

# FINANCIAL SUMMARIES

## **Total Revenues and Expenditures**

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*The summary schedules provide a high level overview of the entire Town budget in a fund-type summary as well as by fund-specific and category-specific summary levels.*

Total Budgeted Fund Activity .....	C – 3
Total Revenues, Expenditures, and Fund Balance Trend Information .....	C – 4
Total Revenues, Expenditures, and Fund Balance – 5 Year Summary.....	C – 6
Total Town Revenues – by Fund.....	C – 10
Total Town Expenditures – by Fund .....	C – 12
Total Town Revenues – by Category .....	C – 14
Total Town Expenditures – by Category .....	C – 15

## **General Fund Revenues and Expenditures**

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*The summary schedules identify the Town’s General Fund operating sources and uses at the Department and category levels. The Fund Balance Activity summarizes the General Fund sources and uses which impact the resulting ending fund balance.*

General Fund Revenues – by Department .....	C – 16
General Fund Expenditures – by Department .....	C – 17
General Fund Revenues – by Category.....	C – 18
General Fund Expenditures – by Category .....	C – 20
General Fund Tax Revenues per Capita – Cities of Santa Clara County .....	C – 21
General Fund Tax Revenues – 10 Year History of Key Tax Revenues .....	C – 22
General Fund – Fund Balance Activity .....	C – 23

## **Operating Transfers**

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*The schedule summarizes activity by fund of estimated fund transfers for the prior fiscal year and budgeted for the adopted fiscal year.*

Schedule of Interfund Transfers .....	C – 24
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## FINANCIAL SUMMARIES

### Fund Balance

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*With two fund balance schedules, one summarizes activity and ending fund balances as a quick look at the ongoing status of the individual funds, and the second provides a 5 year trend.*

Fund Balance Activity Summary – by Fund .....	C – 25
5 Year Comparative Fund Balance – by Fund .....	C – 27

### Departmental Budgets

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*Department level schedules provide an overview of funding source and expenditure use by each program within the Department.*

Department Revenues – by Program .....	C – 29
Department Expenditures – by Program .....	C – 31

### In-Kind Donations

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*The Town provides in-kind donations to local non-profits as described in this section.*

In-Kind Donations .....	C – 33
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### Fee-Related Project List

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*The Town has identified potential projects for the use of collected development impact fee.*

Fee Related Project List .....	C – 34
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### Staffing

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*The labor position schedules provide a summary level view of operational staffing assignments, funding, and trends. The Personnel Changes Summary discusses staffing levels and labor costs in more detail.*

Departmental Staff by Fund .....	C – 36
Summary of FTEs by Department .....	C – 37
5 Year History of Funded Positions by Department .....	C – 38
Summary of Personnel Changes .....	C – 39
Positions by Home Department .....	C – 43

