
R62.7 Related to Leases		717,495
R63. Other Deferred Inflows of Resources		
R64. Total Deferred Inflows of Resources	\$0	\$717,495
R65. Total Liabilities and Deferred Inflows of Resources	\$0	\$3,710,546
R66. Total Net Position (Deficit)	\$0	\$6,542,863
Net Position (Deficit)		
R67. Net Investment in Capital Assets		118,503
R68. Restricted		115,981
R69. Unrestricted		6,308,379
R70. Total Net Position (Deficit)	\$0	\$6,542,863

City of Los Gatos
Cities' Financial Transactions Report
Statement of Fiduciary Net Position
Fiduciary Funds

Item 3.

Fiscal Year: 2023

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
Assets				
R01. Cash and Investments			3,977,517	
Investments, at Fair Value				
R02. Short-Term Investments				
R03. U.S. Government Obligations				
R04. Municipal Bonds				
R05. Domestic Corporate Bonds				
R06. International Bonds				
R07. Domestic Stocks				
R08. International Stocks				
R09. Real Estate				
R10. Private Equity				
R11. Hedge Funds				
R12. Other Investments				
R13. Total Investments	\$0	\$0	\$0	\$0
R14. Receivables (net)				
R14.5 Other Current Assets				
R15. Due from Other Governments				
Capital Assets				
R15.5 Capital Assets, Not Being Depreciated				
R15.6 Other Capital Assets, Net of Depreciation			1,118,623	
R15.7 Net Pension Asset				
R15.8 Net OPEB Asset				
R15.9 Other Noncurrent Assets			622,082	
R19. Total Assets	\$0	\$0	\$5,718,222	\$0
Deferred Outflows of Resources				
R20. Related to Pensions				
R20.5 Related to OPEB				
R20.6 Related to Debt Refunding				
R20.7 Other Deferred Outflows of Resources				
R20.8 Total Deferred Outflows of Resources	0	0	0	0
R21. Total Assets and Deferred Outflows of Resources	\$0	\$0	\$5,718,222	\$0

Liabilities

R22. Accounts Payable			24	
R23. Deposits and Advances				
R23.5 Other Current Liabilities			212,406	
R24. Due to Other Governments				
R24.5 Net Pension Liability				
R24.6 Net OPEB Liability				
R24.7 Other Long-Term Liabilities			11,693,580	
R28. Total Liabilities	\$0	\$0	\$11,906,010	\$0

Deferred Inflows of Resources

R29. Related to Pensions				
R29.5 Related to OPEB				
R29.6 Related to Debt Refunding				
R29.7 Other Deferred Inflows of Resources				
R29.8 Total Deferred Inflows of Resources	0	0	0	0
R30. Total Liabilities and Deferred Inflows of Resources	\$0	\$0	\$11,906,010	\$0

Net Position Restricted for

R31. Pension and Other Employee Benefits				
R32. Investment Trusts				
R33. Private-Purpose Trusts			-6,187,788	
R34. Custodial Funds				
R35. Total Net Position	\$0	\$0	\$-6,187,788	\$0

City of Los Gatos
Cities' Financial Transactions Report
Noncurrent Assets, Deferred Outflows of Resources,
Noncurrent Liabilities, and Deferred Inflows of Resources
Governmental Funds

Item 3.

Fiscal Year: 2023

Form #40

		Noncurrent Assets/Deferred	Noncurrent Liabilities/Deferred
		Outflows of Resources	Inflows of Resources
Noncurrent Assets			
R00.5	Leases Receivable	561,463	
Capital Assets			
R01.	Land	26,066,103	
R02.	Buildings and Improvements <i>(Report at cost.)</i>	39,902,775	
R03.	Equipment <i>(Report at cost.)</i>	12,952,294	
R04.	Infrastructure <i>(Report at cost.)</i>	116,299,958	
R05.	Intangible Assets – Amortizable <i>(Report at cost.)</i>		
R05.5	Lease Assets (Lessee)		
R06.	Construction in Progress	7,513,148	
R07.	Intangible Assets – Nonamortizable		
R08.	Other Capital Assets <i>(Report at cost.)</i>		
R09.	Less: Accumulated Depreciation/Amortization	-70,767,943	
R10.	Net Pension Asset		
R11.	Net OPEB Asset		
R12.	Other Noncurrent Assets 1		
R13.	Other Noncurrent Assets 2		
R14.	Other Noncurrent Assets 3		
R15.	Total Noncurrent Assets	\$132,527,798	
Deferred Outflows of Resources			
R16.	Related to Pensions	25,220,232	
R17.	Related to OPEB	4,306,030	
R18.	Related to Debt Refunding		
R19.	Other Deferred Outflows of Resources		
R20.	Total Deferred Outflows of Resources	\$29,526,262	
R21.	Total Noncurrent Assets and Deferred Outflows of Resources	\$162,054,060	

Noncurrent Liabilities

R22. Deposits and Advances		
R23. Compensated Absences		3,161,247
R24. General Obligation Bonds		
R25. Revenue Bonds		
R26. Certificates of Participation		
R27. Other Bonds		
R28. Loans (Other Long-Term Debt)		1,196,257
R29. Notes (Other Long-Term Debt)		
R30. Other (Other Long-Term Debt)		
R31. Construction Financing – Federal		
R32. Construction Financing – State		
R32.5 Lease Liability		
R33. Lease Obligations (Purchase Agreements)		
R34. Net Pension Liability		59,866,665
R35. Net OPEB Liability		7,028,633
R36. Other Noncurrent Liabilities 1		
R37. Other Noncurrent Liabilities 2		
R38. Other Noncurrent Liabilities 3		
R39. Total Noncurrent Liabilities		\$71,252,802

Deferred Inflows of Resources

R40. Related to Pensions		3,126,711
R41. Related to OPEB		2,117,922
R42. Related to Debt Refunding		
R42.5 Related to Leases		505,486
R43. Other Deferred Inflows of Resources		
R44. Total Deferred Inflows of Resources		\$5,750,119
R45. Total Noncurrent Liabilities and Deferred Inflows of Resources		\$77,002,921

City of Los Gatos
Cities' Financial Transactions Report
Summary and Statistics

Item 3.

Fiscal Year: 2023

Form #41

Summary

	Governmental Funds	Proprietary Funds
R01. Revenues	62,176,437	4,093,490
R02. Expenditures/Expenses	53,909,878	5,301,231
R03. Excess (Deficiency) of Revenues Over (Under) Expenditures	\$8,266,559	
R04. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items		\$-1,207,741
R05. Other Financing Sources (Uses)	2,056,837	
R06. Capital Contributions		
R07. Proprietary Fund Transfers In (Out)		-489,675
R08. Special and Extraordinary Items		
R09. Change in Fund Balance/Net Position	\$10,323,396	\$-1,697,416
R10. Fund Balance/Net Position (Deficit), Beginning of Fiscal Year	\$50,862,138	\$8,240,279
R11. Adjustments (Specify)	-6	0

R11a. **Specify Governmental Fund Adjustments**

Rounding	-6	Delete
		Add
Total:	-6	

R11b. **Specify Proprietary Fund Adjustments**

		Add
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R12. Fund Balance/Net Position (Deficit), End of Fiscal Year	\$61,185,528	\$6,542,863
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Statistics

R13. Current Transient Occupancy Tax Rate	10
R14. Effective Date of Current Transient Occupancy Tax Rate	02/03/1993
R15. Current Utility User Tax Rate	
R16. Appropriations Limit	51,622,037
R17. Total Annual Appropriations Subject to the Limit	33,766,598

City of Los Gatos
Cities Financial Transactions Report
Footnotes

Item 3.

Fiscal Year: 2023

FORM DESC	FIELD NAME	FOOTNOTES
InternalServiceFund	(R03)OtherOperatingRevenues	(Building maintenance) Lease revenue, construction taxes and rebates
InternalServiceFund	(R10)OtherOperatingExpenses	(Building maintenance) Rent forgiven and rental expenses
InternalServiceFund	(R26)TransfersIn	(Building maintenance) Transferred from the general fund for COVID-19 income replacement reimbursements.
InternalServiceFund	(R27)TransfersOut	(Building maintenance) None
InternalServiceFund	(R03)OtherOperatingRevenues	(Equipment replacement) Insurance reimbursements
InternalServiceFund	(R04)TotalOperatingRevenues	(Equipment replacement) Charges to the general fund for police vehicle replacement
InternalServiceFund	(R11)TotalOperatingExpenses	(Equipment replacement) Charges to the general fund to pay for budgeted equipment replacement for patrol vehicles and street vehicles that were not needed in the prior year.
InternalServiceFund	(R15)OtherNonoperatingRevenues	(Equipment replacement) Proceeds from the sale of vehicles
InternalServiceFund	(R03)OtherOperatingRevenues	(Information Technology) Misc reimbursements
InternalServiceFund	(R04)TotalOperatingRevenues	(Information Technology) Increased permit fees
InternalServiceFund	(R09)DepreciationandAmortizationExpenses	(Information Technology) GASB 96
InternalServiceFund	(R11)TotalOperatingExpenses	(Information Technology) GASB 96
InternalServiceFund	(R27)TransfersOut	(Information Technology) Budgeted transfers to the governmental funds for technology upgrades included with capital projects
InternalServiceFund	(R11)TotalOperatingExpenses	(Self insurance) Increased claims and adjustments related to claims and insurance premiums.
InternalServiceFund	(R03)OtherOperatingRevenues	(Workers Compensation) Insurance claim reimbursements
InternalServiceFund	(R11)TotalOperatingExpenses	(Workers Compensation) Increase to claims and premiums
Taxes	(R02)Gen-SupplementalRollSecuredandUnsecuredPropertyTaxes	SB813 taxes doubled
Taxes	(R12)Gen-OtherPropertyTaxes	Town election amounts and AB454
Taxes	(R20)Gen-BusinessLicenseTaxes	Impact from COVID 19 and the end of the pandemic
Taxes	(R21)Gen-RealPropertyTransferTaxes	This tax varies from year to year based on property transactions.
FinesForfeituresRevenue	(R01)Func-VehicleCodeFines	Mostly from online parking tickets
FinesForfeituresRevenue	(R05)Func-InvestmentIncome	Market fluctuations
FinesForfeituresRevenue	(R05)Gen-InvestmentIncome	Market fluctuations
FinesForfeituresRevenue	(R06)Gen-RentsLeasesandConcessions	GASB 96
ChargesforCurrentServices	(R07)PlanCheckingFees	Fluctuates based on local construction which declined
MiscellaneousRevenues	(R01)Func-DevelopmentImpactFees	Prior year had one-time fees for new development
MiscellaneousRevenues	(R04)Func-ContributionsfromNongovernmentalSources	One-time developer contributions collected in the prior fiscal year
TransportationCommunityDevelopment	(R13)CurrExp-Housing	Prior year included one-time housing fees for special project
HealthCultureLeisure	(R27)CurrExp-OtherCultureLeisure1	LG Theatre donated in prior year. First year of operations.
DebtServiceCapitalOutlayGrandTotals	(R06)CurrExp-GeneralGovernment	There were no outlay projects attributed to general government in the current fiscal year
DebtServiceCapitalOutlayGrandTotals	(R07)CurrExp-PublicSafety	Vehicle replacement
MajorObjectClassification	(R03)OtherEmployeeBenefits	Health benefits, insurance and towns share of retiree medical.
MajorObjectClassification	(R07)OtherOperatingExpenditures	Administrative, travel, memberships, insurance and similar expenditures.
MajorObjectClassification	(R17)OtherCapitalOutlay	Third party consultation and contract services.
OtherFinancingSourcesChangeinFundBalance	(R09)ProceedsfromSaleofCapitalAssets	Vehicle disposals
OtherFinancingSourcesChangeinFundBalance	(R12)TransfersIn	From General Fund, Nonmajor funds, ARPA fund, Appropriated Reserves Funds for capital projects, admin support, revenue loss, engineering support and software upgrades
OtherFinancingSourcesChangeinFundBalance	(R13)TransfersOut	To General Fund, Nonmajor funds, ARPA fund, Appropriated Reserves Funds for capital projects, admin support, revenue loss, engineering support and software upgrades
ChangesNetPositionFiduciaryFund	(R24)Pri-OtherDeductions	Interest and depreciation
ChangesNetPositionFiduciaryFund	(R30)Pri-NetPosition(Deficit)EndoffFiscalYear	Deficit balance successor agency fund. Debt is owed by SA while Town owns the assets securing the debt.

OtherLongTermDebt	(R16)PrincipalPaidinCurrentFiscalYear	(1_Energy Efficiency Loan) Same as last year	Item 3.
OtherLongTermDebt	(R19)PrincipalOutstandingCurrentPortion	(1_Energy Efficiency Loan) No change	
OtherLongTermDebt	(R21)InterestPaidinCurrentFiscalYear	(1_Energy Efficiency Loan) no interest	
Service	(R01)Police	Both city employees and volunteers	
Service	(R07)SolidWaste	Contract expenditures	
BalanceSheetGovernmentalFunds	(R01)CapProj-CashInvestments	Cash was transferred to capital projects for future projects	
BalanceSheetGovernmentalFunds	(R02)Gen-Investments	Restricted cash in pension accounts	
BalanceSheetGovernmentalFunds	(R02)SpRev-Investments	Restricted cash with fiscal agent	
BalanceSheetGovernmentalFunds	(R13)Gen-OtherAssets1	Land held for resale	
BalanceSheetGovernmentalFunds	(R27)CapProj-OtherLiabilities1	Unearned revenue	
BalanceSheetGovernmentalFunds	(R27)Gen-OtherLiabilities1	unearned revenue	
BalanceSheetGovernmentalFunds	(R27)SpRev-OtherLiabilities1	Unearned revenue	
BalanceSheetGovernmentalFunds	(R31)CapProj-DeferredInflowsofResources	Leases	
BalanceSheetGovernmentalFunds	(R31)SpRev-DeferredInflowsofResources	Leases	
ProprietaryFunds	(R19)IntrnServ-OtherIntangibleAssetsAmortizable	SBITAs	
ProprietaryFunds	(R24)IntrnServ-OtherNoncurrentAssets1	SBITAs, GASB 96	
ProprietaryFunds	(R56)IntrnServ-NetPensionLiability	Not applicable	
ProprietaryFunds	(R57)IntrnServ-NetOPEBLiability	Not applicable	
ProprietaryFunds	(R58)IntrnServ-OtherNoncurrentLiabilities1	Claims payable	
FiduciaryFunds	(R15.6)PriTrust-OtherCapitalAssetsNetofDepreciation	Buildings and improvements	
FiduciaryFunds	(R15.9)PriTrust-OtherNoncurrentAssets	Loans receivable	
FiduciaryFunds	(R23.5)PriTrust-OtherCurrentLiabilities	Interest payable	
FiduciaryFunds	(R24.7)PriTrust-OtherLongTermLiabilities	COP Debt	
FiduciaryFunds	(R35)PriTrust-TotalNetPosition	Deficit successor agency net position	
NoncurrentAssetsLiabilities	(R01)CapAsst-Land	No change	

Total Footnote: 64

CITY FINANCIAL TRANSACTIONS REPORT COVER PAGE

City of Los Gatos

Fiscal Year: **2023**ID Number: **11984349300**

Certification:

I hereby certify that, to the best of my knowledge and belief, the report forms fairly reflect the financial transactions of the city in accordance with the requirements as prescribed by the California State Controller.

City Fiscal Officer



Signature

Finance Director

Title

Gitta Ungvari

Name (Please Print)

2/4/2024

Date

Per Government Code section 53891(a), this report is due within seven months after the close of the fiscal year or within the time prescribed by the Controller, whichever is later. The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available.

If submitted manually, please complete, sign, and mail this cover page to either address below:

Mailing Address:

Local Government Reporting Section - City
Local Government Programs and Services Division
California State Controller's Office
P.O. Box 942850
Sacramento, CA 94250

Express Mailing Address:

Local Government Reporting Section - City
Local Government Programs and Services Division
California State Controller's Office
3301 C Street, Suite 700
Sacramento, CA 95816

The Financial Transactions Report was successfully submitted to the State Controller's Office on 1/30/2024 9:09:19 AM

City of Los Gatos
Cities' Financial Transactions Report
General Information

Item 3.

Fiscal Year: 2022

Form #1

Members of the Governing Body

	First Name	M. I.	Last Name
Mayor	Rob		Rennie
Member 1	Maria		Ristow
Member 2	Mary		Badame
Member 3	Matthew		Hudes
Member 4	Marico		Sayoc
Member			

City Fiscal Officer

First Name	Gitta	M. I.		Last Name	Ungvari
Title	Finance Director	Telephone	(408) 354-6805		
Email	GUngvari@losgatosca.gov	Fax No.			

City Mailing Address

Street 1	110 E. Main Street	<input type="checkbox"/> Has Address Changed?
Street 2		
City	Los Gatos	State CA Zip 95030

Report Prepared By

Firm Name	Chavan & Associates, LLP				
First Name	Sheldon	M. I.		Last Name	Chavan
Title	Managing Partner	Telephone	(408) 217-8749		
Email	Sheldon@cnaillp.com	Fax No.	(408) 872-4159		

1. Does the report contain data from audited financial statements? ☒ Yes ☐ No

2. Does this city have blended component unit(s) (BCU(s))? Refer to the Cities' Financial Transactions Report (FTR) instructions for the definition of this term. If "Yes", answer questions 3 and 4.

☐ Yes ☒ No

3. Is financial data of the BCU(s) included in this city's financial statements or Annual Comprehensive Financial Report (ACFR)?

☐ Yes ☐ No

4. Is financial data of the BCU(s) included in this city's FTR? If "Yes", answer question 5. ☐ Yes ☐ No

5. Specify the name(s) of the BCU(s).

BCU

ATTACHMENT 2

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2022

Form #3

R01.	Internal Service Fund Name (Specify) (1 of 7) (Record Completed)	Building maintenance ▼
Operating Revenues		
R02.	Charges for Services	878,128
R03.	Other Operating Revenues	178,199
R04.	Total Operating Revenues	\$1,056,327
Operating Expenses		
R05.	Personnel Services	
R06.	Contractual Services	346,284
R07.	Materials and Supplies	153,398
R08.	General and Administrative Expenses	580,303
R09.	Depreciation and Amortization Expenses	
R10.	Other Operating Expenses	142,794
R11.	Total Operating Expenses	\$1,222,779
R12.	Operating Income (Loss)	\$-166,452
Nonoperating Revenues		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	
R15.	Other Nonoperating Revenues	
R16.	Total Nonoperating Revenues	\$0
Nonoperating Expenses		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	Total Nonoperating Expenses	\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$-166,452

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	251,194
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$84,742
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$156,340
R30.	Adjustment	687,399

R31.	Reason for Adjustment	GASB 87 Implementation
R32.	Net Position (Deficit), End of Fiscal Year	\$928,481

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	928,481
R36.	Total Net Position (Deficit)	\$928,481

Note:

(R31) Reason for Adjustment: GASB 87 Implementation

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2022

Form #3

R01.	Internal Service Fund Name (Specify) (2 of 7) (Record Completed)	Equipment replacement ▼
Operating Revenues		
R02.	Charges for Services	540,957
R03.	Other Operating Revenues	3,274
R04.	Total Operating Revenues	\$544,231
Operating Expenses		
R05.	Personnel Services	
R06.	Contractual Services	4,005
R07.	Materials and Supplies	157,762
R08.	General and Administrative Expenses	
R09.	Depreciation and Amortization Expenses	
R10.	Other Operating Expenses	
R11.	Total Operating Expenses	\$161,767
R12.	Operating Income (Loss)	\$382,464
Nonoperating Revenues		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	45,210
R15.	Other Nonoperating Revenues	
R16.	Total Nonoperating Revenues	\$45,210
Nonoperating Expenses		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	Total Nonoperating Expenses	\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$427,674

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	-94,816

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0

R28.	Change in Net Position	\$332,858
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$1,889,536
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$2,222,394

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	2,222,394
R36.	Total Net Position (Deficit)	\$2,222,394

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2022

Form #3

R01.	Internal Service Fund Name (Specify) (3 of 7) (Record Completed)	Information Technology ▼
Operating Revenues		
R02.	Charges for Services	998,157
R03.	Other Operating Revenues	
R04.	Total Operating Revenues	\$998,157
Operating Expenses		
R05.	Personnel Services	
R06.	Contractual Services	702,623
R07.	Materials and Supplies	163,660
R08.	General and Administrative Expenses	11,766
R09.	Depreciation and Amortization Expenses	
R10.	Other Operating Expenses	
R11.	Total Operating Expenses	\$878,049
R12.	Operating Income (Loss)	\$120,108
Nonoperating Revenues		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	
R15.	Other Nonoperating Revenues	
R16.	Total Nonoperating Revenues	\$0
Nonoperating Expenses		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	Total Nonoperating Expenses	\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$120,108

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$120,108
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$2,870,822
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$2,990,930

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	2,990,930
R36.	Total Net Position (Deficit)	\$2,990,930

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2022

Form #3

R01.	Internal Service Fund Name (Specify) (4 of 7) (Record Completed)	Self insurance ▼
Operating Revenues		
R02.	Charges for Services	366,134
R03.	Other Operating Revenues	
R04.	Total Operating Revenues	\$366,134
Operating Expenses		
R05.	Personnel Services	
R06.	Contractual Services	
R07.	Materials and Supplies	
R08.	General and Administrative Expenses	583,924
R09.	Depreciation and Amortization Expenses	
R10.	Other Operating Expenses	
R11.	Total Operating Expenses	\$583,924
R12.	Operating Income (Loss)	\$-217,790
Nonoperating Revenues		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	
R15.	Other Nonoperating Revenues	
R16.	Total Nonoperating Revenues	\$0
Nonoperating Expenses		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	Total Nonoperating Expenses	\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$-217,790

Capital Contributions		
R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	
Special and Extraordinary Items		
R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$-217,790
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$1,021,083
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$803,293
Net Position (Deficit)		
R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	803,293
R36.	Total Net Position (Deficit)	\$803,293

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2022

Form #3

R01.	Internal Service Fund Name (Specify) (5 of 7) (Record Completed)	<div>Stores</div>
Operating Revenues		
R02.	Charges for Services	<div></div>
R03.	Other Operating Revenues	<div></div>
R04.	Total Operating Revenues	<div>\$0</div>
Operating Expenses		
R05.	Personnel Services	<div></div>
R06.	Contractual Services	<div></div>
R07.	Materials and Supplies	<div></div>
R08.	General and Administrative Expenses	<div></div>
R09.	Depreciation and Amortization Expenses	<div></div>
R10.	Other Operating Expenses	<div></div>
R11.	Total Operating Expenses	<div>\$0</div>
R12.	Operating Income (Loss)	<div>\$0</div>
Nonoperating Revenues		
R13.	Investment Income	<div></div>
R14.	Gain on Disposal of Capital Assets	<div></div>
R15.	Other Nonoperating Revenues	<div></div>
R16.	Total Nonoperating Revenues	<div>\$0</div>
Nonoperating Expenses		
R17.	Interest Expense	<div></div>
R18.	Loss on Disposal of Capital Assets	<div></div>
R19.	Other Nonoperating Expenses	<div></div>
R20.	Total Nonoperating Expenses	<div>\$0</div>
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	<div>\$0</div>

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0

R28.	Change in Net Position	\$0
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R29.	Net Position (Deficit), Beginning of Fiscal Year	\$0
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R30.	Adjustment	
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R31.	Reason for Adjustment	
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R32.	Net Position (Deficit), End of Fiscal Year	\$0
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Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	0
R36.	Total Net Position (Deficit)	\$0

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2022

Form #3

R01.	Internal Service Fund Name (Specify) (6 of 7) (Record Completed)	Vehicle maintenance ▼
Operating Revenues		
R02.	Charges for Services	
R03.	Other Operating Revenues	
R04.	Total Operating Revenues	\$0
Operating Expenses		
R05.	Personnel Services	
R06.	Contractual Services	
R07.	Materials and Supplies	
R08.	General and Administrative Expenses	
R09.	Depreciation and Amortization Expenses	
R10.	Other Operating Expenses	
R11.	Total Operating Expenses	\$0
R12.	Operating Income (Loss)	\$0
Nonoperating Revenues		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	
R15.	Other Nonoperating Revenues	
R16.	Total Nonoperating Revenues	\$0
Nonoperating Expenses		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	Total Nonoperating Expenses	\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$0

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0

R28.	Change in Net Position	\$0
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R29.	Net Position (Deficit), Beginning of Fiscal Year	\$0
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R30.	Adjustment	
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R31.	Reason for Adjustment	
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R32.	Net Position (Deficit), End of Fiscal Year	\$0
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Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	0
R36.	Total Net Position (Deficit)	\$0

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2022

Form #3

R01.	Internal Service Fund Name (Specify) (7 of 7) (Record Completed)	Workers Compensation ▼
Operating Revenues		
R02.	Charges for Services	896,732
R03.	Other Operating Revenues	258,474
R04.	Total Operating Revenues	\$1,155,206
Operating Expenses		
R05.	Personnel Services	
R06.	Contractual Services	53,129
R07.	Materials and Supplies	
R08.	General and Administrative Expenses	1,479,916
R09.	Depreciation and Amortization Expenses	
R10.	Other Operating Expenses	
R11.	Total Operating Expenses	\$1,533,045
R12.	Operating Income (Loss)	\$-377,839
Nonoperating Revenues		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	
R15.	Other Nonoperating Revenues	
R16.	Total Nonoperating Revenues	\$0
Nonoperating Expenses		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	Total Nonoperating Expenses	\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$-377,839

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0

R28.	Change in Net Position	\$-377,839
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R29.	Net Position (Deficit), Beginning of Fiscal Year	\$1,673,020
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R30.	Adjustment	
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R31.	Reason for Adjustment	
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R32.	Net Position (Deficit), End of Fiscal Year	\$1,295,181
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Net Position (Deficit)

R33.	Net Investment in Capital Assets	
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R34.	Restricted	129,929
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R35.	Unrestricted	1,165,252
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R36.	Total Net Position (Deficit)	\$1,295,181
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City of Los Gatos
Cities' Financial Transactions Report
Functional Revenue Details Report
Governmental Funds

Item 3.

Back to Form: Functional Revenue Details

Fiscal Year: 2022

Form #15

Functional Revenue Detail List:

Revenue Form	Functional Revenue	Expenditure Form	Expenditure Function	Amount
SpecialBenefitAssessments	Lighting	TransportationCommunityDevelopment	Streets – Trees/Landscaping	38,611
			Sub Total:	\$38,611
LicensesPermits	Construction Permits	TransportationCommunityDevelopment	Construction and Engineering Regulation	2,113,120
		TransportationCommunityDevelopment	Planning	537,721
			Sub Total:	\$2,650,841
FinesForfeituresRevenue	Forfeitures and Penalties	TransportationCommunityDevelopment	Construction and Engineering Regulation	18,543
		HealthCultureLeisure	Libraries	7
		GeneralGovernmentPublicSafety	Police	31,924
			Sub Total:	\$50,474
FinesForfeituresRevenue	Investment Income	HealthCultureLeisure	Libraries	6,231
		TransportationCommunityDevelopment	Streets – Trees/Landscaping	1,865
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	117,484
			Sub Total:	\$125,580
FinesForfeituresRevenue	Rents, Leases, and Concessions	GeneralGovernmentPublicSafety	Police	32,400
			Sub Total:	\$32,400
FinesForfeituresRevenue	Vehicle Code Fines	GeneralGovernmentPublicSafety	Police	248,878
			Sub Total:	\$248,878
IntergovernmentalState	Gasoline Tax	TransportationCommunityDevelopment	Streets/Highways/Storm Drains	1,370,786
			Sub Total:	\$1,370,786
IntergovernmentalState	Peace Officers Standards and Training	GeneralGovernmentPublicSafety	Police	63,798
			Sub Total:	\$63,798
IntergovernmentalState	Public Safety – Prop. 172	GeneralGovernmentPublicSafety	Police	526,481
			Sub Total:	\$526,481
ChargesforCurrentServices	Engineering Fees, Inspection and Other Charges	TransportationCommunityDevelopment	Construction and Engineering Regulation	1,470,953
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	69,720
			Sub Total:	\$1,540,673
ChargesforCurrentServices	Parks and Recreation Fees	HealthCultureLeisure	Parks and Recreation	7,495
			Sub Total:	\$7,495
ChargesforCurrentServices	Plan Checking Fees	TransportationCommunityDevelopment	Construction and Engineering Regulation	765,409
		TransportationCommunityDevelopment	Planning	203,329
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	381,438
			Sub Total:	\$1,350,176
ChargesforCurrentServices	Special Police Department Services	GeneralGovernmentPublicSafety	Police	1,203,223
			Sub Total:	\$1,203,223
ChargesforCurrentServices	Street, Sidewalk, and Curb Repairs Charges	TransportationCommunityDevelopment	Construction and Engineering Regulation	238,862
		TransportationCommunityDevelopment	Streets – Trees/Landscaping	29,000
			Sub Total:	\$267,862

MiscellaneousRevenues	Contributions from Nongovernmental Sources	TransportationCommunityDevelopment	Construction and Engineering Regulation	<i>Item 3.</i>
		HealthCultureLeisure	Libraries	73,105
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	136,845
			Sub Total:	\$745,521
MiscellaneousRevenues	Development Impact Fees	TransportationCommunityDevelopment	Housing	1,200,000
		TransportationCommunityDevelopment	Planning	871,800
		TransportationCommunityDevelopment	Streets – Trees/Landscaping	49,434
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	937,846
			Sub Total:	\$3,059,080
			Functional Revenue Total:	\$13,281,879
			Other Functional Revenue Total:	\$16,069,250
			Functional Revenue Grand Total:	\$29,351,129

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Taxes

Item 3.

Fiscal Year: 2022

Form #16

	Functional Revenues	General Revenues	Total Revenues
	A	B	C
Taxes			
R01. Secured and Unsecured Property Taxes		14,220,876	14,220,876
R02. Supplemental Roll Secured and Unsecured Property Taxes		1,120,427	1,120,427
R03. Property Tax In-Lieu of Vehicle License Fees		4,229,462	4,229,462
R04. Voter-Approved Indebtedness Property Taxes			
R05. Supplemental Roll Voter-Approved Indebtedness Property Taxes			
R06. Property Taxes – Prior		97,677	97,677
R07. Supplemental Roll Property Taxes – Prior			
R08. Pass-through Property Taxes (ABX1 26)			
R09. Residual Property Taxes (ABX1 26)			
R11. Parcel Tax			
R12. Other Property Taxes		371,751	371,751
R13. Interest, Penalties, and Delinquent Taxes		18,551	18,551
R14. Sales and Use Taxes		8,483,673	8,483,673
R16. Transportation Taxes – Transit			
R17. Transportation Taxes – Nontransit			
R18. Transient Occupancy Taxes		1,895,064	1,895,064
R19. Franchises		2,822,515	2,822,515
R20. Business License Taxes		1,481,667	1,481,667
R21. Real Property Transfer Taxes		1,025,554	1,025,554
R22. Utility Users Taxes			
R23. Construction Development Taxes		81,134	81,134
Taxes – Other			
R24. Admission Tax			
R25. Parking Tax			

R27. Other Taxes – Other (Specify)

Item 3.

R27a. Specify Functional Revenues Select Expenditure Function Functional Revenues

Select

Add

R27b. Specify General Revenues General Revenues

Add

	Functional Revenues	General Revenues	Total Revenues
	A	B	C
R28. Total Taxes	\$0	\$35,848,351	\$35,848,351

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Special Benefit Assessments

Item 3.

Fiscal Year: 2022

Form #17

	Special Benefit Assessments	Functional Revenues
R01.	Fire	<input type="text"/>
R02.	Paramedics	<input type="text"/>
R03.	Police	<input type="text"/>
R04.	Lighting	<input type="text" value="38,611"/>
R05.	Other Special Benefit Assessments (Specify)	<input type="text"/>
R05a.	<div><div>Specify Functional Revenues</div><div>Select Expenditure Function</div></div>	
	<div><input type="text"/><div>Select</div><div><input type="text"/></div><div>Add</div></div>	
R06.	Total Special Benefit Assessments	<input type="text" value="\$38,611"/>

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Licenses and Permits

Item 3.

Fiscal Year: 2022

Form #18

	Functional Revenues A	General Revenues B	Total Revenues C
Licenses and Permits			
R01. Animal Licenses			
R02. Bicycle Licenses			
R03. Construction Permits	2,650,841		2,650,841
R04. Street and Curb Permits			
R05. Other Licenses and Permits (Specify)	1,524,261		1,524,261

R05a. **Specify Functional Revenues**

Select Expenditure Function

Functional Revenues

Title 24 under utility fee	Construction and Engineering Regulati	126,267	Delete
Reservations and tree removal	Parks and Recreation	208,128	Delete
Alarm special event firearms parking fees	Police	112,288	Delete
Solid Waste Fees	Solid Waste	305,359	Delete
Street sweeping and storm drainage	Streets/Highways/Storm Drains	772,219	Delete
	Select		Add
Total:		1,524,261	

R05b. **Specify General Revenues**

General Revenues

		Add
--	--	-----

	Functional Revenues A	General Revenues B	Total Revenues C
R06. Total Licenses and Permits	\$4,175,102	\$0	\$4,175,102

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Fines, Forfeitures, Penalties, and Revenue from Use of Money and Property

Item 3.

Fiscal Year: 2022

Form #19

	Functional Revenues A	General Revenues B	Total Revenues C
Fines, Forfeitures, and Penalties			
R01. Vehicle Code Fines	248,878		248,878
R03. Forfeitures and Penalties	50,474		50,474
R03.5 Other Fines (Specify)	1,194		1,194

R03.5a

Specify Functional Revenues	Select Expenditure Function	Functional Revenues	
General fines and penalties	Legislative	794	Delete
Park citations	Parks and Recreation	400	Delete
	Select		Add
		Total:	1,194

R03.5b

Specify General Revenues	General Revenues	
		Add

	Functional Revenues A	General Revenues B	Total Revenues C
R04. Total Fines, Forfeitures, and Penalties	\$300,546	\$0	\$300,546

Revenue from Use of Money and Property			
R05. Investment Income	125,580	-1,404,563	-1,278,983
R06. Rents, Leases, and Concessions	32,400	112,501	144,901
R07. Royalties			
R09.5 Other Revenue from Use of Money and Property (Specify)			

R09.5a

Specify Functional Revenues	Select Expenditure Function	Functional Revenues	
	Select		Add

R09.5b

Specify General Revenues	General Revenues	
		Add

	Functional Revenues A	General Revenues B	Total Revenues C
R10. Total Revenue from Use of Money and Property	\$157,980	\$-1,292,062	\$-1,134,082

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Intergovernmental – State

Item 3.

Fiscal Year: 2022

Form #20

	Functional Revenues A	General Revenues B	Total Revenues C
Intergovernmental – State			
R01. Homeowners Property Tax Relief		44,784	44,784
R03. Gasoline Tax	1,370,786		1,370,786
R04. Peace Officers Standards and Training	63,798		63,798
R05. Off-Highway Motor Vehicle In-Lieu Fee			
R07.5 Other Intergovernmental – State (Specify)		35,624	35,624

R07.5a

Specify General Revenues

General Revenues

Vehicle License Fee Collection in Excess	35,624	Delete
		Add
Total:	35,624	

	Functional Revenues A	General Revenues B	Total Revenues C
State Grants – Other			
R08. Mandated Cost		7,170	7,170
R09. Public Safety – Prop. 172	526,481		526,481
R10. Public Safety – 2011			
R31. Other State Grants – Other (Specify)	10,822,032		10,822,032

R31a.

Specify Functional Revenues

Select Expenditure Function

Functional Revenues

Covid-19 ARPA	Disaster Preparedness	3,413,961	Delete
Library	Libraries	9,000	Delete
Cal OES Wildfire Passthrough subgrant	Other General Government 1	6,900,000	Delete
Tobacco Prevention Grant	Physical and Mental Health	7,000	Delete
Abandoned Vehicles	Police	49,393	Delete
Cal OES	Police	5,463	Delete
CalFire General Plan Preparation	Police	26,749	Delete
SLESF	Police	322,569	Delete
Traffic Safety CVC	Police	41,791	Delete
AB939	Solid Waste	46,106	Delete
	Select		Add
Total:		10,822,032	

	Functional Revenues A	General Revenues B	Total Revenues C
R32. Total Intergovernmental – State	\$12,783,097	\$87,578	\$12,870,675

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Intergovernmental – Federal, County, and Other Taxes In-Lieu

Item 3.

Fiscal Year: 2022

Form #21

	Functional Revenues A	General Revenues B	Total Revenues C
Intergovernmental – Federal			
R13. Community Development Block Grant			
R14. Workforce Investment Act (WIA)			
R15. Other Federal Grants (Specify)	859,883		859,883

R15a. **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

CalTrans - Federal Funding	Other Transportation 1	4,496	Delete
Dept of Justice Grants	Police	6,060	Delete
HSIP	Streets/Highways/Storm Drains	766,051	Delete
MTC OBAG	Streets/Highways/Storm Drains	83,276	Delete
	Select		Add
Total:		859,883	

	Functional Revenues A	General Revenues B	Total Revenues C
R16. Total Intergovernmental – Federal	\$859,883		\$859,883

Intergovernmental – County			
R17. County Grants of State Gasoline Tax			
R18. Other County Grants (Specify)	1,504,787		1,504,787

R18.5a **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

TDA Article 3 Funds	Other Transportation 1	140,446	Delete
VTA/TFCA Grants	Other Transportation 1	287,614	Delete
VTA Measure B	Streets/Highways/Storm Drains	1,076,727	Delete
	Select		Add
Total:		1,504,787	

R18.5b **Specify General Revenues** **General Revenues**

		Add
--	--	-----

	Functional Revenues A	General Revenues B	Total Revenues C
R19. Total Intergovernmental – County	\$1,504,787	\$0	\$1,504,787

R20. Other Taxes In-Lieu (Specify)			
---	--	--	--

R20.5a **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

	Select		Add
--	--------	--	-----

R20.5b **Specify General Revenues** **General Revenues**

		Add
--	--	-----

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Charges for Current Services

Item 3.

Fiscal Year: 2022

Form #22

Functional Revenues

Charges for Current Services

R01. Zoning Fees and Subdivision Fees	
R04. Special Police Department Services	1,203,223
R06. Special Fire Department Services	
R07. Plan Checking Fees	1,350,176
R09. Animal Shelter Fees and Charges	
R10. Engineering Fees, Inspection and Other Charges	1,540,673
R11. Street, Sidewalk, and Curb Repairs Charges	267,862
R12. Weed and Lot Cleaning Charges	
R13. Sewer Service Charges	
R14. Sewer Connection Fees	
R15. Solid Waste Revenues	
R16. Sales of Refuse	
R17. First Aid and Ambulance Charges	
R20. Library Fines and Fees	
R23. Parking Facility Charges	
R24. Parks and Recreation Fees	7,495
R25. Golf Course Fees	
R26. Water Service Charges	
R27. Water Connection Fees	
R28. Electric Revenues	
R29. Gas Revenues	
R30. Airport Revenues	
R31. Cemetery Revenues	
R32. Housing Revenues	
R33. Ports and Harbor Revenues	
R34. Hospital Revenues	
R35. Transit Revenues	
R36. Stadium Revenues	
R40. Quasi-External Transactions	

R41. Other Charges for Current Services (Specify)

963,631

Item 3.

R41a. Specify Functional Revenues Select Expenditure Function

BMP housing fees	Housing	575	Delete
election fees appeal fees mediation fees	Legislative	66,849	Delete
Research and copies	Libraries	514	Delete
Copies processing fees other service fees	Management and Support	172,541	Delete
General Plan revenue recognition	Planning	698,302	Delete
slurry seal and traffic mitigation fees	Streets/Highways/Storm Drains	24,850	Delete
	Select		Add
Total:		963,631	

R42. Total Charges for Current Services

\$5,333,060

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Miscellaneous Revenues and Grand Totals

Item 3.

Go to Form: Functional Revenue Detail

Fiscal Year: 2022

Form #23

	Functional Revenues A	General Revenues B	Total Revenues C
Miscellaneous Revenues			
R01. Development Impact Fees	3,059,080		3,059,080
R04. Contributions from Nongovernmental Sources	745,521		745,521
R05. Other Miscellaneous Revenues (Specify)	393,462	198,297	591,759
R05a. Specify Functional Revenues	Select Expenditure Function Functional Revenues		
ADA training	Construction and Engineering Regulati	5,523	<input type="button" value="Delete"/>
Credit card fees returned check fees misc operating rev etc.	Management and Support	71,207	<input type="button" value="Delete"/>
Construction reimbursement donations insurance claims etc	Parks and Recreation	167,901	<input type="button" value="Delete"/>
Taskforce and police donations	Police	141,738	<input type="button" value="Delete"/>
Street trees fees	Streets – Trees/Landscaping	7,093	<input type="button" value="Delete"/>
	Select		<input type="button" value="Add"/>
	Total:	393,462	
R05b. Specify General Revenues	General Revenues		
Garbage JPA revenue	130,572	<input type="button" value="Delete"/>	
Insurance claim reimbursements	4,631	<input type="button" value="Delete"/>	
Misc Operating Rev	1,179	<input type="button" value="Delete"/>	
Miscellaneous rebates	17,948	<input type="button" value="Delete"/>	
Non-Point source equity disbursement	43,967	<input type="button" value="Delete"/>	
		<input type="button" value="Add"/>	
Total:	198,297		
	Functional Revenues A	General Revenues B	Total Revenues C
R10. Total Miscellaneous Revenues	\$4,198,063	\$198,297	\$4,396,360
R11. Grand Totals	\$29,351,129	\$34,842,164	\$64,193,293

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
General Government and Public Safety

Item 3.

Go to Form: Functional Revenue Details

Fiscal Year: 2022

Form #24

Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
A	B	C

General Government

R01. Legislative	1,231,480	67,643	1,163,837
R02. Management and Support	7,822,488	243,748	7,578,740
R10. Other General Government 1	6,900,000	6,900,000	
R11. Other General Government 2			
R12. Total General Government	\$15,953,968	\$7,211,391	\$8,742,577

Public Safety

R13. Police	13,037,229	2,812,755	10,224,474
R24. Fire			
R25. Emergency Medical Service			
R26. Animal Regulation			
R27. Weed Abatement			
R28. Street Lighting			
R29. Disaster Preparedness	3,413,961	3,413,961	
R33. Other Public Safety 1			
R34. Other Public Safety 2			
R35. Total Public Safety	\$16,451,190	\$6,226,716	\$10,224,474

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
Transportation and Community Development

Item 3.

Go to Form: Functional Revenue Details

Fiscal Year: 2022

Form #25

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
Transportation			
R01. Streets/Highways/Storm Drains	4,004,950	5,737,242	-1,732,292
R02. Streets – Trees/Landscaping	33,671	126,003	-92,332
R03. Parking Facility			
R04. Public Transit			
R05. Airports			
R06. Ports and Harbor			
R07. Other Transportation 1		432,556	-432,556
R08. Other Transportation 2			
R09. Total Transportation	\$4,038,621	\$6,295,801	\$-2,257,180
Community Development			
R10. Planning	2,549,655	2,311,152	238,503
R11. Construction and Engineering Regulation	4,863,366	5,274,248	-410,882
R12. Redevelopment			
R13. Housing	1,200,000	1,200,575	-575
R14. Employment			
R15. Community Promotion			
R16. Other Community Development 1	26,107		26,107
R17. Other Community Development 2			
R18. Total Community Development	\$8,639,128	\$8,785,975	\$-146,847

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
Health and Culture and Leisure

Item 3.

Go to Form: Functional Revenue Details

Fiscal Year: 2022

Form #26

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
Health			
R01. Physical and Mental Health		7,000	-7,000
R06. Hospitals and Sanitariums			
R07. Solid Waste	440,548	351,465	89,083
R08. Sewers			
R09. Cemeteries			
R17. Other Health 1			
R18. Other Health 2			
R19. Total Health	\$440,548	\$358,465	\$82,083
Culture and Leisure			
R20. Parks and Recreation	2,029,311	383,924	1,645,387
R21. Marina and Wharfs			
R22. Libraries	2,827,210	88,857	2,738,353
R23. Museums			
R24. Golf Courses			
R25. Sports Arenas and Stadiums			
R26. Community Centers and Auditoriums			
R27. Other Culture and Leisure 1			
R28. Other Culture and Leisure 2			
R29. Total Culture and Leisure	\$4,856,521	\$472,781	\$4,383,740

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
Public Utilities and Other Expenditures

Item 3.

Go to Form: Functional Revenue Details

Fiscal Year: 2022

Form #27

Current Expenditures Functional Revenues Net Expenditures/(Excess Revenues)

A

B

C

Public Utilities

R01. Water			
R02. Gas			
R03. Electric			
R04. Other Public Utilities 1			
R05. Other Public Utilities 2			
R06. Total Public Utilities	\$0	\$0	\$0

Other Expenditures

R07. Other Expenditures 1			
R08. Other Expenditures 2			
R09. Total Other Expenditures	\$0	\$0	\$0

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
Debt Service, Capital Outlay, and Grand Totals

Item 3.

Fiscal Year: 2022

Form #28

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
Debt Service			
R01. Principal Payments on Long-Term Debt	156,034		156,034
R02. Interest Payments on Long-Term Debt			
R02.5 Principal Payments on Lease Obligations (Purchase Agreements)			
R03. Principal and Interest on Short-Term Notes and Warrants			
R04. Other Debt Service Payments			
R05. Total Debt Service	\$156,034		\$156,034
Capital Outlay			
R06. General Government	1,472,952		1,472,952
R07. Public Safety	157,761		157,761
R08. Transportation	8,829,756		8,829,756
R09. Community Development	18,201		18,201
R10. Health			
R11. Culture and Leisure			
R12. Public Utilities			
R13. Other Expenditures			
R14. Total Capital Outlay	\$10,478,670		\$10,478,670
R15. Grand Totals	\$61,014,680	\$29,351,129	\$31,663,551

City of Los Gatos
Cities' Financial Transactions Report
Governmental Funds
Major Object Classification

Item 3.

Fiscal Year: 2022

Form #29

Operating Expenditures

R01.	Salaries and Wages	20,081,299
R02.	Retirement Benefits	6,561,090
R03.	Other Employee Benefits	3,704,716
	Contract Services	
R04.	Private	2,462,700
R05.	Governmental Agencies	553,700
R06.	Materials and Supplies	1,221,188
R07.	Other Operating Expenditures	15,795,283
R08.	Total Operating Expenditures	\$50,379,976

Debt Service

R09.	Principal Payments on Long-Term Debt	156,034
R10.	Interest Payments on Long-Term Debt	
R11.	Principal Payments on Lease Obligations (Purchase Agreements)	
R11.5	Principal and Interest on Short-Term Notes and Warrants	
R12.	Other Debt Service Payments	
R13.	Total Debt Service	\$156,034

Capital Outlay

R14.	Land	1,491,153
R15.	Buildings and Improvements	17,000
R16.	Equipment	140,761
R17.	Other Capital Outlay	8,829,756
R18.	Total Capital Outlay	\$10,478,670
R19.	Grand Total Expenditures	\$61,014,680

Supplemental Data

Major Project Expenditures

R20.	Pursuant to Competitive Bidding	3,219,275
R21.	Other than Competitive Bidding	7,259,395
R22.	Total Major Project Expenditures	\$10,478,670

City of Los Gatos
Cities' Financial Transactions Report
Other Financing Sources (Uses) and Changes in Fund Balance - Governmental Funds

Item 3.

Fiscal Year: 2022

Form #30

R01. **Excess (Deficiency) of Revenues Over (Under) Expenditures** 3,178,613

Other Financing Sources (Uses)

R01.5 Lease Financing

R02. Long-Term Debt - Bonds, COP, and Other Agency Debt

R03. Construction Financing and Other Long-Term Debt

R03.6 Proceeds from Refinancing on Loans, Notes, and Other

R03.7 Payments to Refinanced Loans, Notes, and Other

R04. Refunding Bonds Proceeds

R05. Premium on Bonds Issued

R06. Discount on Bonds Issued

R07. Payment to Refunded Bond Escrow Agent

R08. Demand Bonds

R09. Proceeds from Sale of Capital Assets 2,151

R11. Insurance Recoveries

R12. Transfers In 8,154,307

R13. Transfers Out -8,310,685

R13.5 Other Financing Sources (Uses) – Other

R14. **Total Other Financing Sources (Uses)** \$-154,227

Special and Extraordinary Items

R15. Special Item

R16. Extraordinary Item

R17. **Total Special and Extraordinary Items** \$0

R18. **Net Change in Fund Balance** \$3,024,386

R19. **Fund Balance (Deficit), Beginning of Fiscal Year** \$47,837,752

R20. **Adjustment**

R21. Reason for Adjustment

R22. **Fund Balance (Deficit), End of Fiscal Year** \$50,862,138

City of Los Gatos
Cities' Financial Transactions Report
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Item 3.

Fiscal Year: 2022

Form #30.5

		Pension and Other			
		Employee Benefit	Investment	Private-Purpose	Custodial
		Trust Funds	Trust Funds	Trust Funds	Funds
Additions					
Contributions					
R01.	Employer				
R02.	Plan Members				
R03.	Private Contributions				
R04.	Contributions to Pooled Investments				
R05.	Other Contributions			1,937,791	
R06.	Total Contributions	\$0	\$0	\$1,937,791	\$0
Investment Income (Loss)					
R07.	Net Appreciation (Depreciation) in Fair Value of Investments				
R08.	Interest			15,562	
R09.	Dividends				
R10.	Other Investment Income				
R11.	(Investment Expense)				
Securities Lending Income (Loss)					
R12.	Securities Lending Income				
R13.	(Securities Lending Expense)				
R14.	Net Securities Lending Income (Loss)	\$0	\$0	\$0	\$0
R15.	Net Investment Income (Loss)	\$0	\$0	\$15,562	\$0
R15.5	Tax Revenues				
R16.	Receipts from Depositors				
R17.	Other Additions				
R18.	Total Additions	\$0	\$0	\$1,953,353	\$0
Deductions					
R19.	Benefit Payments				
R20.	Refunds of Contributions				
R21.	Administrative Expenses				
R22.	Payments to and for Depositors				
R23.	Distributions from Pooled Investments				
R24.	Other Deductions			5,899,675	
R25.	Total Deductions	\$0	\$0	\$5,899,675	\$0
R26.	Change in Net Position	\$0	\$0	\$-3,946,322	\$0
R27.	Net Position (Deficit), Beginning of Fiscal Year	\$0	\$0	\$-3,661,204	\$0
R28.	Adjustment				
R29.	Reason for Adjustment				
R30.	Net Position (Deficit), End of Fiscal Year	\$0	\$0	\$-7,607,526	\$0

City of Los Gatos
Cities' Financial Transactions Report
Other Long-Term Debt
Loans, Notes, and Other

Item 3.

Go to Report: Detail Summary of Other Long-Term Debt

Fiscal Year: 2022

Form #32

R01. Purpose of Debt (1 of 1) (Record Completed)	Energy Efficiency Loan
R02. Nature of Revenue Pledged	Savings on utility bills
R03. Debt Type	Loans
R04. Fund Type	Governmental
R06. Year of Issue	2021
R07. Beginning Maturity Year	2021
R08. Ending Maturity Year	2031
R09. Principal Authorized	1,560,336
R10. Principal Received to Date	1,560,336
R11. Principal Unspent	
R12. Principal Outstanding, Beginning of Fiscal Year	\$1,521,328
R13. Adjustment to Principal in Current Fiscal Year	-13,003
R14. Reason for Adjustment to Principal in Current Fiscal Year	To correct the beginning balance
R15. Principal Received in Current Fiscal Year	
R16. Principal Paid in Current Fiscal Year	156,034
R17. Principal Refinanced in Current Fiscal Year	
R18. Principal Outstanding, End of Fiscal Year	\$1,352,291
R19. Principal Outstanding, Current Portion	156,034
R20. Principal Outstanding, Noncurrent Portion	\$1,196,257
R21. Interest Paid in Current Fiscal Year	0
R22. Principal Delinquent, End of Fiscal Year	
R23. Interest Delinquent, End of Fiscal Year	

Note:

(R14) Reason for Adjustment to Principal in Current Fiscal Year: To correct the beginning balance

City of Los Gatos
Cities' Financial Transactions Report
Detail Summary of Other Long-Term Debt

Item 3.

Back to Form: Other Long-Term Debt

Fiscal Year: 2022

Summary Form #32

	Year of Issue	Principal Outstanding, Beginning of Fiscal Year	Principal Received in Current Fiscal Year	Principal Paid in Current Fiscal Year	Principal Outstanding, End of Fiscal Year	Principal Outstanding, Current Portion	Principal Outstanding, Noncurrent Portion
Governmental							
Loans							
Energy Efficiency Loan	2021	1,521,328	0	156,034	1,352,291	156,034	1,196,257
Total Governmental Debt:		\$1,521,328	\$0	\$156,034	\$1,352,291	\$156,034	\$1,196,257

City of Los Gatos
Cities' Financial Transactions Report
Debt Service Reconciliation

Item 3.

Go to Report: Debt Summary

Fiscal Year: 2022

Form #35

	Governmental Funds	Internal Service Fund	Enterprise Funds
Debt Payments from Debt Forms			
R01. Long-Term Debt (Bonds, COP, and Other Agency Debt)			
R02. Other Long-Term Debt	156,034		
R03. Construction Financing			
R04. Lease Obligations (Purchase Agreements)			
R05. Total Debt Payments from Debt Forms	\$156,034	\$0	\$0
R06. Debt Service	156,034		
R07. Difference	\$0	\$0	\$0
R08. Reason for Difference			

City of Los Gatos
Cities' Financial Transactions Report
Debt Summary

Item 3.

Fiscal Year: 2022

Summary Form #31-34

	Governmental Funds		Proprietary Funds	
	Principal Paid in CY	Interest Paid in CY	Internal Service Interest Paid in CY	Enterprise Interest Paid in CY
Long-Term Debt				
R01. Total Certificates of Participation				
R02. Total General Obligation Bonds				
R03. Total Pension Obligation Bonds				
R04. Total Revenue Bonds				
R05. Total Other Agency Debt				
R06. Total Long-Term Debt				
Other Long-Term Debt				
R07. Total Loans	156,034			
R08. Total Notes				
R09. Total Other - Leases (<10 years)				
R10. Total Other Long-Term Debt	156,034			
Construction Financing				
R11. Total Loans				
R12. Total Notes				
R13. Total Other				
R14. Total Construction Financing				
Lease Obligations				
R16. Total Leases				
R18. Total Other Contracts				
R19. Total Lease Obligation				
R20. Total Debt Payments from Debt Forms	156,034			
Debt Service				
	Principal Payments	Interest Payments		
R21. Principal Payments on Long Term Debt	156,034			
R22. Interest Payments on Long-Term Debt				
R23. Lease Obligations (Purchase Agreements)				
R24. Total	156,034			

Note: The debt service section (R21:R23) is used to reconcile with the following forms:

Form 28: Statement of Net Expenditures - Governmental Funds - Debt Service, Capital Outlay, and Grand Totals (R01:R02.5)

Form 29: Major Object Classification - Governmental Funds (R09:R11)

City of Los Gatos
Cities' Financial Transactions Report
Check List of Services Provided
Service

Item 3.

Fiscal Year: 2022

Form #36

Service

(Please see * below for codes to enter)

R01. Police	AB
R02. Fire	I
R03. Emergency Medical	J
R04. Street Lighting	J
R05. Public Transit	H
R06. Community Development - Planning	A
R07. Solid Waste	H
R08. Sewers	H
R09. Parks and Recreation	AF
R10. Libraries	A
R11. Water	J

*** Service Codes**

A = Provided by Paid City Employees	B = Provided by City Volunteers
Provided wholly or in part through contract with:	Provided wholly or in part without contract with:
C = Another City	G = Another City
D = County	H = Special District or Other Public Agency
E = Private Sector	I = County
F = Special District or Other Public Agency	J = Private Sector
	K = Service not provided within city

	Number of Paid City Employees A	Number of Volunteers B	Total Number of Employees C
R12. Police Protection	60	249	309
R13. Police Officers	39	4	43
R14. Fire Protection			
R15. Fire Fighters			
R16. Emergency Medical			

City of Los Gatos
Cities' Financial Transactions Report
Balance Sheet
Governmental Funds

Item 3.

Fiscal Year: 2022

Form #37

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Total Governmental Funds
Assets						
R01. Cash and Investments	33,524,572	1,241,005		25,613,043		60,378,620
R02. Investments	690,000					690,000
R03. Accounts Receivable (net)	1,813,336	63,244		396,644		2,273,224
R04. Taxes Receivable						
R05. Interest Receivable (net)	193,357					193,357
R07. Due from Other Funds						
R08. Due from Other Governments	1,938,789	58,585		179,403		2,176,777
R09. Advances to Other Funds						
R10. Inventories						
R11. Prepaid Items	97,946					97,946
R12. Loans, Notes, and Contracts Receivable	1,359,000	78,752				1,437,752
R13. Other Assets 1	38,962			331,696		370,658
R14. Other Assets 2						
R15. Other Assets 3						
R16. Total Assets	\$39,655,962	\$1,441,586	\$0	\$26,520,786	\$0	\$67,618,334
R17. Deferred Outflows of Resources						
R18. Total Assets and Deferred Outflows of Resources	\$39,655,962	\$1,441,586	\$0	\$26,520,786	\$0	\$67,618,334
Liabilities						
R19. Accounts Payable	1,453,060	4,450		982,744		2,440,254
R20. Contracts and Retainage Payable						
R21. Interest Payable						
R22. Due to Other Funds						
R23. Due to Other Governments	62,712	42		100,000		162,754
R24. Advances from Other Funds						
R25. Deposits and Advances	6,893,875					6,893,875
R26. Loans and Notes Payable						
R27. Other Liabilities 1	1,109,010	5,096				1,114,106
R28. Other Liabilities 2	3,240,516	64,795		2,007,096		5,312,407
R29. Other Liabilities 3						
R30. Total Liabilities	\$12,759,173	\$74,383	\$0	\$3,089,840	\$0	\$15,923,396
R31. Deferred Inflows of Resources				832,800		832,800
R32. Total Liabilities and Deferred Inflows of Resources	\$12,759,173	\$74,383	\$0	\$3,922,640	\$0	\$16,756,196

Fund Balances (Deficits)**Item 3.**

R33. Nondisposable	159,000					159,000
R34. Restricted	690,000	729,492		8,653,991		10,073,483
R35. Committed	12,283,132	637,711				12,920,843
R36. Assigned	13,764,657			13,944,155		27,708,812
R37. Unassigned						
R38. Total Fund Balances (Deficits)	\$26,896,789	\$1,367,203	\$0	\$22,598,146	\$0	\$50,862,138
R39. Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$39,655,962	\$1,441,586	\$0	\$26,520,786	\$0	\$67,618,334

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Position
Proprietary Funds

Item 3.

Fiscal Year: 2022

Form #38

	Enterprise	Internal Service
Assets		
Current Assets		
Cash and Investments		
R01. Unrestricted		9,013,424
R02. Restricted		129,928
R03. Accounts Receivable (net)		45,802
R04. Taxes Receivable		
R05. Interest Receivable (net)		
R06. Due from Other Funds		
R07. Due from Other Governments		
R08. Inventories		
R09. Prepaid Items		
R10. Other Current Assets 1		
R11. Other Current Assets 2		
R12. Total Current Assets	\$0	\$9,189,154
Noncurrent Assets		
R13. Cash and Investments, Restricted		
R14. Investments		
R14.5 Leases Receivable		1,494,721
R15. Other Loans, Notes, and Contracts Receivable		
Capital Assets		
R16. Land		
R17. Buildings and Improvements <i>(Report at cost.)</i>		
R18. Equipment <i>(Report at cost.)</i>		
R18.5 Infrastructure <i>(Report at cost.)</i>		
R18.6 Lease Assets (Lessee)		
R19. Other Intangible Assets – Amortizable <i>(Report at cost.)</i>		
R20. Construction in Progress		
R21. Intangible Assets – Nonamortizable		
R22. Other Capital Assets <i>(Report at cost.)</i>		
R23. Less: Accumulated Depreciation/Amortization		
R23.5 Net Pension Asset		
R23.6 Net OPEB Asset		
R24. Other Noncurrent Assets 1		
R25. Other Noncurrent Assets 2		
R26. Total Noncurrent Assets	\$0	\$1,494,721
R27. Total Assets	\$0	\$10,683,875

Deferred Outflows of Resources

R28.	Related to Pensions		
R28.5	Related to OPEB		
R28.6	Related to Debt Refunding		
R29.	Other Deferred Outflows of Resources		
R30.	Total Deferred Outflows of Resources	\$0	\$0
R31.	Total Assets and Deferred Outflows of Resources	\$0	\$10,683,875

Liabilities

Current Liabilities

R32.	Accounts Payable		230,118
R33.	Contracts and Retainage Payable		
R34.	Interest Payable		
R35.	Due to Other Funds		
R36.	Due to Other Governments		50
R37.	Deposits and Advances		
R38.	Accrued Compensated Absences		
R39.	Long-Term Debt, Due Within One Year	0	0
R40.	Other Long-Term Liabilities, Due Within One Year		
R41.	Other Current Liabilities 1		
R42.	Other Current Liabilities 2		
R43.	Total Current Liabilities	\$0	\$230,168

Noncurrent Liabilities

R44.	Deposits and Advances		
R45.	Compensated Absences		
R46.	General Obligation Bonds		
R47.	Revenue Bonds		
R48.	Certificates of Participation		
R49.	Other Bonds		
R50.	Loans (Other Long-Term Debt)		
R51.	Notes (Other Long-Term Debt)		
R52.	Other (Other Long-Term Debt)		
R53.	Construction Financing – Federal		
R54.	Construction Financing – State		
R54.5	Lease Liability		
R55.	Lease-Obligations (Purchase Agreements)		
R56.	Net Pension Liability		
R57.	Net OPEB Liability		
R58.	Other Noncurrent Liabilities 1		1,384,116
R59.	Other Noncurrent Liabilities 2		
R60.	Total Noncurrent Liabilities	\$0	\$1,384,116
R61.	Total Liabilities	\$0	\$1,614,284

Deferred Inflows of Resources

R62. Related to Pensions		
R62.5 Related to OPEB		
R62.6 Related to Debt Refunding		
R62.7 Related to Leases		829,312
R63. Other Deferred Inflows of Resources		
R64. Total Deferred Inflows of Resources	\$0	\$829,312
R65. Total Liabilities and Deferred Inflows of Resources	\$0	\$2,443,596
R66. Total Net Position (Deficit)	\$0	\$8,240,279
Net Position (Deficit)		
R67. Net Investment in Capital Assets		
R68. Restricted		129,929
R69. Unrestricted		8,110,350
R70. Total Net Position (Deficit)	\$0	\$8,240,279

City of Los Gatos
Cities' Financial Transactions Report
Statement of Fiduciary Net Position
Fiduciary Funds

Item 3.

Fiscal Year: 2022

Form #39

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
Assets				
R01. Cash and Investments			3,884,564	
Investments, at Fair Value				
R02. Short-Term Investments				
R03. U.S. Government Obligations				
R04. Municipal Bonds				
R05. Domestic Corporate Bonds				
R06. International Bonds				
R07. Domestic Stocks				
R08. International Stocks				
R09. Real Estate				
R10. Private Equity				
R11. Hedge Funds				
R12. Other Investments				
R13. Total Investments	\$0	\$0	\$0	\$0
R14. Receivables (net)				
R14.5 Other Current Assets				
R15. Due from Other Governments				
Capital Assets				
R15.5 Capital Assets, Not Being Depreciated				
R15.6 Other Capital Assets, Net of Depreciation			1,220,316	
R15.7 Net Pension Asset				
R15.8 Net OPEB Asset				
R15.9 Other Noncurrent Assets			610,418	
R19. Total Assets	\$0	\$0	\$5,715,298	\$0
Deferred Outflows of Resources				
R20. Related to Pensions				
R20.5 Related to OPEB				
R20.6 Related to Debt Refunding				
R20.7 Other Deferred Outflows of Resources				
R20.8 Total Deferred Outflows of Resources	0	0	0	0
R21. Total Assets and Deferred Outflows of Resources	\$0	\$0	\$5,715,298	\$0

Liabilities

R22. Accounts Payable			68	
R23. Deposits and Advances				
R23.5 Other Current Liabilities			236,521	
R24. Due to Other Governments				
R24.5 Net Pension Liability				
R24.6 Net OPEB Liability				
R24.7 Other Long-Term Liabilities			13,086,235	
R28. Total Liabilities	\$0	\$0	\$13,322,824	\$0

Deferred Inflows of Resources

R29. Related to Pensions				
R29.5 Related to OPEB				
R29.6 Related to Debt Refunding				
R29.7 Other Deferred Inflows of Resources				
R29.8 Total Deferred Inflows of Resources	0	0	0	0
R30. Total Liabilities and Deferred Inflows of Resources	\$0	\$0	\$13,322,824	\$0

Net Position Restricted for

R31. Pension and Other Employee Benefits				
R32. Investment Trusts				
R33. Private-Purpose Trusts			-7,607,526	
R34. Custodial Funds				
R35. Total Net Position	\$0	\$0	\$-7,607,526	\$0

City of Los Gatos
Cities' Financial Transactions Report
Noncurrent Assets, Deferred Outflows of Resources,
Noncurrent Liabilities, and Deferred Inflows of Resources
Governmental Funds

Item 3.

Fiscal Year: 2022

Form #40

		Noncurrent Assets/Deferred	Noncurrent Liabilities/Deferred
		Outflows of Resources	Inflows of Resources
Noncurrent Assets			
R00.5	Leases Receivable		
Capital Assets			
R01.	Land	26,066,103	
R02.	Buildings and Improvements <i>(Report at cost.)</i>	39,613,623	
R03.	Equipment <i>(Report at cost.)</i>	12,555,617	
R04.	Infrastructure <i>(Report at cost.)</i>	108,726,852	
R05.	Intangible Assets – Amortizable <i>(Report at cost.)</i>		
R05.5	Lease Assets (Lessee)		
R06.	Construction in Progress	7,778,075	
R07.	Intangible Assets – Nonamortizable		
R08.	Other Capital Assets <i>(Report at cost.)</i>		
R09.	Less: Accumulated Depreciation/Amortization	-66,969,704	
R10.	Net Pension Asset		
R11.	Net OPEB Asset		
R12.	Other Noncurrent Assets 1		
R13.	Other Noncurrent Assets 2		
R14.	Other Noncurrent Assets 3		
R15.	Total Noncurrent Assets	\$127,770,566	
Deferred Outflows of Resources			
R16.	Related to Pensions	10,598,492	
R17.	Related to OPEB	2,633,787	
R18.	Related to Debt Refunding		
R19.	Other Deferred Outflows of Resources		
R20.	Total Deferred Outflows of Resources	\$13,232,279	
R21.	Total Noncurrent Assets and Deferred Outflows of Resources	\$141,002,845	

Noncurrent Liabilities

R22.	Deposits and Advances		
R23.	Compensated Absences		3,038,293
R24.	General Obligation Bonds		
R25.	Revenue Bonds		
R26.	Certificates of Participation		
R27.	Other Bonds		
R28.	Loans (Other Long-Term Debt)		1,352,291
R29.	Notes (Other Long-Term Debt)		
R30.	Other (Other Long-Term Debt)		
R31.	Construction Financing – Federal		
R32.	Construction Financing – State		
R32.5	Lease Liability		
R33.	Lease Obligations (Purchase Agreements)		
R34.	Net Pension Liability		27,486,187
R35.	Net OPEB Liability		2,491,580
R36.	Other Noncurrent Liabilities 1		
R37.	Other Noncurrent Liabilities 2		
R38.	Other Noncurrent Liabilities 3		
R39.	Total Noncurrent Liabilities		\$34,368,351
Deferred Inflows of Resources			
R40.	Related to Pensions		22,132,955
R41.	Related to OPEB		5,702,678
R42.	Related to Debt Refunding		
R42.5	Related to Leases		
R43.	Other Deferred Inflows of Resources		
R44.	Total Deferred Inflows of Resources		\$27,835,633
R45.	Total Noncurrent Liabilities and Deferred Inflows of Resources		\$62,203,984

City of Los Gatos
Cities' Financial Transactions Report
Summary and Statistics

Item 3.

Fiscal Year: 2022

Form #41

Summary

	Governmental Funds	Proprietary Funds
R01. Revenues	64,193,293	4,165,265
R02. Expenditures/Expenses	61,014,680	4,379,564
R03. Excess (Deficiency) of Revenues Over (Under) Expenditures	\$3,178,613	
R04. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items		\$-214,299
R05. Other Financing Sources (Uses)	-154,227	
R06. Capital Contributions		
R07. Proprietary Fund Transfers In (Out)		156,378
R08. Special and Extraordinary Items		
R09. Change in Fund Balance/Net Position	\$3,024,386	\$-57,921
R10. Fund Balance/Net Position (Deficit), Beginning of Fiscal Year	\$47,837,752	\$7,610,801
R11. Adjustments (Specify)	0	687,399

R11a. **Specify Governmental Fund Adjustments**

		Add
--	--	-----

R11b. **Specify Proprietary Fund Adjustments**

GASB 87 implementation	687,399	Delete
		Add
Total:		687,399

R12. Fund Balance/Net Position (Deficit), End of Fiscal Year	\$50,862,138	\$8,240,279
---	--------------	-------------

Statistics

R13. Current Transient Occupancy Tax Rate	10
R14. Effective Date of Current Transient Occupancy Tax Rate	02/03/1993
R15. Current Utility User Tax Rate	
R16. Appropriations Limit	48,186,101
R17. Total Annual Appropriations Subject to the Limit	30,797,977

City of Los Gatos
Cities Financial Transactions Report
Footnotes

Item 3.

Fiscal Year: 2022

FORM DESC	FIELD NAME	FOOTNOTES
InternalServiceFund	(R03)OtherOperatingRevenues	(Building maintenance) GASB 87 Lease Revenue
InternalServiceFund	(R10)OtherOperatingExpenses	(Building maintenance) Rent/Loan Forgiveness
InternalServiceFund	(R26)TransfersIn	(Building maintenance) Covid-19 Income Replacement
InternalServiceFund	(R03)OtherOperatingRevenues	(Equipment replacement) Equipment sharing revenue
InternalServiceFund	(R04)TotalOperatingRevenues	(Equipment replacement) Increase in General Fund I/S reimbursements.
InternalServiceFund	(R11)TotalOperatingExpenses	(Equipment replacement) Less vehicle costs for patrol, streets, and parks.
InternalServiceFund	(R27)TransfersOut	(Equipment replacement) For equipment replacement from the General Fund.
InternalServiceFund	(R11)TotalOperatingExpenses	(Information Technology) Increase in Software Licenses & Maintenance, and laptop purchases.
InternalServiceFund	(R03)OtherOperatingRevenues	(Workers Compensation) Insurance claims reimbursement.
Taxes	(R12)Gen-OtherPropertyTaxes	town election, AB454 County Utility
Taxes	(R18)Gen-TransientOccupancyTaxes	increase economy and hotel stay due to recovery from Covid
FinesForfeituresRevenue	(R01)Func-VehicleCodeFines	increase in parking tickets
FinesForfeituresRevenue	(R05)Func-InvestmentIncome	lower returns on investment and large unrealized investment loss due to market volatility.
FinesForfeituresRevenue	(R05)Gen-InvestmentIncome	Large unrealized investment loss due to market volatility.
FinesForfeituresRevenue	(R06)Gen-RentsLeasesandConcessions	New GASB 87 implementation
IntergovernmentalState	(R04)Func-PeaceOfficersStandardsandTraining	New POST Innovation Grant
ChargesforCurrentServices	(R10)EngineeringFeesInspectionandOtherCharges	increase in construction-related fees
ChargesforCurrentServices	(R11)StreetSidewalkandCurbRepairsCharges	increase in Construction cost reimbursements from Monte Sereno.
ChargesforCurrentServices	(R24)ParksandRecreationFees	Decrease in facility maintenance fees, annual park use fees, and PPW Misc services.
MiscellaneousRevenues	(R01)Func-DevelopmentImpactFees	From Contra BMP Housing program
MiscellaneousRevenues	(R04)Func-ContributionsfromNongovernmentalSources	Large increase in developer contributions
GeneralGovernmentPublicSafety	(R10)CurrExp-OtherGeneralGovernment1	Expenditures charged to the Cal OES wildfire subgrant program SCO: All COVID Expenditures
GeneralGovernmentPublicSafety	(R13)CurrExp-Police	SCO: COVID expenditures moved to Disaster Preparedness
GeneralGovernmentPublicSafety	(R29)CurrExp-DisasterPreparedness	SCO: All COVID Expenditures
TransportationCommunityDevelopment	(R11)CurrExp-ConstructionEngineeringRegulation	increases in salaries, building inspection costs, and below market housing loan.
TransportationCommunityDevelopment	(R13)CurrExp-Housing	SCO: Preparer moved expenditures to match Housing revenues
TransportationCommunityDevelopment	(R16)CurrExp-OtherCommunityDevelopment1	Covid-19 expenditures
HealthCultureLeisure	(R07)CurrExp-SolidWaste	Increase in waste disposal costs, recycling, and EV charging stations
DebtServiceCapitalOutlayGrandTotals	(R07)CurrExp-PublicSafety	PY had more purchases.
DebtServiceCapitalOutlayGrandTotals	(R08)CurrExp-Transportation	CY had large infrastructure projects.
DebtServiceCapitalOutlayGrandTotals	(R09)CurrExp-CommunityDevelopment	CY saw minimal activity.
DebtServiceCapitalOutlayGrandTotals	(R11)CurrExp-CultureLeisure	No capital outlay was incurred this year
DebtServiceCapitalOutlayGrandTotals	(R12)CurrExp-PublicUtilities	No capital outlay was incurred this year
MajorObjectClassification	(R03)OtherEmployeeBenefits	This included a one-time \$6.9M Cal OES wildfire passthrough subgrant
MajorObjectClassification	(R07)OtherOperatingExpenditures	This includes a one-time \$6.9M passthrough Cal OES subgrant.
MajorObjectClassification	(R17)OtherCapitalOutlay	This included infrastructure capital outlay.
OtherFinancingSourcesChangeinFundBalance	(R09)ProceedsfromSaleofCapitalAssets	Gain from sale of assets
OtherFinancingSourcesChangeinFundBalance	(R12)TransfersIn	operating transfers
OtherFinancingSourcesChangeinFundBalance	(R13)TransfersOut	operating transfers
ChangesNetPositionFiduciaryFund	(R05)Pri-OtherContributions	Successor Agency property taxes
ChangesNetPositionFiduciaryFund	(R24)Pri-OtherDeductions	Interest and fiscal agency expenses, depreciation expense, and loss on sale of property.
ChangesNetPositionFiduciaryFund	(R30)Pri-NetPosition(Deficit)EndofFiscalYear	Due to the Successor Agency having more liabilities (mostly bonds) than assets. Deficit due to 2002 Certificates of Participation: \$5,280,000 remaining; and 2010 Certificates of Participation: \$7,505,000 remaining
OtherLongTermDebt	(R19)PrincipalOutstandingCurrentPortion	(1_Energy Efficiency Loan) This is an interest only loan so the principle payment is the same each year
OtherLongTermDebt	(R21)InterestPaidinCurrentFiscalYear	(1_Energy Efficiency Loan) This is an interest only loan
Service	(R01)Police	service is provided by both town employees and volunteers
Service	(R07)SolidWaste	Solid waste activities are performed by a special district which the Town pays These expenditures were for the Town's employees and expenses in the department related to solid waste, not directly related to the solid waste hauler.
BalanceSheetGovernmentalFunds	(R02)Gen-Investments	new pension trust account
BalanceSheetGovernmentalFunds	(R13)CapProj-OtherAssets1	Lease receivable

BalanceSheetGovernmentalFunds	(R13)Gen-OtherAssets1	Supplies (postage, supplies, gas and oil)	Item 3.
BalanceSheetGovernmentalFunds	(R27)Gen-OtherLiabilities1	Accrued payroll	
BalanceSheetGovernmentalFunds	(R27)SpRev-OtherLiabilities1	Accrued payroll	
BalanceSheetGovernmentalFunds	(R28)CapProj-OtherLiabilities2	Unearned revenue	
BalanceSheetGovernmentalFunds	(R28)Gen-OtherLiabilities2	Unearned revenue	
BalanceSheetGovernmentalFunds	(R28)SpRev-OtherLiabilities2	unearned revenue	
BalanceSheetGovernmentalFunds	(R31)CapProj-DeferredInflowsofResources	Deferred for leases (GASB 87) and Unavailable revenues.	
ProprietaryFunds	(R14.5)IntrnServ-LeaseReceivable	GASB 87 implementation	
ProprietaryFunds	(R56)IntrnServ-NetPensionLiability	Pension liability is accounted for in the General Fund	
ProprietaryFunds	(R57)IntrnServ-NetOPEBLiability	OPEB liability is accounted for in the General Fund	
ProprietaryFunds	(R58)IntrnServ-OtherNoncurrentLiabilities1	Claims payable	
FiduciaryFunds	(R15.6)PriTrust-OtherCapitalAssetsNetofDepreciation	building and improvements	
FiduciaryFunds	(R15.9)PriTrust-OtherNoncurrentAssets	Loans receivable	
FiduciaryFunds	(R23.5)PriTrust-OtherCurrentLiabilities	Interest payable	
FiduciaryFunds	(R24.7)PriTrust-OtherLongTermLiabilities	COP Debt	
FiduciaryFunds	(R35)PriTrust-TotalNetPosition	Due to the Successor Agency having more liabilities (mostly bonds) than assets. Deficit due to 2002 Certificates of Participation: \$5,280,000 remaining; and 2010 Certificates of Participation: \$7,505,000 remaining	
SummaryStatistics	(R11b)ProprietaryFundAdjustments-Amount	This amount is already reflected in Form #3, not sure why it does not roll to this form	

Total Footnote: 65

CITIES' FINANCIAL TRANSACTIONS REPORT COVER PAGE

City of Los Gatos

Fiscal Year: **2022**ID Number: **11984349300**

Certification:

I hereby certify that, to the best of my knowledge and belief, the report forms fairly reflect the financial transactions of the city in accordance with the requirements as prescribed by the California State Controller.

City Fiscal Officer



R1Cjv8EE+UxJ+...

Signature

Finance Director

Title

Gitta Ungvari

Name (Please Print)

1/17/2023

Date

Per Government Code section 53891(a), this report is due within seven months after the close of the fiscal year or within the time prescribed by the Controller, whichever is later. The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available.

If submitted manually, please complete, sign, and mail this cover page to either address below:

Mailing Address:

State Controller's Office
Local Government Programs and Services Division
Local Government Reporting Section
P.O. Box 942850
Sacramento, CA 94250

Express Mailing Address:

State Controller's Office
Local Government Programs and Services Division
Local Government Reporting Section
3301 C Street, Suite 700
Sacramento, CA 95816

The Financial Transactions Report was successfully submitted to the State Controller's Office on 1/17/2023 12:39:24 AM



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT
ADDENDUM**

MEETING DATE: 02/12/2024

ITEM NO: 3

Item 3.

DATE: February 9, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Town's Final Financial Transactions Reports for Fiscal Year (FY)
2022/23 and FY 2021/22

REMARKS:

Attachment 3 contains the Final FY 2022/23 Annual City Financial Transaction Report including all pages. The Final FY 2022/23 Annual City Financial Transaction Report file uploaded with the original staff report as Attachment 1 got corrupted and certain pages did not display.

Attachments previously distributed with the Staff Report:

1. Final FY 2022/23 Annual City Financial Transaction Report
2. Final FY 2021/22 Annual City Financial Transaction Report

Attachment distributed with this Addendum:

3. Final FY 2022/23 Annual City Financial Transaction Report (all pages included)

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

City of Los Gatos
Cities' Financial Transactions Report
General Information

Item 3.

Fiscal Year: 2023

Form #1

Members of the Governing Body

	First Name	M. I.	Last Name
Mayor	Maria		Ristow
Member 1	Mary		Badame
Member 2	Matthew		Hudes
Member 3	Rob		Rennie
Member 4	Rob		Moore
Member			

City Fiscal Officer

First Name	Gitta	M. I.		Last Name	Ungvari
Title	Finance Director	Telephone	(408) 354-6805		
Email	GUngvari@losgatosca.gov		Fax No.		

City Mailing Address

Street 1	110 E. Main Street			<input type="checkbox"/> Has Address Changed?	
Street 2					
City	Los Gatos	State	CA	Zip	95030

Report Prepared By

Firm Name	Chavan & Associates, LLP				
First Name	Sheldon	M. I.		Last Name	Chavan
Title	Managing Partner	Telephone	(408) 217-8749		
Email	Sheldon@cnaalp.com		Fax No.	(408) 872-4159	

1. Does the report contain data from audited financial statements? ☒ Yes ☐ No

2. Does this city have blended component unit(s) (BCU(s))? Refer to the Cities' Financial Transactions Report (FTR) instructions for the definition of this term. If "Yes", answer questions 3 and 4.

☐ Yes ☒ No

3. Is financial data of the BCU(s) included in this city's financial statements or Annual Comprehensive Financial Report (ACFR)?

☐ Yes ☐ No

4. Is financial data of the BCU(s) included in this city's FTR? If "Yes", answer question 5. ☐ Yes ☐ No

5. Specify the name(s) of the BCU(s).

BCU

6. Is this city a charter city or a general law city?

General Law City

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01.	Internal Service Fund Name (Specify) (1 of 7) (Record Completed)	Building maintenance	▼
Operating Revenues			
R02.	Charges for Services	938,492	
R03.	Other Operating Revenues	151,627	
R04.	Total Operating Revenues	\$1,090,119	
Operating Expenses			
R05.	Personnel Services		
R06.	Contractual Services	414,459	
R07.	Materials and Supplies	104,177	
R08.	General and Administrative Expenses	663,241	
R09.	Depreciation and Amortization Expenses		
R10.	Other Operating Expenses	152,348	
R11.	Total Operating Expenses	\$1,334,225	
R12.	Operating Income (Loss)	\$-244,106	
Nonoperating Revenues			
R13.	Investment Income		
R14.	Gain on Disposal of Capital Assets		
R15.	Other Nonoperating Revenues		
R16.	Total Nonoperating Revenues	\$0	
Nonoperating Expenses			
R17.	Interest Expense		
R18.	Loss on Disposal of Capital Assets		
R19.	Other Nonoperating Expenses		
R20.	Total Nonoperating Expenses	\$0	
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$-244,106	

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	243,325
R27.	Transfers Out	0

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$-781
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$928,481
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$927,700

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	927,700
R36.	Total Net Position (Deficit)	\$927,700

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01.	Internal Service Fund Name (Specify) (2 of 7) (Record Completed)	Equipment replacement	▼
Operating Revenues			
R02.	Charges for Services	639,367	
R03.	Other Operating Revenues	52,939	
R04.	Total Operating Revenues	\$692,306	
Operating Expenses			
R05.	Personnel Services		
R06.	Contractual Services		
R07.	Materials and Supplies	526,961	
R08.	General and Administrative Expenses		
R09.	Depreciation and Amortization Expenses		
R10.	Other Operating Expenses		
R11.	Total Operating Expenses	\$526,961	
R12.	Operating Income (Loss)	\$165,345	
Nonoperating Revenues			
R13.	Investment Income		
R14.	Gain on Disposal of Capital Assets		
R15.	Other Nonoperating Revenues	25,978	
R16.	Total Nonoperating Revenues	\$25,978	
Nonoperating Expenses			
R17.	Interest Expense		
R18.	Loss on Disposal of Capital Assets		
R19.	Other Nonoperating Expenses		
R20.	Total Nonoperating Expenses	\$0	
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$191,323	

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$191,323
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$2,222,394
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$2,413,717

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	2,413,717
R36.	Total Net Position (Deficit)	\$2,413,717

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01.	Internal Service Fund Name (Specify) (3 of 7) (Record Completed)	Information Technology	▼
Operating Revenues			
R02.	Charges for Services	753,353	
R03.	Other Operating Revenues	1,745	
R04.	Total Operating Revenues	\$755,098	
Operating Expenses			
R05.	Personnel Services		
R06.	Contractual Services	121,172	
R07.	Materials and Supplies	162,678	
R08.	General and Administrative Expenses	22,921	
R09.	Depreciation and Amortization Expenses	202,422	
R10.	Other Operating Expenses		
R11.	Total Operating Expenses	\$509,193	
R12.	Operating Income (Loss)	\$245,905	
Nonoperating Revenues			
R13.	Investment Income		
R14.	Gain on Disposal of Capital Assets		
R15.	Other Nonoperating Revenues		
R16.	Total Nonoperating Revenues	\$0	
Nonoperating Expenses			
R17.	Interest Expense	29,221	
R18.	Loss on Disposal of Capital Assets		
R19.	Other Nonoperating Expenses		
R20.	Total Nonoperating Expenses	\$29,221	
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$216,684	

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	-733,000

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$-516,316
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$2,990,930
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$2,474,614

Net Position (Deficit)

R33.	Net Investment in Capital Assets	118,503
R34.	Restricted	
R35.	Unrestricted	2,356,111
R36.	Total Net Position (Deficit)	\$2,474,614

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01.	Internal Service Fund Name (Specify) (4 of 7) (Record Completed)	Self insurance	▼
Operating Revenues			
R02.	Charges for Services		397,216
R03.	Other Operating Revenues		
R04.	Total Operating Revenues		\$397,216
Operating Expenses			
R05.	Personnel Services		
R06.	Contractual Services		
R07.	Materials and Supplies		
R08.	General and Administrative Expenses		988,485
R09.	Depreciation and Amortization Expenses		
R10.	Other Operating Expenses		
R11.	Total Operating Expenses		\$988,485
R12.	Operating Income (Loss)		\$-591,269
Nonoperating Revenues			
R13.	Investment Income		
R14.	Gain on Disposal of Capital Assets		
R15.	Other Nonoperating Revenues		
R16.	Total Nonoperating Revenues		\$0
Nonoperating Expenses			
R17.	Interest Expense		
R18.	Loss on Disposal of Capital Assets		
R19.	Other Nonoperating Expenses		
R20.	Total Nonoperating Expenses		\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items		\$-591,269

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$-591,269
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$803,293
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$212,024

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	212,024
R36.	Total Net Position (Deficit)	\$212,024

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01.	Internal Service Fund Name (Specify) (5 of 7) (Record Completed)	Stores	▼
Operating Revenues			
R02.	Charges for Services		
R03.	Other Operating Revenues		
R04.	Total Operating Revenues		\$0
Operating Expenses			
R05.	Personnel Services		
R06.	Contractual Services		
R07.	Materials and Supplies		
R08.	General and Administrative Expenses		
R09.	Depreciation and Amortization Expenses		
R10.	Other Operating Expenses		
R11.	Total Operating Expenses		\$0
R12.	Operating Income (Loss)		\$0
Nonoperating Revenues			
R13.	Investment Income		
R14.	Gain on Disposal of Capital Assets		
R15.	Other Nonoperating Revenues		
R16.	Total Nonoperating Revenues		\$0
Nonoperating Expenses			
R17.	Interest Expense		
R18.	Loss on Disposal of Capital Assets		
R19.	Other Nonoperating Expenses		
R20.	Total Nonoperating Expenses		\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items		\$0

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$0
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$0
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$0

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	0
R36.	Total Net Position (Deficit)	\$0

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01.	Internal Service Fund Name (Specify) (6 of 7) (Record Completed)	Vehicle maintenance	▼
Operating Revenues			
R02.	Charges for Services		
R03.	Other Operating Revenues		
R04.	Total Operating Revenues		\$0
Operating Expenses			
R05.	Personnel Services		
R06.	Contractual Services		
R07.	Materials and Supplies		
R08.	General and Administrative Expenses		
R09.	Depreciation and Amortization Expenses		
R10.	Other Operating Expenses		
R11.	Total Operating Expenses		\$0
R12.	Operating Income (Loss)		\$0
Nonoperating Revenues			
R13.	Investment Income		
R14.	Gain on Disposal of Capital Assets		
R15.	Other Nonoperating Revenues		
R16.	Total Nonoperating Revenues		\$0
Nonoperating Expenses			
R17.	Interest Expense		
R18.	Loss on Disposal of Capital Assets		
R19.	Other Nonoperating Expenses		
R20.	Total Nonoperating Expenses		\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items		\$0

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$0
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$0
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$0

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	0
R36.	Total Net Position (Deficit)	\$0

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 3.

Fiscal Year: 2023

Form #3

R01.	Internal Service Fund Name (Specify) (7 of 7) (Record Completed)	Workers Compensation	▼
Operating Revenues			
R02.	Charges for Services		967,013
R03.	Other Operating Revenues		165,755
R04.	Total Operating Revenues		\$1,132,768
Operating Expenses			
R05.	Personnel Services		
R06.	Contractual Services		41,707
R07.	Materials and Supplies		
R08.	General and Administrative Expenses		1,871,439
R09.	Depreciation and Amortization Expenses		
R10.	Other Operating Expenses		
R11.	Total Operating Expenses		\$1,913,146
R12.	Operating Income (Loss)		\$-780,378
Nonoperating Revenues			
R13.	Investment Income		5
R14.	Gain on Disposal of Capital Assets		
R15.	Other Nonoperating Revenues		
R16.	Total Nonoperating Revenues		\$5
Nonoperating Expenses			
R17.	Interest Expense		
R18.	Loss on Disposal of Capital Assets		
R19.	Other Nonoperating Expenses		
R20.	Total Nonoperating Expenses		\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items		\$-780,373

Capital Contributions

R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	Total Capital Contributions	\$0
R26.	Transfers In	
R27.	Transfers Out	

Special and Extraordinary Items

R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	Total Special and Extraordinary Items	\$0
R28.	Change in Net Position	\$-780,373
R29.	Net Position (Deficit), Beginning of Fiscal Year	\$1,295,181
R30.	Adjustment	
R31.	Reason for Adjustment	
R32.	Net Position (Deficit), End of Fiscal Year	\$514,808

Net Position (Deficit)

R33.	Net Investment in Capital Assets	
R34.	Restricted	115,981
R35.	Unrestricted	398,827
R36.	Total Net Position (Deficit)	\$514,808

City of Los Gatos
Cities' Financial Transactions Report
Functional Revenue Details Report
Governmental Funds

Item 3.

Back to Form: Functional Revenue Details

Fiscal Year: 2023

Form #15

Functional Revenue Detail List:

Revenue Form	Functional Revenue	Expenditure Form	Expenditure Function	Amount
SpecialBenefitAssessments	Lighting	TransportationCommunityDevelopment	Streets – Trees/Landscaping	38,161
			Sub Total:	\$38,161
LicensesPermits	Construction Permits	TransportationCommunityDevelopment	Construction and Engineering Regulation	1,996,095
		TransportationCommunityDevelopment	Planning	522,837
			Sub Total:	\$2,518,932
FinesForfeituresRevenue	Forfeitures and Penalties	TransportationCommunityDevelopment	Construction and Engineering Regulation	16,400
		GeneralGovernmentPublicSafety	Police	25,789
			Sub Total:	\$42,189
FinesForfeituresRevenue	Investment Income	HealthCultureLeisure	Libraries	9,842
		TransportationCommunityDevelopment	Streets – Trees/Landscaping	3,058
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	211,470
			Sub Total:	\$224,370
FinesForfeituresRevenue	Rents, Leases, and Concessions	GeneralGovernmentPublicSafety	Police	32,400
			Sub Total:	\$32,400
FinesForfeituresRevenue	Vehicle Code Fines	GeneralGovernmentPublicSafety	Police	374,761
			Sub Total:	\$374,761
IntergovernmentalState	Gasoline Tax	TransportationCommunityDevelopment	Streets/Highways/Storm Drains	1,597,057
			Sub Total:	\$1,597,057
IntergovernmentalState	Peace Officers Standards and Training	GeneralGovernmentPublicSafety	Police	14,475
			Sub Total:	\$14,475
IntergovernmentalState	Public Safety – Prop. 172	GeneralGovernmentPublicSafety	Police	510,783
			Sub Total:	\$510,783
ChargesforCurrentServices	Engineering Fees, Inspection and Other Charges	TransportationCommunityDevelopment	Construction and Engineering Regulation	1,179,525
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	103,223
			Sub Total:	\$1,282,748
ChargesforCurrentServices	Parks and Recreation Fees	HealthCultureLeisure	Parks and Recreation	38,986
			Sub Total:	\$38,986
ChargesforCurrentServices	Plan Checking Fees	TransportationCommunityDevelopment	Construction and Engineering Regulation	684,201
		TransportationCommunityDevelopment	Planning	155,282
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	242,219
			Sub Total:	\$1,081,702
ChargesforCurrentServices	Special Police Department Services	GeneralGovernmentPublicSafety	Police	1,350,001
			Sub Total:	\$1,350,001
ChargesforCurrentServices	Street, Sidewalk, and Curb Repairs Charges	TransportationCommunityDevelopment	Construction and Engineering Regulation	244,437
		TransportationCommunityDevelopment	Streets – Trees/Landscaping	8,500
			Sub Total:	\$252,937
MiscellaneousRevenues	Contributions from Nongovernmental Sources	TransportationCommunityDevelopment	Construction and Engineering Regulation	14,820

HealthCultureLeisure	Libraries		Item 3.
GeneralGovernmentPublicSafety	Management and Support		
TransportationCommunityDevelopment	Streets/Highways/Storm Drains	138,621	
	Sub Total:	\$282,664	
TransportationCommunityDevelopment	Planning	878,381	
TransportationCommunityDevelopment	Streets – Trees/Landscaping	23,282	
TransportationCommunityDevelopment	Streets/Highways/Storm Drains	930,621	
	Sub Total:	\$1,832,284	
	Functional Revenue Total:	\$11,474,450	
	Other Functional Revenue Total:	\$10,431,159	
	Functional Revenue Grand Total:	\$21,905,609	

Item 3.

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Taxes

Item 3.

Fiscal Year: 2023

Form #16

	Functional Revenues	General Revenues	Total Revenues
	A	B	C
Taxes			
R01. Secured and Unsecured Property Taxes		15,631,259	15,631,259
R02. Supplemental Roll Secured and Unsecured Property Taxes		1,415,817	1,415,817
R03. Property Tax In-Lieu of Vehicle License Fees		4,555,700	4,555,700
R04. Voter-Approved Indebtedness Property Taxes			
R05. Supplemental Roll Voter-Approved Indebtedness Property Taxes			
R06. Property Taxes – Prior		78,735	78,735
R07. Supplemental Roll Property Taxes – Prior			
R08. Pass-through Property Taxes (ABX1 26)			
R09. Residual Property Taxes (ABX1 26)			
R11. Parcel Tax			
R12. Other Property Taxes		363,346	363,346
R13. Interest, Penalties, and Delinquent Taxes		16,405	16,405
R14. Sales and Use Taxes		8,806,477	8,806,477
R16. Transportation Taxes – Transit			
R17. Transportation Taxes – Nontransit			
R18. Transient Occupancy Taxes		2,228,190	2,228,190
R19. Franchises		3,074,624	3,074,624
R20. Business License Taxes		2,361,862	2,361,862
R21. Real Property Transfer Taxes		637,667	637,667
R22. Utility Users Taxes			
R23. Construction Development Taxes		35,496	35,496
Taxes – Other			
R24. Admission Tax			
R25. Parking Tax			

R27. Other Taxes – Other (Specify)

Item 3.

R27a.

Specify Functional Revenues

Select Expenditure Function

Functional Revenues

Select

▼

Add

R27b.

Specify General Revenues

General Revenues

Add

	Functional Revenues	General Revenues	Total Revenues
	A	B	C
R28. Total Taxes	<div>\$0</div>	<div>\$39,205,578</div>	<div>\$39,205,578</div>

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Special Benefit Assessments

Item 3.

Fiscal Year: 2023

Form #17

	Special Benefit Assessments	Functional Revenues
R01.	Fire	<input type="text"/>
R02.	Paramedics	<input type="text"/>
R03.	Police	<input type="text"/>
R04.	Lighting	<input type="text" value="38,161"/>
R05.	Other Special Benefit Assessments (Specify)	<input type="text"/>
R05a.	<div><div>Specify Functional Revenues</div><div>Select Expenditure Function</div></div>	
	<div><div><input type="text"/></div><div>Select <input type="button" value="v"/></div><div><input type="text"/></div><div><input type="button" value="Add"/></div></div>	
R06.	Total Special Benefit Assessments	<input type="text" value="\$38,161"/>

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Licenses and Permits

Item 3.

Fiscal Year: 2023

Form #18

	Functional Revenues A	General Revenues B	Total Revenues C
Licenses and Permits			
R01. Animal Licenses			
R02. Bicycle Licenses			
R03. Construction Permits	2,518,932		2,518,932
R04. Street and Curb Permits			
R05. Other Licenses and Permits (Specify)	1,296,839		1,296,839

R05a. **Specify Functional Revenues**

Select Expenditure Function

Functional Revenues

Title 24 Under Utility Fee	Construction and Engineering Regulati	114,595	Delete
Reservations and tree removal	Parks and Recreation	192,093	Delete
Alarm special event firearms parking fees	Police	77,260	Delete
Solid Waste Fees	Solid Waste	258,507	Delete
Street sweeping and storm drainage	Streets/Highways/Storm Drains	654,384	Delete
	Select		Add
Total:		1,296,839	

R05b. **Specify General Revenues**

General Revenues

		Add
--	--	-----

	Functional Revenues A	General Revenues B	Total Revenues C
R06. Total Licenses and Permits	\$3,815,771	\$0	\$3,815,771

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Fines, Forfeitures, Penalties, and Revenue from Use of Money and Property

Item 3.

Fiscal Year: 2023

Form #19

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
Fines, Forfeitures, and Penalties				
R01.	Vehicle Code Fines	374,761		374,761
R03.	Forfeitures and Penalties	42,189		42,189
R03.5	Other Fines (Specify)			

R03.5a	Specify Functional Revenues	Select Expenditure Function	Functional Revenues
	<input type="text"/>	Select ▼	<input type="text"/> <input type="button" value="Add"/>

R03.5b	Specify General Revenues	General Revenues
	<input type="text"/>	<input type="text"/> <input type="button" value="Add"/>

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
R04.	Total Fines, Forfeitures, and Penalties	\$416,950		\$416,950

Revenue from Use of Money and Property				
R05.	Investment Income	224,370	584,171	808,541
R06.	Rents, Leases, and Concessions	32,400	188,561	220,961
R07.	Royalties			
R09.5	Other Revenue from Use of Money and Property (Specify)			

R09.5a	Specify Functional Revenues	Select Expenditure Function	Functional Revenues
	<input type="text"/>	Select ▼	<input type="text"/> <input type="button" value="Add"/>

R09.5b	Specify General Revenues	General Revenues
	<input type="text"/>	<input type="text"/> <input type="button" value="Add"/>

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
R10.	Total Revenue from Use of Money and Property	\$256,770	\$772,732	\$1,029,502

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Intergovernmental – State

Item 3.

Fiscal Year: 2023

Form #20

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
Intergovernmental – State				
R01.	Homeowners Property Tax Relief		44,158	44,158
R03.	Gasoline Tax	1,597,057		1,597,057
R04.	Peace Officers Standards and Training	14,475		14,475
R05.	Off-Highway Motor Vehicle In-Lieu Fee			
R07.5	Other Intergovernmental – State (Specify)		34,406	34,406

R07.5a **Specify General Revenues**

General Revenues

Vehicle License Fee Collection in Excess	34,406	Delete
		Add
Total:	34,406	

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
State Grants – Other				
R08.	Mandated Cost		4,871	4,871
R09.	Public Safety – Prop. 172	510,783		510,783
R10.	Public Safety – 2011			
R31.	Other State Grants – Other (Specify)	933,388		933,388

R31a. **Specify Functional Revenues**

Select Expenditure Function

Functional Revenues

PUBLIC LIBRARY FUND	Libraries	63,046	Delete
TOBACCO PREVENTON GRANT	Physical and Mental Health	6,500	Delete
ABAG-REAP GRANT	Planning	34,167	Delete
STATE HCD LEAP GRANT	Planning	150,000	Delete
ABANDON VEHICLES	Police	28,477	Delete
Cal OES	Police	35,062	Delete
SLESF	Police	313,876	Delete
TRAFF SAFETY (CVC) B&F	Police	29,024	Delete
AB939	Solid Waste	43,236	Delete
CALRECYCLE ORGANIC WASTE	Solid Waste	230,000	Delete
	Select		Add
Total:		933,388	

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
R32.	Total Intergovernmental – State	\$3,055,703	\$83,435	\$3,139,138

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Intergovernmental – Federal, County, and Other Taxes In-Lieu

Item 3.