## TOTAL BUDGETED FUND ACTIVITY SUMMARY FY 2018/19

	Estimated Fund Balance 7/1/2017	Revenues, PY Carryfws & Transfers	Expenditures, PY Carryfws & Transfers	Estimated Fund Balance 6/30/2018	Fund Balance Change From PY
<b>Operating Funds</b>					
<b>Governmental Funds</b>					
General Fund*	\$ 26,032,408	\$ 42,363,657	\$ 47,522,071	\$ 20,873,994	-19.8% (1)
Housing Conservation Program Fund	177,240	-	-	177,240	0.0%
Community Dev Block Grant Fund	(10,587)	-	-	(10,587)	0.0%
Urban Run-Off Source Fund	76,988	584,394	559,482	101,900	32.4% (2)
Blackwell Assessment District Fund	11,831	3,210	10,907	4,134	-65.1% (3)
Kennedy Assessment District Fund	36,382	10,605	31,506	15,481	-57.4% (3)
Gemini Assessment District Fund	25,993	4,750	12,544	18,199	-30.0% (3)
Santa Rosa Assessment District Fund	57,775	5,000	19,472	43,303	-25.0% (3)
Vasona Assessment District Fund	47,398	10,075	18,644	38,829	-18.1% (3)
Hillbrook Assessment District Fund	15,719	6,040	19,757	2,002	-87.3% (3)
<b>Proprietary Funds - Internal Service Funds</b>					
ABAG Self Insurance Fund	899,392	376,187	641,361	634,218	-29.5% (4)
Worker's Comp Self Insurance Fund	756,410	878,386	1,218,202	416,594	-44.9% (4)
Information Technology Fund	2,111,874	334,478	1,211,775	1,234,577	-41.5% (5)
Office Stores Fund	201,202	118,000	134,500	184,702	-8.2%
Equipment Replacement Fund	1,994,298	1,070,000	1,572,945	1,491,353	-25.2% (5)
Vehicle Maintenance Fund	277,213	376,655	376,655	277,213	0.0%
Facilities Maintenance Fund	311,278	1,209,089	1,151,086	369,281	18.6%
<b>Total Operating Funds</b>	<b>\$ 33,022,814</b>	<b>\$ 47,350,526</b>	<b>\$ 54,500,907</b>	<b>\$ 25,872,433</b>	<b>-21.7%</b>
<b>Trust &amp; Agency Funds</b>					
Library Trust Fund	\$ 76,547	\$ 75,050	\$ 73,500	\$ 78,097	2.0%
Betty McClendon Trust Fund	84,126	700	-	84,826	0.8%
Barbara J Cassin Trust Fund	353,361	2,900	-	356,261	0.8%
<b>Total Trust &amp; Agency Funds</b>	<b>\$ 514,034</b>	<b>\$ 78,650</b>	<b>\$ 73,500</b>	<b>\$ 519,184</b>	<b>1.0%</b>
<b>Capital Funds</b>					
GFAR*	\$ 15,899,715	\$ 4,150,562	\$ 4,154,303	\$ 15,895,974	0.0%
Grant Funded CIP Projects Fund	(318,503)	574,046	950,446	(694,903)	-118.2%
Storm Drain #1 Fund	804,218	49,010	50,000	803,228	-0.1%
Storm Drain #2 Fund	1,050,086	50,240	50,000	1,050,326	0.0%
Storm Drain #3 Fund	(64,651)	1,860	50,000	(112,791)	-74.5% (4)
Traffic Mitigation Fund	248,541	354,874	334,874	268,541	8.0%
Construction Tax-Undergrounding Fund	2,973,396	44,310	2,218,000	799,706	-73.1% (4)
Gas Tax Fund	1,434,016	1,324,204	1,324,134	1,434,086	0.0%
<b>Total Capital Projects Funds</b>	<b>\$ 22,026,818</b>	<b>\$ 6,549,106</b>	<b>\$ 9,131,757</b>	<b>\$ 19,444,167</b>	<b>-11.7%</b>
<b>Successor Agency of the Los Gatos RDA Fund</b>					
SA- Trust Fund (Budgetary Fund Balance)	\$ 3,697,582	\$ 3,828,296	\$ 3,831,229	\$ 3,694,649	-0.1%
<b>Total Successor Agency of the Los Gatos RDA Fund</b>	<b>\$ 3,697,582</b>	<b>\$ 3,828,296</b>	<b>\$ 3,831,229</b>	<b>\$ 3,694,649</b>	<b>-0.1%</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 59,261,248</b>	<b>\$ 57,806,578</b>	<b>\$ 67,537,393</b>	<b>\$ 49,530,433</b>	<b>-16.4%</b>

\* Major Funds

(1) One-time use of General Fund Capital Reserve for authorized capital projects, Internal Service Fund transfers and payment to the IRS 115 Pension Trust

(2) Additional revenue source identified to cover increasing cost of Urban Run-off Program driven by State mandates

(3) One-time Capital Project budgeted for FY 2018/19

(4) Based on estimated claims activity

(5) Equipment Replacement and Information Technology Fund reflects increased acquisition activities for FY 2018/19

This Total Budgeted Fund Activity Summary schedule groups the Town's funds into four categories based on fund purpose:

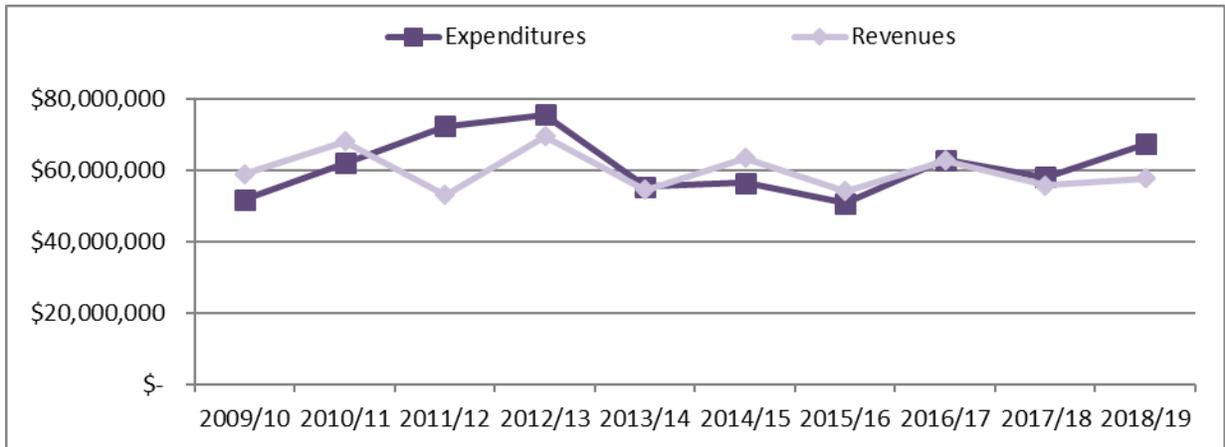
**Operating Funds** - Ongoing operations are funded out of the various Operating Funds. This includes the Town's General Fund Departmental program operations, as well as special revenue activities and internal service functions.

**Fiduciary Funds** - These funds include Trust and Agency funds and are held in a fiduciary capacity, with little variation in activity. The Library Trusts are held for special uses for the Library.

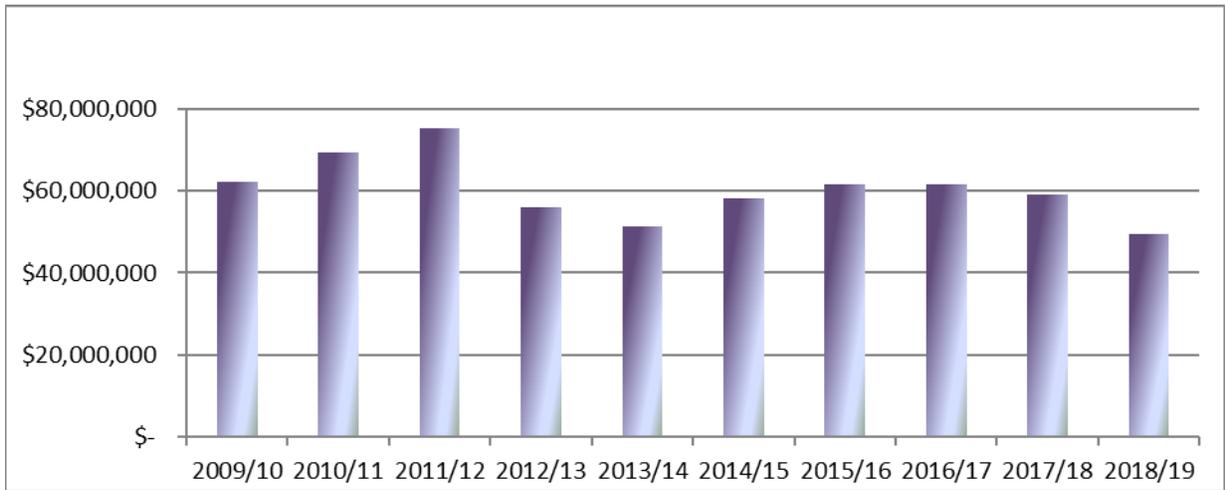
**Capital Funds** - Representing the capital improvement program activity, the Capital Funds reflect the significant progress to complete capital projects and the resulting decrease in fund balances.

**RDA Successor Agency Private Purpose Trust Fund** - As required, a private purpose trust fund was established to account for the assets and liabilities transferred from the dissolution of the Town's former Redevelopment Agency (RDA) and the continuing operations related to the existing RDA obligations. The Successor Agency's Private Purpose Trust Fund has been incorporated into the Town's operating budget.

**TOTAL TOWN  
REVENUES AND EXPENDITURES**



**FUND BALANCE TREND INFORMATION**



<u>Year End</u>	<u>Reference</u>	<u>Revenues &amp; Transfers In</u>	<u>Expenditures &amp; Transfers Out</u>	<u>Designated Fund Balance</u>
2009/10	Actuals	\$ 58,959,239	\$ 51,969,267	\$ 62,283,427
2010/11	Actuals	\$ 68,176,239	\$ 62,169,737	\$ 69,273,396
2011/12	Actuals	\$ 53,064,630	\$ 72,439,477	\$ 75,279,896
2012/13	Actuals	\$ 69,593,000	\$ 75,659,793	\$ 56,038,624
2013/14	Actuals	\$ 54,528,656	\$ 55,545,003	\$ 51,370,329
2014/15	Actuals	\$ 63,470,973	\$ 56,593,416	\$ 58,247,886
2015/16	Actuals	\$ 54,234,948	\$ 50,881,063	\$ 61,601,771
2016/17	Actuals	\$ 62,813,174	\$ 62,912,315	\$ 61,502,630
2017/18	Estimated	\$ 55,901,597	\$ 58,142,978	\$ 59,261,248
2018/19	Adopted	\$ 57,806,578	\$ 67,537,393	\$ 49,530,432

Note: Expenditures and Transfers Out may exceed Revenues due to the inclusion of planned and carry-forward capital projects and payments from General Fund reserves to the Town's Pension and OPEB Trust Funds.

## TOTAL TOWN REVENUE, EXPENDITURE, AND FUND BALANCE TREND INFORMATION

The Town continues to focus on priority issues that involve maintaining public safety and Town infrastructure including streets and parks; and providing library, community development, and other services. These priorities are coordinated with other Core Goals that protect the Town's fiscal health and ensure cost efficient and effective delivery of Town-wide administrative services. The Town's proactive approach to reducing operating expenditures, identifying revenue enhancements, and implementing operating efficiencies has been an effective fiscal approach.