Fiscal Year: 2023

Form #21

	Functional Revenues	General Revenues	Total Revenues
	A	B	C
Intergovernmental – Federal			
R13. Community Development Block Grant	<input type="text"/>	<input type="text"/>	<input type="text"/>
R14. Workforce Investment Act (WIA)	<input type="text"/>	<input type="text"/>	<input type="text"/>
R15. Other Federal Grants (Specify)	<input type="text" value="4,211,228"/>	<input type="text"/>	<input type="text" value="4,211,228"/>

R15a. **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

CERT/EMPG HOMELAND GRANTS	Disaster Preparedness	11,560	<button>Delete</button>
Federal ARPA	Disaster Preparedness	3,614,872	<button>Delete</button>
HAZARD MITIGATION GRANT	Disaster Preparedness	60,058	<button>Delete</button>
Dept of Justice Grants	Police	5,381	<button>Delete</button>
MTC OBAG	Streets/Highways/Storm Drains	519,357	<button>Delete</button>
<input type="text"/>	Select		<button>Add</button>
Total:		<input type="text" value="4,211,228"/>	

	Functional Revenues	General Revenues	Total Revenues
	A	B	C
R16. Total Intergovernmental – Federal	<input type="text" value="\$4,211,228"/>	<input type="text"/>	<input type="text" value="\$4,211,228"/>

Intergovernmental – County			
R17. County Grants of State Gasoline Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>
R18. Other County Grants (Specify)	<input type="text" value="2,570,027"/>	<input type="text"/>	<input type="text" value="2,570,027"/>

R18.5a **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

VTA/TFCA Grants	Other Transportation 1	900	<button>Delete</button>
SB2HCD Planning Grant	Planning	160,000	<button>Delete</button>
SCC ADA Grant	Planning	250,000	<button>Delete</button>
VTA Measure B	Streets/Highways/Storm Drains	2,159,127	<button>Delete</button>
<input type="text"/>	Select		<button>Add</button>
Total:		<input type="text" value="2,570,027"/>	

R18.5b **Specify General Revenues** **General Revenues**

<input type="text"/>	<input type="text"/>	<button>Add</button>
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	Functional Revenues	General Revenues	Total Revenues
	A	B	C
R19. Total Intergovernmental – County	<input type="text" value="\$2,570,027"/>	<input type="text" value="\$0"/>	<input type="text" value="\$2,570,027"/>

R20. Other Taxes In-Lieu (Specify)	<input type="text"/>	<input type="text"/>	<input type="text"/>
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R20.5a **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

<input type="text"/>	Select	<input type="text"/>	<button>Add</button>
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R20.5b **Specify General Revenues** **General Revenues**

<input type="text"/>	<input type="text"/>	<button>Add</button>
----------------------	----------------------	----------------------

Add

Item 3.

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Charges for Current Services

Item 3.

Go to Form: Functional Revenue Detail

Fiscal Year: 2023

Form #22

Functional Revenues

Charges for Current Services

R01. Zoning Fees and Subdivision Fees	
R04. Special Police Department Services	1,350,001
R06. Special Fire Department Services	
R07. Plan Checking Fees	1,081,702
R09. Animal Shelter Fees and Charges	
R10. Engineering Fees, Inspection and Other Charges	1,282,748
R11. Street, Sidewalk, and Curb Repairs Charges	252,937
R12. Weed and Lot Cleaning Charges	
R13. Sewer Service Charges	
R14. Sewer Connection Fees	
R15. Solid Waste Revenues	
R16. Sales of Refuse	
R17. First Aid and Ambulance Charges	
R20. Library Fines and Fees	
R23. Parking Facility Charges	
R24. Parks and Recreation Fees	38,986
R25. Golf Course Fees	
R26. Water Service Charges	
R27. Water Connection Fees	
R28. Electric Revenues	
R29. Gas Revenues	
R30. Airport Revenues	
R31. Cemetery Revenues	
R32. Housing Revenues	
R33. Ports and Harbor Revenues	
R34. Hospital Revenues	
R35. Transit Revenues	
R36. Stadium Revenues	
R40. Quasi-External Transactions	

R41. Other Charges for Current Services (Specify)

720,835

Item 3.

R41a. Specify Functional Revenues Select Expenditure Function

BMP housing fees	Housing	▼	38,575	Delete
Mediation Fees	Legislative	▼	50,966	Delete
Research and Copies	Libraries	▼	2,082	Delete
Other Management Support	Management and Support	▼	50,561	Delete
Processing Fees	Management and Support	▼	169,975	Delete
General Plan	Planning	▼	397,708	Delete
Other Police	Police	▼	1,890	Delete
Slurry seal and traffic mitigation fees	Streets/Highways/Storm Drains	▼	9,078	Delete
	Select	▼		Add
Total:			720,835	

R42. Total Charges for Current Services

\$4,727,209

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Miscellaneous Revenues and Grand Totals

Item 3.

Fiscal Year: 2023

Form #23

	Functional Revenues A	General Revenues B	Total Revenues C
Miscellaneous Revenues			
R01. Development Impact Fees	1,832,284		1,832,284
R04. Contributions from Nongovernmental Sources	282,664		282,664
R05. Other Miscellaneous Revenues (Specify)	698,842	209,083	907,925

R05a. **Specify Functional Revenues**

Select Expenditure Function

Functional Revenues

ADA training	Construction and Engineering Regulati	5,186	Delete
Affordable Housing Reimb	Housing	300,000	Delete
Credit card fees	Management and Support	41,152	Delete
Reimbursements and Claims	Parks and Recreation	179,476	Delete
Misc Donations	Police	167,366	Delete
Street trees fees	Streets – Trees/Landscaping	5,662	Delete
	Select		Add
Total:		698,842	

R05b. **Specify General Revenues**

General Revenues

Garbage JPA revenue	130,270	Delete
Insurance Claims	2,751	Delete
Non-point Source Equity Disbursement	22,431	Delete
Other revenue	53,631	Delete
		Add
Total:		209,083

	Functional Revenues A	General Revenues B	Total Revenues C
R10. Total Miscellaneous Revenues	\$2,813,790	\$209,083	\$3,022,873
R11. Grand Totals	\$21,905,609	\$40,270,828	\$62,176,437

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
General Government and Public Safety

Item 3.

Fiscal Year: 2023

Form #24

Current Expenditures Functional Revenues Net Expenditures/(Excess Revenues)

A

B

C

General Government

R01. Legislative	1,360,238	50,966	1,309,272
R02. Management and Support	7,468,541	284,409	7,184,132
R10. Other General Government 1			
R11. Other General Government 2			
R12. Total General Government	\$8,828,779	\$335,375	\$8,493,404

Public Safety

R13. Police	14,759,558	2,966,545	11,793,013
R24. Fire			
R25. Emergency Medical Service			
R26. Animal Regulation			
R27. Weed Abatement			
R28. Street Lighting			
R29. Disaster Preparedness	3,686,490	3,686,490	
R33. Other Public Safety 1			
R34. Other Public Safety 2			
R35. Total Public Safety	\$18,446,048	\$6,653,035	\$11,793,013

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Net Expenditures - Governmental Funds
 Transportation and Community Development

Item 3.

Go to Form: Functional Revenue Details

Fiscal Year: 2023

Form #25

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
Transportation			
R01. Streets/Highways/Storm Drains	4,247,021	6,565,157	-2,318,136
R02. Streets – Trees/Landscaping	33,572	78,663	-45,091
R03. Parking Facility			
R04. Public Transit			
R05. Airports			
R06. Ports and Harbor			
R07. Other Transportation 1		900	-900
R08. Other Transportation 2			
R09. Total Transportation	\$4,280,593	\$6,644,720	\$-2,364,127
Community Development			
R10. Planning	2,538,262	2,548,375	-10,113
R11. Construction and Engineering Regulation	4,784,885	4,255,259	529,626
R12. Redevelopment			
R13. Housing		338,575	-338,575
R14. Employment			
R15. Community Promotion			
R16. Other Community Development 1			
R17. Other Community Development 2			
R18. Total Community Development	\$7,323,147	\$7,142,209	\$180,938

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
Health and Culture and Leisure

Item 3.

Fiscal Year: 2023

Form #26

Current Expenditures Functional Revenues Net Expenditures/(Excess Revenues)

A

B

C

Health

R01. Physical and Mental Health		6,500	-6,500
R06. Hospitals and Sanitariums			
R07. Solid Waste	393,119	531,743	-138,624
R08. Sewers			
R09. Cemeteries			
R17. Other Health 1			
R18. Other Health 2			
R19. Total Health	\$393,119	\$538,243	\$-145,124

Culture and Leisure

R20. Parks and Recreation	2,304,310	410,555	1,893,755
R21. Marina and Wharfs			
R22. Libraries	3,208,027	181,472	3,026,555
R23. Museums			
R24. Golf Courses			
R25. Sports Arenas and Stadiums			
R26. Community Centers and Auditoriums			
R27. Other Culture and Leisure 1	52,746		52,746
R28. Other Culture and Leisure 2			
R29. Total Culture and Leisure	\$5,565,083	\$592,027	\$4,973,056

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
Public Utilities and Other Expenditures

Item 3.

Fiscal Year: 2023

Form #27

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
Public Utilities			
R01. Water			
R02. Gas			
R03. Electric			
R04. Other Public Utilities 1			
R05. Other Public Utilities 2			
R06. Total Public Utilities	\$0	\$0	\$0
Other Expenditures			
R07. Other Expenditures 1			
R08. Other Expenditures 2			
R09. Total Other Expenditures	\$0	\$0	\$0

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Net Expenditures - Governmental Funds
 Debt Service, Capital Outlay, and Grand Totals

Item 3.

Go to Form: Functional Revenue Details

Fiscal Year: 2023

Form #28

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
Debt Service			
R01. Principal Payments on Long-Term Debt	156,034		156,034
R02. Interest Payments on Long-Term Debt			
R02.5 Principal Payments on Lease Obligations (Purchase Agreements)			
R03. Principal and Interest on Short-Term Notes and Warrants			
R04. Other Debt Service Payments			
R05. Total Debt Service	\$156,034		\$156,034
Capital Outlay			
R06. General Government			0
R07. Public Safety	377,096		377,096
R08. Transportation	8,539,979		8,539,979
R09. Community Development			
R10. Health			
R11. Culture and Leisure			
R12. Public Utilities			
R13. Other Expenditures			
R14. Total Capital Outlay	\$8,917,075		\$8,917,075
R15. Grand Totals	\$53,909,878	\$21,905,609	\$32,004,269

City of Los Gatos
Cities' Financial Transactions Report
Governmental Funds
Major Object Classification

Item 3.

Fiscal Year: 2023

Form #29

Operating Expenditures

R01.	Salaries and Wages	21,903,136
R02.	Retirement Benefits	7,117,548
R03.	Other Employee Benefits	5,391,165
	Contract Services	
R04.	Private	2,104,850
R05.	Governmental Agencies	735,640
R06.	Materials and Supplies	1,364,561
R07.	Other Operating Expenditures	6,219,869
R08.	Total Operating Expenditures	\$44,836,769

Debt Service

R09.	Principal Payments on Long-Term Debt	156,034
R10.	Interest Payments on Long-Term Debt	
R11.	Principal Payments on Lease Obligations (Purchase Agreements)	
R11.5	Principal and Interest on Short-Term Notes and Warrants	
R12.	Other Debt Service Payments	
R13.	Total Debt Service	\$156,034

Capital Outlay

R14.	Land	300,000
R15.	Buildings and Improvements	7,896,254
R16.	Equipment	
R17.	Other Capital Outlay	720,821
R18.	Total Capital Outlay	\$8,917,075
R19.	Grand Total Expenditures	\$53,909,878

Supplemental Data

Major Project Expenditures

R20.	Pursuant to Competitive Bidding	8,539,979
R21.	Other than Competitive Bidding	377,096
R22.	Total Major Project Expenditures	\$8,917,075

City of Los Gatos
Cities' Financial Transactions Report
Other Financing Sources (Uses) and Changes in Fund Balance - Governmental Funds

Item 3.

Fiscal Year: 2023

Form #30

R01. **Excess (Deficiency) of Revenues Over (Under) Expenditures** 8,266,559

Other Financing Sources (Uses)

R01.5 Lease Financing	
R02. Long-Term Debt - Bonds, COP, and Other Agency Debt	
R03. Construction Financing and Other Long-Term Debt	
R03.6 Proceeds from Refinancing on Loans, Notes, and Other	
R03.7 Payments to Refinanced Loans, Notes, and Other	
R04. Refunding Bonds Proceeds	
R05. Premium on Bonds Issued	
R06. Discount on Bonds Issued	
R07. Payment to Refunded Bond Escrow Agent	
R08. Demand Bonds	
R09. Proceeds from Sale of Capital Assets	2,162
R11. Insurance Recoveries	1,565,000
R12. Transfers In	11,886,022
R13. Transfers Out	-11,396,347
R13.5 Other Financing Sources (Uses) – Other	
R14. Total Other Financing Sources (Uses)	\$2,056,837

Special and Extraordinary Items

R15. Special Item	
R16. Extraordinary Item	
R17. Total Special and Extraordinary Items	\$0
R18. Net Change in Fund Balance	\$10,323,396
R19. Fund Balance (Deficit), Beginning of Fiscal Year	\$50,862,138
R20. Adjustment	-6
R21. Reason for Adjustment	Rounding
R22. Fund Balance (Deficit), End of Fiscal Year	\$61,185,528

Note:

(R21) Reason for Adjustment: Rounding

City of Los Gatos
Cities' Financial Transactions Report
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Item 3.

Fiscal Year: 2023

Form #30.5

		Pension and Other			
		Employee Benefit	Investment	Private-Purpose	Custodial
		Trust Funds	Trust Funds	Trust Funds	Funds
Additions					
Contributions					
R01.	Employer				
R02.	Plan Members				
R03.	Private Contributions				
R04.	Contributions to Pooled Investments				
R05.	Other Contributions				
R06.	Total Contributions	\$0	\$0	\$0	\$0
Investment Income (Loss)					
R07.	Net Appreciation (Depreciation) in Fair Value of Investments				
R08.	Interest			80,795	
R09.	Dividends				
R10.	Other Investment Income				
R11.	(Investment Expense)				
Securities Lending Income (Loss)					
R12.	Securities Lending Income				
R13.	(Securities Lending Expense)				
R14.	Net Securities Lending Income (Loss)	\$0	\$0	\$0	\$0
R15.	Net Investment Income (Loss)	\$0	\$0	\$80,795	\$0
R15.5	Tax Revenues			1,942,119	
R16.	Receipts from Depositors				
R17.	Other Additions				
R18.	Total Additions	\$0	\$0	\$2,022,914	\$0
Deductions					
R19.	Benefit Payments				
R20.	Refunds of Contributions				
R21.	Administrative Expenses			5,640	
R22.	Payments to and for Depositors				
R23.	Distributions from Pooled Investments				
R24.	Other Deductions			597,536	
R25.	Total Deductions	\$0	\$0	\$603,176	\$0
R26.	Change in Net Position	\$0	\$0	\$1,419,738	\$0
R27.	Net Position (Deficit), Beginning of Fiscal Year	\$0	\$0	\$-7,607,526	\$0
R28.	Adjustment				
R29.	Reason for Adjustment				
R30.	Net Position (Deficit), End of Fiscal Year	\$0	\$0	\$-6,187,788	\$0

City of Los Gatos
Cities' Financial Transactions Report
Other Long-Term Debt
Loans, Notes, and Other

Item 3.

Go to Report: Detail Summary of Other Long-Term Debt

Fiscal Year: 2023

Form #32

R01. Purpose of Debt (1 of 2) (Record Completed)	Energy Efficiency Loan
R02. Nature of Revenue Pledged	Savings on utility bills
R03. Debt Type	Loans
R04. Fund Type	Governmental
R06. Year of Issue	2021
R07. Beginning Maturity Year	2021
R08. Ending Maturity Year	2031
R09. Principal Authorized	1,560,336
R10. Principal Received to Date	1,560,336
R11. Principal Unspent	
R12. Principal Outstanding, Beginning of Fiscal Year	\$1,352,291
R13. Adjustment to Principal in Current Fiscal Year	
R14. Reason for Adjustment to Principal in Current Fiscal Year	
R15. Principal Received in Current Fiscal Year	
R16. Principal Paid in Current Fiscal Year	156,034
R17. Principal Refinanced in Current Fiscal Year	
R18. Principal Outstanding, End of Fiscal Year	\$1,196,257
R19. Principal Outstanding, Current Portion	156,034
R20. Principal Outstanding, Noncurrent Portion	\$1,040,223
R21. Interest Paid in Current Fiscal Year	
R22. Principal Delinquent, End of Fiscal Year	
R23. Interest Delinquent, End of Fiscal Year	

City of Los Gatos
Cities' Financial Transactions Report
Other Long-Term Debt
Loans, Notes, and Other

Item 3.

Go to Report: Detail Summary of Other Long-Term Debt

Fiscal Year: 2023

Form #32

R01. Purpose of Debt (2 of 2) (Record Completed)	Subscription Liabilities
R02. Nature of Revenue Pledged	None
R03. Debt Type	Other
R04. Fund Type	Internal Service
R06. Year of Issue	2023
R07. Beginning Maturity Year	2023
R08. Ending Maturity Year	2028
R09. Principal Authorized	653,681
R10. Principal Received to Date	653,681
R11. Principal Unspent	
R12. Principal Outstanding, Beginning of Fiscal Year	
R13. Adjustment to Principal in Current Fiscal Year	
R14. Reason for Adjustment to Principal in Current Fiscal Year	
R15. Principal Received in Current Fiscal Year	653,681
R16. Principal Paid in Current Fiscal Year	58,747
R17. Principal Refinanced in Current Fiscal Year	
R18. Principal Outstanding, End of Fiscal Year	\$594,934
R19. Principal Outstanding, Current Portion	149,154
R20. Principal Outstanding, Noncurrent Portion	\$445,780
R21. Interest Paid in Current Fiscal Year	29,221
R22. Principal Delinquent, End of Fiscal Year	
R23. Interest Delinquent, End of Fiscal Year	

City of Los Gatos
Cities' Financial Transactions Report
Detail Summary of Other Long-Term Debt

Item 3.

Back to Form: Other Long-Term Debt

Fiscal Year: 2023

Summary Form #32

	Year of Issue	Principal Outstanding, Beginning of Fiscal Year	Principal Received in Current Fiscal Year	Principal Paid in Current Fiscal Year	Principal Outstanding, End of Fiscal Year	Principal Outstanding, Current Portion	Principal Outstanding, Noncurrent Portion
Governmental							
Loans							
Energy Efficiency Loan	2021	1,352,291	0	156,034	1,196,257	156,034	1,040,223
Total Governmental Debt:		\$1,352,291	\$0	\$156,034	\$1,196,257	\$156,034	\$1,040,223
Internal Service							
Other							
Subscription Liabilities	2023	0	653,681	58,747	594,934	149,154	445,780
Total Internal Service Debt:		\$0	\$653,681	\$58,747	\$594,934	\$149,154	\$445,780

City of Los Gatos
Cities' Financial Transactions Report
Debt Service Reconciliation

Item 3.

Go to Report: Debt Summary

Fiscal Year: 2023

Form #35

	Governmental Funds	Internal Service Fund	Enterprise Funds
Debt Payments from Debt Forms			
R01. Long-Term Debt (Bonds, COP, and Other Agency Debt)			
R02. Other Long-Term Debt	156,034	29,221	
R03. Construction Financing			
R04. Lease Obligations (Purchase Agreements)			
R05. Total Debt Payments from Debt Forms	\$156,034	\$29,221	\$0
R06. Debt Service	156,034	29,221	
R07. Difference	\$0	\$0	\$0
R08. Reason for Difference			

City of Los Gatos
Cities' Financial Transactions Report
Debt Summary

Item 3.

Fiscal Year: 2023

Summary Form #31-34

	Governmental Funds		Proprietary Funds	
	Principal Paid in CY	Interest Paid in CY	Internal Service Interest Paid in CY	Enterprise Interest Paid in CY
Long-Term Debt				
R01. Total Certificates of Participation				
R02. Total General Obligation Bonds				
R03. Total Pension Obligation Bonds				
R04. Total Revenue Bonds				
R05. Total Other Agency Debt				
R06. Total Long-Term Debt				
Other Long-Term Debt				
R07. Total Loans	156,034			
R08. Total Notes				
R09. Total Other - Leases (<10 years)			29,221	
R10. Total Other Long-Term Debt	156,034		29,221	
Construction Financing				
R11. Total Loans				
R12. Total Notes				
R13. Total Other				
R14. Total Construction Financing				
Lease Obligations				
R16. Total Leases				
R18. Total Other Contracts				
R19. Total Lease Obligation				
R20. Total Debt Payments from Debt Forms	156,034		29,221	
Debt Service				
	Principal Payments	Interest Payments		
R21. Principal Payments on Long Term Debt	156,034			
R22. Interest Payments on Long-Term Debt				
R23. Lease Obligations (Purchase Agreements)				
R24. Total	156,034			

Note: The debt service section (R21:R23) is used to reconcile with the following forms:

Form 28: Statement of Net Expenditures - Governmental Funds - Debt Service, Capital Outlay, and Grand Totals (R01:R02.5)

Form 29: Major Object Classification - Governmental Funds (R09:R11)

City of Los Gatos
Cities' Financial Transactions Report
Check List of Services Provided
Service

Item 3.

Fiscal Year: 2023

Form #36

Service

(Please see * below for codes to enter)

R01. Police	AB
R02. Fire	I
R03. Emergency Medical	J
R04. Street Lighting	J
R05. Public Transit	H
R06. Community Development - Planning	A
R07. Solid Waste	H
R08. Sewers	H
R09. Parks and Recreation	AF
R10. Libraries	A
R11. Water	J

*** Service Codes**

A = Provided by Paid City Employees	B = Provided by City Volunteers
Provided wholly or in part through contract with:	Provided wholly or in part without contract with:
C = Another City	G = Another City
D = County	H = Special District or Other Public Agency
E = Private Sector	I = County
F = Special District or Other Public Agency	J = Private Sector
	K = Service not provided within city

	Number of Paid City Employees A	Number of Volunteers B	Total Number of Employees C
R12. Police Protection	60	367	427
R13. Police Officers	39	5	44
R14. Fire Protection			
R15. Fire Fighters			
R16. Emergency Medical			

City of Los Gatos
Cities' Financial Transactions Report
Balance Sheet
Governmental Funds

Item 3.

Fiscal Year: 2023

Form #37

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Total Governmental Funds
Assets						
R01. Cash and Investments	33,591,832	1,391,601		31,875,218		66,858,651
R02. Investments	1,400,163	58,344				1,458,507
R03. Accounts Receivable (net)	1,482,426	85,151		1,078,834		2,646,411
R04. Taxes Receivable						
R05. Interest Receivable (net)	349,806					349,806
R05.5 Leases Receivable		319,957		241,506		561,463
R07. Due from Other Funds	1,832					1,832
R08. Due from Other Governments	1,885,545	171		552,684		2,438,400
R09. Advances to Other Funds						
R10. Inventories						
R11. Prepaid Items	153,868					153,868
R12. Loans, Notes, and Contracts Receivable	1,059,000	78,752				1,137,752
R13. Other Assets 1	344,338					344,338
R14. Other Assets 2						
R15. Other Assets 3						
R16. Total Assets	\$40,268,810	\$1,933,976	\$0	\$33,748,242	\$0	\$75,951,028
R17. Deferred Outflows of Resources						
R18. Total Assets and Deferred Outflows of Resources	\$40,268,810	\$1,933,976	\$0	\$33,748,242	\$0	\$75,951,028
Liabilities						
R19. Accounts Payable	1,061,762	19,052		1,257,903		2,338,717
R20. Contracts and Retainage Payable						
R21. Interest Payable						
R22. Due to Other Funds		1,832				1,832
R23. Due to Other Governments	69,836					69,836
R24. Advances from Other Funds						
R25. Deposits and Advances	6,849,378					6,849,378
R26. Loans and Notes Payable						
R27. Other Liabilities 1	2,759,530	64,795		1,377,226		4,201,551
R28. Other Liabilities 2						
R29. Other Liabilities 3						
R30. Total Liabilities	\$10,740,506	\$85,679	\$0	\$2,635,129	\$0	\$13,461,314
R31. Deferred Inflows of Resources		269,670		1,034,516		1,304,186
R32. Total Liabilities and Deferred Inflows of Resources	\$10,740,506	\$355,349	\$0	\$3,669,645	\$0	\$14,765,500

Fund Balances (Deficits)**Item 3.**

R33. Nondisposable	159,000	50,287		5,690		214,977
R34. Restricted	1,444,501	707,140		8,823,398		10,975,039
R35. Committed	13,150,130	821,200		1,769,057		15,740,387
R36. Assigned	14,774,673			19,480,452		34,255,125
R37. Unassigned						
R38. Total Fund Balances (Deficits)	\$29,528,304	\$1,578,627	\$0	\$30,078,597	\$0	\$61,185,528
R39. Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$40,268,810	\$1,933,976	\$0	\$33,748,242	\$0	\$75,951,028

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Position
Proprietary Funds

Item 3.

Fiscal Year: 2023

Form #38

	Enterprise	Internal Service
Assets		
Current Assets		
Cash and Investments		
R01. Unrestricted		8,000,397
R02. Restricted		115,981
R03. Accounts Receivable (net)		75,438
R04. Taxes Receivable		
R05. Interest Receivable (net)		
R05.5 Leases Receivable		
R06. Due from Other Funds		
R07. Due from Other Governments		
R08. Inventories		
R09. Prepaid Items		
R10. Other Current Assets 1		
R11. Other Current Assets 2		
R12. Total Current Assets	\$0	\$8,191,816
Noncurrent Assets		
R13. Cash and Investments, Restricted		
R14. Investments		
R14.5 Leases Receivable		1,348,155
R15. Other Loans, Notes, and Contracts Receivable		
Capital Assets		
R16. Land		
R17. Buildings and Improvements <i>(Report at cost.)</i>		
R18. Equipment <i>(Report at cost.)</i>		
R18.5 Infrastructure <i>(Report at cost.)</i>		
R18.6 Lease Assets (Lessee)		
R19. Other Intangible Assets – Amortizable <i>(Report at cost.)</i>		915,860
R20. Construction in Progress		
R21. Intangible Assets – Nonamortizable		
R22. Other Capital Assets <i>(Report at cost.)</i>		
R23. Less: Accumulated Depreciation/Amortization		-202,422
R23.5 Net Pension Asset		
R23.6 Net OPEB Asset		
R24. Other Noncurrent Assets 1		
R25. Other Noncurrent Assets 2		
R26. Total Noncurrent Assets	\$0	\$2,061,593
R27. Total Assets	\$0	\$10,253,409

Deferred Outflows of Resources

R28.	Related to Pensions		
R28.5	Related to OPEB		
R28.6	Related to Debt Refunding		
R29.	Other Deferred Outflows of Resources		
R30.	Total Deferred Outflows of Resources	\$0	\$0
R31.	Total Assets and Deferred Outflows of Resources	\$0	\$10,253,409

Liabilities**Current Liabilities**

R32.	Accounts Payable		243,435
R33.	Contracts and Retainage Payable		
R34.	Interest Payable		27,915
R35.	Due to Other Funds		
R36.	Due to Other Governments		59
R37.	Deposits and Advances		
R38.	Accrued Compensated Absences		
R39.	Long-Term Debt, Due Within One Year	0	149,154
R40.	Other Long-Term Liabilities, Due Within One Year		
R41.	Other Current Liabilities 1		
R42.	Other Current Liabilities 2		
R43.	Total Current Liabilities	\$0	\$420,563

Noncurrent Liabilities

R44.	Deposits and Advances		
R45.	Compensated Absences		
R46.	General Obligation Bonds		
R47.	Revenue Bonds		
R48.	Certificates of Participation		
R49.	Other Bonds		
R50.	Loans (Other Long-Term Debt)		
R51.	Notes (Other Long-Term Debt)		
R52.	Other (Other Long-Term Debt)		445,780
R53.	Construction Financing – Federal		
R54.	Construction Financing – State		
R54.5	Lease Liability		
R55.	Lease-Obligations (Purchase Agreements)		
R56.	Net Pension Liability		
R57.	Net OPEB Liability		
R58.	Other Noncurrent Liabilities 1		2,126,708
R59.	Other Noncurrent Liabilities 2		
R60.	Total Noncurrent Liabilities	\$0	\$2,572,488
R61.	Total Liabilities	\$0	\$2,993,051

Deferred Inflows of Resources

R62. Related to Pensions		
R62.5 Related to OPEB		
R62.6 Related to Debt Refunding		
R62.7 Related to Leases		717,495
R63. Other Deferred Inflows of Resources		
R64. Total Deferred Inflows of Resources	\$0	\$717,495
R65. Total Liabilities and Deferred Inflows of Resources	\$0	\$3,710,546
R66. Total Net Position (Deficit)	\$0	\$6,542,863
Net Position (Deficit)		
R67. Net Investment in Capital Assets		118,503
R68. Restricted		115,981
R69. Unrestricted		6,308,379
R70. Total Net Position (Deficit)	\$0	\$6,542,863

City of Los Gatos
Cities' Financial Transactions Report
Statement of Fiduciary Net Position
Fiduciary Funds

Item 3.

Fiscal Year: 2023

Form #39

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
Assets				
R01. Cash and Investments			3,977,517	
Investments, at Fair Value				
R02. Short-Term Investments				
R03. U.S. Government Obligations				
R04. Municipal Bonds				
R05. Domestic Corporate Bonds				
R06. International Bonds				
R07. Domestic Stocks				
R08. International Stocks				
R09. Real Estate				
R10. Private Equity				
R11. Hedge Funds				
R12. Other Investments				
R13. Total Investments	\$0	\$0	\$0	\$0
R14. Receivables (net)				
R14.5 Other Current Assets				
R15. Due from Other Governments				
Capital Assets				
R15.5 Capital Assets, Not Being Depreciated				
R15.6 Other Capital Assets, Net of Depreciation			1,118,623	
R15.7 Net Pension Asset				
R15.8 Net OPEB Asset				
R15.9 Other Noncurrent Assets			622,082	
R19. Total Assets	\$0	\$0	\$5,718,222	\$0
Deferred Outflows of Resources				
R20. Related to Pensions				
R20.5 Related to OPEB				
R20.6 Related to Debt Refunding				
R20.7 Other Deferred Outflows of Resources				
R20.8 Total Deferred Outflows of Resources	0	0	0	0
R21. Total Assets and Deferred Outflows of Resources	\$0	\$0	\$5,718,222	\$0

Liabilities

R22. Accounts Payable			24	
R23. Deposits and Advances				
R23.5 Other Current Liabilities			212,406	
R24. Due to Other Governments				
R24.5 Net Pension Liability				
R24.6 Net OPEB Liability				
R24.7 Other Long-Term Liabilities			11,693,580	
R28. Total Liabilities	\$0	\$0	\$11,906,010	\$0

Deferred Inflows of Resources

R29. Related to Pensions				
R29.5 Related to OPEB				
R29.6 Related to Debt Refunding				
R29.7 Other Deferred Inflows of Resources				
R29.8 Total Deferred Inflows of Resources	0	0	0	0
R30. Total Liabilities and Deferred Inflows of Resources	\$0	\$0	\$11,906,010	\$0

Net Position Restricted for

R31. Pension and Other Employee Benefits				
R32. Investment Trusts				
R33. Private-Purpose Trusts			-6,187,788	
R34. Custodial Funds				
R35. Total Net Position	\$0	\$0	\$-6,187,788	\$0

City of Los Gatos
Cities' Financial Transactions Report
Noncurrent Assets, Deferred Outflows of Resources,
Noncurrent Liabilities, and Deferred Inflows of Resources
Governmental Funds

Item 3.

Fiscal Year: 2023

Form #40

		Noncurrent Assets/Deferred	Noncurrent Liabilities/Deferred
		Outflows of Resources	Inflows of Resources
Noncurrent Assets			
R00.5	Leases Receivable	561,463	
Capital Assets			
R01.	Land	26,066,103	
R02.	Buildings and Improvements <i>(Report at cost.)</i>	39,902,775	
R03.	Equipment <i>(Report at cost.)</i>	12,952,294	
R04.	Infrastructure <i>(Report at cost.)</i>	116,299,958	
R05.	Intangible Assets – Amortizable <i>(Report at cost.)</i>		
R05.5	Lease Assets (Lessee)		
R06.	Construction in Progress	7,513,148	
R07.	Intangible Assets – Nonamortizable		
R08.	Other Capital Assets <i>(Report at cost.)</i>		
R09.	Less: Accumulated Depreciation/Amortization	-70,767,943	
R10.	Net Pension Asset		
R11.	Net OPEB Asset		
R12.	Other Noncurrent Assets 1		
R13.	Other Noncurrent Assets 2		
R14.	Other Noncurrent Assets 3		
R15.	Total Noncurrent Assets	\$132,527,798	
Deferred Outflows of Resources			
R16.	Related to Pensions	25,220,232	
R17.	Related to OPEB	4,306,030	
R18.	Related to Debt Refunding		
R19.	Other Deferred Outflows of Resources		
R20.	Total Deferred Outflows of Resources	\$29,526,262	
R21.	Total Noncurrent Assets and Deferred Outflows of Resources	\$162,054,060	

Noncurrent Liabilities		
R22. Deposits and Advances		
R23. Compensated Absences		3,161,247
R24. General Obligation Bonds		
R25. Revenue Bonds		
R26. Certificates of Participation		
R27. Other Bonds		
R28. Loans (Other Long-Term Debt)		1,196,257
R29. Notes (Other Long-Term Debt)		
R30. Other (Other Long-Term Debt)		
R31. Construction Financing – Federal		
R32. Construction Financing – State		
R32.5 Lease Liability		
R33. Lease Obligations (Purchase Agreements)		
R34. Net Pension Liability		59,866,665
R35. Net OPEB Liability		7,028,633
R36. Other Noncurrent Liabilities 1		
R37. Other Noncurrent Liabilities 2		
R38. Other Noncurrent Liabilities 3		
R39. Total Noncurrent Liabilities		\$71,252,802
Deferred Inflows of Resources		
R40. Related to Pensions		3,126,711
R41. Related to OPEB		2,117,922
R42. Related to Debt Refunding		
R42.5 Related to Leases		505,486
R43. Other Deferred Inflows of Resources		
R44. Total Deferred Inflows of Resources		\$5,750,119
R45. Total Noncurrent Liabilities and Deferred Inflows of Resources		\$77,002,921

City of Los Gatos
Cities' Financial Transactions Report
Summary and Statistics

Item 3.

Fiscal Year: 2023

Form #41

Summary

	Governmental Funds	Proprietary Funds
R01. Revenues	62,176,437	4,093,490
R02. Expenditures/Expenses	53,909,878	5,301,231
R03. Excess (Deficiency) of Revenues Over (Under) Expenditures	\$8,266,559	
R04. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items		\$-1,207,741
R05. Other Financing Sources (Uses)	2,056,837	
R06. Capital Contributions		
R07. Proprietary Fund Transfers In (Out)		-489,675
R08. Special and Extraordinary Items		
R09. Change in Fund Balance/Net Position	\$10,323,396	\$-1,697,416
R10. Fund Balance/Net Position (Deficit), Beginning of Fiscal Year	\$50,862,138	\$8,240,279
R11. Adjustments (Specify)	-6	0

R11a. **Specify Governmental Fund Adjustments**

Rounding	-6	Delete
		Add
Total:		-6

R11b. **Specify Proprietary Fund Adjustments**

		Add
--	--	-----

R12. Fund Balance/Net Position (Deficit), End of Fiscal Year	\$61,185,528	\$6,542,863
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Statistics

R13. Current Transient Occupancy Tax Rate	10
R14. Effective Date of Current Transient Occupancy Tax Rate	02/03/1993
R15. Current Utility User Tax Rate	
R16. Appropriations Limit	51,622,037
R17. Total Annual Appropriations Subject to the Limit	33,766,598

City of Los Gatos
Cities Financial Transactions Report
Footnotes

Item 3.

Fiscal Year: 2023

FORM DESC	FIELD NAME	FOOTNOTES
InternalServiceFund	(R03)OtherOperatingRevenues	(Building maintenance) Lease revenue, construction taxes and rebates
InternalServiceFund	(R10)OtherOperatingExpenses	(Building maintenance) Rent forgiven and rental expenses
InternalServiceFund	(R26)TransfersIn	(Building maintenance) Transferred from the general fund for COVID-19 income replacement reimbursements.
InternalServiceFund	(R27)TransfersOut	(Building maintenance) None
InternalServiceFund	(R03)OtherOperatingRevenues	(Equipment replacement) Insurance reimbursements
InternalServiceFund	(R04)TotalOperatingRevenues	(Equipment replacement) Charges to the general fund for police vehicle replacement
InternalServiceFund	(R11)TotalOperatingExpenses	(Equipment replacement) Charges to the general fund to pay for budgeted equipment replacement for patrol vehicles and street vehicles that were not needed in the prior year.
InternalServiceFund	(R15)OtherNonoperatingRevenues	(Equipment replacement) Proceeds from the sale of vehicles
InternalServiceFund	(R03)OtherOperatingRevenues	(Information Technology) Misc reimbursements
InternalServiceFund	(R04)TotalOperatingRevenues	(Information Technology) Increased permit fees
InternalServiceFund	(R09)DepreciationandAmortizationExpenses	(Information Technology) GASB 96
InternalServiceFund	(R11)TotalOperatingExpenses	(Information Technology) GASB 96
InternalServiceFund	(R27)TransfersOut	(Information Technology) Budgeted transfers to the governmental funds for technology upgrades included with capital projects
InternalServiceFund	(R11)TotalOperatingExpenses	(Self insurance) Increased claims and adjustments related to claims and insurance premiums.
InternalServiceFund	(R03)OtherOperatingRevenues	(Workers Compensation) Insurance claim reimbursements
InternalServiceFund	(R11)TotalOperatingExpenses	(Workers Compensation) Increase to claims and premiums
Taxes	(R02)Gen-SupplementalRollSecuredandUnsecuredPropertyTaxes	SB813 taxes doubled
Taxes	(R12)Gen-OtherPropertyTaxes	Town election amounts and AB454
Taxes	(R20)Gen-BusinessLicenseTaxes	Impact from COVID 19 and the end of the pandemic
Taxes	(R21)Gen-RealPropertyTransferTaxes	This tax varies from year to year based on property transactions.
FinesForfeituresRevenue	(R01)Func-VehicleCodeFines	Mostly from online parking tickets
FinesForfeituresRevenue	(R05)Func-InvestmentIncome	Market fluctuations
FinesForfeituresRevenue	(R05)Gen-InvestmentIncome	Market fluctuations
FinesForfeituresRevenue	(R06)Gen-RentsLeasesandConcessions	GASB 96
ChargesforCurrentServices	(R07)PlanCheckingFees	Fluctuates based on local construction which declined
MiscellaneousRevenues	(R01)Func-DevelopmentImpactFees	Prior year had one-time fees for new development
MiscellaneousRevenues	(R04)Func-ContributionsfromNongovernmentalSources	One-time developer contributions collected in the prior fiscal year
TransportationCommunityDevelopment	(R13)CurrExp-Housing	Prior year included one-time housing fees for special project
HealthCultureLeisure	(R27)CurrExp-OtherCultureLeisure1	LG Theatre donated in prior year. First year of operations.
DebtServiceCapitalOutlayGrandTotals	(R06)CurrExp-GeneralGovernment	There were no outlay projects attributed to general government in the current fiscal year
DebtServiceCapitalOutlayGrandTotals	(R07)CurrExp-PublicSafety	Vehicle replacement
MajorObjectClassification	(R03)OtherEmployeeBenefits	Health benefits, insurance and towns share of retiree medical.
MajorObjectClassification	(R07)OtherOperatingExpenditures	Administrative, travel, memberships, insurance and similar expenditures.
MajorObjectClassification	(R17)OtherCapitalOutlay	Third party consultation and contract services.
OtherFinancingSourcesChangeinFundBalance	(R09)ProceedsfromSaleofCapitalAssets	Vehicle disposals
OtherFinancingSourcesChangeinFundBalance	(R12)TransfersIn	From General Fund, Nonmajor funds, ARPA fund, Appropriated Reserves Funds for capital projects, admin support, revenue loss, engineering support and software upgrades
OtherFinancingSourcesChangeinFundBalance	(R13)TransfersOut	To General Fund, Nonmajor funds, ARPA fund, Appropriated Reserves Funds for capital projects, admin support, revenue loss, engineering support and software upgrades
ChangesNetPositionFiduciaryFund	(R24)Pri-OtherDeductions	Interest and depreciation
ChangesNetPositionFiduciaryFund	(R30)Pri-NetPosition(Deficit)EndofFiscalYear	Deficit balance successor agency fund. Debt is owed by SA while Town owns the assets securing the debt.
OtherLongTermDebt	(R16)PrincipalPaidinCurrentFiscalYear	(1_Energy Efficiency Loan) Same as last year
OtherLongTermDebt	(R19)PrincipalOutstandingCurrentPortion	(1_Energy Efficiency Loan) No change
OtherLongTermDebt	(R21)InterestPaidinCurrentFiscalYear	(1_Energy Efficiency Loan) no interest
	(R01)Police	Both city employees and volunteers

Service	(R07)SolidWaste	Contract expenditures	Item 3.
BalanceSheetGovernmentalFunds	(R01)CapProj-CashInvestments	Cash was transferred to capital projects for future projects	
BalanceSheetGovernmentalFunds	(R02)Gen-Investments	Restricted cash in pension accounts	
BalanceSheetGovernmentalFunds	(R02)SpRev-Investments	Restricted cash with fiscal agent	
BalanceSheetGovernmentalFunds	(R13)Gen-OtherAssets1	Land held for resale	
BalanceSheetGovernmentalFunds	(R27)CapProj-OtherLiabilities1	Unearned revenue	
BalanceSheetGovernmentalFunds	(R27)Gen-OtherLiabilities1	unearned revenue	
BalanceSheetGovernmentalFunds	(R27)SpRev-OtherLiabilities1	Unearned revenue	
BalanceSheetGovernmentalFunds	(R31)CapProj-DeferredInflowsofResources	Leases	
BalanceSheetGovernmentalFunds	(R31)SpRev-DeferredInflowsofResources	Leases	
ProprietaryFunds	(R19)IntrnServ-OtherIntangibleAssetsAmortizable	SBITAs	
ProprietaryFunds	(R24)IntrnServ-OtherNoncurrentAssets1	SBITAs, GASB 96	
ProprietaryFunds	(R56)IntrnServ-NetPensionLiability	Not applicable	
ProprietaryFunds	(R57)IntrnServ-NetOPEBLiability	Not applicable	
ProprietaryFunds	(R58)IntrnServ-OtherNoncurrentLiabilities1	Claims payable	
FiduciaryFunds	(R15.6)PriTrust-OtherCapitalAssetsNetofDepreciation	Buildings and improvements	
FiduciaryFunds	(R15.9)PriTrust-OtherNoncurrentAssets	Loans receivable	
FiduciaryFunds	(R23.5)PriTrust-OtherCurrentLiabilities	Interest payable	
FiduciaryFunds	(R24.7)PriTrust-OtherLongTermLiabilities	COP Debt	
FiduciaryFunds	(R35)PriTrust-TotalNetPosition	Deficit successor agency net position	
NoncurrentAssetsLiabilities	(R01)CapAsst-Land	No change	

Total Footnote: 64

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CITY FINANCIAL TRANSACTIONS REPORT COVER PAGE

City of Los Gatos

Fiscal Year: **2023**ID Number: **11984349300**

Certification:

I hereby certify that, to the best of my knowledge and belief, the report forms fairly reflect the financial transactions of the city in accordance with the requirements as prescribed by the California State Controller.

City Fiscal Officer



Signature

Finance Director

Title

Gitta Ungvari

Name (Please Print)

2/4/2024

Date

Per Government Code section 53891(a), this report is due within seven months after the close of the fiscal year or within the time prescribed by the Controller, whichever is later. The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available.

If submitted manually, please complete, sign, and mail this cover page to either address below:

Mailing Address:

Local Government Reporting Section - City
Local Government Programs and Services Division
California State Controller's Office
P.O. Box 942850
Sacramento, CA 94250

Express Mailing Address:

Local Government Reporting Section - City
Local Government Programs and Services Division
California State Controller's Office
3301 C Street, Suite 700
Sacramento, CA 95816

The Financial Transactions Report was successfully submitted to the State Controller's Office on 1/30/2024 9:09:19 AM



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT
DEKS ITEM

MEETING DATE: 02/12/2024

ITEM NO: 3

Item 3.

DATE: February 12, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Town's Final Financial Transactions Reports for Fiscal Year (FY)
2022/23 and FY 2021/22

REMARKS:

Attachment 4 contains Commissioner Commissioners Comments Received after Distributing the Staff Report and before 11:00 a.m. February 12, 2024.

Attachments previously distributed with the Staff Report and Addendum:

1. Final FY 2022/23 Annual City Financial Transaction Report
2. Final FY 2021/22 Annual City Financial Transaction Report
3. Final FY 2022/23 Annual City Financial Transaction Report (all pages included)

Attachment distributed with this Desk Item

4. Commissioners Communications Received after Distributing the Staff Report and before 11:00 a.m. February 12, 2024.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Laurel Prevetti](#); [Wendy Wood](#); [Mary Badame](#)
Subject: FY 2022 and FY 2023 City FTR Report - Agenda Item 3 - Please distribute to the FC
Date: Sunday, February 11, 2024 10:55:06 AM
Attachments: [Pages from MEET-Packet-3fdbde9b6cbc4802bb40ff73ae04999d \(2\).pdf](#)
[Pages from Addendum.Annual City Financial Report Review with attachment.pdf](#)
[Pages from Cities Annual Financial Report - FY21.pdf](#)
[Pages from City FTR Instructions 22-23ADAv11222023v2\(1\).pdf](#)

[EXTERNAL SENDER]

Hello Gitta,

In reviewing the City FTR Reports, it appears the Town has filed the FY 2022 and FY 2023 FTRs reporting a total of \$3,413,961 and \$3,686,490 respectively as disaster preparedness expenditures. Please see schedule #24 for FY 2021, 2022 and 2023 which are attached.

I have also attached selected pages from the State Controller's Office City Financial Transactions Report Instructions which discuss reporting for COVID 19 and reporting disaster preparedness expenditures (see page 161). A reading of the instructions indicates that the Town has filed an incorrect FTRs for both FY 2022 and FY 2023. This was extensively discussed at the January FC meeting.

The FY 2022 and FY 2023 FTRs distort the actual trend for the police expenditures for the past 3 years as reported on the as filed schedule #24::

FY 2023 \$14,759,558

FY 2022 \$13,037,229

FY 2021 \$16,611,641

This indicates that the Town spent materially less in police services in FY 2022 and FY 2023 compared to FY 2021.

I would appreciate an explanation as to why the Town reported expenditures for disaster preparedness for FY 23 and FY 22 when the audited financial statements and the MD&A of the ACFR do not support this. Did Staff seek guidance and approval from the SCO or the Town's auditors in preparing the FTRs as submitted? What is the basis for reporting these expenditures if no money was spent related to the preparation and maintenance of a local disaster preparedness plan?

Thank you,

Phil Koen

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
General Government and Public Safety

Item 3.

Fiscal Year: 2023

Form #24

Current Expenditures Functional Revenues Net Expenditures/(Excess Revenues)

A

B

C

General Government

R01. Legislative	1,360,238	50,966	1,309,272
R02. Management and Support	7,468,541	284,409	7,184,132
R10. Other General Government 1			
R11. Other General Government 2			
R12. Total General Government	\$8,828,779	\$335,375	\$8,493,404

Public Safety

R13. Police	14,759,558	2,966,545	11,793,013
R24. Fire			
R25. Emergency Medical Service			
R26. Animal Regulation			
R27. Weed Abatement			
R28. Street Lighting			
R29. Disaster Preparedness	3,686,490	3,686,490	
R33. Other Public Safety 1			
R34. Other Public Safety 2			
R35. Total Public Safety	\$18,446,048	\$6,653,035	\$11,793,013

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
General Government and Public Safety

Reporting Year: 2021

Form #24

Current Expenditures Functional Revenues Net Expenditures/(Excess Revenues)

A**B****C****General Government**

R01. Legislative	1,133,207	86,306	1,046,901
R02. Management and Support	6,632,608	337,641	6,294,967
R10. Other General Government 1	6,222,307		6,222,307
R11. Other General Government 2			
R12. Total General Government	\$13,988,122	\$423,947	\$13,564,175

Public Safety

R13. Police	16,611,641	2,355,438	14,256,203
R24. Fire			
R25. Emergency Medical Service			
R26. Animal Regulation			
R27. Weed Abatement			
R28. Street Lighting			
R29. Disaster Preparedness		589,092	-589,092
R33. Other Public Safety 1			
R34. Other Public Safety 2			
R35. Total Public Safety	\$16,611,641	\$2,944,530	\$13,667,111

State of California

City Financial Transactions Report Instructions

For the Fiscal Year Ended June 30, 2023



MALIA M. COHEN

California State Controller's Office

*** **SPECIAL COVID-19 INSTRUCTIONS FOR FTR REPORTING** *****Overview**

The State Controller's Office would like to capture COVID-19 revenues and expenditures/expenses in the interest of transparency as well as in support of decision-makers. All sources and uses of COVID-19 relief funds received by cities should be separately reported on their respective financial transactions report (FTR). Given the unexpected complexity of so many funding resources, we ask that you separately identify all sources and uses of COVID-19 relief to the best of your ability. The amounts should match what you are reporting in the annual comprehensive financial report (ACFR) for the fiscal year. Examples of funding sources include the *Coronavirus Relief Fund* (CARES Act Title V; Sec 5001), the *Coronavirus State and Local Fiscal Recovery Funds* (ARPA Act Title IX, Sec 9901), *County General Fund COVID-19 Allocations (realignment backfill)*, *COVID-19 Federal Disaster Assistance*, *State Allocations for Direct Disaster Response Operations* related to COVID-19, and other COVID-19 grants or programs.

Specific Instructions

Identify these amounts with "COVID-19", separately stated from other program or funding amounts, while also noting the related funding source or program. All COVID-19 relief funds recognized in the current fiscal year by local government should be recorded according to the direct source of funds. For example, prime recipients of federal Coronavirus Relief Funds should report receipts as federal revenues, while ~~subrecipients of that federal program receiving money directly from the State should report receipts as state revenues.~~

Governmental Funds

* **Federal COVID-19 Revenues:** Revenues received directly from the federal government should be reported on Form 21 - Intergovernmental – Federal, County, and Other Taxes In-Lieu, line R15 - Other Federal Grants (Specify); enter the specific funding source or program on the subform, line R15a, preceded by "COVID-19". For example: "COVID-19 Coronavirus Relief Fund (CARES Act Sec. 5001)". When selecting an expenditure function, please use the category that best fits the expenditure purpose of the funds, for example, Other General Government 1. |||

State COVID-19 Revenues: Revenues received from the State should be reported on Form 20 - Intergovernmental - State, line R31 - Other State Grants – Other (Specify); enter the specific funding source or program on the subform, line R31a, preceded by "COVID-19". For example: "COVID-19 State and Community Corrections Planning Grant". When selecting an expenditure function, please use the category that best fits the expenditure purpose of the funds, for example, Other Public Safety 1.

County COVID-19 Revenues: Revenues received directly from the county government should be reported on Form 21 - Intergovernmental – Federal, County, and Other Taxes In-Lieu, line R18 - Other County Grants (Specify); enter the specific county funding source or program on the appropriate subform, line R18.5a if functional revenues or line R18.5b if general revenues, preceded by “COVID-19”. For example: “*COVID-19 Public Health Emergency Preparedness Program*”. When selecting an expenditure function, please use the category that best fits the expenditure purpose of the funds, for example, Other Public Safety 2.

Other COVID-19 Revenues: Any other revenues received but not from the three sources above can be reported on Form 23 - Miscellaneous Revenues and Grand Totals, line R05, Other Miscellaneous Revenues (Specify); enter the specific funding source or program on the appropriate subform, line R05a if functional revenues or line R05b if general revenues, preceded by “COVID-19”. For example: “*COVID-19 Public Health and Services Emergency Fund*”. When selecting an expenditure function, please use the category that best fits the expenditure purpose of the funds, for example, Other Health 1.

COVID-19 Expenditures: Expenditures should be reported on Forms 24 through 28 - Statement of Net Expenditures - Governmental Funds on the applicable line items. COVID-19 expenditures should not be reported as extraordinary or special items. Provide a footnote showing how much is applicable to COVID-19. If a category does not exist, please use the "Other" line that best fits for the expenditure, for example, Other General Government 1. Reports submitted to the agencies providing the relief may be used to support the footnote.

Enterprise Funds and Internal Service Funds

COVID-19 Revenues and Expenses: COVID-19 recognized revenues and expenses related to COVID-19 emergency relief in enterprise or internal service funds should be included on the appropriate line for “Other” revenues or “Other” expenses in the enterprise fund Forms 04 through 13, or internal service fund Form 03, Statement of Revenues, Expenses, and Changes in Fund Net Position. COVID-19 expenses should not be reported as extraordinary or special items. Report amounts as reflected on the ACFR and provide a footnote showing how much is applicable to COVID-19 relief. Identify the source or program and the applicable amounts. For example: “*COVID-19 Health Care Providers Emergency Relief – Revenues \$800,000; Expenses \$1,659,000*”. Reports submitted to the agencies providing the relief may be used to support the footnote.

Introduction

Pursuant to Government Code section 12463 et seq., the California State Controller's Office (SCO) has developed the *City Financial Transactions Report*. The purpose of the financial transactions report (FTR) is to provide financial data about California cities on a uniform basis.

Government Code section 53891(a) requires cities to furnish the Controller with this financial transactions report. The financial transactions reports are then compiled and published in an "open data" platform by SCO at <https://bythenumbers.sco.ca.gov> for use by the State Legislature, cities, and the public.

The FTR requirements conform to Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Additional general accounting guidance for local agencies can be found at SCO's website at: https://www.sco.ca.gov/pubs_guides.html.

All cities do not maintain the same organizational and/or account structure. Therefore, in order to accomplish the stated purpose of providing uniform and comparable data it has been necessary to design a uniform classification system for reporting purposes. The revenue source and functional activity classifications contained in the report have been reviewed and approved by a working group composed of city finance officers and public accountants.

Filing Requirements

General reporting instructions, electronic report format instructions, and applicable California laws and regulations related to the reporting requirements for preparing the *City Financial Transactions Report* are available on the SCO website at:

https://www.sco.ca.gov/ard_locinstr_cities_forms.html.

An alert letter will be mailed to each city containing instructions for preparing the *City Financial Transactions Report*.

Who Must File

Under Government Code Section 12463, all cities are required to annually furnish reports of financial transactions to SCO in SCO's prescribed time, form, and manner.

Even if a city has no financial transactions during the year, the city must still file the Cover Page form and the General Information form of the *City Financial Transactions Report*. State "No Activity" on the Cover Page form, if submitted by mail or via email.

When to File

The financial transactions report is due within seven months after the close of the city's fiscal year or within the time prescribed by the Controller, whichever is later. There is no statutory authority to grant additional extensions for filing this report.

Cities in the process of changing their fiscal year should contact SCO's City Unit at LGRsupport@sco.ca.gov for instructions on how to prepare the *City Financial Transactions Report* for the period affected.

What to File

Government Code Section 53891(a) requires each local agency to submit a report of financial transactions to the California State Controller.

The following reports must be filed with SCO by the deadline and can be submitted in the prescribed electronic report format.

- Cover Page form (signed by the city's fiscal officer)
- FTR Forms
 - General Information form
 - Comment for City Report form
 - Internal Service Fund form (if applicable)
 - Enterprise Fund forms (if applicable)
 - Conduit Financing form (if applicable)
 - Functional Revenue Detail – Governmental Funds form

- Statement of General and Functional Revenues – Governmental Funds forms
 - Statement of Net Expenditures – Governmental Funds forms
 - Major Object Classification form
 - Other Financing Sources (Uses) and Changes in Fund Balance – Governmental Funds form
 - Statement of Changes in Fiduciary Net Position form
 - Debt forms (if applicable)
 - Debt Service Reconciliation form (if applicable)
 - Checklist of Services Provided – Service form
 - Balance Sheet form
 - Statement of Net Position form
 - Statement of Fiduciary Net Position form
 - Noncurrent Assets, Deferred Outflows of Resources, Noncurrent Liabilities, and Deferred Inflows of Resources form
 - Summary and Statistics form
 - Parcel Tax form (if applicable)
- U.S. Bureau of the Census Survey must be submitted to the U.S. Bureau of the Census – Local Finance Statistics Branch.
- Independently Audited Financial Report – Government Code Section 53891 requires that the data for the financial transactions reports come from audited financial statements, if available. SCO asks that the audited report be sent as soon as one is available.

How to File

The financial transactions report must be filed by the statutory deadline via the online process, U.S. Mail, or Express Mail.

Online Process

The electronic report can be filed online on SCO's website. The instructions for the online process are available in the alert package and on SCO's website at:

https://www.sco.ca.gov/ard_locinstr_cities_forms.html.

Note: The Cover Page must be signed and submitted electronically; signed and mailed to the SCO; or signed and sent via email at LGRsupport@sco.ca.gov.

Electronic Reporting Program

An alert letter will be mailed to each city containing instructions for preparing the FTR. The LGRS Online user guide provides a step-by-step guide through the electronic reporting process and electronic transmission of the completed report.

Paper Reports

For entities preparing a paper report, instructions are available on SCO'S website at:
https://www.sco.ca.gov/ard_locinstr_cities_forms.html.

By U.S. Mail

Local Government Reporting Section - City
Local Government Programs and Services Division
California State Controller's Office
P.O. BOX 942850
Sacramento, CA 94250

By Express Mail

Local Government Reporting Section - City
Local Government Programs and Services Division
California State Controller's Office
3301 C Street, Suite 700
Sacramento, CA 95816

U.S. Bureau of the Census Survey

The U.S. Bureau of the Census Survey must be submitted to the U.S. Bureau of the Census - Local Finance Statistics Branch and can be uploaded directly to the Census website at <https://statecollection.census.gov/SDCHome.aspx>. For questions regarding the U.S. Bureau of Census Survey, contact ewd.local.finance@census.gov or call (301) 763-5153 or 1-800-242-4523.

Filing Assistance

The answers to commonly asked questions can be found in these instructions. Although SCO is unable to provide report preparation assistance at your office, assistance can be obtained by contacting SCO staff by phone at (916) 322-9672 or by email at LGRsupport@sco.ca.gov.

Penalties for Falsification of a Report or Failure to Report

An officer of a local agency who knowingly files a false report, or who refuses to submit a report, is guilty of a misdemeanor. Persons convicted of a misdemeanor face a maximum fine of \$1,000, or a sentence of 6 months in the county jail, or both.

In addition, an officer of a local agency who refuses to submit a report, after written notice by SCO to do so, is subject to prosecution by the Attorney General's Office and subsequent forfeiture of:

- One thousand dollars (\$1,000) in the case of a local agency with total revenue, in the prior year, of less than one hundred thousand dollars (\$100,000), as reported in the California State Controller's annual financial reports.
- Two thousand five hundred dollars (\$2,500) in the case of a local agency with total revenue, in the prior year, of at least one hundred thousand dollars (\$100,000) but less than two hundred fifty thousand dollars (\$250,000), as reported in the California State Controller's annual financial reports.
- Five thousand dollars (\$5,000) in the case of a local agency with total revenue, in the prior year, of at least two hundred fifty thousand dollars (\$250,000), as reported in the California State Controller's annual financial reports.

Upon request of the Controller, the Attorney General shall prosecute an action for the forfeiture in the name of the people of the State of California. (Refer to Government Code Sections 53894, 53895, and 53896 and Penal Code Section 19.)

If any report is believed to be false, incomplete, or incorrect, SCO is empowered under Government Code Section 12464 to appoint a qualified accountant to investigate, obtain the information required, and file a copy of this report with the legislative body of the city. If such an investigation must be made in two successive years, a certified copy of the latter report must be filed with the grand jury of the county in which the city is located.

Reporting Instructions

Fiscal Year

The Fiscal Year should be consistent with the fiscal year end, indicating in which annual comprehensive financial report (ACFR) the activity belongs.

Current Year / Prior Year

Extreme fluctuations in values between years should be identified within the footnotes. A tool has been added at the top of the forms to help facilitate comparisons.

Required Report Format

Report Whole Amounts

Eliminate the cents for amounts by rounding to the nearest dollar.

Unused Paper Forms

If preparing a paper report, file only the forms used to complete the report.

Negative Amounts

If preparing a paper report, use minus, “—”, to indicate a reduction or negative amount on a line item.

Prohibited Characters

Do not use all caps (e.g., ALL CAPS) in a description unless inputting an acronym or initials. Use Initial Caps (e.g., Initial Caps) for all text fields such as names, addresses, and descriptions.

Required versus Optional Forms

In order to prepare a complete report for the city, all forms must be completed if applicable to the city’s activities. The reporting forms are organized in the order in which they should be completed. When submitting a paper report, file only the completed forms.

Numbering Sequences in Forms

Numbering in LGRS Online is identified with an “R” value on the left side of each form (i.e. R1, R2, R2.5, etc.). These values are an internal technical reference, which are not necessarily sequential. They may be used to help assist in identifying lines when speaking with representatives of SCO.

Special Instructions

Accounting Basis

Generally Accepted Accounting Principles (GAAP) require that the modified accrual basis be used for governmental fund types (General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds). The accrual basis is used for proprietary fund types (Enterprise Funds and Internal Service Funds) and fiduciary fund types (Pension and Other Employee Benefit Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Custodial Funds). See Definitions and Terminology for Basis of Accounting descriptions.

Activity

A specific city activity must be reported in only one set of forms: either governmental fund forms, proprietary fund forms, or fiduciary fund forms. When using the Conduit Financing form, report activity in only one fund: either Enterprise Fund or Fiduciary Fund. A specific city activity must not be reported in more than one set of forms.

Component Unit Information

Component units (CUs) are legally separate organizations for which the elected officials of the city are financially accountable. CUs can also be organizations whose relationship with the city is such that exclusion would cause the city's financial statements to be misleading.

Include Blended Component Unit

Blended component units (BCUs), although legally separate entities, are in substance part of the city's operations. Therefore, financial data from BCUs are integrated into the appropriate city's funds for reporting purposes.

Exclude Discretely Presented Component Unit

Discretely presented component units (DPCUs) are legally separate from the city and usually provide services to entities and individuals outside the city. Therefore, financial data from DPCUs should be excluded from the FTR.

Debt

Exclusions:

Except as noted in the instructions for the Long-Term Debt – Bonds and COPs form, the revenue and expenditure/expense activity of the following debts should not be included in this report:

- Street Opening Act of 1889
- Street Opening Act of 1903
- Change of Grade Act of 1903
- Improvement Act of 1911
- Street Opening Bond Act of 1911
- Municipal Improvement Act of 1913
- Tree Planting Act of 1913
- Improvement Bond Act of 1915

Street Improvement Act of 1913
 Street Opening Act of 1921
 Landscaping and Lighting Act of 1943, 1949 and 1972

Inclusions

The revenue and expenditure/expense activity of the following debts should be included in this report:

Street Lighting Act of 1919
 Maintenance District Act of 1927
 Municipal Lighting Act of 1931
 Vehicle Parking District Laws of 1951

Dissolved Redevelopment Agencies

Assets

Any housing assets transferred to the city as a result of the dissolution of the redevelopment agencies should be reported on the Balance Sheet form and the Noncurrent Assets, Deferred Outflows of Resources, Noncurrent Liabilities, and Deferred Inflows of Resources form (if accounted for in a governmental fund) or on the Statement of Net Position (if accounted for in an enterprise fund).

Activities

Any housing activities transferred to the city as a result of the dissolution of the redevelopment agencies should be reported on the Statement of General and Functional Revenues forms and the Statement of Net Expenditures forms (if accounted for in a governmental fund) or on the Other Enterprise Fund form as "Housing" (if accounted for in an enterprise fund).

Interfund Activity

Interfund activity involves financial interactions between city funds, not including discretely presented component units. According to GAAP there are two categories of interfund activity: reciprocal and nonreciprocal. Reciprocal interfund activity consists of interfund loans and interfund services provided and used. Nonreciprocal interfund activity consists of interfund transfers and reimbursements.

1. Interfund Loans

Report interfund loans as an *interfund receivable* in the lending fund and as an *interfund payable* in the borrowing fund. In this internal activity, the asset is not treated as an investment (even if in the form of a promissory note) and the liability is not treated as a debt. Note: Report interfund loans that are not expected to be repaid as *interfund transfers*.

2. Interfund Services Provided and Used

As part of regular programmatic activity, one fund will sell goods or services to another fund. Report interfund services as *due from other funds* and *revenues* in the fund providing the goods or services (seller). Report interfund services as *due to other funds* and *expenditures* or *expenses* in the fund receiving the goods or services (purchaser).

Note: Overhead allocations from the general fund are not considered interfund services provided and used.

3. Interfund Transfers

Report interfund transfers, such as operating transfers and interfund loans that are not expected to be repaid, as follows:

a. Fund making the transfer:

Proprietary funds: Transfer Out

Governmental funds: Other Financing Sources (Uses) – Transfer Out

b. Fund receiving the transfer:

Proprietary funds: Transfer In

Governmental funds: Other Financing Sources (Uses) – Transfer In

Report residual equity transfers and transfers of capital assets as follows (proprietary funds only):

a. Proprietary fund making the transfer:

To governmental funds: Nonoperating Expense – Loss on Disposal of Capital Assets

To proprietary funds: Transfer Out

b. Proprietary fund receiving the transfer:

From governmental funds: Increase to Capital Contributions

From proprietary funds: Transfer In

4. Interfund Reimbursements

One fund may pay for an expenditure or expense and subsequently be repaid by another fund ultimately responsible for the expenditure/expense. Report interfund reimbursements as due to other funds and expenditures or expenses in the reimbursing fund (the fund ultimately responsible). Report interfund reimbursements as due from other funds and a reduction in expenditures or expenses in the reimbursed fund (the fund that initially paid).

Note: Overhead allocations are properly treated as reimbursements.

Pass-Through Revenues

Revenues that meet criteria for fiduciary activities (see “Definitions and Terminology” in the instructions), such as grant proceeds or tax collections, that are “passed through” by the city to other governmental agencies and the city is merely a cash conduit **should only be reported on the Statement of Fiduciary Net Position form. These amounts should not be reported as the city’s revenues or expenditures in the report when the city has no discretionary control (administrative or direct financial involvement) concerning the use of the pass-through revenue.**

Pension Trust Funds

Pension trust fund financial transactions should not be reported in the Statement of General and Functional Revenues forms and the Statement of Net Expenditures forms. Any city retirement contributions made in the current year, including contributions to city-administered pension trust funds, should be allocated and reported in the applicable functional categories of the Statement of Net Expenditures.

Revenues, Expenditures, and Expenses

Use the Statement of General and Functional Revenues forms and the Statement of Net Expenditures forms to **report the revenues and expenditures of governmental fund types.**

Encumbrances are not expenditures and should not be included in the Statement of Net Expenditures forms. Encumbrances should only be reported on the Balance Sheet form as a restricted, committed, or assigned portion of fund balance.

Use the Internal Service Fund form and the Enterprise Fund forms to report the revenues and expenses of proprietary funds.

The Internal Service Fund form and the Other Enterprise Fund form can be used multiple times to report additional internal service fund and enterprise fund activities, respectively.

Definitions and Terminology

The following definitions set forth the meaning of certain words and phrases as they apply to this report and any rules, regulations, or instructions issued by SCO.

Basis of Accounting

“Basis of accounting” refers to the timing of measurements. Per GASB Codification Section 1600, the modified accrual or accrual basis of accounting, as appropriate, should be used in measuring financial position and operating results in fund financial statements. Governmental fund types should be presented using the modified accrual basis, while proprietary and fiduciary fund types should be presented using the accrual basis. Transfers should be reported in the period in which the interfund receivable or payable arise.

Accrual Basis

Under the accrual basis of accounting, most transactions are recognized when they occur, regardless of when cash is received or disbursed.

Accrual Basis in Proprietary Fund Statements

Using the economic resources measurement focus, revenue from exchange transactions generally should be recognized when an exchange, in the ordinary course of operations, is effected.

Accrual Basis in Fiduciary Fund Statements

Using the economic resources measurement focus, recognition of liabilities should be recognized when the government is compelled to disburse fiduciary resources.

Modified Accrual Basis in Governmental Fund Statements

Using the current financial resources measurement focus, revenues should be recognized in the accounting period in which they become both measurable and available. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term liabilities, which should be recognized when due.

Cash Basis

Under the cash basis of accounting, revenues and transfers in are not recognized until cash is received, and expenditures or expenses (as appropriate) and transfers out are recognized only when cash is disbursed. Cash basis excludes any accrued payables, accrued receivables, or encumbrances.

Bonds

Pursuant to Government Code Section 53892.2 for the purpose of these reports, bonds are defined as follows:

Bonds

“Bonds” means all bonds, warrants, notes or other evidences of indebtedness or liability for which the reporting local agency is liable for payment of principal and interest thereon.

General Obligation Bonds

“General obligation bonds” means bonds payable, both principal and interest, from the proceeds of ad valorem taxes or ad valorem assessments which may be levied within the entire territory of the local agency, without limitation as to rate or amount, upon all property subject to taxation or assessment.

Revenue Bonds

“Revenue bonds” means bonds issued by a local agency payable, both principal and interest, from the revenues of a revenue-producing enterprise.

Improvement District Bonds

“Improvement district bonds” means bonds payable, both principal and interest, from the proceeds of ad valorem taxes or ad valorem assessments which may be levied within a fixed and defined portion or portions of the local agency, without limitation as to rate or amount, upon all property subject to taxation or assessment.

Limited Obligation Bonds

“Limited obligation bonds” means any bonds payable, both principal and interest, from any taxes, other than taxes or assessments levied upon property.

Special Assessment Bonds

“Special assessment bonds” means any bonds issued to represent unpaid assessments upon lands in an area fixed and defined by the local agency, the lands within such area being specially benefited by and assessed or to be assessed to pay the costs and expenses of a public acquisition or improvement.

Nonagency Debt

Nonagency debts are liabilities of property owners or other external entities and not primary liabilities of the local agency.

Debt Forms

References to “debt forms” apply to the following FTR forms:

1. Long-Term Debt (Bonds and COPs) form
2. Other Long-Term Debt (Loans, Notes, and Other) form
3. Construction Financing (Federal and State) form
4. Lease Obligations (Purchase Agreements) form

Encumbrances

Encumbrances are obligations in the form of purchase orders, contracts, or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when the actual liability is set up.

Expenditures

If the accounts are kept on the accrual basis, this term designates total charges incurred, whether paid or unpaid, including expenses, provision for retirement of debt not reported as a liability of the fund from which retired, and capital outlays. If they are kept on the cash basis, the term covers only actual disbursements for these purposes.

Note: Encumbrances are not considered expenditures.

Fiduciary Activity

Not all "trusts" are necessarily fiduciary in nature. According to GASB Statement No. 84, an activity is fiduciary if all of these criteria are met:

- (a) The associated assets are controlled by the government,
- (b) The assets are not derived from the government's own-source revenues, government-mandated nonexchange transactions, or other voluntary nonexchange transactions, other than externally administered/financed pass-through grants,
- (c) Has certain qualifying characteristics regarding the external administration, derivation of revenues, and protections from creditors, as defined by GAAP.

For further details, see the GASB Codification, Section 1300.128 through 1300.136 for fiduciary activities and Section N50.04 for classes of nonexchange transactions, accessible through the Governmental Accounting Research System (GARS) at GASB.org.

General and Functional Revenues

Barring external restrictions, which may vary from city to city, the instructions indicate whether a revenue source is "general" or "functional".

General Revenues

Those revenues of the city that cannot be associated with a specific expenditure function. Examples include property tax (other than voter approved indebtedness), sales tax, and business license tax.

Functional Revenues

Those revenues that can be associated with and allocated to one or more expenditure functions. To be classified functional, revenue must meet one of the following criteria:

- (1) The revenue is generated from direct services, such as revenue from fees on charges. For example, revenues from sewer connection fees, water service charges, transit revenues, and engineering fees are revenue sources that are generated from direct services. Interest income from enterprise fund investments and quasi-external transactions such as general government service charges to an enterprise fund are also classified as functional revenues.
- (2) The revenue is associated with a specific service by external requirements, such as grant conditions, bond sale agreements, statutory or charter requirements. Examples of functional revenues due to external requirements include WIA funds used by the city, gas tax revenue, and special assessment proceeds. Internal restrictions on the use of funds which can be modified unilaterally by a vote of the city council do not meet the "external requirement" test and are not considered functional revenues unless generated from direct services.

Statement of Net Expenditures – Governmental Funds

The purpose of the Statement of Net Expenditures forms is to collect expenditure information related to governmental fund activities. Governmental funds are the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

Note: If the Statement of Net Expenditures forms are completed, the Major Object Classification form must also be completed.

Specific Instructions

Current Expenditures

Report all current expenditures for each function. Include salaries and wages, retirement and other employee benefit contributions, contracted services with private or governmental agencies, and materials and supplies.

Functional Revenues

The electronic report will calculate Functional Revenues. In the electronic report, functional revenue is reported in the Functional Revenue Details form and in subforms in specific revenue forms. See the Specific Instructions in the Statement of General and Functional Revenues – Governmental Funds instructions for guidance concerning reporting functional revenues in the electronic report. If preparing a paper report, report functional revenues from the Statement of General and Functional Revenues forms for each expenditure function.

Net Expenditures/(Excess Revenues)

The electronic report will calculate Net Expenditures/(Excess Revenues). If preparing a paper report, subtract Functional Revenues from Current Expenditures and enter the result for each expenditure function.

Statement of Net Expenditures – General Government and Public Safety Form

The purpose of this governmental fund form is to collect uniform financial information related to general government and public safety expenditures.

General Government

Legislative

Report all expenditures related to activities under direct control of, or in support of, the legislative function (e.g., city council, city attorney, city clerk, elections, city auditor, if independently elected or legislatively appointed).

Management and Support

Report all expenditures related to activities that are supportive of functional activities. To the extent possible, functional activities performed by normally "administrative" departments should be included as expenditures in the functional activities category (e.g., animal control would be separated from financial administration if this activity is a part of the Finance Department). Types of activities which represent support services may include general city administration (city manager or city administrator), financial administration (accounting, budgeting, purchasing, and cash management), and personnel administration (including Civil Service Commission). Other administrative activities such as warehousing and data processing may also be included, if not accounted for as an internal service fund.

Other General Government 1, 2

Report all other general government expenditures for which a specific reporting category has not otherwise been provided. Provide a footnote describing what is included on these lines.

Total General Government

The electronic report will calculate Total General Government for Current Expenditures, Functional Revenues, and Net Expenditures/(Excess Revenues). If preparing a paper report, enter the sum of all General Government reporting categories for Current Expenditures, Functional Revenues, and Net Expenditures/(Excess Revenues).

Public Safety

Police

Report all expenditures related to the provision of law enforcement (e.g., administration, patrol, traffic, vice, investigation, prosecution, detention, communications, records, technical services, buildings, equipment).

Fire

Report all expenditures related to the suppression and prevention of fires (e.g., administration, suppression, prevention, training, communications, buildings, equipment).

Emergency Medical Service

Report all expenditures related to the provision of emergency medical service (e.g., ambulance, rescue, paramedics, and qualified Emergency Medical Technicians who are authorized to administer drugs).

Animal Regulation

Report all expenditures related to the licensing, control, and sheltering of domestic animals.

Weed Abatement

Report all expenditures related to the abatement of hazardous weeds and rubbish.

Street Lighting

Report all expenditures related to the installation, maintenance and operation of street lights.

Disaster Preparedness

Report all expenditures related to the development and maintenance of a local disaster preparedness plan.

Other Public Safety 1, 2

Report all other public safety expenditures for which a specific reporting category has not otherwise been provided. Provide a footnote describing what is included on these lines.

Total Public Safety

The electronic report will calculate Total Public Safety for Current Expenditures, Functional Revenues, and Net Expenditures/(Excess Revenues). If preparing a paper report, enter the sum of all Public Safety reporting categories for Current Expenditures, Functional Revenues, and Net Expenditures/(Excess Revenues)

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
General Government and Public Safety

Go to Form: Functional Revenue Details

Fiscal Year: 2022

Form #24

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
General Government			
R01. Legislative	1,231,480	67,643	1,163,837
R02. Management and Support	7,822,488	243,748	7,578,740
R10. Other General Government 1	6,900,000	6,900,000	
R11. Other General Government 2			
R12. Total General Government	\$15,953,968	\$7,211,391	\$8,742,577
Public Safety			
R13. Police	13,037,229	2,812,755	10,224,474
R24. Fire			
R25. Emergency Medical Service			
R26. Animal Regulation			
R27. Weed Abatement			
R28. Street Lighting			
R29. Disaster Preparedness	3,413,961	3,413,961	
R33. Other Public Safety 1			
R34. Other Public Safety 2			
R35. Total Public Safety	\$16,451,190	\$6,226,716	\$10,224,474



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/12/2024

ITEM NO: 4

Item 4.

DATE: February 9, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review and Make a Recommendation to the Town Council to Accept as Presented or Accept with Modification the FY 24 Five-Year Forecast and Supporting Work Product

RECOMMENDATION:

Review and provide recommendations to the Town Council regarding the Five-Year Forecast (Fiscal Years 2024/25 – 2028/29), assumptions, and scenarios, and provide input for the FY 2024/25 budget direction.

EXECUTIVE SUMMARY:

The base case Five-Year Forecast (FY 2024/25 – 2028/29) (Attachment 2) identifies deficits for all future years, using 2% salary increase assumption and 4.6% vacancy saving factor approved by the Town Council for the FY 2023/24 budget and other assumptions (see Attachments 3 and 4). The deficits are on the order of approximately \$2M per year and can currently be resolved through expenditure controls and the use of one-time funds. The persistent presence of a deficit indicates that the Town needs to consider new revenue measures if it wants to maintain high levels of municipal services.

The sensitivity of the Forecast to its assumptions is demonstrated in this report. The Finance Commission can provide recommendations on the assumptions and selections from different options for Council consideration for the FY 2024/25 budget and provide other budget direction as appropriate. The Capital Program is scheduled for a separate discussion at the next Commission meeting.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, and Assistant Town Manager

PAGE 2 OF 22

SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

BACKGROUND:

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties states that:

(a) The Finance Commission shall:

Serve as an on-going, substantive and expert advisory body to the Town and Town Council so that the Town and Town Council can make informed decisions about the Town's financial, budgetary and investment matters and operations related thereto.

On February 20, 2024, the Town Council is scheduled to consider the FY 2024/25 Five Year Forecast which is an important component of the annual budget cycle (Attachment 1).

The Commission is welcome to provide comments on the Forecast, its assumptions, and scenarios as well as any comments for consideration in the preparation of the FY 2024/25 Operating Budget. The Finance Commission will have an opportunity to discuss the Capital Program at its March meeting.

DISCUSSION:

An important aspect of the Town's budget development process is taking a multi-year approach to understand revenue and expenditure trends over time. Serving as the foundation of the budget planning process (Attachment 1), the Town develops a Five-Year Financial Forecast ("Forecast") beginning in the winter of each year. The Forecast enables the Town to evaluate the Town's fiscal condition and to help guide policy, programmatic planning, and budget decisions. Development of a financial forecast as part of the budget development process has been identified as a best practice by the Government Financial Officers Association (GFOA).

The Forecast takes a forward look at the Town's General Fund revenues and expenditures and is updated regularly. Its purpose is to identify financial trends, potential shortfalls, and other issues so the Town can proactively address them and budget accordingly. It does so by projecting out into the future the fiscal results of continuing the Town's current service levels and policies. This process helps to provide a snapshot of what the future may look like as a result of the decisions made to date.

The initial Forecast (FY 2024/25 – 2028/29) is predicated on estimates derived from the FY 2023/24 Mid-Year review and includes updates to Town revenues and expenditures based on the Mid-Year end of year projections. Like any forecast, the Forecast's revenue estimates for the first year is the most critical in the process as they ultimately define the expenditure limitations for the upcoming budget year.

SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

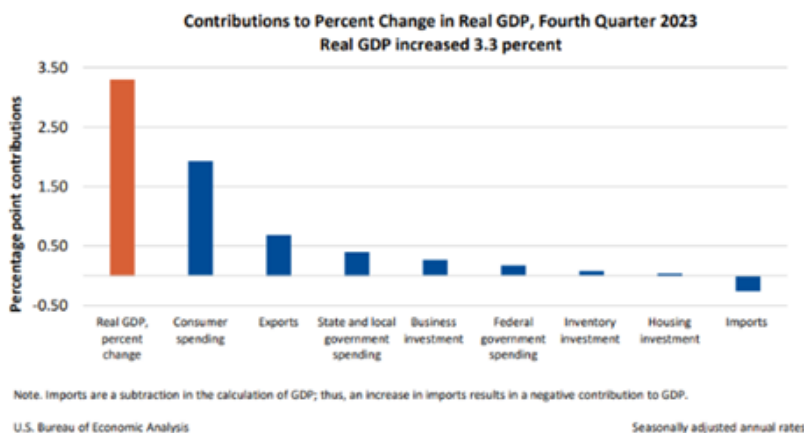
This report contains detailed information that contributes to the preparation of the annual budget, including the Town's "Base Case" Five-Year Forecast, its data sources, and budget assumptions. This report also provides two additional forecast scenarios utilizing a sensitivity analysis for four of the major revenue assumptions. These additional forecast scenarios illustrate the effects on future budgets of a more optimistic revenue scenario ("Greater Growth") and a pessimistic revenue one ("Lower Growth").

The Five-Year Financial Forecast is not a budget, nor a proposed plan. The Five-Year Financial Forecast sets the stage for the upcoming budget process and is a tool in facilitating both the Town Council and Town Manager in establishing priorities and allocating resources appropriately.

National and Local Economic Backdrop

The UCLA Anderson School of Business publishes a quarterly economic forecast for the nation and California. The results of the forecast are utilized as a portion of the macroeconomic basis of the Five-Year Forecast development. In their December 2023 Report, they mentioned that based on their analysis, the chance of recession in U.S. have diminished. Their assessment was backed by strong consumer and government spending that offset the tightening monetary policy in 2022. Their assumption is that the economy will grow 2.4% in 2023, 1.9% in 2024, and 1.5% in 2025. The report indicates the reason for the slower growth in the upcoming years is due mainly to the monetary policy affecting economic growth.

The US economy's resiliency is demonstrated by the Gross Domestic Product (GDP) increase of 4.9% in the third quarter and 3.3% in the fourth quarter of 2023 (Advance Estimate). As the graph below illustrates, the 3.3% increase in GDP is comprised of gains in all areas except imports.



SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

In the quarterly California state report, Anderson indicates that California will outpace the US economy by a small margin. The main areas of concern are the tightened monetary policy and risks of instability in domestic politics and geopolitics. The negative factors are offset by an increase in technical manufacturing and international immigration. Anderson forecasts the state unemployment rate to decline on average from 4.7% in 2023 to 4.5% in 2024 and then 3.8% in 2025. Housing stock is expected to increase based on new building policies. Stock is forecasted to increase to 127,000 net new units in 2024 to 155,000 in 2025.

Operating Revenue Trends and Five-Year Forecast Scenarios

The Town is highly dependent on five economically sensitive revenues comprising 70% of General Fund forecasted revenues. Following are summaries of the Town's major revenues of property tax, sales tax, business license tax, franchise fees, and transient occupancy tax (TOT). To provide context for the development of the Five-Year Forecast (FY 2024/25 – 2028/29), the prior year's growth assumptions and resulting revenue projections are provided. The Base Case Forecast can be found in Attachment 2.

With that context, updated growth assumptions are provided for each revenue source, and the resultant projected revenues for the new Forecast period. The revenue assumptions provided are informed by the County Tax Assessor, the Town's sales tax consultant, and direct communication with the Town's hospitality industry. In addition, alternative forecast scenarios are discussed in this report for these three revenue streams. Please see Attachment 3 for a description of all revenue categories with a comprehensive listing of revenue forecast assumptions.

Property Tax

Property tax is the single largest revenue source for the Town and comprised approximately 42% of total Town estimated General Fund revenues for FY 2023/24. The County of Santa Clara provides property tax collection updates and projections quarterly. The following table illustrates the most recent estimates relative to the Adopted FY 2023/24 Budget and FY 2022/23 actuals. The current County estimate indicates \$654,587 more than the FY 2023/24 Adopted Budget. The increase is a combined effect of higher-than-expected Redevelopment Agency (RDA) Residual Apportionment, and Motor Vehicle License in Lieu (VLF), Educational Revenue Augmentation Fund (ERAF) estimates and decrease in secured property tax estimates and in property transfer tax.

	FY 2022/23 Actual	FY 2023/24 Adopted Budget	FY 2023/24 County Estimates
Property Tax Revenue & Vehicle License Fee Backfill	\$22.7 M	\$23.2 M	\$23.9 M

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SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

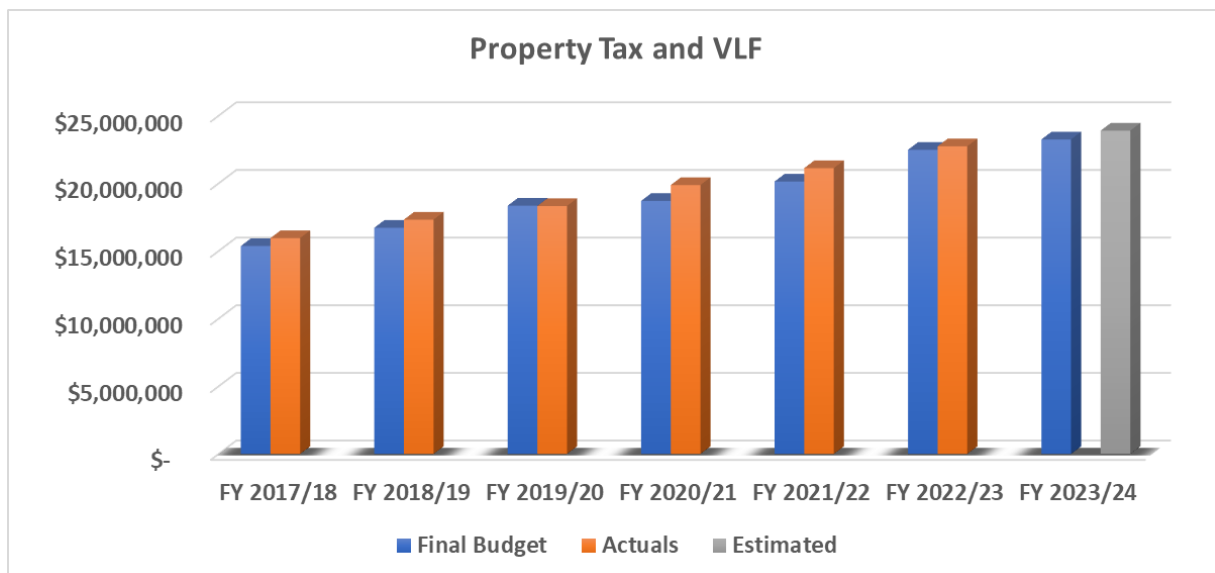
DISCUSSION (continued):

As the following table illustrates, Los Gatos has benefited from the economic expansion as evidenced by year-over-year (YOY) roll growth in property assessment since 2018. For the 6-year period, the average annual growth rate was 6.6%.

	2018	2019	2020	2021	2022	2023	Six Year Average Growth
Total Assesment Roll (Values in Billions)	13.15	13.84	14.9	15.6	16.8	18.1	6.6%
Percent Growth	6.95%	5.23%	7.70%	4.33%	7.77%	7.72%	

Source: Santa Clara County Assessors Annual Reports

The following table illustrates the Town budget to actuals total Property Tax and VLF proceeds for the same time period.

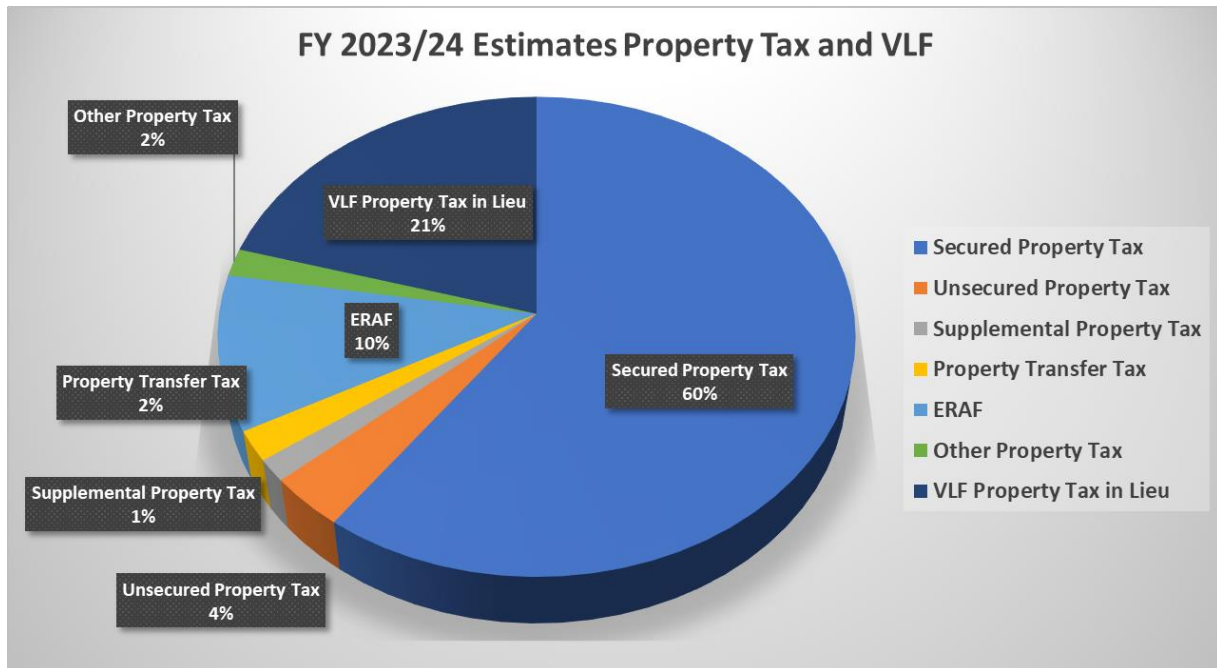


	Budget FY 2017/18	Budget FY 2018/19	Budget FY 2019/20	Budget FY 2020/21	Budget FY 2021/22	Budget FY 2022/23	Adopted FY 2023/24
Final Budget	\$ 15,370,934	\$ 16,718,348	\$ 18,352,880	\$ 18,705,325	\$ 20,138,320	\$ 22,484,118	\$ 23,249,311
Actuals	\$ 15,958,406	\$ 17,321,347	\$ 18,330,426	\$ 19,878,835	\$ 21,129,080	\$ 22,743,088	
Estimated							\$ 23,903,989
Final Budget YOY Growth		8.8%	9.8%	1.9%	7.7%	11.6%	3.4%
Actuals YOY Growth		8.5%	5.8%	8.4%	6.3%	7.6%	
Estimated YOY Growth							5.1%

DISCUSSION (continued):

The average YOY Property Tax Budget growth is 7.2% and the Actual Property Tax YOY growth including FY 2023/24 most recent estimates is 7.0%.

The following chart illustrates the major categories of the FY 2023/24 Estimated Property Tax. Secured Property Tax, VLF Property Tax in Lieu, and ERAF constitutes 91% of the current year proceeds.

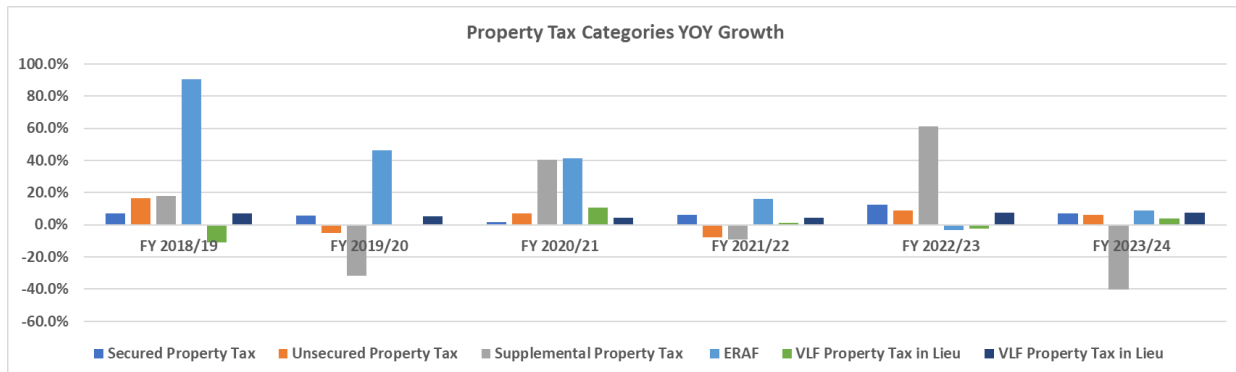
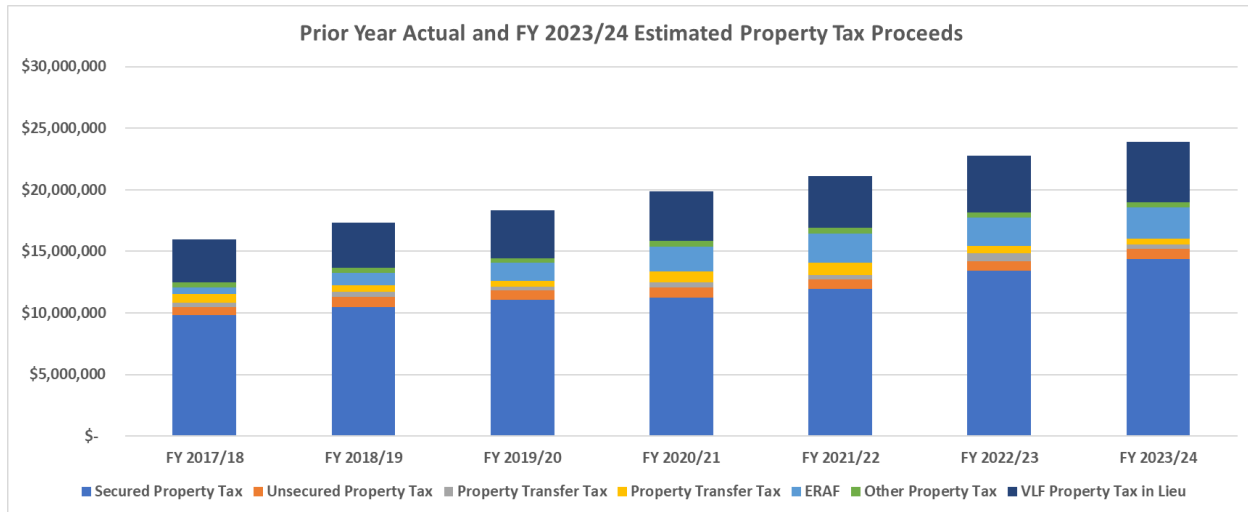


The following graphs illustrate the historical amounts based on the major categories and the YOY growth of these categories.

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SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Estimated	Average YOY Growth
Secured Property Tax	6.9%	5.6%	1.6%	6.1%	12.3%	7.0%	6.6%
Unsecured Property Tax	16.4%	-5.1%	6.9%	-7.8%	8.8%	6.1%	4.2%
Supplemental Property Tax	17.7%	-31.8%	40.3%	-9.0%	61.1%	-40.5%	6.3%
Property Transfer Tax	-21.8%	-9.2%	76.0%	17.0%	-37.8%	-23.2%	0.2%
ERAF	90.5%	46.1%	41.4%	16.1%	-3.1%	8.8%	33.3%
Other Property Tax	-11.1%	-0.2%	10.7%	1.0%	-2.6%	4.1%	0.3%
VLF Property Tax in Lieu	6.9%	5.2%	4.6%	4.4%	7.7%	7.7%	6.1%

As the graphs and table illustrate, the YOY performance for the different property tax categories varies from fiscal year to fiscal year.

SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

Staff analysis includes the three most significant property tax categories.

Secured Property Tax and VLF Property Tax are usually increasing by the growth of the Total Assessment Rolls. The Total 2024 Assessment Roll will be published in July 2024 from the Santa Clara Assessor's Office. In addition to the annual assessment increases and the reassessed Proposition 13 properties as they changed ownership, the historical growth includes the annexation of 24 pockets from Santa Clara County and property sales from the First Phase of North Forty development. VLF Property Tax in Lieu collection based on the assessed roll is included as well.

ERAF, as the chart illustrates above, can vary from year to year, and it is not tied to the Total Assessment Roll. A portion of property tax revenue goes to the ERAF to support local school districts. When the amount contributed to ERAF is more than the minimum cost of funding local schools, excess funds have traditionally been returned to the county, cities, and special districts. The Santa Clara County has only provided projections for the current fiscal year. FY 2024/25 Excess ERAF projections will not be available until March 2024. FY 2025/26 estimates will be available in March 2025. The Town has been monitoring and providing periodic updates to the Finance Commission and to the Town Council on the ongoing developments regarding the distribution of excess ERAF funds. Additional information can be found Attachment 5.

The following table illustrates potential growth factors to choose in the development of the Five-Year Forecast (FY 2024/25 – 2028/29) based on the historical information provided. For each of the three largest revenue categories, staff is asking Finance Commission to select which option to recommend for inclusion in the Forecast.

DISCUSSION (continued):

		FY 2024/25 Assumptions	FY 2025/26 Assumptions	FY 2026/27 Assumptions	FY 2027/28 Assumptions	FY 2028/29 Assumptions
Secured Property Tax	Option A - Lowest YOY over the Last Six Year Period	4.3%	4.3%	4.3%	4.3%	4.3%
	Option B - Normalized for County Annexation and Other One Time Roll Growth ~\$1.5 M	5.1%	5.1%	5.1%	5.1%	5.1%
	Option C - Average YOY Property Tax Roll	6.6%	6.6%	6.6%	6.6%	6.6%
VLF Property Tax in Lieu	Option A - Lowest YOY VLF Revenue Growth over the Last Six Year Period	4.4%	4.4%	4.4%	4.4%	4.4%
	Option B - Normalized based on Property Tax Roll	5.1%	5.1%	5.1%	5.1%	5.1%
	Option C - Average YOY VLF Revenue Growth	6.1%	6.1%	6.1%	6.1%	6.1%
ERAF	Option A - No ERAF	\$0 M	\$0 M	\$0 M	\$0 M	\$0 M
	Option B - 50% of FY 2023/24 Estimated	\$1.25 M	\$1.25 M	\$1.25 M	\$1.25 M	\$1.25 M
	Option C - 70% of FY 2023/24 Estimated based on County Recommendation	\$1.75 M	\$1.75 M	\$1.75 M	\$1.75 M	\$1.75 M
Unsecured Property Tax	4% of Total Property Tax Collections	3.0%	3.0%	3.0%	3.0%	3.0%
Supplemental Property Tax	1% of Total Property Tax Collections varies by sales activity	3.0%	3.0%	3.0%	3.0%	3.0%
Property Transfer Tax	2% of Total Property Tax Collections varies by sales activity	3.0%	3.0%	3.0%	3.0%	3.0%
Other Property Tax	2% of Total Property Tax Collections	3.0%	3.0%	3.0%	3.0%	3.0%

Secured Property Tax:

Option A – Represent the lowest YOY growth rate the last six-year period.

Option B – Represent the normalized (24 County Packet annexation and North 40 First Phase of housing sale, approximately \$1.5 million) YOY growth over the last six-year period.

Option C – Represent the average YOY growth rate the last six-year period.

Staff recommendation is Option B highlighted in orange.

Motor Vehicle in Lieu (VLF):

Option A – Represent the lowest YOY growth rate the last six-year period.

Option B – Represent the normalized total assessed roll YOY growth rate.

Option C – Represent the average YOY growth rate the last six-year period.

Staff recommendation is Option B highlighted in orange.

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SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

Excess ERAF:

Option A – Since the ERAF is not guaranteed and the FY 2024/25 ERAF estimates are not published until March 2024, one of the options is not to include estimates this time.

Option B – Represent the 50% of the FY 2023/24 Estimated ERAF

Option C – Assumes that the Town will receive 100% of the ERAF proceeds; however, per prior Council direction and the Santa Clara County Assessor's Office advice, 30% is set aside until the lawsuits and audit findings are resolved.

Staff recommendation is Option B highlighted in orange.

Unsecured, Supplemental, Other Property Tax, and Property Transfer Tax:

This category represents 9% of the current proceeds. Staff recommends growing them by 3%.

Staff recommends growing the rest of the property tax (Unsecured, Supplemental, Other Property Tax, and Property Transfer Tax) that represent 9% of the current proceeds by 3%.

For purposes of the Forecast, the "Base Case" utilizes the Option B growth factor for Secured Property Tax, VLF Property Tax in Lieu and Option B (50% of the FY 2023/24 Estimates) for Excess ERAF reflecting the volatility of the revenue source. Option A represent the "Lower Growth" and Option C represent the "Greater Growth" scenarios.

Property Tax (Property Tax & VLF)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Option A - Lower Growth	\$22.17	\$23.10	\$24.08	\$25.09	\$26.15
Option B - Base Case	\$23.57	\$24.67	\$25.82	\$27.03	\$28.31
Option C - Higher Growth	\$24.34	\$25.74	\$27.23	\$28.81	\$30.49

Sales Tax

Sales tax is the second largest revenue source for the Town and comprised approximately 15% of total Town estimated General Fund revenues for FY 2023/24. The following table illustrates the most recent projections from the Town's sales tax consultant MuniServices relative to the Adopted FY 2023/24 budget and FY 2023/24 actuals.

SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

	FY 2022/23 Actual	FY 2023/24 Adjusted Budget	January 2024 MuniServices Estimate
Base Sales Tax	\$7.5 M	\$7.8 M	\$6.9 M

	FY 2021/22 Actual	FY 2022/23 Adjusted Budget	January 2024 MuniServices Estimate
Measure G – 1/8 District Tax	\$1.3 M	\$1.3 M	\$1.3 M

Current total sales tax estimates include \$6,960,850 (\$915,383 decrease) in proceeds from regular sales tax and \$1,239,843 (\$36,802 decrease) in proceeds from the Measure G one-eighth cent district tax compared to the Adopted budget. Overall growth rates vary due to the anticipation of when and to what extent inflation may begin to decline. The current forecast incorporates a Recession Inflation Scenario, with the Consumer Price Index for all Urban Customers hitting a target of 2.8% at the middle of 2025. Taxable sales for general retail and transportation are expected to see the greatest impacts. Increased interest rates impact business to business activities, while increased mortgage rates leaves customers with less disposable income. In addition, gas service stations are projecting decreased activity due to the popularity of electric vehicles. The most recent forecast also reflects the change of Netflix discontinuing DVD rentals in September 2023. Actual receipts net of administrative fees collected by the State will be confirmed at the close of the fiscal year. Per prior Council direction, the Measure G funds are allocated 50% for capital improvement projects and 50% for operating expenses.

The following tables illustrates MuniServices Most Likely scenario relative to their “Conservative” and “Optimistic” scenarios. For both sales tax categories, staff is asking Finance Commission to select which option to recommend for inclusion in the forecast.

Base Sales Tax	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Option A - Conservative	\$6.54	\$6.64	\$6.74	\$6.83	\$6.91
Option B - Most Likely	\$7.04	\$7.15	\$7.26	\$7.35	\$7.43
Option C- Optimistic	\$7.54	\$7.66	\$7.77	\$7.87	\$7.96

SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

Measure G 1/8 District Tax	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Option A - Conservative	\$1.22	\$1.26	\$1.29	\$1.32	\$1.35
Option B - Most Likely	\$1.28	\$1.32	\$1.35	\$1.39	\$1.42
Option C- Optimistic	\$1.33	\$1.37	\$1.41	\$1.45	\$1.48

Staff recommendation is Option B highlighted in orange.

Further Information related Sales Tax context is included as Attachment 6.

Transient Occupancy Tax

TOT is an important revenue source for the Town and comprises approximately 4% of total Town estimated revenues in the amount of \$2.3 million for FY 2023/24. The Town levies a 12% transient occupancy tax (TOT) on all hotel and motel rooms within the municipal limits of Los Gatos.

The following table illustrates TOT FY 2022/23 actuals, the FY 2023/24 Adjusted Budget, and year-end collection estimates.

	FY 2023/24 Actual	FY 2023/24 Adjusted Budget	FY 2023/24 Year-end Estimate
TOT	\$2.2M	\$2.4 M	\$2.3 M

TOT is an important revenue source for the Town and comprises approximately 4% of total Town estimated revenues in the amount of \$2.3 million for FY 2023/24. The Town levies a 12% transient occupancy tax (TOT) on all hotel and motel rooms within the municipal limits of Los Gatos. The 12% rate has been in effect since January 1, 2017, after the voters approved a ballot measure to increase in the TOT from 10% to 12% at the November 8, 2016 election.

During the pandemic, TOT experienced the most significant percentage decline relative to historical adopted budgets. Due to a significant rebound in leisure “staycation” travel and modest improvements in business travel, TOT collections were recovering but current quarter is trending lower than prior year. Based on the current trend, staff is recommending a \$154,516 decrease to this revenue source.

SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

TOT	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast
Proposed Growth	3%	3%	3%	3%	3%
Estimated Revenues	\$2.3 M	\$2.4 M	\$2.5 M	\$2.6 M	\$2.6 M

For purposes of the Forecast, the “Base Case” utilizes a growth factor as illustrated above and the “Greater Growth” and “Lower Growth” scenarios utilize a 2% differential from the Base Case.

TOT	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Option A - Lower Growth 1%	\$2.29	\$2.31	\$2.33	\$2.36	\$2.38
Option B - Base Case 3%	\$2.33	\$2.40	\$2.47	\$2.55	\$2.63
Option C - Greater Growth 4%	\$2.36	\$2.45	\$2.55	\$2.65	\$2.76

TOT:

Staff is asking Finance Commission to select which option to recommend for inclusion in the forecast.

Staff recommendation is Option B highlighted in orange.

Business License Tax

The Town requires all businesses located within Los Gatos and/or those that operate within Los Gatos to obtain a business license. The amount of business license tax paid by each business is based on its business activity. In November 2022, Los Gatos voters approved Measure J, which modernized the Town’s business license tax program. This is the first update to the program since 1991, strengthening funding for core Town services that are enjoyed by Town businesses.

Measure J included a 30% increase on flat rate fees, a 40% increase in retailing gross receipts, and a 120% increase in e-commerce, manufacturing, wholesaling, and jobbing gross receipts. Fees for activities such as wholesale sales and manufacturing are charged on a sliding scale based on gross receipts, as is retail, with retail being capped at \$1,365. These gross receipt activities account for approximately 25% of annual business licenses, while the remaining 75% are flat fee businesses. Annual renewal payments are due on January 2 of each year. Payments for new flat-fee-based businesses are prorated by quarter.

Business license tax revenue projections provided by HdL are trending slightly lower than the adopted budget. Staff is recommending a \$11,347 decrease to this revenue source.

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SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

The following table illustrates Business License FY 2022/23 actuals, the FY 2022/23 Adjusted Budget, and FY 2023/24 year-end collection estimates.

	FY 2023/23 Actual	FY 2023/24 Adjusted Budget	FY 2023/24 Year-end Estimate
Business License Tax	\$2.36 M	\$2.44 M	\$2.43 M

Business License Tax	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Proposed Growth	3%	3%	3%	3%	3%
Estimated Revenues	\$2.5 M	\$2.6 M	\$2.7 M	\$2.7 M	\$2.8 M

For purposes of the Forecast, the “Base Case” utilizes a growth factor as illustrated above and the “Greater Growth” and “Lower Growth” scenarios utilize a 2% differential from the Base Case.

Business License Tax	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Option A - Lower Growth 1%	\$2.45	\$2.48	\$2.50	\$2.53	\$2.55
Option B - Base Case 3%	\$2.50	\$2.58	\$2.65	\$2.73	\$2.82
Option C- Greater Growth 4%	\$2.53	\$2.63	\$2.73	\$2.84	\$2.96

Business License

Staff is asking Finance Commission to select which option to recommend for inclusion in the forecast.

Staff recommendation is Option B highlighted in orange.

Garbage Franchise Fee

Franchise fees are collected by the Town for the privilege of operating a utility service within Los Gatos, and as a fee in lieu of a business license tax. Franchise fees are currently received from Comcast for cable television, PG&E for gas and electric services, West Valley Collection and Recycling for solid waste collection services, and AT&T and Comcast for video services. Franchise fees represent 6% of projected General Fund revenues in FY 2023/24.

SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

As the Town previously disclosed in the FY 2021/22 Annual Comprehensive Financial Report (ACFR), the California Supreme Court recently issued an opinion in a case challenging the franchise fees that the City of Oakland charges to certain waste hauling companies. In *Zolly v. City of Oakland*, the court concluded that it did not have enough evidence to rule as a matter of law that the fees are exempt from the voter approval requirements that apply to taxes under Proposition 26, Article XIII C of the California Constitution.

However, there are several exceptions to the general rule that a tax must be approved by the voters. One exception (Article IIIC, section 1 (e)(1)) is for “a charge imposed for a specific benefit conferred or privileged granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.”

Town anticipated the impact starting on March 1, 2024 when the new garbage hauler contract goes into effect and reduced the Adopted Budget accordingly. The Town has a seat on the Board of the West Valley Solid Waste Management Authority (WVSWMA), a Joint Powers Authority (JPA) that manages the solid waste contracts. The West Valley Solid Waste Management Authority recently completed Franchise Valuation Study indicates that prior level of proceeds will be restored. Staff is recommending \$1,097,703 increase in garbage franchise fee collection to restore the prior year levels of proceeds, and a \$94,530 increase in PG&E Franchise Fee collection.

The following table illustrates Franchise Fee FY 2022/23 actuals, the FY 2022/23 Adjusted Budget, and FY 2023/24 year-end collection estimates.

	FY 2022/23 Actual	FY 2023/24 Adjusted Budget	FY 2023/24 Year-end Estimate
Franchise Fees	\$3.07 M	\$2.12 M	\$3.31 M

Franchise Fees	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Proposed Growth	3%	3%	3%	3%	3%
Estimated Revenues	\$3.4 M	\$3.5 M	\$3.6 M	\$3.7 M	\$3.8 M

For purposes of the Forecast, the “Base Case” utilizes a growth factor as illustrated above and the “Greater Growth” and “Lower Growth” scenarios utilize a 2% differential from the Base Case.

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SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

Franchise Fees	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Option A - Lower Growth 1%	\$3.34	\$3.38	\$3.41	\$3.44	\$3.48
Option B - Base Case 3%	\$3.41	\$3.51	\$3.62	\$3.72	\$3.84
Option C- Greater Growth 4%	\$3.44	\$3.58	\$3.72	\$3.87	\$4.03

Franchise Fees:

Staff is asking Finance Commission to select which option to recommend for inclusion in the forecast.

Staff recommendation is Option B highlighted in orange.

Operating Expense Trends and Five-Year Forecast Scenarios

Forecasts of future operating expenditures take into account two key factors: cost escalation and new operating expenditures. New operating expenditures refer to costs created by new or enhanced service programs approved during the annual budget process. Attachment 4 contains the expenditure assumptions.

Cost escalation refers to largely unavoidable increases in the cost of doing business. It includes inflation, multi-year contract costs, health care costs, and unfunded State mandates. Cost escalation also includes other unavoidable cost increases unique to a government organization, such as a rise in wages consistent with collective bargaining agreements and annual pension payments mandated by CalPERS. The Town has three bargaining units, including the Town Employees' Association (TEA), the American Federation of State, County and Municipal Employees (AFSCME), and the Police Officers' Association (POA). The unrepresented groups are Management and Confidential.

For FY 2023/24, General Fund Estimated Operating expenditures (not including debt payment and transfers out) are \$51.6 million. The delivery of Town services is highly dependent on talent which comprises 67.4% of estimated General Fund expenditures. Given the high dependence on labor for service delivery, the Town has helped manage salary escalation (and benefits) through the maintenance of lower staffing levels.

Mandated pension payments to CalPERS has consistently been one of the major cost drivers for the Town over the past decade with persistent unanticipated increases in pension costs. The Town's plans over the past several decades, like all other CalPERS participants, have

SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

experienced unfavorable investment returns, changes in actuarial assumptions, and demographic changes which have outweighed any positive plan experiences. The outcome of these unfavorable economic and demographic results is the development of unfunded pension and Other Post-Employment Benefit (OPEB) obligations for the Town. To address the escalation in pension costs, previous Councils have allocated additional discretionary pension funding, totaling \$10.4 million. These additional discretionary payments will ultimately yield an approximate additional \$12.7 million in contribution savings.

The Town and its bargaining groups have also worked to contain benefit costs. The Town closed the CalPERS retiree Tier 1 benefit for non-safety employees and created a new Tier 2 for non-safety new employees in 2012, implemented the Public Employees' Pension Reform Act (PEPRA) for all new non-classic employees starting in 2013, and participates in the CalPERS discounted prepayment option.

In addition to the management of the Town's pension obligations, prior Councils and the Town's bargaining groups have worked to curb cost escalation in OPEB. In 2009, the Town initiated prefunding of the retiree healthcare benefit and has since established approximately \$23.4 million in OPEB assets (as of 9/31/2023) from zero in 2009. In 2016, the Town's bargaining groups approved the introduction of dependent cost sharing and a reimbursement cap to Medicare eligible employees, and in 2018 the elimination of the Town's existing retiree healthcare benefit prospectively.

While these collective measures have helped to slow the growth in salary and benefit expenses, the Forecast anticipates continued increases in the Town's pension obligations.

Provided below are the expense assumptions for salary and benefits and alternate case scenarios for pension contributions. The majority of other expenses are assumed to increase at 3% per annum. Detailed expenditure assumptions and factors can be found in Attachment 4.

Salary and Benefits*Salary*

The Town has historically budgeted vacant and non-sworn positions at top step of the range for the position. Sworn and management positions are budgeted at one step higher of current step in anticipation of any merit increases expected to be awarded in the upcoming fiscal year. Based on Council's direction for FY 2021/22, salaries were budgeted at actual salary plus a one step increase, which was a significant budgeting methodology change from previous practice. In addition, the FY 2023/24 budget built in a 4.6% vacancy factor. These methodologies will be continued for the development of FY 2024/25 budget unless modified by the Town Council.

SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

For the Forecast, positions are budgeted at the actual rate of pay of employees including benefits as of January 2023. Then, by position, salary costs are updated in accordance with the applicable Memorandum of Understanding (MOU) between the Town and its bargaining units. The Memoranda of Understanding that outline the individual agreements between the Town and each unit related to compensation, health benefits, leave time, and grievance procedures will expire with TEA and AFSCME on June 30, 2024. POA's MOU will expire on September 30, 2024. The Management and Confidential groups are unrepresented.

In addition to the economic terms of the MOUs, the Forecast assumes step increases for employees in applicable positions, and merit increases for Management and Confidential employees. In addition, based on prior Council guidance, 2% cost of living wage adjustments (COLA) are included in the Forecast for each year starting in 2024/25 and a 4.6% vacancy factor.

Salaries (2%)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Base Case	\$23.10	\$23.62	\$24.09	\$24.63	\$25.17

Pension and Other Benefits

For purposes of the Forecast, staff utilizes estimates provided by each plan's most recent actuarial valuation received from CalPERS. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2023/24 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2024/25 and subsequent years are based on the most recent CalPERS Actuarial Valuation Reports as adjusted by the impact related to the FY 2022/23 CalPERS actual investment return and forecasted payroll.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21. Other Benefits includes health insurance, life insurance and workers' compensation insurance premium. The forecast models a \$500,000 increase in the Premium Townwide in FY 2024/25 with a 3% growth in the out years to properly recover the cost of the program.

Pension Benefits	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Base Case	\$8.98	\$9.15	\$9.72	\$10.32	\$11.22

SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

Other Benefits	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Base Case	\$5.59	\$5.78	\$5.97	\$6.18	\$6.39

Given that investment returns have one of the largest impacts on contribution variability, CalPERS provides projected employer Unfunded Actuarial Liability (UAL) contributions under alternate investment returns. Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions.

The projections below reflect the impact of the CalPERS Funding Risk Mitigation policy. The projected normal cost rates reflect that the rates are anticipated to decline over time as new employees are hired into lower-cost benefit tiers. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur. The table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between these levels over the 20-year period ending June 30, 2041.

UAL Town Contributions (Misc & Safety)	2025/26 Forecast	2026/27 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast
Greater Investment Return Scenario (10.8%)	\$5,492,000	\$5,650,000	\$5,540,000	\$5,469,000	\$1,453,000
Base Investment Return Case (3.0%)	\$5,797,000	\$6,564,000	\$7,381,000	\$8,580,000	\$9,526,000

CalPERS Actuarial Valuations as of June 30, 2022.

For the year ending June 30, 2023, the Public Employees Retirement Fund (PERF) returned 6.1%. The table below illustrates the historic investment returns for five years, ten years, twenty years, and thirty years.

CalPERS Compound Annual Rates of Return (as of June 30, 2022)	5 Years	10 Years	20 Years	30 Years
Compound Annual Return	8.30%	7.10%	8.50%	8.60%

Workers' Compensation and Liability Self Insurance Internal Service Charges

Workers' Compensation Fund and Joint Powers Authority Pooled Liability Network (PLAN) Self-Insurance Fund finance and account for workers' compensation and general liability services for the entire Town.

SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

Increased premium rates and increased claim activities require the Town to increase its Liability Internal Service charges to increase by \$450,000 or 58% percent to assure cost recovery. Staff recommends increasing the internal service rate by \$500,000 or 45% percent to assure cost recovery in the Workers' Compensation Internal Service Fund. Staff incorporated this increase starting FY 2024/25 in the forecast.

Alternative Scenario	2024/25	2025/26	2026/27	2027/28	2028/29
Other Benefits Without Workers' Comp Rate Increase	Forecast	Forecast	Forecast	Forecast	Forecast
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
	\$5.09	\$5.28	\$5.47	\$5.68	\$5.89

Alternative Scenario	2024/25	2025/26	2026/27	2027/28	2028/29
Internal Service Charges Without General Liability Rate Increase	Forecast	Forecast	Forecast	Forecast	Forecast
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
	\$3.59	\$3.76	\$3.94	\$4.11	\$4.28

Staff recommends including the increase in the Forecast; however, the Finance Commission can select not to include the rate increase to the Forecast. One-time General Fund transfers will be required at year end if the fund balance is trending negative.

Five-Year Financial Forecast Alternative Scenarios

The tables below present the "Base Case" forecast contrasted against the two alternative revenue scenarios of "Greater Growth" and "Lower Growth." All scenario includes a 4.6% salary saving factor. The fourth scenario presents the predicted results without workers' compensation and self-insurance rate increase. As illustrated in the tables, even modest changes to the "Base Case" forecast can result in either additional surpluses or deficits during the forecast period.

5 Year Forecast "Base Case" with 4.6% Vacancy Factor	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Total Revenues & Transfers and Use of Reserves	\$54.5	\$56.3	\$58.1	\$59.6	\$61.4
Total Expenditures & Reserve Allocations	\$56.8	\$58.1	\$60.1	\$61.7	\$63.8
Surplus/Deficit	(\$2.3)	(\$1.8)	(\$2.0)	(\$2.1)	(\$2.4)

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SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

DISCUSSION (continued):

Alternative Scenario "Greater Growth" with 4.6% Vacancy Factor	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Total Revenues & Transfers and Use of Reserves	\$55.5	\$57.5	\$59.6	\$61.8	\$64.2
Total Expenditures & Reserve Allocations	\$56.8	\$58.1	\$60.1	\$61.7	\$63.8
Surplus/Deficit	(\$1.3)	(\$0.6)	(\$0.5)	\$0.1	\$0.4

Alternative Scenario "Lower Growth" with 4.6% Vacancy Factor	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Total Revenues & Transfers and Use of Reserves	\$53.1	\$54.4	\$55.7	\$57.1	\$58.5
Total Expenditures & Reserve Allocations	\$56.8	\$58.1	\$60.1	\$61.7	\$63.8
Surplus/Deficit	(\$3.7)	(\$3.7)	(\$4.4)	(\$4.6)	(\$5.3)

Alternative Scenario "Base Case" with 4.6% Vacancy Factor Without Workers Comp and General Liability Rate Increase	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Total Revenues & Transfers and Use of Reserves	\$54.5	\$56.3	\$58.1	\$59.6	\$61.4
Total Expenditures & Reserve Allocations	\$55.9	\$57.1	\$59.1	\$60.7	\$62.7
Surplus/Deficit	(\$1.3)	(\$0.8)	(\$1.0)	(\$1.1)	(\$1.3)

CONCLUSION:

The Finance Commission should review and discuss the elements and select the assumptions of the initial Five-Year Forecast and other budget considerations. The "Base Case" Forecast estimates deficits at this time. Staff looks forward to answering the Finance Commission questions and receiving any recommendations for Council consideration for the preparation of the proposed FY 2024/25 Operating Budget that results from the discussion.

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SUBJECT: Five-Year Forecast (FY 2024/25 – 2028/29)

DATE: February 9, 2024

CONCLUSION (continued):

The preparation of the FY 2024/25 Operating and Capital Budgets is taking into account the Town's current economic reality and long term fiscal picture, as well as maintaining the Town's high level of municipal services. This is considered a "status quo" approach with no major new initiatives or staffing. Key budget principles include:

- Develop and recommend a balanced budget that maintains service levels;
- Address projected deficits;
- Continue to make progress on Strategic Priorities identified by the Town Council; and
- Identify opportunities to maintain or enhance service delivery through new revenue sources and technology.

The Capital Improvement Program and direction will be discussed separately at the March meeting. The Finance Commission may also discuss budget assumptions. The Draft FY 2024/25 Operating and Capital Budgets will be available in April for the Finance Commission elaboration with the budget hearing tentatively scheduled for May 21, 2024.

COORDINATION:

This Report was prepared by the Finance Department and the Town Manager's Office.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Annual Budget Process
2. Base Case Five-Year Forecast
3. Forecast Revenue Assumptions
4. Forecast Expense Assumptions
5. Additional Information on ERAF
6. Additional Sales Tax Context from MuniServices
7. Commissioner Comments

	Prior FY (2022/23)	Current FY (2023/24)	Next FY (2024/25)
December	<p>June 30, 2023 ACFR finalized and presented for Council approval.</p> <p>ACFR surpluses assigned per the Council Reserve Policy as of June 30, 2023</p>		
January		<p>Council deliberates Strategic Priorities and Budget direction for FY 2024/25.</p> <p>Review of Five-year Forecast and assumptions.</p> <p>Council determines if previously assigned surpluses should be reallocated for FY 2024/25.</p>	
February		Council considers Mid-Year Budget adjustments through 12/31/2023 for FY 2023/24 Budget.	
April		Finance Commission review and comment on Proposed FY 2024/25 Operating & Capital Budgets .	
May		Public hearing on FY 2024/25 Operating & Capital Budgets	
June		Council adoption of the FY 2024/25 Operating & Capital Budgets	End of June 30, 2024 ACFR period
July			Start of new FY 2024/25 Operating Budget year
December			<p>June 30, 2024 ACFR finalized and presented for Council approval.</p> <p>ACFR surpluses assigned per the Council Reserve Policy as of June 30, 2024</p> <p>ATTACHMENT 1</p>

General Fund 5-Year Forecast - Base Case
(in \$ million)

Revenue Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Property Tax	\$ 18.2	\$ 18.6	\$ 19.0	\$ 18.6	\$ 19.5	\$ 20.4	\$ 21.3	\$ 22.3
VLF Backfill Property Tax	4.6	4.7	4.9	4.9	5.2	5.4	5.7	6.0
Sales & Use Tax	7.5	7.9	7.0	7.0	7.2	7.2	7.3	7.5
Measure G District Sales Tax	1.3	1.3	1.2	1.3	1.3	1.4	1.4	1.4
Franchise Fees	3.1	2.1	3.3	3.4	3.5	3.6	3.7	3.8
Transient Occupancy Tax	2.2	2.4	2.3	2.3	2.4	2.5	2.5	2.6
Business License Tax	2.4	2.4	2.4	2.5	2.6	2.7	2.7	2.8
Licenses & Permits	3.3	2.9	3.3	2.9	3.0	3.1	3.2	3.3
Intergovernmental	1.6	1.2	1.4	0.9	0.9	1.0	0.9	0.9
Town Services	4.6	4.4	5.1	4.2	4.3	4.4	4.5	4.6
Fines & Forfeitures	0.4	0.2	0.4	0.4	0.4	0.4	0.4	0.4
Interest	0.6	1.0	1.6	1.7	1.6	1.5	1.4	1.3
Other Sources	8.1	3.9	4.1	3.1	3.1	3.2	3.3	3.2
Fund Transfers In	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*	\$ 58.4	\$ 53.5	\$ 56.6	\$ 53.7	\$ 55.5	\$ 57.3	\$ 58.8	\$ 60.6
Use of Capital/Special Projects Reserve	2.4	2.1	0.8	0.8	0.8	0.8	0.8	0.8
Use of Pension/OPEB Reserve	0.3	-	0.3	-	-	-	-	-
Use of Council Priorities - Economic Recovery	-	1.6	1.5	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES	\$ 61.1	\$ 57.2	\$ 59.2	\$ 54.5	\$ 56.3	\$ 58.1	\$ 59.6	\$ 61.4
Expenditure Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Salary	\$ 20.4	21.3	21.5	23.2	23.7	24.2	24.8	25.3
Overtime	1.4	0.6	1.2	0.6	0.6	0.6	0.6	0.6
CalPERS Benefits	7.1	8.2	7.3	9.0	9.1	9.7	10.3	11.2
All Other Benefits	3.8	4.7	4.2	5.6	5.8	6.0	6.2	6.4
4.6% Salary and Benefits Savings	-	-	-	(1.8)	(1.8)	(1.9)	(1.9)	(2.0)
OPEB Pay as You Go	1.5	1.6	1.6	1.8	1.9	2.0	2.0	2.0
Operating Expenditures	11.7	10.0	10.9	8.7	8.8	9.2	9.4	9.7
Grants & Awards	0.6	0.9	0.9	0.4	0.3	0.3	0.3	0.3
Utilities	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.8
Internal Service Charges	2.6	3.4	3.3	4.0	4.2	4.4	4.6	4.8
Debt Service	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1
TOTAL OPERATING EXPENDITURES	\$ 51.8	\$ 53.4	\$ 53.8	\$ 54.2	\$ 55.5	\$ 57.5	\$ 59.1	\$ 61.2
Additional Discretionary Payment - Pension	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY	\$ 52.5	\$ 53.8	\$ 54.5	\$ 54.6	\$ 55.9	\$ 57.9	\$ 59.5	\$ 61.6
Capital Transfers Out to GFAR	2.4	1.6	1.6	1.1	1.1	1.1	1.1	1.1
Allocate ERAF Risk Reserve	0.7	0.7	0.8	-	-	-	-	-
Allocate to Pension Trust	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE ALLOCATIONS	\$ 56.2	\$ 57.2	\$ 57.5	\$ 56.8	\$ 58.1	\$ 60.1	\$ 61.7	\$ 63.8
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	\$ 4.9	\$ -	\$ 1.7	\$ (2.3)	\$ (1.8)	\$ (2.0)	\$ (2.1)	\$ (2.4)
* Due to rounding of individual categories FY 2022/23 Actual total revenues, and FY 2023/24 Estimated total expenditures includes \$0.1 million.								

Revenue Baselines and Projection Factors

Item 4.

Type of Revenue	FY 2023/24 Estimates Baseline	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office February 2024 report	5.1%	5.1%	5.1%	5.1%	5.1%
Motor Vehicle License in Lieu (VLF)	Current baseline set by SCC Assessor Office February 2024 report	5.1%	5.1%	5.1%	5.1%	5.1%
ERAF	Current baseline set 100% of SCC Assessor Office November 2023 report Reserving 30% to ERAF Risk Reserve	\$1.25 million	\$1.25 million	\$1.25 million	\$1.25 million	\$1.25 million
Sales Tax	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates
Sales Tax - Measure G	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates
Franchise Fee	Current baseline set by FY 2023/24 Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2023/24 Estimates	3%	3%	3%	3%	3%
Business License Tax	Current baseline set by FY 2023/24 Estimates	2%	2%	2%	2%	2%
License & Permits	Current baseline set by FY 2023/24 Estimates	3%	3%	3%	3%	3%

Revenue Baselines and Projection Factors

Item 4.

Town Services	Current baseline set by FY 2023/24 Estimates	3%	3%	3%	3%	3%
Fine & Forfeitures	Current baseline set by FY 2023/24 Estimates	Varies	Varies	Varies	Varies	Varies
Interest	Current baseline set by FY 2023/24 Actuals	4%	4%	3%	3%	3%
Other Sources	Current baseline set by FY 2023/24 Estimates	Varies	Varies	Varies	Varies	Varies

EXPENDITURE BASELINE AND PROJECTION FACTORS

Beginning in FY 2020/21, the Town started budgeting salaries at the actual salary plus a one-step increase. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of December 31, 2023. Beginning FY 2023/24 the total budget includes 4.6% vacancy factor.

Type of Expenditure	FY 2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2024/25 Forecast
Salaries*(TEA, Conf, Temp)	3%	2%	2%	2%	2%	2%
Salaries *(POA)	3%	2%	2%	2%	2%	2%
Salaries*(AFSCME)	3%	2%	2%	2%	2%	2%
Salaries * (Management)	3%	2%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Operating Expenditures***	3%	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Workers Comp Charges	Based on projected payroll	Additional \$0.5 M to the base	3%	3%	3%	3%
General Liability Charges	Based on projected payroll	Additional \$0.45 M to the base	3%	3%	3%	3%
Other Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units plus the Council's assumption of 2% per year cost of living adjustment.

** Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)

*** Based on historical trends.

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2023/24 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2024/25 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2022/23 CalPERS 6.1% investment return and forecasted payroll.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21.

Type of Expenditure	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY2028/29 Forecast
Safety POA	81.31%	96%	98.7%	102.3%	106.1%	116.0%
Safety Management POA	84.31%	99%	101.7%	105.3%	109.1%	118%
Safety POA - PEPRA	14.5%	15.6%	15.6%	15.7%	16.0%	16.0%
Miscellaneous TEA/AFSCME/Confidential/Management	29.97%	30.6%	296%	31.0%	32.3%	33.8%
Miscellaneous TEA/AFSCME/Confidential/Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	29.97%	30.6%	296%	31.0%	32.3%	33.8%

The Town has been monitoring and providing periodic update to the Finance Commission and to the Town Council on the ongoing developments regarding the distribution of excess ERAF funds. A portion of property tax revenue goes to the ERAF to support local school districts. When the amount contributed to ERAF is more than the minimum cost of funding local schools, excess funds have traditionally been returned to the county, cities, and special districts. Five counties, including Santa Clara, have been using a redistribution allocation formula that has been contested by the State. Santa Clara County provided an update on the Excess ERAF at its September property tax meeting. The Third District Court of Appeal has affirmed the Trial Court decision in the California School Boards Association (CSBA) case, ruling that CSBA did not establish that charter schools are entitled to ERAF. However, in January the Santa Clara County advised the Town that the FY 2024/25 State Budget Governor proposes legislation allocating ERAF to charter schools, potentially reversing the recent appellate decision the County and State Controller's Office obtained holding that charter schools do not get ERAF. Annual negative impact on local jurisdiction's Excess ERAF is approximately 8 % which may fluctuate annually. Proposing In August 2023, the State Controller's Office (SCO) issued a negative audit finding to Marin County regarding inclusion of the redevelopment dissolution revenue in the Excess ERAF calculation, asserting that this violated Health & Safety Code section 34188(d). Excess ERAF counties do not agree with this finding and are currently working to find a resolution. The annual at-risk percentage is now at about 22% of the distribution both on an ongoing basis and going back to the distribution in Fiscal Year 2020/21. The County filed a lawsuit against the State Controller's Office on this matter in late December. The County also provided the updated projection for FY 2023/24 Excess ERAF distribution (\$2,500,000) based on the latest State-released information. The amounts provided are before any provision to account for the State Controller's audit finding or other annual adjustments in the calculation. The County will provide an updated estimates for the FY 2023/24 excess ERAF distribution and estimates for FY 2024/25 excess ERAF distribution in March 2024.

The following table illustrates the potential at-risk amount from FY 2020/21.

	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Actual Excess ERAF Distributed	\$ 2,043,321	\$ 2,371,984	\$ 2,298,692	
Estimated Excess ERAF (11/3/2023)				\$ 2,500,000
30% At Risk	\$ 612,996	\$ 711,595	\$ 689,607	\$ 750,000
22% At Risk	\$ 449,531	\$ 521,836	\$ 505,712	\$ 550,000
Town ERAF Risk Reserve - 30%			\$ 689,607	\$ 750,000

With the adoption of the FY 2023/24 budget, Council directed a 30% ERAF Risk Reserve. The ERAF Risk Reserve is estimated at \$1,439,607 and the at-risk amount from FY 2020/21 is estimated at \$2,027,079.

Los Gatos

Bradley Burns 1% Sales & Use Tax Forecast Comparison Summary

As of 01/18/2024

A Revenue forecast was provided on 10/13/23 based on 2023Q2 Sales Tax data.

A Revenue forecast was provided on 01/03/24 based on 2023Q3 Sales Tax data.

This analysis compares those forecasts.

COMPARISON:

	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30
Previous Forecast	7,452,000	7,284,000	7,364,000	7,490,000	7,605,000	7,709,000	7,802,000	7,884,000
Current Forecast	7,452,000	6,961,000	7,041,000	7,152,000	7,256,000	7,349,000	7,433,000	7,508,000
Change	0	(323,000)	(323,000)	(338,000)	(349,000)	(360,000)	(369,000)	(376,000)
% Change	0.0%	-4.4%	-4.4%	-4.5%	-4.6%	-4.7%	-4.7%	-4.8%

% COMPARISON:

	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30
Previous Forecast	4.6%	-2.3%	1.1%	1.7%	1.5%	1.4%	1.2%	1.1%
Current Forecast	4.6%	-6.6%	1.1%	1.6%	1.5%	1.3%	1.1%	1.0%
% Change	0.0%	-4.3%	0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%

The current forecast is lower in all forecast years. Overall Growth Rates vary, due to the anticipation when and to what extent inflation will begin to decline.

The current forecast incorporates a Disinflation Scenario, with the CPI-U hitting a target of 2.8% by the middle of 2025.

Category	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	
General Retail		(110,000)	(144,000)	(160,000)	Category declined by -9.4% QTR over QTR in 2023Q3, grew by +10.5% in 2023Q2
County Pool		(143,000)	(160,000)	(161,000)	Category declined by -28.4% QTR over QTR in 2023Q3, grew by +2.2% in 2023Q2 -\$1.4 million in corrections caused a -\$2.1 million swing in 2023Q3 Santa Clara Countywide Pool Revenues
All		(70,000)	(19,000)	(17,000)	Various other factors
	\$ -	\$ (323,000)	\$ (323,000)	\$ (338,000)	Total Forecast Change

Los Gatos

Bradley Burns 1% Sales & Use Tax Forecast Comparison Summary

As of 10/16/2023

A Revenue forecast was provided on 06/28/23 based on 2023Q1 Sales Tax data.

A Revenue forecast was provided on 10/13/23 based on 2023Q2 Sales Tax data.

This analysis compares those forecasts.

COMPARISON:

	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30
Previous Forecast	7,396,000	7,379,000	7,609,000	7,829,000	8,034,000	8,223,000	8,397,000	
Current Forecast	7,452,000	7,284,000	7,364,000	7,490,000	7,605,000	7,709,000	7,802,000	7,884,000
Change	56,000	(95,000)	(245,000)	(339,000)	(429,000)	(514,000)	(595,000)	
% Change	0.8%	-1.3%	-3.2%	-4.3%	-5.3%	-6.3%	-7.1%	

% COMPARISON:

	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30
Previous Forecast	3.8%	-0.2%	3.1%	2.9%	2.6%	2.4%	2.1%	
Current Forecast	4.6%	-2.3%	1.1%	1.7%	1.5%	1.4%	1.2%	1.1%
% Change	0.8%	-2.0%	-2.0%	-1.2%	-1.1%	-1.0%	-0.9%	

The current forecast is lower in all forecast years. Overall Growth Rates vary, due to the anticipation when and to what extent inflation will begin to decline.

The current forecast incorporates a Recession Inflation Scenario, with the CPI-U hitting a target of 2.2% at the end of 2024.

Category	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	
General Retail	70,000				Category grew by +9.4% QTR over QTR in 2023Q2, declined by -11.3% in 2023Q1, better than expected. Apple Stores, (23.9% of General Retail), grew by +132.4% QTR over QTR in 2023Q2, by +31.7% in 2023Q1.
Transportation	(30,000)	(75,000)	(100,000)	(160,000)	Category declined by -15.6% QTR over QTR in 2023Q2, -14.8% in 2023Q1. Zero Emission Vehicles (ZEVs) comprised 24.3% of the sales of new light vehicles in CA for the first six months of 2023. Forecast includes a -40% reduction of Service Station Sales Tax Revenues by 2030, -75% reduction by 2035 and a -90% reduction by 2040.
All	16,000	(20,000)	(145,000)	(179,000)	Various other factors
	\$ 56,000	\$ (95,000)	\$ (245,000)	\$ (339,000)	Total Forecast Change

Los Gatos

Bradley Burns 1% Sales & Use Tax Forecast Comparison Summary

As of 08/16/2023

A Revenue forecast was provided on 03/13/23 based on 2022Q4 Sales Tax data.

A Revenue forecast was provided on 06/28/23 based on 2023Q1 Sales Tax data.

This analysis compares those forecasts.

COMPARISON:

	FY 21 - 22	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29
Previous Forecast	7,125,000	7,684,000	7,876,000	8,128,000	8,410,000	8,685,000	8,950,000	9,207,000
Current Forecast	7,125,000	7,396,000	7,379,000	7,609,000	7,829,000	8,034,000	8,223,000	8,397,000
Change	0	(288,000)	(497,000)	(519,000)	(581,000)	(651,000)	(727,000)	(810,000)
% Change	0.0%	-3.7%	-6.3%	-6.4%	-6.9%	-7.5%	-8.1%	-8.8%

% COMPARISON:

	FY 21 - 22	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29
Previous Forecast	5.9%	7.8%	2.5%	3.2%	3.5%	3.3%	3.1%	2.9%
Current Forecast	5.9%	3.8%	-0.2%	3.1%	2.9%	2.6%	2.4%	2.1%
% Change	0.0%	-4.0%	-2.7%	-0.1%	-0.6%	-0.7%	-0.7%	-0.8%

The current forecast is lower in all forecast years. Overall Growth Rates vary, due to the anticipation when and to what extent inflation will begin to decline.

The current forecast incorporates a Recession Inflation Scenario, with the CPI-U hitting a target of 2.2% at the end of 2024.

Category	FY 21 - 22	FY 22 - 23	FY 23 - 24	FY 24 - 25	
General Retail		(65,000)	(195,000)	(227,500)	Category declined by -12.4% QTR over QTR in 2023Q1, grew by 6.2% in 2022Q4. Miscellaneous Retail, (38% of this category), declined by -11.5% QTR over QTR in 2023Q1 Furniture / Appliance, (23% of this category), declined by -12.8% QTR over QTR in 2023Q1 Drug Stores, (12% of this category), declined by -11.6% QTR over QTR in 2023Q1
Transportation		(70,000)	(210,000)	(245,000)	Category declined by -15.9% QTR over QTR in 2023Q1, grew by +7.6% in 2022Q4. Prices for gasoline have plummeted from \$6.20 in June 2022 to \$4.27 in January 2023. Auto Sales declined by -19.0% QTR over QTR in 2023Q1, grew by +10.7% in 2022Q4.
All		(153,000)	(92,000)	(46,500)	Various other factors, including using a Recession Inflation Scenario with 2.2% target
	\$ -	\$ (288,000)	\$ (497,000)	\$ (519,000)	Total Forecast Change

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Laurel Prevetti](#)
Subject: Historical Headcount
Date: Thursday, January 18, 2024 11:26:24 PM
Attachments: [Historical headcount trend report.pdf](#)

[EXTERNAL SENDER]

Gitta,

I had sent this schedule to you a number of weeks ago asking about it. This report shows an “actual” headcount for FY 2001 through FY 2004 which differs from the trend graph that is always published in the budget book. Frankly I am not sure if the Actual number reported in the attached is truly the actual number of employees on board that year. Do you know?

I also am questioning if the trend graph which was included in the budget book is plotting the trend in “funded” FTE positions or Actual FTE that were on board for each year? I believe the trend line is “funded” positions (which is different from approved and also different from actual). Can you clarify for me?

This is important since the staff has claimed the Town has managed salary escalation through lower the maintenance of lower staffing levels. This would only be true if the trend report reflected actual FTE as opposed to funded.

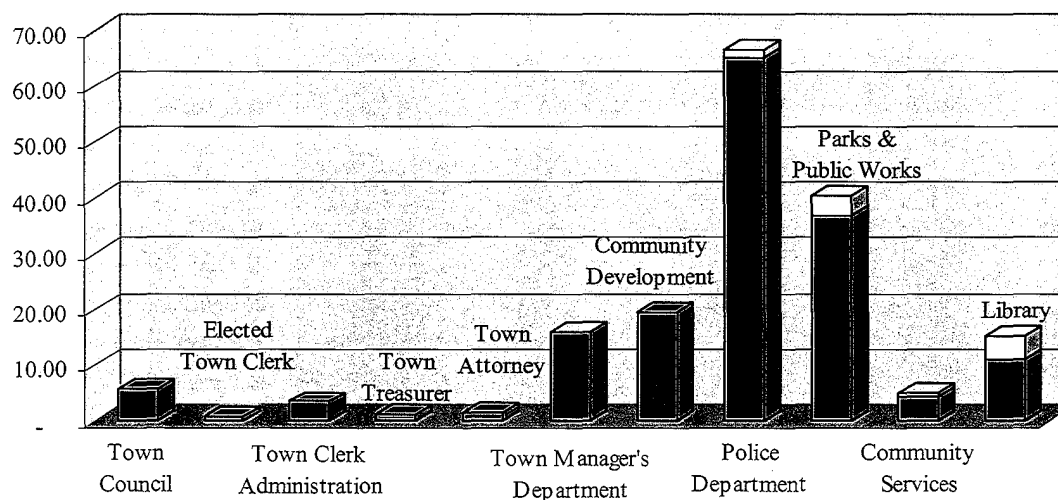
Thoughts?

Thanks,

Phil

SUMMARY of POSITIONS

Budgeted FTEs by Department



FY 2004/05 Budgeted FTEs by Department (Includes Converted Temporary Hours)

Departments	Authorized Positions	Funded Staff Positions	Temporary Staff Hours converted to FTEs	Total Budgeted Positions
Town Council	5.85	5.85	0.18	6.03
Office of the Town Clerk	1.00	1.00	-	1.00
Town Clerk Administration	4.00	3.50	-	3.50
Town Treasurer	1.25	1.25	-	1.25
Town Attorney	2.75	1.50	-	1.50
Town Manager's Department	18.45	16.05	0.18	16.23
Community Development	21.00	19.60	-	19.60
Police Department	73.00	65.30	1.25	66.55
Parks & Public Works	45.00	37.00	3.27	40.27
Community Services	5.45	4.45	0.80	5.25
Library	11.75	11.10	4.70	15.80
Total Positions	189.50	166.60	10.38	176.98

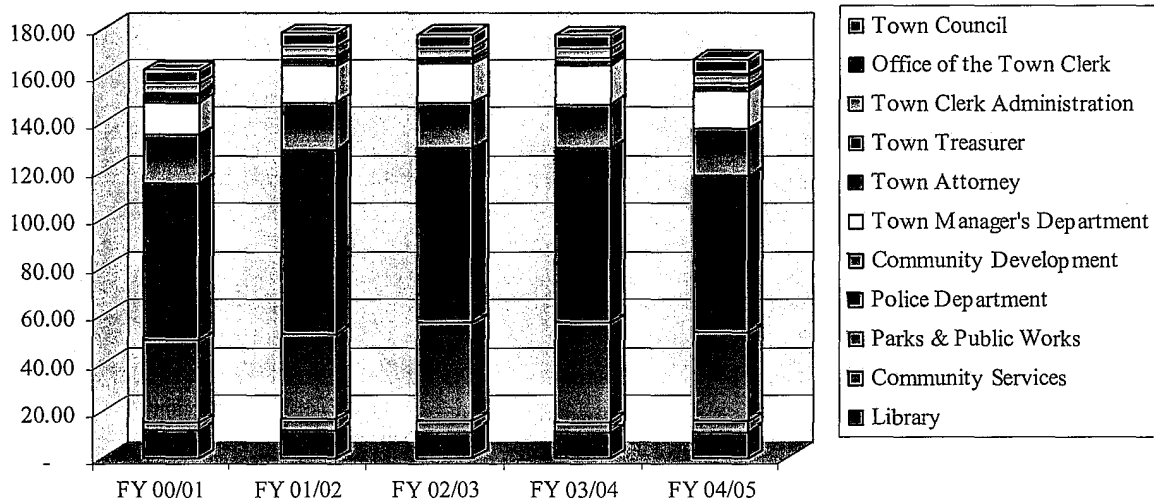
Town Manager's Department staffing numbers include: Town Manager's Office; Human Resources; Finance & Administrative Services; and Management Information Services.

Temporary positions result from seasonal, temporary, and part-time labor needs.

SUMMARY of POSITIONS

Funded FTEs by Department

Five Year Staffing Trend



Departments	FY 00/01 Actuals	FY 01/02 Actuals	FY 02/03 Actuals	FY 03/04 Actuals	FY 04/05 Proposed
Town Council	5.35	5.85	5.85	5.85	5.85
Office of the Town Clerk	-	-	-	-	1.00
Town Clerk Administration	4.00	4.00	4.00	4.00	3.50
Town Treasurer	1.25	1.25	1.25	1.25	1.25
Town Attorney	2.75	2.75	1.75	1.75	1.50
Town Manager's Department	13.50	15.20	16.30	16.30	16.05
Community Development	20.00	19.75	18.60	18.60	19.60
Police Department	66.00	77.00	73.00	73.00	65.30
Parks & Public Works	34.30	35.70	41.00	41.00	37.00
Community Services	3.25	4.70	4.45	4.45	4.45
Library	11.50	11.50	11.00	10.75	11.10
Total Budgeted FTEs	161.90	177.70	177.20	176.95	166.60

Note – FTEs represent Town staff positions funded in annual budgets. Numbers do not reflect temporary hours or the filled or unfilled status of the positions.

From: [Phil Koen](#)
To: [Gitta Ungvari](#); [Linda Reiners](#)
Subject: 5 year forecast
Date: Friday, January 19, 2024 12:29:58 PM

[EXTERNAL SENDER]

Gitta,

In thinking about how best to tackle the five-year forecast, I would like to suggest that we increase the visibility to the various revenue streams that need to be reviewed. One of the problems I see is the revenue streams shown in the past five-year forecast model are too high of a level and mask the underlying trends. Most of the revenue streams have unique drivers of growth that need to be understood and forecasted at that level.

Also, we should exclude from the total revenue all fund transfers in. As we discussed, all fund transfers, both in and out of the general fund need to be shown below operating revenues and expenditures. This is important so the reader understands if operating revenues are sufficient to cover operating expenditures. I think we agreed to adopt the format in the budget book but showing all transfers below the operating surplus/deficit line (just like how it is presented in the audited financials).

With that in mind I would suggest presenting the revenue forecast as broken out below:

Government Taxes

- >Secured and Unsecured Property Tax
- >ERAF
- >VLF
- >Sales use tax
- >Measure G (100% - show the ½ as a transfer out)
- >TOT
- >Franchises
- >Business License
- >Real Property Transfer
- >All other
- >>>>Total Government Taxes

Charges for Services

- >Police
- >Plan check
- >Eng Fees
- >all other
- >>>>>Total Charges for Services

License and Permits

- >Construction
- >Solid Waste
- >Utility Fee
- >Street Sweeping
- >All other
- >>>>>Total License and Permits

Intergovernmental

>State

>Federal

>>>>Total Intergovernmental

Fines and Forfeitures

Interest (cash only – do not include MTM adjustments)

Miscellaneous

Total General Fund Revenue

I know you have historical data for each of these line items. I took this break down from the transaction report. It is important that the 5-year forecast include at least three years of historical trends, so the reader has a basis to judge growth.

Hopefully, this is rather easy to incorporate into the spreadsheet. I feel strongly that this level of detail is required to truly understand the revenue forecast.

Let me know if you have any questions.

Phil

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#); [Laurel Prevetti](#)
Subject: Reconciling the FY 23 ACFR Original Budget to the FY 23 Adopted Budget - revenue
Date: Saturday, January 20, 2024 12:28:17 PM

[EXTERNAL SENDER]

Gitta,

In preparing for the 5-year forecast review, it will be important to reconcile to the ACFR for historical purposes.

In reviewing the FY 2023 ACFR, the budget vs actual schedule for the General Fund shows a total revenue for the original budget of \$45,537,337. The adopted budget in the FY 23 budget book shows a total general fund revenue of \$50,005,467.

That is a difference of \$4,468,130. I can account for a portion of this difference, namely transfers in of \$538,536 and the debt service of \$1,893,713. However, that still leaves \$2,035,881 unidentified. That amount is material. What revenue items have been eliminated from the adopted budget of \$50,005,467 to get to the \$45,537,337 reported in the ACFR? Why were these revenue streams eliminated?

I intend for the FC to spend time making sure everyone understands how the 5-year plan has been constructed and how the 5-year plan agrees to the ACFR. There appears to be several reconciling items that make it difficult to bridge the

differences between the two.

If you could provide a reconciliation walking us from the \$50,005,467 to the \$45,537,337, that would be very helpful. Please let me know if you have any questions.

Phil

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#)
Subject: 5 year revenue forecast
Date: Sunday, January 21, 2024 11:05:57 AM
Attachments: [5 year Forecast - PJK.xlsx](#)

[EXTERNAL SENDER]

Gitta,

Attached please find a GF revenue forecast that I have prepared based on historical numbers. The historical numbers agree to the ACFR.

Please note the historical GF revenues do not include any ARPA money. All ARPA funds were reported as revenue in a separate ARPA fund. It is important that we agree on the accounting treatment of the ARPA grant. I sent you a separate email on the accounting for ARPA last week. If you have a different viewpoint, please let me know so we can resolve this issue once and for all.

There are individual forecasts for property taxes, sales tax, TOT, franchise, and business license tax. I have agreed these back to historical documents published by the Town, the ACFR and the State Transaction Report. I believe the historical numbers are correct.

Functional revenues are a roll up of many different General Fund revenue items including federal, state and county grants, charges for Town services, fines and forfeitures, development

fees to name just a few. I grouped these into one line item to be able to better understand the historical growth rate at an aggregate level. Again, the historical number ties back to General Fund Total Revenue as reported in the ACFR and the State Transaction Report.

The historical numbers show that property taxes have grown over the prior 6 years at a 7.5% CAGR. Total GF revenues have grown at a 4.6% CAGR.

Based on this, I assumed growth rates for each revenue stream based on history. The rates are reasonable compared to historical rates. The forecast period reflects a 4% CAGR for total revenue vs the 6-year historical 4.6% CAGR. That feels right down the middle of the fairway.

I then compared the total forecasted revenues for the period FY 24 – FY 28 to the last 5-year plan published by the Town. I adjusted the Town's revenue forecast by deducting the \$1.9m debt service and \$.5m fund transfer in, which are not elements of General Fund revenue as reported in the ACFR. These elements were not in my forecast.

The analysis indicates that over the forecast period, the town's forecast projects a total of \$32m less in total general fund revenue. Obviously, that is a material difference and if correct would indicate no need for raising taxes.

In advance of the FC, I would like to work with you to make sure there are no disagreements over the historical numbers and the methodology I have used. I intend to apply the same methodology to operating expenses to determine if any gap exists there as well. But first I wanted to lock down the revenue analysis.

Any chance Linda and I could discuss this with you next week? I want to be out in front of this issue since this analysis is materially different from what the Town has published. As I mentioned it is OK if we have different viewpoints. The FC's commission charter is to function as an advisory body and provide important guidance. We must be independent and that may mean occasionally we have a different view. The important point is that we all understand the basis for the different view and be clear in our communication to the Town Council.

Thank you,

Phil

Revenue	act FY 2017	act FY 2018	act FY 2019	act FY 2020	act FY 2021	act FY 2022	act FY 2023	6 yr CAGR	proj FY 2024	proj FY 2025	proj FY 2026	proj FY 2027	proj FY 2028	5 YR CAGR
Property Tax	14.7	15.9	17.3	18.4	19.9	21.1	22.7	7.5%	23.9	25.3	26.7	28.1	29.7	5.5%
Sales Tax	9.2	7.6	8.2	7.5	7.9	8.5	8.8	-0.7%	9.1	9.3	9.6	9.9	10.2	3.0%
TOT	2.3	2.6	2.7	1.9	1	1.9	2.2	-0.7%	2.3	2.3	2.4	2.5	2.6	3.0%
Franchise	2.4	2.5	2.5	2.5	2.5	2.8	3.1	4.4%	3.2	3.2	3.3	3.4	3.4	2.0%
Business License	1.7	1.7	1.5	1.4	1.4	1.5	2.4	5.9%	2.4	2.5	2.5	2.6	2.6	2.0%
>>Total Tax Revenue	30.3	30.3	32.2	31.7	32.7	35.8	39.2	4.4%	40.9	42.7	44.5	46.5	48.5	4.4%
Use of Money	0.1	0.2	1.7	2.3	0.1	-1.4	0.8		1.0	1.0	1.0	1.0	1.0	
Functional Revenue	8.3	10	9.7	8.7	9.9	12.2	10.6	4.2%	10.9	11.2	11.6	11.9	12.3	3.0%
Total General Fund Revenue	38.7	40.5	43.6	42.7	42.7	46.6	50.6	4.6%	52.8	54.9	57.1	59.4	61.8	4.0%
Town's 5 Year revenue forecast									52.2	51.3	52.8	54.2	55.5	1.5%
Less:														
>Debt Service									1.9	1.9	1.9	1.9	1.9	
>Transfers In									0.5	0.5	0.5	0.5	0.5	
Adjusted revenue forecast									49.8	48.9	50.4	51.8	53.1	1.6%
Difference									3.0	6.0	6.7	7.6	8.7	
cumulative difference									3.0	9.0	15.7	23.3	32.0	

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#)
Subject: 5 year revenue forecast
Date: Sunday, January 21, 2024 11:05:57 AM
Attachments: [5 year Forecast - PJK.xlsx](#)

[EXTERNAL SENDER]

Gitta,

Attached please find a GF revenue forecast that I have prepared based on historical numbers. The historical numbers agree to the ACFR.

Please note the historical GF revenues do not include any ARPA money. All ARPA funds were reported as revenue in a separate ARPA fund. It is important that we agree on the accounting treatment of the ARPA grant. I sent you a separate email on the accounting for ARPA last week. If you have a different viewpoint, please let me know so we can resolve this issue once and for all.

There are individual forecasts for property taxes, sales tax, TOT, franchise, and business license tax. I have agreed these back to historical documents published by the Town, the ACFR and the State Transaction Report. I believe the historical numbers are correct.

Functional revenues are a roll up of many different General Fund revenue items including federal, state and county grants, charges for Town services, fines and forfeitures, development

fees to name just a few. I grouped these into one line item to be able to better understand the historical growth rate at an aggregate level. Again, the historical number ties back to General Fund Total Revenue as reported in the ACFR and the State Transaction Report.

The historical numbers show that property taxes have grown over the prior 6 years at a 7.5% CAGR. Total GF revenues have grown at a 4.6% CAGR.

Based on this, I assumed growth rates for each revenue stream based on history. The rates are reasonable compared to historical rates. The forecast period reflects a 4% CAGR for total revenue vs the 6-year historical 4.6% CAGR. That feels right down the middle of the fairway.

I then compared the total forecasted revenues for the period FY 24 – FY 28 to the last 5-year plan published by the Town. I adjusted the Town's revenue forecast by deducting the \$1.9m debt service and \$.5m fund transfer in, which are not elements of General Fund revenue as reported in the ACFR. These elements were not in my forecast.

The analysis indicates that over the forecast period, the town's forecast projects a total of \$32m less in total general fund revenue. Obviously, that is a material difference and if correct would indicate no need for raising taxes.

In advance of the FC, I would like to work with you to make sure there are no disagreements over the historical numbers and the methodology I have used. I intend to apply the same methodology to operating expenses to determine if any gap exists there as well. But first I wanted to lock down the revenue analysis.

Any chance Linda and I could discuss this with you next week? I want to be out in front of this issue since this analysis is materially different from what the Town has published. As I mentioned it is OK if we have different viewpoints. The FC's commission charter is to function as an advisory body and provide important guidance. We must be independent and that may mean occasionally we have a different view. The important point is that we all understand the basis for the different view and be clear in our communication to the Town Council.

Thank you,

Phil

From: [Phil Koen](#)
To: [Gitta Ungvari](#); [Laurel Prevetti](#)
Cc: [Linda Reiners](#); [Mary Badame](#)
Subject: Long term forecast assumptions
Date: Friday, January 26, 2024 10:50:07 PM
Attachments: [Memo-7-Year-Forecast---SECOND-UPDATE-06-20-23.pdf](#)

[EXTERNAL SENDER]

Gitta,

I am looking forward to scheduling a meeting on February 6 so Linda and I could discuss the 5 year revenue model that I forwarded to you. The purpose of the meeting is to see where Staff's views are aligned with the model and where they diverge.

As back ground information I have attached the latest long range revenue projection the City of Campbell prepared for their TC. This was done June 2023 so it is fairly current. I think it is very constructive.

As you can see they have estimated a steady growth rate between 6 - 7% for property taxes. This is slightly higher than the assumption in the revenue model we sent to you and double the rate of the Town's latest 5 year plan. A higher growth rate assumption materially changes the Town's 5 year forecast.

In addition Campbell has conservatively estimated a 2 -3% growth in sales and use tax. This is in line with the assumption in my revenue model and consistent with the Town's assumption.

If you could provide me with a time that is convenient for you to meet with us on Feb 6th, I would be most appreciative.

Thank you,

Phil Koen

MEMORANDUM



City of Campbell

Finance Department

To: City Council

Date: June 20, 2023

From: Will Fuentes, Finance Director

Subject: Second Update of Seven-Year Financial Forecast

Staff has prepared a **second** update of the **Seven-Year Financial Forecast** for the General Fund, which shows four (4) years of historical actuals (FY 2019 to FY 2022), current year projected actuals (FY 2023), and seven (7) years of projected actuals through FY 2030. This update will provide a summary of staff's Seven-Year Financial Forecast, with the full detailed forecast to be published in its entirety on the City's website at <https://www.ci.campbell.ca.us/151/Budget>. Additionally, its main focus is the General Fund (101) since that is the City's primary discretionary fund to support daily operations. Please also note that while this is a better indication of estimated revenues and expenditures for FY 2024 and beyond, the forecast will continue to be updated in the future as actual expenditures and revenues are realized and additional information about future trends is made available. Thus, this forecast only represents a snapshot in time that can and will change.

Below in **Table 1**, Council will find a summary of projected General Fund revenues compared to expenditures during this time period as well as estimated surpluses or deficits. Please note though that this is only one possible future for the City based on the assumptions to be detailed below and future year trending based off of those assumptions. Should actions be taken to reduce expenditures beyond any measures taken to date, revenues increase through new or modified sources, or the economy grow more quickly or more slowly than expected, actual results could deviate from projected results, which are based upon best data as of today:

Table 1 – General Fund Revenues vs. Expenditures (Estimated) (June 20, 2023)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	69,261,824	69,103,200	71,492,800	74,761,800	78,048,300	81,491,200	85,116,200
Expenditures	69,110,503	69,025,400	71,248,800	73,561,400	75,631,200	77,896,200	77,751,300
Surplus/(Deficit)	151,321	77,800	244,000	1,200,400	2,417,100	3,595,000	7,364,900

For comparison purposes, **Table 2** below provides the same information from when staff last provided an update of the Seven-Year Financial Forecast to Council on June 6, 2022:

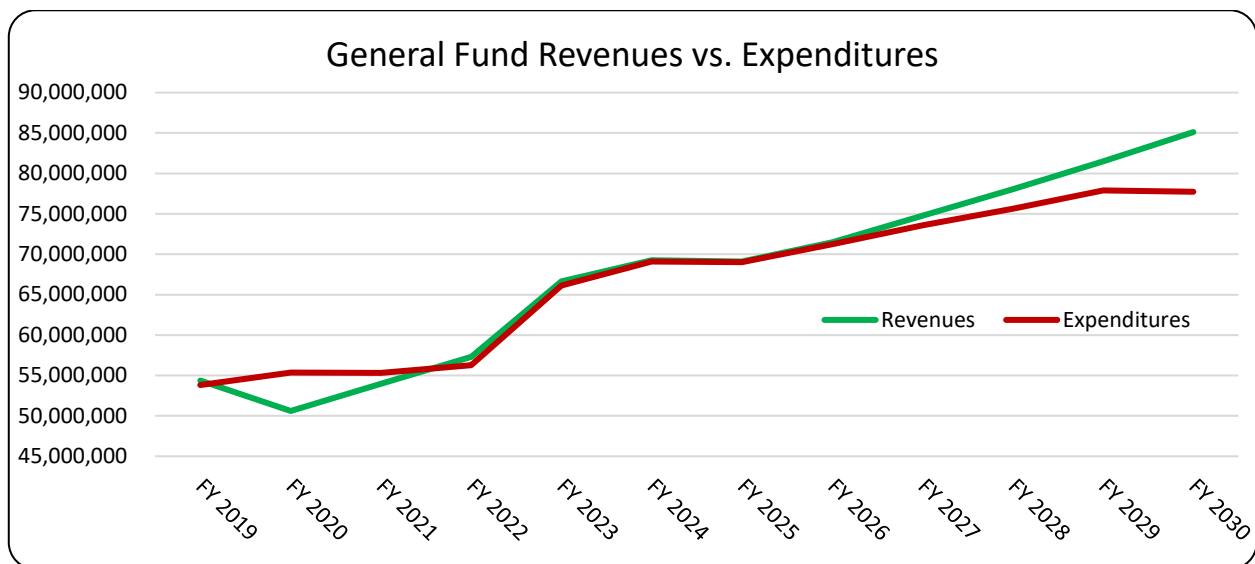
Table 2 – General Fund Revenues vs. Expenditures (Estimated) (June 6, 2023)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	68,841,824	69,257,700	71,651,900	74,925,600	78,217,000	81,665,000	85,295,300
Expenditures	68,628,003	69,635,600	71,597,400	73,920,600	76,001,300	78,277,400	78,160,700
Surplus/(Deficit)	213,821	(377,900)	54,500	1,005,000	2,215,700	3,387,600	7,134,600

As shown, at the time of the last update, staff had projected balanced General Fund operations in FY 2024, followed by a slight deficit in FY 2025 of \$377,900. While several new costs were added to FY 2024 since the June 6th Budget Introduction, staff also corrected out years of the forecast to remove any one-time expenses beyond FY 2024. As a result, all years of the forecast are now balanced. Please also note that the Seven-Year Financial Forecast assumes a measured use of American Rescue Plan Act (ARPA) funds in FY 2024 to support budgetary requests discussed in the City's Manager's Transmittal Letter as well as a small use to support a two-year limited-term Environmental Programs Specialist in FY 2025. The Environmental Programs Specialist will assist the City in preparing a Climate Action Plan in FY 2024 and FY 2025.

The financial information above is also visually presented in **Graph 1** below. In addition to a seven-year forecast, this graph also provides five-year historical look back:

Graph 1 – General Fund Revenues vs. Expenditures (Estimated and Historical)



Given the updated forecast, total General Fund reserves are estimated to return to their targeted levels by FY 2029 and be above their targeted levels in out years. The forecast could change should action regarding ongoing costs be taken, additional revenue sources be secured, or a quicker and larger than expected economic growth occur. A comparison to target levels set by Council Policy is shown in Graph 2 below:

Graph 2 – General Fund Reserves (Targeted vs Actual and Projected Actual)

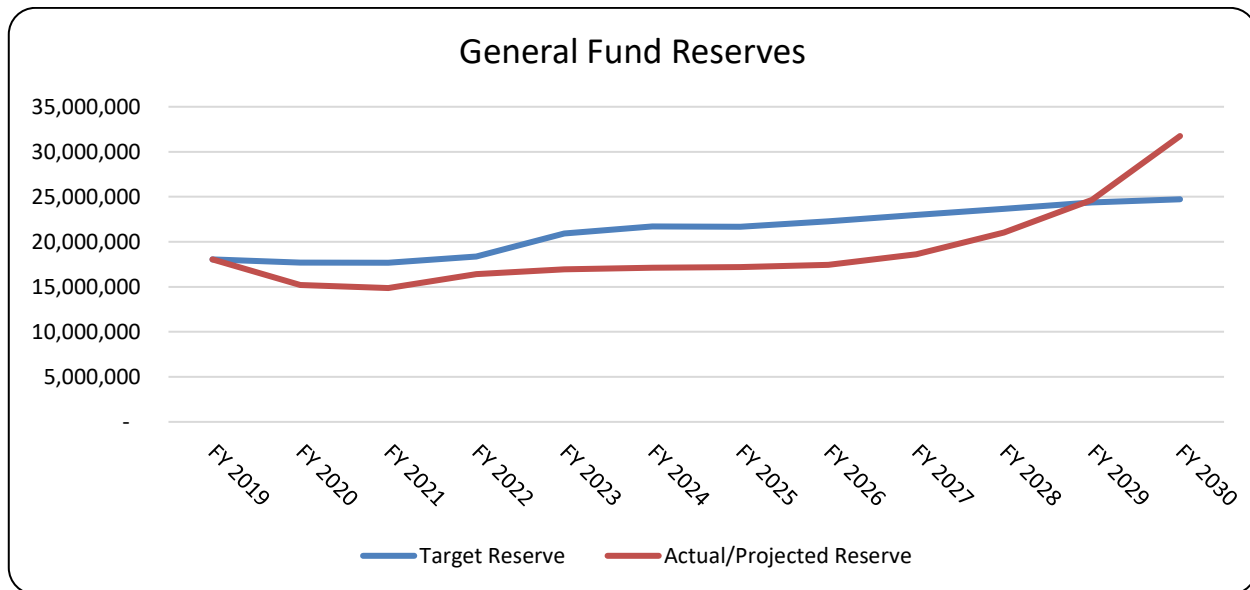


Table 3 below provides a summary of projected General Fund discretionary reserves over the seven-year forecast from FY 2024 to FY 2030 and considers potential surpluses and deficits identified above:

Table 3 – General Fund Discretionary Reserves (Estimated)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Econ. Fluct.	9,955,452	9,955,452	9,955,452	9,955,452	9,955,452	12,985,297	12,961,142
Emergency	3,901,462	3,979,262	4,223,262	5,423,662	7,840,762	8,149,120	8,511,620
Operating	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,256,798	8,026,555
PERS	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000
Total	17,108,914	17,186,714	17,430,714	18,631,114	21,048,214	24,643,214	31,751,317
% of Expend.	25.0%	24.1%	23.5%	24.2%	26.4%	30.0%	39.1%

The following summarizes key assumption made for revenues and expenditures:

REVENUES

- Property Taxes** – Property tax is the General Fund’s largest revenue source and continues to be fueled by improving housing prices and strong sales activity. In fact, as of calendar year 2023 Q1, the average home price in Campbell was \$1.84 million and rose slightly from an average home price of \$1.83 million in calendar year 2022 Q4. Additionally on May 5, 2023, the Santa Clara County Assessor’s Office provided an update on FY 2023 property tax collections to date and projected 5.89% assessed value growth for Campbell in FY 2024. This has been factored into the Proposed FY 2024 Operating Budget and is up from a 5.62% growth estimate provided by the Assessor’s Office on February 10, 2023. Beyond FY 2024, staff estimates steady 6-7% growth which mirrors pre-COVID recessionary property tax growth levels. Property Tax estimates also include substantially higher Educational Revenue Augmentation Fund (ERAF) revenues which are paid by the State to the City through property tax and have been much higher than expected the past few years due to increasing property valuations.

- **Sales and Use Tax** - Sales tax is the General Fund's second largest revenue source and shows a decrease from FY 2023 to FY 2024 due to a large one-time back payment made by a top sales tax producer in FY 2023. While ongoing annual revenue from this sales tax producer will continue in FY 2024 and beyond, the one-time back payment will not. Sales Tax as a whole though, once the one-time adjustment is removed, is projected to remain relatively flat in FY 2024 when compared to FY 2023. Beyond FY 2024, staff conservatively estimates 2-3% growth per year. However, staff also notes that inflationary pressures and the possibility of a recession caused by rising interest rates provide headwinds to consumer and business spending and further economic growth.
- **Charges for Service** - As a whole in Charges for Service in the General Fund, staff is estimating an 18.6% increase in FY 2024 when compared to the year-end estimate for FY 2023; reflecting increased service demands. At \$5.91 million, this meets and exceeds pre-recessionary levels and proposed operational costs in departments such as Recreation and Community Services reflect this return to "normal". However, in future years, staff estimates more regular 3% growth.
- **Transient Occupancy Tax (TOT)** - Based on significant improvements in the travel and leisure industry, staff projects that Transient Occupancy Tax (TOT) will reach near pre-pandemic levels in FY 2024 and equal approximately \$4.50 million. However, prior to the pandemic, TOT was at \$4.80 million annually. In FY 2023, it is expected to reach \$3.65 million. Thereafter, staff estimates conservative 3% growth per year.

EXPENDITURES

- **Employee Costs** – Three-year labor agreements with all bargaining groups were agreed to in 2022 and run through 2025. Costs associated with agreements have been factored into the proposed budget, long-range forecast, and schedules as well as an 8% assumption for annual healthcare premium increases and other compensation special adjustments to bring certain positions to median.
- **Supplies and Services** – In the General Fund, there is a 6.5% increase to supplies and services costs in FY 2024 when compared to FY 2023 Year-End Estimates. After FY 2024, staff is estimating level 3% annual growth through FY 2030, consistent with normal and average inflationary growth levels.

And lastly, as mentioned previously, the detailed seven-year financial forecast will be published in its entirety on the City's [website](#) and will contain following items shown:

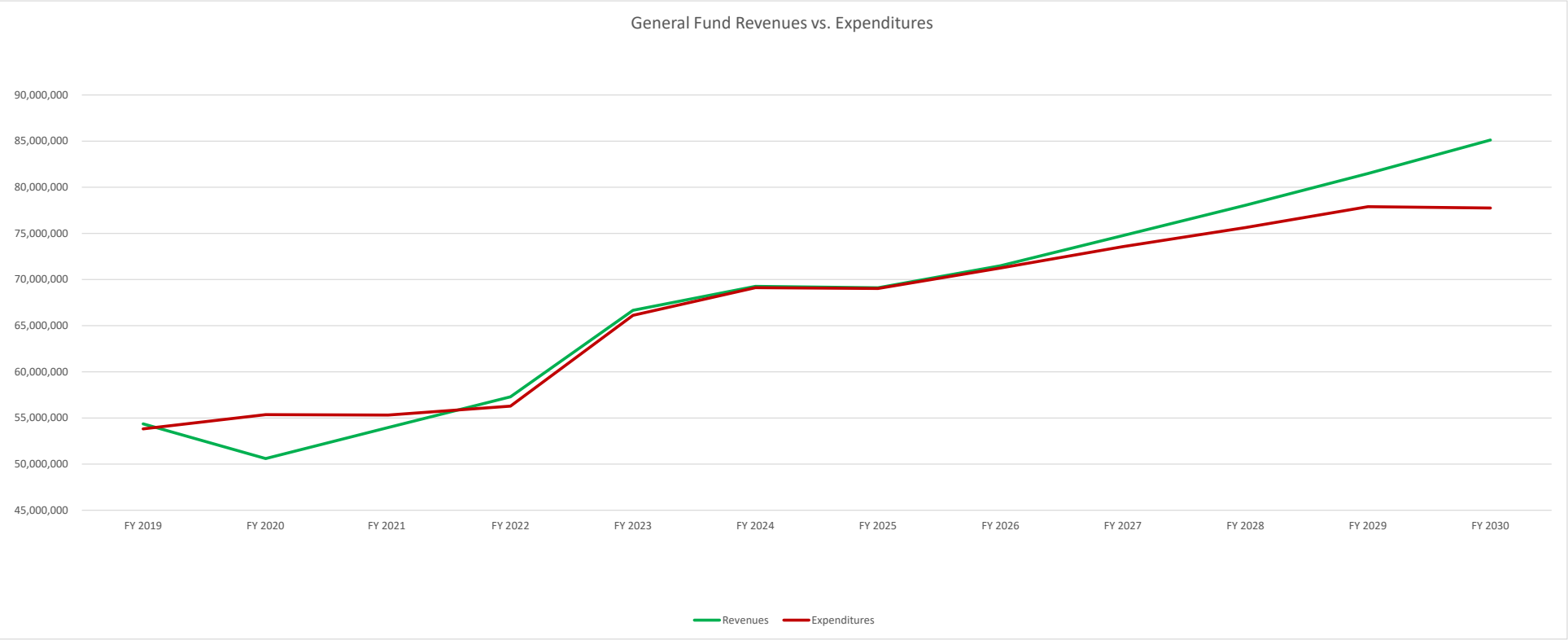
- Historical and Projected Revenues by Type
- Historical and Projected Expenditures by Type
- Historical and Projected Surpluses and Deficits
- Historical and Projected Draw Downs or Additions to General Fund Reserves
- Historical and Projected Comparisons of General Fund Reserves to City Policy

General Fund (101) Historical (5-years) and Forecasted (7-years) Revenues and Expenditures (SECOND UPDATE 06-20-23)

REVENUES BY TYPE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<u>Base Revenues</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Estimated</u>	<u>Proposed</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>
Property Taxes	15,607,316	17,208,898	17,911,445	19,510,782	20,526,000	22,047,000	23,349,100	24,728,800	26,430,600	28,250,600	30,197,200	32,279,100
Sales & Use Taxes	15,684,222	13,493,745	14,478,163	16,419,362	18,221,459	17,699,289	18,138,600	18,682,800	19,243,300	19,820,600	20,415,200	21,027,700
Other Taxes	9,539,163	7,962,878	6,375,527	7,894,353	8,602,100	9,691,400	9,997,100	10,313,000	10,644,900	10,988,300	11,343,500	11,711,400
Licenses & Permits	2,062,086	2,481,986	2,963,368	3,742,394	4,173,500	4,290,300	4,419,100	4,551,700	4,688,100	4,828,800	4,973,700	5,122,800
Fines/Forfeits/Penalties	274,478	216,065	85,149	222,721	107,500	100,000	103,100	106,200	109,400	112,600	115,900	119,400
Investment & Other Interest Income	998,446	542,846	(8,137)	(317,035)	610,900	810,900	835,200	860,200	886,000	912,700	940,200	968,500
Intergovernmental Revenue	761,116	1,009,428	892,283	985,556	1,075,700	2,059,068	2,122,100	2,187,000	2,254,400	2,323,900	2,395,600	2,469,600
Charges For Services	5,037,369	3,917,007	3,327,691	4,843,230	4,980,430	5,907,545	6,175,900	6,133,000	6,466,100	6,659,600	6,843,300	7,032,300
Leases & Rentals	2,913,689	2,543,937	1,894,089	2,779,743	2,965,800	3,052,500	3,144,100	3,238,400	3,335,600	3,435,800	3,538,900	3,645,100
Miscellaneous Revenues	191,982	232,556	82,509	274,216	168,346	129,410	133,300	137,200	141,200	145,300	149,500	153,800
Other Revenues	-	22,646	79,962	77,059	84,600	87,000	89,600	92,300	95,100	98,000	100,900	103,900
OFS - Bonds & Loans	20	-	-	-	-	-	-	-	-	-	-	-
OFS - Operating Transfers	1,294,226	974,801	3,149,881	866,425	4,417,715	452,900	457,500	462,200	467,100	472,100	477,300	482,600
Sub-Total Base Revenues	54,364,113	50,606,793	51,231,930	57,298,806	65,934,050	66,327,312	68,964,700	71,492,800	74,761,800	78,048,300	81,491,200	85,116,200
Adjustments to Revenue												
CARES Act Funding	-	-	522,136	-	-	-	-	-	-	-	-	-
Transfer In from ARPA Fund	-	-	2,214,670	-	725,467	2,934,512	138,500	-	-	-	-	-
Sub-Total Revenue Adjustments	-	-	2,736,806	-	725,467	2,934,512	138,500	-	-	-	-	-
TOTAL REVENUES	54,364,113	50,606,793	53,968,736	57,298,806	66,659,517	69,261,824	69,103,200	71,492,800	74,761,800	78,048,300	81,491,200	85,116,200
EXPENDITURES BY TYPE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<u>Base Expenditures</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Estimated</u>	<u>Proposed</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>
Salaries	18,977,226	19,012,655	18,818,409	19,402,509	21,538,754	23,537,505	24,244,500	24,972,200	25,721,400	26,493,400	27,288,200	27,288,200
Benefits	11,052,287	13,094,052	12,773,859	12,477,699	12,069,813	12,729,400	12,969,800	13,150,200	13,330,300	13,478,000	13,847,000	13,866,600
Supplies & Services	16,939,305	17,143,650	16,289,291	17,933,221	23,325,863	24,837,700	25,665,100	26,349,400	27,224,300	27,952,800	28,877,000	28,789,600
Other Charges	579,176	529,364	492,256	515,310	608,578	567,900	585,000	602,500	620,500	639,100	658,200	658,200
Rents & Leases	1,928,975	1,598,459	1,693,453	1,693,453	1,693,453	1,693,453	1,744,200	1,796,600	1,850,300	1,905,700	1,963,000	1,963,000
Capital Outlay	33,882	45,359	-	3,175	121,996	78,300	80,600	83,000	85,500	88,100	90,800	90,800
Operating Transfers	3,096,268	2,858,545	4,251,537	3,696,743	3,943,321	3,224,000	3,320,700	3,420,300	3,522,900	3,628,600	3,737,500	3,737,500
Capital Transfers	1,209,938	1,080,020	1,005,991	566,354	2,540,050	1,892,245	1,949,000	2,007,500	2,067,700	2,129,700	2,193,600	2,193,600
Sub-Total Base Expenditures	53,817,057	55,362,103	55,324,796	56,288,463	65,841,829	68,560,503	70,558,900	72,381,700	74,422,900	76,315,400	78,655,300	78,587,500
Adjustments to Expenditures												
One-Time Items Proposed for FY 2024	-	-	-	-	-	-	(3,172,600)	(3,267,800)	(3,365,800)	(3,466,800)	(3,570,800)	(3,677,900)
Recurring Costs back to General Fund fr ARPA	-	-	-	-	-	-	-	280,000	288,400	297,100	306,000	315,200
Full Year Costs of New Hires and Vacant Fills	-	-	-	-	-	-	615,100	633,600	652,600	672,200	692,400	713,200
Removal of Limited Term Environ Prog Spec.	-	-	-	-	-	-	-	(142,700)	(142,700)	(142,700)	(142,700)	(142,700)
Renewed Set Aside for CIPR: Target \$1.5M/yr	-	-	-	-	275,000	550,000	750,000	1,000,000	1,250,000	1,500,000	1,500,000	1,500,000
PERS UAAL Increases (Invest. Target) (Misc)	-	-	-	-	-	-	149,000	198,000	248,000	248,000	248,000	248,000
PERS UAAL Increases (Invest. Target) (Safety)	-	-	-	-	-	-	125,000	166,000	208,000	208,000	208,000	208,000
Sub-Total Expenditure Adjustments	-	-	-	-	275,000	550,000	(1,533,500)	(1,132,900)	(861,500)	(684,200)	(759,100)	(836,200)
TOTAL EXPENDITURES	53,817,057	55,362,103	55,324,796	56,288,463	66,116,829	69,110,503	69,025,400	71,248,800	73,561,400	75,631,200	77,896,200	77,751,300
SURPLUS/(DEFICIT)	547,055	(4,755,309)	(1,356,060)	1,010,342	542,688	151,321	77,800	244,000	1,200,400	2,417,100	3,595,000	7,364,900

General Fund (101) Historical (5-years) and Forecasted (7-years) Revenues and Expenditures (SECOND UPDATE 06-20-23)

Graph Data (Revenues vs. Expenditures)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	54,364,113	50,606,793	53,968,736	57,298,806	66,659,517	69,261,824	69,103,200	71,492,800	74,761,800	78,048,300	81,491,200	85,116,200
Expenditures	53,817,057	55,362,103	55,324,796	56,288,463	66,116,829	69,110,503	69,025,400	71,248,800	73,561,400	75,631,200	77,896,200	77,751,300
Surplus/Deficit	547,055	(4,755,309)	(1,356,060)	1,010,342	542,688	151,321	77,800	244,000	1,200,400	2,417,100	3,595,000	7,364,900



General Fund (101) Historical (5-years) and Forecasted (7-years) Revenues and Expenditures (SECOND UPDATE 06-20-23)

RESERVES

<u>Targets (by Council Policy)</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Economic Fluctuations (16.67% of Expend.)	9,192,787	9,373,782	9,028,076	9,383,287	11,021,675	11,520,721	11,506,534	11,877,175	12,262,685	12,607,721	12,985,297	12,961,142
Emergency (10% of Revenues)	5,586,316	5,060,679	5,396,874	5,729,881	6,665,952	6,926,182	6,910,320	7,149,280	7,476,180	7,804,830	8,149,120	8,511,620
Operating (\$1 million)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
PERS (No established target)	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000
Total Reserve Target	18,031,103	17,686,461	17,676,950	18,365,167	20,939,627	21,698,903	21,668,854	22,278,455	22,990,865	23,664,551	24,386,417	24,724,762

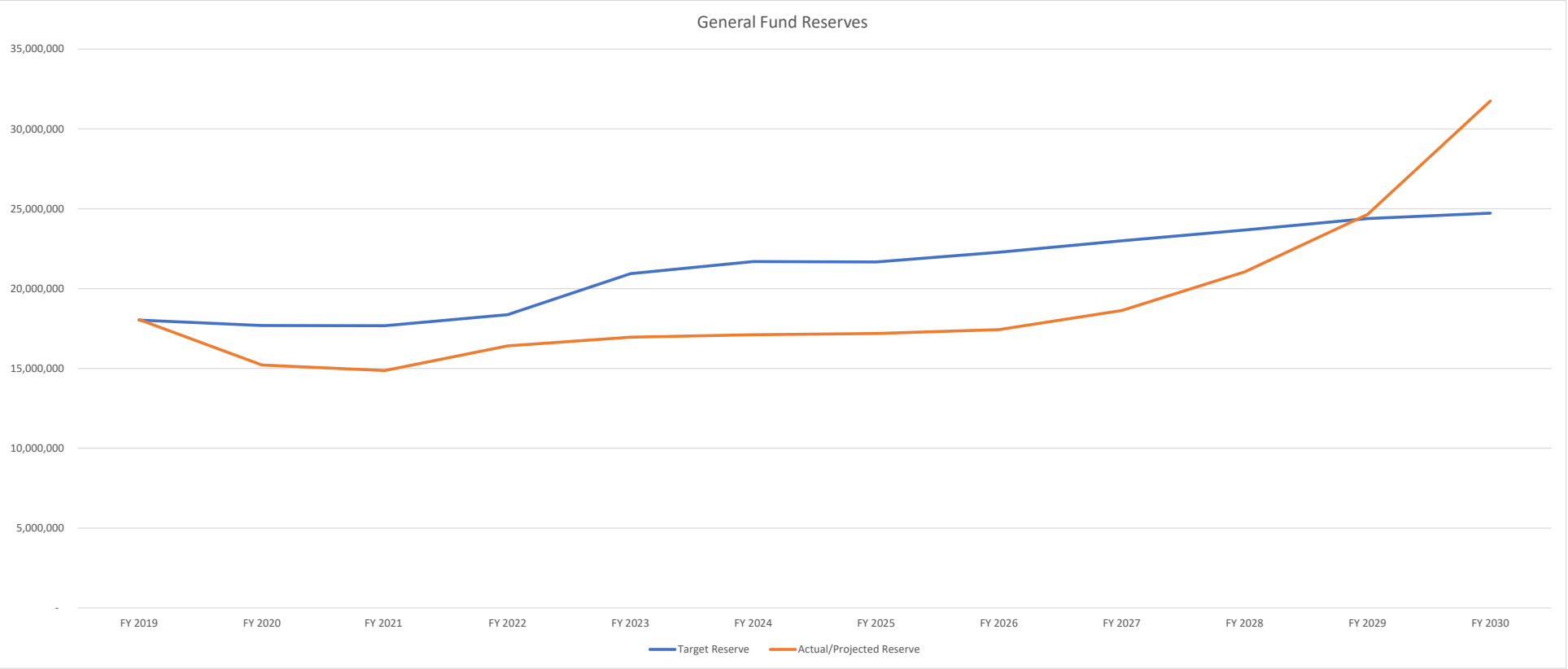
<u>Actual/Projected</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Economic Fluctuations	9,192,787	9,373,782	9,028,076	9,955,452	9,955,452	9,955,452	9,955,452	9,955,452	9,955,452	9,955,452	12,985,297	12,961,142
Emergency	5,586,316	2,585,719	2,585,719	3,207,454	3,750,142	3,901,462	3,979,262	4,223,262	5,423,662	7,840,762	8,149,120	8,511,620
Operating	1,026,759	999,921	1,000,000	999,999	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,256,798	8,026,555
PERS	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000
Total Reserve Actual/Projected	18,057,862	15,211,422	14,865,795	16,414,905	16,957,594	17,108,914	17,186,714	17,430,714	18,631,114	21,048,214	24,643,214	31,751,317

*Red denotes an actual or anticipated draw on a Reserve Fund

% of Expenditures	33.6%	27.5%	26.9%	29.2%	25.6%	24.8%	24.9%	24.5%	25.3%	27.8%	31.6%	40.8%
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General Fund (101) Historical (5-years) and Forecasted (7-years) Revenues and Expenditures (SECOND UPDATE 06-20-23)

Graph Data (Reserves)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Target Reserve	18,031,103	17,686,461	17,676,950	18,365,167	20,939,627	21,698,903	21,668,854	22,278,455	22,990,865	23,664,551	24,386,417	24,724,762
Actual/Projected Reserve	18,057,862	15,211,422	14,865,795	16,414,905	16,957,594	17,108,914	17,186,714	17,430,714	18,631,114	21,048,214	24,643,214	31,751,317
Difference from Target	26,759	(2,475,039)	(2,811,155)	(1,950,262)	(3,982,033)	(4,589,989)	(4,482,140)	(4,847,741)	(4,359,751)	(2,616,337)	256,798	7,026,555



From: Phil Koen
To: Gitta Ungvari
Cc: Laurel Prevetti; Linda Reiners; Mary Badame
Subject: Re: Long term forecast assumptions
Date: Monday, January 29, 2024 9:50:59 PM
Attachments: [inlky-injection-inline-209906d63f31139b7bbda7129634cd80da.png](#)
[inlky-injection-inline-6f42d488d348cf086bf9497caf9f6a.png](#)
[inlky-injection-inline-6f42d488d348cf086bf9497caf9f6a.png](#)
[inlky-injection-inline-209906d63f31139b7bbda7129634cd80da.png](#)

[EXTERNAL SENDER]

Hello Gitta,

I must say 30 minutes is a very short amount of time given the importance of the topic and I'm not convinced it would be sufficient to adequately cover the subject.

The reason I am suggesting this discussion is to allow you an opportunity to review the revenue model and to probe my thinking. I thought you might find it instructive. The model is based off FY 23 actuals and reflects historical growth rates for the Town's GF major revenue elements. Additionally the historical growth rates were compared to growth rates other local jurisdictions have used in their long range forecasts.

When I compare the cumulative 5 year revenue projected by the model to the last 5 year plan prepared by the Town there is a \$30m delta - with mine projecting higher revenues. That's material and more than eliminates the operating deficits shown in the Town's forecast.

If you are that tight on time and don't believe meeting would be beneficial, I'm perfectly happy not meeting. Please reflect on the fact that one member of the TC has publicly stated the Town's prior 5 year forecast "is garbage". We need a 5 year forecast everyone can believe in. I was only trying to help.

Please let me know if you still wish to meet.

All the best,

Phil Koen

On Jan 29, 2024, at 6:39 PM, Gitta Ungvari <GUngvari@losgatosca.gov> wrote:

External
(gungvari@losgatosca.gov)

Good evening Chair,

I have a pretty packed schedule in order to get everything prepared for the mid-year report, forecast, 2/6 Council meeting, and 2/12 Finance Commission meeting, but would you be able to meet on 2/6 from 10:00 a.m. 10:30 a.m.? I apologize for my limited availability. While much of the discussion you are describing sounds like it should occur during the public meeting on 2/12, I am happy to hear your thoughts and would encourage you to share those thoughts during open session as well on 2/12.

Thanks,

Gitta

From: Phil Koen <pkoen@monteropartners.com>
Sent: Friday, January 26, 2024 10:50 PM
To: Gitta Ungvari <GUngvari@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>
Cc: Linda Reiners <lreiners59@gmail.com>; Mary Badame <MBadame@losgatosca.gov>
Subject: Long term forecast assumptions

[EXTERNAL SENDER]

Gitta,

I am looking forward to scheduling a meeting on February 6 so Linda and I could discuss the 5 year revenue model that I forwarded to you. The purpose of the meeting is to see where Staff's views are aligned with the model and where they diverge.

As back ground information I have attached the latest long range revenue projection the City of Campbell prepared for their TC. This was done June 2023 so it is fairly current. I think it is very constructive.

As you can see they have estimated a steady growth rate between 6 - 7% for property taxes. This is slightly higher than the assumption in the revenue model we sent to you and double the rate of the Town's latest 5 year plan. A higher growth rate assumption materially changes the Town's 5 year forecast.

In addition Campbell has conservatively estimated a 2 -3% growth in sales and use tax. This is in line with the assumption in my revenue model and consistent with the Town's assumption.

If you could provide me with a time that is convenient for you to meet with us on Feb 6th, I would be most appreciative.

Thank you,

Phil Koen

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#); [Laurel Prevetti](#); [Mary Badame](#); [Wendy Wood](#)
Subject: 5 year forecast model format
Date: Friday, February 2, 2024 11:12:13 AM
Attachments: [5 Year forecast Model - FY 24-29.xlsx](#)

[EXTERNAL SENDER]

Hello Gitta,

I suspect you are in the process of finalizing the 5-year forecast and the mid-year update. As we discussed several weeks ago, the formats the Town has historically used to report the General Fund 5-year forecast, the mid-year update, the annual operating plan and ACFR actuals are all different. This makes it impossible to compare the various schedules and confuses the reader. We discussed the need to standardize the format so it is consistent from report to report and can be easily reconciled to the audited financial statements.

In addition to the format, there needs to be a consistent methodology for determining general fund excess (deficit) revenues over expenditures. This is critical to understanding the structural deficit issue. For some unknown reason, the various reports differ in what items are classified as operating revenues and operating expenditures. This is curious since the audited governmental funds financial statements are prepared according to GAAP using a modified accrual basis of accounting and the budget document also states the governmental fund budgets are prepared in accordance with GAAP using a modified accrual basis of accounting. Given that,

there should be no difference in how revenue, expenditure, and other financing sources are reported across all the reports. To be clear they need to be consistent and comply with the basis of accounting in the ACFR.

Additionally, when I review historical 5-year plans, it is apparent there needs to be more transparency to various revenue line items. Good examples are property taxes, Intergovernmental revenue, and charges of services. These revenue categories have lumpy revenue streams that unless there is more visibility can distort trend analysis. For example, the past couple of years material revenue has been included as a component of charges for town services related to the general plan. Another example is ERAF funds have been buried within property tax revenues and there is not sufficient visibility as to how that revenue stream has been forecasted vs historical ERAF revenue trends. As an overall statement, the amount of transparency needs to be increased.

To address this issue, I have prepared the attach 5-year forecast model format. It is not materially different from the format the Town has used, except for expanding several revenue categories to provide more transparency and assist in trend analysis. I have partially completed the model by populating actual results for total revenues, total operating expenditures, excess (deficit) of revenues over expenditures, other financing sources and the beginning and ending general

fund balances. All the historical numbers agree to the ACFR. I have also added some statistical data such as the number of FTE funded, and historical pension payments made to provide additional trend analysis.

One other point that it is extremely important to note is there are no ARPA revenue included in the historical General Fund revenue numbers since the model is only for the General Fund. All ARPA revenues were reported in a separate fund, the ARPA Fund, which was then consolidated into the statement of Total Governmental Funds. Since there were no ARPA expenditures recorded in the ARPA fund, the ARPA fund balance reflected the total ARPA revenue received that year. Annually the ARPA fund balance was then transferred out of the ARPA fund into the General Fund and was reported in the General Fund as a fund transfer in under the other financing sources (uses) category, which is not a revenue line item. It is important that the “go forward” model conforms to this accounting, or the reader will be totally confused. To be clear, no ARPA related money should be included in either the historical or forecasted total operating revenue line item.

I would appreciate you adopting the attached format when you present the 5-year model to the Finance Commission on February 12. All the data needed to populate the worksheet is available to you in your accounting system. It is just a matter of providing more detail on a limited number of revenue and

expenditure categories. This will make the Finance Commission's job of evaluating the reasonableness of the 5-year model much easier. Please view this as an official request to provide support as allowed under the Finance Commission's charter.

Please let me know if you have any questions on this. Thank you.

Phil Koen
Chair of the FC

Modified GAAP basis of accounting 5 Year Financial Forecast FY 24 - 29	actual FY 2018	actual FY 2019	actual FY 2020	actual FY 2021	actual FY 2022	actual FY 2023	FY 18 -23 CAGR	Adopted FY 2024	Estimate FY 2024	Forecast FY 2025	Forecst FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	FY 23- 29 CAGR
Operating Revenue (agrees to ACFR)															
Property Tax - Secured and Unsecured															
Excess ERAF															
Property Tax in lieu of VLF															
>> Total Property Tax															
 Sales and Use Tax															
Measure G Sales and Use Tax															
>>Total Sales and Use Tax															
 Franchise Fees															
Transient Occupancy Tax															
Business License Tax															
>>Total Fees and taxes															
 Construction Permits															
Other License and Permits															
>>Total Licenses and Permts															
 Intergovernmental - Federal															
Intergovernmental - State															
Intergovernmental - County															
>>Total Intergovernmental															
 Special Police Department Service															
Plan Check Fees															
Engineering Fees															
General Plan Revenue Recognition															
Other Charges for current services															
>>Total Town Services															
 Fines, Forfeitures and Penalties															
 Investment Income															
Other rents, leases and concessions															
Mark to Market Adjustment															
>>Total Revenues from Uses of Money															
 Development Impact Fees															
Other Revenues															
>>Total Other Revenues															
 Total Operating Revenues (agrees to ACFR)	40,529	43,623	42,716	42,740	46,623	50,610									
 Operating Expenditures															
Salaries															
Overtime															
Benefits - Pension															
Benefits - all other															
Retiree - Medical															
>>Total Salary and Benefits															
 Operating Expenditures															
Grants and Awards															
Capital Outlay															
Internal Service Charges															
Interest															
Debt Service - Principal															
 Total Operating Expenditures	37,014	37,994	44,270	46,613	43,333	44,891									
 Excess (deficit) of Revenues over Expenditures	3,515	5,620	(1,554)	(3,873)	3,291	5,719									
 Other Financing Sources (Uses)															
Gain from sale of assets	378	1,912	0	1,201	2	2									
Transfer In	539	1,579	600	652	4,047	4,153									
Transfer Out	(3,244)	(2,785)	(8,054)	(3,401)	(4,358)	(7,243)									
>>Total Other Financing Sources (Uses)	(2,327)	706	(7,454)	(1,548)	(309)	(3,088)									
 Net Changes in Fund Balance	1,188	6,335	(9,008)	(5,421)	2,982	2,631									
 Beginning Fund Balance	29,240	30,428	37,970	29,335	23,915	26,897									
Prior Period Adjustments		1,207	373												
Ending Fund Balance	30,428	37,970	29,335	23,915	26,897	29,528									
 Additional Data															
Town FTE's - Funded	148	150	150	150	150	153		154							
Hourly Converted to FTE	12	10	11	11	11	11		10							
>>Total Staff	160	160	161	161	161	164		164							
 Filled as of Year End															
% Filled						134		138							
						89.3%		90.2%							
 Total Pension Plan Contributions (ACFR schedule)	4,620	5,374	10,711	12,013	6,544	7,096									
OPEB Contributions (ACFR schedule)	2,935	2,406	2,508	2,096	1,754	1,733									



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/12/2024

Item 4.

ITEM NO: 4

DESK ITEM

DATE: February 12, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review and Make a Recommendation to the Town Council to Accept as Presented or Accept with Modification the FY 24 Five-Year Forecast and Supporting Work Product

REMARKS:

Attachment 8 contains commissioner comments received after distributing the staff report and before 11:00 a.m. Monday, February 12, 2024. Attachment 9 contains the staff PowerPoint slide presentation that will be given at this evening's meeting.

Attachments Previously Received with the Staff Report:

1. Annual Budget Process
2. Base Case Five-Year Forecast
3. Forecast Revenue Assumptions
4. Forecast Expense Assumptions
5. Additional Information on ERAF
6. Additional Sales Tax Context from MuniServices
7. Commissioner Comments

Attachments received with this Desk Item:

8. Commissioners Comments Received after Distributing the Staff Report and before 11:00 a.m. February 12, 2024.
9. PowerPoint Slide Presentation

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, and Assistant Town Manager

From: [Phil Koen](#)
To: [Wendy Wood](#)
Cc: [Gitta Ungvari](#)
Subject: Agenda Item 4 - 5 year plan
Date: Friday, February 9, 2024 9:05:48 PM
Attachments: [cities-meeting-revenue-report-202311V4_0.pdf](#)

[EXTERNAL SENDER]

Wendy,

I previously sent this to you to include in the FC package as background reading for Agenda item 4. For some reason it wasn't included. Could you please distribute.