Reflecting the strength of the local economy, FY 2018/19 operating budget is a balanced budget, with use of General Fund reserves dedicated for one-time uses. The FY 2018/19 Budget anticipates a surplus of \$700,000, maintains existing service levels while recommending modest additions in strategically important areas. This budget incorporates investments toward future equipment replacement, additional annual discretionary pension payments, and increased capacity for the Town's burgeoning technology infrastructure. The FY 2018/19 budget has been balanced largely due to revenue enhancements, resulting from the positive economy and the Town's growth in the economically sensitive revenue sources such as Property Tax, Transient Occupancy Tax, and Business Licenses. In regard to expenditures, the Town's employer-paid benefits are expected to increase for the foreseeable future, including obligated pension contributions, the pre-funding of premiums for retiree health coverage, and the increasing costs of current health plans. Specific trends affecting the fund balance forecast include:

**Salaries and Benefits Increases** – As in most municipalities, services are provided directly by employees to the Town's residents, businesses, and visitors. As a result, the cost of salaries and benefits are a significant portion of the budget. Salaries and benefits account for 40.8% of the Town's total expenditures in FY 2018/19. When fiscal conditions worsened during the recession of 2008, employees participated in wage freezes and unpaid furloughs to assist in achieving a balanced budget. After multiple years of such concessions, the Town discontinued the furlough program in FY 2014/15 and implemented a 2% general wage increase for non-sworn employees and a 1.5% cash payment in lieu of an increase on base salary for sworn employees. A 2% increase in salaries was authorized by Council resolution, effective July 1, 2015 for nonsworn groups and effective October 1, 2015 for sworn personnel. A 2.5% across the board salary increase was approved for all three bargaining units for both FY 2016/17 and FY 2017/18. Salary increases are not reflected in the proposed budget as labor negotiations with the Town's unions are pending.

The Town of Los Gatos provides a defined pension plan for all full-time employees as part of their total compensation package. Pension contributions are a portion of the Town's budget, as the Town is obligated to contribute a mandatory amount established by the California Public Employees Retirement System (CalPERS) as a percent of salary. The rates are established by actuarial formula and are controlled by the policies adopted in the Public Employment Retirement Law (PERL). The Town's employer pension contributions are expected to increase reflecting the lower than expected CalPERS investment earnings for its pension trust coupled with a CalPERS January 2017 action to lower its discount over time from 7.5% to 7.0%. The rate will increase from 39.60% in FY 2017/18 to 46.085% in FY 2018/19 for classic sworn employees and from 12.73% in FY 2017/18 to 13.961% in FY 2018/19 for PEPRA sworn employees. For all other employees, the rate will increase from 27.40% in FY 2017/18 to 30.87% in FY 2018/19.

The Public Employees' Pension Reform Act (PEPRA), effective January 1, 2013, implemented lower pension tiers for employees who are new to the PERS pension system. Under PEPRA, the formula is 2% at age 62 for non-sworn and 2.7% at age 57 for sworn employees. While this does not provide immediate cost savings, it is anticipated to reduce future salary and benefit expenditures in the next 10 to 15 years.

The Town's cost to fund current medical plans experienced an increase for FY 2018/19. To assist with cost-containment, employees are contributing a share of dependent premiums.

In addition, all personnel that were previously funded in Internal Service Fund Programs are budgeted the General Fund beginning in FY 2018/19, increasing total General Fund salaries and benefits expenditures while decreasing the Internal Service Fund charges by the same amount.

**Other Cost Drivers** – A significant cost driver for the Town is energy costs, including fuel for safety and maintenance vehicles, water for parks and landscaping, natural gas and electricity to heat and cool buildings, and lighting for street lights, parking lots, and Town facilities. The Town has taken steps to ensure water conservation and energy efficiency in Town facilities and is looking at ways to reduce fuel costs by utilizing electric vehicles and installing electric vehicle charging stations throughout the Town. Staff will continue to explore energy alternatives to reduce costs.

**Revenue Recovery** – On a positive note, all signs indicate that the economy remains strong as the Town is anticipating increases in many economically sensitive revenues such as Property Tax, Transient Occupancy Tax (TOT), Business License Tax, and Franchise Fees for FY 2018/19. General Fund revenues for FY 2018/19, (excluding debt payments and fund transfers in) are 3.4% greater than budgeted prior year revenues. This increase is largely due to forecasted increases in Property Tax, Business License Tax, and Transient Occupancy Tax (TOT) as a result of strong travel and tourism offset by declines in forecasted Sales Tax.