Thank you

Phil Koen

**Santa Clara County
Finance Agency
City Meeting
November 3, 2023**

AGENDA

- 
- I. Introductions
 - II. Update by Assessor's Office
 - A. Assessment Roll Update
 - B. Appeal Update
 - III. Update by Controller's Office
 - A. Roll Corrections
 - B. Property Tax Revenue
 - IV. Next Meeting tentatively scheduled for: Friday, February 2, 2024

COUNTY OF SANTA CLARA
Finance Agency
Cities Meeting
November 3, 2023
1% Secured Tax Levy Summary

Item Description	FY 23-24 Estimate	[Actuals in \$M]										
		FY 22-23	FY 21-22	FY 20-21	FY 19-20	FY 18-19	FY 17-18	FY 16-17	FY 15-16	FY 14-15	FY 13-14	
Ad Valorem Levy as of 07/01	6,246,746,645	5,862	5,445	5,183	4,847	4,527	4,211	3,926	3,629	3,328	3,095	
Asr Roll Corr up to 8/20 Equalized Roll	(5,442,556)	2	(8)	(6)	(2)	(9)	(3)	(2)	(10)	2	1	
Apportioned Refunds	28,008,989	18	(5)	9	(1)	(2)	9	6	(2)	4	(3)	
Ad Valorem Levy as of 10/31	6,269,313,077	5,882	5,432	5,186	4,844	4,516	4,27	3,930	3,617	3,334	3,093	
Roll Corrections from <u>Nov thru June</u>	(37,566,433)	(11)	(17)	(24)	(16)	(28)	(29)	(15)	(7)	(29)	(30)	
Year-End Secured Tax Levy (before PY RDA Roll Corrections)	6,231,746,645	5,872	5,415	5,162	4,828	4,488	4,188	3,915	3,610	3,305	3,063	
PY RDA Roll Correction	1,850,963	7	7	4	2		(2)	(1)	14	11	11	
Year-End Secured Tax Levy (after PY RDA Roll Corrections)	6,233,597,608	5,878	5,422	5,166	,830	4,494	4,186	3,914	3,624	3,316	3,074	
% of YE to July 1st Levy	99.79%	100.27%	99.58%	99.67%	99.64%	99.26%	99.40%	99.70%	99.88%	99.65%	99.30%	
% of Current Year YE levy to Prior Year YE levy	106.04%	113.79%	104.96%	106.96%	107.47%	107.35%	106.94%	107.99%	109.31%	107.88%	109.16%	
	FY 23-24	FY 22-23	FY 21-22	F 20-21	FY 19-20	FY 18-19	FY 17-18	FY 16-17	FY 15-16	FY 14-15	FY 13-14	
Net Roll Corrections (before RDA RC) in \$M:												
July thru October	23	20	212%	(13) 44%	3 -1 %	(3) 17%	(11) 27%	6 -26%	4 -40%	(12) 63%	6 -25%	(2) 8%
November thru June	(38)	(11)	-112%	(17) 56%	(24) 112%	(16) 83%	(28) 73%	(29) 126%	(15) 140%	(7) 37%	(29) 125%	(30) 92%
	(15)	9	100%	(30) 00%	21 100%	(19) 100%	(39) 100%	(23) 100%	(11) 100%	(19) 100%	(23) 100%	(32) 100%
% of Annual Roll Correction to beginning year levy	0.24%	-0.16%	0.55%	0.41%	0.40%	0.86%	0.54%	0.27%	0.52%	0.69%	1.05%	

Schedule B

COUNTY OF SANTA CLARA
Finance Agency
City Meeting - November 3, 2023
FY2023/24 and FY2022/23 Property Tax Levy Comparison

July 1 Assessment Roll Tax Levy

	FY 23-24	FY 22-23	Growth %
Secured	6,246,746,645	5,862,353,895	6.56%
Unsecured	337,000,653	311,138,619	8.31%
HOPTR	17,057,110	16,853,990	1.21%
Total	6,600,804,408	6,190,346,505	6.63%

FY23/24 Estimate

	FY 23-24 After Roll Corr. Estimate	FY 22-23 Actual	% Change
Secured	6,233,597,608	5,878,454,631	6.04%
Unsecured	334,049,000	318,142,014	5.00%
HOPTR	17,633,000	17,352,737	1.62%
Total	6,585,279,608	6,213,949,383	5.98%

COUNTY OF SANTA CLARA

Finance Agency

City Meeting - November 3, 2023

FY2023/24 and FY2022/23 Property Tax Revenue Summary

Schedule C

					Secured								Unsecured			HOPTR		Other Tax Revenues										Total Property Tax Revenues		For ref only		
Fund #	Jurisdiction		AB8 Factor	% Change	Secured 1% Net of Roll Correction (see Sch D)	RDA SA / Comm. Agency Tax Increment Loss	Santa Clara RDA SA TI Return to ATEs Directly	Prior Year Adj	Secured Net of Roll Corr., RDA & PY Adj	Unitary (include Railroad)	Total Secured	% Change	Unsecured (see Sch D)	Aircraft	% Change	HOPTR	% Change	Supplemental	Misc. Revenue	Other Revenue	RPTTF: Pass Thru	RPTTF: Residual	RDA SA Other Assets Dist.	Net Tax before VLF	% change before VLF in- lieu	Prop Tax in lieu of VLF	Net Property Tax Revenue	% change after VLF in-lieu	Adm Fee			
					Updated					Updated			Updated	Updated		Updated			Updated	Updated												Updated
					a	b	c	d	e = a+b+c+d	f	g = e+f (rounded)		h	i		j	k	p	l.1	m	n	o	p = g+h+i+j+k+l+ l.1+m+n+o		q	r = p+q						
9510	Campbell City	FY 23-24 estimate	0.0021511657	-0.78%	13,410,000	(1,944,000)		(700)	11,465,300	94,000	11,559,000	5.33%	719,000		4.23%	38,000	1.01%	308, 0		,172,000	66,000	659,000		15,521,000	3.95%	6,361,000	21,882,000	4.47%	(132,000)			
		FY 22-23 actual	0.0021680282		12,744,832	(1,840,711)		(15,696)	10,888,425	85,764	10,974,189		689,797			37,621		513,317		2,005,664	51,065	659,535		14,931,188		6,013,557	20,944,745		(120,239)			
9513	Cupertino City	FY 23-24 estimate	0.0031957806	-2.00%	19,921,000			(1,100)	19,919,900	99,000	20,019,000	4.08%	1,068,000		2.94%	56,000	-1 %	46 00		1,034,000				22,638,000	2.66%	10,543,000	33,181,000	3.26%	(205,000)			
		FY 22-23 actual	0.0032611618		19,170,656			(23,393)	19,147,263	86,392	19,233,655		1,037,533			56,590		769, 5		953,963				22,050,895		10,082,011	32,132,906		(186,677)			
9502	Gilroy City	FY 23-24 estimate	0.0017001182	-0.98%	10,598,000			(600)	10,597,400	105,000	10,702,000	5.15%	568,000	19,000	5.50%	30,000	0 9%	244,0		2,019,000				13,582,000	4.15%	6,502,000	20,084,000	4.63%	(122,000)			
		FY 22-23 actual	0.0017169949		10,093,362			(12,372)	10,080,990	96,939	10,177,929		546,275	10,137		29,7		405 3		1,871,158				13,041,167		6,154,839	19,196,006		(110,800)			
9511	Los Altos City	FY 23-24 estimate	0.0037363418	-0.47%	23,291,000			(1,300)	23,289,700	162,000	23,452,000	5.70%	1,248,000		4.50%	66,000	1.32%	528,000		3,870,000				29,164,000	4.69%	5,330,000	34,494,000	4.91%	(260,000)			
		FY 22-23 actual	0.0037539170		22,067,029			(26,630)	22,040,398	147,116	22,187,515		1,194,215			65,141		879,558		3,530,662				27,857,091		5,023,546	32,880,637		(236,381)			
9514	Los Altos Hills	FY 23-24 estimate	0.0009665643	-0.88%	6,025,000			(300)	6,024,700	33,000	6,058,000	5.28%	323,000		4.11%	17,000	0.47%	138,000		567,000				7,103,000	3.88%	1,453,000	8,556,000	4.19%	(64,000)			
		FY 22-23 actual	0.0009751150		5,732,229			(7,038)	5,725,191	28,902	5,754,093		310,244			6 921		230,659		525,787				6,837,703		1,374,178	8,211,881		(58,139)			
9503	*Los Gatos Town	FY 23-24 estimate	0.0025701670	1.00%	16,021,000	(2,307,000)		(5,100)	13,708,900	147,000	13,856,000	8.07%	859,000		11%	45,0	1.91%	361,000		2,500,000	238,000	638,000		18,497,000	6.01%	4,906,000	23,403,000	6.36%	(155,000)			
		FY 22-23 actual	0.0025447232		14,839,061	(2,158,664)		4,788	12,685,186	136,469	12,821,655		809,566			44,158		601,786		2,298,692	227,024	645,096		17,447,977		4,555,700	22,003,677		(141,088)			
9512	Milpitas City	FY 23-24 estimate	0.0062431473	-1.93%	38,917,000	(19,764,000)		(2,200)	19,150,800	266,000	19,417,000	4.89%	2,086,000		3.00%	110,000	-0.42%	895,000		4,102,000	2,451,000	9,398,000		38,459,000	1.49%	9,998,000	48,457,000	2.15%	(235,000)			
		FY 22-23 actual	0.0063660300		37,422,108	(19,116,328)		(45,196)	18,260,585	251,098	18,511,683		2,025,204			110,468		1,492,407		3,804,718	2,446,546	9,502,011		37,893,036		9,545,088	47,438,124		(213,859)			
9516	Monte Sereno City	FY 23-24 estimate	0.0003141207	1.36%	1,958,000			(100)	1,957,900	8,000	1,966,000	7.62%	105 0 0		6.50%	6,000	11.57%	43,000		52,000				2,172,000	5.95%	587,000	2,759,000	6.42%	(20,000)			
		FY 22-23 actual	0.0003099208		1,821,818			(2,176)	1,819,642	7,177	1,826,818		,587			5,378		72,175		47,042				2,050,000		542,580	2,592,580		(17,805)			
9504	Morgan Hill City	FY 23-24 estimate	0.0020348153	-0.01%	12,684,000	(6,047,000)		(700)	6,636,300	58,000	6,694,000	4.62%	680,000		5.03%	36,000	1.95%	287,000		2,461,000	782,000	2,723,000		13,663,000	3.97%	5,444,000	19,107,000	4.64%	(90,000)			
		FY 22-23 actual	0.0020350104		11,962,677	(5,602,823)		(14,512)	6,345,342	53,086	6,398,428		47,410			35,313		477,727		2,264,038	644,655	2,673,478		13,141,049		5,119,570	18,260,619		(82,022)			
9505	Mtn View City	FY 23-24 estimate	0.0105953232	1.30%	66,047,000	(12,657,000)		(3,600)	53,386,400	441,000	53,827,000	6.29%	3,539 0		6.36%	187,000	3.03%	1,461,000	300	9,093,000			7,000	68,114,300	5.17%	16,087,000	84,201,000	5.68%	(600,000)			
		FY 22-23 actual	0.0104596676		61,485,699	(11,177,020)		(73,749)	50,234,930	404,823	50,639,753		3,327,35			181,504		2,435,375	264	8,156,584		22,879	64,763,710		14,913,259	79,676,969		(545,291)				
9506	Palo Alto City	FY 23-24 estimate	0.0070487091	-0.36%	43,939,000			(2,400)	43,936,600	374,000	44,311,000	5.81%	2, 5 000	219,000	3.59%	124,000	1.01%	1,007,000		6,887,000				54,903,000	4.37%	11,391,000	66,294,000	4.68%	(488,000)			
		FY 22-23 actual	0.0070742718		41,586,510			(51,374)	41,535,135	344,178	41,879 313		2,25 51	234,001		122,758		1,679,157		6,437,661				52,603,742		10,723,902	63,327,643		(443,855)			
9501	San Jose City	FY 23-24 estimate	0.0501670517	-0.14%	312,721,000	(76,112,000)		(17,100)	236,591,900	2,830,000	23 422,000	4%	16 75 000	4,998,000	9.46%	885,000	1.52%	7,114,000	8,200	40,862,000		23,860,000		333,907,200	4.69%	138,505,000	472,412,000	5.21%	(2,702,000)			
		FY 22-23 actual	0.0502384812		295,326,101	(71,396,400)		(360,886)	223,568,815	2,652,450	6,221,265		15,983,434	3,891,496		871,775		11,856,372	8,187	37,741,164		22,375,346		318,949,038		130,073,496	449,022,533		(2,456,242)			
9507	Santa Clara City	FY 23-24 estimate	0.0092629859	0.66%	57,742,000	(8,004,000)	8,593,000	(3,100)	58,327,900	482,000	8,810,000	7.85%	3,094,000		5.69%	163,000	2.08%	1,470,000		6,103,000		62,000		69,702,000	5.89%	20,557,000	90,259,000	6.20%	(608,000)			
		FY 22-23 actual	0.0092023029		54,094,911	(7,243,125)	7,244,473	(65,010)	54,031,250	500 620	531,870		2,927,404			159,685		2,450,703		5,502,525	3,970	251,289		65,827,446		19,161,968	84,989,414		(552,563)			
9515	Saratoga City	FY 23-24 estimate	0.0018820040	-1.43%	11,732,000			(600)	11,731,400	68,000	11,79 0	68%	629,000		3.55%	33,000	-0.40%	270,000		980,000				13,711,000	3.36%	4,836,000	18,547,000	3.84%	(124,000)			
		FY 22-23 actual	0.0019093436		11,223,990			(13,655)	11,210,334	60,885	11,271,219		607,442			33,132		449,663		904,173				13,265,630		4,594,994	17,860,624		(112,455)			
9509	*Sunnyvale City	FY 23-24 estimate	0.0132681949	1.87%	82,708,000	(4,014,000)		(26,200)	78,667,80	669 0	7 000	8.51%	4,432,000		6.96%	234,000	3.53%	1,843,000		11,997,000	358,000	2,754,000		100,955,000	7.13%	28,674,000	129,629,000	7.45%	(856,000)			
		FY 22-23 actual	0.0130249602		75,952,342	(3,478,899)		24,452	72 497,895	6 ,596	73,113,491		4,143,639			226,019		3,071,846		10,947,209	273,573	2,458,574		94,234,350		26,404,736	120,639,086		(778,358)			
	City Total	FY 23-24 estimate			717,714,000	(130,849,000)	8,593,000	(65,100)	595,392,9	5,83 00	601,229,000	6.31%	38,463,000	5,236,000	7.28%	2,030,000	1.69%	16,430,000	8,500	94,699,000	3,895,000	40,032,000	69,000	802,091,500	4.86%	271,174,000	1,073,265,000	5.31%	(6,661,000)			
		FY 22-23 actual			675,523,324	(122,013,969)	7,244,473	(682,44	560,071,3	5,471,4	565,542,875		36,598,950	4,135,634		1,996,258		27														

* Non-teeter city: Actual revenue received will be different from the projection as the projection is based on the levy amount.

Note 1: Unsecured projected at 5% increase from PY.

Note 2: Aircraft revenue projection is based on the latest information available.

Note 3: Supplemental projected as 40% decrease from PY.

Note 4: Updated estimate for FY23-24 Excess ERAF is based on June 2023 school reports, please note the final number will be available in March upon the release of the February reports. The annual at-risk percentage, after the settled of the California School Board Association case, however, with the State Controller’s Office Marin County’s audit finding, is now at about 22% of the annual distribution. We strongly encourage each agency to reserve 22% of the annual distribution, both on an ongoing basis and going back to Fiscal Year 2020-21 distribution. Please note, however, that the SCO still has not provided its calculation methodology and this percentage could change.

Note 5: RPTTF Pass-Through estimated based on October estimate.

Note 6: RPTTF Residual estimated based on October estimate.

Note 7: RDA SA Other Assets amount for FY23-24 is YTD actual, rounded. There is potential asset sale for Santa Clara Redevelopment Successor Agency in FY23-24. Information will be shared when available.

Note 8: Admin Fee is estimated to increase by 10% from last year.

Schedule C1

COUNTY OF SANTA CLARA
Finance Agency
City Meeting - November 3, 2023
FY2023/24 and FY2022/23 Property Tax Revenue Summary

					Secured								Unsecured	HOPTR		Other Tax Revenues						Total Property Tax Revenues		For ref only
			AB8 Factor	% Change	Secured 1% Net of Roll Correction (see Sch D)	RDA SA / Comm. Agency Tax Increment Loss	Santa Clara RDA SA TI Return to ATEs Directly	Prior Year Adj	Secured Net of Roll Corr., RDA & PY Adj	Unitary (include Railroad)	Total Secured	% Change	Unsecured (see Sch D)	HOPTR	% Change	Supplemental	Misc. Revenue	Other Revenue	RPTTF: Pass Thru	RPTTF: Residual	RDA SA Other Assets Dist.	Net Property Tax Revenue	% change	Adm Fee
					Updated					Updated			Updated	Updated					Updated	Updated				
													[Note 1]			[Note 2]		[Note 3]	[Note 4]	[Note 5]	[Note 6]			[Note 7]
Fund #	Jurisdiction				a	b	c	d	e = a+b+c+d	f	g = e+f (rounded)		h			j	k	k.1	l	m	n	o = g+h+i+j+k+k.1+l+m+n	%	
9553	SCVWD Central Zone	FY 23-24 estimate	0.0033364233	0.27%	20,798,000	(4,874,000)	19,000	(1,100)	15,941,900	190,000	16,132,000	6.15%	1,115,0	59,00	2.18%	470,000	300	948,000	1,081,000	1,736,000	100	21,541,400	5.21%	(165,000)
		FY 22-23 actual	0.0033275699		19,560,993	(4,527,813)	9,173	(23,825)	15,018,528	178,433	15,196,961		1,05 647	7 742		783,578	288	873,615	908,701	1,594,045	362	20,473,941		(150,273)
9554	SCVWD East Zone 1	FY 23-24 estimate	0.0032830233	-1.13%	20,465,000	(4,606,000)		(1,100)	15,857,900	162,000	16,020,000	5.28%	1,0 7,000	58 00	0.66%	472,000	400	886,000	1,107,000	1,976,000		21,616,400	3.47%	(165,000)
		FY 22-23 actual	0.0033205138		19,519,676	(4,430,094)		(23,949)	15,065,633	151,236	15,216,869		1,05 454	57 620		786,367	376	823,161	1,005,437	1,944,617		20,890,901		(149,977)
9555	SCVWD North Central Zone	FY 23-24 estimate	0.0030189051	0.42%	18,819,000	(1,121,000)	911,000	(1,000)	18,608,000	133,000	18,741,000	6.8 %	008,000	53,000	1.59%	441,000	200	718,000	28,000	220,000	7,000	21,216,200	5.10%	(185,000)
		FY 22-23 actual	0.0030063481		17,672,517	(1,010,038)	774,089	(21,286)	17,415,283	127,019	17,542,302		9 383	52,168		735,724	202	651,761	22,228	196,316	29,860	20,186,944		(167,979)
9556	SCVWD North West Zone 1	FY 23-24 estimate	0.0027307011	0.25%	17,022,000	(872,000)		(900)	16,149,100	119,000	16,268,000	6 %	912,00	48,000	1.55%	385,000		477,000			1,000	18,091,000	4.41%	(161,000)
		FY 22-23 actual	0.0027237969		16,011,785	(769,755)		(19,555)	15,222,475	108,201	15,330,676		866,576	47,265		641,722	26	439,285			1,871	17,327,422		(145,933)
9557	SCVWD South Zone 1	FY 23-24 estimate	0.0006596803	-0.76%	4,112,000	(636,000)		(200)	3,475,800	34,000	3,510,000	5.00%	220,000	12,000	4.03%	94,000			188,000	383,000		4,407,000	3.61%	(34,000)
		FY 22-23 actual	0.0006647609		3,907,794	(591,563)		(4,783)	3,311,448	31,414	3,342,861		211,497	11,535		157,015	53		151,349	379,031		4,253,341		(31,181)
9558	SCVWD	FY 23-24 estimate	0.0019340450	-0.07%	12,056,000	(1,595,000)	171,000	(700)	10,631,300	97,000	10,728,000	09%	646,000	34,000	1.24%	277,000	100	599,000	351,000	535,000	1,000	13,171,100	4.64%	(109,000)
		FY 22-23 actual	0.0019353234		11,376,721	(1,485,192)	144,290	(13,845)	10,021,973	0,670	0,112,643		615,709	33,583		461,515	149	550,216	301,651	505,963	5,728	12,587,157		(98,935)
9559	SCVWD West Zone 3	FY 23-24 estimate	0.0002141280	-0.38%	1,335,000	(460,000)		(100)	874,900	10,000	885,	4.61%	72,000	4,000	7.24%	30,000		54,000	129,000	259,000		1,433,000	4.12%	(9,000)
		FY 22-23 actual	0.0002149502		1,263,576	(425,661)		(1,539)	836,376	9 6 2	846,018		68,385	3,730		50,586		50,277	102,823	254,481		1,376,300		(8,464)
9561	SCC Importation Water-Misc District	FY 23-24 estimate	0.0053952934	0.02%	33,632,000	(4,711,000)	509,000	(1,800)	29,42 00	65,000	2 693,000	6.19%	1,802,000	95,000	1.50%	772,000	300	1,647,000	870,000	1,573,000	4,000	36,456,300	4.68%	(301,000)
		FY 22-23 actual	0.0053939554		31,708,138	(4,386,123)	429,374	(38,573)	27,712,81	2 151	27,960,967		1,716,043	93,600		1,287,090	327	1,512,500	749,713	1,487,487	17,064	34,824,790		(273,596)
9560	SCVWD West Zone 4	FY 23-24 estimate	0.0013014577	0.09%	8,113,000	(1,153,000)	131,000	(400)	7,090,600	63,000	7,154,000	6.30%	435,000	23,000	1.94%	186,000	100	397,000	208,000	371,000	1,000	8,775,100	4.77%	(72,000)
		FY 22-23 actual	0.0013002719		7,643,588	(1,073,681)	110,673	(9 2	6,671,287	58,910	6,730,197		413,669	22,563		310,454	84	364,636	179,870	349,847	4,398	8,375,719		(65,865)
	Total	FY 23-24 estimate			136,352,000	(20,028,000)	1,741,000	(7,300)	118,0 7,700	1,073,000	119,131,000	6.10%	7,307,000	386,000	1.63%	3,127,000	1,400	5,726,000	3,962,000	7,053,000	14,100	146,707,500	4.57%	(1,201,000)
		FY 22-23 actual			128,664,789	(18,699,920)	1,467,599	156,648)	111,27 819	1,003,676	112,279,495		6,963,362	379,808		5,214,051	1,506	5,265,451	3,421,773	6,711,786	59,283	140,296,515		(1,092,203)

Note 1: Unsecured project at 5% increase from PY.

Note 2: Supplemental project as 40% decrease from PY.

Note 3: Updated estimate for FY 23-24 Excess ERAF is based on June 2023 school reports, please note the final number will be available in March upon the release of the February reports. The annual at-risk percentage, after the settlement of the California School Board Association case, however, with the State Controller's Office Marin County's audit finding, is now at about 22% of the annual distribution. We strongly encourage each agency to reserve 22% of the annual distribution, both on an ongoing basis and going back to Fiscal Year 2020-21 distribution. Please note, however, that the SCO still has not provided its calculation methodology and this percentage could change.

Note 4: RPTTF Pass-Through estimated as of 10-27-2023.

Note 5: RPTTF Residual estimated as of 10-27-2023.

Note 6: RDA SA Other Assets amount for FY23-24 is YTD actual, rounded. There is potential asset sale for Santa Clara Redevelopment Successor Agency in FY23-24. Information will be shared when available.

Note 7: Admin Fee is estimated to increase by 10% from last year.

COUNTY of SANTA CLARA
City Meeting - November 3, 2023
FY2023-24 Estimated Property Tax Levy

City	FY23-24 AB 8 Factors	SECURED				UNSECURED
		1% Tax Levy			1% Tax Levy	
		July 1st	Roll Corr (Est) [Note 1]	PY RDA Roll Corr.	Net of Roll Corr Before RDA TI Loss	FY23-24 Estimated (rounded) [Note 2]
		6,246,746,645	(15,000,000)	1,850,9 3	\$ 6,2 3,597,608	\$ 334,049,000
		[a1]	[a2]	[a3]	[a]=[a1]+ a2]+[a3]	
Campbell City	0.0021511657	13,437,787	(32,267)	4,013	13,410,000	719,000
Cupertino City	0.0031957806	19,963,232	(47,937)	6,036	19,921,000	1,068,000
Gilroy City	0.0017001182	10,620,208	(25,502)	3,178	10,598,000	568,000
Los Altos City	0.0037363418	23,339,981	(56 045)	6,948	23,291,000	1,248,000
Los Altos Hills Town	0.0009665643	6,037,882	(14,498)	1,805	6,025,000	323,000
*Los Gatos Town	0.0025701670	16,055,182	(38,553)	4,710	16,021,000	859,000
Milpitas City	0.0062431473	38,999,360	(,647)	11,783	38,917,000	2,086,000
Monte Sereno City	0.0003141207	1, 62,232	(4,712)	574	1,958,000	105,000
Morgan Hill City	0.0020348153	12,710, 76	(30,522)	3,767	12,684,000	680,000
Mtn View City	0.010 95323	186,300	(158,930)	19,360	66,047,000	3,539,000
Palo Alto City	0.00 048 091	44,031,500	(105,731)	13,094	43,939,000	2,355,000
San Jose City	0 5016705 7	313,380,862	(752,506)	92,990	312,721,000	16,758,000
Santa Clara City	0.0092629859	57,863,526	(138,945)	17,033	57,742,000	3,094,000
Saratoga City	0.0018820040	11,756,402	(28,230)	3,534	11,732,000	629,000
*Sunnyvale City	0.0132681949	82,883,052	(199,023)	24,109	82,708,000	4,432,000

* Non-teeter city: Actual revenue received will be different from the projection as the projection is based on the levy amount.

Note 1: Estimated negative roll correction for Secured Levy: \$15M.

Note 2: Unsecured preliminary projected at 5% increase from PY.

COUNTY of SANTA CLARA
City Meeting - November 3, 2023
FY2023-24 Estimated Property Tax Levy

SCVWD	FY23-24 AB 8 Factors	SECURED				UNSECURED
		1% Tax Levy			1% Tax Levy	1% Tax Levy
		July 1st	Roll Corr (Est) [Note 1]	PY RDA Ro 1 Corr.	Net of Roll Corrections Before RDA TI Loss	FY23-24 Estimated (rounded) [Note 2]
		6,246,746,645	(15,000,000)	1 850,963	\$ 6,233,597,608	\$ 334,049,000
		[a1]	[a2]	[a3]	[a]=[a1]+[a2]+[a3]	
SCVWD Central Zone	0.0033364233	20,841,791	(50 046)	6,159	20,798,000	1,115,000
SCVWD East Zone 1	0.0032830233	20,508,215	(49,245)	6,146	20,465,000	1,097,000
SCVWD North Central Zone	0.0030189051	18,858,335	(45,284)	5,565	18,819,000	1,008,000
SCVWD North West Zone 1	0.0027307011	17,057,998	(4 ,961)	5,042	17,022,000	912,000
SCVWD South Zone 1	0.0006596803	4,120,856	(9,895)	1,230	4,112,000	220,000
SCVWD	0.0019340450	12,081,489	(29,011)	3,582	12,056,000	646,000
SCVWD West Zone 3	0.00021412 0	1,337,603	(3,212)	398	1,335,000	72,000
Santa Clara County Importation Water-Misc District	0 0539529 4	33,703,031	(80,929)	9,984	33,632,000	1,802,000
SCVWD West Zone 4	0.0013014577	8,129,876	(19,522)	2,407	8,113,000	435,000

Note 1: Estimated negative roll correction for Secured Levy: \$15M.

Note 2: Unsecured preliminary projected at 5% increase from PY.

COUNTY of SANTA CLARA
City Meeting - November 3, 2023
Impact of \$5M Roll Correction Change

	Cities' FY2023-24 AB 8 Factors (Preliminary)	Net Roll Correction of
		\$ 5,000,000
Campbell City	0.0021511657	10,756
Cupertino City	0.0031957806	15,979
Gilroy City	0.0017001182	501
Los Altos City	0.0037363418	18,682
Los Altos Hills Town	0.0009665643	4,833
Los Gatos Town	0.0025701670	12,851
Milpitas City	0.0062431473	31,216
Monte Sereno City	0.0003141207	1,571
Morgan Hill City	0.0020348153	10,174
Mtn View City	0.0105953232	52,977
Palo Alto City	0.0070487091	35,244
San Jose City	0.01670517	250,835
Santa Clara City	0.0092629859	46,315
Saratoga City	0.0018820040	9,410
Sunnyvale City	0.0132681949	66,341
SCVWD Central Zone	0.0033364233	16,682
SCVWD East Zone 1	0.0032830233	16,415
SCVWD North Central Zone	0.0030189051	15,095
SCVWD North West Zone 1	0.0027307011	13,654
SCVWD South Zone	0.0006596803	3,298
SCVWD	0.0019340450	9,670
SCVWD West Zone 3	0.0002141280	1,071
SCC Importation Water-Misc District	0.0053952934	26,976
SCVWD West Zone 4	0.0013014577	6,507

From: [Phil Koen](#)
To: [Wendy Wood](#)
Cc: [Gitta Ungvari](#)
Subject: Agenda Item 4 - 5 year forecast
Date: Friday, February 9, 2024 9:53:52 PM
Attachments: [Budget vs Actual FY 2023.pdf](#)
[Budget vs Actual FY 2022.pdf](#)
[Budget vs Actual FY 2021.pdf](#)
[Budget vs Actual FY 2020.pdf](#)
[Budget vs Actual FY 2019.pdf](#)
[Budget vs Actual - FY 2018.pdf](#)
[Budget vs Actual FY 2017.pdf](#)
[Budget vs Actual FY 2016.pdf](#)
[Final Five Year Forecast - FY 2023-2024.pdf](#)
[Historical Year End Results - Non GAAP - FY 2016 - FY 2022.pdf](#)

[EXTERNAL SENDER]

Wendy,

I previously sent you the attached to be included as background information for the 5 year plan discussion. For some reason it was not included in the FC package. Can you please distribute to the FC. Thank you.

TOWN OF LOS GATOS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 14,652,443	\$ 15,370,934	\$ 15,958,406	\$ 587,472
Sales Taxes	7,972,195	7,681,546	7,592,206	(89,340)
Other Taxes	2,067,000	2,257,000	2,636,002	379,002
Franchise Fees	2,287,390	2,317,390	2,474,814	157,424
Licenses & Permits	4,483,829	4,558,829	4,697,560	138,731
Intergovernmental	716,081	738,281	1,010,166	271,885
Charges for Services	3,138,297	3,288,645	4,625,136	1,336,491
Fines and Forfeitures	695,400	695,400	676,212	(19,188)
Interest	270,723	270,723	244,762	(25,961)
Use of Property	31,959	31,959	32,206	247
Other	554,711	392,153	581,946	189,793
Total Revenues	36,870,028	37,602,860	40,529,416	2,926,556
EXPENDITURES				
Current:				
General Government:				
Town Council	205,092	205,092	192,183	12,909
Town Attorney	353,383	426,466	354,205	72,261
Administrative Services	3,562,823	3,580,561	3,193,995	386,566
Non-Departmental	3,992,490	5,148,232	5,029,699	118,533
Total General Government	8,113,788	9,360,351	8,770,082	590,269
Public Safety	15,455,232	15,505,674	14,423,554	1,082,120
Community Development	4,376,673	4,520,505	4,192,165	328,340
Parks & Public Works	7,117,324	7,184,147	7,099,527	84,620
Library Services	2,781,018	2,803,545	2,529,017	274,528
Total Expenditures	37,844,035	39,374,222	37,014,345	2,359,877
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(974,007)	(1,771,362)	3,515,071	5,286,433
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	1,000	1,000	378,219	377,219
Transfers In	538,536	538,536	538,536	-
Transfers Out	(3,082,227)	(3,243,595)	(3,243,595)	-
Total Other Financing Sources (Uses)	(2,543,691)	(2,705,059)	(2,326,840)	377,219
NET CHANGES IN FUND BALANCES	\$ (3,517,698)	\$ (4,476,421)	1,188,231	\$ 5,663,652
BEGINNING FUND BALANCE			29,240,453	
ENDING FUND BALANCE			\$ 30,428,684	

TOWN OF LOS GATOS, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 11,961,287	\$ 12,936,137	\$ 13,743,123	\$ 806,986
Sales Taxes	8,337,029	8,126,309	7,501,175	(625,134)
Other Taxes	2,757,000	3,107,000	1,953,045	(1,153,955)
Franchise Fees	2,127,660	2,127,660	2,258,892	131,232
Licenses & Permits	2,987,662	3,076,162	4,977,565	1,901,403
Intergovernmental	782,724	1,098,004	1,539,672	441,668
Charges for Services	2,369,224	2,786,451	3,615,256	828,805
Fines and Forfeitures	666,300	666,300	879,264	212,964
Interest	287,867	287,867	620,895	333,028
Use of Property	31,723	31,723	31,723	-
Other	4,691,257	4,699,827	2,396,369	(2,303,458)
Total Revenues	36,999,733	38,943,440	39,516,979	573,539
EXPENDITURES				
Current:				
General Government:				
Town Council	184,557	184,557	171,530	13,027
Town Attorney	268,592	308,963	296,258	12,705
Administrative Services	3,219,106	3,183,780	2,806,265	377,515
Non-Departmental	5,922,051	6,257,910	5,870,744	387,166
Total General Government	9,594,306	9,935,210	9,144,797	790,413
Public Safety	14,932,221	14,985,844	13,763,316	1,222,528
Community Development	4,046,424	4,056,672	3,695,504	361,168
Parks & Public Works	6,370,221	6,597,951	6,287,789	310,162
Library Services	2,463,638	2,577,394	2,332,268	245,126
Capital Outlay	728,575	1,088,610	942,321	146,289
Total Expenditures	38,135,385	39,241,681	36,165,995	3,075,686
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,135,652)	(298,241)	3,350,984	3,649,225
OTHER FINANCING SOURCES (USES)				
Transfers In	474,218	633,422	2,683,046	2,049,624
Transfers Out	(622,177)	(581,014)	(581,014)	-
Total Other Financing Sources (Uses)	(147,959)	52,408	2,102,032	2,049,624
NET CHANGES IN FUND BALANCES	\$ (1,283,611)	\$ (245,833)	5,453,016	\$ 5,698,849
BEGINNING FUND BALANCE			24,121,256	
ENDING FUND BALANCE			\$ 29,574,272	

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 13,472,473	\$ 14,065,776	\$ 14,756,214	\$ 690,438
Sales Taxes	8,164,403	8,814,956	8,799,323	(15,633)
Other Taxes	1,907,000	2,007,000	2,328,058	321,058
Franchise Fees	2,191,120	2,221,120	2,366,908	145,788
Licenses & Permits	4,214,793	4,414,793	4,759,492	344,699
Intergovernmental	717,684	990,920	908,285	(82,635)
Charges for Services	3,050,910	3,179,461	3,269,714	90,253
Fines and Forfeitures	656,500	656,500	917,105	260,605
Interest	750,587	690,587	124,457	(566,130)
Use of Property	31,959	31,959	32,096	137
Other	809,267	544,947	484,471	(60,476)
Total Revenues	35,966,696	37,618,019	38,746,123	1,128,104
EXPENDITURES				
Current:				
General Government:				
Town Council	198,327	198,327	193,584	4,743
Town Attorney	347,008	468,647	426,550	42,097
Administrative Services	3,301,286	3,401,124	2,825,081	576,043
Non-Departmental	3,948,923	5,031,323	4,945,744	85,579
Total General Government	7,795,544	9,099,421	8,390,959	708,462
Public Safety	13,903,297	13,961,880	13,251,288	710,592
Community Development	4,109,302	4,132,694	3,793,930	338,764
Parks & Public Works	6,436,026	6,689,115	6,597,748	91,367
Library Services	2,687,101	2,704,101	2,508,677	195,424
Total Expenditures	34,931,270	36,587,211	34,542,602	2,044,609
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,035,426	1,030,808	4,203,521	3,172,713
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	1,000	1,000	4,435	3,435
Transfers In	363,428	363,428	313,825	(49,603)
Transfers Out	(9,859,973)	(10,194,387)	(7,298,187)	2,896,200
Total Other Financing Sources (Uses)	(9,496,545)	(9,830,959)	(6,979,927)	2,846,597
NET CHANGES IN FUND BALANCES	\$ (8,461,119)	\$ (8,800,151)	(2,776,406)	\$ 6,019,310
BEGINNING FUND BALANCE, AS RESTATED			31,957,030	
ENDING FUND BALANCE			\$ 29,180,624	

The notes to the financial statement are an integral part of this statement

TOWN OF LOS GATOS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 15,989,131	\$ 16,718,348	\$ 17,321,344	\$ 602,996
Sales Taxes	7,744,208	7,629,879	8,158,152	528,273
Other Taxes	2,279,500	2,629,500	2,698,352	68,852
Franchise Fees	2,386,910	2,386,910	2,475,916	89,006
Licenses & Permits	4,961,199	4,961,199	4,586,788	(374,411)
Intergovernmental	685,759	845,718	950,380	104,662
Charges for Services	4,491,868	4,596,416	4,643,715	47,299
Fines and Forfeitures	631,400	631,400	510,266	(121,134)
Interest	267,806	267,806	1,682,347	1,414,541
Use of Property	31,959	31,959	32,960	1,001
Other	445,308	466,308	562,714	96,406
Total Revenues	39,915,048	41,165,443	43,622,934	2,457,491
EXPENDITURES				
Current:				
General Government:				
Town Council	223,036	230,280	205,903	24,377
Town Attorney	556,183	597,768	562,542	35,226
Administrative Services	4,290,959	4,641,901	3,931,807	710,094
Non-Departmental	7,015,300	7,043,251	3,304,002	3,739,249
Total General Government	12,085,478	12,513,200	8,004,254	4,508,946
Public Safety	14,976,514	15,713,469	14,945,407	768,062
Community Development	5,583,158	5,786,501	4,577,495	1,209,006
Parks & Public Works	7,626,361	8,619,883	7,934,869	685,014
Library Services	2,556,267	2,684,979	2,493,617	191,362
Capital Outlay	-	-	38,307	(38,307)
Total Expenditures	42,827,778	45,318,032	37,993,949	7,324,083
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(2,912,730)	(4,152,589)	5,628,985	9,781,574
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	1,000	1,906,000	1,912,316	6,316
Transfers In	538,536	538,536	1,578,911	1,040,375
Transfers Out	(2,785,220)	(2,785,220)	(2,785,220)	-
Total Other Financing Sources (Uses)	(2,246,684)	(2,246,684)	706,007	1,046,691
NET CHANGES IN FUND BALANCES	\$ (5,159,414)	\$ (6,399,273)	6,334,992	\$ 10,828,265
BEGINNING FUND BALANCE			31,635,535	
ENDING FUND BALANCE			\$ 37,970,527	

TOWN OF LOS GATOS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 17,970,500	\$ 18,352,880	\$ 18,330,425	\$ (22,455)
Sales Taxes	8,001,917	8,723,000	7,531,425	(1,191,575)
Other Taxes	2,855,730	2,857,285	1,877,338	(979,947)
Franchise Fees	2,458,520	2,458,520	2,495,792	37,272
Licenses & Permits	4,672,534	4,672,534	4,053,537	(618,997)
Intergovernmental	988,441	1,165,460	1,104,075	(61,385)
Charges for Services	4,454,336	4,649,235	4,447,213	(202,022)
Fines and Forfeitures	483,950	483,950	271,117	(212,833)
Interest	629,774	629,774	2,266,134	1,636,360
Use of Property	35,793	35,793	31,039	(4,754)
Other	286,077	286,077	307,812	21,735
Total Revenues	42,837,572	44,314,508	42,715,907	(1,598,601)
EXPENDITURES				
Current:				
General Government:				
Town Council	240,605	240,605	206,164	34,441
Town Attorney	621,391	628,793	559,010	69,783
Administrative Services	4,815,138	4,881,105	4,380,504	500,601
Non-Departmental	3,873,255	8,201,520	7,878,468	323,052
Total General Government	9,550,389	13,952,023	13,024,146	927,877
Public Safety	16,940,786	16,995,583	15,793,815	1,201,768
Community Development	5,760,099	5,760,099	4,473,790	1,286,309
Parks & Public Works	8,070,068	8,328,730	8,139,106	189,624
Library Services	2,935,010	2,960,784	2,700,802	259,982
Capital Outlay	-	-	138,384	(138,384)
Total Expenditures	43,256,352	47,997,219	44,270,043	3,727,176
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(418,780)	(3,682,711)	(1,554,136)	2,128,575
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	1,000	1,201,000	656	(1,200,344)
Transfers In	538,536	593,333	599,669	6,336
Transfers Out	(7,753,140)	(8,053,847)	(8,053,847)	-
Total Other Financing Sources (Uses)	(7,214,604)	(7,460,514)	(7,453,522)	(1,194,008)
NET CHANGES IN FUND BALANCES	\$ (7,633,384)	\$ (11,143,225)	(9,007,658)	\$ 934,567
BEGINNING FUND BALANCE, as restated			38,343,155	
ENDING FUND BALANCE			\$ 29,335,497	

TOWN OF LOS GATOS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 18,652,039	\$ 18,705,325	\$ 19,878,835	\$ 1,173,510
Sales Taxes	7,987,247	7,301,869	7,933,604	631,735
Other Taxes	2,294,671	714,723	1,059,741	345,018
Franchise Fees	2,532,289	2,532,289	2,499,463	(32,826)
Licenses & Permits	4,296,898	4,211,898	4,386,654	174,756
Intergovernmental	970,885	4,342,588	1,573,697	(2,768,891)
Charges for Services	4,178,212	4,014,619	4,835,962	821,343
Fines and Forfeitures	434,950	94,950	103,467	8,517
Interest	626,409	626,409	96,061	(530,348)
Use of Property	35,793	35,793	36,372	579
Other	253,351	253,351	335,905	82,554
Total Revenues	42,262,744	42,833,814	42,739,761	(94,053)
EXPENDITURES				
Current:				
General Government:				
Town Council	243,486	243,486	192,280	51,206
Town Attorney	645,303	658,831	537,296	121,535
Administrative Services	4,974,616	4,995,847	4,667,995	327,852
Non-Departmental	6,841,510	7,602,517	8,642,563	(1,040,046)
Total General Government	12,704,915	13,500,681	14,040,134	(539,453)
Public Safety	17,587,825	17,487,761	16,570,836	916,925
Community Development	5,517,030	5,589,807	4,994,391	595,416
Parks & Public Works	8,152,045	8,206,080	8,175,987	30,093
Library Services	2,946,509	2,957,531	2,828,873	128,658
Capital Outlay	-	-	2,365	(2,365)
Total Expenditures	46,908,324	47,741,860	46,612,586	1,129,274
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(4,645,580)	(4,908,046)	(3,872,825)	1,035,221
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	1,000	1,201,000	1,201,369	369
Transfers In	616,834	652,056	652,056	-
Transfers Out	(3,401,479)	(3,401,479)	(3,401,479)	-
Total Other Financing Sources (Uses)	(2,783,645)	(1,548,423)	(1,548,054)	369
NET CHANGES IN FUND BALANCES	\$ (7,429,225)	\$ (6,456,469)	(5,420,879)	\$ 1,035,590
BEGINNING FUND BALANCE			29,335,497	
ENDING FUND BALANCE			\$ 23,914,618	

TOWN OF LOS GATOS, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 20,036,156	\$ 20,138,320	\$ 21,129,082	\$ 990,762
Sales Taxes	8,177,859	8,671,606	8,483,673	(187,933)
Other Taxes	927,040	1,482,000	1,909,816	427,816
Licenses & Permits	3,869,779	4,477,907	5,096,318	618,411
Intergovernmental	3,881,836	1,148,993	1,263,352	114,359
Charges for Services	3,882,490	4,385,547	5,460,613	1,075,066
Fines and Forfeitures	203,450	213,450	319,170	105,720
Franchise Fees	2,597,630	2,514,020	2,822,515	308,495
Developer Fees	-	-	1,200,000	1,200,000
Interest	440,833	440,833	(1,404,527)	(1,845,360)
Use of Property	32,400	32,400	32,400	-
Other	290,898	290,898	311,040	20,142
Total Revenues	44,340,371	43,795,974	46,623,452	2,827,478
EXPENDITURES				
Current:				
General Government:				
Town Council	201,499	202,890	189,569	13,321
Town Attorney	660,229	669,733	629,936	39,797
Administrative Services	5,087,207	5,965,803	5,441,604	524,199
Non-Departmental	3,546,680	3,581,965	2,792,859	789,106
Total General Government	9,495,615	10,420,391	9,053,968	1,366,423
Public Safety	17,239,480	17,390,966	16,451,190	939,776
Parks & Public Works	8,494,629	9,080,666	8,605,457	475,209
Community Development	5,395,864	5,461,713	6,313,511	(851,798)
Library Services	3,016,395	3,062,707	2,752,397	310,310
Debt Service:				
Principal	-	-	156,034	(156,034)
Total Expenditures	43,641,983	45,416,443	43,332,557	2,083,886
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	698,388	(1,620,469)	3,290,895	4,911,364
OTHER FINANCING SOURCES (USES)				
Gain from sale of assets	600	600	2,151	1,551
Transfers In	633,352	4,047,313	4,047,313	-
Transfers Out	(2,801,047)	(3,833,094)	(4,358,188)	(525,094)
Total Other Financing Sources (Uses)	(2,167,095)	214,819	(308,724)	(523,543)
NET CHANGES IN FUND BALANCE	\$ (1,468,707)	\$ (1,405,650)	2,982,171	\$ 4,387,821
BEGINNING FUND BALANCE			23,914,618	
ENDING FUND BALANCE			\$ 26,896,789	

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 20,907,894	\$ 22,484,118	\$ 22,743,087	\$ 258,969
Sales Taxes	9,174,944	8,959,134	8,806,477	(152,657)
Transient Occupancy Taxes	1,642,460	2,348,547	2,228,190	(120,357)
Other Taxes	7,000	7,000	6,454	(546)
Licenses & Permits	4,122,529	5,140,684	5,630,362	489,678
Intergovernmental	1,051,814	1,273,910	1,553,396	279,486
Charges for Services	4,257,261	5,540,465	4,646,705	(893,760)
Fines and Forfeitures	201,750	226,750	416,950	190,200
Franchise Fees	2,493,870	2,716,470	3,074,624	358,154
Interest	432,947	670,021	605,789	(64,232)
Use of Property	41,211	41,211	38,126	(3,085)
Other	1,203,657	863,964	859,571	(4,393)
Total Revenues	45,537,337	50,272,274	50,609,731	337,457
EXPENDITURES				
Current:				
General Government:				
Town Council	217,238	217,240	186,337	30,903
Town Attorney	707,555	811,427	699,143	112,284
Administrative Services	5,298,494	5,759,393	5,302,281	457,112
Non-Departmental	3,194,526	3,334,931	2,641,018	693,913
Total General Government	9,417,813	10,122,991	8,828,779	1,294,212
Public Safety	19,225,985	19,331,330	18,446,048	885,282
Parks & Public Works	9,798,967	10,368,194	8,998,088	1,370,106
Community Development	5,772,004	6,543,199	5,065,412	1,477,787
Library Services	3,139,449	3,247,730	3,096,486	151,244
Capital Outlay	-	435,416	300,000	135,416
Debt Service:				
Principal	-	156,034	156,034	-
Total Expenditures	47,354,218	50,204,894	44,890,847	5,314,047
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,816,881)	67,380	5,718,884	5,651,504
OTHER FINANCING SOURCES (USES)				
Gain from sale of assets	600	600	2,162	1,562
Transfers In	2,183,817	3,381,544	4,153,408	771,864
Transfers Out	(3,006,978)	(5,842,011)	(7,242,939)	(1,400,928)
Total Other Financing Sources (Uses)	(822,561)	(2,459,867)	(3,087,369)	(627,502)
NET CHANGES IN FUND BALANCE	\$ (2,639,442)	\$ (2,392,487)	2,631,515	\$ 5,024,002
BEGINNING FUND BALANCE			26,896,789	
ENDING FUND BALANCE			\$ 29,528,304	

The notes to the financial statements are an integral part of this statement.

Account	Revenue Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Adopted Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
4100	Property Tax	\$ 17.0	\$ 17.2	\$ 17.9	\$ 17.8	\$ 18.5	\$ 18.9	\$ 19.5	\$ 20.1
4110	VLF Backfill Property Tax	4.6	4.6	4.7	4.8	5.0	5.1	5.3	5.4
4200	Sales & Use Tax	7.5	7.7	7.9	8.1	8.5	8.7	9.0	9.3
4200	Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
4250	Franchise Fees	2.7	2.7	2.1	1.9	1.9	1.9	2.0	2.0
4251	Transient Occupancy Tax	2.0	2.3	2.4	2.5	2.6	2.6	2.6	2.7
4400	Business License Tax	2.4	2.3	2.4	2.5	2.5	2.6	2.6	2.7
4400	Licenses & Permits	2.9	2.9	2.9	2.9	3.0	3.1	3.2	3.3
4500	Intergovernmental	1.3	1.3	0.9	0.9	0.9	1.0	1.0	1.0
4600	Town Services	4.8	5.1	4.4	4.2	4.2	4.3	4.4	4.6
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.7	1.0	0.9	0.9	0.9	0.9	0.9
4850	Other Sources	3.5	7.1	3.6	2.8	2.8	3.0	2.9	2.9
4900	Fund Transfers In	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 51.1	\$ 55.9	\$ 52.2	\$ 51.3	\$ 52.8	\$ 54.2	\$ 55.5	\$ 57.0
	Capital	2.4	2.4	1.6	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	0.3	0.3	-	-	-	-	-	-
	Use of OPEB Trust	-	-	-	-	-	-	-	-
	ARPA Replacement Revenue	1.6	-	-	-	-	-	-	-
	Vitalities	-	6.1	0.7	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 55.4	\$ 64.7	\$ 54.5	\$ 52.1	\$ 53.6	\$ 55.0	\$ 56.3	\$ 57.8
Account	Expenditure Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Adopted Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
5110	Salary	23.0	22.5	23.2	23.8	24.4	25.0	25.5	26.0
5120	CalPERS Benefits	7.7	6.8	8.2	8.6	8.9	9.6	10.2	11.1
5200	All Other Benefits	4.6	3.9	4.7	4.8	4.9	5.0	5.1	5.2
	4.6% Salary and Benefits Savings	-	-	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)
6211	OPEB Pay as You Go	1.6	1.6	1.6	1.8	1.9	2.0	2.0	2.0
6000	Operating Expenditures	8.0	11.7	9.0	8.8	8.9	9.2	9.3	9.7
7200	Grants & Awards	0.5	1.2	0.8	0.6	0.6	0.3	0.3	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	3.4	3.6	3.7	3.9	4.1	4.2
8900	Debt Service	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1
TOTAL OPERATING EXPENDITURES		\$ 50.8	\$ 53.0	\$ 51.9	\$ 52.9	\$ 54.2	\$ 55.9	\$ 57.4	\$ 59.4
	GASB 45 Retiree Medical Actuarial	-	-	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 51.5	\$ 53.7	\$ 52.3	\$ 53.3	\$ 54.6	\$ 56.3	\$ 57.8	\$ 59.8
	Capital Transfers Out to GFAR	2.4	2.4	1.6	1.1	1.1	1.1	1.1	1.1
	1/2 of Measure G Proceeds to Capital	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
	Fund	0.4	0.7	-	-	-	-	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS		-	5.7	-	-	-	-	-	-
	Recovery	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 54.9	\$ 63.1	\$ 54.5	\$ 55.1	\$ 56.4	\$ 58.1	\$ 59.6	\$ 61.6
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ -0.5	\$ 1.6	\$ -	\$ (3.0)	\$ (2.8)	\$ (3.1)	\$ (3.3)	\$ (3.8)
* Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes \$0.1 million. General Fund (111) Forecast does not include Pension Trust activities.									

The following table illustrates the previous projected deficits relative to the updated Forecast.

Original 5 Year Forecast	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Proposed Surplus/Deficit	(\$3.1)	(\$2.8)	(\$3.2)	(\$3.5)	(\$4.0)
Adopted Surplus/Deficit	(\$3.0)	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)

Town of Los Gatos General Fund Historical Year-End Results
(in \$ million)

Account	Revenue Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2021/22 Actuals
4100	Property Tax	\$ 10.8	\$ 11.5	\$ 12.5	\$ 13.6	\$ 14.5	\$ 15.8	\$ 16.9
4110	VLF Backfill Property Tax	3.0	3.2	3.4	3.7	3.9	4.1	4.2
4200	Sales & Use Tax	7.5	9.2	7.6	8.0	6.5	6.8	7.2
4200	Measure G District Sales Tax	-	-	-	0.2	1.0	1.1	1.3
4250	Franchise Fees	2.3	2.4	2.5	2.5	2.5	2.5	2.8
4251	Transient Occupancy Tax	1.9	2.3	2.6	2.7	1.9	1.0	1.9
4400	Business License Tax	1.5	1.7	1.7	1.5	1.4	1.4	1.5
4400	Licenses & Permits	3.5	3.0	3.0	3.1	2.7	3.1	4.8
4500	Intergovernmental	1.0	0.9	1.0	0.9	1.0	1.6	1.3
4600	Town Services	4.0	3.3	4.4	4.4	4.4	4.6	5.3
4700	Fines & Forfeitures	0.9	0.9	0.7	0.5	0.3	0.1	0.3
4800	Interest	0.6	0.2	0.2	1.4	2.2	0.1	(1.4)
4850	Other Sources	2.3	4.3	3.2	4.6	2.7	3.7	7.0
4900	Fund Transfers In	2.4	0.3	0.8	1.6	0.6	0.7	0.6
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 41.7	\$ 43.2	\$ 43.6	\$ 48.7	\$ 45.6	\$ 46.6	\$ 53.7
	Use of Capital/Special Project Reserve - Capital	-	1.4	3.2	2.8	8.0	3.4	0.6
	Use of Pension/OPEB Reserve	-	-	-	-	-	4.5	0.3
	Use of Property Surplus Reserve	-	-	-	-	-	-	1.2
	Use of Almond Grove Reserve	-	5.9	-	-	-	-	-
	Use of Measure G Reserve	-	-	-	-	-	-	1.1
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 41.7	\$ 50.5	\$ 46.8	\$ 51.5	\$ 53.6	\$ 54.5	\$ 56.9
Account	Expenditure Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	2021/22 Actuals
5110	Salary	14.5	14.8	16.0	17.9	19.3	20.2	20.0
5120	CalPERS Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.5
5200	All Other Benefits	3.2	3.2	3.3	3.6	3.6	3.7	3.7
6211	OPEB Pay as You Go	0.9	1.0	1.1	1.2	1.2	1.3	1.4
6000	Operating Expenditures	4.7	4.8	5.0	5.6	5.1	5.7	10.4
7200	Grants & Awards	0.7	0.2	0.2	0.3	0.3	0.3	1.8
7400	Utilities	0.4	0.6	0.5	0.5	0.5	0.6	0.6
8060	Internal Service Charges	3.5	3.6	3.9	2.5	2.2	2.3	2.6
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	2.0	2.1
TOTAL OPERATING EXPENDITURES		\$ 33.6	\$ 34.0	\$ 36.2	\$ 38.8	\$ 40.2	\$ 42.4	\$ 49.0
	GASB 45 Retiree Medical Actuarial	1.5	2.6	1.6	1.1	1.1	0.6	0.1
	Additional Discretionary Payment - Pension	-	-	-	-	-	5.6	0.7
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 35.1	\$ 36.6	\$ 37.8	\$ 39.9	\$ 41.3	\$ 48.6	\$ 49.8
	Capital Transfers Out to GFAR	0.5	7.3	2.6	2.3	7.0	3.4	1.2
	Operating Transfer Out	0.1	-	0.6	0.5	1.1	-	-
	1/2 of Measure G Proceeds to Capital	-	-	-	-	-	-	0.7
	Fixed Assets/ Equipment	0.4	-	-	-	0.1	-	-
	Pension/OPEB Payment to Pension Trust Fund	-	-	1.2	3.6	0.4	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS		\$ 5.6	\$ 6.6	\$ 4.6	\$ 5.2	\$ 3.7	\$ 2.5	\$ 5.9
	Allocate to Almond Grove Reserve	2.5	-	-	-	-	-	-
	Allocate to Budget Stabilization/Catastrophic	-	-	-	-	-	0.1	1.1
	Allocate to Compensated Absences	-	-	-	-	-	0.1	(0.2)
	Allocate to Market Fluctuations Reserve	0.3	0.3	-	-	1.2	-	(0.4)
	Allocate to CalPERS/Pension Reserve	-	1.8	-	-	-	0.3	0.3
	Allocate to Measure G Reserve	-	-	-	-	1.2	-	-
	Allocate to VM & Stores Surplus Reserve	-	-	-	1.0	-	-	-
	Allocate to Authorized Carryforwards	0.1	-	-	-	-	-	0.03
	Sales Tax Prior - Year Adjustments	-	0.4	-	-	-	-	-
	Allocate to Property Surplus Reserve	-	-	-	1.9	-	1.2	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 39.0	\$ 46.4	\$ 42.2	\$ 49.2	\$ 52.2	\$ 53.7	\$ 52.2
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ 2.7	\$ 4.1	\$ 4.6	\$ 2.3	\$ 1.4	\$ 0.8	\$ 4.7

* Due to rounding of individual categories Total Expenditures and Reserve Allocations may include \$0.1 million.

From: [Phil Koen](#)
To: [Wendy Wood](#)
Cc: [Gitta Ungvari](#)
Subject: Agenda item 4 - 5 year forecast - Santa Clara County Cities Report - Feb 12 2024
Date: Friday, February 9, 2024 10:23:05 PM
Attachments: [Pages from cities-meeting-revenue-update-report-20240212.pdf](#)

[EXTERNAL SENDER]

Wendy,

Please include this as background reading for agenda item 4 in the FC package. Thank you.

Phil Koen

COUNTY OF SANTA CLARA

Finance Agency

Cities Meeting - February 12, 2024

FY2023/24 and FY2022/23 Property Tax Revenue Summary

Sc

Item 4.

FY2023/24 and FY2022/23 Property Tax Revenue Summary																													
Secured										Unsecured			HOPTF		Other Tax Revenues										Total Property Tax Revenues		For ref only		
			AB8 Factor	% Change	Secured 1% Net of Roll Correction (see Sch D)	RDA SA / Comm. Agency Tax Increment Loss	Santa Clara RDA SA TI Return to ATIs Directly	Prior Year Adj	Secured Net of Roll Corr., RDA & FY Adj	Unitary (Include Railroad)	Total Secured	% Change	Unsecured (see Sch D)	Aircraft	% Change	HOPTF	% Change	Supplemental	Misc. Revenue	Other Revenue	RPTTF: Pass Thru	RPTTF: Residual	RDA SA Other Assets Dist.	Net Tax before VLF	% change before VLF in-lieu	Prop Tax in lieu of VLF	Net Property Tax Revenue	% change after VLF in-lieu	Adm Fee
Fund #	Jurisdiction				a	b	c	d	e = a+b+c+d	f	g = e+f (rounded)		h	i		j		k	p	L1	m	n	o	p = g+h+i+k+l+m+n+o	q	r = p+q			
9510	Campbell City	FY 23-24 estimate	0.0021511657	-0.78%	13,410,000	(1,944,000)		(700)	11,465,300	94,000	11,559,000	5.33%	719,000		4.23%	38,000	1.01%	308,0		172,000	66,000	662,000		15,524,000	3.97%	6,361,000	21,885,000	4.49%	(132,000)
		FY 22-23 actual	0.0021680282		12,744,832	(1,840,711)		(15,696)	10,888,425	85,764	10,974,189		689,797			37,621		513,317		2,005,664	51,063	609,535		14,931,188		6,013,557	20,944,745		(120,239)
9513	Cupertino City	FY 23-24 estimate	0.0031957806	-2.00%	19,921,000			(1,100)	19,919,900	99,000	20,019,000	4.08%	1,068,000		2.94%	56,000	-1.4%	46,000		1,034,000				22,638,000	2.66%	10,543,000	33,181,000	3.26%	(205,000)
		FY 22-23 actual	0.0032611618		19,170,656			(23,393)	19,147,263	86,392	19,233,655		1,037,533			56,990		766,5		953,963				22,050,695		10,082,011	32,132,906		(186,677)
9502	Gilroy City	FY 23-24 estimate	0.0017001182	-0.98%	10,598,000			(600)	10,597,400	105,000	10,702,000	5.15%	568,000	19,000	5.50%	30,000	0.9%	244,0		2,019,000				13,582,000	4.15%	6,502,000	20,084,000	4.63%	(122,000)
		FY 22-23 actual	0.0017169949		10,093,362			(12,572)	10,080,990	96,909	10,177,929		546,275	10,137		29,7		405,3		1,871,158				13,041,167		6,154,839	19,196,006		(110,800)
9511	Los Altos City	FY 23-24 estimate	0.0037363418	-0.47%	23,291,000			(1,300)	23,289,700	162,000	23,452,000	5.70%	1,248,000		4.50%	66,000	1.32%	28,000		3,870,000				29,164,000	4.69%	5,330,000	34,494,000	4.91%	(260,000)
		FY 22-23 actual	0.0037539170		22,067,029			(26,630)	22,040,398	147,116	22,187,515		1,194,215			65,141		879,558		3,530,662				27,857,091		5,023,546	32,880,637		(236,381)
9514	Los Altos Hills	FY 23-24 estimate	0.0009665643	-0.88%	6,025,000			(300)	6,024,700	33,000	6,058,000	5.28%	323,000		4.11%	17,000	0.47%	138,000		567,000				7,103,000	3.88%	1,451,000	8,554,000	4.19%	(64,000)
		FY 22-23 actual	0.0009751150		5,732,229			(7,038)	5,725,191	28,902	5,754,093		310,244			921		230,659		525,787				6,837,703		1,374,178	8,211,881		(58,139)
9503	*Los Gatos Town	FY 23-24 estimate	0.0025701670	1.00%	16,021,000	(2,307,000)		(5,100)	13,708,900	147,000	13,856,000	8.07%	899,000		1%	45,0	1.91%	361,000		2,500,000	238,000	638,000		18,497,000	6.01%	4,906,000	23,403,000	6.36%	(155,000)
		FY 22-23 actual	0.0025447232		14,839,061	(2,158,664)		4,788	12,685,186	136,469	12,821,655		809,566			44,158		601,786		2,298,692	227,024	645,096		17,447,977		4,505,700	22,003,677		(141,088)
9512	Milpitas City	FY 23-24 estimate	0.00062431473	-1.93%	38,917,000	(19,764,000)		(2,200)	19,150,800	266,000	19,417,000	4.89%	2,086,000		3.00%	110,000	-0.42%	895,000		4,102,000	2,451,000	9,432,000		38,493,000	1.58%	9,998,000	48,491,000	2.22%	(205,000)
		FY 22-23 actual	0.0006360300		37,422,108	(19,116,328)		(45,196)	18,260,585	251,098	18,511,683		2,025,204			110,468		1,492,407		3,804,718	2,446,546	9,502,011		37,893,036		9,545,088	47,438,124		(213,859)
9516	Monte Sereno City	FY 23-24 estimate	0.0003141207	1.36%	1,958,000			(100)	1,957,900	8,000	1,966,000	7.62%	105,0		6.50%	6,000	11.57%	43,000			52,000			2,172,000	5.95%	587,000	2,759,000	6.42%	(20,000)
		FY 22-23 actual	0.0003099208		1,821,818			(2,176)	1,819,642	7,177	1,826,818		587			5,378		72,175			47,042			2,090,000		542,580	2,592,580		(17,805)
9504	Morgan Hill City	FY 23-24 estimate	0.0020348153	-0.01%	12,684,000	(6,047,000)		(700)	6,636,300	58,000	6,694,000	4.62%	680,000		5.03%	36,000	1.99%	287,000		2,461,000	782,000	2,732,000		13,672,000	4.04%	5,444,000	19,116,000	4.68%	(90,000)
		FY 22-23 actual	0.0020350104		11,962,677	(5,602,823)		(14,512)	6,345,342	53,086	6,398,428		741			35,313		477,727		2,264,038	644,655	2,673,478		13,141,049		5,119,570	18,260,619		(82,022)
9505	Mtn View City	FY 23-24 estimate	0.010953232	1.30%	66,047,000	(12,687,000)		(3,600)	53,386,400	441,000	53,827,000	6.29%	3,539,0		6.36%	187,000	3.03%	1,461,000	300	9,093,000			7,000	68,114,300	5.17%	16,087,000	84,201,000	5.68%	(600,000)
		FY 22-23 actual	0.0104956676		61,485,699	(11,177,020)		(73,749)	50,234,930	408,823	50,639,753		3,327,351			181,504		2,435,375	264	8,156,584			22,879	68,763,710		14,913,259	79,676,969		(545,291)
9506	Palo Alto City	FY 23-24 estimate	0.0070487091	-0.36%	43,939,000			(2,400)	43,936,600	374,000	44,311,000	5.81%	2,000	219,000	3.59%	124,000	1.01%	1,007,000		6,887,000				54,903,000	4.37%	11,391,000	66,294,000	4.68%	(488,000)
		FY 22-23 actual	0.0070742718		41,586,510			(51,374)	41,535,135	344,178	41,879		2,250,51	234,001		122,758		1,679,157		6,437,661				52,603,742		10,723,902	63,327,643		(443,855)
9501	San Jose City	FY 23-24 estimate	0.0501670517	-0.14%	312,721,000	(76,112,000)		(17,100)	236,591,900	2,830,000	239,422,000	5.3%	16,700	4,998,000	9.46%	885,000	1.52%	7,114,000	8,200	40,862,000		23,986,000		334,033,200	4.73%	138,505,000	472,538,000	5.24%	(2,702,000)
		FY 22-23 actual	0.0502384812		295,326,101	(71,396,400)		(360,886)	223,568,815	2,652,450	226,221,265		15,983,434	3,891,496		871,775		11,856,372	8,187	37,741,164		22,375,346		318,949,038		130,073,496	449,022,533		(2,456,242)
9507	Santa Clara City	FY 23-24 estimate	0.0092629859	0.66%	37,742,000	(8,004,000)	8,593,000	(3,100)	58,327,900	482,000	58,810,000	7.85%	3,094,000		5.69%	163,000	2.08%	1,470,000		6,103,000		204,000		69,844,000	6.10%	20,557,000	90,401,000	6.37%	(608,000)
		FY 22-23 actual	0.0092022029		54,094,911	(7,243,125)	7,244,473	(65,010)	54,031,250	500,620	54,531,870		2,927,404			159,685		2,450,703		5,502,525	3,970	251,289		65,827,446		19,161,968	84,989,414		(552,563)
9515	Saratoga City	FY 23-24 estimate	0.0018820040	-1.43%	11,732,000			(600)	11,731,400	68,000	11,799	4.66%	629,000		3.53%	33,000	-0.40%	270,000		980,000				13,711,000	3.36%	4,836,000	18,547,000	3.84%	(134,000)
		FY 22-23 actual	0.0019090436		11,223,990			(13,655)	11,210,333	60,885	11,271,219		607,442			33,132		449,663		904,173				13,265,630		4,594,994	17,860,624		(112,455)
9509	*Sunnyvale City	FY 23-24 estimate	0.0132681949	1.8%	82,708,000	(4,014,000)		(26,200)	78,697,800	669,0	79,366,800	8.51%	4,432,000		6.96%	234,000	3.53%	1,843,000	11,997,000	358,000	2,754,000		100,955,000	7.13%	26,674,000	129,629,000	7.45%	(856,000)	
		FY 22-23 actual	0.0130249602		75,952,342	(3,478,899)		24,452	72,473,443	5,396	73,133,491		4,143,639			226,019		3,071,846	10,947,209	273,573	2,438,574		94,234,330		26,404,736	120,639,066		(778,358)	
	Cities Total	FY 23-24 estimate			717,714,000	(130,849,000)	8,593,000	(65,100)	595,392,9	5,83	601,229,000	6.31%	38,463,000	5,236,000	7.28%	2,080,000	1.69%	16,430,000	8,500	94,699,000	3,895,000	40,204,000	211,000	802,405,500	4.90%	271,174,000	1,073,579,000	5.34%	(6,661,000)
		FY 22-23 actual			675,523,324	(122,013,969)	7,244,473	(682,400)	560,071,3	5,471,49	565,542,875		36,998,960	4,135,634		1,996,258		27,385,774	8,451	86,991,040	3,646,833	38,314,040	274,168	764,894,022		254,283,424	1,019,177,446		(6,055,772)

* Non-teeter cities: Actual revenue is based on collections. It will be different from the projection as the projection is based on the levy amount.

Note 1: Unsecured projected at 5% increase from FY.

Note 2: Aircraft revenue projection is based on the latest information available.

Note 3: Supplemental projected as 40% decrease from FY.

Note 4: Updated estimate for FY23-24 Excess ERAF is based on June 2023 school reports, please note the final number will be available in March upon the release of the February reports. The annual at-risk percentage, after the settled of the California School Board Association case, however, with the State Controller's Office Marin County's audit finding, is now at about 22% of the annual distribution. We strongly encourage each agency to reserve 22% of the annual distribution, both on an ongoing basis and going back to Fiscal Year 2020-21 distribution. Please note, however, that the SCO still has not provided its calculation methodology and this percentage could change.

Note 5: RPTTF Pass-Through projection for FY23-24.

Note 6: RPTTF Residual projection updated with January '24 actual distribution.

Note 7: RDA SA Other Assets amount for FY23-24 is YTD actual, rounded. There is potential asset sale for Santa Clara Redevelopment Successor Agency in FY23-24. Information will be shared when available.

Note 8: Admin Fee is estimated to increase by 10% from last year.

From: [Phil Koen](#)
To: [Wendy Wood](#)
Cc: [Gitta Ungvari](#)
Subject: Agenda Item 4 - 5 year forecast - CALPERS rates
Date: Saturday, February 10, 2024 12:42:42 AM
Attachments: [Pages from CalPERS-Analysis-06-30-21-Valuation-Foster-and-Foster-Actuaries-and-Consultants \(3\).pdf](#)

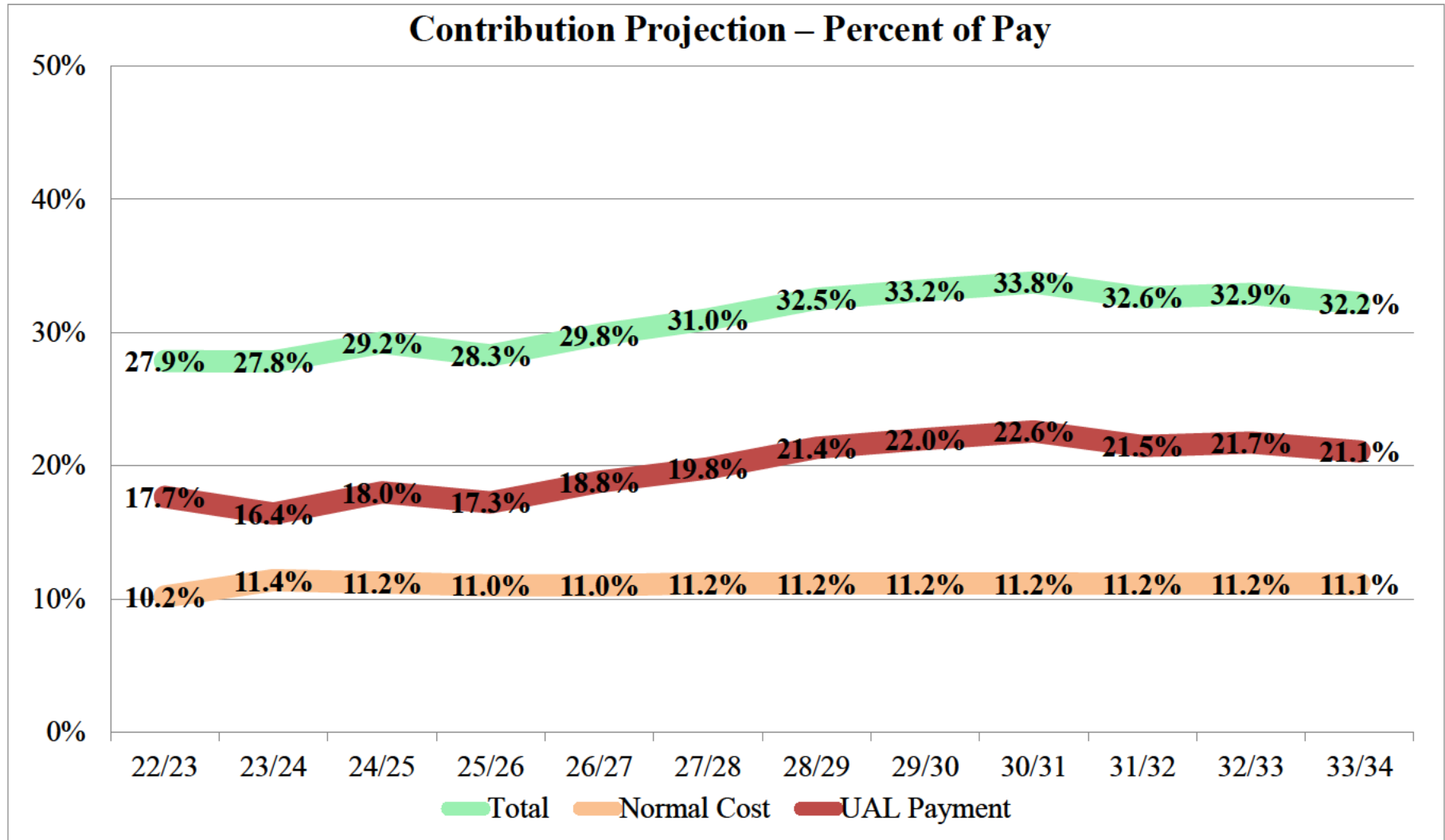
[EXTERNAL SENDER]

Wendy,

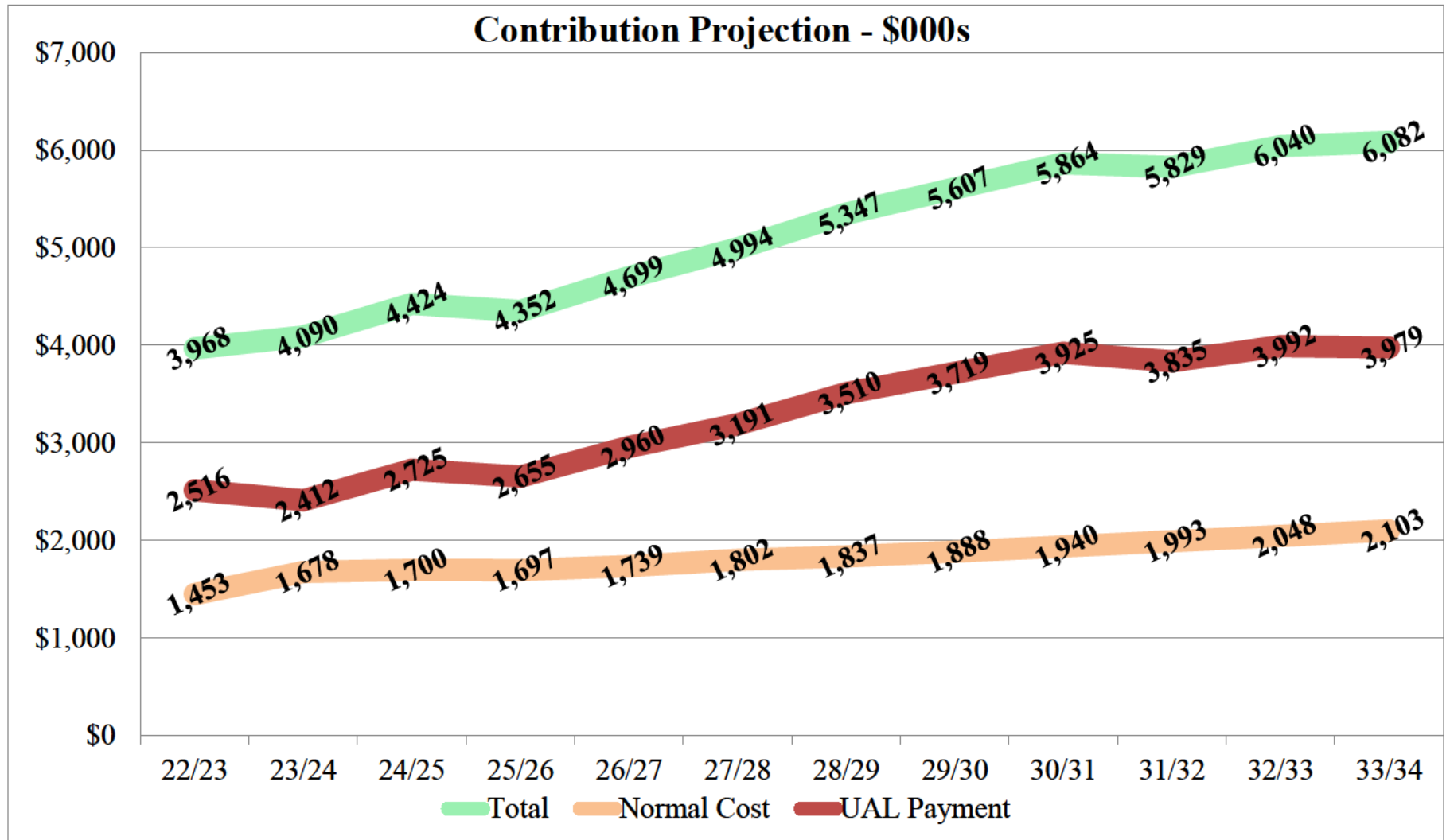
Please include the attached in the FC package for background material. Thank you.

Phil Koen

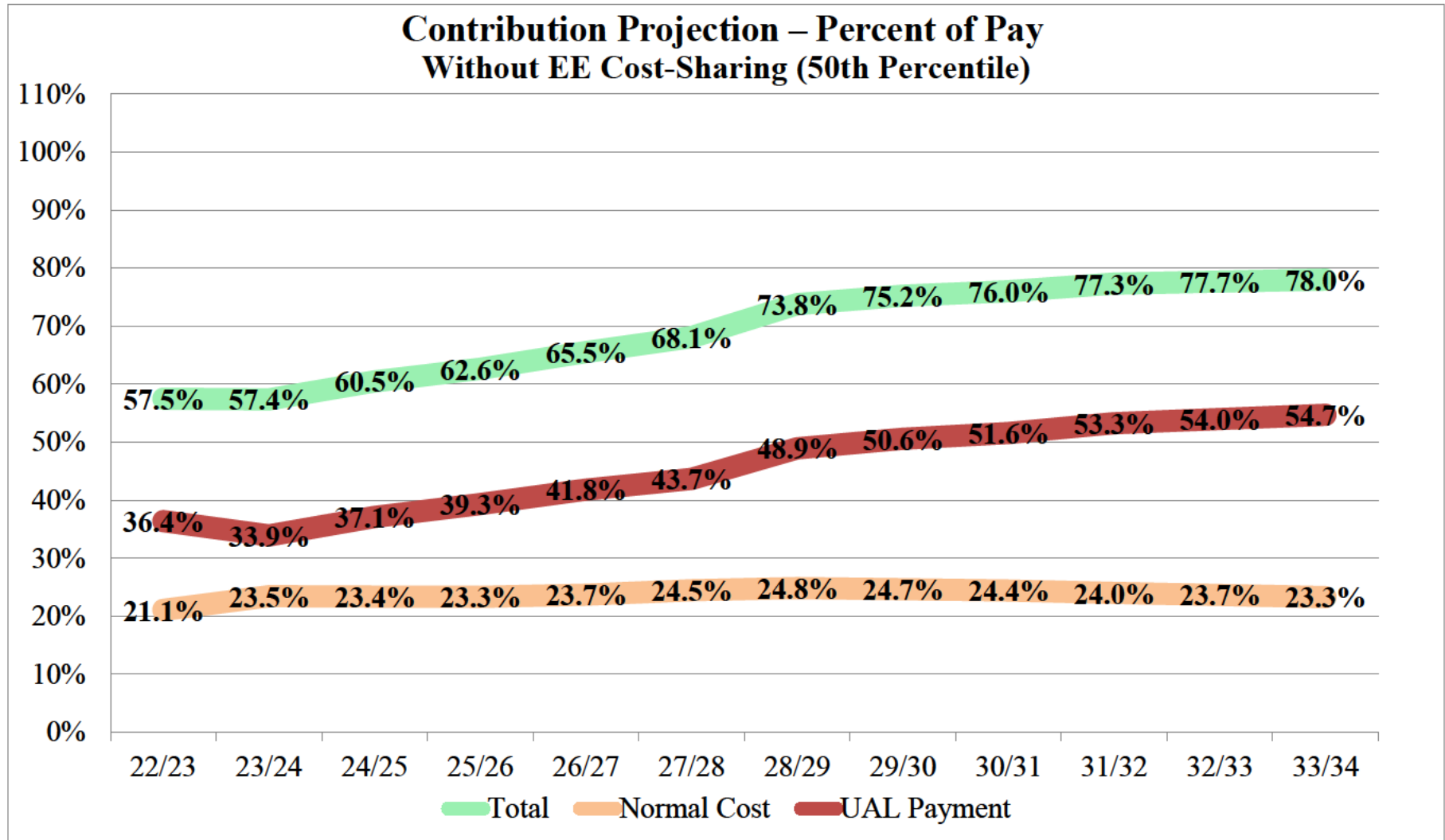
CONTRIBUTION PROJECTIONS - MISCELLANEOUS



CONTRIBUTION PROJECTIONS - MISCELLANEOUS

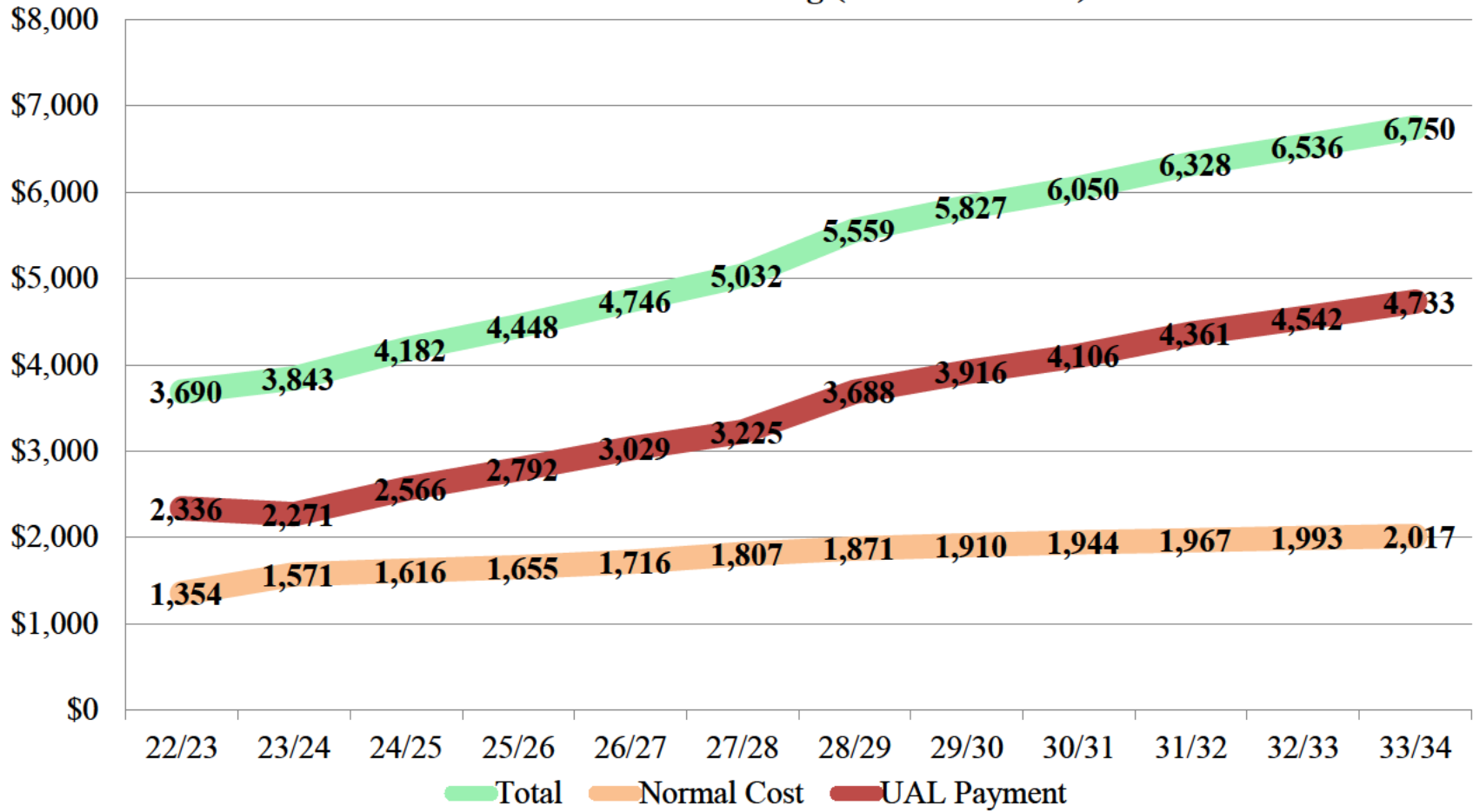


CONTRIBUTION PROJECTION - SAFETY



CONTRIBUTION PROJECTION - SAFETY

Contribution Projection - \$000s
Without EE Cost-Sharing (50th Percentile)



From: [Phil Koen](#)
To: [Wendy Wood](#)
Cc: [Laurel Prevetti](#); [Linda Reiners](#)
Subject: Agenda Items 4 , 5 and 6
Date: Sunday, February 11, 2024 10:03:40 PM
Attachments: [Doc - Feb 11 2024 - 7-37 PM.pdf](#)
[Dear Finance Commissioners.pdf](#)

[EXTERNAL SENDER]

Hello Wendy,

Would you please distribute this to the Finance Commission.

Thank you,

Phil Koen

General Fund Model - FY 22 - FY 29	FY 22	FY 23	FY 24	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	CAGR
Town's Base Case - no \$1.9 payment	Act	Act	adopted	Feb 12 Est	Feb 12 2024 5 Year Forecast					FY 23 - FY 29
Revenues										3.7%
Property Tax	21.1	22.7	22.6	23.9	23.5	24.7	25.8	27.0	28.3	0.2%
Sales Tax	8.5	8.8	9.2	8.2	8.3	8.5	8.6	8.7	8.9	2.8%
TOT Tax	1.9	2.2	2.4	2.3	2.3	2.4	2.5	2.5	2.6	3.5%
FranchiseTax	2.8	3.1	2.1	3.3	3.4	3.5	3.6	3.7	3.8	2.6%
Business License	1.5	2.4	2.4	2.4	2.5	2.6	2.7	2.7	2.8	2.9%
>Total Tax Revenue	35.8	39.2	38.7	40.1	40.0	41.7	43.2	44.6	46.4	
Use of Money	(1.4)	0.8	1.0	1.6	1.7	1.6	1.5	1.4	1.3	8.4%
Functional Revenue	12.2	10.6	8.4	10.2	8.4	8.6	8.9	9.0	9.2	-2.3%
other Sources			1.7	2.2	1.2	1.2	1.3	1.4	1.3	
Total Revenue - Agrees to ACFR	46.6	50.6	49.8	54.1	51.3	53.1	54.9	56.4	58.2	2.4%
Expenditures										2.8%
Salaries and Benefits	20.1	21.9	23.2	22.7	23.8	24.3	24.8	25.4	25.9	
4.6% Vacancy Savings			(1.7)		(1.8)	(1.8)	(1.9)	(1.9)	(2.0)	7.9%
Calpers Benefits	6.5	7.1	8.2	7.3	9.0	9.1	9.7	10.3	11.2	
ADP to Calpers			0.4	0.7	0.4	0.4	0.4	0.4	0.4	8.0%
All other benefits	5.1	5.3	6.3	5.8	7.4	7.7	8.0	8.2	8.4	7.2%
Operating Expenditures	8.2	6.9	9.6	11.7	9.4	9.5	10.0	10.2	10.5	
Fixed Assets	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-10.9%
Grants and Award	0.6	0.6	0.8	0.9	0.4	0.3	0.3	0.3	0.3	
Principal	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	10.8%
Internal Service Charges	2.6	2.6	3.4	3.3	4.0	4.2	4.4	4.6	4.8	4.9%
Total Expenditures - Agrees to ACFR	43.3	44.9	50.4	52.6	52.8	53.9	55.9	57.7	59.7	
Excess (Deficit) Revenues over Expenditures	3.3	5.7	(0.6)	1.5	(1.5)	(0.8)	(1.0)	(1.3)	(1.5)	
Gain from asset sale	0.1	0.1	0.0	0.0	0.5	0.5	0.5	0.5	0.5	
Transfers - In	4.0	4.1	0.5	0.5	1.1	1.1	1.1	1.1	1.1	
Transfers - Out	4.4	7.2	1.6	1.6						
Net Changes in Fund Balance	3.0	2.7	(1.7)	0.4	(2.1)	(1.4)	(1.6)	(1.9)	(2.1)	

General Fund Model - FY 22 - FY 29	FY 22	FY 23	FY 24	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	CAGR
Adjusted Case	Act	Act	adopted	Feb 12 Est		Feb 12 2024	5 Year Forecast			FY 23 - FY 29
Revenues										
Property Tax	21.1	22.7	22.6	23.9	25.2	26.6	28.1	29.6	31.2	5.5%
Sales Tax	8.5	8.8	9.2	8.2	8.5	8.8	9.1	9.4	9.7	1.7%
TOT Tax	1.9	2.2	2.4	2.3	2.4	2.4	2.5	2.5	2.6	2.8%
FranchiseTax	2.8	3.1	2.1	3.3	3.5	3.5	3.6	3.7	3.8	3.5%
Business License	1.5	2.4	2.4	2.4	2.5	2.6	2.7	2.7	2.8	2.6%
>Total Tax Revenue	35.8	39.2	38.7	40.1	42.1	43.9	46.0	47.9	50.2	4.2%
Use of Money	(1.4)	0.8	1.0	1.6	1.7	1.6	1.5	1.4	1.3	8.4%
Functional Revenue	12.2	10.6	8.4	10.2	8.4	8.6	8.9	9.0	9.2	-2.3%
other Sources			1.7	2.2	1.2	1.2	1.3	1.4	1.3	
Total Revenue - Agrees to ACFR	46.6	50.6	49.8	54.1	53.4	55.3	57.7	59.7	62.0	3.4%
Expenditures										
Salaries and Benefits	20.1	21.9	23.2	22.7	23.8	24.3	24.8	25.4	25.9	2.8%
4.6% Vacancy Savings			(1.7)		(1.8)	(1.8)	(1.9)	(1.9)	(2.0)	
Calpers Benefits	6.5	7.1	8.2	7.3	9.0	9.1	9.7	10.3	11.2	7.9%
ADP to Calpers			0.4	0.7	0.4	0.4	0.4	0.4	0.4	
All other benefits	5.1	5.3	6.3	5.8	7.4	7.7	8.0	8.2	8.4	8.0%
Operating Expenditures	8.2	6.9	9.6	11.7	9.4	9.5	10.0	10.2	10.5	7.2%
Fixed Assets	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Grants and Award	0.6	0.6	0.8	0.9	0.4	0.3	0.3	0.3	0.3	-10.9%
Principal	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Internal Service Charges	2.6	2.6	3.4	3.3	3.4	3.5	3.7	3.8	3.9	7.1%
Total Expenditures - Agrees to ACFR	43.3	44.9	50.4	52.6	52.2	53.2	55.2	56.9	58.8	4.6%
Excess (Deficit) Revenues over Expenditures	3.3	5.7	(0.6)	1.5	1.2	2.1	2.5	2.8	3.2	
Gain from asset sale	0.1	0.1	0.0	0.0						
Transfers - In	4.0	4.1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Transfers - Out	4.4	7.2	1.6	1.6	1.1	1.1	1.1	1.1	1.1	
Net Changes in Fund Balance	3.0	2.7	(1.7)	0.4	0.6	1.5	1.9	2.2	2.6	

General Fund 5-Year Forecast - Base Case
(in \$ million)

Revenue Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Property Tax	\$ 18.2	\$ 18.6	\$ 19.0	\$ 18.6	\$ 19.5	\$ 20.4	\$ 21.3	\$ 22.3
VLF Backfill Property Tax	4.6	4.7	4.9	4.9	5.2	5.4	5.7	6.0
Sales & Use Tax	7.5	7.9	7.0	7.0	7.2	7.2	7.3	7.5
Measure G District Sales Tax	1.3	1.3	1.2	1.3	1.3	1.4	1.4	1.4
Franchise Fees	3.1	2.1	3.3	3.4	3.5	3.6	3.7	3.8
Transient Occupancy Tax	2.2	2.4	2.3	2.3	2.4	2.5	2.5	2.6
Business License Tax	2.4	2.4	2.4	2.5	2.6	2.7	2.7	2.8
Licenses & Permits	3.3	2.9	3.3	2.9	3.0	3.1	3.2	3.3
Intergovernmental	1.6	1.2	1.4	0.9	0.9	1.0	0.9	0.9
Town Services	4.6	4.4	5.1	4.2	4.3	4.4	4.5	4.6
Fines & Forfeitures	0.4	0.2	0.4	0.4	0.4	0.4	0.4	0.4
Interest	0.6	1.0	1.6	1.7	1.6	1.5	1.4	1.3
Other Sources	8.1	3.9	4.1	3.1	3.1	3.2	3.3	3.2
Fund Transfers In	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*	\$ 58.4	\$ 53.5	\$ 56.6	\$ 53.7	\$ 55.5	\$ 57.3	\$ 58.8	\$ 60.6
Use of Capital/Special Projects Reserve	2.4	2.1	0.8	0.8	0.8	0.8	0.8	0.8
Use of Pension/OPEB Reserve	0.3	-	0.3	-	-	-	-	-
Use of Council Priorities - Economic Recovery	-	1.6	1.5	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES	\$ 61.1	\$ 57.2	\$ 59.2	\$ 54.5	\$ 56.3	\$ 58.1	\$ 59.6	\$ 61.4

Expenditure Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Salary	\$ 20.4	21.3	21.5	23.2	23.7	24.2	24.8	25.3
Overtime	1.4	0.6	1.2	0.6	0.6	0.6	0.6	0.6
CalPERS Benefits	7.1	8.2	7.3	9.0	9.1	9.7	10.3	11.2
All Other Benefits	3.8	4.7	4.2	5.6	5.8	6.0	6.2	6.4
4.6% Salary and Benefits Savings	-	-	-	(1.8)	(1.8)	(1.9)	(1.9)	(2.0)
OPEB Pay as You Go	1.5	1.6	1.6	1.8	1.9	2.0	2.0	2.0
Operating Expenditures	11.7	10.0	10.9	8.7	8.8	9.2	9.4	9.7
Grants & Awards	0.6	0.9	0.9	0.4	0.3	0.3	0.3	0.3
Utilities	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.8
Internal Service Charges	2.6	3.4	3.3	4.0	4.2	4.4	4.6	4.8
Debt Service	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1
TOTAL OPERATING EXPENDITURES	\$ 51.8	\$ 53.4	\$ 53.8	\$ 54.2	\$ 55.5	\$ 57.5	\$ 59.1	\$ 61.2
Additional Discretionary Payment - Pension	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY	\$ 52.5	\$ 53.8	\$ 54.5	\$ 54.6	\$ 55.9	\$ 57.9	\$ 59.5	\$ 61.6
Capital Transfers Out to GFAR	2.4	1.6	1.6	1.1	1.1	1.1	1.1	1.1
Allocate ERAF Risk Reserve	0.7	0.7	0.8	-	-	-	-	-
Allocate to Pension Trust	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE ALLOCATIONS	\$ 56.2	\$ 57.2	\$ 57.5	\$ 56.8	\$ 58.1	\$ 60.1	\$ 61.7	\$ 63.8
NET REVENUES, TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	\$ 4.9	\$ -	\$ 1.7	\$ (2.3)	\$ (1.8)	\$ (2.0)	\$ (2.1)	\$ (2.4)

* Due to rounding of individual categories FY 2022/23 Actual total revenues, and FY 2023/24 Estimated total expenditures includes \$0.1 million.

ATTACHMENT 2

**TOWN OF LOS GATOS, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 20,907,894	\$ 22,484,118	\$ 22,743,087	\$ 258,969
Sales Taxes	9,174,944	8,959,134	8,806,477	(152,657)
Transient Occupancy Taxes	1,642,460	2,348,547	2,228,190	(120,357)
Other Taxes	7,000	7,000	6,454	(546)
Licenses & Permits	4,122,529	5,140,684	5,630,362	489,678
Intergovernmental	1,051,814	1,273,910	1,553,396	279,486
Charges for Services	4,257,261	5,540,465	4,646,705	(893,760)
Fines and Forfeitures	201,750	226,750	416,950	190,200
Franchise Fees	2,493,870	2,716,470	3,074,624	358,154
Interest	432,947	670,021	605,789	(64,232)
Use of Property	41,211	41,211	38,126	(3,085)
Other	1,203,657	863,964	859,571	(4,393)
Total Revenues	45,537,337	50,272,274	50,609,731	337,457
EXPENDITURES				
Current:				
General Government:				
Town Council	217,238	217,240	186,337	30,903
Town Attorney	707,555	811,427	699,143	112,284
Administrative Services	5,298,494	5,759,393	5,302,281	457,112
Non-Departmental	3,194,526	3,334,931	2,641,018	693,913
Total General Government	9,417,813	10,122,991	8,828,779	1,294,212
Public Safety	19,225,985	19,331,330	18,446,048	885,282
Parks & Public Works	9,798,967	10,368,194	8,998,088	1,370,106
Community Development	5,772,004	6,543,199	5,065,412	1,477,787
Library Services	3,139,449	3,247,730	3,096,486	151,244
Capital Outlay	-	435,416	300,000	135,416
Debt Service:				
Principal	-	156,034	156,034	-
Total Expenditures	47,354,218	50,204,894	44,890,847	5,314,047
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,816,881)	67,380	5,718,884	5,651,504
OTHER FINANCING SOURCES (USES)				
Gain from sale of assets	600	600	2,162	1,562
Transfers In	2,183,817	3,381,544	4,153,408	771,864
Transfers Out	(3,006,978)	(5,842,011)	(7,242,939)	(1,400,928)
Total Other Financing Sources (Uses)	(822,561)	(2,459,867)	(3,087,369)	(627,502)
NET CHANGES IN FUND BALANCE	\$ (2,639,442)	\$ (2,392,487)	2,631,515	\$ 5,024,002
BEGINNING FUND BALANCE			26,896,789	
ENDING FUND BALANCE			<u>\$ 29,528,304</u>	

The notes to the financial statements are an integral part of this statement.

Dear Finance Commissioners,

I must apologize for the state of the Finance Commission packet that has been distributed for our upcoming meeting. Frankly, it is unmanageable. I am not sure how this happened, but I will work with Staff to ensure that going forward the discussion material is delivered by close of business the Thursday before our meeting and the information provided is more on point and less voluminous. A package of over 300 pages can not be effectively reviewed and digested no matter how much time we have.

To help guide Monday's discussion, I have prepared the attached package consisting of 4 schedules.

THESE ARE THE ONLY SCHEDULES YOU WILL NEED TO REFERENCE TO DISCUSS AGENDA ITEMS 4, 5 AND 6.

The schedules are as follows:

1. **Town's Base Case 5-year Forecast** – This schedule has been adjusted to agree to the General Fund revenues and expenditures as reported in the FY 22 and FY 23 audited financial statements. This resulted in the elimination of the \$1.8m debt service (non-GAAP) among other non-GAAP items and agreeing the excess revenue (deficit) revenues over expenditures of \$3.3m for FY 22 and \$5.7m for FY 23 to the audited financial statements.

Please note there are no ARPA revenues included in any of the General Fund revenues or expenditures. The ARPA grant was recorded as revenue in a separate ARPA fund and the ARPA fund balance was then transferred to the General Fund at the close of FY 23. The ARPA transfer was \$3.6m and is part of the \$4.1m shown as a "transfer in" to the General Fund in FY 23 and is not part of the operating surplus of \$5.7m.

The schedule highlights in yellow several critical numbers that we will want to discuss during our meeting. Also please note that after making the necessary adjustments, the base case forecasts annual operating deficits range from (\$.8)m to (\$1.5)m. This will be the topic of Agenda Item 5 – NBS Revenue Model and Potential Revenue Ballot Measure.

2. **Town's 5-Year Forecast – Adjusted** – This schedule is the same as the first except the growth rate assumptions for property tax, sales tax and internal service charges have been adjusted to reflect growth rates that are modestly below historical growth rates. The CAGR for the 3-year period FY 2020 to FY 2023 for property taxes was 7.3%, sales tax was 5.5% and Total Revenue was 5.8%.

In selecting reasonable growth rates, the growth rates the City of Campbell used in developing their 7-Year Financial Forecast were reviewed in detail. Campbell has assumed a growth rate between 2%-3% for sales tax and a growth rate between 6%-7% for property taxes. The property tax growth rates include ERAF revenues which are paid by the State to the City through property tax. The ERAF payments have been much higher than expected due to increasing property valuations. There are no other adjustments made beyond those highlighted in yellow.

As a result of these changes, the operating deficits become surpluses. The Town would realize a surplus of at least \$1.5m in FY 24 and grow to \$3.2m by 2029. It should also be pointed out that the assumptions used for the Calpers Benefits are more than the projections made by the Town's actuaries. If the base forecast were adjusted to reflect the actuaries' projections, the surplus for each year would be even larger. Also, the base case does not reflect any ADP payments the Town may wish to make, like the payments made in FY 20 (\$4.8M) and FY 21 (\$5.6m), which significantly reduced future CALPERS payments.

3. **General Fund 5-Year Forecast – Town's format** – This is the Town's standard 5-Year Forecast format. Unfortunately, FY 23 does not agree to the audited financial statements and is a different format than the annual plan documents. It is very difficult to determine if there is an excess or deficit of operating revenues over operating expenditures since non-revenue and non-expenditure items are included in revenues or expenditures. Additionally, the schedule is constructed as a "sources and uses" statement and does not easily answer the question - what is the annual net change in General Fund balance. It has been included only to provide the source data for FY 23 estimate and the annual forecast through FY 29. I do not recommend spending any time reviewing this schedule because of its complexity and would encourage you to spend time reviewing the first schedule in this package.

4. **Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual FY 2023** – This schedule is from the FY 23 ACFR and is one of the mandatory schedules the Town must produce. The importance of this schedule is that it presents audited results prepared in accordance with GAAP.

The schedule shows for FY 23 the original adopted budget, the final budget, and actuals. For FY 23 the Town adopted a budget which had **a \$1.8m operating deficit**. This is important to note since there has been much discussion about the Town having a "structural deficit." As it turned out, in FY 23 the Town had a \$5.7m surplus which was a \$7.5m positive variance from the adopted budget.

This schedule should be reviewed because it shows, at least for FY 23, how well the Town budgeted its operating revenues and operating expenditures. We will discuss the Town's historical ability to forecast operating results in more detail during our meeting.

Phil Koen

Chair of the Finance Commission

Five-Year Forecast

FY 2024/25 – FY 2028/29

Finance Commission
February 12, 2024

Five-Year Forecast

Overview

- “Base Case” Forecast
 - Forecasted deficits for all future years on the order of ~\$2M annually
 - Uses 2% salary increase assumption and 4.6% vacancy saving factor assumption among others (see Attachments 3 and 4)
- The sensitivity of the Forecast to its assumptions is demonstrated in the report
- The assumptions selected by the Finance Commission tonight will help shape the forecast

5 Year Forecast "Base Case" with 4.6% Vacancy Factor	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Total Revenues & Transfers and Use of Reserves	\$54.5	\$56.3	\$58.1	\$59.6	\$61.4
Total Expenditures & Reserve Allocations	\$56.8	\$58.1	\$60.1	\$61.7	\$63.8
Surplus/Deficit	(\$2.3)	(\$1.8)	(\$2.0)	(\$2.1)	(\$2.4)

Assumption Options: Property Tax

Which options would the Finance Commission recommend for inclusion in the Forecast?

		FY 2024/25 Assumptions	FY 2025/26 Assumptions	FY 2026/27 Assumptions	FY 2027/28 Assumptions	FY 2028/29 Assumptions
Secured Property Tax	Option A - Lowest YOY over the Last Six Year Period	4.3%	4.3%	4.3%	4.3%	4.3%
	Option B - Normalized for County Annexation and Other One Time Roll Growth ~\$1.5 M	5.1%	5.1%	5.1%	5.1%	5.1%
	Option C - Average YOY Property Tax Roll	6.6%	6.6%	6.6%	6.6%	6.6%
VLF Property Tax in Lieu	Option A - Lowest YOY VLF Revenue Growth over the Last Six Year Period	4.4%	4.4%	4.4%	4.4%	4.4%
	Option B - Normalized based on Property Tax Roll	5.1%	5.1%	5.1%	5.1%	5.1%
	Option C - Average YOY VLF Revenue Growth	6.1%	6.1%	6.1%	6.1%	6.1%
ERAF	Option A - No ERAF	\$0 M	\$0 M	\$0 M	\$0 M	\$0 M
	Option B - 50% of FY 2023/24 Estimated	\$1.25 M	\$1.25 M	\$1.25 M	\$1.25 M	\$1.25 M
	Option C - 70% of FY 2023/24 Estimated based on County Recommendation	\$1.75 M	\$1.75 M	\$1.75 M	\$1.75 M	\$1.75 M

Assumption Options: Sales Tax

Which options would the Finance Commission recommend for inclusion in the Forecast?

Base Sales Tax	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Option A - Conservative	\$6.54	\$6.64	\$6.74	\$6.83	\$6.91
Option B - Most Likely	\$7.04	\$7.15	\$7.26	\$7.35	\$7.43
Option C- Optimistic	\$7.54	\$7.66	\$7.77	\$7.87	\$7.96

Measure G 1/8 District Tax	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Option A - Conservative	\$1.22	\$1.26	\$1.29	\$1.32	\$1.35
Option B - Most Likely	\$1.28	\$1.32	\$1.35	\$1.39	\$1.42
Option C- Optimistic	\$1.33	\$1.37	\$1.41	\$1.45	\$1.48

Assumption Options: Transient Occupancy Tax (TOT)

Which option would the Finance Commission recommend for inclusion in the Forecast?

TOT	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Option A - Lower Growth 1%	\$2.29	\$2.31	\$2.33	\$2.36	\$2.38
Option B - Base Case 3%	\$2.33	\$2.40	\$2.47	\$2.55	\$2.63
Option C- Greater Growth 4%	\$2.36	\$2.45	\$2.55	\$2.65	\$2.76

Assumption Options: Business License Tax

Which option would the Finance Commission recommend for inclusion in the Forecast?

Business License Tax	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Option A - Lower Growth 1%	\$2.45	\$2.48	\$2.50	\$2.53	\$2.55
Option B - Base Case 3%	\$2.50	\$2.58	\$2.65	\$2.73	\$2.82
Option C- Greater Growth 4%	\$2.53	\$2.63	\$2.73	\$2.84	\$2.96

Assumption Options: Franchise Fees

Which option would the Finance Commission recommend for inclusion in the Forecast?

Franchise Fees	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Option A - Lower Growth 1%	\$3.34	\$3.38	\$3.41	\$3.44	\$3.48
Option B - Base Case 3%	\$3.41	\$3.51	\$3.62	\$3.72	\$3.84
Option C- Greater Growth 4%	\$3.44	\$3.58	\$3.72	\$3.87	\$4.03

Next Steps

- Finance Commission will select assumptions options tonight and staff looks forward to the Commission's input
- After determining which options the Finance Commission would recommend including, staff will prepare a Five-Year Forecast with those assumptions for Council's consideration on February 20, 2024
- Once the Forecast is finalized, the proposed FY 2024/25 Operating Budget will be developed in consideration of the Forecast

Note: The Capital Improvement Program and input will be discussed separately at the March meeting.

Thank you!



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 02/12/2024

ITEM NO: 5

Item 5.

DATE: February 7, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Consider NBS Revenue Modeling Report and Make Recommendations to the Town Council Regarding the NBS Revenue Modeling Report and Budget Balancing Strategies Including Any Revenue Ballot Measures and Polling for Potential Revenue Ballot Measures

RECOMMENDATION:

Consider NBS Revenue Modeling Report and make recommendations to the Town Council regarding budget balancing strategies including any revenue ballot measures and polling for potential revenue ballot measures.

BACKGROUND:

While costs of providing services and programs for residents have significantly increased over the years, Town revenues have not kept pace. Los Gatos is facing the same economic pressures as many other cities and businesses, including inflation and the uneven recovery from the pandemic. In addition, unfunded mandates by the State have also reduced the Town's available funds.

As a service enterprise, the cost of salaries and benefits are a significant portion of the budget. The delivery of Town services is highly dependent on recruiting and retaining talent which comprises 67.4% of the budgeted expenditures for FY 2023/24.

The Town maintains a relatively stable and low staffing level. Even so, costs per employee continue to escalate as evidenced by pension benefit costs having increased 35% in the last five years. The Town Council has taken several proactive steps to reduce the Town's pension liability, including Additional Discretionary Payments for the Pension Plans and curbing cost escalation in Other Post-Employment Benefits (OPEB).

PREPARED BY: Katy Nomura
Assistant Town Manager

Reviewed by: Town Manager, Assistant Town Manager, and Finance Director

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SUBJECT: Consider NBS Revenue Modeling Report and Make Recommendations to the
Town Council

DATE: February 7, 2024

BACKGROUND (continued):

Other cost drivers, such as medical benefits, have been fluctuating and increasing in recent years by as much as 11% in a single year. Unfortunately, revenues are not increasing by double digits.

Los Gatos has taken the following proactive cost-cutting measures during major economic downturns to reduce budget expenditures and control costs while maintaining high service levels:

- Reduced full-time employees by 15% (since 2001) and did not return to pre-recession staffing levels,
- Imposed wage freezes and unpaid furloughs, and
- Reduced employee benefit costs.

On November 17, 2022, the Finance Commission reviewed several cost reduction measures and recommended that the Town further work toward operational efficiencies and researching additional revenue options.

On January 24, 2023, the Town Council determined its Strategic Priorities for 2023-2025, which included exploring new revenue opportunities.

On June 20, 2023, the Town Council authorized the Town Manager to issue a Request for Qualifications (RFQ) for revenue ballot measure consulting services. After conducting the RFQ process, the Town selected NBS.

On October 17, 2023, Town Council authorized the Town Manager to enter into an agreement for the initial phase of the work for an amount not to exceed \$44,600, with direction to return to Council with revenue modeling prior to beginning any polling.

On December 19, 2023, Town Council reviewed the Revenue Modeling Report prepared by NBS (Attachment 1) and continued the item to February 2024 to consider it at the same time as the five-year forecast. The full report provided from December 19, 2023 can be found in Attachment 2.

This agenda item provides the Finance Commission with an opportunity to discuss the NBS report and provide its recommendations to the Town Council. The Commission's recommendations will be provided to the Town Council for its discussion and consideration at its February 20, 2024 meeting.

While the agenda item includes an opportunity for the Commission to make recommendations to the Town Council regarding the NBS report, the staff does not recommend this because the

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SUBJECT: Consider NBS Revenue Modeling Report and Make Recommendations to the
Town Council

DATE: February 7, 2024

BACKGROUND (continued):

Town does not have the funding to ask the consultant to redo the analysis. The Commission's recommendations to the Town Council are most useful with regard to budget balancing strategies, including any revenue ballot measures and polling for potential revenue ballot measures.

DISCUSSION:

NBS Report

NBS conducted a comprehensive evaluation of options to increase revenue for the Town and associated revenue modeling, with the goal of reducing the annual budget deficits forecasted in the Fiscal Year (FY) 2023/24 Budget. This included an evaluation of a property transfer tax increase, utility user tax (UUT), special assessment districts, transient occupancy tax (TOT), business license tax, sales tax, and parcel tax scenarios. Each of these options is outlined in NBS' revenue modeling report (Attachment 1). Of the options, NBS recommended either a sales tax or a parcel tax.

Sales Tax

As mentioned in the NBS report, "the current sales tax rate in the Town is 9.25%, of which the Town's share is 1% (not including the Measure G sales tax rate of 0.125%). The Town has the capacity to raise its sales tax rate by an additional 0.125%...If structured as a general sales tax, the Town would only need to secure approval from a majority of the registered voters within the Town to increase the sales tax rate. NBS recommends that the Town move quickly on this option, if desired, as the Town's remaining capacity for a sales tax increase could be utilized by another government agency within the County during the next election cycle."

The following table shows NBS' revenue modeling for FY 2025/26 through FY 2028/29:

Potential Sales Tax Increase	Potential New Total Sales Tax %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
0.125%	9.375%	\$ 1,062,500	\$ 1,087,500	\$ 1,125,000	\$ 1,162,500

Parcel Tax

Among other scenarios, NBS explored revenue modeling for a parcel tax with senior/low-income exemptions and a parcel tax on commercial buildings over 25,000 square feet. Any parcel tax would require a two-thirds approval from voters to pass.

In order for a parcel tax with senior/low-income exemptions to generate an estimated \$1M annually, it would need to be roughly \$97.70 per parcel, \$0.0055 per lot square foot, or \$0.04 per building square foot.

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SUBJECT: Consider NBS Revenue Modeling Report and Make Recommendations to the
Town Council

DATE: February 7, 2024

DISCUSSION (continued):

In order for a parcel tax on commercial buildings over 25,000 square feet to generate an estimated \$1M annually, it would need to be roughly \$0.83 per building square foot. Only 35 parcels in the Town have commercial buildings over 25,000 square feet that would be subject to such a parcel tax.

Polling Next Steps

Regarding a revenue measure for the 2024 ballot, the Town is not in a position to determine whether a measure should be placed on the ballot or not as polling has not been conducted. Polling is a targeted effort to survey a statistically representative sample of likely voters to test potential ballot measures, ballot language, and potential services to fund. In other smaller cities, samples sizes as low as 90 likely voters have yielded reliable and ultimately successful results. The results of any polling should give proper guidance for specific recommendations and for the Council to make its decision. After polling is complete, results will be brought to the Finance Commission for a recommendation to the Council as to whether or not to pursue placing a measure on the 2024 ballot.

Other Budget Balancing Strategies

The Commission may also wish to consider other budget balancing strategies.

Cost Reduction Options

One approach is cost reduction, such as the measures considered by the Commission on November 17, 2022 (Attachment 3). At that time, the Commission did not recommend any of these proposed options and instead, recommended that the Town further work toward operational efficiencies and researching additional revenue options.

Efficiencies and continuous improvements are a business imperative for the Town given increased workloads, State unfunded mandates, and unforeseen events, such as responding to winter storms in addition to providing day-to-day services. Employees have modified new work flows, implemented new technological solutions, and streamlined processes to create capacity to continue to provide high quality services.

Measure G

The Finance Commission could recommend to the Town Council to reallocate the Measure G Sales Tax proceeds from capital to operating. This is an ongoing funding source of approximately \$600,000 annually.

PAGE 5 OF 5

SUBJECT: Consider NBS Revenue Modeling Report and Make Recommendations to the
Town Council

DATE: February 7, 2024

DISCUSSION (continued):

One Time Solutions

There are three options which could provide one-time funding; however, as one-time monies, they do not provide solutions to balance the five-year forecast.

- Other Post-Employment Benefits (OPEB) Trust: One option is to make a withdrawal from the Other Post-Employment Benefits (OPEB) Trust for retiree medical expense reimbursements (up to \$1.6 million annually).
- Pension Trust Fund: Similarly, there is also an option to withdraw from the Pension Trust Fund for pension expense reimbursement (\$1.4 million total available).
- Capital/Special Projects Reserve: The Town Council may also use the Capital/Special Projects Reserve for one-time expenses.

CONCLUSION:

It is recommended that the Commission make recommendations to the Town Council regarding budget balancing strategies including any revenue ballot measures and polling of any revenue ballot measures.

Attachments:

1. NBS Revenue Modeling Report
2. December 19, 2023 Revenue Modeling Report Provided to Council
3. November 17, 2022 Report to the Finance Commission with Cost Reduction Options
4. Commissioner Comments

TOWN OF LOS GATOS MEMORANDUM

TO: Laurel Prevetti, Town Manager, Town of Los Gatos

FROM: Nick Dayhoff, Senior Consultant

DATE: December 14, 2023

SUBJECT: Revenue Modeling Scenarios

Purpose

The Town of Los Gatos (the “Town”) has requested a comprehensive evaluation of options to increase revenue to address the Town’s forecasted budget deficits in the near term. This evaluation includes modeling for increases to sales tax and transient occupancy tax (“TOT”) rates, and a limited model for a new utility user tax (“UUT”) and a new parcel tax. This Memorandum summarizes additional revenues that could be generated via a new parcel tax based on various revenue targets, the estimated revenue generated by potential increases to the Town’s sales tax and TOT rates, and the estimated revenue generated by the implementation of a UUT.

Projected Budget Deficits

According to the Town’s Operating and Capital Summary Budget for Fiscal Year 2023/24, the following table shows the forecasted budget deficits for Fiscal Years 2025/26 through 2028/29:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)

Non-Viable and Not-Recommended Revenue Options

Property Transfer Tax Increase

Only Charter cities can increase the property transfer tax rate above the general law maximum of \$0.55 per \$1,000 of value (city rate). The Town is not a Charter city.

Limited UUT for Cable, Gas, and Electric Utilities

A UUT may be imposed by the Town on the consumption of utility services, including (but not limited to) electricity, gas, water, sewer, telephone (including cell phone and long distance), sanitation and cable television.

The Town does not currently levy UUTs, so modeling what the potential revenues might be from a new UUT relies on the limited amount of information received from the Town, including historical franchise fee collections from its cable, electric, and gas franchises. Since any UUT would be based upon the gross receipts of each utility, NBS has had to estimate the gross receipts of the gas, electric, and cable utilities based on forecasted franchise fee collections and franchise fee rates for the Town's cable, electric, and gas franchises.

The Town does not collect franchise fees for the water, sewer, or telephone utilities, so we cannot estimate what the gross receipts of those utilities might be. As such, we have not included these utilities in our estimate of potential UUT revenue. In addition, NBS is not including a UUT on the Town's garbage utility as part of this analysis, as the contract between the hauler and the Town is currently being negotiated and the service may no longer be categorized as a "Franchise" moving forward.

According to the Town, the following table shows the forecasted cable, electric, and gas franchise fee collections for Fiscal Years 2025/26 through 2028/29:

Title	2025/26	2026/27	2027/28	2028/29
CABLE FRANCHISE FEE	\$ 530,450	\$ 546,360	\$ 562,750	\$ 579,630
PG&E FRANCHISE FEE	441,830	455,080	468,730	482,790
TOTAL	\$ 972,280	\$ 1,001,440	\$ 1,031,480	\$ 1,062,420

From here, we can estimate what the gross receipts of the cable and gas/electric utility are, as the cable franchise fee is 5.00% of gross revenues, and the gas/electric franchise fee is 2.00% of gross revenues.

Title	2025/26	2026/27	2027/28	2028/29
CABLE @ 5% FF	\$ 10,609,000	\$ 10,927,200	\$ 11,255,000	\$ 11,592,600
PG&E @ 2% FF	22,091,500	22,754,000	23,436,500	24,139,500
TOTAL	\$ 32,700,500	\$ 33,681,200	\$ 34,691,500	\$ 35,732,100

The following table shows the potential revenue generated via various UUT rates for the cable, gas, and electric utilities for Fiscal Years 2025/26 through 2028/29:

Potential UUT	Potential New Total UUT %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
1.00%	1.00%	\$ 327,005	\$ 336,812	\$ 346,915	\$ 357,321
2.00%	2.00%	654,010	673,624	693,830	714,642
3.00%	3.00%	981,015	1,010,436	1,040,745	1,071,963
4.00%	4.00%	1,308,020	1,347,248	1,387,660	1,429,284
5.00%	5.00%	1,635,025	1,684,060	1,734,575	1,786,605

The following table shows how the maximum estimated UUT revenue (5.00%) in the table above would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
UUT Revenue @ 5.00%, in Millions	1.6	1.7	1.7	1.8
Forecasted Surplus/(Deficit), in Millions	(\$1.2)	(\$1.4)	(\$1.6)	(\$2.0)

Based on these revenue estimates, the Town would still be in deficit in the near term; however, if combined with the following other recommended revenue options, the Town could potentially close its deficit. The approval of a majority of registered voters within the Town is needed to implement a UUT. In general, obtaining voter approval for a new UUT where none existed is difficult to achieve. In addition, when Town voters were asked about a new UUT in a 2016 poll, opposition was twice that of support, with 62% opposed and 31% in favor. We see no reason why this sentiment should have changed enough since then to make a new UUT a viable option for the Town. In addition, from 2002 through 2020, 85 cities asked for voter approval of a new UUT, and just 28 (33%) were successful, even though approval required only a majority vote.

UUT for Streaming Video Services

In 2021, a judge in Los Angeles ruled that local utility laws don't cover streaming services, so imposing a UUT on streaming services may not be a viable option. NBS recommends that the Town obtain a legal opinion on this matter.

Special Assessment Districts

Several statutes authorize cities to levy assessment for specific services and facilities. General law cities considering assessments are limited to the services and facilities types listed in each statute and must comply with the substantive and procedural requirements in Article XIII D of the California Constitution, added by Proposition 218, and the Proposition 218 Omnibus Implementation Act.

The following are some of the most used authorizing statutes for assessments and the kinds of services and facilities for which they can be used:

Landscaping and Lighting Act of 1972: Authorizes assessments for such things as the installation, construction, and maintenance of landscaping; ornamentation; street lighting, including traffic signals; curbs, gutters, sidewalks, and drainage; parks and recreational facilities; community centers, auditoriums, and public performance space.

Benefit Assessment Act of 1982: Authorizes assessments for the maintenance of drainage; flood control; street lighting; and streets, roads, or highways.

Improvement Act of 1911 ("1911 Act"): Authorizes assessments for a variety of public improvements, such as streets and sidewalks, including decorative features; sewers; storm drains; lighting; pipes and hydrants for fire protection; levees and walls for the protection of streets and to prevent beach erosion or promote accretion to beaches; water supply; gas supply; bomb shelters; trees and landscaping; mooring; land

stabilization improvements. It also allows assessment revenue to be used for limited acquisition of land related to the authorized improvements.

Municipal Improvement Act of 1913 ("1913 Act"): Generally authorizes assessments for the acquisition of land and construction of a wide array of public works and improvements, including but not limited to utilities. It also allows for the financing of some improvements to private property, such as seismic strengthening and fire safety.

In calculating an assessment, a city must first determine the entire cost of the facility or service to be funded. It must then separate the benefits of the service or facility to the general public from the benefits to property owners who will be subject to the assessment. That means, in part, determining the proportionate special benefit that each parcel subject to the assessment derives from the service or facility. Finally, the assessment imposed on each parcel cannot exceed the cost of the special benefit conferred on the parcel.

An option to fund general city services via special assessment does not exist in California. In addition, assessment districts may not fund general public-safety services, as those services have been deemed to provide general benefits to entire communities, and not special benefits to certain properties.

Transient Occupancy Tax

The Town currently levies a TOT in the amount of 12% of the rent charged by the operator for the privilege of occupancy in any hotel. It's worth noting here that Palo Alto has a 15.50% TOT rate, Los Altos and Milpitas have a 14.00% TOT rate, Santa Clara, Sunnyvale, and the unincorporated areas of Santa Clara County have a 12.50% TOT rate, Campbell and Cupertino have a 12.00% TOT rate, Morgan Hill, Mountain View, San Jose and Saratoga have a 10.00% TOT rate, and Gilroy has a 9.00% TOT. Los Altos Hills and Monte Serreno do not currently have a TOT.

According to the Town's Operating and Capital Summary Budget for Fiscal Year 2023/24, the following table shows the forecasted TOT collections for Fiscal Years 2025/26 through 2028/29, including what each 1% yields:

FY	Forecasted TOT Collections	Each 1% Yields ¹
2025/26	\$ 2,600,000	\$ 216,667
2026/27	2,600,000	216,667
2027/28	2,600,000	216,667
2028/29	2,700,000	225,000

1 - Current TOT rate is 12%

The following table shows the potential revenue generated via various increases in the Town's TOT rate for Fiscal Years 2025/26 through 2028/29:

Potential TOT Increase	Potential New Total TOT %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
0.25%	12.25%	\$ 54,167	\$ 54,167	\$ 54,167	\$ 56,250
0.50%	12.50%	108,333	108,333	108,333	112,500
0.75%	12.75%	162,500	162,500	162,500	168,750
1.00%	13.00%	216,667	216,667	216,667	225,000
1.25%	13.25%	270,833	270,833	270,833	281,250
1.50%	13.50%	325,000	325,000	325,000	337,500
1.75%	13.75%	379,167	379,167	379,167	393,750
2.00%	14.00%	433,333	433,333	433,333	450,000
2.25%	14.25%	487,500	487,500	487,500	506,250
2.50%	14.50%	541,667	541,667	541,667	562,500
2.75%	14.75%	595,833	595,833	595,833	618,750
3.00%	15.00%	650,000	650,000	650,000	675,000
3.25%	15.25%	704,167	704,167	704,167	731,250
3.50%	15.50%	758,333	758,333	758,333	787,500

The following table shows how the maximum estimated additional TOT revenue (3.50% increase) in the table above would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
TOT Revenue @ 15.50%, in Millions	0.8	0.8	0.8	0.8
Forecasted Surplus/(Deficit), in Millions	(\$2.0)	(\$2.3)	(\$2.5)	(\$3.0)

NBS does not recommend increasing the TOT rate, as any potential increase doesn't raise that much additional revenue to support the Town's budget deficit.

Business License Tax Modification

The Town may also have an interest in exploring a modification to its Business License Tax to add a charge per employee. NBS is not modeling what the rate per employee would be as the Town does not yet know the number of employees that would be subject to the tax. It's also worth noting here that voters in the Town approved an increase to the Business License Tax in November 2022 (Measure J), so perhaps it's too soon to ask the voters for another modification.

Recommended Revenue Options

Sales Tax Rate Modeling

The current sales tax rate in the Town is 9.25%, of which the Town's share is 1% (not including the Measure G sales tax rate of 0.125%). The Town has the capacity to raise its sales tax rate by an additional 0.125%.

According to the Town's Operating and Capital Summary Budget for Fiscal Year 2023/24, the following table shows the forecasted sales tax collections for Fiscal Years 2025/26 through 2028/29, including what each 1% yields:

FY	Forecasted Sales Tax Collections	Each 1% Yields ¹
2025/26	\$ 8,500,000	\$ 8,500,000
2026/27	8,700,000	8,700,000
2027/28	9,000,000	9,000,000
2028/29	9,300,000	9,300,000

1 - Current sales tax rate is 9.25%, of which the City receives 1% (does not include Measure G sales tax rate of 0.125%)

The following table shows the potential revenue generated via a 0.125% increase in the Town's sales tax rate for Fiscal Years 2025/26 through 2028/29:

Potential Sales Tax Increase	Potential New Total Sales Tax %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
0.125%	9.375%	\$ 1,062,500	\$ 1,087,500	\$ 1,125,000	\$ 1,162,500

The following table shows how the estimated additional sales tax revenue would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
Sales Tax Revenue, in Millions	1.1	1.1	1.1	1.2
Forecasted Surplus/(Deficit), in Millions	(\$1.7)	(\$2.0)	(\$2.2)	(\$2.6)

It's worth noting here that Campbell, Milpitas, and San Jose already have a 9.375% sales tax rate, while all other cities (excluding the Town) in Santa Clara County and the unincorporated areas of Santa Clara County are currently subject to a sales tax rate of 9.125%.

The amount of revenue generated by a potential sales tax increase does not completely fill the Town's budget deficit, but it is higher than the potential revenue generated by an increase in the Town's TOT rate and could potentially serve as a "first step" for the Town to raise additional revenue. If structured as a general sales tax, the Town would only need to secure approval from a majority of the registered voters within the Town to increase the sales tax rate. NBS recommends that the Town move quickly on this option, if desired, as the Town's remaining capacity for a sales tax increase could be utilized by another government agency within the County during the next election cycle.

Parcel Tax Scenarios

For purposes of modeling a new parcel tax, the Town has provided four revenue target scenarios to fill its projected operating deficits: a consensus target of \$3.5MM, a high target of \$4MM, a middle target of \$2MM, and a low target of \$1MM, as shown below:

Revenue Target	Amount
High	\$ 4,000,000
Consensus	\$ 3,500,000
Middle	\$ 2,000,000
Low	\$ 1,000,000

Our analysis assumes that the parcel tax, if approved in November 2024, would be collected beginning in Fiscal Year 2025/26, and rates would increase by 3% per year. The following table shows how each of the four revenue target scenarios for a potential parcel tax would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
Parcel Tax Revenue, in Millions (High)	4.0	4.1	4.2	4.4
Forecasted Surplus/(Deficit), in Millions (High)	\$1.2	\$1.0	\$0.9	\$0.6
Parcel Tax Revenue, in Millions (Consensus)	3.5	3.6	3.7	3.8
Forecasted Surplus/(Deficit), in Millions (Consensus)	\$0.7	\$0.5	\$0.4	\$0.0
Parcel Tax Revenue, in Millions (Middle)	2.0	2.1	2.1	2.2
Forecasted Surplus/(Deficit), in Millions (Middle)	(\$0.8)	(\$1.0)	(\$1.2)	(\$1.6)
Parcel Tax Revenue, in Millions (Low)	1.0	1.0	1.1	1.1
Forecasted Surplus/(Deficit), in Millions (Low)	(\$1.8)	(\$2.1)	(\$2.2)	(\$2.7)

Based on the latest Santa Clara County Assessor's data from July 2023, there are a total of 11,230 parcels within the Town that would be Taxable, and an additional 365 parcels that would be Non-Taxable (generally publicly owned parcels, utilities, common areas, mobile homes, or other parcels with no assessed value). We provide below three parcel tax scenarios for each of the four revenue targets scenarios: (1) a uniform rate per parcel, (2) a uniform rate per lot square foot, (3) a uniform rate per building square foot, (4) a uniform rate per parcel with senior/low-income exemptions, (5) a uniform rate per lot square foot with senior/low-income exemptions, and (6) a uniform rate per building square foot with senior/low-income exemptions.

Without Senior/Low-Income Exemptions

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Parcels - per Parcel	\$ 356.19	\$ 311.67	\$ 178.09	\$ 89.05
Taxable Parcels - per Lot Square Foot	\$ 0.0203	\$ 0.0178	\$ 0.0102	\$ 0.0051
Taxable Parcels - per Building Square Foot	\$ 0.14	\$ 0.12	\$ 0.07	\$ 0.03

The average taxes on SFR and Condo parcels under the consensus revenue target for the three different apportionment methods are shown below:

Average of Parcel Tax - By Parcel	Average of Parcel Tax - By LotSqFt	Average of Parcel Tax - By BldgSqFt
\$ 311.67	\$ 254.10	\$ 262.08

With Senior/Low-Income Exemptions

For the purposes of this analysis, we have assumed that 10% of Taxable single-family residential parcels, 10% of Taxable single-family residential lot area, or 10% of Taxable single-family residential building area could qualify for a senior/low-income exemption, if offered.

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Parcels - per Parcel	\$ 390.82	\$ 341.96	\$ 195.41	\$ 97.70
Taxable Parcels - per Lot Square Foot	\$ 0.0219	\$ 0.0192	\$ 0.0110	\$ 0.0055
Taxable Parcels - per Building Square Foot	\$ 0.15	\$ 0.13	\$ 0.07	\$ 0.04

The average taxes on SFR and Condo parcels under the consensus revenue target for the three different apportionment methods are shown below:

Average of Parcel Tax - By Parcel (SLI)	Average of Parcel Tax - By LotSqFt (SLI)	Average of Parcel Tax - By BldgSqFt (SLI)
\$ 341.96	\$ 273.89	\$ 283.18

Commercial/Office/Industrial Parcels Only

The Town has also requested a scenario for a parcel tax that would only apply to Taxable Commercial/Office/Industrial Properties at a rate per building square foot over 25k building square feet. The rates per building square foot over 25k building square feet for each of the revenue targets are shown below:

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Commercial/Office/Industrial Parcels - per Building Square Foot > 25K	\$ 3.31	\$ 2.90	\$ 1.66	\$ 0.83

There are 35 Commercial/Office/Industrial parcels with buildings of 25,000 square feet or more and the resulting annual tax per owner would range from approximately \$4,600 to \$612,000.

The parcel tax option is the only reliable way to correct the Town's projected deficits with one funding mechanism, however attaining two-thirds approval from voters at the rates that meet that objective may be difficult. I look forward to our upcoming meeting to discuss these revenue scenarios and the resulting model results. Please contact me with any questions or comments; I can be reached at 800. 676.7516 or via email at ndayhoff@nbsgov.com.

Sincerely,



Nick Dayhoff
Senior Consultant



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/19/2023

ITEM NO: 19

Item 5.

DATE: December 11, 2023
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review the Revenue Modeling Report Prepared by NBS and Provide Direction on Any Ballot Measures to Consider for Polling.

RECOMMENDATION:

Review the revenue modeling report prepared by NBS and provide direction on any ballot measures to consider for polling.

BACKGROUND:

While costs of providing services and programs for residents have significantly increased over the years, Town revenues have not kept pace. Los Gatos is facing the same economic pressures as many other cities and businesses, including inflation and the uneven recovery from the pandemic. In addition, unfunded mandates by the State have also reduced the Town's available funds.

Los Gatos has taken the following proactive cost-cutting measures during major economic downturns to reduce budget expenditures and control costs while maintaining high service levels:

- Reduced full-time employees by 15% (since 2001) and did not return to pre-recession staffing levels,
- Imposed wage freezes and unpaid furloughs, and
- Reduced employee benefit costs.

Town budgets are reviewed annually by an independent auditor. Los Gatos has earned recognition for its fiscal responsibility with the highest credit rating (AAA bond rating by Moody's) and annual awards by the Government Finance Officers Association for its high quality and transparent budgeting practices.

PREPARED BY: Katy Nomura
Assistant Town Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

PAGE 2 OF 6

SUBJECT: Potential Revenue Ballot Measure Options

DATE: December 11, 2023

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BACKGROUND (Continued):

The Town faces a budget deficit of \$3 to \$4 million per year for the projected future. On May 17, 2022, Council acknowledged the Finance Commission's finding that a structural financial deficit exists and requested recommendations on how to cure the deficit.

On November 17, 2022, the Finance Commission reviewed several cost reductions measures and recommended that the Town further work toward operational efficiencies and researching additional revenue options.

On January 24, 2023, the Town Council determined its Strategic Priorities for 2023-2025, which included exploring new revenue opportunities and addressing the forecasted deficit.

In addition to cost containment over the years, the Town has also added the following revenues in an incremental and diversified way:

- November 2016 Measure T increased the Transient Occupancy Tax (TOT) from 10 percent to 12 percent. The 2% increase raises approximately \$400,000 annually in additional revenue.
- November 2018 Measure G creates a 1/8-cent dedicated district sales tax for a 20-year period. The adoption of the dedicated tax provides approximately \$1,000,000 annually in additional revenue.
- In February 2019, Council approved an Ordinance allowing regulated short-term rentals subject to TOT. Approximately \$80,000 of additional TOT is collected annually.
- In June 2019, Council voted to annex 24 unincorporated County pockets. This action results in approximately \$1,000,000 in property taxes remaining in the Town instead of being diverted to the County.
- November 2022 Measure J increased business license taxes for the first time since 1991, raising approximately \$1,100,000 annually in additional revenue.

In an effort to explore new revenue opportunities to address the forecasted deficits, the Town may want to consider a revenue ballot measure in 2024. On June 20, 2023, the Town Council authorized the Town Manager to issue a Request for Qualifications (RFQ) for revenue ballot measure consulting services. After conducting the RFQ process, the Town selected NBS.

On October 17, 2023, Council authorized the Town Manager to enter into an agreement for the initial phase of the work for amount not to exceed \$44,600, with direction to return to Council with revenue modeling prior to beginning any polling.

There was also a request to review efficiencies, cost reduction measures, and the Annual Comprehensive Financial Report (ACFR). An extensive overview of efficiencies was reviewed by Council on August 16, 2022, and staff continues to implement efficiency improvements to

PAGE 3 OF 6

SUBJECT: Potential Revenue Ballot Measure Options

DATE: December 11, 2023

BACKGROUND (Continued):

address increased workloads, new State unfunded mandates, and

little to no increases in headcount, without reducing the high quality of work product, internal controls, or the high level of customer service the Los Gatos community expects of the Town. The Town does not have the staff capacity to quantify cost savings associated with these efficiencies and continue to provide expected municipal services.

As described earlier, cost reduction measures were considered by the Finance Commission on November 17, 2022. Another item on this agenda presents the draft ACFR for Council's receipt. It is important to note that the surplus at the close of Fiscal Year 2022/23 represents one-time funds.

DISCUSSION:

NBS conducted a comprehensive evaluation of options to increase revenue for the Town and associated revenue modeling, with the goal of reducing the forecasted annual budget deficits ranging from \$2.8 million in Fiscal Year (FY) 2025/26 to \$3.8 million in FY 2028/29. This included an evaluation of a property transfer tax increase, utility user tax (UUT), special assessment districts, transient occupancy tax (TOT), business license tax, sales tax, and parcel tax scenarios. Each of these options is outlined in NBS' revenue modeling report (Attachment 1). Of the options, NBS recommended either a sales tax or a parcel tax.

Sales Tax

As mentioned in the NBS report, "the current sales tax rate in the Town is 9.25%, of which the Town's share is 1% (not including the Measure G sales tax rate of 0.125%). The Town has the capacity to raise its sales tax rate by an additional 0.125%...If structured as a general sales tax, the Town would only need to secure approval from a majority of the registered voters within the Town to increase the sales tax rate. NBS recommends that the Town move quickly on this option, if desired, as the Town's remaining capacity for a sales tax increase could be utilized by another government agency within the County during the next election cycle." An 1/8-cent sales tax increase would not necessarily cover the Town's ongoing budget deficit but would serve as a good first step.

The following table shows NBS' revenue modeling for FY 2025/26 through FY 2028/29:

Potential Sales Tax Increase	Potential New Total Sales Tax %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
0.125%	9.375%	\$ 1,062,500	\$ 1,087,500	\$ 1,125,000	\$ 1,162,500

Parcel Tax

According to NBS, "the parcel tax option is the only reliable way to correct the Town's projected

SUBJECT: Potential Revenue Ballot Measure Options

DATE: December 11, 2023

deficits with one funding mechanism, however attaining two-thirds approval from voters at the rates that meet that objective may be difficult.”

DISCUSSION (Continued):

NBS explored revenue modeling for a parcel tax without senior/low-income exemptions, a parcel tax with senior/low-income exemptions, and a parcel tax on commercial buildings over 25,000 square feet. For the purposes of this analysis, the following revenue targets were used and are referenced as High, Consensus, Middle, and Low:

Revenue Target	Amount
High	\$ 4,000,000
Consensus	\$ 3,500,000
Middle	\$ 2,000,000
Low	\$ 1,000,000

NBS determined the Consensus Revenue Target to show a target that would conservatively address the forecasted deficit. Staff is not recommending this target for a potential revenue measure. It is presented here for illustrative and discussion purposes only.

The following tables show the illustrative results for each scenario.

A. Parcel Tax without Senior/Low-Income Exemptions

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Parcels - per Parcel	\$ 356.19	\$ 311.67	\$ 178.09	\$ 89.05
Taxable Parcels - per Lot Square Foot	\$ 0.0203	\$ 0.0178	\$ 0.0102	\$ 0.0051
Taxable Parcels - per Building Square Foot	\$ 0.14	\$ 0.12	\$ 0.07	\$ 0.03

Average Annual Taxes on Single-Family and Condo Parcels in the Consensus Revenue Target in the Scenario without the Senior/Low-Income Exemptions:

Average of Parcel Tax - By Parcel	Average of Parcel Tax - By LotSqFt	Average of Parcel Tax - By BldgSqFt
\$ 311.67	\$ 254.10	\$ 262.08

B. Parcel Tax with Senior/Low-Income Exemptions

SUBJECT: Potential Revenue Ballot Measure Options

DATE: December 11, 2023

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Parcels - per Parcel	\$ 390.82	\$ 341.96	\$ 195.41	\$ 97.70
Taxable Parcels - per Lot Square Foot	\$ 0.0219	\$ 0.0192	\$ 0.0110	\$ 0.0055
Taxable Parcels - per Building Square Foot	\$ 0.15	\$ 0.13	\$ 0.07	\$ 0.04

DISCUSSION (Continued):

Average Annual Taxes on Single-Family and Condo Parcels in the Consensus Revenue Target in the Scenario with the Senior/Low-Income Exemptions (note that the average is higher for the non-exempt parcels in order to meet the same Consensus Revenue Target):

Average of Parcel Tax - By Parcel (SLI)	Average of Parcel Tax - By LotSqFt (SLI)	Average of Parcel Tax - By BldgSqFt (SLI)
\$ 341.96	\$ 273.89	\$ 283.18

C. Parcel Tax on Commercial Buildings Over 25,000 Square Feet

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Commercial/Office/Industrial Parcels - per Building Square Foot > 25K	\$ 3.31	\$ 2.90	\$ 1.66	\$ 0.83

Only 35 parcels in the Town have commercial buildings over 25,000 square feet and would be subject to such a parcel tax. For illustrative purposes only, the total annual tax per owner for this scenario at the \$3.5M Consensus Revenue Target would range from approximately \$4,600 to \$612,000.

CONCLUSION AND NEXT STEPS:

Staff looks forward to Council's discussion and direction on which potential revenue measures should be included in a poll. NBS recommends that no more than two options should be polled. Polling is a targeted effort to evaluate whether a potential measure would be viable and would include a small number of likely voters (e.g., 100 to 200 interviews) to obtain statistically valid results. Once polling is completed, staff would provide a summary of the results to the Finance Commission for a recommendation to Council on whether to pursue any of the options. Staff would then return to Council for direction on whether to proceed with any of the options.

If Council decides to proceed, Phase 2 of the contract with NBS would need to be authorized to continue the work. Phase 2 includes public education and outreach, ballot measure language refinement, and a final resolution for the Town Council to place the measure on the 2024 ballot.

COORDINATION:

The preparation of this report was coordinated with the Town Manager, Town Attorney, and Director of Finance.

FISCAL IMPACT:

On October 17, 2023, Council authorized the Town Manager to enter into an agreement for the initial phase of the work for amount not to exceed \$44,600. The cost for polling for potential revenue ballot measures was already included in this amount. After polling is complete, Council will have the option to decide whether to allocate additional funding to pursue placing a measure on the 2024 ballot.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. NBS Revenue Modeling Report



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 11/14/2022

ITEM NO: 4

Item 5.

DATE: October 27, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive Financial Information and Continue Review and Analysis of the Town's Five-Year Forecast

RECOMMENDATION:

Receive financial information and continue review and analysis of the Town's Five-Year Forecast.

BACKGROUND:

On June 21, 2022, the Town Council adopted revisions related to salary and benefit costs associated with labor agreements adopted on June 7, 2022. The Forecast was partially updated to reflect the adjustments to salary and benefit costs. The following table illustrates the previous projected deficits relative to the partially updated Forecast.

5 Year Forecast	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Original Surplus/Deficit	(\$2.2)	(\$2.9)	(\$2.3)	(\$2.5)	(\$2.6)
Updated Surplus/Deficit	(\$3.8)	(\$4.3)	(\$3.7)	(\$4.0)	(4.0)

On August 11, 2022, the Town Council adopted a Resolution to modernize the Town's existing business license structure. Preliminary results from the November 8, 2022 election indicate that Measure J was approved by voters. The estimated additional revenue generated by the modernization is approximately \$1,100,000 annually. The table on the following page illustrates the potential impacts to the forecast of the modernization preliminarily approved by voters.

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Finance Director

SUBJECT: Review of Five-Year Forecast

DATE: November 1, 2022

BACKGROUND (continued):

5 Year Forecast	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Updated Surplus/Deficit	(\$3.8)	(\$4.3)	(\$3.7)	(\$4.0)	(4.0)
Potential Impact of Business License Modernization	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1
Updated Surplus/Deficit	(\$2.7)	(\$3.2)	(\$2.6)	(\$2.9)	(\$2.9)

On September 12, 2022, the Commission received staff analysis for determining a reasonable vacancy factor based on a five-year review of past vacancy savings (Attachment 1). The table below illustrates the potential impact to the forecast assuming a 4% salary and benefit savings based on the Fiscal Year 2020/21 actuals to budget.

5 Year Forecast	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Updated Surplus/Deficit	(\$2.7)	(\$3.2)	(\$2.6)	(\$2.9)	(\$2.9)
Potential Impact of 4% Vacancy Factor	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2
Updated Surplus/Deficit	(\$1.5)	(\$2.0)	(\$1.4)	(\$1.7)	(\$1.7)

DISCUSSION:

This staff report provides detailed expenditure information for discretionary non-essential General Fund supported services. Staff recognizes that these services are important to the Los Gatos community and are in addition to the basic, essential services that the Town provides to the community. In addition, the report provides costing for two generic Town full-time equivalent (FTE) positions that could be extrapolated for multiple positions. A review of both expenditure categories is intended to assist the Finance Commission in identifying its recommendations to the Town Council to mitigate projected deficits. This expenditure side information complements the revenue side information provided at previous Finance Commission meetings.

DISCUSSION (continued):*Discretionary Non-Essential Services*

Service/Program	Costing Estimate
Decorative Tree Lighting The Town pays to maintain the wrap lighting on trees on South Santa Cruz Avenue and East Main. This lighting is in place year-round and requires constant attention. This work is completed by a vendor and in FY 2021/22 the Town paid the vendor approximately \$46,000. In addition, the Town pays an electrical contractor \$16,000 per year to trouble shoot these lights.	\$62,000/yr - Ongoing
Holiday Light Displays In 2020 to stimulate the Town economy, the Town purchased large scale holiday light displays on behalf of the Chamber of Commerce for \$98,152.66 using the Downtown Revitalization Funds. The Town also purchased \$15,909 of holiday light pole displays. In addition to the purchase cost, for the past two years PPW staff stored, maintained, and installed the lights each year. This results in other critical work not being performed (e.g., winter storm drainage maintenance, sign management, sidewalk repair, etc.) during the two-week window in which this set up takes place and contributing to overtime (OT) costs in the Parks and Public Works (PPW) Department. These costs are not contained in the Adopted Budget and should be if the Council would like to continue to have the lights installed on public property until the fixtures are at their end of life.	Approx. \$60,000/yr – Ongoing \$12,000/yr - Storage
Tree Lighting and Holiday Parade These two events represent significant effort and in-kind expense for the Police Department (PD) and PPW. This includes not only day of event set up and take down, but extensive coordination and pre-planning of logistics and security. Both are OT events and at this year's parade it is expected that 15 to 17 PPW staff will be on-site for a full day. Both events involve PD support of scheduled patrol staff, overtime of sworn and professional staff, and overtime support for various volunteer groups. Tree Lighting	At least \$49,600/yr - Ongoing

SUBJECT: Review of Five-Year Forecast

DATE: November 1, 2022

<p>includes about 4 to 6 additional PD staff to provide safety and security and Holiday Parade necessitates about 15-20 additional staff. These resources include Parking Control, additional Dispatch staff, Records Personnel, Community Service Officers, Sworn staff, and additional professional PD staff. Special Events staff also provide in-kind services.</p> <p>The estimated in-kind amount of approximately \$49,600 contained in the Adopted Budget is likely an underestimate of the true full in-kind costs of both events.</p>	
<p>Holiday Valet Parking</p> <p>Each year, the Town provides valet parking services during the winter holidays. FY 2022/23 Adopted Budget allocated \$38,500 for this service.</p>	\$38,500/yr - Ongoing
<p>Town Wide Employee Training/Travel</p> <p>Town-wide Department FY 2022/23 Adopted Budget includes: Training/Conferences/Meetings/Events/travel - \$198,000 Other (Wellness, Recognition, Organizational Development, etc.) - \$65,000</p> <p>*Important to note that some trainings may be mandatory for certain classifications</p>	Approx. \$263,000/yr - Ongoing
<p>Sidewalk Steam Cleaning</p> <p>In FY 2018/19 the contract was doubled to increase the frequency of sidewalk cleaning. FY 2018/19 budget was \$38,766. FY 2022/23 Adopted Budget is \$79,566. This item could be modified to return to 2018 levels, assuming the current contract runs through 2024.</p>	Approx. \$40,000/yr – Ongoing
<p>Town Facility Custodial Services</p> <p>The Town currently has a \$210,336 annual contract for custodial services thru 6/30/2024. The contract includes a six night frequency for Town buildings and a 7 night frequency for Town Parks. Reduce frequency for all facilities except the Library</p>	Approx. \$70,000/yr – Ongoing

SUBJECT: Review of Five-Year Forecast

DATE: November 1, 2022

assuming the current contractor agrees, recognizing the contract for the higher amount runs through June 2024.	
Landscape Maintenance The Town contracts for multiple landscape services including landscape maintenance and management of all Town-owned street medians and parks. This includes mowing; pruning of shrubs and trees and groundcover; maintenance and management of irrigation systems; weed control; litter and leaf removal; etc. at public spaces. Some services are also provided within the Landscape and Lighting Districts. The five-year contract for these services started July 2022 and extends to July 1, 2027. The base contract amount is \$175,772 for Year 1, increasing each year with CPI. Service frequency can be reduced assuming the current contractor agrees, recognizing the contract for the higher amount runs to July 2027.	Approx. \$53,000/yr - ongoing
Music in the Park FY 2022/23 Adopted Budget includes \$20,000 for sponsorship of the series. In addition, the Council has granted in-kind services (waived fees, PD presence, etc.) of approximately \$16,000 per season. The Town could end its subsidy.	\$36,000/yr - Ongoing
Special Events The Town hosts a series of special events including Spring into Green, Screen on the Green, and 4 th of July Celebration. FY 2022/23 Adopted Budget is \$39,000, including advertising and promotional materials. Special events also represent the majority of staff related overtime costs in PPW, estimated at an additional \$25,000 per year for Town and other organizations' events.	Approx. \$64,000/yr – Ongoing
Library Book Collections Each year, the Library budgets for the addition of print, electronic, and digital media for collections. FY 2022/23 Adopted Budget includes:	Approx. \$100,000/yr – Ongoing

SUBJECT: Review of Five-Year Forecast

DATE: November 1, 2022

General Collections - \$171,200 Youth Collections - \$66,100 Reduce annual collection purchases.	
Annual Community Grant Program Each year the Town provides community grant funding to organizations that assist in projects that benefit residents. FY 2022/23 Adopted Budget includes \$151,000. Recurring Grants (Live Oak, WVCS, CASSY, Next Door) \$70,000 One-time Grants \$75,000 Innovation Grants \$6,000	Approx. \$151,000/yr – Ongoing
Chamber of Commerce Visitor Center The Chamber of Commerce receives \$55,000 annually for supporting a visitor information center.	Approx. \$55,000/yr – Ongoing
Town Facility Subsidized Leases Billy Jones Wildcat Railroad. Original contract through 2021 and currently under a 5-year option. The Town charges \$1 dollar/yr 208 Main Street LGS Recreation. Contract through 2029. Current subsidized rent \$218,325 versus market rate of \$485,172. 123 Main Street LGS Recreation. Lease month to month. Current subsidized rent \$40,431 versus market rate of \$265,669. 106 East Main Street NUMU. Contract thru 2024. Current subsidized rent \$25,000 versus market rate of \$429,782.	TBD
Approximate Totals for Programs Listed (doesn't include approximations for subsidized leases)	\$1,054,100

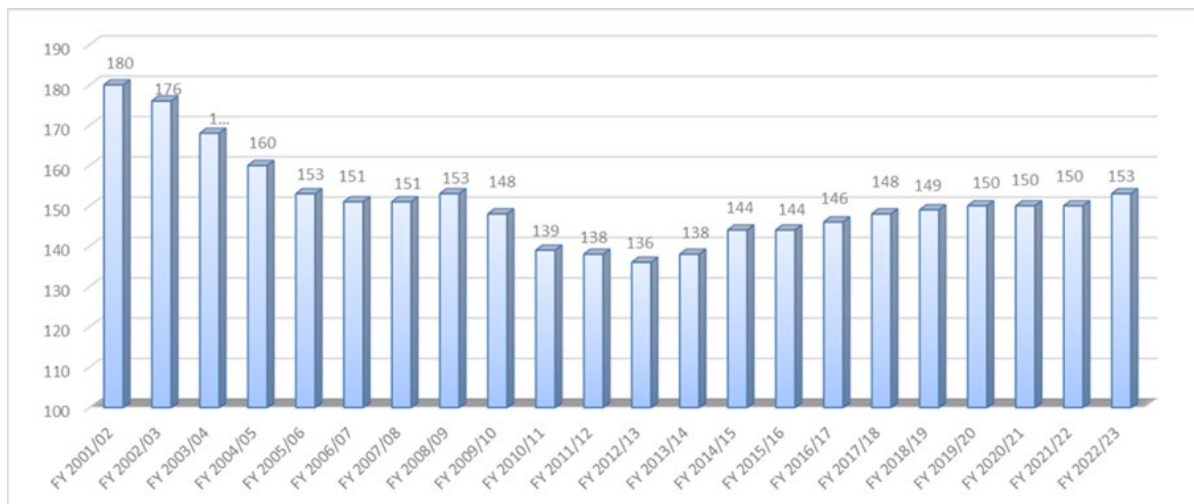
PAGE 7 OF 9

SUBJECT: Review of Five-Year Forecast

DATE: November 1, 2022

DISCUSSION (continued):*Full-Time Equivalent (FTE) Positions*

As the chart below illustrates, the Town has helped manage salary escalation (and benefits) through the maintenance of lower staffing levels. Even with the Town reducing its full-time equivalent (FTE) employees by 15.0% to 153 FTE employees since 2001, costs per employee have continued to escalate as evidenced by pension benefit costs having increased 37.7% in the last five years.



The Town could explore ways to revert back to the recent 150 FTE structure. For illustrative purposes the tables below show the potential cost savings associated with such a restructure. The tables are representative of a generic mid-level non-management position and a mid-level management position with costing for salary and all other benefits.

Employee	Manager – Mid-Level	
Hourly Rate		\$74.00
Annual Salary	Adj Hrly Rate x 2080	\$149,531.00
Cell Phone Allowance	\$120	\$1,440.00
PERS Retirement	29.920%	\$44,739.68
Medicare	1.45%	\$2,168.20
Cash in Lieu (\$400) (\$420 AFSCME)	\$0.00	\$0.00
Medical	\$2,175.00	\$26,100.00
Dental	\$125.00	\$1,500.00
Vision	\$11.00	\$132.00
Life Insurance	\$10.00	\$120.00

SUBJECT: Review of Five-Year Forecast

DATE: November 1, 2022

STD - monthly rate	\$49.00	\$588.00
LTD - monthly rate	\$32.00	\$384.00
Workers Comp	2.430%	\$3,633.60
The Plan	0.315%	\$471.02
IT Staff/Service	0.150%	\$224.30
Total		\$231,031.80

Employee	Generic - Non Sworn	
Step	5	
Hourly Rate		\$50.00
Annual Salary	Adj Hrly Rate x 2080	\$104,000.00
PERS Retirement	29.920%	\$31,116.80
Medicare	1.45%	\$1,508.00
Cash in Lieu (\$400) (\$420 AFSCME)	\$0.00	\$0.00
Medical	\$2,175.00	\$26,100.00
Dental	\$125.00	\$1,500.00
Vision	\$11.00	\$132.00
Life Insurance	\$10.00	\$120.00
STD - monthly rate	\$49.00	\$588.00
LTD - monthly rate	\$32.00	\$384.00
Workers Comp	2.430%	\$2,527.20
The Plan	0.315%	\$327.60
IT Staff/Service	0.150%	\$156.00
Total		\$168,459.60

Using \$168,460 to \$231,031 as the average savings associated with these generic FTEs, reverting to 150 employees would save approximately \$505,380 to \$693,093. It's important to note that actual savings would be based on the actual classification cost structure.

If the Finance Commission is interested in recommending reducing FTEs with a specific target dollar amount, the Town Council may need to provide additional direction as to the specific services the Town would not be offering.

CONCLUSION AND NEXT STEPS:

The following table illustrates the potential reduction in forecasted deficits if discretionary non-essential services and programs are reduced 50%. In addition, the table illustrates the potential savings associated with a reorganization using the average between the two generic classifications.

SUBJECT: Review of Five-Year Forecast

DATE: November 1, 2022

CONCLUSION AND NEXT STEPS (continued):

5 Year Forecast	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Updated Surplus/Deficit (incl. vacancy savings, BL)	(\$1.5)	(\$2.0)	(\$1.4)	(\$1.7)	(\$1.7)
Potential Impact of 50% reduction discretionary	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53
Potential impact of 150 FTE org restructure	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59
Updated Surplus/Deficit	(\$0.38)	(\$0.88)	(\$0.28)	(\$0.58)	(\$0.58)

As the Commission considers expenditure reduction options, the Commission may also want to consider developing/communicating austerity parameters or criteria for Council consideration. For example, the Commission may express a desire to avoid reductions that could adversely impact crime prevention or investments in economic vitality.

On February 21, 2023, the Town Council will be providing direction for the preparation of the FY 2023/24 budget. This date is critical given that a Proposed Budget must be presented in April. The Finance Commission should complete its recommendations to the Town Council regarding cost savings and revenue enhancements no later than its February 2023 meeting to allow the Town Council to consider them as part of the Council's budget direction.

To assist the Finance Commission with this work, the Commission will be reviewing the Fiscal Year (FY) 2021/22 Annual Comprehensive Financial Report in December. The Town will then know if the prior fiscal year closed with a deficit or slight surplus.

COORDINATION:

This staff report was coordinated with the Town Manager, Town Attorney, Finance Director, Police Chief, Parks and Public Works Director, Economic Vitality Manager, and Library Director.

Attachments:

1. Historic Vacancy Savings Analysis
2. November 11 Addendum Report - Public Comment received 11:01 a.m. November 10 to 11:00 a.m. November 11, 2022
3. November 14 Desk Item Report - Public Comment received 11:01 a.m. November 11 to 11:00 a.m. November 14, 2022

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Laurel Prevetti](#); [Wendy Wood](#)
Subject: Agenda item 7
Date: Tuesday, February 6, 2024 10:15:28 AM
Attachments: [Staff_Report.FINAL.pdf](#)
[Pages from Pages from AgendaPacket-Council Meeting-August 6, 2019 7.00 PM\(1\).pdf](#)
[Pages from FY-2023-24-Operating-Budget \(2\)\(16\).pdf](#)
[Attachment 5 - Godbe Research Survey 2016.pdf](#)
[NBS Report December 14 2023.pdf](#)
[Staff memo - Revenue Modeling NBS and ballot measure - December 11 2023.pdf](#)
[Pages from FY-2023 ACFR.pdf](#)

[EXTERNAL SENDER]

Gitta,

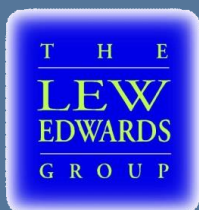
Please include these attachments as background materials for agenda item 7 for the Feb FC meeting. Please let me know if you have any questions.

Thank you,

Phil Koen



GODBE RESEARCH
Gain Insight



Town of Los Gatos: Community Priorities Survey Presentation to the Ad Hoc Citizens Committee

May 2016



GODBE RESEARCH
Gain Insight



Town of Los Gatos: Community Priorities Survey Presentation to the Ad Hoc Citizens Committee

May 2016

- Overview – Catherine Lew (Lew Edwards Group)
- Highlights of Results – Bryan Godbe (Godbe Research)
- Next Steps – Catherine Lew and Ross Miletich (Lew Edwards Group)
- Questions/Answers - All

Key Findings



GODBE RESEARCH
Gain Insight

Item 5.

- A general purpose half-cent sales tax with a 25 year sunset for a November 2016 ballot is viable.
- A User Utility Tax for the November 2016 ballot is NOT viable.
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- It will be important for the Town to conduct informational outreach programs to build on the Ad Hoc Committee's efforts, should the Town wish to proceed with a November 2016 ballot measure

Overview and Research Objectives



GODBE RESEARCH
Gain Insight

Item 5.

The Town of Los Gatos commissioned Godbe Research to conduct a survey of local voters with the following research objectives:

- Gauge the residents' interest in creating a dedicated revenue source for the Town;
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Gain Insight

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GODBE RESEARCH
Gain Insight



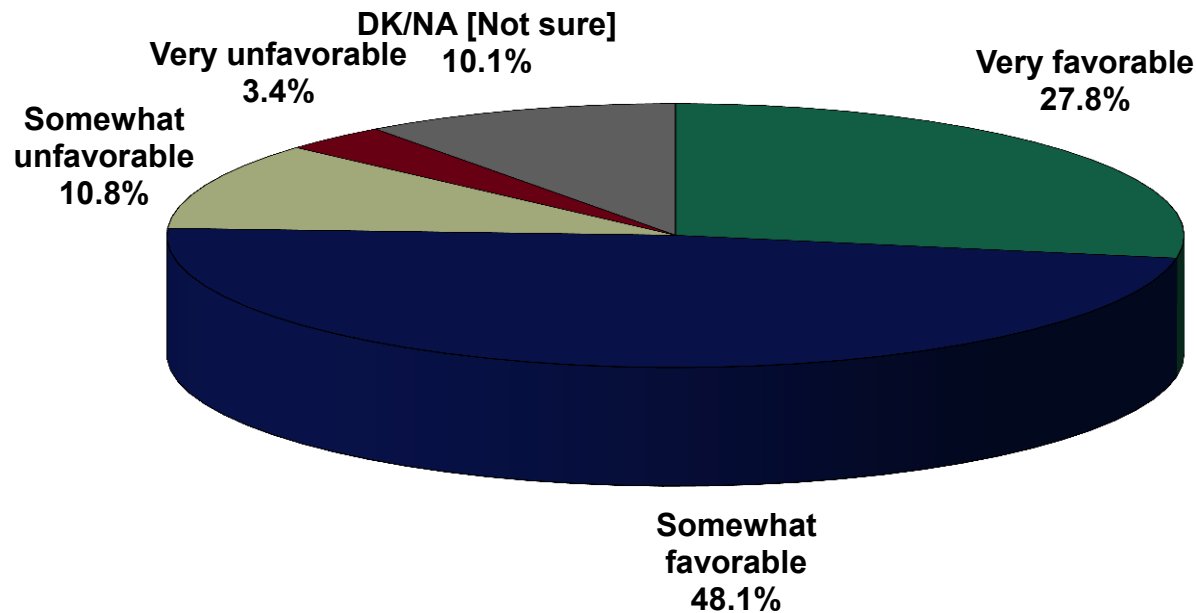
Key Findings

Opinion on Job the Town is Doing to Provide Services (n=471)



Item 5.

GODBE RESEARCH
Gain Insight



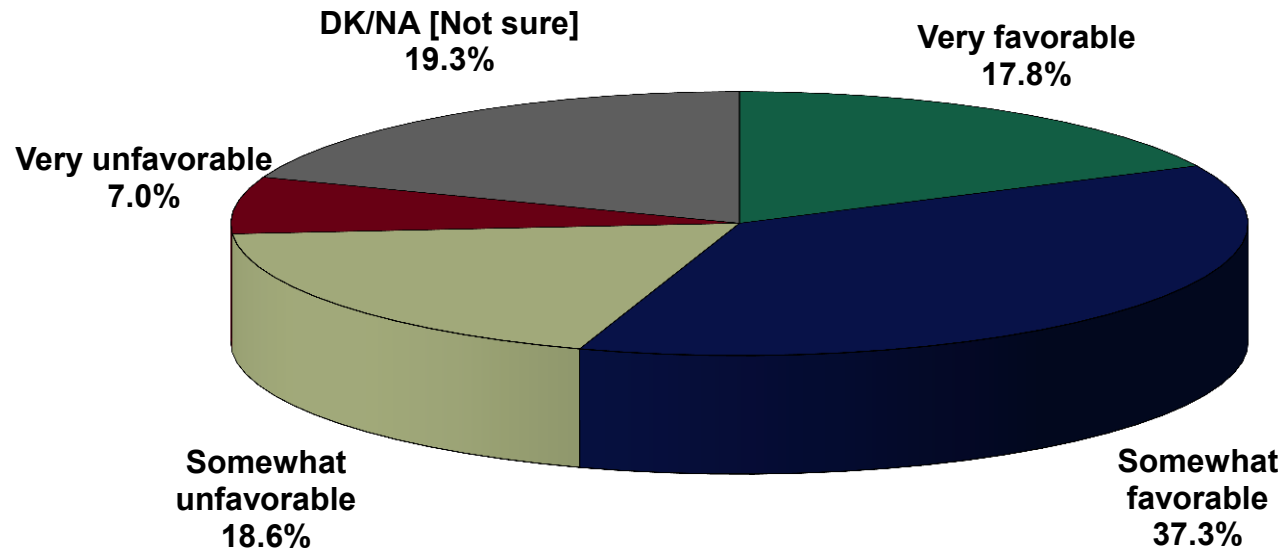
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GODBE RESEARCH
Gain Insight



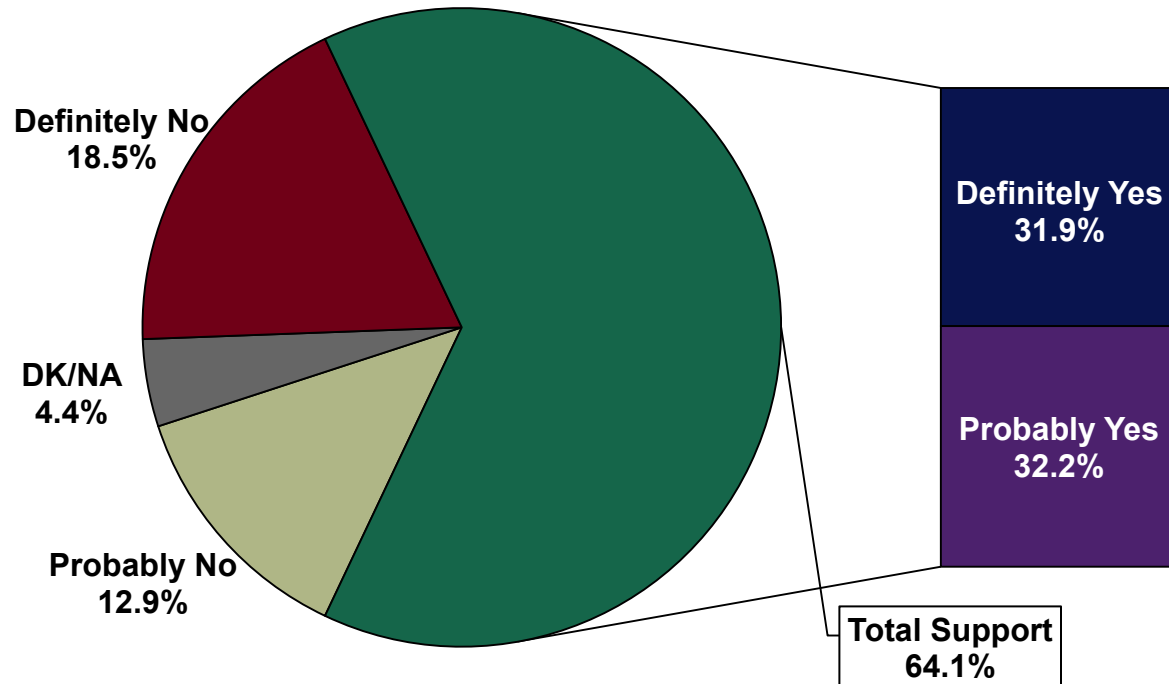
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Uninformed Support for a Conceptual ½¢ Sales Tax (n=471)



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Gain Insight

Item 5.



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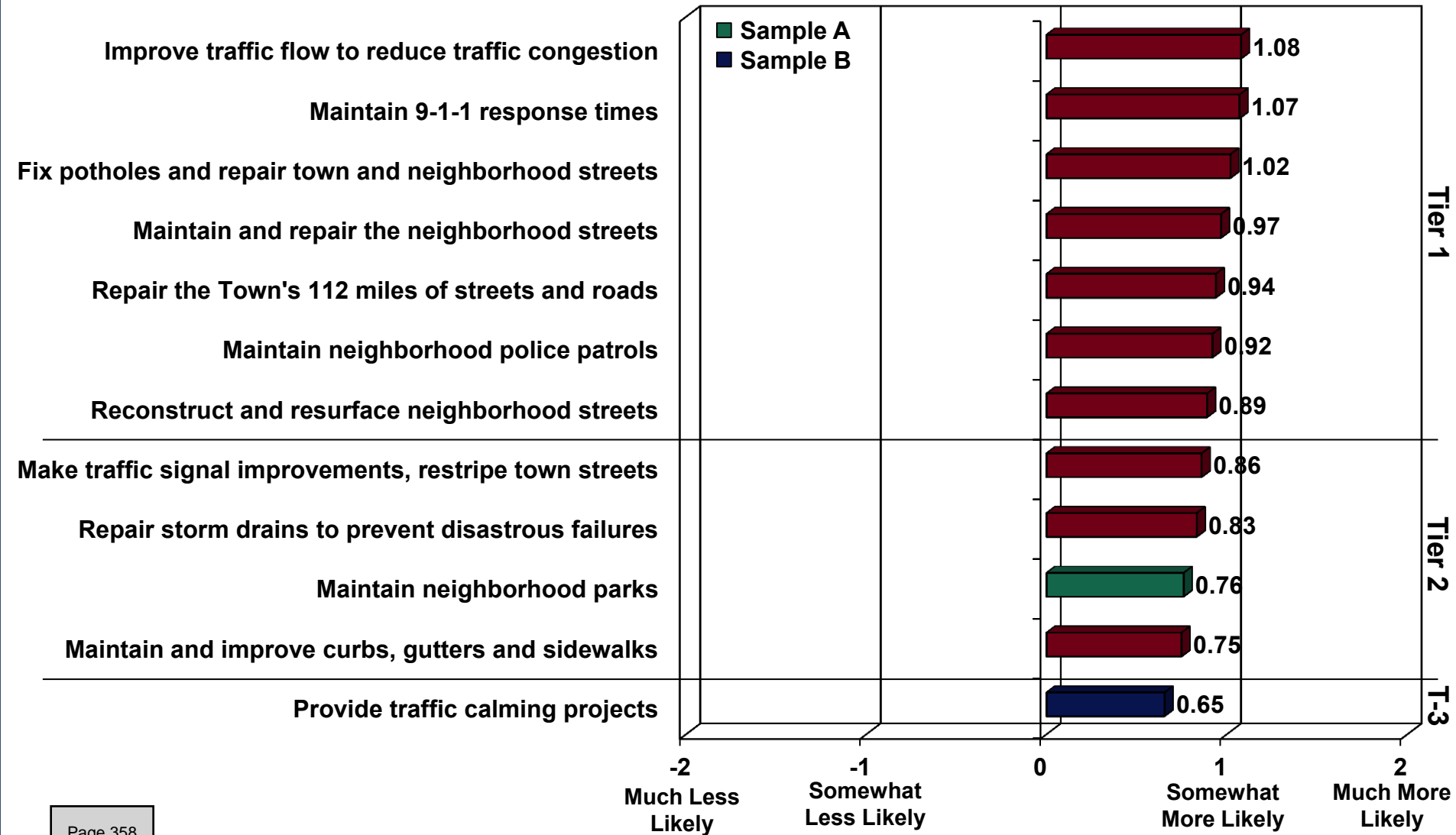
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Community Priorities (n=471)



GODBE RESEARCH
Gain Insight

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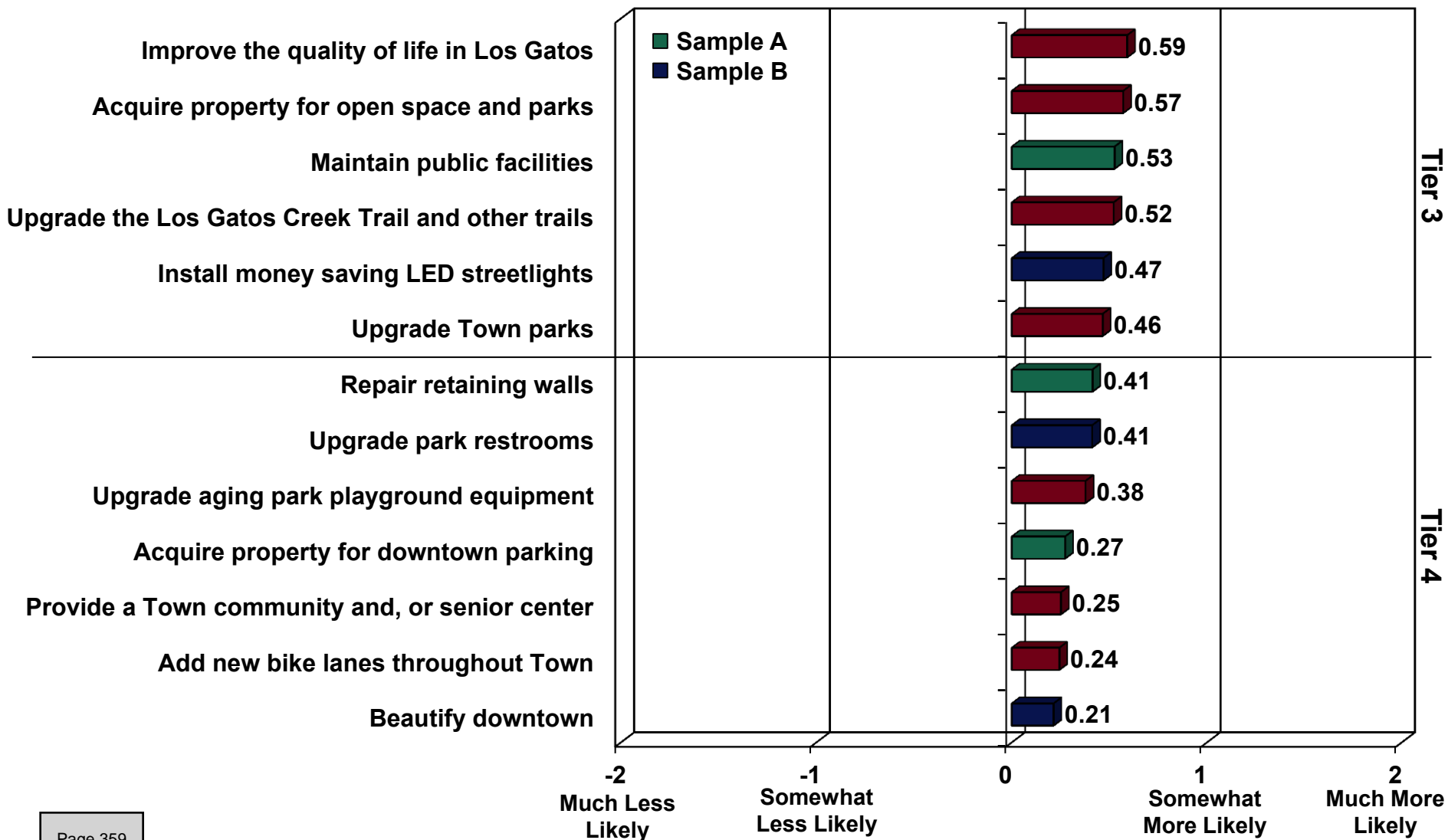


Community Priorities (Cont.) (n=471)



GODBE RESEARCH
Gain Insight

Item 5.

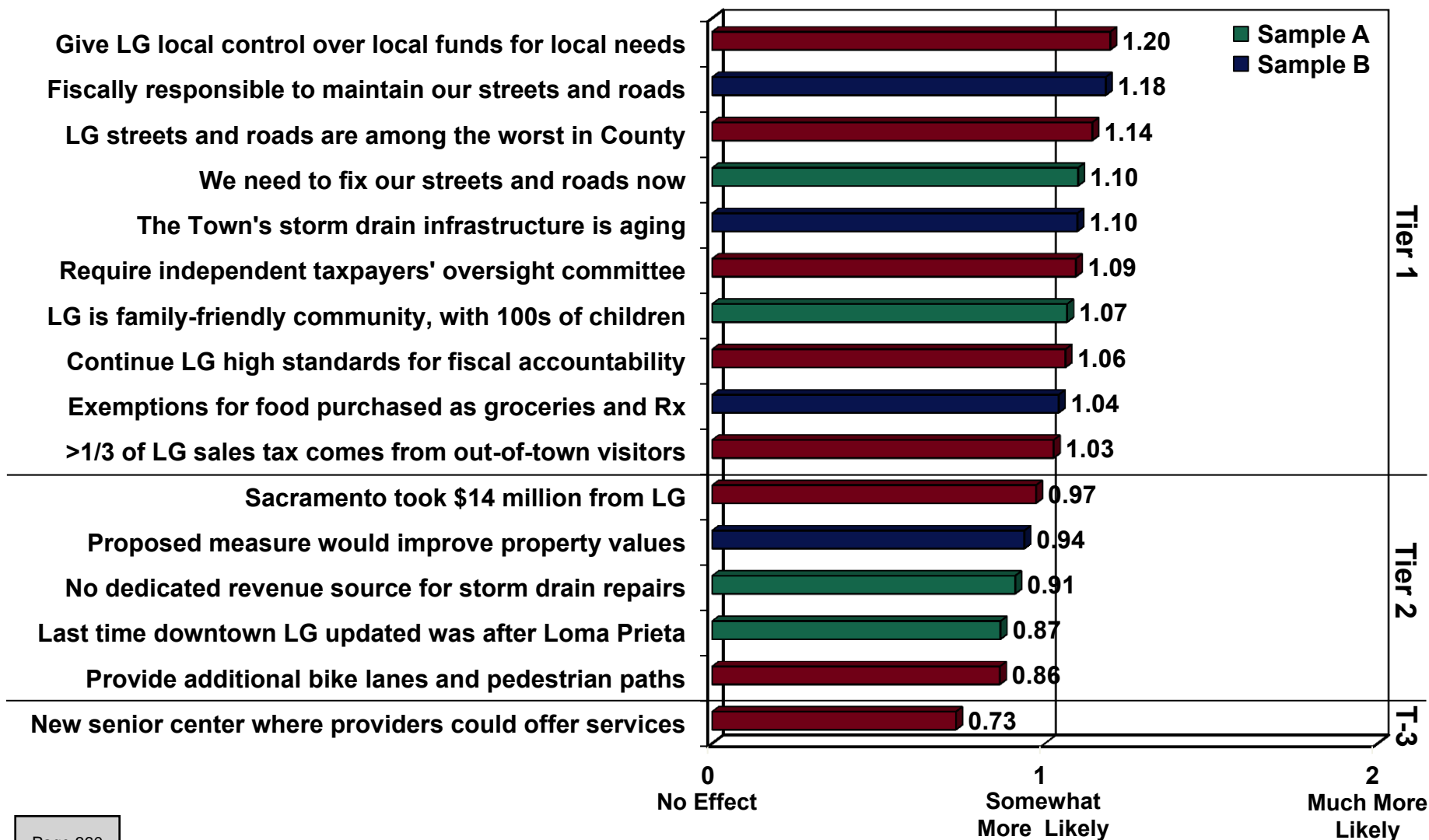


Information of Interest to Respondents (n=471)



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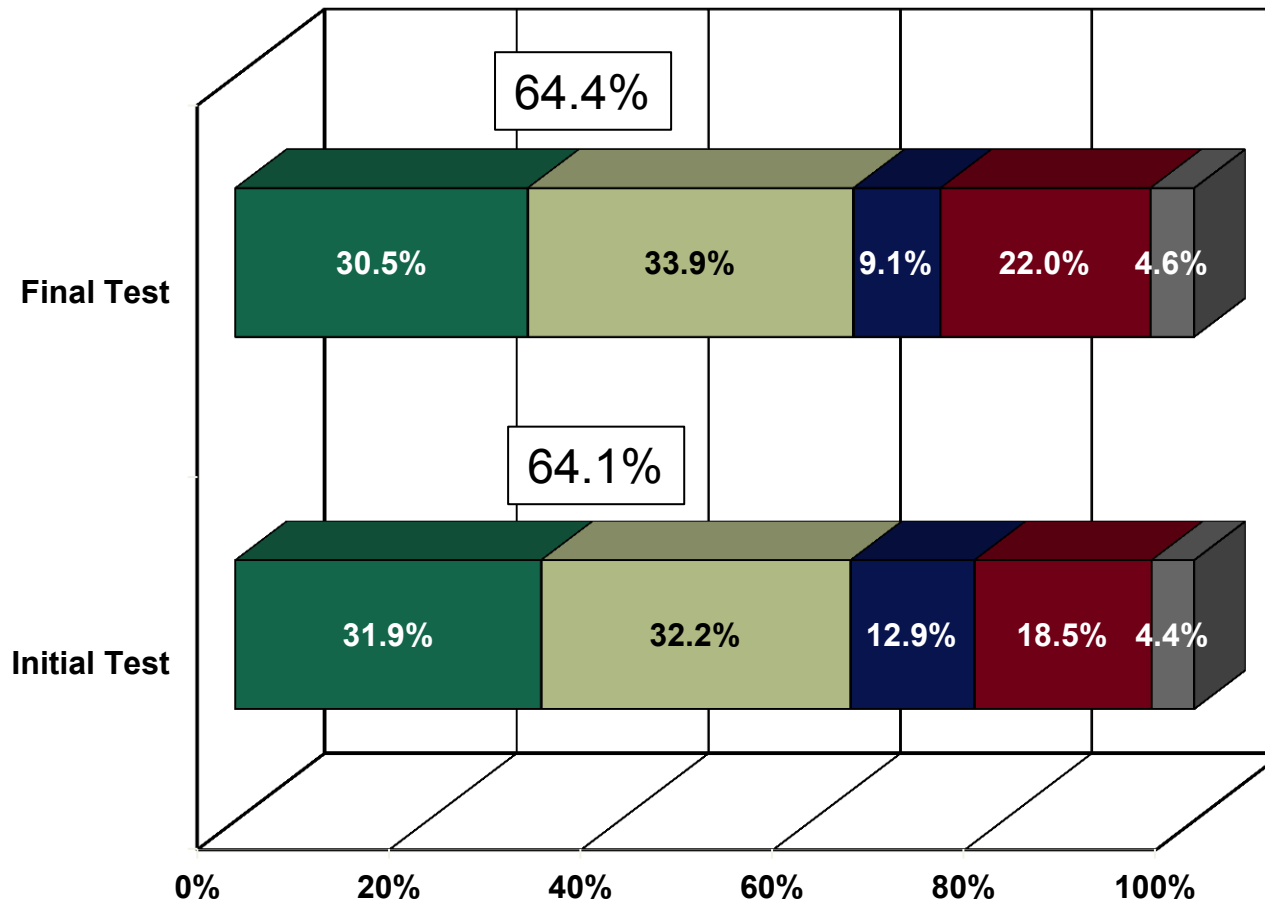


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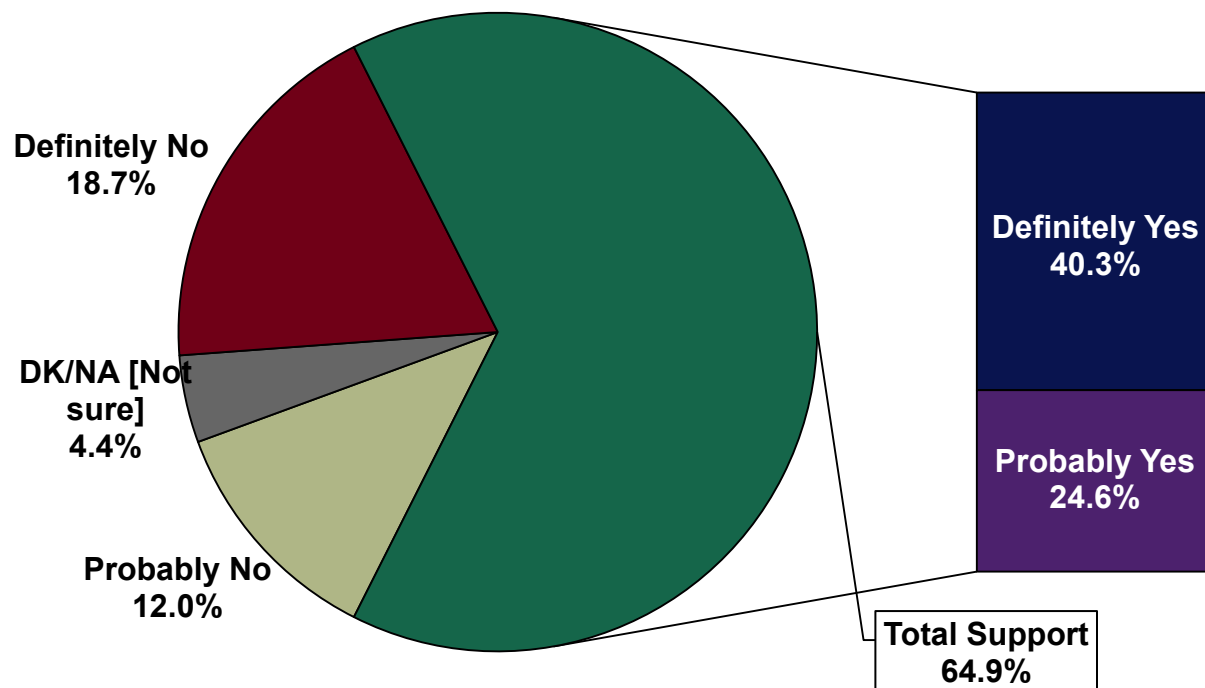
Support for Alternative ¼¢ Sales Tax

Split Sample C (n=232)



Item 5.

GODBE RESEARCH
Gain Insight



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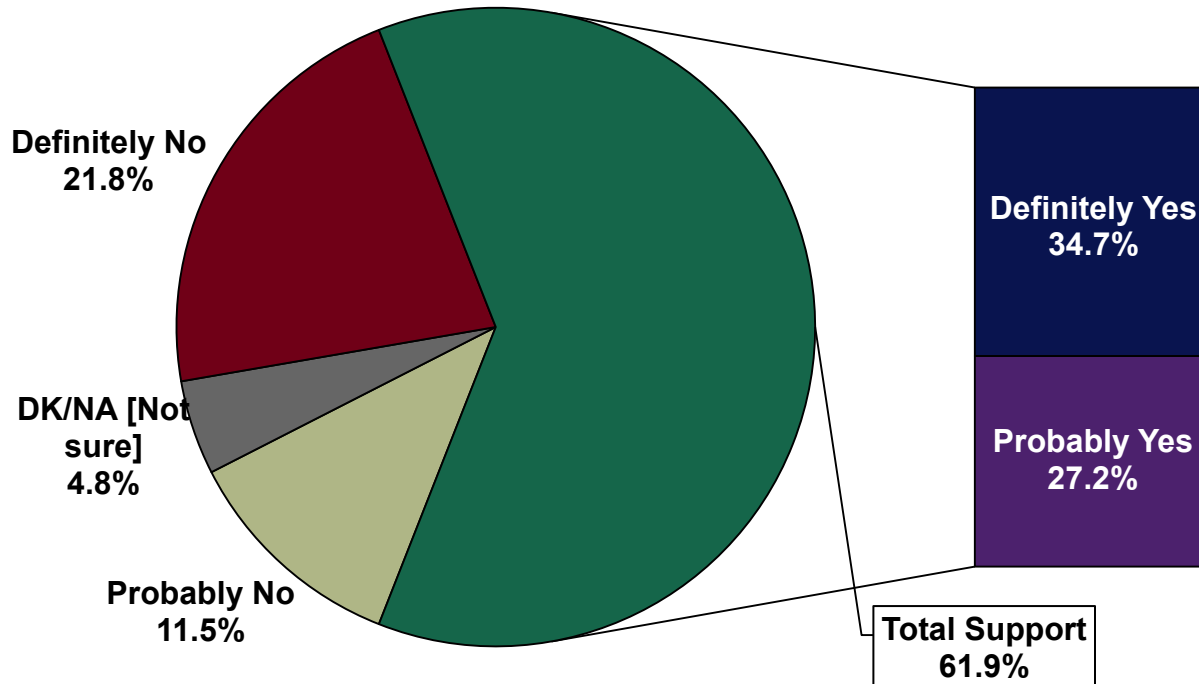
Support for Alternative 9 Year Duration

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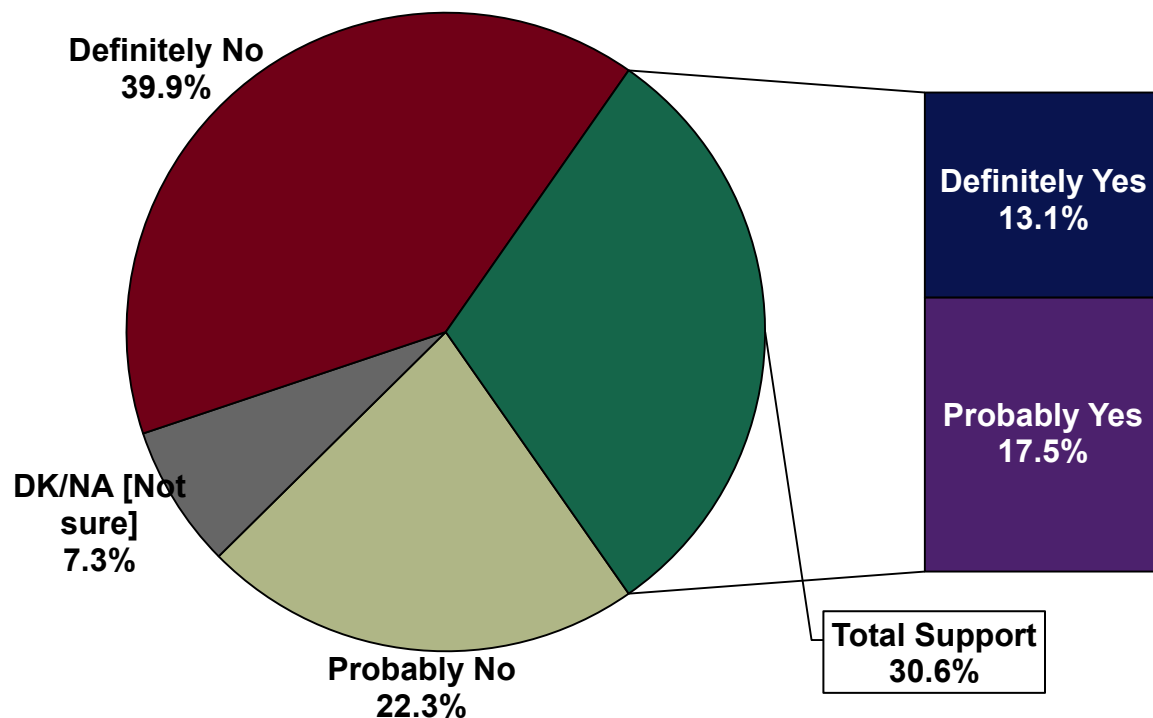
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Support for a Conceptual UUT Proposal (n=471)



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If the election were held today, would you vote yes or no on this measure?



GODBE RESEARCH
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www.godberesearch.com

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1575 Old Bayshore Highway, Suite 102
Burlingame, CA 94010

Nevada Office
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Reno, NV 89521

Pacific Northwest Office
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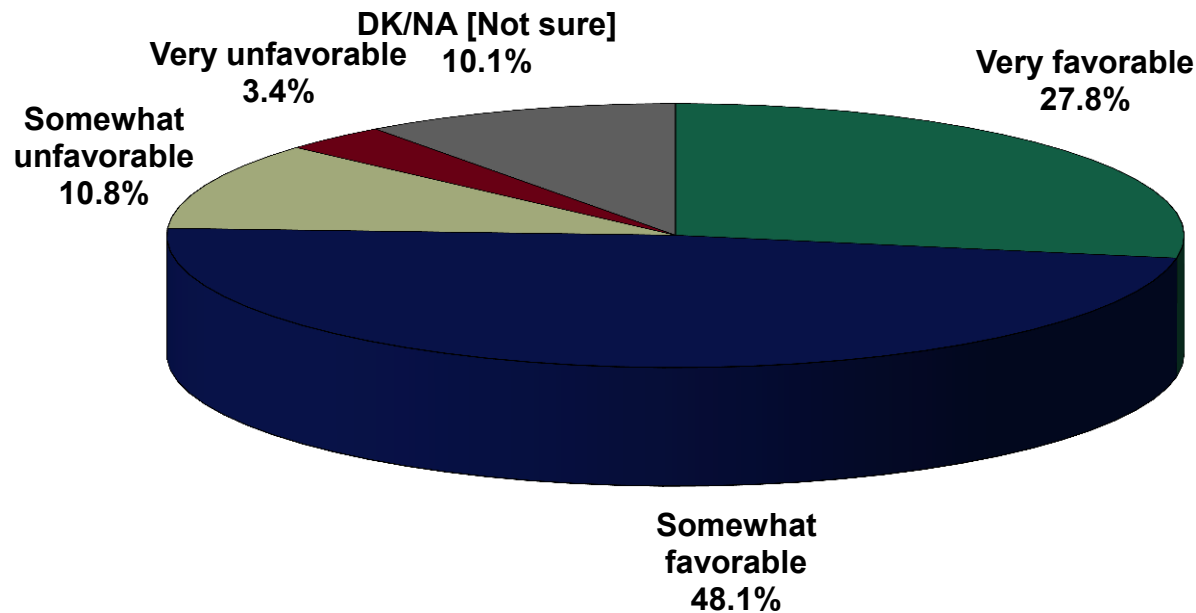
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Gain Insight



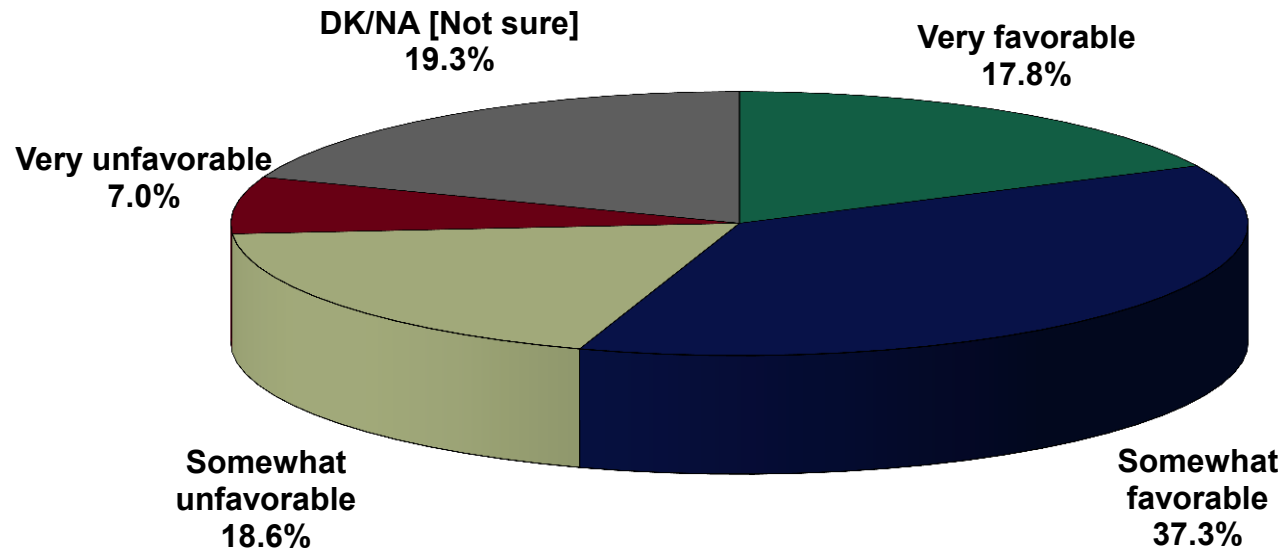
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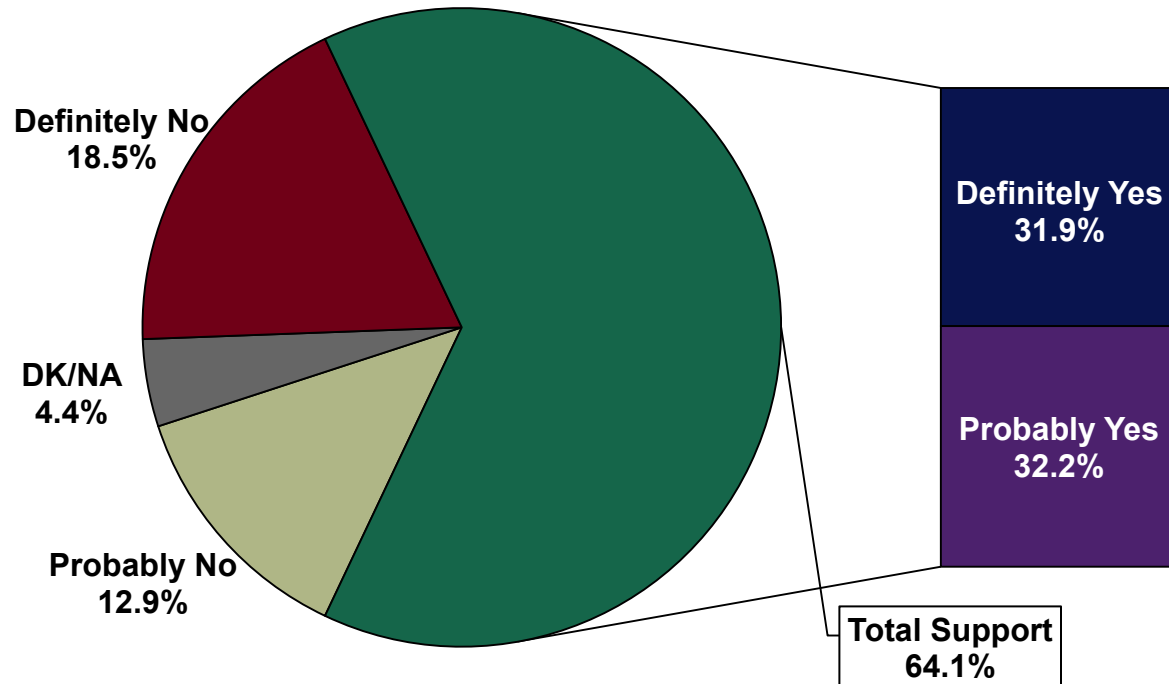
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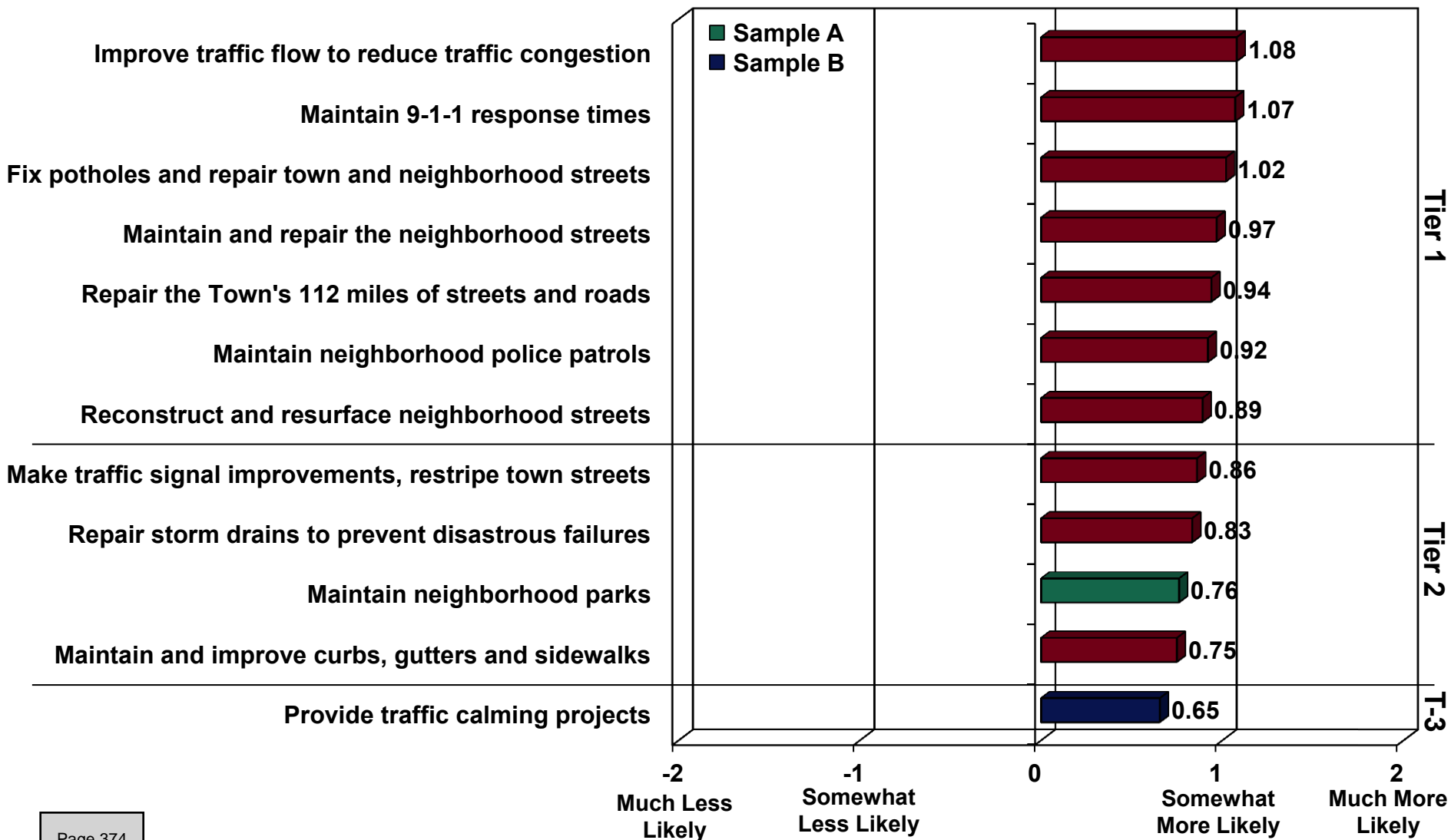
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Community Priorities (n=471)



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Gain Insight

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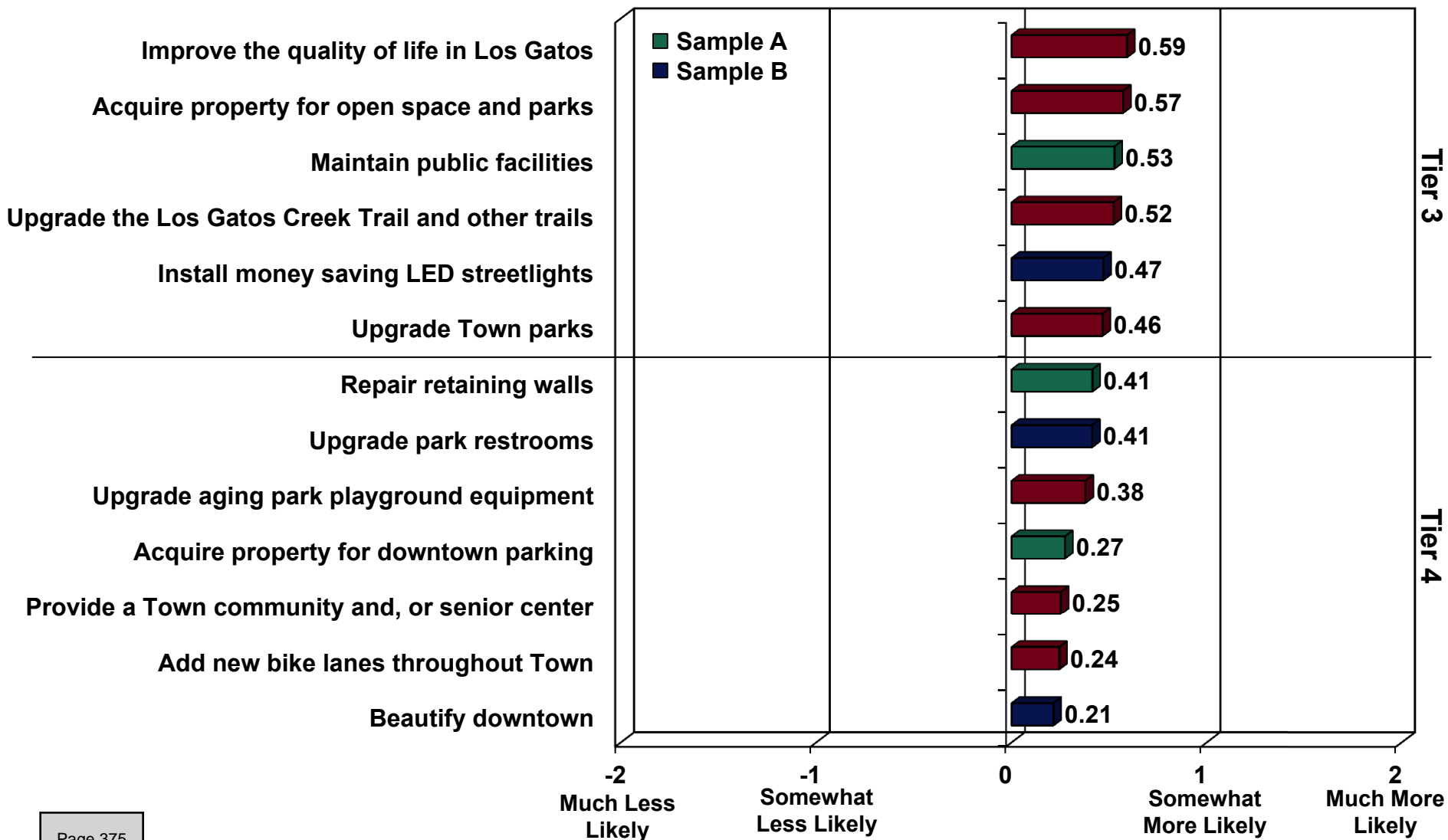


Community Priorities (Cont.) (n=471)



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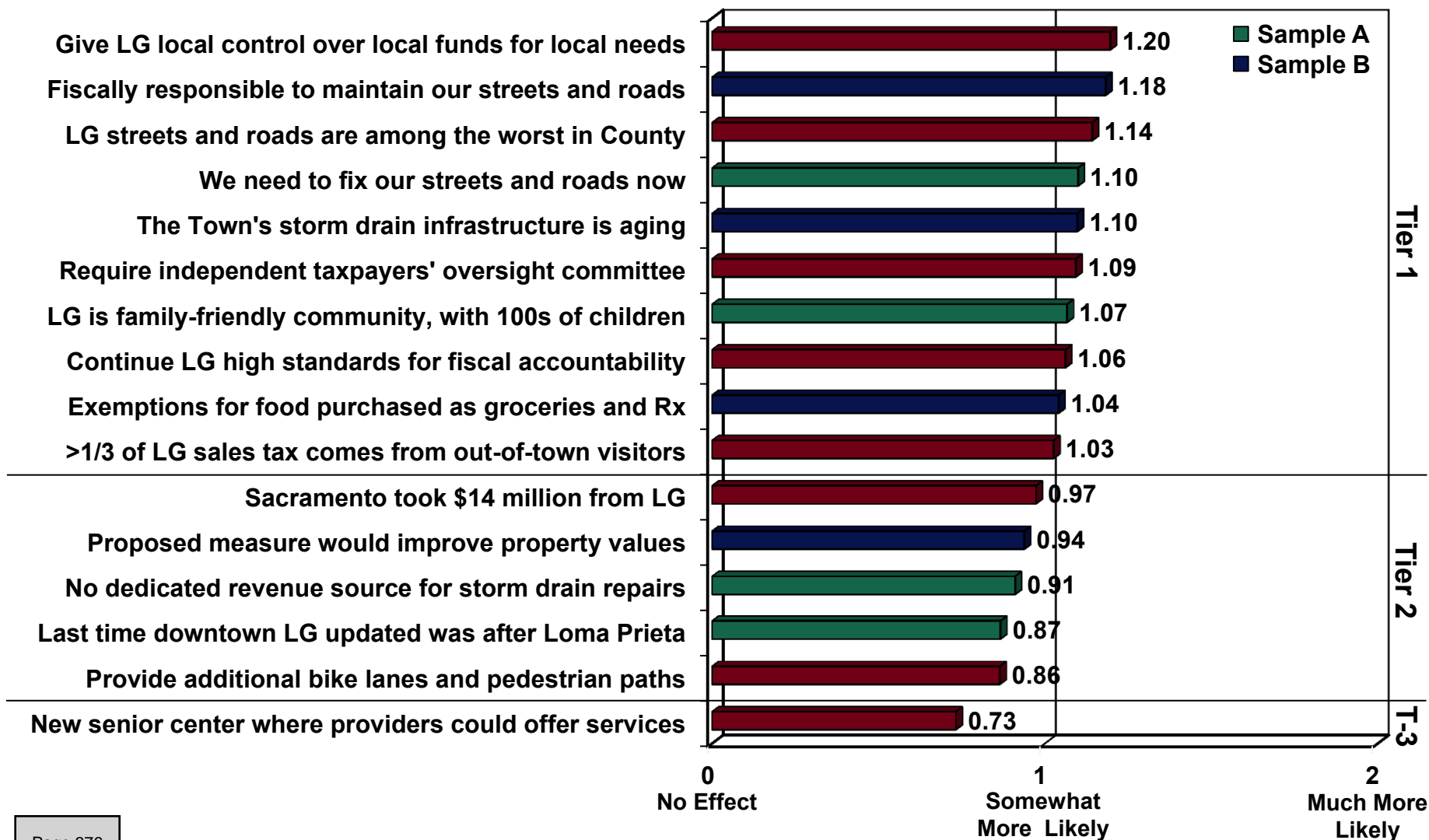


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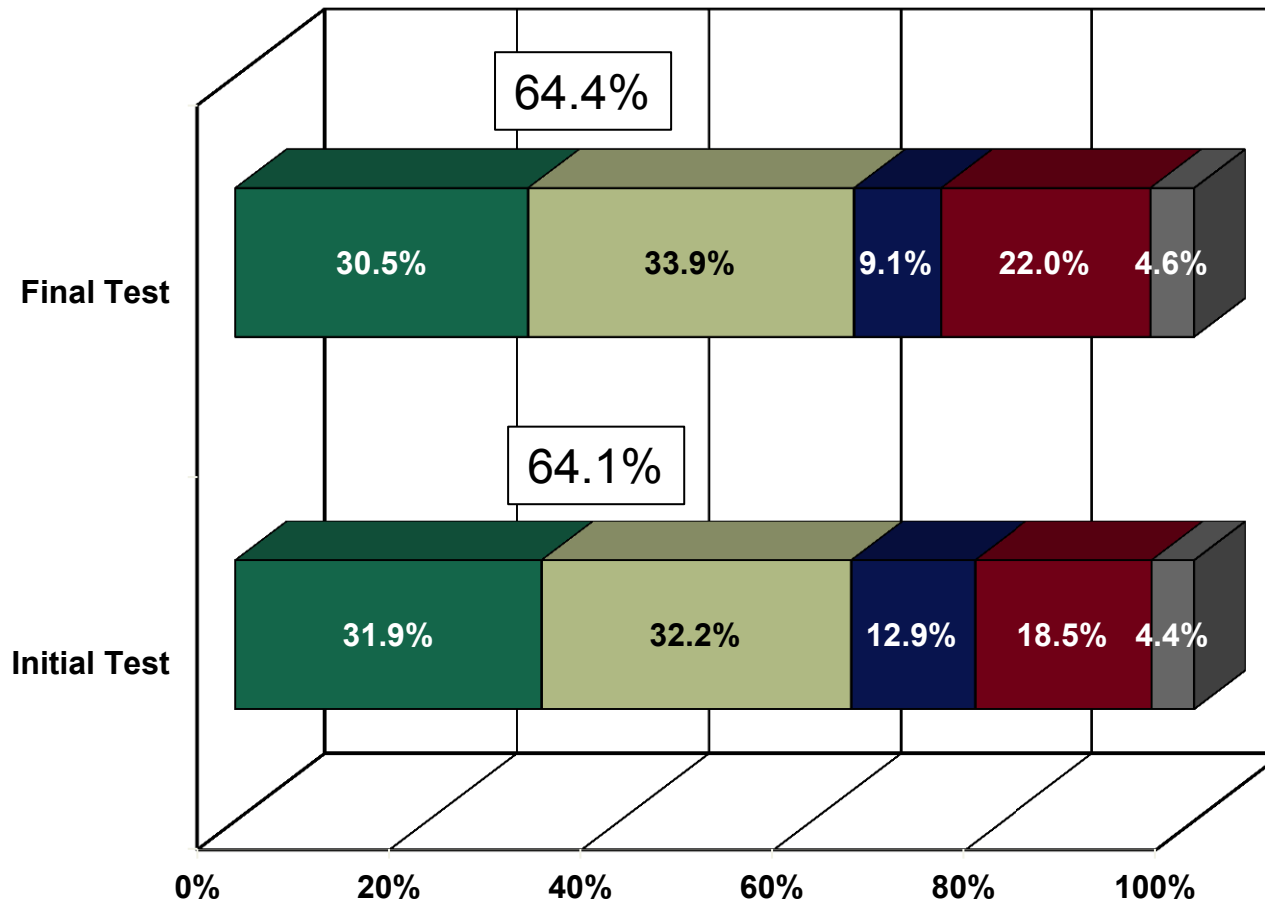


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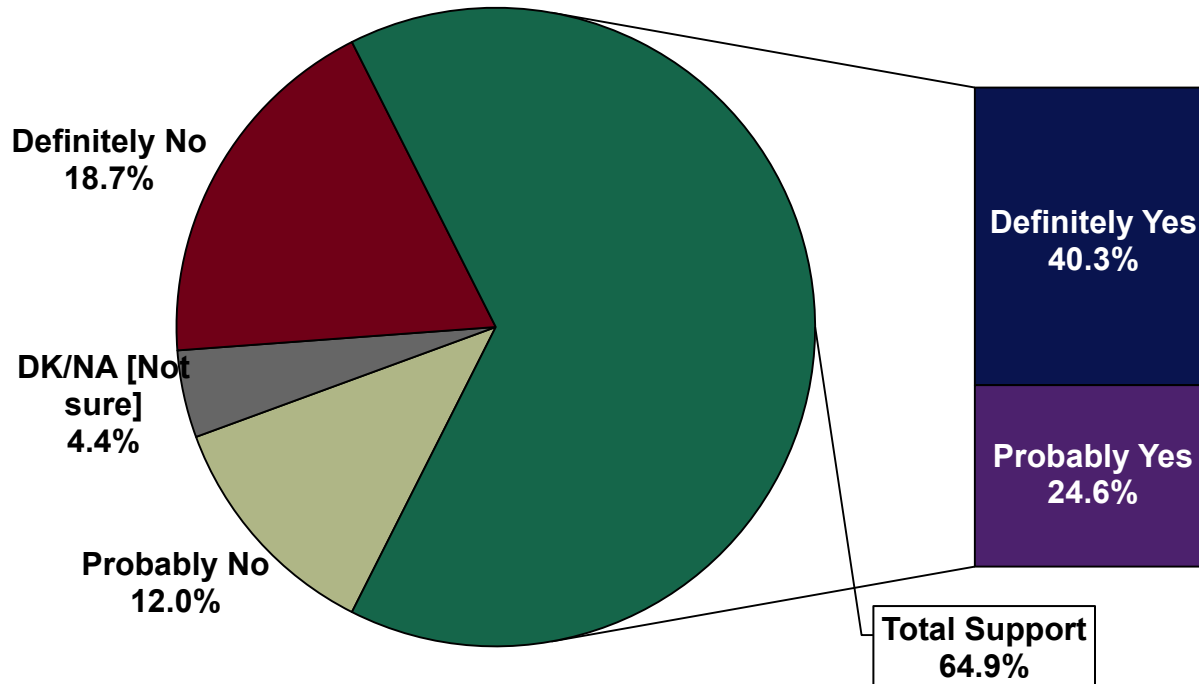
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Item 5.