**SPECIAL REVENUE FUNDS**

**GENERAL FUND**

	GENERAL FUND				SPECIAL REVENUE FUNDS					
	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Estimated	2018/19 Adopted	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Estimated	2018/19 Adopted
<b>REVENUES</b>										
Property Tax	\$ 10,113,287	\$ 10,779,434	\$ 11,518,257	\$ 11,957,352	\$ 12,507,071	\$ -	\$ 17	\$ 13	\$ -	\$ -
VLF Backfill	2,818,316	2,984,023	3,237,955	3,447,584	3,482,060	-	-	-	-	-
Sales & Use Tax	8,202,678	7,501,175	9,171,373	7,681,546	7,744,208	-	-	-	-	-
Franchise Fees	2,215,430	2,258,892	2,366,908	2,317,390	2,386,910	-	-	-	-	-
Transient Occupancy Tax	1,896,721	1,943,166	2,322,910	2,250,000	2,272,500	-	-	-	-	-
Other Taxes	1,809,620	1,475,425	1,726,128	1,657,000	1,657,000	37,723	28,096	38,370	38,220	38,220
Licenses & Permits	3,757,590	3,512,019	3,038,511	2,904,280	3,304,199	-	30,000	30,780	231,323	231,323
Intergovernmental	1,004,661	984,507	908,285	667,513	646,640	176,705	6,011	(6,011)	-	-
Town Services	3,698,091	3,489,216	3,284,295	3,388,131	4,457,258	328,868	338,813	341,846	353,071	353,071
Internal Svc Reimbursement	-	-	-	-	-	-	-	-	-	-
Fines & Forfeitures	842,470	858,929	917,106	683,547	631,400	-	-	-	-	-
Interest	430,476	620,895	171,653	270,723	267,806	2,635	1,480	1,570	1,460	1,460
Other Sources	1,905,789	903,039	2,310,935	975,893	552,696	3,350	-	102,654	-	-
Debt Service Reimbursement	1,928,056	1,922,398	1,923,303	1,914,739	1,909,073	-	-	-	-	-
Transfers In	311,810	2,436,405	313,825	544,836	544,836	100,000	50,000	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 40,934,995</b>	<b>\$ 41,669,523</b>	<b>\$ 43,211,444</b>	<b>\$ 40,660,534</b>	<b>\$ 42,363,657</b>	<b>\$ 649,298</b>	<b>\$ 454,413</b>	<b>\$ 509,209</b>	<b>\$ 624,074</b>	<b>\$ 624,074</b>
<b>EXPENDITURES</b>										
Salaries & Benefits	\$ 20,658,173	\$ 21,342,278	\$ 21,884,855	\$ 23,159,267	\$ 27,182,217	\$ 108,556	\$ 111,664	\$ 126,005	\$ 132,829	\$ 163,367
Operating Expenditures	8,440,136	8,137,858	8,896,209	9,474,857	12,932,896	** 319,468	355,021	355,246	414,536	424,572
Grants & Awards	197,074	194,155	209,381	201,520	227,000	-	-	-	-	-
Fixed Assets	75,442	411,820	-	-	-	-	-	-	7,407	75,093
Interest	-	-	-	-	-	-	-	-	-	-
Internal Service Charges	3,325,373	3,539,936	3,552,157	3,886,301	2,485,664	4,867	5,519	6,218	6,833	4,359
Capital Projects	-	-	-	-	-	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-	-	-	-	-	-
Debt Service	1,928,056	1,922,398	1,923,303	1,914,739	1,909,073	-	-	-	-	-
Transfers Out	7,386,491	581,014	7,298,187	3,082,227	2,785,220	181,625	4,920	4,920	4,920	4,920
<b>TOTAL EXPENDITURES</b>	<b>\$ 42,010,745</b>	<b>\$ 36,129,459</b>	<b>\$ 43,764,092</b>	<b>\$ 41,718,911</b>	<b>\$ 47,522,070</b>	<b>\$ 614,516</b>	<b>\$ 477,124</b>	<b>\$ 492,389</b>	<b>\$ 566,525</b>	<b>\$ 672,311</b>
<b>Net Increase (Decrease)</b>	<b>(1,075,750)</b>	<b>5,540,064</b>	<b>(552,648)</b>	<b>(1,058,377)</b>	<b>(5,158,413)</b>	<b>34,782</b>	<b>(22,711)</b>	<b>16,820</b>	<b>57,549</b>	<b>(48,237)</b>
<b>Beginning Fund Balance</b>	<b>23,179,117</b>	<b>22,103,367</b>	<b>27,643,431</b>	<b>27,090,783</b>	<b>26,032,406</b>	<b>352,303</b>	<b>387,085</b>	<b>364,374</b>	<b>381,194</b>	<b>438,743</b>
<b>Ending Fund Balance*</b>	<b>\$ 22,103,367</b>	<b>\$ 27,643,431</b>	<b>\$ 27,090,783</b>	<b>\$ 26,032,406</b>	<b>\$ 20,873,993</b>	<b>\$ 387,085</b>	<b>\$ 364,374</b>	<b>\$ 381,194</b>	<b>\$ 438,743</b>	<b>\$ 390,506</b>

\* Year End Fund Balance represents General Fund 111 (Long Term Compensated Absences is accounted in Fund 961).