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Gain Insight



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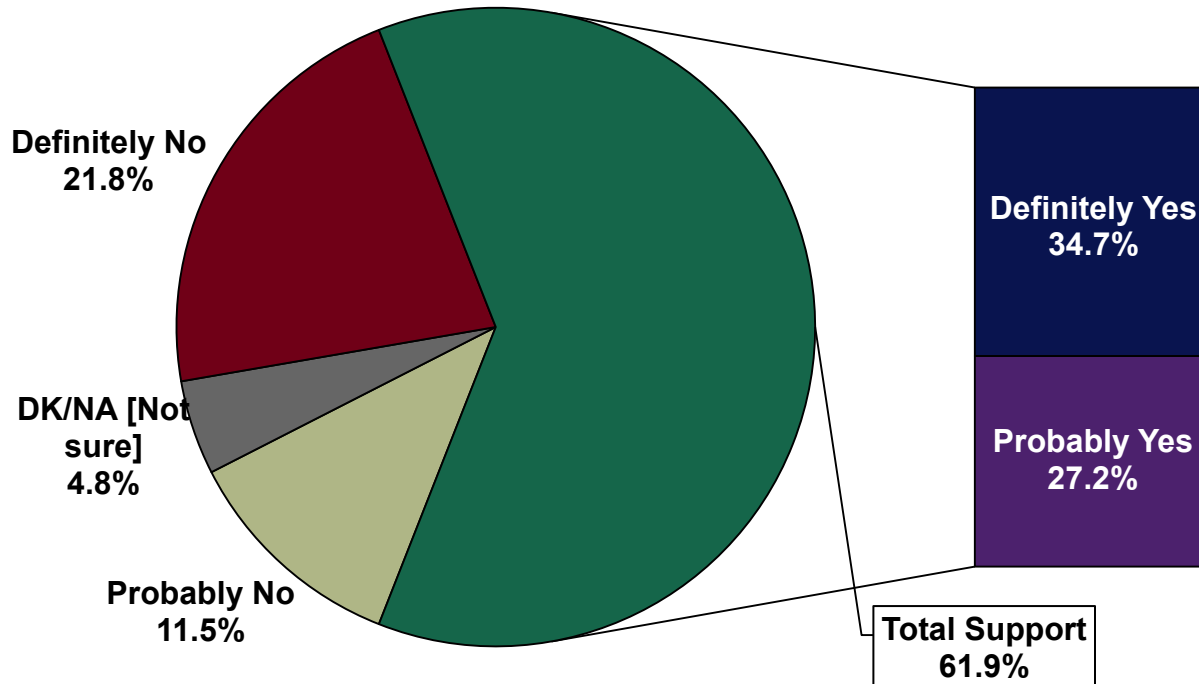
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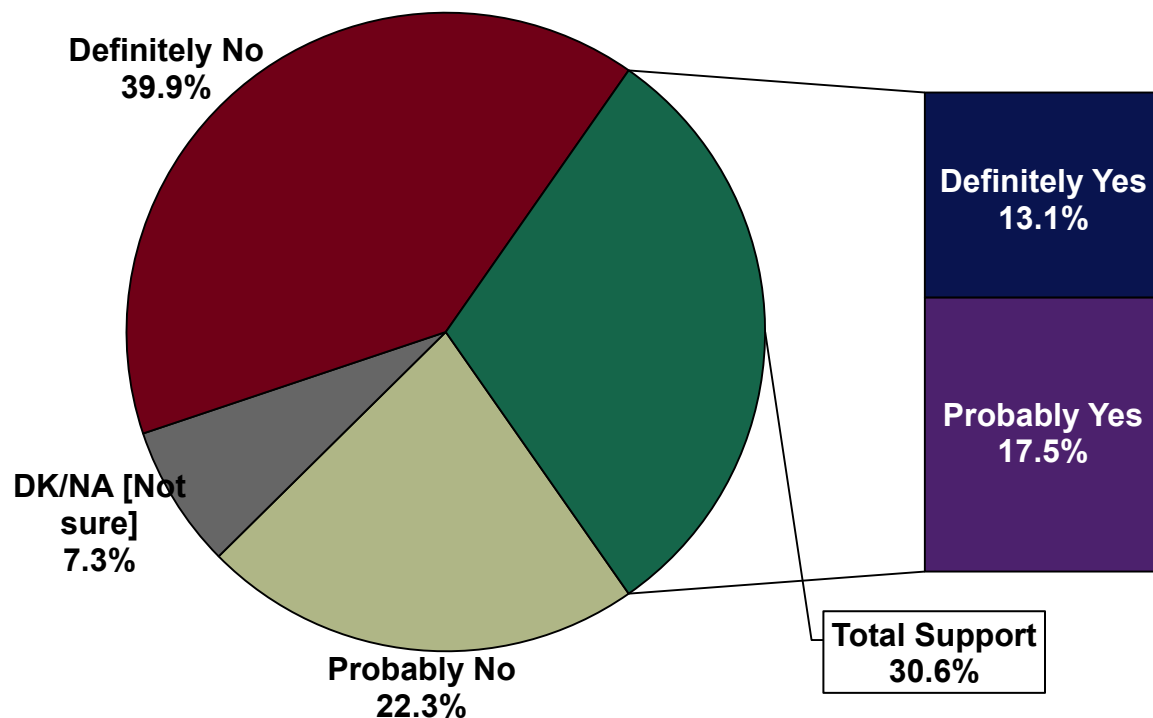
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Pacific Northwest Office
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Bellevue, WA 98004

TOWN OF LOS GATOS MEMORANDUM

TO: Laurel Prevetti, Town Manager, Town of Los Gatos

FROM: Nick Dayhoff, Senior Consultant

DATE: December 14, 2023

SUBJECT: Revenue Modeling Scenarios

Purpose

The Town of Los Gatos (the “Town”) has requested a comprehensive evaluation of options to increase revenue to address the Town’s forecasted budget deficits in the near term. This evaluation includes modeling for increases to sales tax and transient occupancy tax (“TOT”) rates, and a limited model for a new utility user tax (“UUT”) and a new parcel tax. This Memorandum summarizes additional revenues that could be generated via a new parcel tax based on various revenue targets, the estimated revenue generated by potential increases to the Town’s sales tax and TOT rates, and the estimated revenue generated by the implementation of a UUT.

Projected Budget Deficits

According to the Town’s Operating and Capital Summary Budget for Fiscal Year 2023/24, the following table shows the forecasted budget deficits for Fiscal Years 2025/26 through 2028/29:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)

Non-Viable and Not-Recommended Revenue Options

Property Transfer Tax Increase

Only Charter cities can increase the property transfer tax rate above the general law maximum of \$0.55 per \$1,000 of value (city rate). The Town is not a Charter city.

Limited UUT for Cable, Gas, and Electric Utilities

A UUT may be imposed by the Town on the consumption of utility services, including (but not limited to) electricity, gas, water, sewer, telephone (including cell phone and long distance), sanitation and cable television.

The Town does not currently levy UUTs, so modeling what the potential revenues might be from a new UUT relies on the limited amount of information received from the Town, including historical franchise fee collections from its cable, electric, and gas franchises. Since any UUT would be based upon the gross receipts of each utility, NBS has had to estimate the gross receipts of the gas, electric, and cable utilities based on forecasted franchise fee collections and franchise fee rates for the Town's cable, electric, and gas franchises.

The Town does not collect franchise fees for the water, sewer, or telephone utilities, so we cannot estimate what the gross receipts of those utilities might be. As such, we have not included these utilities in our estimate of potential UUT revenue. In addition, NBS is not including a UUT on the Town's garbage utility as part of this analysis, as the contract between the hauler and the Town is currently being negotiated and the service may no longer be categorized as a "Franchise" moving forward.

According to the Town, the following table shows the forecasted cable, electric, and gas franchise fee collections for Fiscal Years 2025/26 through 2028/29:

Title	2025/26	2026/27	2027/28	2028/29
CABLE FRANCHISE FEE	\$ 530,450	\$ 546,360	\$ 562,750	\$ 579,630
PG&E FRANCHISE FEE	441,830	455,080	468,730	482,790
TOTAL	\$ 972,280	\$ 1,001,440	\$ 1,031,480	\$ 1,062,420

From here, we can estimate what the gross receipts of the cable and gas/electric utility are, as the cable franchise fee is 5.00% of gross revenues, and the gas/electric franchise fee is 2.00% of gross revenues.

Title	2025/26	2026/27	2027/28	2028/29
CABLE @ 5% FF	\$ 10,609,000	\$ 10,927,200	\$ 11,255,000	\$ 11,592,600
PG&E @ 2% FF	22,091,500	22,754,000	23,436,500	24,139,500
TOTAL	\$ 32,700,500	\$ 33,681,200	\$ 34,691,500	\$ 35,732,100

The following table shows the potential revenue generated via various UUT rates for the cable, gas, and electric utilities for Fiscal Years 2025/26 through 2028/29:

Potential UUT	Potential New Total UUT %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
1.00%	1.00%	\$ 327,005	\$ 336,812	\$ 346,915	\$ 357,321
2.00%	2.00%	654,010	673,624	693,830	714,642
3.00%	3.00%	981,015	1,010,436	1,040,745	1,071,963
4.00%	4.00%	1,308,020	1,347,248	1,387,660	1,429,284
5.00%	5.00%	1,635,025	1,684,060	1,734,575	1,786,605

The following table shows how the maximum estimated UUT revenue (5.00%) in the table above would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
UUT Revenue @ 5.00%, in Millions	1.6	1.7	1.7	1.8
Forecasted Surplus/(Deficit), in Millions	(\$1.2)	(\$1.4)	(\$1.6)	(\$2.0)

Based on these revenue estimates, the Town would still be in deficit in the near term; however, if combined with the following other recommended revenue options, the Town could potentially close its deficit. The approval of a majority of registered voters within the Town is needed to implement a UUT. In general, obtaining voter approval for a new UUT where none existed is difficult to achieve. In addition, when Town voters were asked about a new UUT in a 2016 poll, opposition was twice that of support, with 62% opposed and 31% in favor. We see no reason why this sentiment should have changed enough since then to make a new UUT a viable option for the Town. In addition, from 2002 through 2020, 85 cities asked for voter approval of a new UUT, and just 28 (33%) were successful, even though approval required only a majority vote.

UUT for Streaming Video Services

In 2021, a judge in Los Angeles ruled that local utility laws don't cover streaming services, so imposing a UUT on streaming services may not be a viable option. NBS recommends that the Town obtain a legal opinion on this matter.

Special Assessment Districts

Several statutes authorize cities to levy assessment for specific services and facilities. General law cities considering assessments are limited to the services and facilities types listed in each statute and must comply with the substantive and procedural requirements in Article XIII D of the California Constitution, added by Proposition 218, and the Proposition 218 Omnibus Implementation Act.

The following are some of the most used authorizing statutes for assessments and the kinds of services and facilities for which they can be used:

Landscaping and Lighting Act of 1972: Authorizes assessments for such things as the installation, construction, and maintenance of landscaping; ornamentation; street lighting, including traffic signals; curbs, gutters, sidewalks, and drainage; parks and recreational facilities; community centers, auditoriums, and public performance space.

Benefit Assessment Act of 1982: Authorizes assessments for the maintenance of drainage; flood control; street lighting; and streets, roads, or highways.

Improvement Act of 1911 ("1911 Act"): Authorizes assessments for a variety of public improvements, such as streets and sidewalks, including decorative features; sewers; storm drains; lighting; pipes and hydrants for fire protection; levees and walls for the protection of streets and to prevent beach erosion or promote accretion to beaches; water supply; gas supply; bomb shelters; trees and landscaping; mooring; land

stabilization improvements. It also allows assessment revenue to be used for limited acquisition of land related to the authorized improvements.

Municipal Improvement Act of 1913 ("1913 Act"): Generally authorizes assessments for the acquisition of land and construction of a wide array of public works and improvements, including but not limited to utilities. It also allows for the financing of some improvements to private property, such as seismic strengthening and fire safety.

In calculating an assessment, a city must first determine the entire cost of the facility or service to be funded. It must then separate the benefits of the service or facility to the general public from the benefits to property owners who will be subject to the assessment. That means, in part, determining the proportionate special benefit that each parcel subject to the assessment derives from the service or facility. Finally, the assessment imposed on each parcel cannot exceed the cost of the special benefit conferred on the parcel.

An option to fund general city services via special assessment does not exist in California. In addition, assessment districts may not fund general public-safety services, as those services have been deemed to provide general benefits to entire communities, and not special benefits to certain properties.

Transient Occupancy Tax

The Town currently levies a TOT in the amount of 12% of the rent charged by the operator for the privilege of occupancy in any hotel. It's worth noting here that Palo Alto has a 15.50% TOT rate, Los Altos and Milpitas have a 14.00% TOT rate, Santa Clara, Sunnyvale, and the unincorporated areas of Santa Clara County have a 12.50% TOT rate, Campbell and Cupertino have a 12.00% TOT rate, Morgan Hill, Mountain View, San Jose and Saratoga have a 10.00% TOT rate, and Gilroy has a 9.00% TOT. Los Altos Hills and Monte Serreno do not currently have a TOT.

According to the Town's Operating and Capital Summary Budget for Fiscal Year 2023/24, the following table shows the forecasted TOT collections for Fiscal Years 2025/26 through 2028/29, including what each 1% yields:

FY	Forecasted TOT Collections	Each 1% Yields ¹
2025/26	\$ 2,600,000	\$ 216,667
2026/27	2,600,000	216,667
2027/28	2,600,000	216,667
2028/29	2,700,000	225,000

1 - Current TOT rate is 12%

The following table shows the potential revenue generated via various increases in the Town's TOT rate for Fiscal Years 2025/26 through 2028/29:

Potential TOT Increase	Potential New Total TOT %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
0.25%	12.25%	\$ 54,167	\$ 54,167	\$ 54,167	\$ 56,250
0.50%	12.50%	108,333	108,333	108,333	112,500
0.75%	12.75%	162,500	162,500	162,500	168,750
1.00%	13.00%	216,667	216,667	216,667	225,000
1.25%	13.25%	270,833	270,833	270,833	281,250
1.50%	13.50%	325,000	325,000	325,000	337,500
1.75%	13.75%	379,167	379,167	379,167	393,750
2.00%	14.00%	433,333	433,333	433,333	450,000
2.25%	14.25%	487,500	487,500	487,500	506,250
2.50%	14.50%	541,667	541,667	541,667	562,500
2.75%	14.75%	595,833	595,833	595,833	618,750
3.00%	15.00%	650,000	650,000	650,000	675,000
3.25%	15.25%	704,167	704,167	704,167	731,250
3.50%	15.50%	758,333	758,333	758,333	787,500

The following table shows how the maximum estimated additional TOT revenue (3.50% increase) in the table above would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
TOT Revenue @ 15.50%, in Millions	0.8	0.8	0.8	0.8
Forecasted Surplus/(Deficit), in Millions	(\$2.0)	(\$2.3)	(\$2.5)	(\$3.0)

NBS does not recommend increasing the TOT rate, as any potential increase doesn't raise that much additional revenue to support the Town's budget deficit.

Business License Tax Modification

The Town may also have an interest in exploring a modification to its Business License Tax to add a charge per employee. NBS is not modeling what the rate per employee would be as the Town does not yet know the number of employees that would be subject to the tax. It's also worth noting here that voters in the Town approved an increase to the Business License Tax in November 2022 (Measure J), so perhaps it's too soon to ask the voters for another modification.

Recommended Revenue Options

Sales Tax Rate Modeling

The current sales tax rate in the Town is 9.25%, of which the Town's share is 1% (not including the Measure G sales tax rate of 0.125%). The Town has the capacity to raise its sales tax rate by an additional 0.125%.

According to the Town's Operating and Capital Summary Budget for Fiscal Year 2023/24, the following table shows the forecasted sales tax collections for Fiscal Years 2025/26 through 2028/29, including what each 1% yields:

FY	Forecasted Sales Tax Collections	Each 1% Yields ¹
2025/26	\$ 8,500,000	\$ 8,500,000
2026/27	8,700,000	8,700,000
2027/28	9,000,000	9,000,000
2028/29	9,300,000	9,300,000

1 - Current sales tax rate is 9.25%, of which the City receives 1% (does not include Measure G sales tax rate of 0.125%)

The following table shows the potential revenue generated via a 0.125% increase in the Town's sales tax rate for Fiscal Years 2025/26 through 2028/29:

Potential Sales Tax Increase	Potential New Total Sales Tax %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
0.125%	9.375%	\$ 1,062,500	\$ 1,087,500	\$ 1,125,000	\$ 1,162,500

The following table shows how the estimated additional sales tax revenue would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
Sales Tax Revenue, in Millions	1.1	1.1	1.1	1.2
Forecasted Surplus/(Deficit), in Millions	(\$1.7)	(\$2.0)	(\$2.2)	(\$2.6)

It's worth noting here that Campbell, Milpitas, and San Jose already have a 9.375% sales tax rate, while all other cities (excluding the Town) in Santa Clara County and the unincorporated areas of Santa Clara County are currently subject to a sales tax rate of 9.125%.

The amount of revenue generated by a potential sales tax increase does not completely fill the Town's budget deficit, but it is higher than the potential revenue generated by an increase in the Town's TOT rate and could potentially serve as a "first step" for the Town to raise additional revenue. If structured as a general sales tax, the Town would only need to secure approval from a majority of the registered voters within the Town to increase the sales tax rate. NBS recommends that the Town move quickly on this option, if desired, as the Town's remaining capacity for a sales tax increase could be utilized by another government agency within the County during the next election cycle.

Parcel Tax Scenarios

For purposes of modeling a new parcel tax, the Town has provided four revenue target scenarios to fill its projected operating deficits: a consensus target of \$3.5MM, a high target of \$4MM, a middle target of \$2MM, and a low target of \$1MM, as shown below:

Revenue Target	Amount
High	\$ 4,000,000
Consensus	\$ 3,500,000
Middle	\$ 2,000,000
Low	\$ 1,000,000

Our analysis assumes that the parcel tax, if approved in November 2024, would be collected beginning in Fiscal Year 2025/26, and rates would increase by 3% per year. The following table shows how each of the four revenue target scenarios for a potential parcel tax would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
Parcel Tax Revenue, in Millions (High)	4.0	4.1	4.2	4.4
Forecasted Surplus/(Deficit), in Millions (High)	\$1.2	\$1.0	\$0.9	\$0.6
Parcel Tax Revenue, in Millions (Consensus)	3.5	3.6	3.7	3.8
Forecasted Surplus/(Deficit), in Millions (Consensus)	\$0.7	\$0.5	\$0.4	\$0.0
Parcel Tax Revenue, in Millions (Middle)	2.0	2.1	2.1	2.2
Forecasted Surplus/(Deficit), in Millions (Middle)	(\$0.8)	(\$1.0)	(\$1.2)	(\$1.6)
Parcel Tax Revenue, in Millions (Low)	1.0	1.0	1.1	1.1
Forecasted Surplus/(Deficit), in Millions (Low)	(\$1.8)	(\$2.1)	(\$2.2)	(\$2.7)

Based on the latest Santa Clara County Assessor's data from July 2023, there are a total of 11,230 parcels within the Town that would be Taxable, and an additional 365 parcels that would be Non-Taxable (generally publicly owned parcels, utilities, common areas, mobile homes, or other parcels with no assessed value). We provide below three parcel tax scenarios for each of the four revenue targets scenarios: (1) a uniform rate per parcel, (2) a uniform rate per lot square foot, (3) a uniform rate per building square foot, (4) a uniform rate per parcel with senior/low-income exemptions, (5) a uniform rate per lot square foot with senior/low-income exemptions, and (6) a uniform rate per building square foot with senior/low-income exemptions.

Without Senior/Low-Income Exemptions

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Parcels - per Parcel	\$ 356.19	\$ 311.67	\$ 178.09	\$ 89.05
Taxable Parcels - per Lot Square Foot	\$ 0.0203	\$ 0.0178	\$ 0.0102	\$ 0.0051
Taxable Parcels - per Building Square Foot	\$ 0.14	\$ 0.12	\$ 0.07	\$ 0.03

The average taxes on SFR and Condo parcels under the consensus revenue target for the three different apportionment methods are shown below:

Average of Parcel Tax - By Parcel	Average of Parcel Tax - By LotSqFt	Average of Parcel Tax - By BldgSqFt
\$ 311.67	\$ 254.10	\$ 262.08

With Senior/Low-Income Exemptions

For the purposes of this analysis, we have assumed that 10% of Taxable single-family residential parcels, 10% of Taxable single-family residential lot area, or 10% of Taxable single-family residential building area could qualify for a senior/low-income exemption, if offered.

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Parcels - per Parcel	\$ 390.82	\$ 341.96	\$ 195.41	\$ 97.70
Taxable Parcels - per Lot Square Foot	\$ 0.0219	\$ 0.0192	\$ 0.0110	\$ 0.0055
Taxable Parcels - per Building Square Foot	\$ 0.15	\$ 0.13	\$ 0.07	\$ 0.04

The average taxes on SFR and Condo parcels under the consensus revenue target for the three different apportionment methods are shown below:

Average of Parcel Tax - By Parcel (SLI)	Average of Parcel Tax - By LotSqFt (SLI)	Average of Parcel Tax - By BldgSqFt (SLI)
\$ 341.96	\$ 273.89	\$ 283.18

Commercial/Office/Industrial Parcels Only

The Town has also requested a scenario for a parcel tax that would only apply to Taxable Commercial/Office/Industrial Properties at a rate per building square foot over 25k building square feet. The rates per building square foot over 25k building square feet for each of the revenue targets are shown below:

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Commercial/Office/Industrial Parcels - per Building Square Foot > 25K	\$ 3.31	\$ 2.90	\$ 1.66	\$ 0.83

There are 35 Commercial/Office/Industrial parcels with buildings of 25,000 square feet or more and the resulting annual tax per owner would range from approximately \$4,600 to \$612,000.

The parcel tax option is the only reliable way to correct the Town's projected deficits with one funding mechanism, however attaining two-thirds approval from voters at the rates that meet that objective may be difficult. I look forward to our upcoming meeting to discuss these revenue scenarios and the resulting model results. Please contact me with any questions or comments; I can be reached at 800. 676.7516 or via email at ndayhoff@nbsgov.com.

Sincerely,



Nick Dayhoff
Senior Consultant

**TOWN OF LOS GATOS, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Item 5.

Functions/Programs	Expenses	Program Revenues			Total	Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
General government	\$ 10,522,568	\$ 2,635,527	\$ -	\$ -	\$ 2,635,527	\$ (7,887,041)
Public safety	17,428,923	1,846,312	4,622,373	-	6,468,685	(10,960,238)
Parks and public works	12,258,626	3,590,936	1,735,608	3,915,175	9,241,719	(3,016,907)
Community development	5,215,961	3,971,336	616,937	-	4,588,273	(627,688)
Library services	3,653,642	2,039	174,663	-	176,702	(3,476,940)
Sanitation	208,262	359,950	-	-	359,950	151,688
Interest and fees	29,221	-	-	-	-	(29,221)
Total Governmental Activities	<u>\$ 49,317,203</u>	<u>\$ 12,406,100</u>	<u>\$ 7,149,581</u>	<u>\$ 3,915,175</u>	<u>\$ 23,470,856</u>	<u>(25,846,347)</u>
General revenues:						
Taxes:						
Property taxes						22,746,842
Sales taxes						8,806,477
Franchise taxes						3,074,624
Transient occupancy taxes						2,228,190
Other taxes						63,818
Motor vehicle in lieu						34,406
Developer fees						614,820
Investment earnings:						
Investment earnings						794,390
Unrealized gains (losses)						3,197
Miscellaneous						1,029,864
Total general revenues						39,396,628
Special items:						
Settlements						1,565,000
Total general revenues and special items						40,961,628
Change in Net Position						15,115,281
Net Position - Beginning						138,406,981
Net Position - Ending						\$ 153,522,262

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Appropriated Reserves	ARPA	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 22,743,087	\$ -	\$ -	\$ 38,161	\$ 22,781,248
Sales Taxes	8,806,477	-	-	-	8,806,477
Transient Occupancy Taxes	2,228,190	-	-	-	2,228,190
Other Taxes	6,454	-	-	29,042	35,496
Licenses & Permits	5,630,362	181,533	-	521,780	6,333,675
Intergovernmental	1,553,396	3,358,063	3,614,872	1,619,489	10,145,820
Charges for Services	4,646,705	1,072,009	-	-	5,718,714
Fines and Forfeitures	416,950	-	-	-	416,950
Franchise Fees	3,074,624	-	-	-	3,074,624
Developer Fees	-	614,820	-	-	614,820
Interest	605,789	44,198	-	147,595	797,582
Use of Property	38,126	91,284	-	108,237	237,647
Other	859,571	-	-	125,617	985,188
Total Revenues	50,609,731	5,361,907	3,614,872	2,589,921	62,176,431
EXPENDITURES					
Current:					
General Government	8,828,779	-	-	-	8,828,779
Public Safety	18,446,048	-	-	-	18,446,048
Parks and Public Works	8,998,088	-	-	86,318	9,084,406
Community Development	5,065,412	-	-	-	5,065,412
Library Services	3,096,486	-	-	111,541	3,208,027
Sanitation and Other	-	-	-	204,097	204,097
Capital Outlay	300,000	6,722,633	-	1,894,442	8,917,075
Debt service:					
Principal	156,034	-	-	-	156,034
Total Expenditures	44,890,847	6,722,633	-	2,296,398	53,909,878
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,718,884	(1,360,726)	3,614,872	293,523	8,266,553
OTHER FINANCING SOURCES (USES)					
Settlements	-	1,565,000	-	-	1,565,000
Gain from sale of assets	2,162	-	-	-	2,162
Transfers in	4,153,408	7,732,614	-	-	11,886,022
Transfers (out)	(7,242,939)	(427,616)	(3,614,872)	(110,920)	(11,396,347)
Total Other Financing Sources (Uses)	(3,087,369)	8,869,998	(3,614,872)	(110,920)	2,056,837
NET CHANGES IN FUND BALANCES	2,631,515	7,509,272	-	182,603	10,323,390
BEGINNING FUND BALANCES	26,896,789	14,240,753	-	9,724,596	50,862,138
ENDING FUND BALANCES	\$ 29,528,304	\$ 21,750,025	\$ -	\$ 9,907,199	\$ 61,185,528

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 10,323,390
Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:	
CAPITAL ASSET TRANSACTIONS	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital assets (additions)	\$ 8,598,811
Current year depreciation	<u>(3,950,198)</u> 4,648,613
Gains and losses from the disposal of capital assets are not considered current financial resources and are not recorded in the governmental fund statement of revenues and expenditures but are recorded in the government-wide statement of activities because they are economic resources.	
	(452,844)
LONG-TERM DEBT PROCEEDS AND PAYMENTS	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Certificates of participation	156,034
UNAVAILABLE REVENUE	
Revenues from grants that are funded in this fiscal year that will not be collected for several months after the Town's fiscal year end are not considered available and are classified as deferred inflows of resources in the governmental funds.	
	293,000
COMPENSATED ABSENCES	
In governmental funds, compensated absences such as vacations and sick leave are expenditures when taken. However, in the Government Wide Statement of Activities, the current year change in the compensated absences liability is reported.	
	(122,954)
OPEB PLAN CONTRIBUTIONS AND EXPENSE	
In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the Government-Wide Statement of Activities, only the current year OPEB expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	
	719,946
PENSION PLAN CONTRIBUTIONS AND EXPENSE	
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the Government-Wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	
	1,247,506
ALLOCATION ON INTERNAL SERVICE FUND ACTIVITY	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.	
	<u>(1,697,410)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 15,115,281</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 20,907,894	\$ 22,484,118	\$ 22,743,087	\$ 258,969
Sales Taxes	9,174,944	8,959,134	8,806,477	(152,657)
Transient Occupancy Taxes	1,642,460	2,348,547	2,228,190	(120,357)
Other Taxes	7,000	7,000	6,454	(546)
Licenses & Permits	4,122,529	5,140,684	5,630,362	489,678
Intergovernmental	1,051,814	1,273,910	1,553,396	279,486
Charges for Services	4,257,261	5,540,465	4,646,705	(893,760)
Fines and Forfeitures	201,750	226,750	416,950	190,200
Franchise Fees	2,493,870	2,716,470	3,074,624	358,154
Interest	432,947	670,021	605,789	(64,232)
Use of Property	41,211	41,211	38,126	(3,085)
Other	1,203,657	863,964	859,571	(4,393)
Total Revenues	45,537,337	50,272,274	50,609,731	337,457
EXPENDITURES				
Current:				
General Government:				
Town Council	217,238	217,240	186,337	30,903
Town Attorney	707,555	811,427	699,143	112,284
Administrative Services	5,298,494	5,759,393	5,302,281	457,112
Non-Departmental	3,194,526	3,334,931	2,641,018	693,913
Total General Government	9,417,813	10,122,991	8,828,779	1,294,212
Public Safety	19,225,985	19,331,330	18,446,048	885,282
Parks & Public Works	9,798,967	10,368,194	8,998,088	1,370,106
Community Development	5,772,004	6,543,199	5,065,412	1,477,787
Library Services	3,139,449	3,247,730	3,096,486	151,244
Capital Outlay	-	435,416	300,000	135,416
Debt Service:				
Principal	-	156,034	156,034	-
Total Expenditures	47,354,218	50,204,894	44,890,847	5,314,047
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,816,881)	67,380	5,718,884	5,651,504
OTHER FINANCING SOURCES (USES)				
Gain from sale of assets	600	600	2,162	1,562
Transfers In	2,183,817	3,381,544	4,153,408	771,864
Transfers Out	(3,006,978)	(5,842,011)	(7,242,939)	(1,400,928)
Total Other Financing Sources (Uses)	(822,561)	(2,459,867)	(3,087,369)	(627,502)
NET CHANGES IN FUND BALANCE	\$ (2,639,442)	\$ (2,392,487)	2,631,515	\$ 5,024,002
BEGINNING FUND BALANCE			26,896,789	
ENDING FUND BALANCE			\$ 29,528,304	

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The following summarizes the leases as of June 30, 2023:

Description	Tesla		LGS 123 E. Main St		LGS 208 E. Main St	
	Lease Receivable	Deferred Inflows of Resources	Lease Receivable	Deferred Inflows of Resources	Lease Receivable	Deferred Inflows of Resources
Beginning Balance	\$ 331,696	\$ 327,100	\$ 165,056	\$ 96,396	\$ 1,329,665	\$ 732,916
Additions	-	-	-	-	-	-
Current Amortization	-	(91,284)	-	(12,997)	-	(98,820)
Current Principal Payments	(90,190)	-	(16,198)	-	(130,368)	-
Ending Balance	\$ 241,506	\$ 235,816	\$ 148,858	\$ 83,399	\$ 1,199,297	\$ 634,096

Description	Los Gatos Theatre		Totals	
	Lease Receivable	Deferred Inflows of Resources	Lease Receivable	Deferred Inflows of Resources
Beginning Balance	\$ -	\$ -	\$ 1,826,417	\$ 1,156,412
Additions	319,957	308,997	319,957	308,997
Current Amortization	-	(39,327)	-	(242,428)
Current Principal Payments	-	-	(236,756)	-
Ending Balance	\$ 319,957	\$ 269,670	\$ 1,909,618	\$ 1,222,981

NOTE 5 - INTERFUND TRANSACTIONS

Transfers - With Council approval resources may be transferred from one fund to another. Transfers routinely reimburse funds that have made an expenditure on behalf of another fund. Transfers may also be made to pay for capital projects or capital outlays, lease or debt service payments, operating expenses and low and moderate-income housing projects. Transfers between funds during the fiscal year ended June 30, 2023 were as follows:

Transfers Out			Transfers In		
Opinion Unit	Program Title	Amount	Opinion Unit	Program Title	Description
General Fund	Non-Departmental	\$ 3,006,978	Appropriated Reserves	GFAR	Adopted Budget Support
General Fund	Non-Departmental	463,572	Appropriated Reserves	Downtown Revitalization	Parklets
General Fund	Non-Departmental	243,325	Internal Service	Facilities	Rent Waivers
General Fund	Non-Departmental	2,900,000	Appropriated Reserves	GFAR	Capital projects
General Fund	Measure G Program	629,064	Appropriated Reserves	GFAR	Capital projects
Nonmajor	Blackwell District	460	General	Non-Departmental	Admin Support
Nonmajor	Kennedy Meadows	1,510	General	Non-Departmental	Admin Support
Nonmajor	Gemini Court	610	General	Non-Departmental	Admin Support
Nonmajor	Santa Rosa Heights	660	General	Non-Departmental	Admin Support
Nonmajor	Vasona Heights	1,430	General	Non-Departmental	Admin Support
Nonmajor	Hillbrook Drive	250	General	Non-Departmental	Admin Support
ARPA	ARPA	3,614,872	General	Patrol	Revenue loss, public safety
Appropriated Reserves	GFAR	102,000	General	Non-Departmental	Admin Support
Appropriated Reserves	GFAR	97,808	General	Town Engineering	Engineering Support
Appropriated Reserves	GFAR	217,808	General	PPW Admin	Engineering Support
Appropriated Reserves	Traffic Mitigation	10,000	General	Non-Departmental	Admin Support
Nonmajor	Gas Tax	106,000	General	Non-Departmental	Admin Support
Internal Service	Information Technology	700,000	Appropriated Reserves	GFAR	Ent. Res. Planning Software Update
Internal Service	Information Technology	33,000	Appropriated Reserves	ERP Upgrade	Ent. Res. Planning Software Update
Total Transfers		\$ 12,129,347			

\$ 4,153,408 Transferred

Account	Revenue Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Adopted Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
4100	Property Tax	\$ 17.0	\$ 17.2	\$ 17.9	\$ 17.8	\$ 18.5	\$ 18.9	\$ 19.5	\$ 20.1
4110	VLF Backfill Property Tax	4.6	4.6	4.7	4.8	5.0	5.1	5.3	5.4
4200	Sales & Use Tax	7.5	7.7	7.9	8.1	8.5	8.7	9.0	9.3
4200	Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
4250	Franchise Fees	2.7	2.7	2.1	1.9	1.9	1.9	2.0	2.0
4251	Transient Occupancy Tax	2.0	2.3	2.4	2.5	2.6	2.6	2.6	2.7
4400	Business License Tax	2.4	2.3	2.4	2.5	2.5	2.6	2.6	2.7
4400	Licenses & Permits	2.9	2.9	2.9	2.9	3.0	3.1	3.2	3.3
4500	Intergovernmental	1.3	1.3	0.9	0.9	0.9	1.0	1.0	1.0
4600	Town Services	4.8	5.1	4.4	4.2	4.2	4.3	4.4	4.6
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.7	1.0	0.9	0.9	0.9	0.9	0.9
4850	Other Sources	3.5	7.1	3.6	2.8	2.8	3.0	2.9	2.9
4900	Fund Transfers In	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 51.1	\$ 55.9	\$ 52.2	\$ 51.3	\$ 52.8	\$ 54.2	\$ 55.5	\$ 57.0
	Capital	2.4	2.4	1.6	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	0.3	0.3	-	-	-	-	-	-
	Use of OPEB Trust	-	-	-	-	-	-	-	-
	ARPA Replacement Revenue	1.6	-	-	-	-	-	-	-
	Vitalities	-	6.1	0.7	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 55.4	\$ 64.7	\$ 54.5	\$ 52.1	\$ 53.6	\$ 55.0	\$ 56.3	\$ 57.8
Account	Expenditure Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Adopted Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
5110	Salary	23.0	22.5	23.2	23.8	24.4	25.0	25.5	26.0
5120	CalPERS Benefits	7.7	6.8	8.2	8.6	8.9	9.6	10.2	11.1
5200	All Other Benefits	4.6	3.9	4.7	4.8	4.9	5.0	5.1	5.2
	4.6% Salary and Benefits Savings	-	-	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)
6211	OPEB Pay as You Go	1.6	1.6	1.6	1.8	1.9	2.0	2.0	2.0
6000	Operating Expenditures	8.0	11.7	9.0	8.8	8.9	9.2	9.3	9.7
7200	Grants & Awards	0.5	1.2	0.8	0.6	0.6	0.3	0.3	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	3.4	3.6	3.7	3.9	4.1	4.2
8900	Debt Service	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1
TOTAL OPERATING EXPENDITURES		\$ 50.8	\$ 53.0	\$ 51.9	\$ 52.9	\$ 54.2	\$ 55.9	\$ 57.4	\$ 59.4
	GASB 45 Retiree Medical Actuarial	-	-	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 51.5	\$ 53.7	\$ 52.3	\$ 53.3	\$ 54.6	\$ 56.3	\$ 57.8	\$ 59.8
	Capital Transfers Out to GFAR	2.4	2.4	1.6	1.1	1.1	1.1	1.1	1.1
	1/2 of Measure G Proceeds to Capital	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
	Fund	0.4	0.7	-	-	-	-	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS		-	5.7	-	-	-	-	-	-
	Recovery	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 54.9	\$ 63.1	\$ 54.5	\$ 55.1	\$ 56.4	\$ 58.1	\$ 59.6	\$ 61.6
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ -0.5	\$ 1.6	\$ -	\$ (3.0)	\$ (2.8)	\$ (3.1)	\$ (3.3)	\$ (3.8)
* Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes \$0.1 million. General Fund (111) Forecast does not include Pension Trust activities.									

The following table illustrates the previous projected deficits relative to the updated Forecast.

Original 5 Year Forecast	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Proposed Surplus/Deficit	(\$3.1)	(\$2.8)	(\$3.2)	(\$3.5)	(\$4.0)
Adopted Surplus/Deficit	(\$3.0)	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)

ORDINANCE 2274

**AN ORDINANCE OF THE PEOPLE OF THE TOWN OF LOS GATOS, CALIFORNIA
IMPOSING A GENERAL TRANSACTIONS AND USE TAX
FOR A PERIOD OF TWENTY YEARS**

WHEREAS, Town of Los Gatos residents have indicated that the quality of life in Los Gatos is highly valued; and

WHEREAS, the Town of Los Gatos has over \$70 Million in unmet infrastructure needs for projects such as pothole, street, and road repair, the proper maintenance of which are important to maintaining local property values and quality of life; and

WHEREAS, the Town seeks to not only maintain, but enhance neighborhood police patrols and local crime prevention programs, both of which are priorities identified by the public; and

WHEREAS, the Town also seeks to improving traffic flow to reduce traffic congestion; and

WHEREAS, repairing potholes and maintaining Los Gatos' streets, roads, and sidewalks so they do not deteriorate further and become even more costly to fix in the future has been a longstanding objective of the Town; and

WHEREAS, locally-enacted funding sources such as a voter-approved sales tax are not subject to seizure by the State, and must be spent in Los Gatos to maintain its local services; and

WHEREAS, the proposed measure imposes an unrestricted general sales tax that can be used for any legitimate governmental purpose and it is not a commitment to any particular action; and

WHEREAS, the proposed measure requires Independent Citizens Oversight and mandatory financial audits to ensure funds are spent in furtherance of Town objectives to enhance local services and the quality of life in the Town, and yearly reports to the community to ensure funds are spent as promised and would sunset in 20 years; and

WHEREAS, under the provisions of the laws relating to general law cities in the State of California, an election shall be held on November 6, 2018, for the submission to the voters of a question relating to a local one-eighth-cent (0.125%) sales tax; and

WHEREAS, it is desirable that the election be consolidated with the statewide election to be held on the same date, and that within the Town, the precincts, polling places, and election officers of the two elections be the same.

NOW THEREFORE, THE PEOPLE OF THE TOWN OF LOS GATOS DO ORDAIN AS FOLLOWS:

SECTION 1. INCORPORATION OF RECITALS. The People of Los Gatos, subject to voter approval, find that all Recitals are true and correct and incorporate them herein by this reference.

SECTION 2. AMENDMENT OF MUNICIPAL CODE. Chapter 2.60, Transactions and Use Tax, of the Los Gatos Town Code, is hereby added to read as follows:

Sec. 2.60.010. Title.

This ordinance shall be known as the Los Gatos Transactions and Use Tax Ordinance. The Town of Los Gatos hereinafter shall be called "Town." This ordinance shall be applicable in the incorporated territory of the Town.

Sec. 2.60.020. Operative Date.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

Sec. 2.60.030. Purpose.

This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the Town to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of

Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

E. To provide transactions and use tax revenue to the Town to be used to fund general revenue purposes.

Sec. 2.60.040. Contract with State.

Prior to the operative date, the Town shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the Town shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Sec. 2.60.050. Transactions Tax Rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the Town at the rate of one-eighth of one percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

Sec. 2.60.060. Place of Sale.

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

Sec. 2.60.070. Use of Tax Rate.

An excise tax is hereby imposed on the storage, use or other consumption in the Town of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of one-eighth of one percent (0.125%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Sec. 2.60.080. Adoption of Provisions of State Law.

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

Sec. 2.60.090. Limitations of Adoption of State Law and Collection of Use Tax.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this Town shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, the California Department of Tax and Fee Administration or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this Town or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration or the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "Town" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

Sec. 2.60.100. Permit Not Required.

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

Sec. 2.60.110. Exemptions and Exclusions.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any town, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the Town which is shipped to a point outside the Town, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the Town shall be satisfied:

- a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-Town address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

- b. With respect to commercial vehicles, by registration to a place of business out-of-Town and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this Town of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the Town shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the Town or participates within the Town in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the Town or through any representative, agent, canvasser, solicitor, subsidiary, or person in the Town under the authority of the retailer.

7. "A retailer engaged in business in the Town" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing

with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the Town.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Sec. 2.60.120. Amendments.

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

Sec. 2.60.130. Enjoining Collection Forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the Town, or against any officer of the State or the Town, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Sec. 2.60.140. Citizens' oversight and annual audit.

A. There shall be a committee appointed by the Town Council to review and report on the receipt of revenue and expenditure of funds from the tax authorized by this chapter ("revenues and expenditures"). The number, qualifications and duties of Committee members shall be established by ordinance or resolution of the Town Council.

B. Beginning with the fiscal year that ends June 30, 2019, the Town's independent auditors shall, as part of their annual audit of the Town's financial statements, review the collection and expenditure of revenue from the tax authorized by this chapter. The auditors' review shall be a public document. The committee shall annually review the auditors' findings and report in writing to the Town Council regarding the auditors' findings regarding the revenues and expenditures. The committee's statement shall be transmitted to the Town Council for consideration at a public meeting.

C. By January 31, 2019, the Town Council shall adopt a resolution establishing the composition of the committee and further defining its responsibilities consistently with this section. Provisions defining the scope of committee responsibilities and reporting requirements shall address bond oversight, in the event that a decision is made at a later time to sell bonds that are in part backed by the revenues referenced in this section. The Town Council shall appoint the initial members of the committee no later than March 1, 2019.

Sec. 2.60.150. Termination Date.

The authority to levy the tax imposed by this chapter shall automatically expire on March 31, 2039, without further action by the Town Council or the voters of the Town. After said date, the tax imposed by this Chapter can only be continued or reestablished by a majority vote of Los Gatos voters.

SECTION 3. ADJUSTMENT OF APPROPRIATIONS LIMIT. Pursuant to Article XIIIB of the Constitution of the State of California and applicable laws, the appropriations limit for the Town is hereby increased by the aggregate sum authorized to be levied by this tax for fiscal year 2018-2019 and each year thereafter.

SECTION 4. COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT. The approval of this ordinance is exempt from the California Environmental Quality Act (Public Resources Code §§ 21000 et seq., "CEQA," and 14 Cal. Code Reg. §§ 15000 et seq., "CEQA Guidelines"). This ordinance imposes a general tax that can be used for any legitimate governmental purpose; it is not a commitment to any particular action. As such, under CEQA Guidelines section 15378(b)(4), the ordinance is not a "project" within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue from the tax were used for a purpose that would have either such effect, the Town would undertake the required CEQA review for that project. Therefore, pursuant to CEQA Guidelines section 15060, CEQA analysis is not required.

SECTION 5. SEVERABILITY. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 6. EFFECTIVE DATE. This ordinance relates to the levying and collecting of the Town transactions and use taxes and shall take effect immediately.

SECTION 7. NOTICE. Upon approval by the voters, the Town Clerk Administrator shall certify to the passage and adoption of this Ordinance and shall cause it to be published according to law.

* * * * *

It is hereby certified that this Ordinance was duly adopted by the voters at the November 6, 2018 Election and took effect 10 days following adoption of a resolution declaring the results of the election at a regular meeting of the Town Council held on the 18th day of December 2018 by the following vote:

COUNCIL MEMBERS:

AYES: Marcia Jensen, Rob Rennie, Marico Sayoc, Mayor Steven Leonardis

NAYS: Barbara Spector

ABSENT: None.

ABSTAIN: None.

SIGNED:



MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: 12.21.18

ATTEST:



TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: 12-21-18



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/19/2023

ITEM NO: 19

DATE: December 11, 2023
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review the Revenue Modeling Report Prepared by NBS and Provide Direction on Any Ballot Measures to Consider for Polling.

RECOMMENDATION:

Review the revenue modeling report prepared by NBS and provide direction on any ballot measures to consider for polling.

BACKGROUND:

While costs of providing services and programs for residents have significantly increased over the years, Town revenues have not kept pace. Los Gatos is facing the same economic pressures as many other cities and businesses, including inflation and the uneven recovery from the pandemic. In addition, unfunded mandates by the State have also reduced the Town's available funds.

Los Gatos has taken the following proactive cost-cutting measures during major economic downturns to reduce budget expenditures and control costs while maintaining high service levels:

- Reduced full-time employees by 15% (since 2001) and did not return to pre-recession staffing levels,
- Imposed wage freezes and unpaid furloughs, and
- Reduced employee benefit costs.

Town budgets are reviewed annually by an independent auditor. Los Gatos has earned recognition for its fiscal responsibility with the highest credit rating (AAA bond rating by Moody's) and annual awards by the Government Finance Officers Association for its high quality and transparent budgeting practices.

PREPARED BY: Katy Nomura
Assistant Town Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

PAGE 2 OF 6

SUBJECT: Potential Revenue Ballot Measure Options

DATE: December 11, 2023

BACKGROUND (Continued):

The Town faces a budget deficit of \$3 to \$4 million per year for the projected future. On May 17, 2022, Council acknowledged the Finance Commission's finding that a structural financial deficit exists and requested recommendations on how to cure the deficit.

On November 17, 2022, the Finance Commission reviewed several cost reductions measures and recommended that the Town further work toward operational efficiencies and researching additional revenue options.

On January 24, 2023, the Town Council determined its Strategic Priorities for 2023-2025, which included exploring new revenue opportunities and addressing the forecasted deficit.

In addition to cost containment over the years, the Town has also added the following revenues in an incremental and diversified way:

- November 2016 Measure T increased the Transient Occupancy Tax (TOT) from 10 percent to 12 percent. The 2% increase raises approximately \$400,000 annually in additional revenue.
- November 2018 Measure G creates a 1/8-cent dedicated district sales tax for a 20-year period. The adoption of the dedicated tax provides approximately \$1,000,000 annually in additional revenue.
- In February 2019, Council approved an Ordinance allowing regulated short-term rentals subject to TOT. Approximately \$80,000 of additional TOT is collected annually.
- In June 2019, Council voted to annex 24 unincorporated County pockets. This action results in approximately \$1,000,000 in property taxes remaining in the Town instead of being diverted to the County.
- November 2022 Measure J increased business license taxes for the first time since 1991, raising approximately \$1,100,000 annually in additional revenue.

In an effort to explore new revenue opportunities to address the forecasted deficits, the Town may want to consider a revenue ballot measure in 2024. On June 20, 2023, the Town Council authorized the Town Manager to issue a Request for Qualifications (RFQ) for revenue ballot measure consulting services. After conducting the RFQ process, the Town selected NBS.

On October 17, 2023, Council authorized the Town Manager to enter into an agreement for the initial phase of the work for amount not to exceed \$44,600, with direction to return to Council with revenue modeling prior to beginning any polling.

There was also a request to review efficiencies, cost reduction measures, and the Annual Comprehensive Financial Report (ACFR). An extensive overview of efficiencies was reviewed by Council on August 16, 2022, and staff continues to implement efficiency improvements to address increased workloads, new State unfunded mandates, and

PAGE 3 OF 6

SUBJECT: Potential Revenue Ballot Measure Options

DATE: December 11, 2023

BACKGROUND (Continued):

little to no increases in headcount, without reducing the high quality of work product, internal controls, or the high level of customer service the Los Gatos community expects of the Town. The Town does not have the staff capacity to quantify cost savings associated with these efficiencies and continue to provide expected municipal services.

As described earlier, cost reduction measures were considered by the Finance Commission on November 17, 2022. Another item on this agenda presents the draft ACFR for Council's receipt. It is important to note that the surplus at the close of Fiscal Year 2022/23 represents one-time funds.

DISCUSSION:

NBS conducted a comprehensive evaluation of options to increase revenue for the Town and associated revenue modeling, with the goal of reducing the forecasted annual budget deficits ranging from \$2.8 million in Fiscal Year (FY) 2025/26 to \$3.8 million in FY 2028/29. This included an evaluation of a property transfer tax increase, utility user tax (UUT), special assessment districts, transient occupancy tax (TOT), business license tax, sales tax, and parcel tax scenarios. Each of these options is outlined in NBS' revenue modeling report (Attachment 1). Of the options, NBS recommended either a sales tax or a parcel tax.

Sales Tax

As mentioned in the NBS report, "the current sales tax rate in the Town is 9.25%, of which the Town's share is 1% (not including the Measure G sales tax rate of 0.125%). The Town has the capacity to raise its sales tax rate by an additional 0.125%...If structured as a general sales tax, the Town would only need to secure approval from a majority of the registered voters within the Town to increase the sales tax rate. NBS recommends that the Town move quickly on this option, if desired, as the Town's remaining capacity for a sales tax increase could be utilized by another government agency within the County during the next election cycle." An 1/8-cent sales tax increase would not necessarily cover the Town's ongoing budget deficit but would serve as a good first step.

The following table shows NBS' revenue modeling for FY 2025/26 through FY 2028/29:

Potential Sales Tax Increase	Potential New Total Sales Tax %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
0.125%	9.375%	\$ 1,062,500	\$ 1,087,500	\$ 1,125,000	\$ 1,162,500

Parcel Tax

According to NBS, "the parcel tax option is the only reliable way to correct the Town's projected deficits with one funding mechanism, however attaining two-thirds approval from voters at the rates that meet that objective may be difficult."

SUBJECT: Potential Revenue Ballot Measure Options

DATE: December 11, 2023

DISCUSSION (Continued):

NBS explored revenue modeling for a parcel tax without senior/low-income exemptions, a parcel tax with senior/low-income exemptions, and a parcel tax on commercial buildings over 25,000 square feet. For the purposes of this analysis, the following revenue targets were used and are referenced as High, Consensus, Middle, and Low:

Revenue Target	Amount
High	\$ 4,000,000
Consensus	\$ 3,500,000
Middle	\$ 2,000,000
Low	\$ 1,000,000

NBS determined the Consensus Revenue Target to show a target that would conservatively address the forecasted deficit. Staff is not recommending this target for a potential revenue measure. It is presented here for illustrative and discussion purposes only.

The following tables show the illustrative results for each scenario.

A. Parcel Tax without Senior/Low-Income Exemptions

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Parcels - per Parcel	\$ 356.19	\$ 311.67	\$ 178.09	\$ 89.05
Taxable Parcels - per Lot Square Foot	\$ 0.0203	\$ 0.0178	\$ 0.0102	\$ 0.0051
Taxable Parcels - per Building Square Foot	\$ 0.14	\$ 0.12	\$ 0.07	\$ 0.03

Average Annual Taxes on Single-Family and Condo Parcels in the Consensus Revenue Target in the Scenario without the Senior/Low-Income Exemptions:

Average of Parcel Tax - By Parcel	Average of Parcel Tax - By LotSqFt	Average of Parcel Tax - By BldgSqFt
\$ 311.67	\$ 254.10	\$ 262.08

B. Parcel Tax with Senior/Low-Income Exemptions

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Parcels - per Parcel	\$ 390.82	\$ 341.96	\$ 195.41	\$ 97.70
Taxable Parcels - per Lot Square Foot	\$ 0.0219	\$ 0.0192	\$ 0.0110	\$ 0.0055
Taxable Parcels - per Building Square Foot	\$ 0.15	\$ 0.13	\$ 0.07	\$ 0.04

SUBJECT: Potential Revenue Ballot Measure Options

DATE: December 11, 2023

DISCUSSION (Continued):

Average Annual Taxes on Single-Family and Condo Parcels in the Consensus Revenue Target in the Scenario with the Senior/Low-Income Exemptions (note that the average is higher for the non-exempt parcels in order to meet the same Consensus Revenue Target):

Average of Parcel Tax - By Parcel (SLI)	Average of Parcel Tax - By LotSqFt (SLI)	Average of Parcel Tax - By BldgSqFt (SLI)
\$ 341.96	\$ 273.89	\$ 283.18

C. Parcel Tax on Commercial Buildings Over 25,000 Square Feet

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Commercial/Office/Industrial Parcels - per Building Square Foot > 25K	\$ 3.31	\$ 2.90	\$ 1.66	\$ 0.83

Only 35 parcels in the Town have commercial buildings over 25,000 square feet and would be subject to such a parcel tax. For illustrative purposes only, the total annual tax per owner for this scenario at the \$3.5M Consensus Revenue Target would range from approximately \$4,600 to \$612,000.

CONCLUSION AND NEXT STEPS:

Staff looks forward to Council's discussion and direction on which potential revenue measures should be included in a poll. NBS recommends that no more than two options should be polled. Polling is a targeted effort to evaluate whether a potential measure would be viable and would include a small number of likely voters (e.g., 100 to 200 interviews) to obtain statistically valid results. Once polling is completed, staff would provide a summary of the results to the Finance Commission for a recommendation to Council on whether to pursue any of the options. Staff would then return to Council for direction on whether to proceed with any of the options.

If Council decides to proceed, Phase 2 of the contract with NBS would need to be authorized to continue the work. Phase 2 includes public education and outreach, ballot measure language refinement, and a final resolution for the Town Council to place the measure on the 2024 ballot.

COORDINATION:

The preparation of this report was coordinated with the Town Manager, Town Attorney, and Director of Finance.

FISCAL IMPACT:

PAGE 6 OF 6

SUBJECT: Potential Revenue Ballot Measure Options

DATE: December 11, 2023

On October 17, 2023, Council authorized the Town Manager to enter into an agreement for the initial phase of the work for amount not to exceed \$44,600. The cost for polling for potential revenue ballot measures was already included in this amount. After polling is complete, Council will have the option to decide whether to allocate additional funding to pursue placing a measure on the 2024 ballot.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. NBS Revenue Modeling Report



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 06/05/2018
ITEM NO: 17

Item 5.

DATE: May 29, 2018

TO: MAYOR AND TOWN COUNCIL

FROM: LAUREL PREVITTI, TOWN MANAGER
ROBERT SCHULTZ, TOWN ATTORNEY

SUBJECT: ADOPTION OF A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS, CALIFORNIA, SUBMITTING A LOCAL GENERAL REVENUE TAX MEASURE TO THE VOTERS AT THE TUESDAY, NOVEMBER 6, 2018 GENERAL MUNICIPAL ELECTION AND INTRODUCTION OF AN ORDINANCE OF THE TOWN OF LOS GATOS, CALIFORNIA IMPOSING A GENERAL TRANSACTIONS AND USE TAX

RECOMMENDATION:

Staff recommends that Town Council accept public comment and then move:

1. For adoption of a Resolution submitting a local general revenue tax measure to the voters at the Tuesday, November 6, 2018 general municipal election; and
2. For the introduction and first reading of an Ordinance, by title only, imposing a general transaction and use tax for a period of twenty years.

BACKGROUND:

On October 4, 2017, December 4, 2018, and February 12, 2018, the Council Finance Committee discussed placing a 1/8 cent general sales tax on the November 2018 ballot and recommended to the Town Council to proceed with preparing a ballot measure to place a 1/8 cent general sales tax on the November 2018 ballot.

On March 6, 2018, the Town Council reviewed the recommendation of the Council Finance Committee and directed staff to move forward with a general tax, and return to Council with ballot language, ordinance, and resolution.

PREPARED BY: ROBERT SCHULTZ
Town Attorney

Reviewed by: Town Manager, Assistant Town Manager, and Finance Director

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SUBJECT: ADOPTION OF A RESOLUTION SUBMITTING A LOCAL GENERAL REVENUE TAX MEASURE TO THE VOTERS AND INTRODUCTION OF AN ORDINANCE OF THE TOWN OF LOS GATOS, CALIFORNIA IMPOSING A GENERAL TRANSACTIONS AND USE TAX

MAY 29, 2018

DISCUSSION:

The Town of Los Gatos has a long tradition of fiscal prudence with balanced budgets and development of strategic catastrophic and budgetary emergency reserves. However, despite these efforts the Town has over \$70 million in deferred capital maintenance needs. There is currently inadequate funding to fully address our aging infrastructure needs such as streets, sidewalks, and facilities. In addition, most economists advise that a recession is likely within the next five years. In order for the Town to maintain the high quality base level of services our residents currently enjoy during the next recession and work towards funding deferred maintenance needs, additional revenues will be necessary.

Pursuant to all applicable authority, including the California Constitution and the California Elections Code, the Town Council may place a general tax measure on the ballot for the November 6, 2018 General Municipal Election. Staff has prepared the following ballot language based upon Council's direction at the March 6, 2018 Council meeting:

Shall the measure to fund essential Town services such as maintaining neighborhood police patrols; improving traffic flow to reduce congestion; repairing potholes and fixing neighborhood streets; and maintaining the Town's long-term financial stability, shall a one-eighth cent (\$0.125%) sales tax for 20 years, providing about \$800,000 annually, requiring Independent Citizens Oversight with public review of spending, and all revenues controlled locally be adopted?

Pursuant to State law, the Council must adopt the proposed ordinance corresponding to the measure, and approve the resolution corresponding to that measure. The proposed ordinance safeguards the use of public funds and ensures transparency and accountability. The ordinance requires independent citizens' oversight and annual mandatory financial audits to ensure that all funds are spent as promised. Specifically, the Town Council would be required to appoint a citizens' oversight committee that would meet annually to review expenditures and an external auditor's report on the use of these funds and report independently to the Town Council.

The resolution, if adopted, will submit the Council's ballot measure to voters at the November 6, 2018 regular municipal election. A two-thirds (2/3) vote of the City Council is required to adopt the resolution. A majority vote of the City's qualified voters will be needed to approve the ballot measure if the Council decides to place the general tax on the ballot.

Importantly, funds received from this one-eighth sales tax would be locally generated and therefore could not be taken by the State. By placing this matter on the ballot, the community will have the opportunity to consider a sales tax dedicated solely to the Town.

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SUBJECT: ADOPTION OF A RESOLUTION SUBMITTING A LOCAL GENERAL REVENUE TAX MEASURE TO THE VOTERS AND INTRODUCTION OF AN ORDINANCE OF THE TOWN OF LOS GATOS, CALIFORNIA IMPOSING A GENERAL TRANSACTIONS AND USE TAX

MAY 29, 2018

CONCLUSION:

Council should move for the first reading of the introduction and adoption of the attached Ordinance by title only and move for adoption of the attached Resolution.

FISCAL IMPACT:

If approved by voters in November, a one-eighth cent sales tax would take effect on nearly all taxable transactions in Los Gatos as of April 1, 2019. While a precise estimate of the revenue impact cannot be made, a fairly conservative estimate indicates that a one-eighth cent sales tax would generate approximately \$800,000 annually. These funds would be locally generated and therefore be safe from seizure by the State. In addition, they would enable the Town to invest in services and infrastructure that the community values. Total election costs for the Town for three Council seats and one ballot measure are yet to be determined; however, the cost for two seats and one ballot measure in 2016 was approximately \$120,000. In addition, under the Revenue and Taxation Code section 7272, the Board of Equalization (BOE) will bill a new special taxing jurisdiction for preparatory charges to administer the new district tax based on actual costs after the tax has been submitted by the various BOE units' actual charges. The statutory maximum amount of preparatory costs shall not exceed \$175,000.

Attachments:

1. Draft Resolution
2. Draft Ordinance



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 02/12/2024

ITEM NO: 6

Item 6.

DATE: February 5, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review and Make Recommendations to the Town Council to accept as Presented or Accept with Modifications the FY 24 Mid-Year Report and Supporting Work Product

RECOMMENDATION:

Review and make recommendations to the Town Council regarding Mid-Year Budget Report.

DISCUSSION:

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties states that:

- (a) The Finance Commission shall:
Serve as an on-going, substantive and expert advisory body to the Town and Town Council so that the Town and Town Council can make informed decisions about the Town's financial, budgetary and investment matters and operations related thereto.

On February 20, 2024, the Town Council will consider the FY 2023/24 Mid-Year Budget Report and recommendations for budget adjustments (see Attachment 1). Staff will provide the Finance Commission comments to the Town Council for the February 20, 2024 meeting.

Attachment:

1. Town Council Draft FY 2023/24 Mid-Year Budget Report
2. Commissioner Comments

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Town Attorney, and Assistant Town Manager



**TOWN OF LOS GATOS
MID-YEAR BUDGET REPORT
JULY 1 - DECEMBER 31, 2023**

February 6, 2024

**FINANCIAL OVERVIEW AND EXECUTIVE SUMMARY: STATUS OF FY 2023/24
ADOPTED BUDGET**

The purpose of the Mid-Year Report is to provide the Town Council with a status of the Adopted Fiscal Year (FY) 2023/24 Operating Budget after the first six months and to make any adjustments to ensure the continuity of municipal services and operations for the remainder of the fiscal year. The Report is one of several periodic updates to the Town Council on the status of the current year's revenues and expenditures and the projected financial condition of all Town funds compared with the Adopted Operating Budget. The updates typically focus on the Town's General Fund.

On January 24, 2023, the Town Council determined the Strategic Priorities for 2023-2025, providing guidance to Town staff and Commissions on workload prioritization. The Council affirmed its Strategic Priorities to be multi-year efforts focused on Safety, Prudent Financial Management, Traffic/Transportation, and Quality of Life. Under these broad topics, the Council added a few new items including: Hazardous Tree Management, Develop a Five-Year Structurally Balanced and Sustainable Operating Forecast, Develop a Five-Year Full Funded Capital Plan, Traffic Calming/Safety for All Users, Streamline Permit Process, Work with Town Partners to Support Needs of Unhoused Residents, and Redefine Town Commissions in Alignment with Strategic Priorities (see the following page). Town Council will review these priorities on its February 13, 2024 Special Meeting.

Staff has started budget development work for the next fiscal year, including an update of the Five-Year Financial Forecast, identification of critical Town needs, contractual obligations, unfunded mandates, potential adjustments to the Fee and Fine Schedule, and other analyses. Staff is actively engaged in the FY 2024/25 budget process with the primary focus of ensuring that the available Town resources are allocated to meet the priority service needs of the community. The Town Council is scheduled to hold a public hearing on the Proposed FY 2024/25 Budget on May 21, 2024.

The prior fiscal year closed with approximately \$4.1 million in surplus operating revenues, transfers in, and use of reserves over expenditures, transfers out, and reserve allocations. The General Fund balance was \$2,631,515 as of June 30, 2023.

Current fiscal year-end projections for FY 2023/24 reflect an anticipated \$1.7 million surplus of operating revenues and planned use of reserves over expenditures in addition to reserving 30% of ERAF and the proceeds to Pension Trust Fund, compared to the anticipated \$3.2 million deficit in the Adopted Budget.

ATTACHMENT 1



Ongoing Strategic Priorities 2023-2025

SAFETY

- Community Policing
- Emergency Preparedness
 - CERT Recruitment & Training
 - Communications, EOC Readiness & Emergency Plan Development
- Fire Protection
 - Implementation of Ad Hoc Wildfire Mitigation Plan
- Vegetation and Hazardous Tree Management

PRUDENT FINANCIAL MANAGEMENT

- Address Pension & OPEB Obligations
- Sell or Lease Certain Town Properties
- Develop a Five-Year Structurally Balanced and Sustainable Operating Forecast
 - Explore New Revenue Opportunities
 - Cure Forecasted Structural Deficit
- Develop a Five-Year Full Funded Capital Plan

QUALITY OF LIFE

- Community Vitality
 - Diversity, Equity & Inclusion Efforts
 - Community Where Older Adults Thrive
 - Adopt a Senior Road Map
 - Events & Other Town-Wide Efforts
 - Community Engagement
 - Environmental Sustainability/Climate Resiliency
- Economic Vitality & Pandemic Recovery
 - Policies & Ordinances
 - Semi-Permanent Parklets
 - Streamline Permit Process
- Land Use Planning
 - General Plan 2040
 - Housing Element
 - Affordable Housing Partnerships
 - SB9 Implementation
- Work with Town Partners to Support Needs of Unhoused Residents
- Redefine Town Commissions in Alignment with Strategic Priorities

TRAFFIC/TRANSPORTATION

- Comprehensive Parking Study
 - Short, Medium, and Long-Term Actions
- Transportation Demand Management
 - Measure B Transportation Projects
 - Bicycle & Pedestrian Improvements
 - Community Shuttle
 - Summer/Rush Hour/School Traffic
 - Regional Transportation Issues
- Traffic Calming/Safety for All Users

As discussed in greater detail later in this Report, the primary drivers of the projected surplus are the increased revenue projection for property tax and the restoration of the garbage franchise fee to prior year levels.

On June 6, 2023, the Town Council balanced the budget with a 4.6% vacancy factor. Staff continues to monitor each Department budget because while overall Townwide savings are predicted due to higher projected revenues, the individual Departments' current expenditure budgets may not be sufficient for the remainder of the year. Staff will recommend the necessary expenditure budget adjustments as needed.

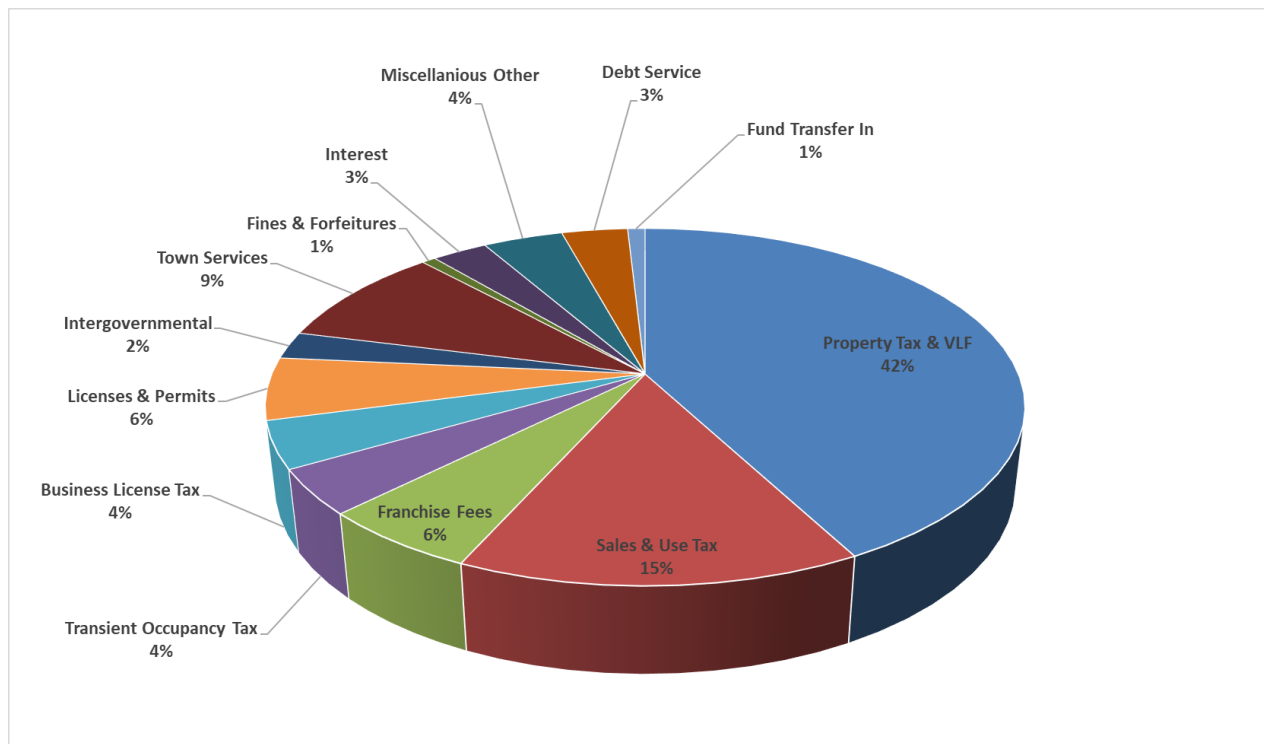
Providing services to the community in this and future fiscal years will require a strong revenue performance of the Town's economically sensitive revenues to offset continued projected cost increases. The FY 2024/25 budget development process will endeavor to maintain essential public services while controlling operational costs in light of the five-year fiscal forecast, which predicts operating revenue shortfalls in subsequent fiscal years with certain assumptions.

CONTENT OVERVIEW

The remainder of this Report focuses on the General Fund and provides analyses of key revenues and expenditures, including historic data by Town Department/Service Area. The next section contains descriptions of recommended revenue and expenditure budget adjustments. The Report also includes financial summaries of other funds as well as a table of General Fund Operating Revenues Versus Operating Expenditures through the second quarter of FY 2023/24 which includes comparison information from the prior year.

GENERAL FUND - KEY REVENUE ANALYSIS FY 2023/24

The following information provides a recap of the General Fund budgeted significant revenue sources, including estimated year end collection as of the second quarter ending December 31, 2023. Staff is monitoring developments in each major revenue source closely for potential adjustments to budgeted revenues as recommended in this Report.



Property Tax and Motor Vehicle in Lieu Fee (VLF)

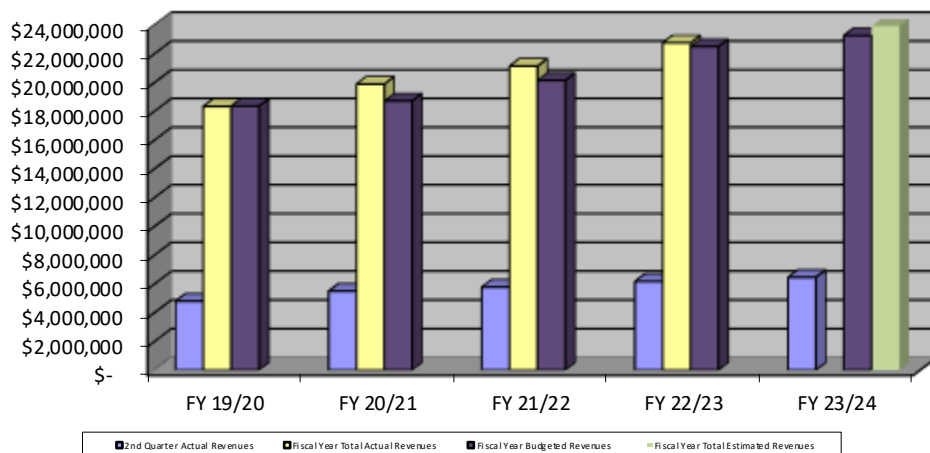
Property tax and VLF are the single largest revenue sources for the Town and comprise approximately 42% of total Town General Fund estimated revenues for FY 2023/24. Property tax is levied by the Santa Clara County Assessor's Office at 1% of a property's assessed value, of which the Town receives approximately 9.3 cents per dollar paid on property located within the municipal limits of Los Gatos. In compliance with Proposition 13, the assessed value of real property is based on the 1975/76 assessment roll value, adjusted by a 2% inflation factor annually thereafter. However, when property changes hands or new construction occurs, the property is then reassessed at its current market value.

The County of Santa Clara provides property tax collection updates and projections throughout the year. The current County estimate indicates \$654,587 of more collections than the Adopted Budget. The increase is a combined effect of higher-than-expected Redevelopment Agency (RDA) Residual Apportionment, and Motor Vehicle in Lieu (VLF) Property, Excess Educational Revenue Augmentation Fund (ERAF) estimates and decrease in secured property tax estimates and in property transfer tax.

The Town has been monitoring ongoing developments regarding the distribution of excess ERAF funds. A portion of property tax revenue goes to the ERAF to support local school districts. When the amount contributed to ERAF is more than the minimum cost of funding local schools, excess funds have traditionally been returned to the counties, cities, and special districts. Five counties, including Santa Clara, have been using a redistribution allocation formula that has been contested by the State. The Town received the full amount for FY 2021/22; however, the Santa Clara County Assessor's Office recommends reserving 30% of the FY 2023/24 projected number due to an ongoing lawsuit between Santa Clara County and the State Controller Office and the State Controller's audit findings on Marin County.

Property tax distributions are largely received in the third and fourth quarters. Second quarter receipts are trending similar to those received during the second quarter of the previous fiscal year and are at 28% of budgeted totals. Based on current County projections, staff recommends a \$654,587 increase in estimated General Property Tax and Motor Vehicle in Lieu Fee collections.

Property Tax and VLF - Quarterly and Annual Revenues 5-Year History



	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 23/24</u>
2nd Quarter Actual Revenues	\$ 4,785,479	\$ 5,481,928	\$ 5,761,081	\$ 6,155,317	\$ 6,446,869
Fiscal Year Total Actual Revenues	\$ 18,330,427	\$ 19,878,834	\$ 21,129,080	\$ 22,743,088	\$ 23,903,898
Fiscal Year Total Estimated Revenues					\$ 23,903,898
Fiscal Year Budgeted Revenues	\$ 18,352,880	\$ 18,705,325	\$ 20,138,320	\$ 22,484,118	\$ 23,249,311
2nd Quarter Percent of Total	26%	28%	27%	27%	28%
Recommended Budget Revision					\$ 654,587

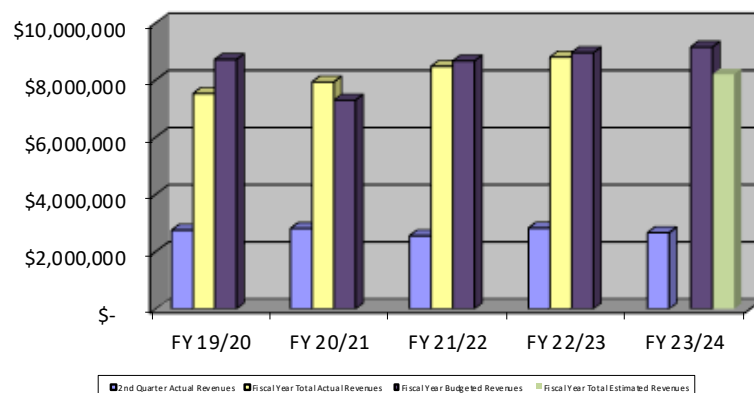
Sales Tax

Sales tax is the second largest revenue source for the Town's General Fund, accounting for 15% of budgeted General Fund projected revenues for FY 2023/24. The Town currently receives 1.125 cents for every 9.125 cents of sales tax paid per dollar on retail sales and taxable services transacted within Los Gatos, including the Town of Los Gatos residents' approved ballot Measure G in 2018 enacting a one-eighth cent (0.125%) district sales tax for 20 years.

Sales tax estimates are based on actual sales tax data and annual sales tax estimates for five years provided by the Town's consultant, MuniServices. In addition to brick-and-mortar sales tax generation, the MuniServices estimates include several online sales tax projections. The 2018 Wayfair Decision resulted in e-commerce vendors utilizing the Amazon platform to collect sales tax based on destination; however, items shipped directly from Amazon fulfillment centers are collecting sales tax based on the point of distribution. Regular sales tax collected through online transactions are distributed through the Santa Clara County pool for which the Town receives a pro rata share of the sales tax generated in Santa Clara County for that particular quarter. The Town directly receives the one-eighth district tax portion of the sales tax generated by the residents of Los Gatos. Current total sales tax estimates include \$6,960,850 (a \$915,383 decrease from the Adopted Budget) in proceeds from regular sales tax and \$1,239,843 (a \$36,802 decrease) in proceeds from the Measure G one-eighth cent district tax. Actual receipts net of administrative fees collected by the State will be confirmed at the close of the fiscal year and per prior Council direction, the Measure G funds are allocated at 50% for capital improvement projects and 50% for operating expenses.

While FY 2023/24 second quarter receipts are trending lower than in the same period last fiscal year, staff recommends a \$952,185 budget decrease to reflect the MuniServices current estimates.

Sales Tax & Measure G Tax - Quarterly and Annual Revenues
5-Year History



	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
2nd Quarter Actual Revenues	\$ 2,755,208	\$ 2,813,652	\$ 2,556,341	\$ 2,825,421	\$ 2,665,060
Fiscal Year Total Actual Revenues	\$ 7,531,425	\$ 7,933,604	\$ 8,483,673	\$ 8,806,477	
Fiscal Year Total Estimated Revenues					\$ 8,200,693
Fiscal Year Budgeted Revenues	\$ 8,723,000	\$ 7,301,869	\$ 8,671,606	\$ 8,959,134	\$ 9,152,878
2nd Quarter Percent of Total	37%	35%	30%	32%	29%
Recommended Budget Revision					\$ (952,185)

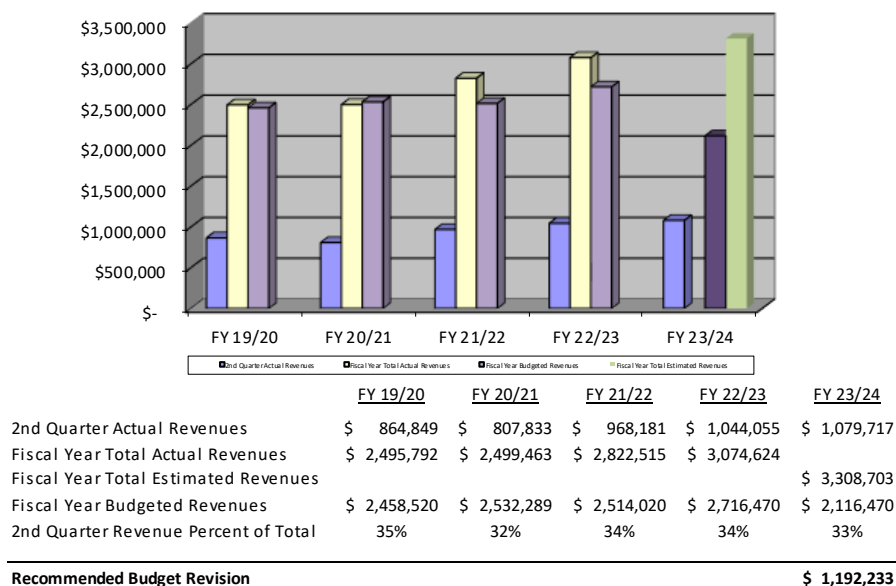
Franchise Fees

Franchise fees are collected by the Town for the privilege of operating a utility service within Los Gatos, and as a fee in lieu of a business license tax. Franchise fees are currently received from Comcast for cable television, PG&E for gas and electric services, West Valley Collection and Recycling for solid waste collection services, and AT&T and Comcast for video services. Franchise fees represent 6% of projected General Fund revenues in FY 2023/24.

Historically, franchise payments are not remitted equally throughout the fiscal year; therefore, second quarter receipts are not necessarily predictive of future receipts. Total franchise fee revenues are trending higher than those of the second quarter in FY 2023/24.

As the Town previously disclosed in the FY 2021/22 Annual Comprehensive Financial Report (ACFR), the California Supreme Court recently issued an opinion in a case challenging the franchise fees that the City of Oakland charges to certain waste hauling companies. In *Zolly v. City of Oakland*, the court concluded that it did not have enough evidence to rule as a matter of law that the fees are exempt from the voter approval requirements that apply to taxes under Proposition 26, Article XIII C of the California Constitution. However, there are several exceptions to the general rule that a tax must be approved by the voters. One exception (Article IIIC, section 1 (e)(1)) is for “a charge imposed for a specific benefit conferred or privileged granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.” The Town anticipated the impact starting on March 1, 2024, when the new garbage hauler contract goes into effect and reduced the Adopted Budget accordingly. The Town has a seat on the West Valley Solid Waste Management Authority (WVSWMA) Board that manages the solid waste contracts. The WVSWMA recently completed a Franchise Valuation Study that indicated that prior level of proceeds will be restored. Staff is recommending a \$1,097,703 increase in garbage franchise fee collection to restore the prior year levels of proceeds, and a \$94,530 increase in the PG&E Franchise Fee collection.

**Franchise Fees - Quarterly and Annual Revenues
5-Year History**



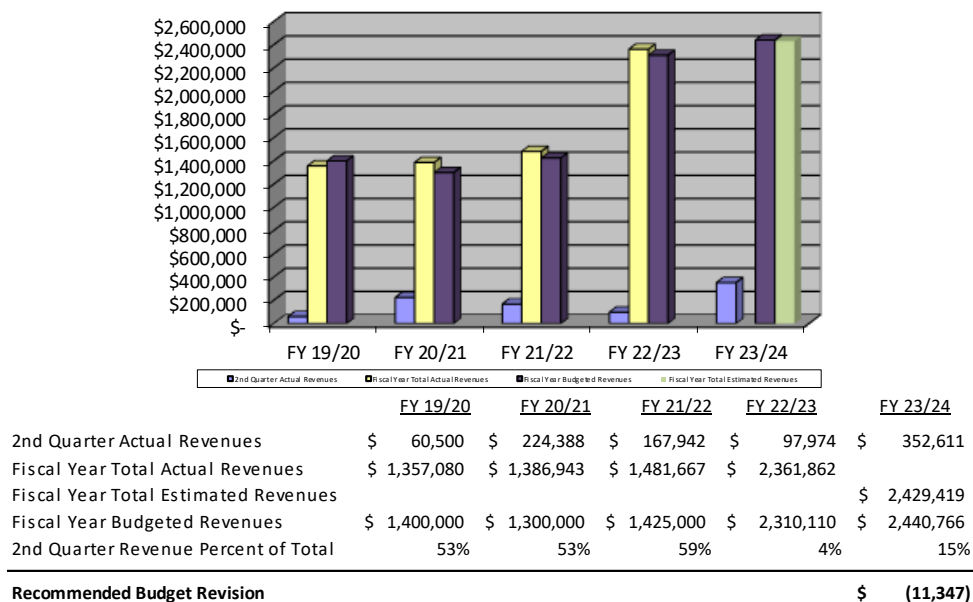
Business License Tax

The Town requires all businesses located within Los Gatos and/or those that operate within Los Gatos to obtain a business license. The amount of business license tax paid by each business is based on its business activity. In November 2022, Los Gatos voters approved Measure J, which modernized the Town's business license tax program. This was the first update to the program since 1991, strengthening funding for core Town services that are enjoyed by Town businesses. Measure J included a 30% increase on flat rate fees, a 40% increase in retailing gross receipts, and a 120% increase in e-commerce, manufacturing, wholesaling, and jobbing gross receipts. Fees for activities such as wholesale sales and manufacturing are charged on a sliding scale based on gross receipts, as is retail, with retail being capped at \$1,365. These gross receipt activities account for approximately 25% of annual business licenses, while the remaining 75% are flat fee businesses. Annual renewal payments are due on January 2 of each year. Payments for new flat-fee-based businesses are prorated by quarter.

The Town is partnering with HdL Companies (HdL) to provide dedicated business license support to Los Gatos businesses. The Town's business license application and renewal process is now streamlined by offering online business license applications and renewals. Council authorized the reactivation of late business license penalties for all businesses in 2024 that was previously omitted due to pandemic and to assist with the business license management transition.

Business license tax revenue projections provided by HdL are trending slightly lower than the adopted budget. Staff is recommending a \$11,347 decrease to this revenue source. Staff anticipates collecting the majority of the business license revenue during the third quarter. Staff is closely monitoring the activities and will return with any recommended adjustments in May.

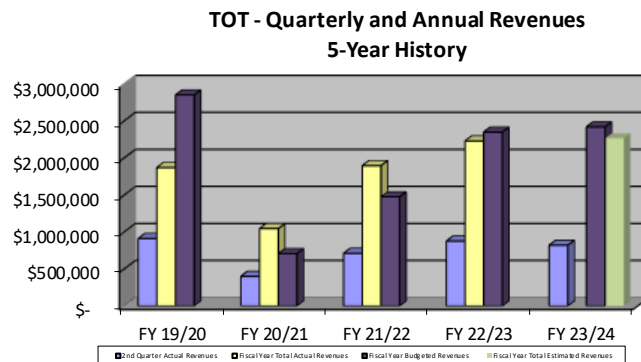
**Business License Tax - Quarterly and Annual Revenues
5-Year History**



Transient Occupancy Tax

TOT is an important revenue source for the Town and comprises approximately 4% of total Town estimated revenues in the amount of \$2.3 million for FY 2023/24. The Town levies a 12% transient occupancy tax (TOT) on all hotel and motel rooms within the municipal limits of Los Gatos. The 12% rate has been in effect since January 1, 2017, after the voters approved a ballot measure to increase in the TOT from 10% to 12% during the November 8, 2016 election.

During the pandemic, TOT experienced the most significant percentage decline relative to historical adopted budgets. Due to a significant rebound in leisure “staycation” travel and modest improvements in business travel, TOT collections were recovering but current quarter is trending lower than the prior year. Based on the current trend, staff is recommending a \$154,516 decrease to this revenue source.



	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
2nd Quarter Actual Revenues	\$ 910,806	\$ 399,620	\$ 711,861	\$ 875,715	\$ 819,683
Fiscal Year Total Actual Revenues	\$ 1,869,685	\$ 1,044,820	\$ 1,895,064	\$ 2,228,190	
Fiscal Year Total Estimated Revenues					\$ 2,264,484
Fiscal Year Budgeted Revenues	\$ 2,850,285	\$ 707,723	\$ 1,475,000	\$ 2,348,547	\$ 2,419,000
2nd Quarter Revenue Percent of Total	49%	38%	38%	39%	34%
Recommended Budget Revision					\$ (154,516)

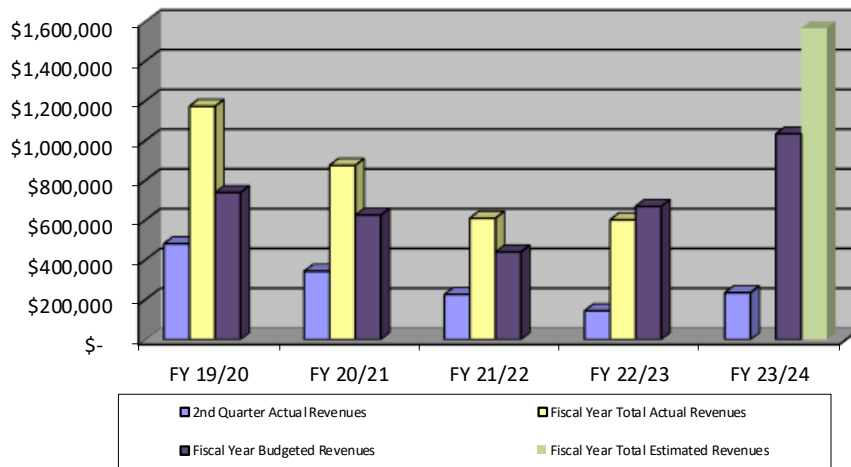
Interest Income

The Town earns interest income by investing monies not immediately required for daily operations in a number of fixed income and money market instruments. These investments are made within the parameters stated in the Town Council's Investment Policy and State regulation. The Town's investment goal is to achieve a competitive rate of return while maintaining sufficient liquidity and protecting the safety of its funds. Interest income revenue is primarily dependent on two factors: the cash balance in the Town's investment portfolio and the yield on those funds.

As of December 31, 2023, the Town's weighted portfolio yield for investments under management was 4.23% which was 30 basis points above the Local Agency Investment Fund (LAIF) yield of 3.93% for the same reporting period. Currently, the LAIF portfolio's weighted average maturity (WAM) is 230 days versus the Town's longer WAM of 587 days. The longer maturity (WAM) for Town assets under management reflects the Town's strategy to take advantage of higher yields associated with longer maturities balanced with shorter term yields available on investments held with the State's LAIF. The Town's weighted average rate of return on investments under management of 4.23% at the close of December was 3 basis points higher when compared to the prior month's return of 4.20% reported as of November 30, 2023.

Based on current interest rate environment and the Town portfolio, staff recommends a \$532,033 revenue budget increase to this revenue source.

**Interest - Quarterly and Annual Revenues
5-Year History**



	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
2nd Quarter Actual Revenues	\$ 482,517	\$ 343,813	\$ 227,164	\$ 145,003	\$ 235,922
Fiscal Year Total Actual Revenues	\$1,173,570	\$ 876,460	\$ 610,975	\$ 602,592	
Fiscal Year Total Estimated Revenues					\$ 1,567,130
Fiscal Year Budgeted Revenues	\$ 739,774	\$ 626,409	\$ 441,233	\$ 670,021	\$ 1,035,097
2nd Quarter Revenue Percent of Total	41%	39%	37%	24%	23%
Recommended Budget Revision					\$ 532,033

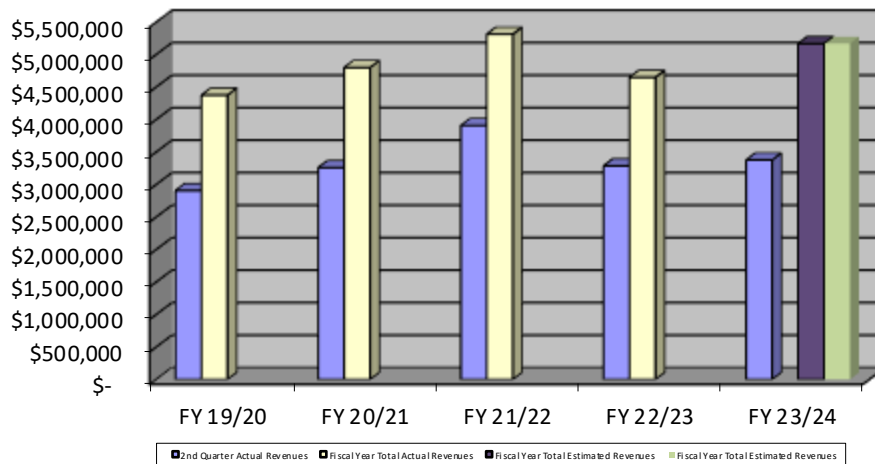
* GASB 31 Market Adjustment is not Included

Charges for Services

Town Service revenues consist primarily of planning, building, inspections, and engineering fees assessed on local building and development activity. Development fees and charges are assessed based on cost recovery formulas, which reflect approximate costs of providing these regulatory services. This category includes charges for the School Resource Officer and crossing guard services.

Second quarter Town Service revenues, specifically Charges for Services, are trending higher than in the second quarter compared to the previous fiscal year. Typically, development fees are collected in advance for projects and recognized as revenue in the fiscal year the work is performed. Fiscal Year estimated revenues includes all revenue line items in this category. Staff recommends a \$199,547 budget increase in selected items to reflect increased activities in planning and engineering services as explained in the Budget Adjustment section of this Report.

**Charges for Services - Quarterly and Annual Revenues
5-Year History**



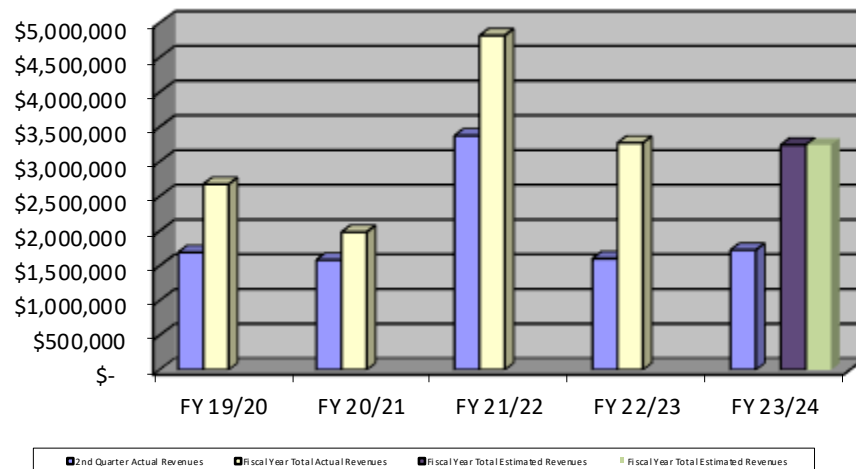
	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 23/24</u>
2nd Quarter Actual Revenues	\$ 2,905,238	\$ 3,258,027	\$ 3,906,577	\$ 3,284,766	\$ 3,375,872
Fiscal Year Total Actual Revenues	\$ 4,373,603	\$ 4,797,770	\$ 5,310,271	\$ 4,646,705	
Fiscal Year Total Estimated Revenues					\$ 5,166,743
Fiscal Year Budgeted Revenues					\$ 4,416,250
2nd Quarter Revenue Percent of Total	66%	68%	74%	71%	65%
Recommended Budget Revision					\$ 199,547

Licenses and Permits

Licenses and Permits consist mainly of planning and building permit fees which are collected by the Town to offset administrative costs associated with evaluating development proposals to ensure compliance with codes and policies. Licenses and Permits revenue was budgeted slightly lower than FY 2022/23 in anticipation of slower development activity.