\*\* Operating expenditures include \$3.1 million of Pension/OPEB Reserve payments to the Town's IRS 115 Pension Trust.

LIBRARY TRUSTS & PARKING ASSESSMENT FUNDS

INTERNAL SERVICE FUNDS

	2014/15	2015/16	2016/17	2017/18	2018/19	2014/15	2015/16	2016/17	2017/18	2018/19
	Actuals	Actuals	Actuals	Estimated	Adopted	Actuals	Actuals	Actuals	Estimated	Adopted
<b>REVENUES</b>										
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-	-	-	-	-	-
Other Taxes	135,959	44,453	23,165	40,000	40,000	-	-	-	-	-
Licenses & Permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Town Services	162,999	147,850	115,233	137,280	95,000	-	-	-	-	-
Internal Svc Reimbursement	4,106,955	4,521,610	4,552,407	4,906,866	3,481,414	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-	-	-	-	-	-
Interest	5	6	8	-	-	(1,869)	4,863	4,623	4,150	4,150
Other Sources	733,878	327,920	533,753	429,765	296,382	37,304	163,517	79,760	74,600	74,500
CIP Proj Reimbursement	-	-	-	-	-	-	-	-	-	-
Transfers In	531,066	-	-	698,000	450,000	-	1,380	-	-	-
<b>TOTAL REVENUES</b>	\$ 5,670,862	\$ 5,041,839	\$ 5,224,566	\$ 6,211,911	\$ 4,362,796	\$ 35,435	\$ 169,760	\$ 84,383	\$ 78,750	\$ 78,650
<b>EXPENDITURES</b>										
Salaries & Benefits	\$ 1,192,214	\$ 1,298,397	\$ 3,344,009	\$ 1,406,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenditures	3,106,702	3,619,728	3,564,545	3,554,269	4,283,579	87,744	160,209	75,498	96,673	73,500
Grants & Awards	-	-	-	-	-	-	-	-	-	-
Fixed Assets	280,357	547,171	402,806	955,063	1,722,945	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Internal Service Charges	-	170	53	22,244	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Transfers Out	1,440,714	1,500,833	295,680	-	300,000	-	215,584	-	-	-
<b>TOTAL EXPENDITURES</b>	\$ 6,019,987	\$ 6,966,299	\$ 7,607,093	\$ 5,938,314	\$ 6,306,524	\$ 87,744	\$ 375,793	\$ 75,498	\$ 96,673	\$ 73,500
<b>Net Increase (Decrease)</b>	(349,125)	(1,924,460)	(2,382,527)	273,597	(1,943,728)	(52,309)	(206,033)	8,885	(17,923)	5,150
<b>Beginning Fund Balance</b>	10,934,182	10,585,057	8,660,597	6,278,070	6,551,667	781,421	729,112	523,079	531,964	514,041
<b>Ending Fund Balance</b>	\$ 10,585,057	\$ 8,660,597	\$ 6,278,070	\$ 6,551,667	\$ 4,607,939	\$ 729,112	\$ 523,079	\$ 531,964	\$ 514,041	\$ 519,191