Second quarter License and Permit revenue is trending 59% of budgeted revenue. Fiscal Year estimated revenues includes all revenue line items in this category. Staff recommends a \$337,425 increase in selected items in this category as explained in the next section of this Report.

**Licenses & Permits - Quarterly and Annual Revenues
5-Year History**



	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 23/24</u>
2nd Quarter Actual Revenues	\$ 1,692,252	\$ 1,584,098	\$ 3,373,287	\$ 1,602,633	\$ 1,726,270
Fiscal Year Total Actual Revenues	\$ 2,673,706	\$ 1,984,400	\$ 4,814,650	\$ 3,268,498	
Fiscal Year Total Estimated Revenues					\$ 3,239,593
Fiscal Year Budgeted Revenues	\$ 3,250,534	\$ 2,889,898	\$ 3,052,907	\$ 2,830,574	\$ 2,925,230
2nd Quarter Revenue Percent of Total	63%	80%	70%	49%	59%
Recommended Budget Revision					\$ 337,425

GENERAL FUND – EXPENDITURE ANALYSIS

For FY 2023/24, General Fund Operating expenditures (not including debt payment and transfers out) are programmed at \$51.6 million. The delivery of Town services is highly dependent on talent which comprises 67.4% of budgeted General Fund expenditures for FY 2023/24. During the fiscal year, the Town Council has approved several budget adjustments, which are tracked against the Adopted Budget. The net effect is an Adjusted Budget. General Fund expenditure totals are trending in accordance with the Adjusted Budget, with total operational expenditures at the end of the second quarter at or about 44% of the Adjusted Budget. With six months of data now available, staff expects that the individual Departments' current expenditure budgets may not be sufficient for the remainder of the year. If needed, staff will recommend the necessary expenditure budget adjustments which may require future Council action.

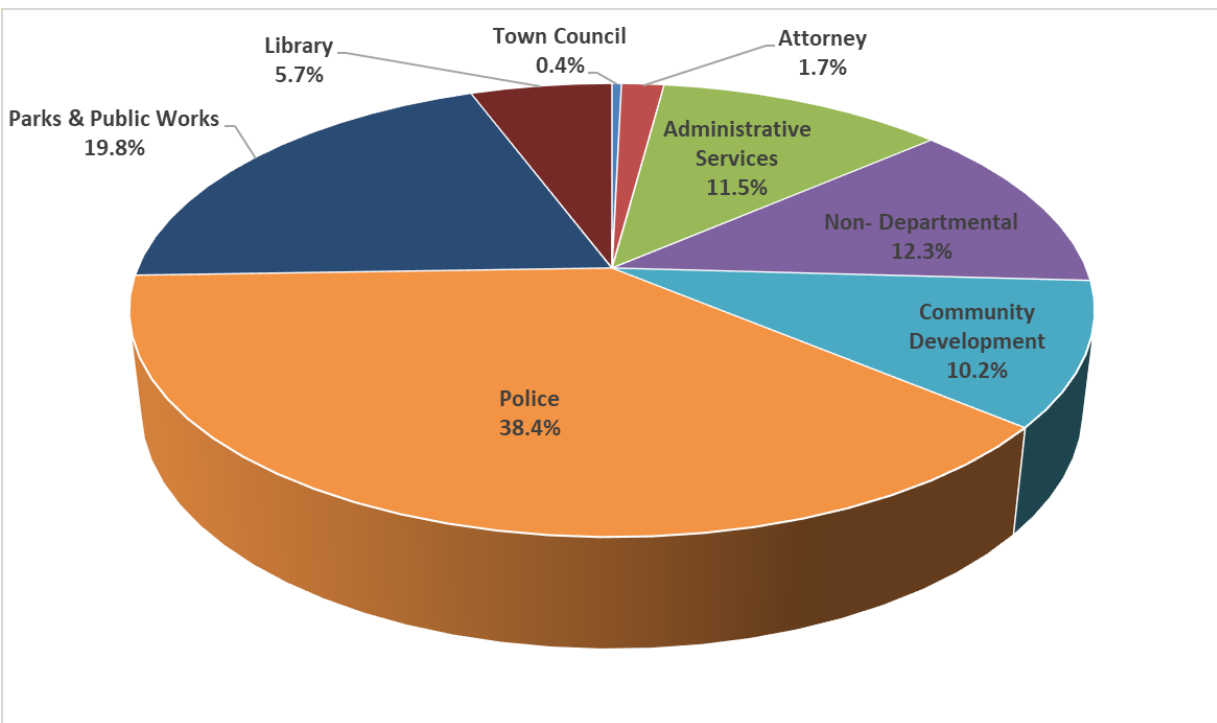
As with most municipalities, services are provided directly by employees to the Town's residents, businesses, and visitors. As a service delivery enterprise, the cost of salaries and benefits are a significant portion of the budget. As the table below illustrates, at mid-year, actual salaries are trending at 48% of budgeted salaries, overtime is trending 98% respectively to the adopted budget, while pension benefits and other benefits are trending at 44% and 43% respectively to the Adjusted Budget.

General Fund Salaries & Benefits							
	FY 2022/23 Actuals	FY 2022/23 2Q	2Q % of FY 2022/23 Actuals	2Q% of FY 2023/24 Adjusted Budget	FY 2023/24 2Q	FY 2023/24 Adjusted Budget as of 12/31/2023	FY 2023/24 Estimated
Salaries	20,424,953	10,163,834	50%	48%	10,288,684	21,263,027	21,516,835
Overtime	1,373,672	639,179	47%	98%	564,876	578,856	1,174,026
Pension Benefits	7,091,215	3,493,382	49%	44%	3,652,570	8,237,154	7,313,256
Other Benefits	3,829,826	1,841,520	48%	43%	2,044,327	4,716,655	4,209,350
Total Salaries and Benefits	32,719,665	16,137,915	49%	48%	16,550,457	34,795,692	34,213,467

The FY 2023/24 budget was balanced including 4.6% vacancy factor, while Council directed that staff continue to hire for all vacant positions. The 4.6% salary savings represents approximately \$1.7 million projected savings. Current year end expenditure estimates include about \$0.6 million salary savings Townwide. Fully staffed Departments are trending over budget due to the 4.6% vacancy factor that was built in. Staff will continue to monitor the Salaries and Benefits and request adjustment as needed to ensure that all programs remain within its allocated budget before Fiscal Year end. Actual vacancies during the course of the first half of fiscal year are illustrated in the table below.

Position		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Deputy Clerk	Separation		Filled										
Emergency Manager - Temp	Separation									Filled			
Finance Manager	Promotion				Filled								
Assistant Town Manager	Separation	Filled		Vacant			Filled						
Accountant	Separation				Vacant			Filled					Vacant
Accountant	Retirement	Filled											
HR Analyst	Separation	Filled			Vacant	Filled							
HR Director	Separation											Vacant	
Associate Planner	Separation					Vacant			Filled				
Permit Technician	Separation												Vacant
Assistant Planner	Separation												Vacant
Police Dispatcher	Separation	Vacant								Filled			
Police Dispatcher	Separation	Vacant	Filled										
Police Dispatcher	Separation	Vacant											
Police Dispatcher	Separation	Vacant				Filled		Vacant		Filled			
Police Officer	Retirement												Vacant
Police Officer	Separation							Filled					
Police Corporal	Separation			Vacant	Filled								
Police Officer	Promotion					Vacant							
Police Officer	Separation												
Police Officer	Separation												
Police Officer	Separation	Vacant			Vacant								
Police Officer	Separation	Vacant					Filled						
Administrative Analyst	Separation	Vacant											
Parks and Maintenance Worker	Separation							Vacant					
Senior Civil Engineer	Separation												
Transp and Mob Manager	Separation												Vacant
Town Engineer	Separation	Vacant			Filled								
Associate Civil Engineer	Separation		Vacant										

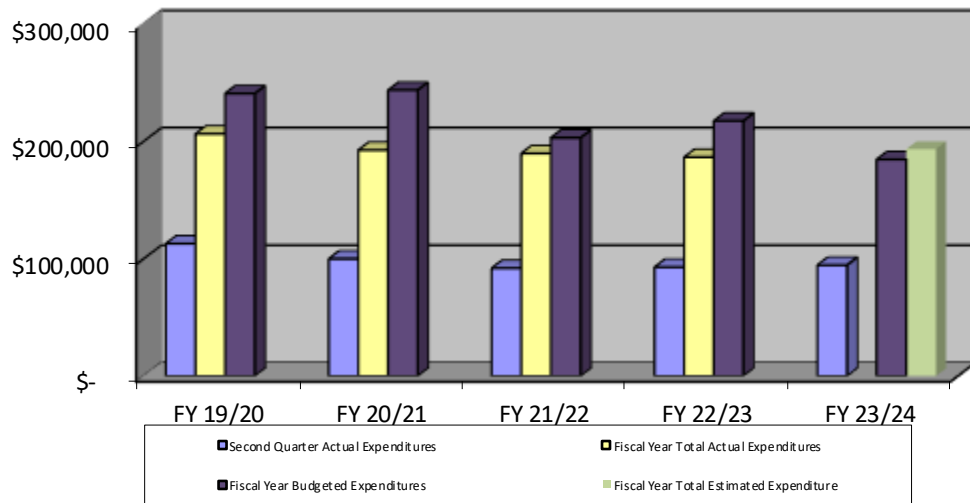
The pie chart below represents the Departmental proportion of the Town's General Fund estimated operating expenditures. The subsequent pages review program expenditures and any anticipated savings are provided for each program. Also provided are historical program costs, year over year (YOY) percentage changes in actual expenditures, and five-year average changes per the Finance Commission's suggestion. YOY percentage changes are, in many cases, impacted by the timing of one-time expenditures that occur during the fiscal year. Historical analysis has been provided in selected cases to provide explanations for some of the fluctuations between fiscal years. The FY 2023/24 Estimated figures also include analysis on potential salary and other expenditure savings; however, budget adjustments are only recommended as identified in this Report.



Town Council

The Town Council is the elected legislative body that represents the residents and provides policy direction for the delivery of services and capital improvements for the Town of Los Gatos. Town Council expenditures are trending higher than the same quarter in the prior year. Total estimated expenditures are also trending higher than budget due to the fact that this Department is fully staffed. Staff will monitor this program and request a budget adjustment, if necessary, before Fiscal Year end.

**Town Council - Quarterly and Annual Expenditures
5-Year History**



	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 23/24</u>
Second Quarter Actual Expenditures	\$ 112,711	\$ 99,787	\$ 91,800	\$ 92,674	\$ 94,408
Fiscal Year Total Actual Expenditures	\$ 206,163	\$ 192,280	\$ 189,569	\$ 186,337	
Fiscal Year Total Estimated Expenditure					\$ 193,212
Fiscal Year Budgeted Expenditures	\$ 240,605	\$ 243,486	\$ 202,891	\$ 217,238	\$ 184,395
Second Quarter Percentage of Total	55%	52%	48%	50%	51%

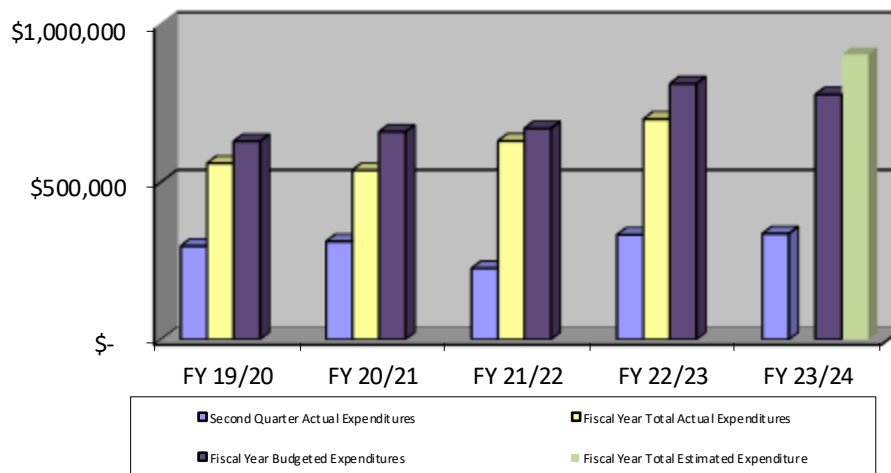
Recommended Budget Revision	\$ -
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YOY Percentage Changes	0.13%	-6.73%	-1.41%	-1.70%	3.69%
5-year Average Percentage Change					-1.21%

Town Attorney

The Town Attorney is the legal advisor to the Town Council, Successor Agency to the former Redevelopment Agency, and Town staff. In this capacity, the office of the Town Attorney provides a wide range of legal services to ensure that Town actions and activities are legally sound. Town Attorney program expenditures are trending at 43%. Staff recommends a \$150,000 expenditure budget increase to provide additional legal support for the Department.

Town Attorney - Quarterly and Annual Expenditures
5-Year History



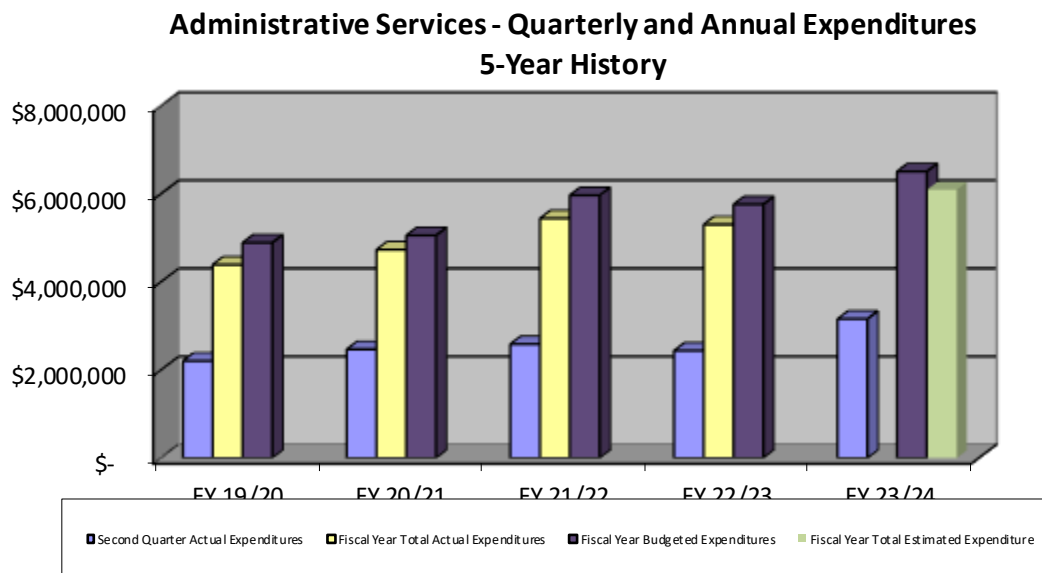
	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 23/24</u>
Second Quarter Actual Expenditures	\$ 296,424	\$ 311,520	\$ 226,377	\$ 332,183	\$ 336,063
Fiscal Year Total Actual Expenditures	\$ 559,010	\$ 537,296	\$ 629,935	\$ 699,143	
Fiscal Year Total Estimated Expenditure					\$ 904,041
Fiscal Year Budgeted Expenditures	\$ 628,793	\$ 658,831	\$ 669,733	\$ 811,426	\$ 777,508
Second Quarter Percentage of Total	53%	58%	36%	48%	43%
Recommended Budget Revision					\$ 150,000

YOY Percentage Changes	-0.63%	-3.88%	17.24%	10.99%	29.31%
5-year Average Percentage Change					10.60%

Administrative Services

The Town Manager provides overall management, administration, and direction for the entire Town organization, reporting to the full Town Council. Administrative Services incorporates five key programs: Town Manager's Office, Clerk Department, Finance Department, Human Resources Department, and Information Technology.

Administrative Services program expenditures are trending higher compared to the same quarter expenditures in prior year. This program had some vacancies during the first half of the fiscal year including Accountant and HR Director positions. Staff estimates approximately \$322,000 expenditure savings in this program. Savings are anticipated in mainly staff salaries and benefits, travel and training, and office supplies. Staff requests a total of \$79,500 budget decrease combining a \$20,500 operating budget expenditure increase offsetting with a \$100,000 expenditure budget decrease in the ARPA Tracking Pass-Through expenditures, since funds were expended in the prior year.

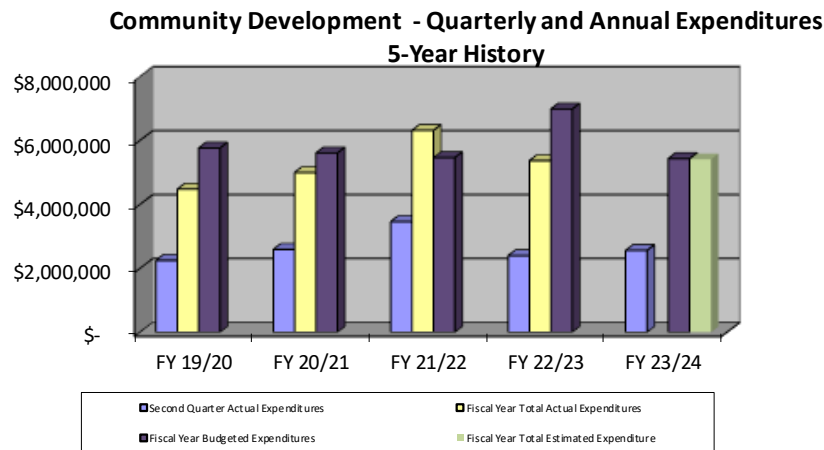


	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 23/24</u>
Second Quarter Actual Expenditures	\$ 2,204,552	\$ 2,467,813	\$ 2,583,281	\$ 2,435,224	\$ 3,157,872
Fiscal Year Total Actual Expenditures	\$ 4,388,762	\$ 4,730,360	\$ 5,441,605	\$ 5,302,277	
Fiscal Year Total Estimated Expenditure					\$ 6,091,006
Fiscal Year Budgeted Expenditures	\$ 4,891,905	\$ 5,055,847	\$ 5,965,801	\$ 5,759,393	\$ 6,508,065
Second Quarter Percentage of Total	50%	52%	47%	46%	49%
Recommended Budget Revision					\$ (79,500)
YOY Percentage Changes	10.41%	7.78%	15.04%	-2.56%	14.88%
5-year Average Percentage Change					9.11%

Community Development Services

The Community Development Department works with elected and appointed officials, other Departments, and the community to guide the physical growth, development, and preservation of the Town.

Community Development program expenditures are trending higher than the same quarter expenditures in the prior year due to increased development activities in the Department Building and Pass-Through programs. The Pass-Through program collects the required developer deposits for various review services. The Town provides those services through consultants and the consultants are paid out of the applicant's account. At the close of a project, all remaining fees collected will be refunded to the applicant. This program had limited vacancies during the first half of the fiscal year. In addition, staff recommends expenditure budget adjustments for maintenance and repair of an affordable housing unit in the amount of \$66,000 that is offset with dedicated revenue. Staff also recommends an additional \$3,500 budget adjustment for miscellaneous operating expenditures. Staff anticipates approximately \$20,000 expenditure savings in this program. Staff will monitor this program and request an additional budget adjustment, if necessary, before Fiscal Year end.



	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 23/24</u>
Second Quarter Actual Expenditures	\$ 2,245,767	\$ 2,589,502	\$ 3,460,301	\$ 2,394,537	\$ 2,559,684
Fiscal Year Total Actual Expenditures	\$ 4,473,790	\$ 4,994,391	\$ 6,313,505	\$ 5,365,410	
Fiscal Year Total Estimated Expenditure					\$ 5,410,008
Fiscal Year Budgeted Expenditures	\$ 5,760,099	\$ 5,605,215	\$ 5,461,716	\$ 6,978,617	\$ 5,430,624
Second Quarter Percentage of Total	50%	52%	55%	45%	47%
Recommended Budget Revision					\$ 70,418

YOY Percentage Changes	-2.32%	11.64%	26.41%	-15.02%	0.83%
5-year Average Percentage Change					4.31%

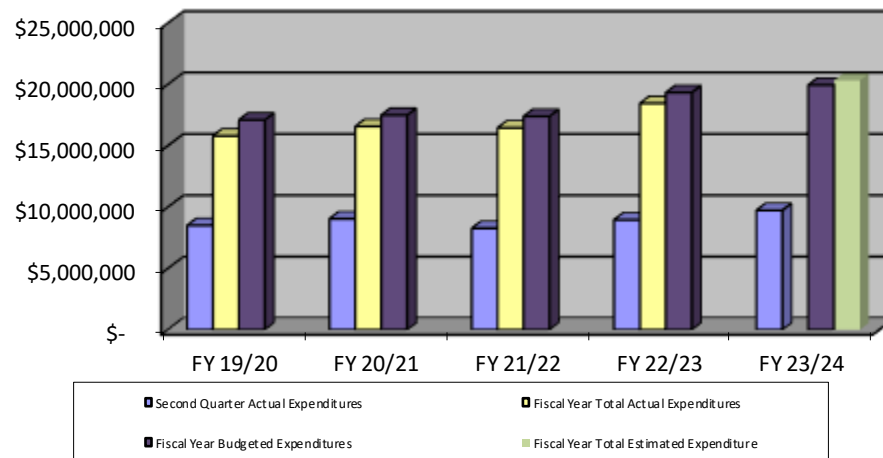
Community Development Department expenditures vary year to year based on the development activity and pass-through services.

Police Services

The Los Gatos-Monte Sereno Police Department provides Police services to the Town of Los Gatos and contractually to the City of Monte Sereno. The Department is committed to ensuring public safety with integrity, compassion, and professionalism, by providing exceptional law enforcement services, building community partnerships, and engaging the community in problem solving.

Staff is continuing to monitor Police service program revenues and expenditures. The Police Department dedicated additional resources for ongoing recruitment for open positions. Whenever feasible, open positions are filled with trainees, per diems, and temporary employees until positions are filled. The Police Department does not anticipate any budgetary concerns at mid-year. Staff anticipates approximately \$420,000 expenditures savings in this program. Savings are anticipated in staff salaries and benefits, travel and training, and office supplies. Staff recommends \$380,143 expenditure budget increase to aid with recruitment services, additional temporary employee cost, mandated software support and legal services as detailed in this report. Total estimated expenditures are also trending higher than budget due to the fact that the Department is utilizing temporary per diem employees and experiencing high overtime related activities. Staff will monitor this program and request an additional budget adjustment, if necessary, before Fiscal Year end.

**Police - Quarterly and Annual Expenditures
5-Year History**



	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 23/24</u>
Second Quarter Actual Expenditures	\$ 8,504,636	\$ 9,041,998	\$ 8,266,432	\$ 8,957,541	\$ 9,732,666
Fiscal Year Total Actual Expenditures	\$ 15,793,815	\$ 16,570,836	\$ 16,451,189	\$ 18,446,040	
Fiscal Year Total Estimated Expenditure					\$ 20,313,916
Fiscal Year Budgeted Expenditures	\$ 17,097,583	\$ 17,487,761	\$ 17,390,969	\$ 19,331,331	\$ 19,933,414
Second Quarter Percentage of Total	54%	55%	50%	49%	49%
Recommended Budget Revision					\$ 380,143

YOY Percentage Changes	5.35%	4.92%	-0.72%	12.13%	10.13%
5-year Average Percentage Change					6.36%

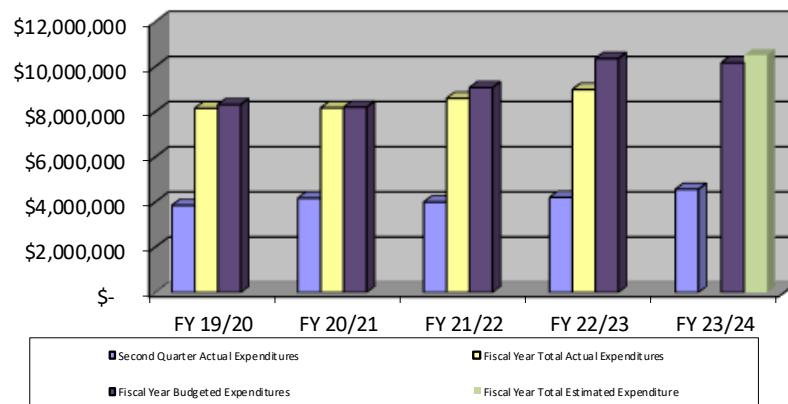
Parks and Public Works Services

The Parks and Public Works Department constructs and maintains the Town's public parks, facilities, roadways, right-of-way, and other infrastructure. Six organizational units work in coordination to achieve the Department's overarching goal of ensuring the Town's facilities are safe, functional, and attractive.

The Parks and Public Works services program expenditures are trending lower than prior year same quarter expenditures. This program experienced vacancies in several positions including Associate Engineer and Park and Maintenance Worker during the first half of the fiscal year. Staff is requesting the deletion of the hire-ahead one-time Lead Maintenance Worker position (approximately \$200,000). Staff also is requesting restructuring a couple of positions to better align the Department needs and further ensure Capital Project delivery by defunding the Transportation Mobility Manager and Associate Engineer positions and adding positions for Engineering Planner and Senior Engineer, resulting in a total net addition of \$23,875.

Total Estimated expenditures are also trending higher than budget due to the fact that the Department is utilizing temporary per diem employees as needed to fill vacancies. Staff recommends an expenditure budget decrease of \$33,416 attributed to the additional contractual obligations combined with the restructuring and hire-ahead position. Staff will monitor this program and request an additional budget adjustment, if necessary, before Fiscal Year end.

**Parks and Public Works - Quarterly and Annual Expenditures
5-Year History**



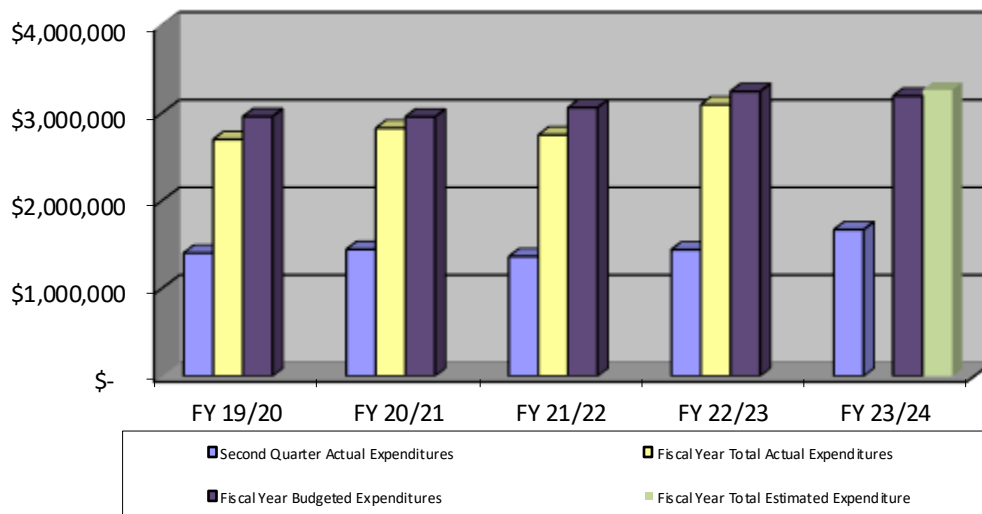
	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 23/24</u>
Second Quarter Actual Expenditures	\$ 3,864,874	\$ 4,185,306	\$ 4,010,181	\$ 4,215,979	\$ 4,574,800
Fiscal Year Total Actual Expenditures	\$ 8,168,040	\$ 8,179,757	\$ 8,605,455	\$ 8,998,082	
Fiscal Year Total Estimated Expenditure					\$ 10,519,175
Fiscal Year Budgeted Expenditures	\$ 8,328,730	\$ 8,209,850	\$ 9,080,662	\$ 10,368,194	\$ 10,177,731
Second Quarter Percentage of Total	47%	51%	47%	47%	45%
Recommended Budget Revision					\$ (33,416)
YOY Percentage Changes	2.43%	0.14%	5.20%	4.56%	16.90%
5-year Average Percentage Change					5.85%

Library Services

The Los Gatos Library fosters curiosity and community connection and strives to be at the heart of an engaged and vibrant community.

Library services program expenditures are trending higher than prior year same quarter expenditures. Staff recommends a \$23,200 budget increase for general collection and other miscellaneous operating expenditures as described in the following section. Total Estimated expenditures are also trending higher than budget due to the fact that this Department is fully staffed. Staff will monitor this program and request an additional budget adjustment, if necessary, before Fiscal Year end.

**Library - Quarterly and Annual Expenditures
5-Year History**



	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 23/24</u>
Second Quarter Actual Expenditures	\$ 1,404,285	\$ 1,445,899	\$ 1,365,415	\$ 1,442,417	\$ 1,671,000
Fiscal Year Total Actual Expenditures	\$ 2,700,802	\$ 2,828,873	\$ 2,752,401	\$ 3,096,485	
Fiscal Year Total Estimated Expenditure					\$ 3,263,710
Fiscal Year Budgeted Expenditures	\$ 2,960,784	\$ 2,957,531	\$ 3,062,708	\$ 3,247,731	\$ 3,194,842
Second Quarter Percentage of Total	52%	51%	50%	47%	52%
Recommended Budget Revision					\$ 23,200
YOY Percentage Changes	7.67%	4.74%	-2.70%	12.50%	5.40%
5-year Average Percentage Change					5.52%

FY 2023/24 RECOMMENDED BUDGET ADJUSTMENTS

Budget adjustments are recommended for the following revenues and expenditures at the second quarter as described below:

FY 2023/24 MID-YEAR BUDGET ADJUSTMENT REQUESTS - GENERAL FUNDS

Account General Fund Revenues

411**	Property Tax - Without ERAF	\$ 144,267	Based on Santa Clara County Property Tax Estimates February 2024
41126	Excess ERAF	297,000	Based on Santa Clara County Property Tax Estimates February 2024
41141	Motor Vehicle In Lieu Fee (VLF)	213,320	Based on Santa Clara County Property Tax Estimates February 2024
41211	Sales & Use Tax	(915,383)	Based on MuniServices Most Likely January 2024 Sales Tax Estimates
41214	Measure G - District Sales Tax	(36,802)	Based on MuniServices Most Likely January 2024 Sales Tax Estimates
41311	Transient Occupancy Tax	(156,472)	Based on Past Receipts and Current Trend
41612	PG&E Franchise Fee	94,530	Funds Anticipated
41613	Garbage Franchise Fee	1,097,703	Funds Anticipated, Restore Prior Level
44715	Attorney Services - Reimbursement	20,989	Funds Received
44316	Leadership Los Gatos Participation Fee	3,450	Funds Received, Partially Matching Expenditures
4351*	Additional Grants for Unhoused Initiative	5,000	Funds Anticipated
48219	ARPA Tracking Pass-Through Revenue	(100,000)	Funds Expended Prior Fiscal Year, Matching Expenditures
41411	Business License Tax	(11,347)	Funds Anticipated
452**	Interest	532,033	Funds Anticipated
42413	Planning Permits	86,500	Funds Anticipated
42414	Council Appeal Fees	3,000	Funds Anticipated
44421	Plan Check Building	(19,800)	Funds are not Received
45111	Code Compliance - Admin Citation	7,500	Funds Anticipated
45929	Affordable Housing Escrow Refund	85,000	Funds Received, Partially Matching Expenditure
45411	Police Foundation Donation	33,000	Matching Expenditure
43336	Prop 172 - Public Safety Sales Tax	(40,100)	Based on MuniServices Most Probable January 2024 Sales Tax Estimates
42616	Alarm Registration	(5,500)	Funds are not Received
42611	Parking Permits	(12,000)	Funds are not Received
45112	Online Parking Permit	(7,500)	Funds are not Received
45126	Online Parking Ticket	150,000	Funds Anticipated
45127	SCC Park Bail Collection	5,000	Funds Anticipated
43409	Excess SLESF	43,079	Funds Anticipated
45917	Opioid Settlement	10,422	Funds Anticipated
45919	Metal Recycling	209	Funds Received
49411	Street Paving Project Management Support	23,875	Funds are not Received
42514	Encroachment Permits	50,000	Funds Anticipated
42517	Dumpster Permit	(700)	Funds are not Received
42518	Under Utility Fee	3,000	Funds Anticipated
44214	Other Service Fee	7,600	Funds Anticipated
44621	Engineering Services	(60,000)	Funds are not Received
44623	Engineering Review	130,000	Funds Anticipated
44624	Grading Inspection	55,000	Funds Anticipated
44625	NPDES Inspection	40,000	Funds Anticipated
44614	LGUSL Sport Park Rental	5,884	Funds Anticipated
45313	LGS Lawn Maintenance Reimbursement	(3,972)	Funds are not Received
42523	JPA Fee	216,125	Funds Anticipated
42519	Chargepoint Flex Billing	13,424	Funds Anticipated
45922	Insurance Claim Reimbursement	54,696	Funds Received
45922	Insurance Claim Reimbursement	18,563	Funds Received
43343	Public Library Fund Grant	43,500	Grant Reimbursement Crossing Fiscal Years
TOTAL GENERAL FUND REVENUES		\$ 2,124,093	

FY 2023/24 MID-YEAR BUDGET ADJUSTMENT REQUESTS - GENERAL FUNDS

Account General Fund Expenditures

62113	Town Share of Retiree Medical	\$ 18,506	Funds are not Expended
62119	Additional Payment to IRS Pension Trust	300,000	From Available Reserve
63215	Legal Service Support	150,000	Funds are not Expended
62413	Boards and Commissions - DEI	2,500	Funds are not Expended
62434	Leadership Los Gatos	13,000	Funds are Partially Expended
62351	Unhoused Initiatives	5,000	Funds are not Expended
68219	ARPA Tracking Pass-Through Expenditures	(100,000)	Funds Expended Prior Fiscal Year, Matching Revenues
61111	Office Supplies	1,000	Funds are not Expended
61114	Postage	2,500	Funds are Partially Expended
62142	Membership Fees	1,000	Funds are Partially Expended
62371	Building Maint and Repairs- Affordable Housing	63,952	Funds are Expended, Matching Revenue
63370	HOA Dues and Services	1,966	Funds are Expended, Matching Revenue
67503	Police Foundation Donation	33,000	Matching Revenues
62143	Dues and Subscriptions	12,635	Funds are Partially Expended
633XX	Legal Services	48,000	Funds are Partially Expended
63213	Recruitment Services	78,429	Funds are Partially Expended
51***	Temporary Employee	100,000	Funds are not Expended
61145	Safety Uniforms	21,000	Funds are not Expended
64111	Training	16,000	Funds are not Expended
62223	SCC Court and Jail Construction Fee	28,000	Funds are Partially Expended
6841*	Excess SLESF	43,079	Funds are not Expended
62379	Miscellaneous Services and Repairs	10,000	Funds are Partially Expended
62524	Park Use Lease	1,500	Funds are Partially Expended
62613	Utilities - Water	64,000	Funds are Expended
5****	Defund - Hire Ahead Lead Maintenance Worker	(196,904)	Funds are not Expended
5****	Defund - Transportation and Mobility Manager	(134,160)	Funds are Partially Expended
5****	Add - Senior Engineer Planner	121,195	Funds are not Expended
5****	Defund - Associate Engineer	(237,389)	Funds are Partially Expended
5****	Add - Senior Engineer	274,229	Funds are not Expended
61212	Street Signs	20,000	Funds are Partially Expended
62379	Miscellaneous Services and Repairs	6,216	Funds are Expended
63364	Traffic Signalization	37,897	Funds are Partially Expended
62142	Membership Fees	1,000	Funds are Partially Expended
62317	Office Equipment Maintenance	1,200	Funds are not Expended
61171	General Collections	6,000	Funds are not Expended
61132	Computer Supplies	15,000	Funds are not Expended
TOTAL GENERAL FUND EXPENDITURES		\$ 829,351	

FY 2023/24 MID-YEAR BUDGET ADJUSTMENT REQUESTS - OTHER FUNDS

Account *Other Fund Revenues***Los Gatos Theatre**

4353*	Theatre Tenant Rent	51,445	<i>Funds Anticipated</i>
45919	Tenant Utility Reimbursement	54,155	<i>Funds Anticipated</i>
		\$ 105,600	

Liability Self Insurance

45922	Insurance Claim Reimbursement	5,000	<i>Funds Received</i>
		\$ 5,000	

Workers' Compensation

45922	Excess Insurance Claim Reimbursement	140,379	<i>Funds Received</i>
		\$ 140,379	

Equipment Replacement

45328	Equipment Sharing Revenue	(8,900)	<i>Funds are not Received</i>
45922	Insurance Claim Reimbursement	18,591	<i>Funds Received</i>
		\$ 9,691	

Gas Tax

4332*	Decreased Gas Tax Projections for Street Repair	(73,138)	<i>Based on California City Finance Projection January 2024</i>
		\$ (73,138)	

Library Trust

45411	Additional Donation	1,000	<i>Funds Received</i>
45452	Friends of the Library Donation	17,300	<i>Funds Received</i>
		\$ 18,300	

PARS 115 Trust

36222	Use of PARS 115 Trust Balance	-	
		\$ -	

TOTAL OTHER FUNDS REVENUES	\$ 50,762		
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Account *Other Fund Expenditures***Los Gatos Theatre**

62611	Utilities - Electric	73,068	<i>Funds are Partially Expended</i>
62612	Utilities - Gas	108	<i>Funds are Partially Expended</i>
62613	Utilities - Water	4,188	<i>Funds are Partially Expended</i>
		\$ 77,364	

GFAR

69111		23,875	<i>From Available GFAR Fund Balance</i>
		\$ 23,875	

Gas Tax

82405	Decreased Gas Tax Projections for Street Repair	(73,138)	<i>Based on California City Finance Projection January 2024</i>
		\$ (73,138)	

Liability Self Insurance

655XX	Insurance Premium	49,482	<i>From Available Liability Self Insurance Internal Service Fund</i>
6551X	Employee Risk Management Authority Insurance	120,000	<i>From Available Liability Self Insurance Internal Service Fund</i>
		\$ 169,482	

Workers' Compensation

62332	Ergonomic Evaluation	7,000	<i>From Available Workers' Comp Internal Service Fund</i>
		\$ 7,000	

81112	Traffic Speed Monitor Trailer	23,591	<i>From Available Workers' Comp Internal Service Fund</i>
		\$ 23,591	

Facilities Maintenance

62611	Utilities - Electric	90,000	<i>From Available Facilities Maintenance Internal Service Fund</i>
62613	Utilities - Water	30,000	<i>From Available Facilities Maintenance Internal Service Fund</i>
62631	Utilities - Telephone	15,000	<i>From Available Facilities Maintenance Internal Service Fund</i>
		\$ 135,000	

TOTAL OTHER FUNDS EXPENDITURES	\$ 363,174		
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SUMMARY OF KEY RECOMMENDED BUDGET ADJUSTMENTS

- General Property Tax and Motor Vehicle in Lieu Fee: Staff recommends an increase in projected revenues of approximately \$144,267 in General Property Tax and an increase of \$213,320 Motor Vehicle in Lieu fee which are in line with the estimates and forecasts provided to the Town from Santa Clara County.
- ERAF: Staff recommends a \$297,000 revenue budget increase to reflect current estimates and forecasts provided to the Town from Santa Clara County.
- Sales and Use Tax: Staff recommends a \$915,383 revenue budget decrease to reflect current sales tax trends based on MuniServices' current projections.
- Measure G – District Sales Tax: Staff recommends a \$36,802 revenue budget decrease to reflect the current trends of the one-eight cent sales tax based on MuniServices' projections.
- Transient Occupancy Tax (TOT): Staff recommends a \$156,472 revenue budget decrease based on the current trends and past receipts.
- PG&E Franchise Fee: Staff recommends an increase in projected revenues of approximately \$94,530 in cable franchise fee based on last year's actuals.
- Garbage Franchise Fee: Staff recommends an increase in projected revenues of approximately \$1,097,703 to restore prior levels based on the new agreement.
- Attorney Services – Reimbursement: Staff recommends a \$20,989 revenue budget increase based on current reimbursements.
- Leadership Los Gatos: Staff recommends a \$3,450 revenue budget increase in fee revenue based on current receipts and a \$13,000 increase in expenditures based on revised estimates.
- Unhoused Initiative Grant: Staff recommends a \$5,000 revenue and expenditure budget increase based on an anticipated additional contribution.
- ARPA Passthrough Tracking: Staff recommends a \$100,000 revenue and expenditure budget decrease based on funds expended in the prior year.
- Business License Tax: Staff recommends a \$11,347 revenue budget decrease based on revised estimates and current receipts.
- Interest Earnings: Staff recommends a \$531,287 revenue budget increase based on a higher interest rate environment than expected.

- Planning Permits and Council Appeal Fees: Staff recommends a \$86,500 revenue budget increase for planning permits and a \$3,000 budget increase for council appeal fees based on current receipts.
- Plan Check Fees: Staff recommends a \$19,800 revenue budget decrease based on the current plan check activities.
- Code Compliance – Admin Citations: Staff recommends a \$7,500 revenue budget increase based on the current receipts collected.
- Affordable Housing Program: Staff recommends a \$85,000 revenue budget increase based on current escrow funds from the purchase of 137 Bersano Ln and an expenditure budget increase of \$65,918 for building repairs and HOA Dues and services for 137 Bersano Ln.
- Police Foundation: Staff recommends a \$33,000 revenue and expenditure budget increase based on additional donations.
- Prop 172 – Public Safety Sales Tax: Staff recommends a \$40,100 revenue budget decrease to reflect the current trends of the tax based on MuniServices' current projections.
- Alarm Registration: Staff recommends a \$5,500 revenue budget decrease due to alarm registration trending down for the year.
- Parking Permits: Staff recommends a \$12,000 revenue budget decrease for parking permits and a \$7,500 budget decrease for online parking permits based on a change in the business parking permit process.
- Online Parking Ticket System: Staff recommends a \$150,000 revenue budget increase to reflect revised estimates based on citations collected.
- Parking Bail: Staff recommends a \$5,000 revenue budget increase to reflect revised estimates based on current collections from Santa Clara County.
- Excess SLESF: Staff recommends a \$43,079 revenue and expenditure budget increase to create a pass-through account. This action is recommended and consistent with the intent of the Citizens Option for Public Safety (COPS) program for use of SLESF funds.
- Opioid Settlement Proceeds: Staff recommends a \$10,422 revenue budget increase to recognize the receipt of Opioid Settlement funds. The Settlement requires funds be used primarily for opioid abatement; the Police Department will follow the fiscal guidelines outlined in the Settlement agreement.
- Metal Recycling: Staff recommends \$209 revenue budget increase to recognize receipt of funds for metal recycling.
- Street Paving Project Management: Staff recommends a \$23,875 revenue budget increase based on additional engineering support.

- Encroachment Permits: Staff recommends \$50,000 revenue budget increase to recognize incoming increased development fees.
- Dumpster Permits: Staff recommends \$700 revenue budget decrease based on less applications submitted than expected.
- Utility Underground Fee: Staff recommends \$3,000 revenue budget increase to recognize an increase in encroachment permit inspections.
- Subdivision Map Checking Fees: Staff recommends \$7,600 revenue budget increase based on the current engineering subdivision map checking activities.
- Engineering Development Services: Staff recommends \$60,000 revenue budget decrease based on the current trends for misc. engineering service fees.
- Conditional Use Permits: Staff recommends \$130,000 revenue budget increase based on the current trends for applications.
- Public Improvements & Grading Inspection Fees: Staff recommends a revenue budget increase of \$55,000 based on the current trends for inspections.
- National Pollutant Discharge Elimination System (NPDES): Staff recommends a revenue budget increase of \$40,000 based on the current trends for NPDES inspection and permit services.
- Los Gatos Parks Use Agreements: Staff recommends a revenue budget increase of \$5,884 to recognize contracted annual use fee increases.
- LGS-Rec Lease Landscape Services: Staff recommends a revenue budget decrease of \$3,972 to recognize a reduction in the rent.
- West Valley Solid Waste Management Authority JPA: Staff recommends a revenue budget increase of \$216,125 to recognize the current Authority Administrative portion of the Authority Reimbursement paid by WVCR to each Member Agency, and then each Member Agency pays that to the Authority.
- ChargePoint Flex Billing: Staff recommends a \$13,424 revenue budget increase to recognize the current trend of usage and reimbursements received.
- JPA Safety Grant: Staff recommends a \$54,696 revenue budget increase to recognize the receipt of safety grant for sidewalk repairs.
- Property Damage Claims: Staff recommends a \$18,562 revenue budget increase to recognize the receipt of reimbursement for playground structure, and damaged streetlight, pole and sign; and \$6,216 expenditure budget increase for misc. service and repairs.
- Library Operating Grants: Staff recommends a \$43,500 revenue budget increase based on grant reimbursements that crossed the fiscal year.
- Retiree Medical: Staff recommends a \$18,506 expenditure budget increase based on current estimates.

- IRS pension Trust: Staff recommends an expenditure budget increase in the amount of \$300,000 for an additional payment to the IRS Pension Trust from available Pension/OPEB Reserve.
- Legal Services Support: Staff recommends a \$150,000 expenditure budget increase based on hiring a firm to assist with part-time legal support.
- Boards and Commissions: Staff recommends a \$2,500 expenditure budget increase to the Diversity Equity Inclusion Commission.
- Development Review Expenditures: Staff recommends budget expenditure increases for office supplies (\$1,000), postage (\$2,500), and membership fees (\$1,000) based on current expenditures.
- Dues and Subscriptions: Staff recommends a \$12,635 expenditure budget increase for the PowerDMS annual subscription agreement.
- Legal Services: Staff recommends a \$48,000 expenditure budget increase based on additional investigative needs.
- Recruitment Services: Staff recommends a \$78,429 expenditure budget increase based on an increase in recruitment activity and the Police Department has been actively planning for upcoming staff transition. This multi-faceted request is for three vendors services. The first vendor provides law enforcement agencies digital recruiting services using a multi-dimensional approach to officer recruiting combining effective communication, public relations, branding, marketing, and analytics, to engage with potential candidates. The two other vendors are assisting with the Police Captain recruitment and upcoming hiring and promotional process for the ranks of Corporal and Sergeant.
- Temporary Employees: Staff recommends a \$100,000 expenditure budget increase based on temporary/hourly compensation for four planned police recruits attending the police academy.
- Safety Uniforms: Staff recommends a \$21,000 expenditure budget increase based on additional staffing of four police recruits, one lateral police officer, and three sworn promotional positions.
- Training: Staff recommends a \$16,000 expenditure budget increase based on additional training expenditures for four police recruits attending the police academy.
- Court Fee Expenses: Staff recommends a \$28,000 expenditure budget increase based on parking citations trending higher than expected.
- Miscellaneous Services and Repairs: Staff recommends \$10,000 expenditure budget increase to recognize the cost of personnel related contracted services.
- Park Use Lease: Staff recommends an expenditure budget increase of \$1,500 annually for the LG Creek Trail Lease with Dept. of Transportation.
- Park Utilities: Staff recommends an expenditure budget increase of \$64,000 based on the current trends for water costs.

- Defund Lead Park Maintenance Worker: Staff recommends an expenditure budget decrease of \$196,904 to defund the Lead Park Maintenance Worker due to this hire-ahead position being budgeted and the retirement crossed fiscal years.
- Engineering Position Changes: Staff recommends an expenditure budget decrease of \$134,160 to defund the Transportation & Mobility Manager, an expenditure budget decrease of \$237,389 to defund an Associate Engineer, and an expenditure budget increases to add a Senior Engineer (\$274,229) and Senior Engineer Planner (\$121,195) to better align Department needs and workloads. The total net cost is \$23,875 and offset from revenue from the Street Maintenance Capital Project.
- Signs: Staff recommends \$20,000 expenditure budget increase related to the costs for modified signage supplies
- Traffic Signalization: Staff recommends \$37,897 expenditure budget increase to recognize increased property damages to streetlights.
- Membership Fees: Staff recommends an expenditure budget increase in the amount of \$1,000 for increase in costs for participation in Pacific Library Partnership resource sharing.
- Office Equipment Maintenance: Staff recommends an expenditure budget increase in the amount of \$1,200 for additional upholstery repair to Library furniture.
- General Collections: Staff recommends an expenditure increase in the amount of \$6,000 for increased public usage of library media platforms.
- Computer Supplies: Staff recommends a one-time expenditure increase of \$15,000 for replacement of failing radio frequency ID tag readers for circulation of library materials.

Other Fund Revenues and Expenditures

- Theatre Tenant Rent: Staff recommends a \$51,445 revenue budget increase based on anticipated rent payments.
- Tenant Utility Reimbursement: Staff recommends a \$54,155 revenue budget increase based on projected utility bills.
- Insurance Claim Reimbursement: Staff recommends a \$5,000 revenue budget increase based on current receipts.
- Worker's Compensation – Excess Insurance Claim Reimbursement: Staff recommends a \$140,379 revenue budget increase based on higher-than-expected claim activity.
- Equipment Sharing Revenue: Staff recommends a \$8,900 revenue budget decrease based on funds not received.
- Gas Tax: Staff recommends \$73,138 revenue and expenditure budget decrease based on California City Finance Projections.

- Library Trust: Staff recommends a \$18,300 revenue budget increase to recognize additional donation received from the Friends of the Library (\$17,300) and other parties (\$1,000).
- Theatre Utility Costs: Staff recommends a \$73,068 expenditure budget increase based on the current trends for electric costs, a \$108 expenditure budget increase based on the current trends for gas costs, and a \$4,188 expenditure budget increase based on the current trends for water costs.
- GFAR Project Costs: Staff recommends a \$23,875 expenditure budget increase based on project expenditures.
- Liability Self Insurance: Staff recommends a \$49,482 expenditure budget increase in insurance premiums and a \$120,000 expenditure budget increase in Employee Risk Management Authority Insurance based on an increase in insurance costs.
- Ergonomic Evaluations: Staff recommends a \$7,000 expenditure budget increase based on catching up on staff evaluations.
- Facilities Maintenance: Staff recommends \$90,000 expenditure budget increase based on the current trends for electric costs, \$30,000 expenditure budget increase based on the current trends for water costs, and \$15,000 expenditure budget increase for the increase of Town telephone costs (Frontier and Verizon).

GENERAL FUND FINANCIAL SUMMARIES AND ESTIMATES

The following table is the *Schedule of General Fund Operating Revenues Versus Operating Expenditures* for the second quarter of FY 2023/24 which includes comparison information from the prior year.

The FY 2023/24 Adjusted Budget as of 12/31/2023 column includes the adopted budget and items that Council approved during the course of the first two quarters of the fiscal year, such as additional funding for legal services, and miscellaneous carry over grants from prior fiscal year.

The FY 2023/24 Adjusted Budget as of 2/20/2024 column includes the adopted budget and items that Council approved during the course of the first two quarters of the fiscal year and the budget adjustment requested with this report.

The FY 2023/24 Estimated column contains projections of final balances for the current fiscal year based upon staff analysis, the early trends observed through the second quarter in sales tax and property tax projections, and the proposed mid-year adjustments as listed in this report.

The FY 2023/24 Estimated figures also include analysis on potential salary and other expenditure savings; however, budget adjustments are only recommended as identified in this Report.

Staff continues to fine tune the detailed analysis of the FY 2023/24 year-end estimated revenue and expenditure numbers and an update will be provided with the presentation of the Proposed Fiscal Year 2024/25 Operating Budget.

The table below provides the details of the Revenues and Use of Reserves and Total Expenditures and Reserve Allocations.

GENERAL FUND								
SUMMARY OF REVENUES, TRANSFERS INM USE OF RESERVES AND EXPENDITURES, TRANSFERS OUT AND RESERVE ALLOCATIONS								
	FY 2022/23 Actuals	FY 2022/23 Q2	2Q % of FY 2022/23 Actuals	2Q % of FY 2023/24 Adjusted Budget as of 12/31/2023	FY 2023/24 Q2	FY 2023/24 Adjusted Budget as of 12/31/2023	FY 2023/24 Adjusted Budget as of 2/20/2024	FY 2023/24 Year End Estimates
Revenues								
Property Tax	\$ 18,187,388	\$ 6,155,317	33.8%	34.7%	\$ 6,446,869	\$ 18,556,631	18,997,898	\$ 18,997,898
VLF Backfill Property Tax	4,555,700	-	0.0%	0.0%	-	4,692,680	4,906,000	4,906,000
Sales & Use Tax	7,507,068	2,398,925	32.0%	28.6%	2,250,056	7,876,233	6,960,850	6,960,850
Measure G Sales & Use Tax	1,299,409	426,496	32.8%	32.5%	415,004	1,276,545	1,239,743	1,239,843
Franchise Fees	3,074,624	1,044,055	34.0%	51.0%	1,079,717	2,116,470	3,308,703	3,308,703
Transient Occupancy Tax	2,228,190	857,715	38.5%	33.9%	819,683	2,419,000	2,262,528	2,264,484
Business License Tax	2,361,862	97,974	4.1%	14.4%	352,611	2,440,766	2,429,419	2,429,419
Licenses & Permits	3,268,498	1,614,760	49.4%	59.0%	1,726,270	2,925,230	3,262,655	3,239,593
Intergovernmental	1,553,397	493,329	31.8%	60.0%	735,280	1,224,466	1,100,945	1,356,699
Town Services	4,646,675	3,299,202	71.0%	76.4%	3,375,872	4,416,250	4,615,797	5,166,743
Fines & Forfeitures	416,951	151,615	36.4%	111.2%	226,280	203,450	358,450	367,700
Interest	602,592	145,003	24.1%	22.8%	235,922	1,035,097	1,567,130	1,567,130
GASB 31 to Market	3,197	1,577,168	49332.7%		1,573,971	-	-	-
Use of Property	38,126	-	0.0%		-	-	-	-
Miscellaneous Other	859,578	551,234	64.1%	40.8%	826,265	2,026,716	2,124,634	2,306,791
Park Construction Tax	6,454	-	0.0%	109.7%	7,680	7,000	7,000	8,280
Debt Service - Entry Eliminated for ACFR	1,893,713	1,893,713	100.0%	0.0%	-	1,894,550	1,894,550	1,894,550
ARPA Income Replacement - Entry Eliminated for ACFR	471,664	-	0.0%		-	-	-	-
Pension Trust Income - Entry Eliminated for ACFR	690,000	-	0.0%		-	-	-	-
Measure G for Operations - Entry Eliminated for ACFR	629,065	-	0.0%		-	-	-	-
Proceeds for Sales of Assets	2,162	-	0.0%		-	-	-	-
Fund Transfer In	4,153,408	102,000	2.5%	21.3%	114,499	538,536	562,411	562,411
Total Revenues & Transfers In	\$ 58,449,721	\$ 20,808,506	36%	38%	\$ 20,185,979	\$ 53,649,620	\$ 55,598,713	\$ 56,577,094
Use of Other Funding Sources:								
Use of Reserves - Capital/Special Projects	\$ 2,350,000	\$ -	0.0%	0.0%	\$ -	\$ 2,108,288	\$ 2,108,288	\$ 1,615,000
Use of Reserves - Council Priorities - Economic Recovery	2,065,302	-			-	1,645,281	1,545,281	1,545,281
Use of Reserve - Pension/OPEB	300,000	-			-	-	-	300,000
Total Other Funding Sources	\$ 4,715,302	\$ -	0%	0%	\$ -	\$ 3,753,569	\$ 3,653,569	\$ 3,460,281
Total Revenues and Use of Reserves	\$ 63,165,023	\$ 20,808,506	33%	35%	\$ 20,185,979	\$ 57,403,189	\$ 59,252,282	\$ 60,037,375
Expenditures								
Town Council	\$ 186,337	\$ 92,674	49.7%	51.2%	94,408	\$ 184,395	184,395	\$ 193,212
Attorney	699,143	332,183	47.5%	43.2%	336,063	777,508	927,508	904,041
Administrative Services	5,302,277	2,435,224	45.9%	48.5%	3,157,872	6,508,065	6,428,565	6,091,006
Non- Departmental	2,641,017	3,230,657	122.3%	42.7%	2,759,192	6,462,904	6,781,410	6,499,660
Community Development	5,065,410	2,394,537	47.3%	47.1%	2,559,684	5,430,624	5,501,042	5,410,008
Police	18,446,040	8,957,541	48.6%	48.8%	9,732,666	19,933,414	20,313,557	20,313,916
Parks & Public Works	8,998,082	4,215,979	46.9%	44.9%	4,574,800	10,177,731	10,144,315	10,519,175
Library	3,096,485	1,442,417	46.6%	52.3%	1,671,000	3,194,842	3,218,042	3,263,710
Capital Outlay	300,000	-			-	-	-	-
Principal	156,034	-			-	156,034	156,034	156,034
Total Department Expenditures	\$ 44,890,825	\$ 23,101,212	51%	47%	\$ 24,885,685	\$ 52,825,517	\$ 53,654,868	\$ 53,350,762
Debt Service - Entry Eliminated for ACFR	\$ 1,893,713	\$ -	0.0%	0.0%	\$ -	\$ 1,894,550	\$ 1,894,550	\$ 1,894,550
ARPA Income Replacement - Entry Eliminated for ACFR	471,664	-			-	-	-	-
Transfer to Pension Trust Fund - Entry Eliminated for ACFR	690,000	-			-	-	-	-
Measure G Transfer - Entry Eliminated for ACFR	629,065	-			-	-	-	-
Transfers Out	7,242,939	-	0.0%	0.0%	-	1,615,000	1,615,000	1,615,000
Total Additional Non-Departmental Expenditures	\$ 10,927,381	\$ -	0%	0%	\$ -	\$ 3,509,550	\$ 3,509,550	\$ 3,509,550
Total Expenditures and Transfers Out	\$ 55,818,206	\$ 23,101,212	41%	44%	\$ 24,885,685	\$ 56,335,067	\$ 57,164,418	\$ 56,860,312
Allocate to Budget Stabilization/Catastrophis Reserve	\$ 276,417	-			-	\$ -	\$ -	\$ -
Allocate to Compensated Absences	61,476	-			-	-	-	-
Allocate to Carryover Encumbrances	4,553	-			-	-	-	-
Allocate to Economic Recovery	1,556,614	-			-	-	-	-
Allocate to ERAF Risk Reserve	689,608	-			-	660,900	750,000	750,000
Allocate to Restricted Pension Trust	690,000	-			-	390,000	690,000	690,000
Net Total Revenues, Transfers, and Use of Reserve Less								
Total Expenditure and Reserve Allocation	\$ 4,068,149	** \$ (2,292,706) *			\$ (4,699,706) *	\$ 17,222	\$ 647,864	\$ 1,737,063

*FY 2022/23 and FY 2023/24 2Q Net Operating Revenues are negative because some revenues budgeted for the entire fiscal year are received in the third or fourth quarters and fund expended in the first or second quarters.

** This schedule includes fund balance uses: Total Revenues and Transfers In (\$58,449,721) minus Total Operating Expenditures (\$55,818,206) equals \$2,631,515.

FINANCIAL SUMMARIES OF OTHER FUNDS

The group of financial summaries on the following pages present data by governmental, proprietary, and fiduciary fund types. For each, the fund information starts with a beginning fund balance, adds current year revenues, and subtracts current year expenditures, resulting in an ending fund balance. Adopted budget amounts are provided as a basis for comparison of actuals to date.

Special Revenue Funds (Governmental Fund Type)

Special Revenue Funds account for the proceeds derived from specific revenue sources that are legally restricted or assigned to special purposes. The Town's Special Revenue Funds are Community Development Block Grant Fund, Housing Conservation Program Fund, Urban Runoff Source Fund (Non-Point Source), several Landscaping Lighting District (LLD) Funds, Theatre Fund, and Library Trusts Funds. Staff also recommends \$105,600 revenue budget adjustment to recognize Theatre tenant lease and utility reimbursement revenues and \$77,364 expenditure budget adjustment for Theatre related expenses from available rent proceeds.

Special Revenue Funds Budget to Actuals Comparisons

	CDBG Grants	Non-Point Source	LLD's	THEATRE	LIBRARY TRUSTS
Beginning Fund Balance	\$ 166,653	\$ 629,843	\$ 176,966	\$ 74,991	\$ 530,174
Budgeted Revenues	-	359,950	39,230	68,400	74,800
Total Actual Revenues - 2nd Qtr	\$ -	\$ 149,979	\$ -	\$ 30,020	\$ 97,161
Budgeted Expenditures	-	271,103	47,684	55,814	100,800
Total Actual Expenditures - 2nd Qtr	-	121,074	13,774	26,936	21,949
2nd Quarter Ending Fund Balance	\$ 166,653	\$ 658,748	\$ 163,192	\$ 78,075	\$ 605,386

Capital Projects Funds (Governmental Fund Type)

Capital Projects Funds account for resources used for the acquisition and construction of capital facilities by the Town. Funds in this category are the GFAR (General Fund Appropriated Reserve) Fund, Traffic Mitigation Fund, Grant Funded CIP Projects Fund, Utility Underground Fund, Gas Tax Fund, and three Storm Drain Funds. Staff recommends revenue and expenditure budget adjustments in the amount of \$73,138 to reflect decreased gas tax projections. Staff will continue to monitor these revenues and expenditures throughout the remainder of the year and \$23,875 expenditure budget increase to support street related engineer work. The Grant Funded CIP fund displays a deficit balance because this grant fund expends Town dollars first, then provides documentation of these expenditures to the State of California or other granting agencies and is reimbursed for those costs. The reimbursements eventually result with the fund “breaking even” or a zero fund balance.

Capital Project Funds Budget to Actuals Comparisons						
	GFAR* Fund	Traffic * Mitigation	Grant Funds* CIP	Storm Drains	Utility Undergd	Gas Tax
Beginning Fund Balance	\$ 21,725,838	\$ 431,078	\$ (406,891)	\$ 3,218,331	\$ 3,438,996	\$ 1,671,245
Budgeted Revenues	4,968,017	80,000	2,427,810	105,670	45,190	1,787,514
Total Actual Revenues - 2nd Qtr	3,580,968	-	177,838	76,142	11,736	691,970
Budgeted Expenditures	24,550,486	413,097	15,561,567	902,219	347,576	3,263,771
Total Actual Expenditures - 2nd Qtr	3,759,292	98,920	330,492	-	-	1,464,600
2nd Quarter Ending Fund Balance	\$ 21,547,514	\$ 332,158	\$ (559,545)	\$ 3,294,473	\$ 3,450,732	\$ 898,615

* GFAR, Traffic Mitigation, and Grant Funds balances are combined in the FY 2023 ACFR. The combined balance of \$21,750,025 is presented as an Appropriated Reserve.

Internal Service Funds (Proprietary Fund Type)

Internal Service Funds finance and account for special activities and services performed by a designated Town Department for other Town Departments on a cost reimbursement basis. Included in this fund type are the Equipment Replacement Fund, Workers' Compensation Fund, Joint Powers Authority Pooled Liability Network (PLAN) Self-Insurance Fund, Information Technology Fund, and the Facilities Maintenance Fund.

Staff recommends a \$5,000 revenue budget increase for recognize insurance claim reimbursement proceeds and a \$169,482 expenditure budget adjustment to cover additional insurance premium expenses in the Self Insurance Fund. The Self Insurance Fund Display a deficit balance because insurance premiums are paid at the beginning of the fiscal year, however Department reimbursement posted on the bi-monthly bases. In addition, increased premium rates and increased claim activities require the Town to increase its Liability Internal Service charges to increase by \$450,000 or 58% percent to assure cost recovery. Staff recommend \$140,379 revenue budget increase in the Workers' Compensation Internal Service Fund to recognize insurance claim reimbursement proceeds. Staff recommends increasing the internal service rate by \$500,000 or 45% percent to assure cost recovery in the Workers' Compensation Internal Service Fund. Staff will incorporate the new rates in the Proposed FY 2024/25 Operating Budget for Council consideration.

Internal Service Funds Budget to Actuals Comparisons					
	Equipment Replacemt	Workers Compensation	Self Insurance	Information Technology	Facility Maint.
Beginning Fund Balance	\$ 2,413,720	\$ 514,813	\$ 212,022	\$ 2,474,618	\$ 927,699
Budgeted Revenues	1,056,738	1,123,448	779,024	735,656	1,252,523
Total Actual Revenues - 2nd Qtr	528,197	645,243	389,512	385,019	728,988
Budgeted Expenditures	993,636	1,773,264	1,161,313	1,018,679	1,252,521
Total Actual Expenditures - 2nd Qtr	26,035	1,012,838	1,057,171	551,895	454,942
2nd Quarter Ending Fund Balance	\$ 2,915,882	\$ 147,218	\$ (455,637)	\$ 2,307,742	\$ 1,201,745

Trust and Agency Funds (Fiduciary Fund Type)

AB1x26 is the “Dissolution Bill” that eliminated the Town’s Redevelopment Agency effective February 1, 2012. AB 1484 is the “clean-up” bill that revised and attempted to clarify AB1x26. In accordance with the law, the Successor Agency continues to wind down the affairs and operations of the former Redevelopment Agency by implementing programs and activities in accordance with the State-approved Recognized Obligation payment Schedule (ROPS). The Successor Agency monies are now accounted for in a Private Purpose Trust fund and no longer part of the Town’s Financial Statements. The fund balance reported is the actual fund balance that incorporated the full accrual of long-term debt related to the outstanding bonds payable to the 2002 and 2010 Certificates of Participations. The approved ROPS schedule includes full funding related to the obligation for this debt.

**Trust & Agency Fund
Budget to Actuals Comparisons**

	SA Trust
Beginning Fund Balance	\$ (6,187,788)
Budgeted Revenues	3,811,664
Total Actual Revenues - 2nd Qtr	1,894,000
Budgeted Expenditures	3,800,934
Total Actual Expenditures - 2nd Qtr	3,568,622
2nd Quarter Ending Fund Balance	\$ (7,862,410)

From: [Phil Koen](#)
To: [Gitta Ungvari](#); [Laurel Prevetti](#)
Cc: [Mary Badame](#); [Linda Reiners](#); [Wendy Wood](#)
Subject: Mid - Year report
Date: Tuesday, January 9, 2024 8:20:10 AM
Attachments: [Pages from MEET-Packet-73dd39da048d496eae5e1d18a27745ed\(7\).pdf](#)

[EXTERNAL SENDER]

Hello Gita and Laurel,

I know staff will shortly begin working on the mid-year review for our next meeting. This will be a critical FC meeting since we will begin to address Staff's concern of a structural deficit and have a first look at a new 5 year forecast.

Last year, see attached, I requested slight changes to the format the Town used in analyzing year to date progress. Those requests were not addressed.

This year I would greatly appreciate Staff preparing these schedules so the public, FC and the TC can more clearly understand the Town's financial position. Using a budget vs actual format which is consistent with the ACFR makes a lot of sense.

The Town's format is not a traditional P&L but rather a sources and uses of funds that focuses on balancing sources and uses. The P&L report will highlight whether there is an operating surplus or deficit projected for FY 24. Both views are needed

I'll be happy to meet with you to discuss, but the request is fairly simple.

Thank you for your help and support.

Phil Koen

Subject: FW: Mid-Year Update Review Request
Attachments: Mid Year revie- General Fund Budget vs Actual.pdf; FY 23 General Fund and Capital Fund - Budget.pdf

From: Phil Koen
Sent: Thursday, January 19, 2023 10:21 PM
To: Laurel Prevetti <LPrevetti@losgatosca.gov>
Cc: Gitta Ungvari <GUngvari@losgatosca.gov>; Arn Andrews <aandrews@losgatosca.gov>; Rick Tinsley
Subject: Mid-Year Update Review Request

EXTERNAL SENDER

Hello Laurel,

Please find attached two schedules – the first is the mid-year budget vs actual schedule used last year for the budget update discussion in February and the other schedules are the general fund and capital project fund budgets found in the FY 23 budget book.

I would request that the Staff prepare 1 additional schedule for the mid-year budget review which will show FY 22 actuals, FY 23 year to date actuals, a most probable FY 23 year forecast and the adopted FY 23 Budget and variances using the same revenue and expense classifications found in the budget book. This will provide insight into budget vs actual variances for revenue and expense categories (such as salaries and operating expenditure) that were used in preparing the FY 23 budget and the 5-year forecast. Since 67% of the general fund expenditures comprise salary and benefits, being able to gain insight as to how those expenses are tracking would be valuable. This type of analysis has never been presented at a mid-year review.

Additionally, using in the budget book format will highlight the change in fund balances as opposed to the sources and uses format which does not show the impact on fund balances. This will quickly show whether the Town is structurally balanced and will provide the reader with a better understanding of the Town's evolving financial condition.

The information to populate this one additional schedule should not require much effort and the benefits would be significant. I realize you are concerned about staff workload, but I believe this report is well worth the minimal extra effort to prepare it.

Please let me know if you have any questions. Thank you.

Phil Koen

GENERAL FUND
SUMMARY OF REVENUES AND EXPENDITURES

*Q1+Q2
actuals*

*var
a-b*

	FY 2020/21 Actuals	FY 2020/21 Q2	Q2% of FY 2019/20 Actuals	Q2% of FY 2020/21 Adjusted Budget	FY 2021/22 Q2	FY 2021/22 Adjusted Budget	FY 2021/22 Estimated YE Including Mid-Year Proposed
Revenues							
Property Tax	\$ 15,826,162	\$ 5,481,928	34.6%	36.3%	\$ 5,761,081	\$ 15,881,866	\$ 15,401,391
VLF Backfill Property Tax	4,052,672	-	0.0%	0.0%	-	4,154,320	4,229,462
Sales & Use Tax	6,794,218	2,429,968	35.8%	29.7%	2,143,460	7,213,540	7,069,045
Measure G Sales & Use Tax	1,139,386	383,684	33.7%	42.8%	412,881	964,319	1,173,733
Franchise Fees	2,499,463	807,883	32.3%	37.3%	968,181	2,597,630	2,503,560
Transient Occupancy Tax	1,044,820	399,620	38.2%	77.4%	711,861	920,040	1,400,000
Business License Tax	1,386,943	224,388	16.2%	13.4%	167,942	1,250,000	1,250,000
Licenses & Permits	2,999,711	1,494,487	49.8%	82.5%	2,180,000	2,641,779	3,065,997
Intergovernmental	1,573,697	818,352	52.0%	9.5%	370,615	3,881,836	1,130,125
Town Services	4,835,962	3,691,233	76.3%	100.5%	3,854,415	3,834,579	4,152,549
Fines & Forfeitures	103,467	31,638	30.6%	58.4%	118,809	203,450	218,120
Interest	876,460	(1,485,278)	-169.5%	-15.4%	(85,001)	551,233	551,233
GASB 31 to Market	(780,399)	517,744	-66.3%	114.7%	(126,168)	(110,000)	(110,000)
Use of Property	36,372	-	0.0%	-	-	-	-
Miscellaneous Other	335,906	1,367,206	407.0%	24.4%	153,036	626,631	964,163
Park Construction Tax	14,921	-	-	-	7,680	7,000	8,280
Debt Service - Entry Eliminated for ACFR	1,908,494	-	0.0%	0.0%	-	1,899,850	1,899,850
ARPA Income Replacement - Entry Eliminated for ACFR	79,176	-	-	-	-	-	-
Proceeds for Sales of Assets	1,201,369	-	0.0%	-	-	-	-
Fund Transfer In	652,056	104,659	16.1%	16.5%	104,659	633,352	633,352
Total Revenues & Transfers In	\$ 46,580,856	\$ 16,267,512	35%	36%	\$ 16,743,451	\$ 47,151,425	\$ 45,540,860
Use of Other Funding Sources:							
Use of Reserves - Capital/Special Projects - Capital	\$ 3,401,479	\$ -	0.0%	0.0%	\$ -	\$ 550,000	\$ 550,000
Use of Reserves - Capital/Special Projects - Other	-	-	-	-	-	\$ 250,596	\$ 250,596
Use of Reserve - Pension/OPEB	\$ 4,532,500	-	-	-	-	-	-
Use of Reserve - Accumulated Measure G	-	-	-	-	-	590,581	590,581
Use of Reserves - Surplus Property	-	-	-	-	-	1,200,000	1,200,000
Use of ARPA - Income Replacement	-	-	-	-	-	-	1,444,021
Use of ARPA - Community Grants	-	-	-	-	-	550,000	-
Total Other Funding Sources	\$ 7,933,979	\$ -	0%	0%	\$ -	\$ 3,141,177	\$ 4,035,198
Total Revenues and Use of Reserves	\$ 54,514,835	\$ 16,267,512	30%	33%	\$ 16,743,451	\$ 50,292,602	\$ 49,576,058
Expenditures							
Town Council	\$ 192,280	\$ 99,787	51.9%	45.2%	91,800	\$ 202,891	\$ 193,559
Attorney	537,296	311,520	58.0%	33.8%	226,341	669,733	554,137
Administrative Services	4,667,995	2,467,813	52.9%	45.3%	2,584,905	5,701,385	5,501,110
Non- Departmental	8,642,563	4,437,554	51.3%	32.0%	1,159,874	3,628,466	4,046,008
Community Development	4,994,391	2,589,502	51.8%	63.4%	3,460,301	5,461,716	5,094,473
Police	16,570,836	9,041,998	54.6%	47.6%	8,266,574	17,376,333	17,289,979
Parks & Public Works	8,175,987	4,185,306	51.2%	46.7%	4,020,953	8,605,418	8,332,422
Library	2,828,873	1,445,899	51.1%	44.4%	1,356,415	3,053,708	2,886,606
Capital Outlay	2,365	-	-	-	-	-	-
Total Department Expenditures	\$ 46,612,586	\$ 24,579,379	53%	47%	\$ 21,167,163	\$ 44,699,650	\$ 43,898,294
Debt Service - Entry Eliminated for ACFR	\$ 1,908,494	\$ -	0.0%	0.0%	\$ -	\$ 1,899,850	\$ 1,899,850
ARPA Income Replacement - Entry Eliminated for ACFR	\$ 79,176	-	-	-	-	-	-
Transfers Out	3,401,479	-	0.0%	0.0%	-	2,801,047	2,801,047
Total Additional Non-Departmental Expenditures	\$ 5,389,149	\$ -	0%	0%	\$ -	\$ 4,700,897	\$ 4,700,897
Total Operating Expenditures	\$ 52,001,735	\$ 24,579,379	47%	43%	\$ 21,167,163	\$ 49,400,547	\$ 48,599,191
Allocate to Budget Stabilization/Catastrophis Reserve	65,764	-	-	-	-	-	-
Allocate to Compensated Absences	110,509	-	-	-	-	-	-
Allocate to Surplus Property Reserve	1,200,000	-	-	-	-	-	-
Allocate to Sale of Property Reserve	5,302	-	-	-	-	-	-
Allocate to Pension/OPEB Reserve	300,000	-	-	-	-	-	-
Allocate to Measure G - Capital	-	-	-	-	-	482,160	586,867
Allocate to Restricted Pension Trust	-	-	-	-	-	390,000	390,000
Excess (Deficiency) of Revenues Over Expenditures	\$ 831,525	\$ (8,311,867) *			\$ (4,423,712) *	\$ 19,895	\$ -

*FY 2020/21 and FY 2021/22 Q2 Net Operating Revenues are negative because some revenues budgeted for the entire fiscal year are received in the third or fourth quarters and fund expended in the first or second quarters.

** FY 2021/22 General Fund Budget included the ARPA revenue receipt, now the ARPA revenue is budgeted in a Special Revenue Fund.

TOTAL TOWN **REVENUES AND EXPENDITURES**

GENERAL FUND

	GENERAL FUND				
	2018/19	2019/20	2020/21	2021/22	2022/23
	Actuals	Actuals	Actuals	Estimated	Adopted
REVENUES					
Property Tax	\$ 13,636,099	\$ 14,454,513	\$ 15,826,162	\$ 15,908,858	\$ 16,551,544
VLF Backfill	3,685,247	3,875,914	4,052,672	4,229,462	4,356,350
Sales & Use Tax	7,930,021	6,535,034	6,794,218	7,497,873	7,934,189
Measure G - District Sales Tax	228,131	996,391	1,139,386	1,173,733	1,240,755
Franchise Fees	2,475,916	2,495,792	2,499,463	2,435,800	2,493,870
Transient Occupancy Tax	2,692,043	1,869,685	1,044,820	1,475,000	1,642,460
Other Taxes	1,526,894	1,357,080	1,386,943	1,425,000	1,387,500
Licenses & Permits	3,059,894	2,696,457	2,999,711	3,065,997	2,757,029
Intergovernmental	945,191	1,104,075	1,573,697	1,130,125	1,051,814
Town Services	4,648,904	4,447,213	4,835,962	4,295,407	4,235,261
Internal Svc Reimbursement	-	-	-	-	-
Fines & Forfeitures	510,266	271,117	103,467	218,120	201,750
Interest	1,682,347	2,266,134	96,061	441,233	432,947
Other Sources	6,093,211	1,381,187	2,217,072	1,140,853	3,287,749
Debt Service Reimbursement	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713
Transfers In	1,578,911	599,669	1,833,218	633,352	538,536
TOTAL REVENUES	\$ 52,602,148	\$ 46,255,285	\$ 48,311,346	\$ 46,970,663	\$ 50,005,467
EXPENDITURES					
Salaries & Benefits	\$ 26,803,225	\$ 28,933,568	\$ 30,297,504	\$ 30,160,568	\$ 35,472,825
Operating Expenditures	11,955,327	13,397,031	14,276,602	9,849,151	9,318,742
Grants & Awards	248,533	274,249	298,303	800,000	241,000
Fixed Assets	38,307	138,384	2,365	-	-
Interest	-	-	52,011	-	-
Internal Service Charges	2,527,470	2,188,211	2,314,305	2,619,672	2,711,652
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713
Transfers Out	2,785,220	8,053,847	4,582,641	3,423,211	3,006,978
TOTAL EXPENDITURES	\$ 46,267,155	\$ 54,890,314	\$ 53,732,225	\$ 48,752,452	\$ 52,644,910
Net Increase (Decrease)	6,334,993	(8,635,029)	(5,420,879)	(1,781,789)	(2,639,443)
Beginning Fund Balance	31,635,533	37,970,526	29,335,497	23,914,618	22,132,829
Ending Fund Balance	\$ 37,970,526	\$ 29,335,497	\$ 23,914,618	\$ 22,132,829	\$ 19,493,386

* Year End Fund Balance represents General Fund 111 (Long Term Compensated Absences were accounted in Fund 961 prior to FY 2018/19, Pension Trust Fund 731 was incorporated in FY 2018/19).

TOTAL TOWN
REVENUES AND EXPENDITURES

CAPITAL PROJECT FUNDS

	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimated	2022/23 Adopted
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	28,390	34,437	67,146	34,562	30,000
Licenses & Permits	844,064	1,153,364	1,340,530	764,465	1,074,300
Intergovernmental	1,641,511	3,161,010	1,818,494	3,153,295	7,789,892
Town Services	52,094	223,318	34,417	306,210	-
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	127,251	158,756	122,705	35,801	36,405
Other Sources	784,085	325,607	2,239,342	1,198,207	3,016,000
CIP Proj Reimbursement	-	-	-	-	-
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	2,685,220	8,325,591	3,401,479	3,421,424	3,706,978
TOTAL REVENUES	\$ 6,162,615	\$ 13,382,083	\$ 9,024,113	\$ 8,913,964	\$ 15,653,575
EXPENDITURES					
Salaries & Benefits	\$ -	\$ -	\$ 31,085	\$ -	\$ -
Operating Expenditures	-	-	496	-	-
Grants & Awards	-	-	-	-	-
Fixed Assets	-	-	-	-	-
Interest	-	-	-	-	-
Internal Service Charges	-	-	-	-	-
Capital Projects	8,987,510	7,907,339	5,833,758	11,847,615	15,447,668
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	533,616	569,952	533,616	533,616	533,616
TOTAL EXPENDITURES	\$ 9,521,126	\$ 8,477,291	\$ 6,398,955	\$ 12,381,231	\$ 15,981,284
Net Increase (Decrease)	(3,358,511)	4,904,792	2,625,158	(3,467,267)	(327,709)
Beginning Fund Balance	18,488,574	15,130,063	20,034,855	22,660,013	19,192,746
Ending Fund Balance	\$ 15,130,063	\$ 20,034,855	\$ 22,660,013	\$ 19,192,746	\$ 18,865,037

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Laurel Prevetti](#)
Subject: Historical Headcount
Date: Thursday, January 18, 2024 11:26:24 PM
Attachments: [Historical headcount trend report.pdf](#)

[EXTERNAL SENDER]

Gitta,

I had sent this schedule to you a number of weeks ago asking about it. This report shows an “actual” headcount for FY 2001 through FY 2004 which differs from the trend graph that is always published in the budget book. Frankly I am not sure if the Actual number reported in the attached is truly the actual number of employees on board that year. Do you know?

I also am questioning if the trend graph which was included in the budget book is plotting the trend in “funded” FTE positions or Actual FTE that were on board for each year? I believe the trend line is “funded” positions (which is different from approved and also different from actual). Can you clarify for me?

This is important since the staff has claimed the Town has managed salary escalation through lower the maintenance of lower staffing levels. This would only be true if the trend report reflected actual FTE as opposed to funded.

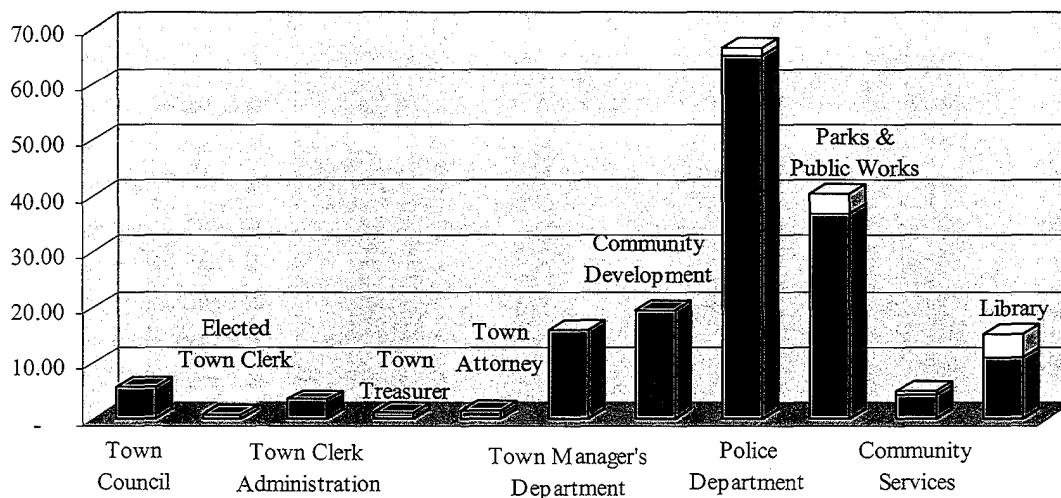
Thoughts?

Thanks,

Phil

SUMMARY of POSITIONS

Budgeted FTEs by Department



FY 2004/05 Budgeted FTEs by Department (Includes Converted Temporary Hours)

Departments	Authorized Positions	Funded Staff Positions	Temporary Staff Hours converted to FTEs	Total Budgeted Positions
Town Council	5.85	5.85	0.18	6.03
Office of the Town Clerk	1.00	1.00	-	1.00
Town Clerk Administration	4.00	3.50	-	3.50
Town Treasurer	1.25	1.25	-	1.25
Town Attorney	2.75	1.50	-	1.50
Town Manager's Department	18.45	16.05	0.18	16.23
Community Development	21.00	19.60	-	19.60
Police Department	73.00	65.30	1.25	66.55
Parks & Public Works	45.00	37.00	3.27	40.27
Community Services	5.45	4.45	0.80	5.25
Library	11.75	11.10	4.70	15.80
Total Positions	189.50	166.60	10.38	176.98

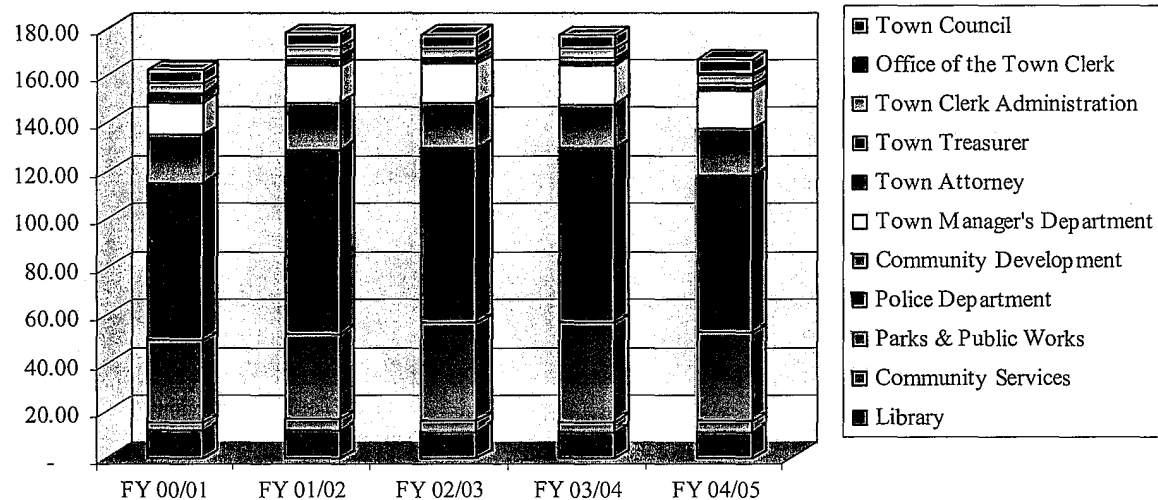
Town Manager's Department staffing numbers include: Town Manager's Office; Human Resources; Finance & Administrative Services; and Management Information Services.

Temporary positions result from seasonal, temporary, and part-time labor needs.

SUMMARY of POSITIONS

Funded FTEs by Department

Five Year Staffing Trend



Departments	FY 00/01 Actuals	FY 01/02 Actuals	FY 02/03 Actuals	FY 03/04 Actuals	FY 04/05 Proposed
Town Council	5.35	5.85	5.85	5.85	5.85
Office of the Town Clerk	-	-	-	-	1.00
Town Clerk Administration	4.00	4.00	4.00	4.00	3.50
Town Treasurer	1.25	1.25	1.25	1.25	1.25
Town Attorney	2.75	2.75	1.75	1.75	1.50
Town Manager's Department	13.50	15.20	16.30	16.30	16.05
Community Development	20.00	19.75	18.60	18.60	19.60
Police Department	66.00	77.00	73.00	73.00	65.30
Parks & Public Works	34.30	35.70	41.00	41.00	37.00
Community Services	3.25	4.70	4.45	4.45	4.45
Library	11.50	11.50	11.00	10.75	11.10
Total Budgeted FTEs	161.90	177.70	177.20	176.95	166.60

Note – FTEs represent Town staff positions funded in annual budgets. Numbers do not reflect temporary hours or the filled or unfilled status of the positions.

Wendy Wood

From: Phil Koen
Sent: Friday, January 26, 2024 11:29 AM
To: Gitta Ungvari; Laurel Prevetti
Subject: Budget Monitoring

Follow Up Flag: Follow up
Flag Status: Flagged

[EXTERNAL SENDER]

Gitta,

I thought you might find this instructive as you think about the mid-year budget review.

Phil Koen

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.gfoa.org%2Fmaterials%2Fbudget-monitoring&data=05%7C02%7CGUngvari%40osgatosca.gov%7Cb45087b62e484b6a369408dc1ea514cc%7C6d38cb6747eb4d139e7c523cd7cceed5%7C0%7C0%7C638418941576084851%7CUnknown%7CTWFpbGZsb3d8eyJWlloiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6IjEhaWwiLCJXVCi6Mn0%3D%7C0%7C%7C%7C&sdata=auRirYSC06Qb%2FXXZmocd9Dp1V8ZHwLafek1H1NpXNFY%3D&reserved=0>

Sent from my iPhone



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 02/12/2024

ITEM NO: 7

Item 7.

DATE: February 8, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review and Adopt the Finance Commission 2024 Workplan, Meeting Dates and Establish Subcommittees for Selected Projects

RECOMMENDATION:

Review and adopt the Finance Commission 2024 Workplan, meeting dates and establish subcommittees for selected projects.

REMARKS:

Per Measure A, the Finance Commission has mandatory actions and other financial related areas for Commission consideration and review throughout the year (Attachment 1).

The Finance Commission has started discussing priorities and reviewing the workplan at its January 8, 2024 meeting.

Attachment 2 provides a draft 2024 Finance Commission workplan for Commission consideration and discussion based on priorities provided at the January Finance Commission and agenda setting meeting with the Chair and Vice-Chair. The draft workplan focuses on the requisite Measure A requirements and the priorities identified. Attachment 3 includes the Finance Commission 2024 Meeting Schedule.

The Chair suggested more detailed descriptions of the items and these have been included as Attachment 4 for the full Commission's discussion and consideration.

This item affords Commissioners an opportunity to further discuss other areas of potential interest in the coming year given staff capacity.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Town Attorney, and Assistant Town Manger

PAGE 2 OF 2

SUBJECT: Finance Commission Draft 2024 Workplan

DATE: February 8, 2024

REMARKS (continued):

The Chair requested the subject of the agenda item include subcommittees. There are two types of subcommittees, an ad hoc subcommittee and a standing subcommittee. Standing subcommittees are subject to the Brown Act and ad hoc subcommittees are not. Ad hoc subcommittees are temporary advisory committees composed solely of less than a quorum of the legislative body that serve a limited or single purpose, are not perpetual, and will be dissolved once their specific task is completed. Standing committees are longer-term committees created by formal action and are subject to the Brown Act. Staff does not have the capacity to support additional standing subcommittees.

If a subcommittee is desired, an ad hoc subcommittee would be the best option. An ad hoc subcommittee would include only the ad hoc subcommittee members and no members of the public. Its work would be outside of regular Commission meetings and then then it would report back to the full Commission during a regular meeting.

Attachment 5 contains Commissioners' correspondence regarding workplan items.

Attachments:

1. Measure A
2. Draft 2024 Commission Workplan
3. Finance Commission 2024 Meeting Schedule
4. Draft 2024 Commission Workplan- Additional Details from Chair
5. Commissioners Communications

DIVISION 3. - FINANCE COMMISSION.

Sec. 2.50.200. - Finance Commission established.

- (a) The Finance Commission shall be established to serve in an advisory capacity to the Town Council by reviewing Town finances, including but not limited to the annual budget, Comprehensive Annual Financial Report, and capital expenditures, and making recommendations about the Town's financial, budgetary and investment matters and operations related thereto to the Town Council and any other Town department, agency, committee, commission or other body as the Town Council directs.
- (b) The Council Finance Committee is disbanded.
- (c) The Sales Tax Oversight Committee established by section 25.60.140 of the Town Code is disbanded and all powers and duties of that Committee are transferred to the Finance Commission.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.205. - Composition, appointment, terms.

- (a) The Finance Commission shall consist of five (5) voting citizen members ("Citizen Appointees") and two (2) non-voting Council Liaisons.
- (b) Council Liaisons.
 - (1) The Town Council shall appoint two (2) Town Council members as non-voting Council Liaisons.
 - (2) The Council Liaisons shall serve on the Finance Commission until replaced by the Town Council but shall not serve beyond their terms on the Town Council.
 - (3) One Council Liaison shall be the Mayor or Vice-Mayor of the Town.
- (c) Citizen Appointees.
 - (1) Except with respect to initial appointments as provided for in section 2.50.25(c)(5), each member of the Town Council shall appoint one Citizen Appointee, upon expiration of terms described in section 2.50.205(c)(4).
 - (2) Citizen Appointees must be residents and registered voters of the Town.
 - (3) No member of the Town Council may serve as a Citizen Appointee.
 - (4) Citizen Appointees shall serve four-year terms. which shall expire on a staggered basis such that every year one (1) term shall expire, except that once every four (4) years. Two (2) terms shall expire. The term of each Citizen Appointee shall commence on the first day of January (or as soon as practicable after the effective date of this Division for initial Citizen Appointees) and shall expire on the thirty-first day of the fourth successive December.
 - (5) As soon as practicable after the effective date of this Division, the initial appointment of the first Citizen Appointees shall be carried out as follows: Town Council members shall draw lots to determine the order of expiration for the terms of the first five (5) Citizen Appointees such that one (1) Citizen Appointee's term shall expire each year for four (4) years after the effective date of this Division, and one (1) additional Citizen Appointee's term shall expire in the fourth year after the effective date of this Division. Following the expiration of each of the first five (5) Citizen Appointees' terms. a Citizen Appointee shall be appointed to serve a four-year term.
 - (6) Citizen Appointees must be certified public accountants, chartered financial analysts, or have a business, finance, economics or accounting degree. and must have at least five (5) years of experience in at least one (1) of the following:
 - a. Financial experience in a corporate. business, or government setting;
 - b. Principal or officer at a financial auditing firm;

- c. Investment banking; or
- d. Finance or budget management.

(7) Should a Citizen Appointee resign or otherwise leave office prior to the end of his or her term, the appointing Town Council member for that Citizen Appointee shall, as soon as practicable, appoint a new Citizen Appointee to serve the remainder of the term.

- (d) Section 2.40.030 of the Town Code shall not apply to the Finance Commission.
- (e) Administrative support for the Finance Commission shall be provided by the Town Manager, the Director of Finance and by other Town staff as necessary.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.210. - Meetings and records.

- (a) The Finance Commission shall hold at least one (1) meeting per calendar quarter.
- (b) Meetings shall be held as required by the business needs of the Finance Commission in the Town Council chamber in the Town Hall or such other locations as allowed by the Ralph M. Brown Act, at a time that is convenient for the Finance Commission and the public to encourage public participation.
- (c) Meetings shall be subject to the Ralph M. Brown Act.
- (d) Nothing in this Division shall be construed as excluding any documents from the California Public Records Act.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.215. - Chair.

- (a) The Finance Commission shall appoint and prescribe the term of office for its Chair.
- (b) The Chair must be a Citizen Appointee.
- (c) All Finance Commission meetings shall be called by the Chair.
- (d) The Chair shall set all Finance Commission meeting agendas.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.220. - Quorum.

A majority of the Citizen Appointees of the Finance Commission shall constitute a quorum. Except as otherwise prescribed by ordinance or State law, a vote by a majority of a quorum shall be sufficient to transact business.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.225. - Duties.

- (a) The Finance Commission shall:
 - (1) Serve as an on-going, substantive and expert advisory body to the Town and Town Council so that the Town and Town Council can make informed decisions about the Town's financial, budgetary and investment matters and operations related thereto.

- (2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code. and provide written comments and recommendations to the Town Council.
 - a. The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.
 - b. The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.
- (3) Review the Town Manager's draft Comprehensive Annual Financial Report (CAFR) for the preceding fiscal year and provide written comments and recommendations to the Town Manager.
 - a. The Town Manager shall respond in writing to the Finance Commission providing his or her rationale for accepting or rejecting each of the Finance Commission's comments and recommendations prior to presenting the CAFR to the Town Council for formal consideration.
 - b. The Town Manager may not present the CAFR to the Town Council for formal consideration unless or until he or she considers and responds in writing to all of the Finance Commission's comments and recommendations.
- (4) Review the Director of Finance's summary of the Town's financial report required by section 53891 of the California Government Code and prepared in accordance with section 2.50.010(c) of the Town Code. and provide written comments and recommendations to the Director of Finance prior to the publishing of the summary of the report.
- (5) Review the financial policies and procedures manual developed in accordance with section 2.50.010(f) of the Town Code and provide written comments and recommendations to the Director of Finance.
- (6) Prior to the Town's expenditure of any revenues from the tax authorized by sections 25.60.010 et seq. of the Town Code, review the proposed expenditures and advise the Town Council on whether such expenditures meet the Town Council's objectives for that tax:
 - a. Maintaining and enhancing neighborhood police patrols and local crime prevention programs;
 - b. Improving traffic flow to reduce congestion;
 - c. Repairing potholes and maintaining the Town's streets, roads. and sidewalks: and
 - d. Maintaining the Town's long-term financial stability.
- (7) Issue an annual public report of the expenditures and appropriations of sales tax revenues approved by the Town Council during each fiscal year.
- (8) Make recommendations to the Town Council about policies and programs:
 - a. To maximize the Town's revenues consistent with existing taxation structures and inter-governmental funding opportunities;
 - b. To maximize fee generation consistent with market rate charges for Town- provided services and market rate fees for utilization of Town-owned assets;
 - c. To minimize the City's cost to provide core services and required activities. Consistent with the desired service level for residents and other internal and external customers;
 - d. To set funding goals for reserves. and review on-going progress related thereto:
 - e. To assess the risk associated with the structure and documentation of any proposed debt financing;

- f. To fund the Town's long-term compensation and benefit program liabilities in the most responsible and cost-effective way; and
 - g. To monitor investment performance and make recommendations related to the Town's investment policy and performance.
- (9) Provide written comments and recommendations regarding the selection of auditors for the CAFR.
 - (10) Participate in pre-audit meetings with auditors. provided that the Finance Commission shall not participate in those portions of any meetings which pertain to confidential employment or attorney client privileged matters.
 - (11) Review and monitor any events or issues which may affect the financial status of the Town.
- (b) The duties of the Finance Commission shall not be altered, abridged or abrogated in any way by any body except by a vote of the majority of the voters of the Town.
 - (c) The Town Council shall make changes to the budgetary and all other Town processes and calendars as necessary to allow for consideration of the comments and recommendations of the Finance Commission outlined herein.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.230. - Conflicting provisions.