SUCCESSOR AGENCY TO THE LOS GATOS RDA

CAPITAL PROJECT FUNDS

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Estimated	2018/19 Adopted	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Estimated	2018/19 Adopted
<b>REVENUES</b>										
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-	-	-	-	-	-
Other Taxes	135,959	44,453	23,165	30,000	30,000	-	-	-	-	-
Licenses & Permits	1,230,068	662,998	658,660	626,492	842,934	-	-	-	-	-
Intergovernmental	1,739,636	1,027,792	798,016	1,146,080	2,657,703	103,009	40,840	19,672	17,668	10,000
Town Services	-	-	7,500	-	-	-	-	-	-	-
Internal Svc Reimbursement	-	-	-	-	-	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-	-	-	-	-	-
Interest	(4,376)	75,932	66,951	44,120	44,130	3,544	2,393	6,310	1,050	150
Other Sources	668,956	591,123	741,164	143,977	339,119	-	-	-	-	-
CIP Proj Reimbursement	-	-	-	-	-	3,892,530	3,871,082	3,868,267	3,834,709	3,818,146
SCC RPTTF Reimbursement	-	-	-	-	-	-	-	-	-	-
Transfers In	8,411,057	582,800	7,593,867	2,482,227	2,635,220	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 12,181,300</b>	<b>\$ 2,985,098</b>	<b>\$ 9,889,323</b>	<b>\$ 4,472,896</b>	<b>\$ 6,549,106</b>	<b>\$ 3,999,083</b>	<b>\$ 3,914,315</b>	<b>\$ 3,894,249</b>	<b>\$ 3,853,427</b>	<b>\$ 3,828,296</b>
<b>EXPENDITURES</b>										
Salaries & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenditures	-	6,091	3,654	-	-	13,455	14,102	(10,004)	1,448	1,509
Grants & Awards	-	-	-	-	-	5,565	5,357	16,770	9,070	5,270
Fixed Assets	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Internal Service Charges	-	-	-	-	-	938,055	897,398	802,166	809,739	759,073
Capital Projects	3,618,607	2,293,247	6,863,374	5,344,584	8,598,143	552	561	75	59	4
Capital Acquisitions	21,032	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	2,918,056	2,947,398	2,988,303	3,019,739	3,059,073
Transfers Out	219,933	698,580	308,905	631,616	533,616	125,169	69,654	-	6,300	6,300
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,859,572</b>	<b>\$ 2,997,918</b>	<b>\$ 7,175,933</b>	<b>\$ 5,976,200</b>	<b>\$ 9,131,759</b>	<b>\$ 4,000,852</b>	<b>\$ 3,934,470</b>	<b>\$ 3,797,310</b>	<b>\$ 3,846,355</b>	<b>\$ 3,831,229</b>
<b>Net Increase (Decrease)</b>	<b>8,321,728</b>	<b>(12,820)</b>	<b>2,713,390</b>	<b>(1,503,304)</b>	<b>(2,582,653)</b>	<b>(1,769)</b>	<b>(20,155)</b>	<b>96,939</b>	<b>7,072</b>	<b>(2,933)</b>
<b>Beginning Fund Balance</b>	<b>12,507,815</b>	<b>20,829,543</b>	<b>20,816,723</b>	<b>23,530,113</b>	<b>22,026,809</b>	<b>3,615,495</b>	<b>3,613,726</b>	<b>3,593,571</b>	<b>3,690,510</b>	<b>3,697,582</b>
<b>Ending Fund Balance</b>	<b>\$ 20,829,543</b>	<b>\$ 20,816,723</b>	<b>\$ 23,530,113</b>	<b>\$ 22,026,809</b>	<b>\$ 19,444,156</b>	<b>\$ 3,613,726</b>	<b>\$ 3,593,571</b>	<b>\$ 3,690,510</b>	<b>\$ 3,697,582</b>	<b>\$ 3,694,649</b>