Should any provision of this Division be found to conflict with the Los Gatos Town Code, this Division shall prevail, consistent with the purposes of the Finance Commission as set forth herein.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Items	Projects	Assignments	Frequency	Finance Commission Target Date(s)	Notes
1	Five-Year Forecast	Discuss Assumptions for the Five-Year Forecast	Annually	2/12/2024; 3/11/2024 Report Back on Council Action	
2	Five-Year Capital Plan	Discuss Fully Funded Five-Year Capital Plan	Annually	3/11/2023; 10/14/2024 2nd Review	
3	Unfunded Pension Liability/CalPERS Pension Study	Receive Actuarial Presentation on CalPERS Actuarial Analysis for the Miscellaneous and Safety Plan. Recommend to Town Council a plan to reduce unfunded Miscellaneous and Safety Plan Pension Liabilities	Annually	5/13/2024	Hold a Joint Study Session with the Pension and OPEB Trusts Oversight Committee Tentative, Pending Mayor Approval
4	Key Performance Indicators	Discuss Potential Revisions to Key Performance Indicators to Include Operational Measures	Quarterly	5/13/2024, 9/9/2024; 12/9/2024	Iterative Process During the Year, Starting 5/13/2024
5	Operating and Capital Budget	Review and Make Recommendations on the Proposed Annual Budgets	Annually	4/29/2024; 5/6/2024; 5/13/2024 (Published on 4/22/2024 - No Meeting)	
6	Mid-Year Budget	Review and Make Recommendation on the Mid-Year Report	Annually	2/12/2024	
7	Audit Plan Review	Pre-Audit Meeting	Annually	9/9/2024	
8	Management Discussion and Analysis (MD&A)-ACFR	Review and Make Recommendations on the MD&A Format		10/14/2024	
9	Annual Comprehensive Financial Report	Review and Make Recommendations on the Draft Annual Comprehensive Financial Report	Annually	12/2/2024; 12/9/2024	
10	State Controller Financial Transaction Report	Review and Make Recommendations on the Town Draft Financial Transaction Report	Annually	1/8/2024	
11	Measure G Revenue and Expenditure Report	Receive Measure G Revenue and Expenditure Report	Annually	3/11/2024	
12	Single Audit Report	Receive Single Audit Report if applicable	Annually	3/11/2024	
13	Financial Policies	Review and Make Recommendations on the Investment Policy	Annually	3/11/2024	Consent Item
14	Financial Policies	Review and Make Recommendation on the General Fund Reserve Policy	As Needed	5/13/2024	
15	Investment Performance	Receive Monthly Financial and Investment Report	Monthly	1/8/2024; 2/12/2024; 3/11/2024; 4/8/2024; 5/13/2024; 9/9/2024; 10/14/2024; 11/11/2024; 12/9/2024	Consent Item
16	Pension and OPEB Trust Funds Performance	Receive Performance and Account Summary Reports for CERBT and CEPPT	Quarterly	3/11/2024; 9/9/2024; 12/9/2024	Consent Item
17	CalPERS Actuarial Reports	Receive CalPERS Annual Actuarial Reports	Annually	10/9/2024	Consent Item
18	OPEB Actuarial Analysis	Receive OPEB Actuarial Analysis	Every Two Year	9/9/2024	
19	CalPERS Performance	Receive CalPERS Public Employees' Retirement Fund (PERF) Preliminary Performance Report	Annually	12/9/2024	Consent Item



FINANCE COMMISSION TENTATIVE MEETING SCHEDULE 2024

January 8, 2024 5 p.m.	Regular Finance Commission Meeting
February 12, 2024 5 p.m.	Regular Finance Commission Meeting
March 11, 2024 5 p.m.	Regular Finance Commission Meeting
April 8, 2024 5 p.m.	Regular Finance Commission Meeting
April 29, 2024 5 p.m.	Special Finance Commission Meeting
May 6 2024 5 p.m.	Special Finance Commission Meeting
May 13, 2024 5 p.m.	Regular Finance Commission Meeting
June 10, 2024	Regular Finance Commission Meeting CANCELLED
July 8, 2024	Regular Finance Commission Meeting CANCELLED
August 12, 2024	Regular Finance Commission Meeting CANCELLED
September 9, 2024 5 p.m.	Regular Finance Commission Meeting
October 14, 2024 5 p.m.	Regular Finance Commission Meeting
November 11, 2024 5 p.m.	Regular Finance Commission Meeting
December 2, 2024 5 p.m.	Special Finance Commission Meeting
December 9, 2024 5 p.m.	Regular Finance Commission Meeting

ATTACHMENT 3

Items	Projects	Assignments	Frequency	Finance Commission Target Date(s)	Notes
1	Five-Year Forecast	Reviw and recommend a Five Year Financial forecast based on most likely asumptions. Review andrecommend alternative scenarios which stress test financial flexibility. If funding gap is projected, recommend corrective actions for Councils consideration and action.	Annually	2/12/2024; 3/11/2024 Report Back on Council Action	
2	Five-Year Capital Plan	Review and recommend a Fully Funded Five-Year Capital Plan which time phases capital spending and funding, and addresses funding risk to avoid stranding capital or delaying projects. A subcommittee will be established to drive this project.	Annually	3/11/2023; 10/14/2024 2nd Review	Subcommittee may meet more often
3	Unfunded Pension Liability/CalPERS Pension Study	Review Foster and Foster actuarial analysis of CalPERS Actuarial Report for the Miscellaneous and Safety Plan. Develop recommendations to reduce unfunded Miscellaneous and Safety Plan Pension Liabilities for the Town Councils consideration and action.	Annually	5/13/2024	Hold a Joint Study Session with the Pension and OPEB Trusts Oversight Committee Tentative, Pendig Mayor Approval
4	Council Priority Score Card	Commence joint development with Staff of a governance level tool for reporting outcome and performance measures in addition to execution progress to help drive continuous improvement. Outcomes and performance measures would be collected quarterly. The Council priority scorecard would provide a snapshot into the most important measures for the top 2 to 5 Town Council's Priorities 2024 - 2026. At the highest level the score card should answer "how are we doing" and "how do we know" for each of the top 4 Council priorities. A subcommittee will be established to drive this project.	Quarterly	5/13/2024, 9/9/2024; 12/9/2024	Iterative Process During the Year, Starting 5/13/2024 - subcommittee may meet more often
5	Annual Operating and Capital Budget	Review and Make Recommendations on the Proposed Annual Budgets	Annually	4/29/2024; 5/6/2024; 5/13/2024 (Published on 4/22/2024 - No Meeting)	
6	Mid-Year Budget	Review and Make Recommendation on the Mid-Year Report	Annually	2/12/2024	
7	Audit Plan Review	Review auditors work plan and discuss audit risks	Annually	9/9/2024	
8	Mangement Discussion and Analysis (MD&A)-ACFR	Review and Make Recommendations on the MD&A Format		10/14/2024	
9	Annual Comprehensive Financial Report	Review and Make Recommendations on the Draft Annual Comprehensive Financial Report	Annually	12/2/2024; 12/9/2024	
10	State Controller Financial Transaction Report	Review and Make Recommendations on the Town Draft Financial Transaction Report	Annually	1/8/2024	
11	Measure G Revenue and Expenditure Report	Receive Measure G Revenue and Expenditure Report	Annually	3/11/2024	
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19	CalPERS Performance	Receive CalPERS Public Employees' Retirement Fund (PERF) Preliminary Performance Report	Annually	12/9/2024	Consent Item

From: [Phil Koen](#)
To: [Gitta Ungvari](#); [Linda Reiners](#)
Subject: revised work plan
Date: Tuesday, January 23, 2024 9:41:13 AM
Attachments: [Copy of Finance Commission Draft 2024 Workplan.xlsx](#)

[EXTERNAL SENDER]

Gitta and Linda,

I have made some revisions to the draft work plan that Gitta circulated. Please review and let me know your thoughts.

Regarding item #4 – Council Score Card, I think the only way to tackle this is with a subcommittee that can work on this throughout the year. Linda I was hoping you could chair that sub-committee.

It is going to take time and we will need to work very closely with Staff and the Town Council to produce something that is useful. The model that I am thinking about is what SJ is attempting to do.

Looking forward to finalizing this.

Phil

Items	Projects	Assignments	Frequency	Finance Commission Target Date(s)	Notes
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3	Unfunded Pension Liability/CalPERS Pension Study	Receive Actuarial Presentation on CalPERS Actuarial Analysis for the Miscellaneous and Safety Plan. Recommend to Town Council a plan to reduce unfunded Miscellaneous and Safety Plan Pension Liabilities	Annually	5/13/2024	Hold a Joint Study Session with the Pension and OPEB Trusts Oversight Committee Tentative, Pending Mayor Approval
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From: [Phil Koen](#)
To: [Gitta Ungvari](#); [Linda Reiners](#)
Subject: RE: revised work plan
Date: Monday, February 5, 2024 6:48:02 AM
Attachments: [image001.png](#)
[image002.png](#)
[Copy of Finance Commission Draft 2024 Workplan.pdf](#)

[EXTERNAL SENDER]

Hello Gitta,

Please include this version of the 2023 work plan in the February FC meeting package. This is the version I would like to present to the full commission. I have fine tuned some of the assignment wording to make it clearer.

Regarding your email concerning the performance indicators, I do not understand your comment about “this initial discussion will need to be agendized, and at that time, next steps and best path forward can be determined by the full commission”. At the February meeting what I want to accomplish is approval of 1) the work plan and 2) an organizational structure to address the work plan. If there are questions which seek to clarify the work plan or the work plan assignments, we certainly will answer those questions, so everyone understands what they are being asked to approve. To be clear, there won’t be any substantive discussion about any one item on the work plan.

When the FC takes up each project, the project will be agendized so the public knows what we will be doing. I do not see any reason to single out one project on this list for an

“initial discussion” given all we are doing is approving the project and establish sub committees as shown on the attached schedule.

Hope that clarifies things.

Phil

From: Gitta Ungvari <GUngvari@losgatosca.gov>
Sent: Monday, January 29, 2024 6:14 PM
To: Phil Koen <pkoen@monteropartners.com>; Linda Reiners <lreiners59@gmail.com>
Subject: RE: revised work plan



External (gungvari@losgatosca.gov)



Good evening Chair,

Thank you for your email. Regarding the key performance indicators/score card, after checking in with the Town Manager and Town Attorney, this initial discussion will need to be agendized, and at that time, next steps and best path forward can be determined by the full Commission. I know that it is currently scheduled for 5/13, but staff could prepare for the 3/11 or 4/8 Commission meeting in order to allow for the next steps to be determined earlier?

Thanks,

Gitta

From: Phil Koen <pkoen@monteropartners.com>
Sent: Tuesday, January 23, 2024 9:41 AM
To: Gitta Ungvari <GUngvari@losgatosca.gov>; Linda Reiners <lreiners59@gmail.com>
Subject: revised work plan

[EXTERNAL SENDER]

Gitta and Linda,

I have made some revisions to the draft work plan that Gitta circulated. Please review and let me know your thoughts.

Regarding item #4 – Council Score Card, I think the only way to tackle this is with a subcommittee that can work on this throughout the year. Linda I was hoping you could chair that sub-committee.

It is going to take time and we will need to work very closely with Staff and the Town Council to produce something that is useful. The model that I am thinking about is what SJ is attempting to do.

Looking forward to finalizing this.

Phil

From: [Phil Koen](#)
To: [Gitta Ungvari](#); [Linda Reiners](#)
Subject: Draft Work Plan
Date: Tuesday, January 16, 2024 11:50:55 AM
Attachments: [Draft 2024 Work Plan.xlsx](#)

[EXTERNAL SENDER]

Hello Gitta and Linda,

I am looking forward to getting together tomorrow. My agenda is as follows:

1. Review and complete the draft work plan - see attached
2. Review and finalize the 2024 FC meeting dates (we need to drop these into the work plan) and designate Chair for each meeting
3. Discuss the agenda for February 12 meeting - need to add Commission/Manager Matters to the every agenda.
4. Review prior year FC minutes to understand the status of all resolutions passed
5. Review the staff prepared material for the mid year review and the Five Year Forecast.

Thanks,

Phil

Draft 2024 Work Plan

item #	Project	Actions Taken	Frequency	Meeting Dates	Notes
1	Five Year Financial Plan	Review 5 Year Financial Plan for reasonableness to determine structural surplus or deficit	Annually		during annual plan review
2	Five Year Capital Plan	Review 5 year Capital Plan to determine if fully funded and consistent with Council Priorities	Annually		see item # 6 during annual plan review
3	Unfunded Pension Liabilities	Recommend to TC a plan to reduce unfunded misc. and safety plan pension liabilities	Annually	April 8 2024	Hold joint study session with Town Council after receiving Foster and Foster Actuaries Report
4	Key Performance Indicators	Develop a KPI dashboard which captures both operating and financial performance metrics to inform the Council of Town's performance	Quarterly		This will be an iterative process over the year
5	Annual Operating and Five year Capital Plan	Review and recommend to TC approval of the TM's proposed annual operating and five year capital budget	Annually		insure compliance with town code 25.60.010
6	Annual Audit Plan	Meet with auditors to review and discuss risk factors/scope and approve the annual audit plan	Annually		Shortly after the end of the fiscal year

7	ACFR	Review and recommend approval of the ACFR for the preceding year	Annually	Must be completed before December 31
8	Annual Financial Transaction Report	Review and recommend approval of the FTR required by section 53891	Annually	Must be completed prior to January 31 for prior FY
9	Annual Audit Report on Sales Tax Revenue	Review and recommend approval	Annually	Must be completed by December 31
11	Financial Policies and Procedures	Review the current General Fund Reserve Policy and make recommendations for changes if appropriate	Annually	Must be completed prior to fiscal year end to take effect
12	Treasurer's Report	Review and approve	Monthly	consent item
13	CERBT and CEPPT Report	Review and approve	Quarterly	consent item

From: [Phil Koen](#)
To: [Gitta Ungvari](#); [Linda Reiners](#)
Subject: updated 2024 Draft work plan
Date: Tuesday, January 16, 2024 1:03:39 PM
Attachments: [Draft 2024 Work Plan.xlsx](#)

[EXTERNAL SENDER]

I took a stab at dropping in meeting dates.....let's discuss tomorrow.

Phil

Draft 2024 Work Plan

item #	Project	Actions Taken	Frequency	Target Meeting Dates	Notes
1	Five Year Financial Plan	Review 5 Year Financial Plan for reasonableness to determine structural surplus or deficit	Annually	1st Review - Feb 12/ 2nd review - March 11	sets the stage for next year's annual plan
2	Five Year Capital Plan	Review 5 year Capital Plan to determine if fully funded and consistent with Council Priorities	Annually	1st Review - March 11/ 2nd review - Oct 14	see item # 5
3	Unfunded Pension Liabilities	Recommend to TC a plan to reduce unfunded misc. and safety plan pension liabilities	Annually	May 13	Hold joint study session with Town Council after receiving Foster and Foster Actuaries Report
4	Key Performance Indicators	Develop a KPI dashboard which captures both operating and financial performance metrics to inform the Council of Town's performance	Quarterly	TBD	This will be an iterative process over the year
5	Annual Operating and Five year Capital Plan	Review and recommend to TC approval of the TM's proposed annual operating and five year capital budget	Annually	1st Review - April 8/ 2nd Review - April 28 / 3rd Review - May 6	insure compliance with town code 25.60.010
6	Mid - Year Operating Review	Review operating performance for first 6 months of FY 24	Annually	Feb 12	
7	Annual Audit Plan	Meet with auditors to review and discuss risk factors/scope and approve the annual audit plan	Annually	Sept 9	

8	ACFR	Review and recommend approval of the ACFR for the preceding year	Annually	Draft MD&A only - Nov 11/ Final ACFR review - Dec 9	Must be completed before Deecember 31
9	Annual Financial Transaction Report	Review and recommend approval of the FTR required by section 53891	Annually	Jan 13, 2025	Must be completed prior to January 31 for prior FY
10	Annual Audit Report on Sales Tax Revenue	Review and recommend approval	Annually	March 11	This is review of prior FY
11	Financial Policies and Procedures	Review the current General Fund Reserve Policy and make recommendations for changes if appropriate	Annually	May 13	Muste be completed prior to fiscal year end to take effect
12	Treasurer's Report	Review and approve	Monthly		consent item
13	CERBT and CEPPT Report	Review and approve	Quarterly		consent item
Type	Meeting Dates	Chair			
reg	Jan 8 2024	Koen			
reg	Feb 12 2024	Koen			
reg	March 11 2024	Reiners			
reg	April 8 2024	Koen			
special	April 29 2024	Koen			
special	May 6 2024	Koen			
reg	May 13 2024	Koen			
reg	Sept 9 2024	Koen			
reg	Oct 14 2024	Reiners			
reg	Nov 11 2024	Koen			
reg	Dec 9 2024	Koen			

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Subject: Thank you
Date: Wednesday, January 17, 2024 4:42:52 PM
Attachments: [Pages from FY-202223-ACFR\(3\).pdf](#)

[EXTERNAL SENDER]

Gitta,

Thank you for taking the time to meet with Linda and me. It was extremely constructive, and I am very pleased with the work plan that we mutually have agreed upon. If we stay focused, the FC should be able to accomplish the objectives we discussed. Once you have made the changes we discussed, please forward the revised work plan and the meeting dates to Linda and me. We will review and get back to you if there is anything that needs to be changed.

On a separate note, please look at the attached documents from the FY 23 ACFR. You can see the \$5.7m GF operating surplus does not include the \$3.6m of ARPA revenue. The ARPA revenue was recorded in the ARPA fund and then transferred to the General Fund. The ARPA revenue was recorded below the excess/deficit of revenues over expenditures line as an element of the \$4.1m of “transfers in” to the GF. This is disclosed in footnote 5.

I am only pointing this out to highlight the need to change the reporting formats as we discussed. The \$5.7m surplus was a true operating surplus. Separating “excess (deficit) of revenues

over expenditures” from “transfers in or out” will highlight the true operational performance of the General Fund. The current reporting formats in the budget deck and the mid-year review fail to clearly make this distinction.

Again, thank you for your time. I look forward to teaming with you for a successful 2024.

All the best,

Phil

TOWN OF LOS GATOS, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 20,907,894	\$ 22,484,118	\$ 22,743,087	\$ 258,969
Sales Taxes	9,174,944	8,959,134	8,806,477	(152,657)
Transient Occupancy Taxes	1,642,460	2,348,547	2,228,190	(120,357)
Other Taxes	7,000	7,000	6,454	(546)
Licenses & Permits	4,122,529	5,140,684	5,630,362	489,678
Intergovernmental	1,051,814	1,273,910	1,553,396	279,486
Charges for Services	4,257,261	5,540,465	4,646,705	(893,760)
Fines and Forfeitures	201,750	226,750	416,950	190,200
Franchise Fees	2,493,870	2,716,470	3,074,624	358,154
Interest	432,947	670,021	605,789	(64,232)
Use of Property	41,211	41,211	38,126	(3,085)
Other	1,203,657	863,964	859,571	(4,393)
Total Revenues	45,537,337	50,272,274	50,609,731	337,457
EXPENDITURES				
Current:				
General Government:				
Town Council	217,238	217,240	186,337	30,903
Town Attorney	707,555	811,427	699,143	112,284
Administrative Services	5,298,494	5,759,393	5,302,281	457,112
Non-Departmental	3,194,526	3,334,931	2,641,018	693,913
Total General Government	9,417,813	10,122,991	8,828,779	1,294,212
Public Safety	19,225,985	19,331,330	18,446,048	885,282
Parks & Public Works	9,798,967	10,368,194	8,998,088	1,370,106
Community Development	5,772,004	6,543,199	5,065,412	1,477,787
Library Services	3,139,449	3,247,730	3,096,486	151,244
Capital Outlay	-	435,416	300,000	135,416
Debt Service:				
Principal	-	156,034	156,034	-
Total Expenditures	47,354,218	50,204,894	44,890,847	5,314,047
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(1,816,881)</u>	<u>67,380</u>	<u>5,718,884</u>	<u>5,651,504</u>
OTHER FINANCING SOURCES (USES)				
Gain from sale of assets	600	600	2,162	1,562
Transfers In	2,183,817	3,381,544	4,153,408	771,864
Transfers Out	(3,006,978)	(5,842,011)	(7,242,939)	(1,400,928)
Total Other Financing Sources (Uses)	<u>(822,561)</u>	<u>(2,459,867)</u>	<u>(3,087,369)</u>	<u>(627,502)</u>
NET CHANGES IN FUND BALANCE	<u>\$ (2,639,442)</u>	<u>\$ (2,392,487)</u>	<u>2,631,515</u>	<u>\$ 5,024,002</u>
BEGINNING FUND BALANCE			<u>26,896,789</u>	
ENDING FUND BALANCE			<u>\$ 29,528,304</u>	

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Item 7.

The following summarizes the leases as of June 30, 2023:

Description	Tesla		LGS 123 E. Main St		LGS 208 E. Main St	
	Lease Receivable	Deferred Inflows of Resources	Lease Receivable	Deferred Inflows of Resources	Lease Receivable	Deferred Inflows of Resources
Beginning Balance	\$ 331,696	\$ 327,100	\$ 165,056	\$ 96,396	\$ 1,329,665	\$ 732,916
Additions	-	-	-	-	-	-
Current Amortization	-	(91,284)	-	(12,997)	-	(98,820)
Current Principal Payments	(90,190)	-	(16,198)	-	(130,368)	-
Ending Balance	\$ 241,506	\$ 235,816	\$ 148,858	\$ 83,399	\$ 1,199,297	\$ 634,096

Description	Los Gatos Theatre		Totals	
	Lease Receivable	Deferred Inflows of Resources	Lease Receivable	Deferred Inflows of Resources
Beginning Balance	\$ -	\$ -	\$ 1,826,417	\$ 1,156,412
Additions	319,957	308,997	319,957	308,997
Current Amortization	-	(39,327)	-	(242,428)
Current Principal Payments	-	-	(236,756)	-
Ending Balance	\$ 319,957	\$ 269,670	\$ 1,909,618	\$ 1,222,981

NOTE 5 - INTERFUND TRANSACTIONS

Transfers - With Council approval resources may be transferred from one fund to another. Transfers routinely reimburse funds that have made an expenditure on behalf of another fund. Transfers may also be made to pay for capital projects or capital outlays, lease or debt service payments, operating expenses and low and moderate-income housing projects. Transfers between funds during the fiscal year ended June 30, 2023 were as follows:

Transfers Out			Transfers In		
Opinion Unit	Program Title	Amount	Opinion Unit	Program Title	Description
General Fund	Non-Departmental	\$ 3,006,978	Appropriated Reserves	GFAR	Adopted Budget Support
General Fund	Non-Departmental	463,572	Appropriated Reserves	Downtown Revitalization	Parklets
General Fund	Non-Departmental	243,325	Internal Service	Facilities	Rent Waivers
General Fund	Non-Departmental	2,900,000	Appropriated Reserves	GFAR	Capital projects
General Fund	Measure G Program	629,064	Appropriated Reserves	GFAR	Capital projects
Nonmajor	Blackwell District	460	General	Non-Departmental	Admin Support
Nonmajor	Kennedy Meadows	1,510	General	Non-Departmental	Admin Support
Nonmajor	Gemini Court	610	General	Non-Departmental	Admin Support
Nonmajor	Santa Rosa Heights	660	General	Non-Departmental	Admin Support
Nonmajor	Vasona Heights	1,430	General	Non-Departmental	Admin Support
Nonmajor	Hillbrook Drive	250	General	Non-Departmental	Admin Support
ARPA	ARPA	3,614,872	General	Patrol	Revenue loss, public safety
Appropriated Reserves	GFAR	102,000	General	Non-Departmental	Admin Support
Appropriated Reserves	GFAR	97,808	General	Town Engineering	Engineering Support
Appropriated Reserves	GFAR	217,808	General	PPW Admin	Engineering Support
Appropriated Reserves	Traffic Mitigation	10,000	General	Non-Departmental	Admin Support
Nonmajor	Gas Tax	106,000	General	Non-Departmental	Admin Support
Internal Service	Information Technology	700,000	Appropriated Reserves	GFAR	Ent. Res. Planning Software Update
Internal Service	Information Technology	33,000	Appropriated Reserves	ERP Upgrade	Ent. Res. Planning Software Update
Total Transfers		\$ 12,129,347			

\$ 4,153,408 Transferred

From: [Phil Koen](#)
To: [Gitta Ungvari](#); [Linda Reiners](#)
Subject: Council Scorecard
Date: Thursday, January 18, 2024 6:20:28 PM
Attachments: [Scorecard presentation .pdf](#)

[EXTERNAL SENDER]

Gitta and Linda,

Here is a presentation on SJ's score card. I think we should start building something like this for Los Gatos. Thoughts?

Phil

City Council Focus Areas Quarterly Status Report

October 31, 2023

Dolan Beckel	Chief of Staff for the City Manager
Lee Wilcox	Assistant City Manager, <i>Increasing Community Safety</i> Executive Sponsor
Omar Passons	Deputy City Manager, <i>Reducing Unsheltered Homelessness</i> Executive Sponsor
Angel Rios	Deputy City Manager, <i>Cleaning Up our Neighborhoods</i> Executive Sponsor
Rob Lloyd	Deputy City Manager, <i>Attracting Investment in Jobs and Housing</i> Executive Sponsor
Erik Jensen	Assistant to the City Manager

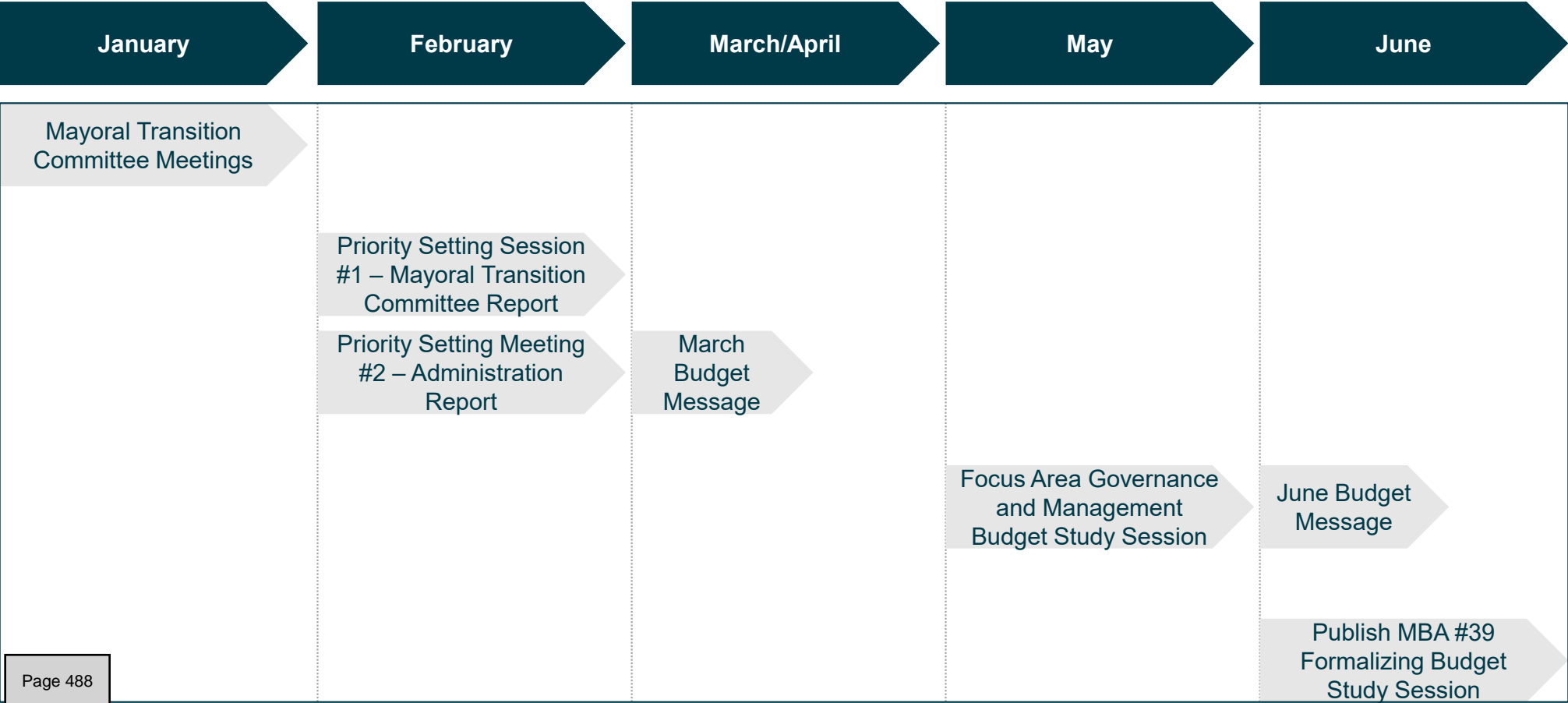
Agenda

1. Background and Context
2. Outcome and Performance Measure Data Collection Overview
3. City Council Focus Area Scorecards
4. Execution as Learning/Iterate to Improve

Background - Priority Setting Process and Timeline

Item 7.

Creating and conducting Mayoral Transition Committees to receive direct community input on Priorities, The March Budget Message and throughout the Annual Budget Process



Background – Council Feedback and Direction

- Council feedback on City Initiatives Roadmap reports:
 - Provide higher level outcome and performance measures
 - Reduce overall volume of items being reported
 - Demonstrate accountability for performance measures, not milestones or deliverables
- Council direction resulting from Priority-Setting was MBA 39:
 - Quarterly Reporting of Four City Council Focus Areas
 - Structured Scorecard per Focus Area
 - Limited set of Outcome and Performance measures
 - Execution information
 - Cabinets and Execution Teams
 - More comprehensive, interactive Dashboard per Focus Area

Background - 2023-2024 Priority-Setting | City of San José

Item 7.

City Council Focus Areas



Increasing Community Safety



Reducing Unsheltered Homelessness



Cleaning Up Our Neighborhoods



Attracting Investment in Jobs and Housing

City Service Areas and Outcomes (within the Adopted Budget)

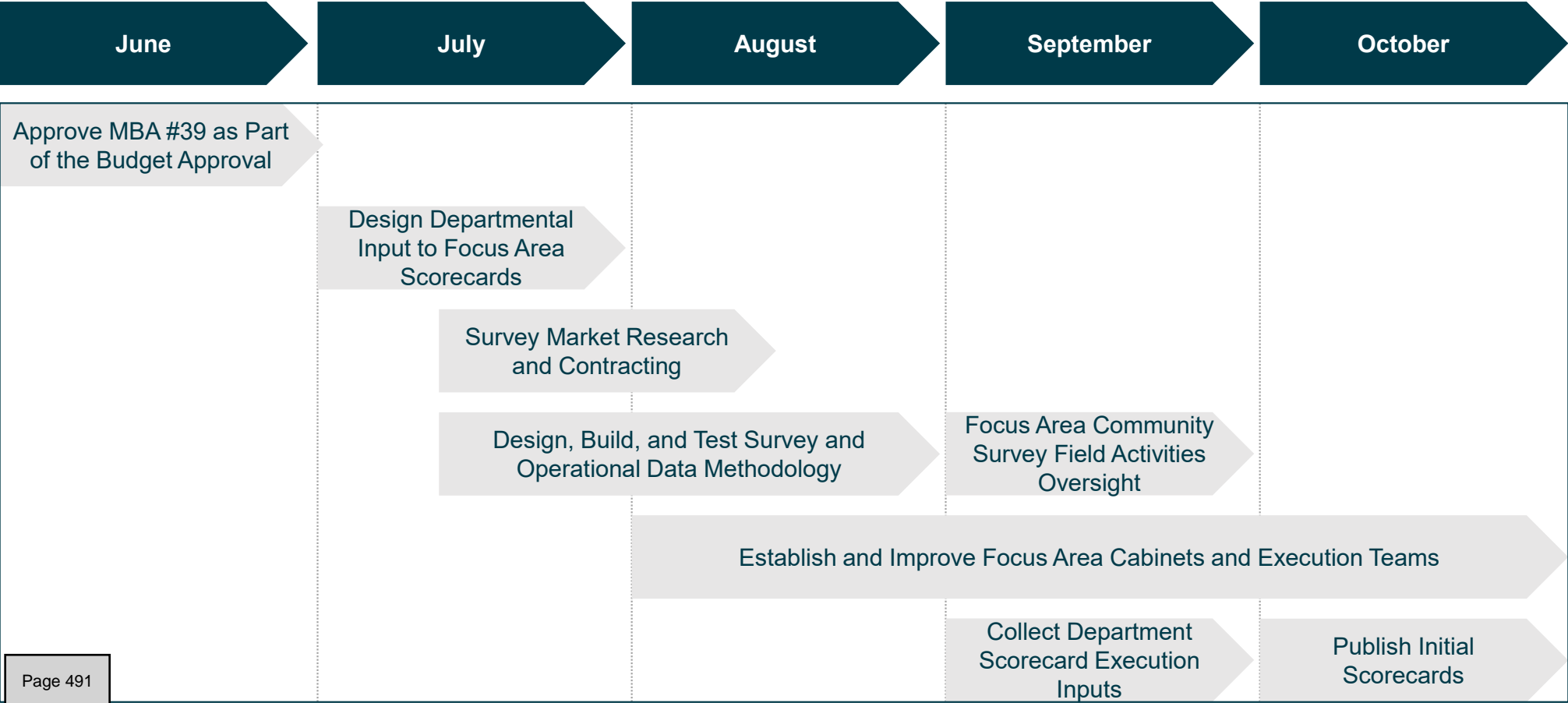
Community and Economic Development <ul style="list-style-type: none">• Strong Economic Base• Safe, Healthy, Attractive, and Vital Community• Diverse Range of Housing Options• Range of Quality Events, Cultural Offerings, and Public Artworks	Environment and Utility Services* <ul style="list-style-type: none">• Reliable Utility Infrastructure• Healthy Streams, Rivers, Marsh, and Bay• Clean and Sustainable Air, Land, and Energy• Safe, Reliable, and Sufficient Water Supply	Neighborhood Services <ul style="list-style-type: none">• Safe and Clean Neighborhoods and Public Spaces• Welcoming and Vibrant Neighborhoods and Public Life• Equitable Access to Community Opportunities to Flourish	Public Safety <ul style="list-style-type: none">• The Public Feels Safe Anywhere, Anytime in San José• Residents Share the Responsibility for Public Safety	Transportation and Aviation Services* <ul style="list-style-type: none">• Provide Safe and Secure Transportation Systems• Provide Viable Transportation Choices that Promote a Strong Economy• Travelers Have a Positive, Reliable, and Efficient Experience• Preserve and Improve Transportation Assets and Facilities• Provide a Transportation System that Enhances Community Livability
Strategic Support <ul style="list-style-type: none">• Sound Fiscal Management that Facilitates Meeting the Needs of the Community• A High Performing Workforce Committed to Exceeding Internal and External Customer Expectations• Technology and Data Tools that Enable a Collaborative, Responsive, and Productive City• Safe and Functional Public Infrastructure, Facilities, and Equipment			City Manager Foundational Strategic Support Focus Areas <ul style="list-style-type: none">• Delivering Excellent Customer Service• Closing Racial Inequities• Structurally Balancing the General Fund Budget• Driving Organizational Performance• Making San José a Great Place to Work	

*The Environment and Utility Services and Transportation and Aviation Services CSAs collectively share a City Infrastructure Strategy with the following outcomes: disaster ready and climate smart, transportation and aviation, clean energy resilience, water resilience, and natural environment restoration.

Background – Scorecard Implementation Timeline

Item 7.

Implementing Council Direction for First Ever City Council Focus Area Scorecard



City Council Focus Area Scorecard Design

Item 7.

A scorecard is a snapshot into the ~four most important measures of outcomes and performance per Focus Area alongside key contextual information related to scope, budget, challenges, solutions, and key accomplishments

Overview	Outcome Measure			
	Quantitative: <ul style="list-style-type: none">Actual<ul style="list-style-type: none">Disaggregated by race/ethnicity and location where possible and appropriate			
	Performance Measure 1		Performance Measure 2	
	Quantitative: <ul style="list-style-type: none">Plan<ul style="list-style-type: none">Disaggregated by race/ethnicity and location where possible and appropriateActualGoal		Quantitative: <ul style="list-style-type: none">Plan<ul style="list-style-type: none">Disaggregated by race/ethnicity and location where possible and appropriateActualGoal	
Execution Information	Performance Measure 3			
	Quantitative: <ul style="list-style-type: none">Plan<ul style="list-style-type: none">Disaggregated by race/ethnicity and location where possible and appropriateActualGoal			
	Strategies and Key Initiatives		Budget	
	Qualitative: <ul style="list-style-type: none">Scope descriptions		Quantitative: <ul style="list-style-type: none">Fiscal Year Budgeted AmountsFiscal Year Budgeted FTEs	
		Key Accomplishments		Key Dependencies, Issues, + Risks
		Quantitative and Qualitative <ul style="list-style-type: none">Success StoriesMajor work completedKey milestones accomplished		Qualitative: <ul style="list-style-type: none">ChallengesObstaclesResolution plan (verbal)
Page 492				

Performance Management: Scorecards vs Dashboards

Item 7.

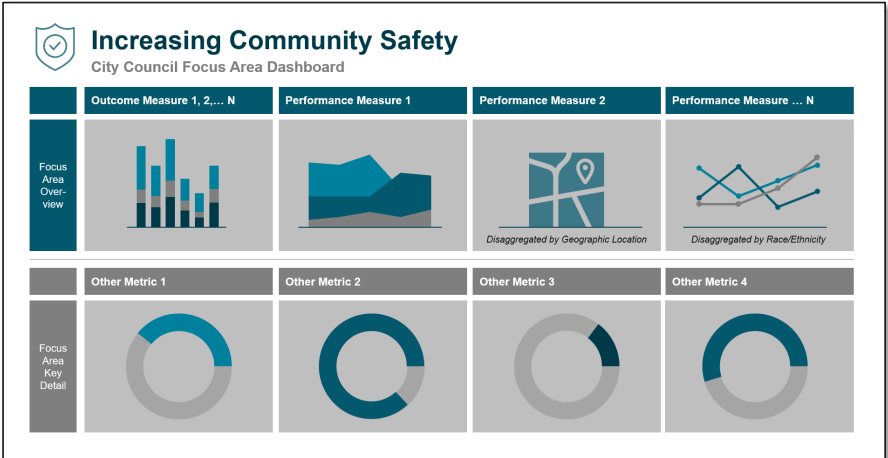
Focus Area Scorecards:

- A scorecard is a snapshot into the most important measures of outcomes and performance per Focus Area
- Contains key contextual information related to:
 - Major program scope
 - Budget
 - Key accomplishments
 - Key dependencies, issues, and risks
- Scorecards will be brought to City Council on a quarterly basis







Focus Area Dashboards:

- In addition to scorecard outcome and performance measures, includes a more comprehensive, interactive set of performance data
- Includes additional functionality for disaggregation and data interaction
- Includes longer time histories where available
- Will be a very iterative process
- v1 expected by end of 2023 calendar year
- Dashboards will be updated and published on the City’s website on a quarterly basis



Outcome Measure Community Survey Data

New quarterly survey data on community outcomes for performance measure comparison

2023-2024 Focus Area	Base Survey Measure	Additional Comparison Tabulations
 Increasing Community Safety	City Safety Rating. % of residents rating City as “very safe” or “somewhat safe” + <i>Open-ended contributors towards</i>	<ul style="list-style-type: none">By city versus neighborhood versus downtown
 Reducing Unsheltered Homelessness	<ul style="list-style-type: none">Note: Homelessness Inflow-Outflow Rate is the outcome measure for this Focus Area, not a survey/perception measure	
 Cleaning Up Our Neighborhoods	City Cleanliness Rating. % of residents rating City as “very clean” or “somewhat clean” + <i>Open-ended contributors towards</i>	<ul style="list-style-type: none">By city versus neighborhood versus downtownBy private property: residential, commercial and businessBy public property: parks, trails, creeks and waterways, residential streets and sidewalks, freeways and highways
 Attracting Investment in Jobs and Housing	Downtown Vibrancy Rating. % of residents that “strongly agree” or “somewhat agree” that downtown San José is a vibrant place, averaged by category + <i>Open-ended contributors towards</i>	<ul style="list-style-type: none">Categories: shopping, dining, entertainment, job opportunities and work, living, visitingBy visitation frequency

Demographic and Disaggregation Categories: Race/ethnicity, Geographic location* (N/S/E/W/Central), Income, Age, Years lived in SJ, Employment status, Education level, Gender-identity, Survey language, Housing status, Home ownership status, Child in household status, Downtown visitation, Commute type, Victimization, Victimization reporting, Traffic incident

Survey Methodology Notes:





- Response Weighting.* Survey responses are weighted against census data and other sources to match the most specific demographic profile of the City available.
- Sample Size.* The Administration selected n=800 based on a 95% confidence level requirement; the minimum standard was n=400, an increased sample size was selected to enable disaggregation for sub-groups; for reference, the annual Community Opinion Survey uses n=1,000, while the Focus Area Community Survey will pool to an annual level of n=3,200.

*Perception measures will be disaggregated by geographic location using N/S/E/W/Central quarterly and using zip code annually

Performance Measure Operational Data

Item 7.

More frequent reporting of limited set of performance measures for community outcome measure comparison

2023-2024 Focus Area	Base Operational Measure	Data Source
 Increasing Community Safety	<ul style="list-style-type: none">Property Crime RatesViolent Crime RatesFatality and Injury Crash Rates	<ul style="list-style-type: none">PD Versadex RMSPD Versadex RMSDOT, PD
 Reducing Unsheltered Homelessness	<ul style="list-style-type: none">Homelessness Inflow-Outflow RateSafe Opportunity Completion RateHomeless Prevention Retention RateIndividuals Serviced in Permanent Supportive and Rapid RehousingEmergency Interim Housing Production Rate	<ul style="list-style-type: none">HMISHousingHMISHMISPW
 Cleaning Up Our Neighborhoods	<ul style="list-style-type: none">BeautifySJ Blight Response TimesCode Enforcement Case BacklogSJ311 Customer Satisfaction	<ul style="list-style-type: none">SJ311, App Order, Survey123PBCESJ311
 Attracting Investment in Jobs and Housing	<ul style="list-style-type: none">Jobs and Housing Start RatesDowntown Activity RatesHousing Units AddedSpeed of Housing Permit Reviews	<ul style="list-style-type: none">EDD, OEDCA, PBCE, HousingCityDataPBCEPBCE



Increasing Community Safety

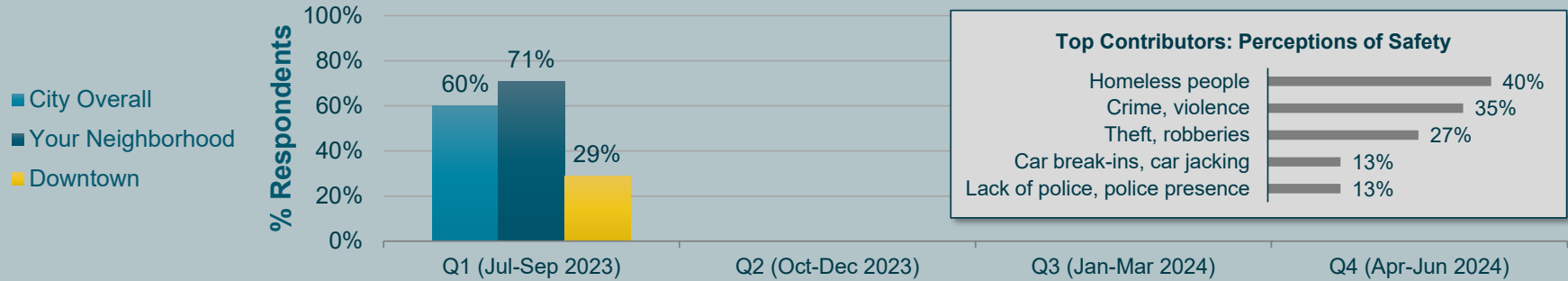
City Council Focus Area Scorecard

Q1 2023-2024

Jul – Sep 2023 Item 7.

Outcome

City Safety Perception. % of residents rating San José as “very safe” or “somewhat safe” (Source: Focus Area Community Survey)

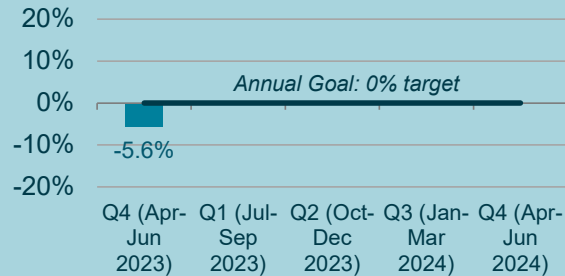


Performance

1) Property Crime Rates*

(Source: PD Versadex RMS)

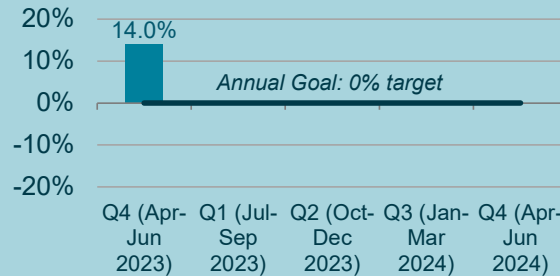
% change in incidents of property crime types (burglary, larceny, vehicle theft)



2) Violent Crime Rates*

(Source: PD Versadex RMS)

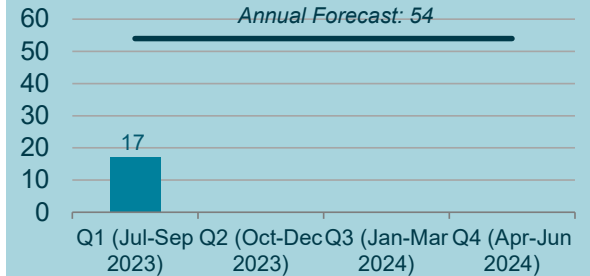
% change in incidents of violent crime types (homicide, rape, robbery, aggravated assault)



3) Cumulative Traffic Fatalities**

(Source: DOT, PD)

Traffic Fatalities (quarterly)





Increasing Community Safety

City Council Focus Area Scorecard

Q1 2023-2024

Jul – Sep 2023 Item 7.

1) Crime Reduction (PD)

Core Service Budget Programs

2023-2024 Budgeted Amount and Budgeted FTEs

Crime Analysis	\$2,958,606	18.00 FTEs
Family Violence	\$6,430,398	23.00 FTEs
Financial Crimes/Burglary	\$6,058,963	22.00 FTEs
Gang Investigations	\$6,125,422	21.00 FTEs
Homicide/Crime Scene	\$11,549,902	34.00 FTEs
Robbery	\$4,549,886	14.00 FTEs
Sexual Assault	\$17,843,412	56.00 FTEs
Field Patrol	\$236,687,735	773.00 FTEs
Violent Crimes Enforcement	\$5,224,717	16.00 FTEs
Sub-Total	\$297,429,041	977.00 FTEs

Key Initiatives

- Recruitment and Hiring of Sworn Staff
- 911 Call Center Renovation
- Automated License Plate Reader program
- Gun Violence Restraining Order Staffing
- Crime Intelligence Data Center Expansion
- Redistricting Project
- Interagency Coordination on Pretrial Release
- 911 Call Analysis Project
- Police Department Community Engagement Plan
- Gun buyback program

2) Violence Prevention (PRNS, PD, CMO)

Crime Prevention (PD)	\$2,059,105	13.00 FTEs
Youth Gang Prevention and Interventions (PRNS)	\$11,477,449	51.40 FTEs
Sub-Total	\$13,536,554	64.40 FTEs

- Youth Empowerment Alliance
- Community-Based Domestic Violence Solutions
- Camera Pilot Program

3) Traffic Safety (DOT, PD)

Neighborhood Traffic Safety (DOT)	\$2,551,864	11.65 FTEs
Traffic Safety (DOT)	\$4,301,749	23.35 FTEs
Transportation Capital Project Delivery (DOT)	\$6,005,986	25.59 FTEs
School Safety (PD)	\$3,070,832	49.67 FTEs
Traffic Enforcement (PD)	\$9,467,548	30.00 FTEs
Sub-Total	\$25,397,979	140.26 FTEs
Traffic Capital Improvements (non-budget programs)	\$99 million estimated*	
• Complete Streets Improvements		
• Quick Build Safety Improvements		

- Complete Streets Improvements
- Quick Build Safety Improvements
- Sideshow Enforcement
- Pedestrian Safety and Traffic Calming Improvements

*Only FTE costs from the Capital Improvement Projects are included in the Sub-Total above and Total below

TOTAL	\$336,363,574*	1,181.66 FTEs
--------------	-----------------------	----------------------



Increasing Community Safety

City Council Focus Area Scorecard

Q1 2023-2024

Jul – Sep 2023 Item 7.

1) Crime Reduction (PD)

Q1 Key Accomplishments

- Deployed 78 automated license plate reader cameras, synced with Stolen Vehicles System, which have been instrumental in solving numerous violent crimes; received a grant for 96 more cameras.
- Completed interviews and patrol research for redistricting project.
- Develop a new felony affidavit/bail setting form with the DA's Office, Santa Clara County judges, and Pretrial Services; launched pilot program with swing shift officers.
- Received an \$8.5 million grant award from the State of California to fund efforts to address organized retail theft.

Q1 Key Dependencies, Issues, and Risks

- High vacancies in SJPd sworn ranks.
- Change in methodology for reporting crime. Overestimations are likely, due to year-over-year comparisons differing between the Summary Reporting System (SRS) to the National Incident Based Reporting System (NIBRS).
- The Department noted a substantial increase in retail theft between 2021 and 2022. The grant noted in the Key Accomplishments column will aid in addressing this challenge.
- An expansion in the availability of mental health and substance use treatment programs would aid in diverting low-level offenders from repeated arrest. Staff will monitor State legislation that expands resources for this purpose.

2) Violence Prevention (PRNS, PD, CMO)

- Conducted a Safe Communities Summit with 341 participants over 8 workshops.
- Engaged 79 students in case management through Safe School Campus Initiative and Female Intervention Team.
- Achieved 92% completion rate for 160 youth enrolled in Summer Youth Jobs Program.
- Enrolled 15 participants in Trauma 2 Triumph hospital-based violence interruption services.

- None

3) Traffic Safety (DOT, PD)

- AB 645, state legislation that would allow San José to pilot an automated speed enforcement program was signed by the Governor and starts January 1, 2024.
- Complete Streets Improvements: 4 projects in construction, 4 projects in bid and award phase, and 9 projects in preliminary design/design phase.
- Quick Build Safety Improvements: 2 projects are in construction and 1 project in bid and award phase.
- Pedestrian Safety and Traffic Calming Improvements: 12 projects constructed to date.

- Exceeded pace for surpassing annual forecast for traffic fatalities
- Of the 30 sworn positions in the Traffic Enforcement Unit, 10 are vacant.



Reducing Unsheltered Homelessness

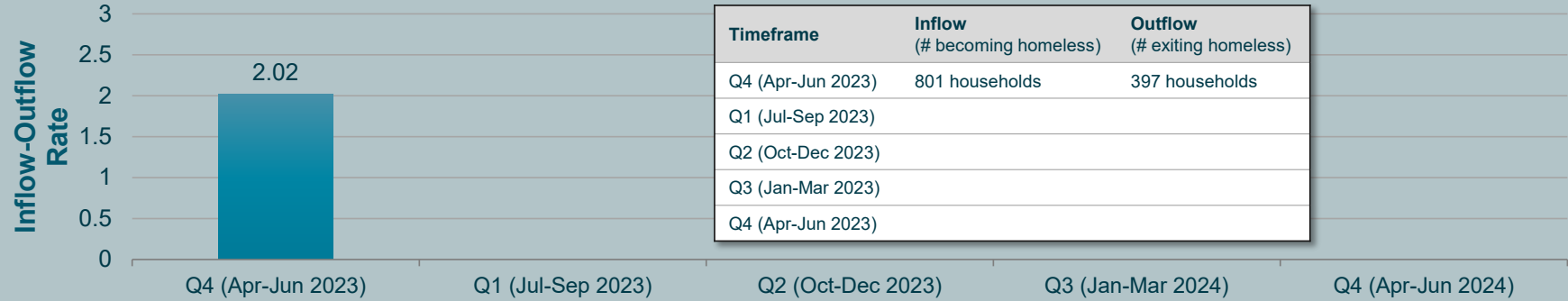
City Council Focus Area Scorecard

Q1 2023-2024

Jul – Sep 2023 Item 7.

Outcome

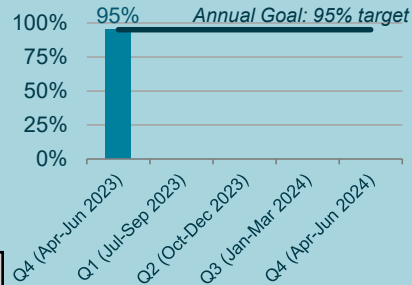
Homelessness Inflow-Outflow Rate.* Ratio of number of households becoming homeless for every household that exits homelessness in SJ
(Source: HMIS)



Performance

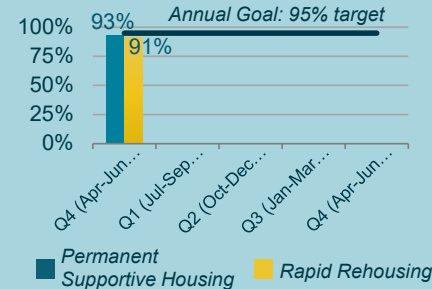
1) Homelessness Prevention Retention Rate* (Source: HMIS)

% of SJ households receiving prevention services that retain housing after one year



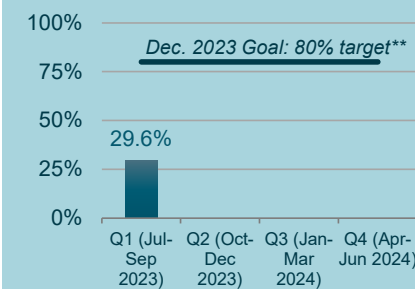
2) Permanent Supportive, Rapid Rehousing Retention Rate* (Source: HMIS)

% of SJ households remaining housed one year after being housed in permanent housing



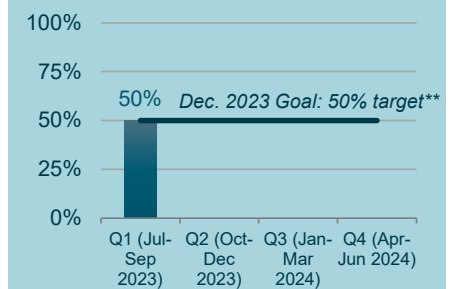
3) Safe Opportunity Completion Rate (Source: Housing)

% completion of 1,000 net new safe opportunities



4) Emergency Interim Housing Production Rate (Source: PW)

% completion of 1,000 unit production target for interim housing



* Due to data reporting lags, data from the previous quarter is provided

** In future quarters, this calendar year goal of December 2023 will be reported as a fiscal year 2023-2024 goal



Reducing Unsheltered Homelessness

City Council Focus Area Scorecard

Q1 2023-2024

Jul – Sep 2023 Item 7.

1, 2) Homelessness Prevention and Support (Housing)

Core Service Budget Programs	2023-2024 Budgeted Amount and Budgeted FTEs	
Homeless Outreach and Case Management	\$63,145,168	14.00 FTEs
Joint Encampment Response Team	\$265,482	1.50 FTEs
Tenant Based Rental Assistance and Rapid Rehousing	\$12,170,295	1.50 FTEs
Apartment Rent Ordinance Administration	\$3,107,258	16.77 FTEs
Mobilehome Rent Ordinance Administration	\$227,078	1.30 FTEs
Affordable Housing Development Loans	\$76,874,644	12.80 FTEs
Inclusionary Housing	\$342,888	2.00 FTEs
Sub-Total	\$156,132,813	49.87 FTEs

Key Initiatives

- Eviction prevention help center and diversion programs
- Affordable housing projects (four)
- Homelessness Support Programs
- Mobilehome Park zoning protections

3, 4) Emergency Housing (Housing, PW)

Interim Supportive Housing Development	\$15,401,842	1.00 FTEs
Housing Other Departmental – Citywide	\$106,481,600	8.75 FTEs
Non-Profit Service Grants to Support Housing and Community Development Needs	\$28,240,843	0.43 FTEs
Housing Emergency Response and Recovery	\$24,127,245	0 FTEs
Sub-Total	\$174,251,530	10.11 FTEs

- Quick-build shelter expansion
- New safe parking capacity
- Interim solutions

TOTAL	\$330,384,343	59.98 FTEs
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Reducing Unsheltered Homelessness

City Council Focus Area Scorecard

Q1 2023-2024

Jul – Sep 2023 Item 7.

1, 2) Homelessness Prevention and Support (Housing)

Q1 Key Accomplishments

- Opened the Arena Hotel which reached capacity (89 units) in 30 days.
- Maintained full capacity (96 units) at Guadalupe Emergency Interim Housing program.
- Secured County partnership and space at 50 E. St. John for a new collaborative downtown pilot (The Collab).
- Released RFP for a redesigned homeless outreach program (Targeted Engagement Services).
- Finalized EIH study recommendations and direction.

Q1 Key Dependencies, Issues, and Risks

- Encampment Resolution Funding-2 application not awarded; Administration will strategize on the approach for Encampment Resolution Funding-3 .
- Multiple pending policy items related to encampments at specific locations (e.g. schools/licensed child care facilities), citywide approaches to oversized vehicles, and issues with illegally “leased” RVs for on-street usage.
- Design of EIH operational approaches to maximize cost-effectiveness, including integrating with County Coordinated Entry System, associated trade-offs in control.
- Need to address additional prevention .

3, 4) Emergency Housing (Housing, PW)

- Opened the Santa Teresa RV Safe Parking site.
- Issued RFP for Rue Ferrari expansion to short-listed design-build firms.

- Land and site availability for EIH.
- Santa Teresa RV Safe Parking program slow to ramp up due to direction to target specific areas, challenges with insurance requirements, operator and CAC communication; these lessons learned will inform Berryessa site implementation.



Cleaning Up Our Neighborhoods

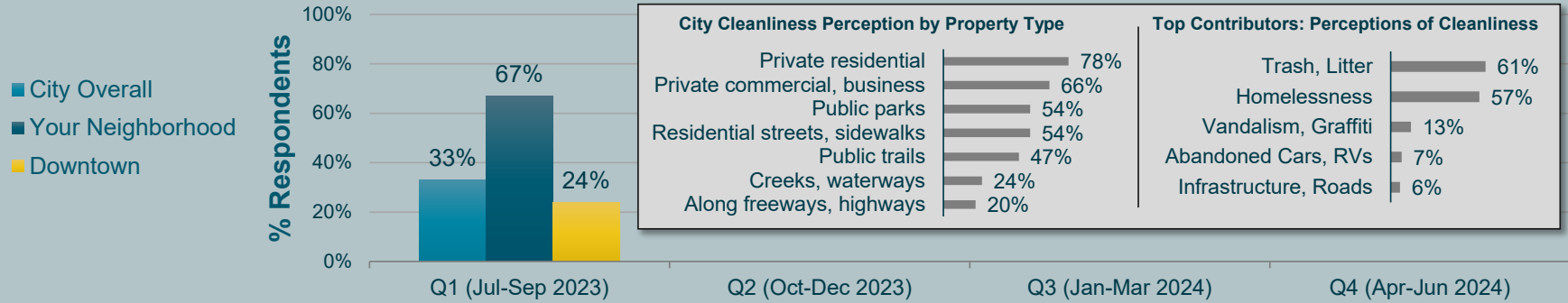
City Council Focus Area Scorecard

Q1 2023-2024

Jul – Sep 2023 Item 7.

Outcome

City Cleanliness Perception. % of residents rating San José as “very clean” or “somewhat clean”

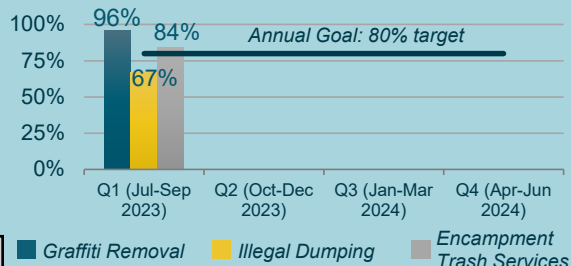


Performance

1) BeautifySJ Blight Response Times

(Source: App Order, SJ311, Survey123)

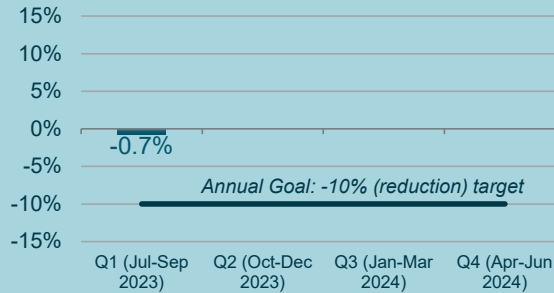
% of graffiti removal, illegal dumping, and encampment trash services inquiries responded to within response time targets (respectively, 3 business days, 5 business days, weekly)



2) Code Enforcement Case Backlog

(Source: PBCE)

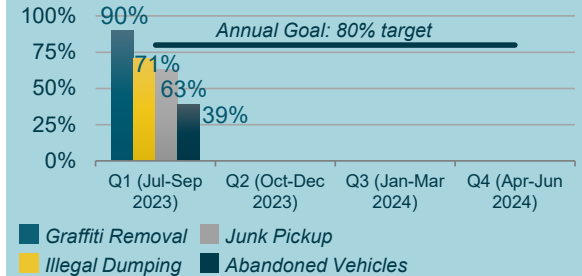
% of change in code enforcement case backlog



3) SJ311 Customer Satisfaction

(Source: SJ311)

% of customer satisfaction scores by service types (graffiti, illegal dumping, junk pickup, vehicle blight)





Cleaning Up Our Neighborhoods

City Council Focus Area Scorecard

Q1 2023-2024

Jul – Sep 2023 Item 7.

1) BeautifySJ Neighborhood Blight and Encampment Management (PRNS)

Core Service Budget Programs	2023-2024 Budgeted Amount and Budgeted FTEs	
Anti-Graffiti and Anti-Litter	\$6,605,403	25.75 FTEs
Illegal Dumping and Homeless Encampment Trash Collection and Abatement	\$23,927,736	64.00 FTEs
Sub-Total	\$30,533,139	89.75 FTEs

Key Initiatives

- Illegal Dumping Removal (RAPID)
- Neighborhood Litter Program
- Public Property Graffiti Removal Program
- Downtown and Equity Corridor Gateway and Deterrents Services Pilot
- BSJ Grant Program
- Encampment Trash Services
- Cash for Trash
- Encampment Abatement
- Interagency Encampment Services
- Waterways Trash Services
- RV Pollution Prevention Program
- Beautify Your Block Pilot
- Customer Service Neighborhoods Association Engagement Model

2) Code Enforcement (PBCE)

Community Code Enforcement	\$7,033,194	38.24 FTEs
Multiple Housing Code Enforcement	\$4,595,675	23.50 FTEs
Sub-Total	\$11,628,869	61.74 FTEs

- Enhanced Vacant Building Enforcement Downtown
- Proactive Blight Fast Program
- Code Enforcement Software System Procurement

3) SJ311 (IT)

City Customer Contact Center	\$3,373,658	18.00 FTEs
Sub-Total	\$3,373,658	18.00 FTEs

- Abandoned Vehicle Abatement Program Expansion
- SJ311 system upgrades
- Lived-in Vehicle Program

TOTAL	\$45,535,666	169.49 FTEs
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Cleaning Up Our Neighborhoods

City Council Focus Area Scorecard

Q1 2023-2024

Jul – Sep 2023

Item 7.

1) BeautifySJ Neighborhood Blight and Encampment Management (PRNS)

Q1 Key Accomplishments

- Launched Beautify Your Block pilot.
- Initiate expansion of Cash for Trash to 700 participants.
- Installed vehicle deterrents at Cape Horn Drive (D4) into Penitencia Creek to prevent cars from entering the creek bed.
- Installed deterrents at Rinehart Drive (D5) to prevent re-encampment.
- Completed phase 1 of Valley Water Coyote Creek flood control contract obligations.

Q1 Key Dependencies, Issues, and Risks

- Graffiti located on private property and inter-jurisdictional partners.
- Illegal dumping equipment challenges.
- Challenges hiring staff for two new pilot programs.

2) Code Enforcement (PBCE)

- Initiated workplan development for the enhanced vacant building enforcement downtown program.
- Developed an outreach plan for the FAST pilot program.
- Selected a vendor for code enforcement software system updates.

- Reallocation of resources to support inspection services for FAST and Enhanced Vacant Building Downtown may impact progress on code enforcement case backlog reduction.
- Staff to workload ratio continues to be a factor, alongside competing priorities and timelines; especially with Division Manager vacancy.

3) SJ311 (IT)

- Completed functional design for the new 'Vehicle Concerns' service.
- Negotiated development vendor contract and started developed work for the new 'Vehicle Concerns' service.
- Developed a language translation model for improved Vietnamese translations for SJ311.

- New programs, processes, and systems among vehicle blight departments.
- The success of the program relies on the successful deployment and integration between new systems.
- Minimize risk through closer collaboration than usual with all Development teams.



Attracting Investment in Jobs and Housing

City Council Focus Area Scorecard

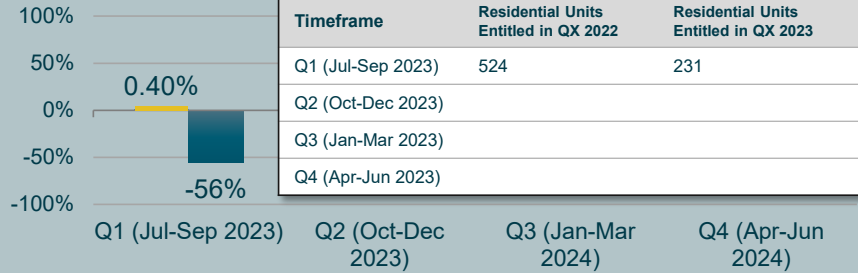
Q1 2023-2024

Jul – Sep 2023 Item 7.

Outcome

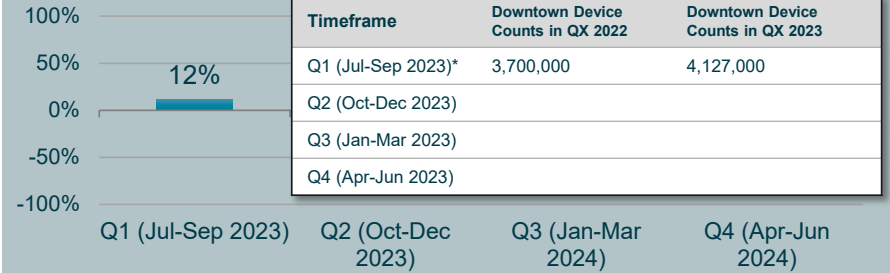
Jobs and Housing Start Rates (Source: EDD, OEDCA, PBCE, Housing)

- % change year-over-year in new jobs added citywide
- % quarterly change year-over-year of residential units entitled



Downtown Activity Rates (Device Location Counts) (Source: CityData)

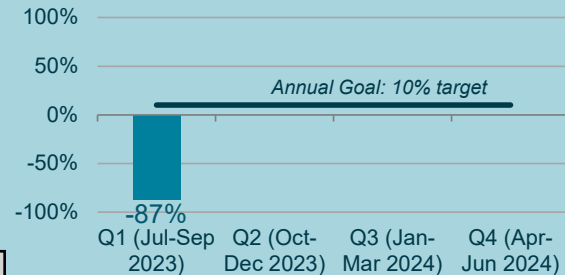
% quarterly change year-over-year in downtown visitation as measured through cell phone data



Performance

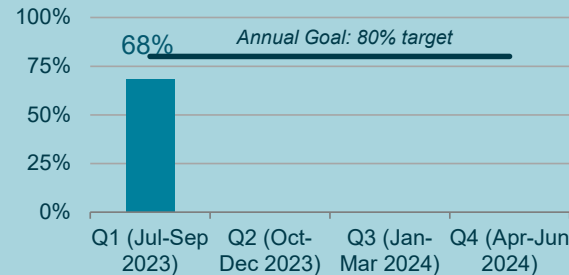
1) Housing Units Added in City (Source: PBCE)

% change year-over-year of housing units with certificate of occupancy or final inspection



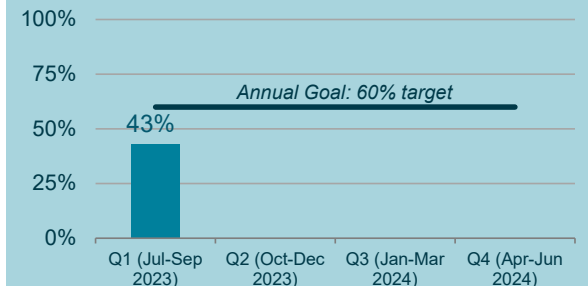
2) Speed of Housing Permit Reviews** (Source: PBCE)

% residential projects completed within plan check time targets



3) Downtown Vibrancy Rating (Source: Focus Area Community Survey)

% of residents rating downtown as a vibrant place



*Q1 downtown activity rates include only device count data for July and August due to data reporting lags

**This number is for general permit data for this quarter; PBCE is working towards reporting on housing permit-specific data for next quarter



Attracting Investment in Jobs and Housing

City Council Focus Area Scorecard

Q1 2023-2024

Jul – Sep 2023 Item 7.

1, 2) Development Services (PBCE, PW, Fire, OEDCA)

Core Service Budget Programs

2023-2024 Budgeted Amount and Budgeted FTEs

Building Development Services (PBCE)	\$31,777,697	150.61 FTEs
Planning Development Services (PBCE)	\$5,897,767	33.00 FTEs
Development Services Administration (PBCE)	\$2,353,814	9.14 FTEs
Public Works Development Services (PW)	\$16,556,997	82.00 FTEs
Fire Development Services (Fire)	\$8,463,860	34.35 FTEs
Business Outreach and Assistance (OEDCA)	\$7,538,637	8.32 FTEs
Development Attracting and Facilitation (OEDCA)	\$638,869	3.00 FTEs
Economic Policy Analysis and Communications (OEDCA)	\$671,859	2.68 FTEs
Workforce Development Services (OEDCA)	\$11,529,660	17.80 FTEs

Sub-Total	\$85,429,160	340.90 FTEs
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3) Downtown Management (OEDCA, PD, Housing, PBCE)

Business District Management	\$1,569,964	3.00 FTEs
Arts and Cultural Development Administration	\$936,431	2.75 FTEs
Convention and Visitors Bureau	\$6,072,000	0 FTEs
Cultural Grants	\$6,439,105	0 FTEs
Cultural Facilities Operations and Maintenance	\$21,736,022	1.25 FTEs
Outdoor Events	\$786,039	4.00 FTEs
Public Art / Placemaking	\$870,138	4.00 FTEs

Sub-Total	\$38,419,699	15.00 FTEs
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TOTAL	\$123,848,859	355.90 FTEs
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Key Initiatives

- Housing Element Adoption
- Market Ready Urban Village
- SJ Permits Website Process Updates
- Building Electronic Plan Review
- Environmental Review Process Support
- Management System Upgrades
- Online Permit Fee Estimator Tool
- Planning Fellowship Program
- Best Prepared Designer Program

- Storefront Activation Program
- Downtown programming and marketing
- Arts and cultural sector support
- Convention Center and cultural facilities activation
- Community Service Officer Deployment
- Code Enforcement Focus Area Service Team (FAST)
- Case Conferencing Storefront Collaboration
- San Pedro Street Pedestrian Mall and Post Street closure pilot
- Downtown Vibrancy Event Pilot
- Artistic lighting interventions
- SJSU Co-Branding Initiative



Attracting Investment in Jobs and Housing

City Council Focus Area Scorecard

Q1 2023-2024

Jul – Sep 2023

Item 7.

1, 2) Development Services (PBCE, PW, Fire, OEDCA)

Q1 Key Accomplishments

- Completed coordination with HCD on Housing Element questions for adoption.
- Council approved Housing Catalyst Work Plan.
- Committee approved Market Ready Urban Village work and opportunity site (Saratoga Combined).
- Completed work with City Auditor on Residential Building Permits audit.
- Completed 5 permits with 965 units for Destination Home Affordable Housing Projects.
- Completed analysis work on Evergreen/East Hills Development Policy.
- Completed Best Prepared Designer launch.
- Completed SJ Permits Self-Start Development and Solar/Battery Online Issuance.

Q1 Key Dependencies, Issues, and Risks

- Market conditions and interest rates impacting development and job growth.
- State Department of Housing and Community Development's acceptance of third revision to Housing Element.
- Recent activity has fallen; Housing start and finish activity is inconsistent by period.
- Cost of Development work coming to Council in October 2023.

3) Downtown Management (OEDCA, PD, Housing, PBCE)

- Developed an ordinance for San Pedro Street Closure (Pedestrian Mall Act) through extensive community outreach and support.
- Technical assistance provided to businesses on sidewalk seating and operations for Pedestrian Mall Act.
- Established a community-based framework for permitting and special events will Post Street 4-day-a-week closure pilot extension.
- Hosted first Downtown Vibrancy Event Pilot (Pilot Free Zone), Little Italy Block Party.
- Selected artists to produce first artistic lighting interventions along 2nd Street.

Initiatives reported in other Focus Areas:

- FAST Program
- Vacant Buildings Enforcement Program
- The Collab

- Downtown Community Services Officer Detail contingent on recruitment increasing above current staffing level.
- Property owners affected by San Pedro Street Closure may submit a claim for damages as a result of removing vehicular traffic from the street.
- Post Street 4-day-a-week street closure not universally supported by the businesses on the street.
- Receive feedback from Permit Free Zone that the program is too restrictive and that event organizers would like to include more parking and alcohol; the Administration is exploring options.

Next Steps: Execution as Learning

1. Cabinets and Execution Teams
2. Scorecard Data Labeling and Visualization
3. Identification of Most Impactful Budget Programs/Key Initiatives
4. Key Accomplishments Rigor
5. Key Accomplishments Planned Next Quarter
6. Budget Tracking and Reporting
7. Dashboard Functionality and Usability

City Council Focus Areas Quarterly Status Report

October 31, 2023

Lee Wilcox	Assistant City Manager, <i>Increasing Community Safety</i> Executive Sponsor
Dolan Beckel	Chief of Staff for the City Manager
Omar Passons	Deputy City Manager, <i>Reducing Unsheltered Homelessness</i> Executive Sponsor
Angel Rios	Deputy City Manager, <i>Cleaning Up our Neighborhoods</i> Executive Sponsor
Rob Lloyd	Deputy City Manager, <i>Attracting Investment in Jobs and Housing</i> Executive Sponsor
Erik Jensen	Assistant to the City Manager

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [REDACTED]
Subject: Re: Finance Commission Draft Work Plan and Meeting Schedule
Date: Thursday, January 18, 2024 1:54:21 PM
Attachments: [inky-injection-inliner-209b06d63f3139b7bbda7129634c80da.png](#)
[inky-injection-inliner-6f42d488d348cfd86bff9497caf9f6a.png](#)
[inky-injection-inliner-6f42d488d348cfd86bff9497caf9f6a.png](#)
[inky-injection-inliner-209b06d63f3139b7bbda7129634c80da.png](#)
[Finance Commission Tentative Schedule 2024.docx](#)
[Finance Commission Draft 2024 Workplan.xlsx](#)

[EXTERNAL SENDER]

One quick comment can you rearrange the projects so the most important ones are at the top of the work plan. Perhaps we could separate into two groups and then sort by importance.

The first group would be strategic projects and the second group are all the required projects under the statute.

Organizing the work plan starting with the strategic projects sends a message.

Let me know if you have any questions.

I am still reviewing and might have a few more thoughts.

Phil
Sent from my iPhone

On Jan 18, 2024, at 10:59 AM, Gitta Ungvari <GUngvari@losgatosca.gov> wrote:

External (gungvari@losgatosca.gov)

Phil and Linda,

Thank you so much for your time and contribution on our follow up meeting yesterday. Attached are the updated Draft Workplan and the Draft Meeting Dates for your confirmation.

I have also noted that Linda will Chair March 11, 2024 and October 14, 2024 regular meetings.

Below are the Tentative Agenda for the 2/12/2024 Regular Meeting:

Consent Items:

1. Approve the Minutes of the January 8, 2024 Finance Commission Regular Meeting
2. Receive Monthly Financial and Investment Report for December 2023

3. Receive Final Financial Transaction Report for Submittal to the State Controller
4. Receive Finance Commission Schedule

Other Business:

5. Discuss Assumptions for the Five-Year Forecast
6. Review and Make Recommendations on the Mid Year Report
7. Review Finance Commission Draft 2024 Workplan
8. Commission/Managers Matters

Please let me know if I have captured all your recommendations and confirm the agenda.

Thanks,

Gitta

Items	Projects	Assignments	Frequency	Finance Commission Target Date(s)	Notes
1	Five-Year Forecast	Discuss Assumptions for the Five-Year Forecast	Annually	2/12/2024; 3/11/2024 Report Back on Council Action	
2	Five-Year Capital Plan	Discuss Fully Funded Five-Year Capital Plan	Annually	3/11/2023; 10/14/2024 2nd Review	
3	Unfunded Pension Liability/CalPERS Pension Study	Receive Actuarial Presentation on CalPERS Actuarial Analysis for the Miscellaneous and Safety Plan. Recommend to Town Council a plan to reduce unfunded Miscellaneous and Safety Plan Pension Liabilities	Annually	5/13/2024	Hold a Joint Study Session with the Pension and OPEB Trusts Oversight Committee Tentative, Pending Mayor Approval
4	Key Performance Indicators	Discuss Potential Revisions to Key Performance Indicators to Include Operational Measures	Quarterly	5/13/2024, 9/9/2024; 12/9/2024	Iterative Process During the Year, Starting 5/13/2024
5	Operating and Capital Budget	Review and Make Recommendations on the Proposed Annual Budgets	Annually	4/29/2024; 5/6/2024; 5/13/2024 (Published on 4/22/2024 - No Meeting)	
6	Mid-Year Budget	Review and Make Recommendation on the Mid-Year Report	Annually	2/12/2024	
7	Audit Plan Review	Pre-Audit Meeting	Annually	9/9/2024	
8	Management Discussion and Analysis (MD&A)-ACFR	Review and Make Recommendations on the MD&A Format		10/14/2024	
9	Annual Comprehensive Financial Report	Review and Make Recommendations on the Draft Annual Comprehensive Financial Report	Annually	12/2/2024; 12/9/2024	
10	State Controller Financial Transaction Report	Review and Make Recommendations on the Town Draft Financial Transaction Report	Annually	1/8/2024	
11	Measure G Revenue and Expenditure Report	Receive Measure G Revenue and Expenditure Report	Annually	3/11/2024	
12	Single Audit Report	Receive Single Audit Report if applicable	Annually	3/11/2024	
13	Financial Policies	Review and Make Recommendations on the Investment Policy	Annually	3/11/2024	Consent Item
14	Financial Policies	Review and Make Recommendation on the General Fund Reserve Policy	As Needed	5/13/2024	
15	Investment Performance	Receive Monthly Financial and Investment Report	Monthly	1/8/2024; 2/12/2024; 3/11/2024; 4/8/2024; 5/13/2024; 9/9/2024; 10/14/2024; 11/11/2024; 12/9/2024	Consent Item
16	Pension and OPEB Trust Funds Performance	Receive Performance and Account Summary Reports for CERBT and CEPPT	Quarterly	3/11/2024; 9/9/2024; 12/9/2024	Consent Item
17	CalPERS Actuarial Reports	Receive CalPERS Annual Actuarial Reports	Annually	10/9/2024	Consent Item
18	OPEB Actuarial Analysis	Receive OPEB Actuarial Analysis	Every Two Year	9/9/2024	
19	CalPERS Performance	Receive CalPERS Public Employees' Retirement Fund (PERF) Preliminary Performance Report	Annually	12/9/2024	Consent Item



FINANCE COMMISSION TENTATIVE MEETING SCHEDULE 2024

January 8, 2024 5 p.m.	Regular Finance Commission Meeting
February 12, 2024 5 p.m.	Regular Finance Commission Meeting
March 11, 2024 5 p.m.	Regular Finance Commission Meeting
April 8, 2024 5 p.m.	Regular Finance Commission Meeting
April 29, 2024 5 p.m.	Special Finance Commission Meeting
May 6 2024 5 p.m.	Special Finance Commission Meeting
May 13, 2024 5 p.m.	Regular Finance Commission Meeting
June 10, 2024	Regular Finance Commission Meeting CANCELLED
July 8, 2024	Regular Finance Commission Meeting CANCELLED
August 12, 2024	Regular Finance Commission Meeting CANCELLED
September 9, 2024 5 p.m.	Regular Finance Commission Meeting
October 14, 2024 5 p.m.	Regular Finance Commission Meeting
November 11, 2024 5 p.m.	Regular Finance Commission Meeting
December 2, 2024 5 p.m.	Special Finance Commission Meeting
December 9, 2024 5 p.m.	Regular Finance Commission Meeting

From: [Phil Koen](#)
To: [Gitta Ungvari](#); [Linda Reiners](#)
Subject: revised work plan
Date: Tuesday, January 23, 2024 9:41:13 AM
Attachments: [Copy of Finance Commission Draft 2024 Workplan.xlsx](#)

[EXTERNAL SENDER]

Gitta and Linda,

I have made some revisions to the draft work plan that Gitta circulated. Please review and let me know your thoughts.

Regarding item #4 – Council Score Card, I think the only way to tackle this is with a subcommittee that can work on this throughout the year. Linda I was hoping you could chair that sub-committee.

It is going to take time and we will need to work very closely with Staff and the Town Council to produce something that is useful. The model that I am thinking about is what SJ is attempting to do.

Looking forward to finalizing this.

Phil

Items	Projects	Assignments	Frequency	Finance Commission Target Date(s)	Notes
1	Five-Year Forecast	Develop a Five Year Financial forecast based on most likely assumptions, and develop reasonable alternative scenarios to stress test financial flexibility. If funding gap is projected, develop corrective actions for Councils consideration and action.	Annually	2/12/2024; 3/11/2024 Report Back on Council Action	
2	Five-Year Capital Plan	Develop Fully Funded Five-Year Capital Plan which time phases capital spending and funding sources. Analyze probability of funding to risk adjust capital plan to avoid stranding capital.	Annually	3/11/2023; 10/14/2024 2nd Review	
3	Unfunded Pension Liability/CalPERS Pension Study	Review Foster and Foster actuarial analysis of CalPERS Actuarial Report for the Miscellaneous and Safety Plan. Develop recommendations to reduce unfunded Miscellaneous and Safety Plan Pension Liabilities for the Town Councils consideration and action.	Annually	5/13/2024	Hold a Joint Study Session with the Pension and OPEB Trusts Oversight Committee Tentative, Pending Mayor Approval
4	Council Priority Score Card	Commence development of a governance level tool for reporting outcome and performance measures in addition to execution progress to help drive continuous improvement. Outcomes and performance measures would be collected quarterly. The Council priority scorecard would provide a snapshot into the most important measures for the top 4 Town Council's Priorities 2024 - 2026. At the highest level the score card should answer "how are we doing" and "how do we know" for each of the top 4 Council priorities.	Quarterly	5/13/2024, 9/9/2024; 12/9/2024	Iterative Process During the Year, Starting 5/13/2024
5	Annual Operating and Capital Budget	Review and Make Recommendations on the Proposed Annual Budgets	Annually	4/29/2024; 5/6/2024; 5/13/2024 (Published on 4/22/2024 - No Meeting)	
6	Mid-Year Budget	Review and Make Recommendation on the Mid-Year Report	Annually	2/12/2024	
7	Audit Plan Review	Review auditors work plan and discuss audit risks	Annually	9/9/2024	
8	Management Discussion and Analysis (MD&A)-ACFR	Review and Make Recommendations on the MD&A Format		10/14/2024	
9	Annual Comprehensive Financial Report	Review and Make Recommendations on the Draft Annual Comprehensive Financial Report	Annually	12/2/2024; 12/9/2024	
10	State Controller Financial Transaction Report	Review and Make Recommendations on the Town Draft Financial Transaction Report	Annually	1/8/2024	
11	Measure G Revenue and Expenditure Report	Receive Measure G Revenue and Expenditure Report	Annually	3/11/2024	
12	Single Audit Report	Receive Single Audit Report if applicable	Annually	3/11/2024	
13	Financial Policies	Review and Make Recommendations on the Investment Policy	Annually	3/11/2024	Consent Item
14	Financial Policies	Review and Make Recommendation on the General Fund Reserve Policy	As Needed	5/13/2024	
15	Investment Performance	Receive Monthly Financial and Investment Report	Monthly	1/8/2024; 2/12/2024; 3/11/2024; 4/8/2024; 5/13/2024; 9/9/2024; 10/14/2024; 11/11/2024; 12/9/2024	Consent Item
16	Pension and OPEB Trust Funds Performance	Receive Performance and Account Summary Reports for CERBT and CEPPT	Quarterly	3/11/2024; 9/9/2024; 12/9/2024	Consent Item

17	CalPERS Actuarial Reports	Receive CalPERS Annual Actuarial Reports	Annually	10/9/2024	Consent Item
18	OPEB Actuarial Analysis	Receive OPEB Actuarial Analysis	Every Two Year	9/9/2024	
19	CalPERS Performance	Receive CalPERS Public Employees' Retirement Fund (PERF) Preliminary Performance Report	Annually	12/9/2024	Consent Item

From: Phil Koen
To: Gitta Ungvari
Cc: Linda Reiners
Subject: Re: revised work plan
Date: Wednesday, January 24, 2024 9:56:02 PM
Attachments: [inline-image-209b06d63731139b7bbda7129634cd0da.png](#)
[inline-image-6f42d488d348cf086b0f9497caf9f6a.png](#)
[inline-image-6f42d488d348cf086b0f9497caf9f6a.png](#)
[inline-image-209b06d63731139b7bbda7129634cd0da.png](#)

[EXTERNAL SENDER]

Gitta,

Could Linda and I meet with you on Feb 6 to discuss your thoughts on the 5 year revenue model I forwarded to you? We thought it would be good to review our prior to the FC meeting on Feb 12.

Thanks,

Phil

On Jan 24, 2024, at 5:31 PM, Gitta Ungvari <Gungvari@losgatosca.gov> wrote:

External
(gungvari@losgatosca.gov)

Phil and Linda,

Thank you for the updated workplan. Staff will include the information provided for Commissioner's discussion. Linda, please let me know if you have any recommended changes.

Thanks,

Gitta

From: Phil Koen
Sent: Tuesday, January 23, 2024 9:41 AM
To: Gitta Ungvari <Gungvari@losgatosca.gov>; Linda Reiners
Subject: revised work plan

[EXTERNAL SENDER]

Gitta and Linda,

I have made some revisions to the draft work plan that Gitta circulated. Please review and let me know your thoughts.

Regarding item #4 – Council Score Card, I think the only way to tackle this is with a subcommittee that can work on this throughout the year. Linda I was hoping you could chair that sub-committee.

It is going to take time and we will need to work very closely with Staff and the Town Council to produce something that is useful. The model that I am thinking about is what SJ is attempting to do.

Looking forward to finalizing this.

Phil

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#)
Subject: Re: revised work plan
Date: Thursday, January 25, 2024 9:43:22 AM
Attachments: [inly-injection-inliner-209b06d63f3139b7b0da7129634c80da.png](#)
[inly-injection-inliner-6f42d488d348cd86b0f9497cafb6ea.png](#)
[inly-injection-inliner-6f42d488d348cd86b0f9497cafb6ea.png](#)
[inly-injection-inliner-209b06d63f3139b7b0da7129634c80da.png](#)

[EXTERNAL SENDER]

Could you please circulate the final draft to us. Thanks

Phil
Sent from my iPhone

On Jan 24, 2024, at 5:31 PM, Gitta Ungvari <GUngvari@losgatosca.gov> wrote:

	External (gungvari@losgatosca.gov)	
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Looking forward to finalizing this.

Phil

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#)
Subject: Re: revised work plan
Date: Monday, January 29, 2024 9:53:13 PM
Attachments: [inly:injection:inliner-209b06d63f31139b7bbda7129634cd0da.png](#)
[inly:injection:inliner-6f42d488d348cf086bf9497caf9fa.png](#)
[inly:injection:inliner-6f42d488d348cf086bf9497caf9fa.png](#)
[inly:injection:inliner-209b06d63f31139b7bbda7129634cd0da.png](#)

[EXTERNAL SENDER]

Hello Gitta,

Thank you for your response. I'll discuss with Linda and will revert back to you.

Phil Koen

On Jan 29, 2024, at 6:14 PM, Gitta Ungvari <GUngvari@losgatosca.gov> wrote:

External
(gungvari@losgatosca.gov)

Good evening Chair,

Thank you for your email. Regarding the key performance indicators/score card, after checking in with the Town Manager and Town Attorney, this initial discussion will need to be agendaized, and at that time, next steps and best path forward can be determined by the full Commission. I know that it is currently scheduled for 5/13, but staff could prepare for the 3/11 or 4/8 Commission meeting in order to allow for the next steps to be determined earlier?

Thanks,

Gitta

From: Phil Koen [REDACTED]
Sent: Tuesday, January 23, 2024 9:41 AM
To: Gitta Ungvari <GUngvari@losgatosca.gov>; Linda Reiners [REDACTED]
Subject: revised work plan

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Looking forward to finalizing this.

Phil

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#); [Laurel Prevetti](#); [Wendy Wood](#); [Katy Nomura](#); [Mary Badame](#)
Subject: Draft Agenda for Feb 12 FC meeting
Date: Tuesday, January 30, 2024 10:54:27 AM

[EXTERNAL SENDER]

Hello Gitta,

Below is a first cut at a proposed agenda for the February 12 FC meeting for your review and comment. Please let me know if I need to make any changes. I am open to all comments/suggestions. Are there any other items for the consent calendar?

If you could put this in the proper format, I would greatly appreciate that. Since a formal workplan was never approved in 2023, I don't think it is necessary to discuss 2023. There is more important work to be done and I don't want to waste any time on 2023. It's history.

Please note that the time of the meeting will be from 5pm to 8 pm. If we finish early that will be great. As has been the custom, I would ask Staff to present initial comments for each agenda item to frame and guide the discussion and walk the FC through the Staff work.

Consent Items

- Approve Draft minutes from January FC meeting.
- Receive Monthly Investment Report
-

Receive FY 22 and FY 23 Cities Financial Transaction Reports as filed with the State of California

Other Business

- Review of the Five-Year Forecast (FY 25 – FY 30). Provide initial comments/findings and recommendations to close any forecasted operating deficits to the Town Council. This is first of two reviews.
- Review the Revenue Modeling Report prepared by NBS and make recommendations/findings to the Town Council on the need for any revenue tax ballot measure based on analysis of available financial information.
 - Please provide the Staff reports regarding this matter dated December 11, 2023, October 17, 2023 and June 8, 2023 along with the NBS report dated December 14, 2023
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 - Please provide the Statement of Revenues, Expenditures and Changes in Fund Balances for FY 22 and FY 23 from the ACFRs (only the statements)
 - Please provide the 5-year forecast that was relied upon and referenced in the NBS report.
- Review and provide recommendations/findings to the Town Council regarding mid-year FY 24 budget report.
- Review and approve the draft 2024 Workplan.

As part of the workplan, I would like to establish a sub-committee to work on the Council Priority Score Card. Ideally the subcommittee should be chaired by a FC citizen appointee, with participation from a council member appointee, and a member of the Staff. It would be terrific if perhaps Katy served as the Staff appointee since the score card is broader than just financial metrics. Katy would you be so kind as to take this on? What do I need to do to accomplish this ?

Lastly, I believe we will have two new members of the FC attending their first meeting on Feb 12. This is very exciting to have the FC fully staffed at the beginning of the year. I would like to formally welcome the new members and publicly acknowledge their amazing backgrounds and how lucky we are to have residents willing to serve. I want to also thank Council Members Moore and Hudes for making speedy appointments and acknowledge the importance of the FC providing independent advice to the TC as they weigh some difficult decisions. This is what was mandated by the vote of the people. I would like to open with this. How do I do this? Do I need a separate agenda item? Please advise.

Thank you,

Phil Koen

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#); [Laurel Prevetti](#); [Wendy Wood](#); [Katy Nomura](#); [Mary Badame](#)
Subject: RE: Draft Agenda for Feb 12 FC meeting - final version
Date: Monday, February 5, 2024 7:17:50 AM
Attachments: [image001.png](#)
[image002.png](#)

[EXTERNAL SENDER]

Gitta,

Here is the final agenda for our upcoming Feb meeting. There is a fair amount of supporting material that needs to be sent with the agenda as background reading. Can you provide me with a list of items that you would include for my review?

Please make sure that for agenda item 7 the NBS report, the Staff reports dated December 11 and June 20, 2023, as well as the 5-year Forecast that NBS relied upon which was mentioned in their report are all distributed. Also, since the topic includes discussing polling, perhaps we should include the poll that was done a few years ago in support of the sales tax increase so the FC has clarity as to what a poll is. I have that if you don't. Let's discuss.

Thanks,

Phil

Consent Items:

1. Approve the Minutes of the January 8, 2024 Finance Commission Regular Meeting

2. Receive Monthly Financial and Investment Report for December 2023
3. Receive FY 2022 and FY 2023 Final Financial Transaction Reports Previously Submitted to the State Controller

Other Business:

6. Review and make a recommendation to the Town Council to accept as presented or accept with modification the FY 24 Five-Year Forecast and supporting work product
7. Consider NBS Revenue Modeling Report and make Recommendations to the Town Council regarding budget balancing strategies including any revenue ballot measures and polling of any revenue ballot measures
8. Review and Make Recommendation to the Town Council to accept as presented or accept with modifications the FY 24 Mid-Year Report and supporting work product
9. Review and adopt the Finance Commission 2024 Workplan, meeting dates and establish subcommittees for selected projects.

Given the amount of work, I have eliminated the review of the investment policy. We can do this later since we only need to do this annually. I did this just in case someone wanted to have a more in-depth discussion, I didn't want to put pressure on the rest of the agenda.

Let me know if you have any questions.

Phil

From: Gitta Ungvari <GUngvari@losgatosca.gov>
Sent: Tuesday, January 30, 2024 12:14 PM
To: Phil Koen [REDACTED]
Cc: Linda Reiners [REDACTED]; Laurel Prevetti <LPrevetti@losgatosca.gov>; Wendy Wood <WWood@losgatosca.gov>; Katy Nomura <KNomura@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>
Subject: RE: Draft Agenda for Feb 12 FC meeting



External (gungvari@losgatosca.gov)



Good afternoon Chair,

It is appropriate to introduce the new members at the start of the meeting.

Below is the tentative agenda based on our agenda setting meeting discussion and additional correspondence.

Tentative Agenda for the Finance Commission February 12, 2024 Regular Meeting

Consent Items:

1. Approve the Minutes of the January 8, 2024 Finance Commission Regular Meeting
2. Receive Monthly Financial and Investment Report for December 2023
3. Receive FY 2022 and FY 2023 Final Financial Transaction Reports Submitted to the State Controller
4. Receive Finance Commission Schedule
5. Review the Investment Policy and Recommend No Changes

Other Business:

6. Discuss Assumptions for the Five-Year Forecast
 7. Review Revenue Modeling Report Prepared by NBS and Make Recommendations Regarding Budget Balancing Strategies
 8. Review and Make Recommendations on the Mid Year Report
 9. Review and Discuss the Finance Commission 2024 Workplan
 10. Commission/Managers Matters
- Please confirm the order of the items.

Thanks,

Gitta

From: Phil Koen [REDACTED]
Sent: Tuesday, January 30, 2024 10:54 AM
To: Gitta Ungvari <GUngvari@losgatosca.gov>
Cc: Linda Reiners [REDACTED]; Laurel Prevetti <LPrevetti@losgatosca.gov>; Wendy Wood <WWood@losgatosca.gov>; Katy Nomura <KNomura@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>
Subject: Draft Agenda for Feb 12 FC meeting

[EXTERNAL SENDER]

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Consent Items

- Approve Draft minutes from January FC meeting.
- Receive Monthly Investment Report
- Receive FY 22 and FY 23 Cities Financial Transaction Reports as filed with the State of California

Other Business

- Review of the Five-Year Forecast (FY 25 – FY 30). Provide initial comments/findings and recommendations to close any forecasted operating deficits to the Town Council. This is first of two reviews.
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upon and referenced in the NBS report.

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- Review and approve the draft 2024 Workplan.
 - As part of the workplan, I would like to establish a sub-committee to work on the Council Priority Score Card. Ideally the subcommittee should be chaired by a FC citizen appointee, with participation from a council member appointee, and a member of the Staff. It would be terrific if perhaps Katy served as the Staff appointee since the score card is broader than just financial metrics. Katy would you be so kind as to take this on? What do I need to do to accomplish this ?

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Thank you,

Phil Koen

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#); [Laurel Prevetti](#); [Wendy Wood](#); [Katy Nomura](#); [Mary Badame](#)
Subject: RE: Draft Agenda for Feb 12 FC meeting - final version
Date: Tuesday, February 6, 2024 12:51:50 PM
Attachments: [image001.png](#)
[image002.png](#)

[EXTERNAL SENDER]

Gitta,

In addition to my earlier email, please make the changes to the agenda, shown in green

Thanks

Phil

From: Gitta Ungvari <GUngvari@losgatosca.gov>
Sent: Tuesday, February 6, 2024 12:39 PM
To: Phil Koen [REDACTED]
Cc: Linda Reiners [REDACTED]; Laurel Prevetti <LPrevetti@losgatosca.gov>; Wendy Wood <WWood@losgatosca.gov>; Katy Nomura <KNomura@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>
Subject: RE: Draft Agenda for Feb 12 FC meeting - final version



External (gungvari@losgatosca.gov)



Good afternoon Chair,

Thank you for sending the agenda.
Please see my revision based on prior communications.

Consent Items:

1. Approve the Minutes of the January 8, 2024 Finance Commission Regular Meeting
2. Receive Monthly Financial and Investment Report for December 2023

3. Receive FY 2022 and FY 2023 Final Financial Transaction Reports Previously Submitted to the State Controller

Other Business:

6. Review and make a recommendation to the Town Council to accept as presented or accept with modification the FY 24 Five-Year Forecast and supporting work product
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8. Review and Make Recommendation to the Town Council to accept as presented or accept with modifications the FY 24 Mid-Year Report and supporting work product
9. Review and adopt the Finance Commission 2024 Workplan, meeting dates and establish [subcommittees for selected projects](#).

I will place the Investment Policy Review on the March meeting agenda.

Thanks,

Gitta

From: Phil Koen [REDACTED]
Sent: Monday, February 5, 2024 7:18 AM
To: Gitta Ungvari <GUngvari@losgatosca.gov>
Cc: Linda Reiners [REDACTED]; Laurel Prevetti <LPrevetti@losgatosca.gov>; Wendy Wood <WWood@losgatosca.gov>; Katy Nomura <KNomura@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>
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To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#); [Laurel Prevetti](#); [Wendy Wood](#); [Katy Nomura](#); [Mary Badame](#)
Subject: RE: Draft Agenda for Feb 12 FC meeting - final version
Date: Tuesday, February 6, 2024 12:45:50 PM
Attachments: [image001.png](#)
[image002.png](#)

[EXTERNAL SENDER]

Hi Gitta,

Thank you for your email. However, we may wish to establish other ad hoc or sub-committees. Therefore, please use my earlier language which will give us the flexibility to establish more sub-committees if the FC so determines. Also, is it appropriate to call this group an ad hoc or a subcommittee? What is the difference? Can an ad hoc committee have people on it that are not members of the FC? I assume a sub-committee can only be members of the FC on it.

Please advise.

Thanks,

Phil Koen

From: Gitta Ungvari <GUngvari@losgatosca.gov>
Sent: Tuesday, February 6, 2024 12:39 PM
To: Phil Koen [REDACTED]
Cc: Linda Reiners [REDACTED]; Laurel Prevetti <LPrevetti@losgatosca.gov>; Wendy Wood <WWood@losgatosca.gov>; Katy Nomura <KNomura@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>
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External (gungvari@losgatosca.gov)



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Thanks,

Gitta

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To: Gitta Ungvari <GUngvari@losgatosca.gov>
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Subject: RE: Draft Agenda for Feb 12 FC meeting - final version

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Sent: Tuesday, January 30, 2024 12:14 PM

To: Phil Koen [REDACTED]
Cc: Linda Reiners [REDACTED]; Laurel Prevetti <LPrevetti@losgatosca.gov>; Wendy Wood <WWood@losgatosca.gov>; Katy Nomura <KNomura@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>
Subject: RE: Draft Agenda for Feb 12 FC meeting



External (gungvari@losgatosca.gov)



Good afternoon Chair,

It is appropriate to introduce the new members at the start of the meeting.

Below is the tentative agenda based on our agenda setting meeting discussion and additional correspondence.

Tentative Agenda for the Finance Commission February 12, 2024 Regular Meeting

Consent Items:

1. Approve the Minutes of the January 8, 2024 Finance Commission Regular Meeting
2. Receive Monthly Financial and Investment Report for December 2023
3. Receive FY 2022 and FY 2023 Final Financial Transaction Reports Submitted to the State Controller
4. Receive Finance Commission Schedule
5. Review the Investment Policy and Recommend No Changes

Other Business:

6. Discuss Assumptions for the Five-Year Forecast
7. Review Revenue Modeling Report Prepared by NBS and Make Recommendations Regarding Budget Balancing Strategies
8. Review and Make Recommendations on the Mid Year Report
9. Review and Discuss the Finance Commission 2024 Workplan
10. Commission/Managers Matters

Please confirm the order of the items.

Thanks,

Gitta

From: Phil Koen [REDACTED]
Sent: Tuesday, January 30, 2024 10:54 AM
To: Gitta Ungvari <Gungvari@losgatosca.gov>
Cc: Linda Reiners [REDACTED]; Laurel Prevetti <LPrevetti@losgatosca.gov>; Wendy Wood <WWood@losgatosca.gov>; Katy Nomura <KNomura@losgatosca.gov>; Mary Badame

<MBadame@losgatosca.gov>

Subject: Draft Agenda for Feb 12 FC meeting

[EXTERNAL SENDER]

Hello Gitta,

Below is a first cut at a proposed agenda for the February 12 FC meeting for your review and comment. Please let me know if I need to make any changes. I am open to all comments/suggestions. Are there any other items for the consent calendar?

If you could put this in the proper format, I would greatly appreciate that. Since a formal workplan was never approved in 2023, I don't think it is necessary to discuss 2023. There is more important work to be done and I don't want to waste any time on 2023. It's history.

Please note that the time of the meeting will be from 5pm to 8 pm. If we finish early that will be great. As has been the custom, I would ask Staff to present initial comments for each agenda item to frame and guide the discussion and walk the FC through the Staff work.

Consent Items

- Approve Draft minutes from January FC meeting.
- Receive Monthly Investment Report
- Receive FY 22 and FY 23 Cities Financial Transaction Reports as filed with the State of California

Other Business

- Review of the Five-Year Forecast (FY 25 – FY 30). Provide initial comments/findings and recommendations to close any forecasted operating deficits to the Town Council. This is first of two reviews.
- Review the Revenue Modeling Report prepared by NBS and make recommendations/findings to the Town Council on the need for any revenue tax ballot measure based on analysis of available financial information.
 - Please provide the Staff reports regarding this matter dated December 11, 2023, October 17, 2023 and June 8, 2023 along with the NBS report dated December 14, 2023
 - Please provide the GF budget vs actual (GAAP) statements from the FY 22 and FY 23 from the ACFR (only the statements)
 - Please provide the Statement of Revenues, Expenditures and Changes in Fund Balances for FY 22 and FY 23 from the ACFRs (only the statements)
 - Please provide the 5-year forecast that was relied upon and referenced in the NBS report.
- Review and provide recommendations/findings to the Town Council regarding mid-year FY 24 budget report.
- Review and approve the draft 2024 Workplan.
 - As part of the workplan, I would like to establish a sub-committee to work on the Council Priority

Score Card. Ideally the subcommittee should be chaired by a FC citizen appointee, with participation from a council member appointee, and a member of the Staff. It would be terrific if perhaps Katy served as the Staff appointee since the score card is broader than just financial metrics. Katy would you be so kind as to take this on? What do I need to do to accomplish this ?

Lastly, I believe we will have two new members of the FC attending their first meeting on Feb 12. This is very exciting to have the FC fully staffed at the beginning of the year. I would like to formally welcome the new members and publicly acknowledge their amazing backgrounds and how lucky we are to have residents willing to serve. I want to also thank Council Members Moore and Hudes for making speedy appointments and acknowledge the importance of the FC providing independent advice to the TC as they weigh some difficult decisions. This is what was mandated by the vote of the people. I would like to open with this. How do I do this? Do I need a separate agenda item? Please advise.

Thank you,

Phil Koen