**TOTAL ALL FUNDS**

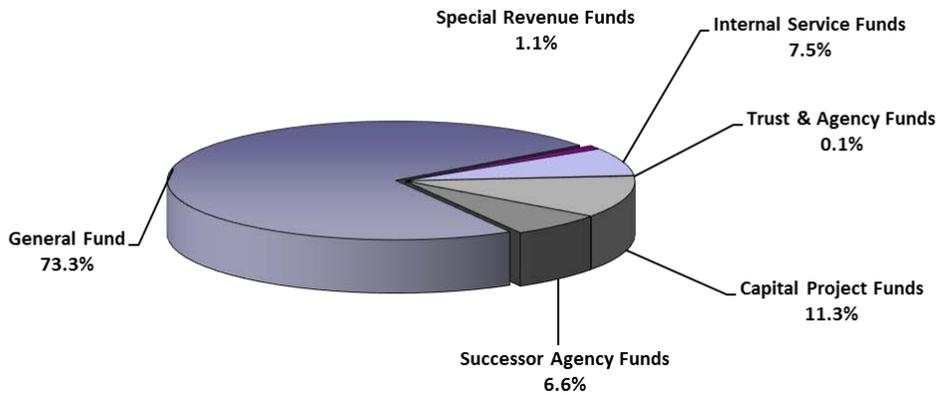
	2014/15	2015/16	2016/17	2017/18	2018/19
	Actuals	Actuals	Actuals	Estimated	Adopted
<b>REVENUES</b>					
Property Tax	\$ 10,113,304	\$ 10,779,447	\$ 11,518,257	\$ 11,957,352	\$ 12,507,071
VLF Backfill	2,818,316	2,984,023	3,237,955	3,447,584	3,482,060
Sales & Use Tax	8,202,678	7,501,175	9,171,373	7,681,546	7,744,208
Franchise Fees	2,215,430	2,258,892	2,366,908	2,317,390	2,386,910
Transient Occupancy Tax	1,896,721	1,943,166	2,322,910	2,250,000	2,272,500
Other Taxes	2,119,261	1,592,427	1,810,828	1,765,220	1,765,220
Licenses & Permits	4,987,658	4,205,017	3,727,951	3,762,095	4,378,456
Intergovernmental	3,024,011	2,059,150	1,719,962	1,831,261	3,314,343
Town Services	4,189,958	3,975,879	3,748,874	3,878,482	4,905,329
Internal Svc Reimbursement	4,106,955	4,521,610	4,552,407	4,906,866	3,481,414
Fines & Forfeitures	842,470	858,929	917,106	683,547	631,400
Interest	430,415	705,569	251,115	321,503	317,696
Other Sources	3,349,277	1,985,599	3,768,266	1,624,235	1,262,697
CIP Proj Reimbursement	5,820,586	5,793,480	5,791,570	5,749,448	5,727,219
SCC RP/TF Reimbursement	-	-	-	-	-
Transfers In	9,353,933	3,070,585	7,907,692	3,725,063	3,630,056
<b>TOTAL REVENUES</b>	<b>\$ 63,470,973</b>	<b>\$ 54,234,948</b>	<b>\$ 62,813,174</b>	<b>\$ 55,901,592</b>	<b>\$ 57,806,579</b>
<b>EXPENDITURES</b>					
Salaries & Benefits	\$ 21,972,398	\$ 22,766,441	\$ 25,344,865	\$ 24,700,282	\$ 27,347,093
Operating Expenditures	11,959,615	12,284,264	12,911,922	13,549,405	17,719,817
Grants & Awards	197,074	194,155	209,381	201,520	227,000
Fixed Assets	355,799	958,991	402,806	962,470	1,798,038
Interest	938,055	897,398	802,166	809,739	759,073
Internal Service Charges	3,330,792	3,546,186	3,558,503	3,915,437	2,490,027
Capital Projects	3,618,607	2,293,247	6,863,374	5,344,584	8,598,143
Capital Acquisitions	21,032	-	-	-	-
Debt Service	4,846,112	4,869,796	4,911,606	4,934,478	4,968,146
Transfers Out	9,353,932	3,070,585	7,907,692	3,725,063	3,630,056
<b>TOTAL EXPENDITURES</b>	<b>\$ 56,593,416</b>	<b>\$ 50,881,063</b>	<b>\$ 62,912,315</b>	<b>\$ 58,142,978</b>	<b>\$ 67,537,393</b>
<b>Net Increase (Decrease)</b>	<b>6,877,557</b>	<b>3,353,885</b>	<b>(99,141)</b>	<b>(2,241,386)</b>	<b>(9,730,814)</b>
<b>Beginning Fund Balance</b>	<b>51,370,329</b>	<b>58,247,886</b>	<b>61,601,771</b>	<b>61,502,630</b>	<b>59,261,244</b>
<b>Ending Fund Balance</b>	<b>\$ 58,247,886</b>	<b>\$ 61,601,771</b>	<b>\$ 61,502,630</b>	<b>\$ 59,261,244</b>	<b>\$ 49,530,430</b>

*Note: Expenditures and Transfers Out may exceed Revenues due to the inclusion of planned and carry-forward capital projects and payments from General Fund reserves to the Town Pension and OPEB Trust Funds.*

**TOTAL TOWN REVENUES**  
**BY FUND**  
(Includes Transfers In)

<b>Fund</b>	<b>Fund Name</b>	<b>2014/15 Actuals</b>	<b>2015/16 Actuals</b>	<b>2016/17 Actuals</b>	<b>2017/18 Adopted</b>	<b>2017/18 Estimated</b>	<b>2018/19 Adopted</b>	<b>Change from PY</b>
<b>General Fund</b>								
111	General Fund	\$ 40,934,994	\$ 41,669,525	\$ 43,211,445	\$ 39,353,418	\$ 40,660,534	\$ 42,363,657	7.6%
<b>Special Revenue Funds</b>								
211	Housing Conservation Program	6,823	67	102,654	-	-	-	0.0%
212	Community Dev Block Grant	176,705	6,011	(6,011)	-	-	-	0.0%
222	Urban Run-Off Source Fund	428,868	418,813	372,626	584,394	584,394	584,394	0.0%
231	Blackwell Assessment District	3,113	3,233	3,252	3,210	3,210	3,210	0.0%
232	Kennedy Assessment District	10,089	346	10,631	10,322	10,605	10,605	2.7%
233	Gemini Assessment District	3,936	4,850	4,801	4,647	4,750	4,750	2.2%
234	Santa Rosa Assessment District	4,305	5,000	5,074	4,800	5,000	5,000	4.2%
235	Vasona Assessment District	9,570	10,054	10,107	9,885	10,075	10,075	1.9%
236	Hillbrook Assessment District	5,887	6,041	6,074	5,997	6,040	6,040	0.7%
<b>Internal Service Funds</b>								
611	ABAG Self Insurance	985,397	492,341	497,401	553,953	509,112	376,187	-32.1%
612	Worker's Comp Self Insurance	1,004,574	963,155	1,026,355	969,547	1,010,448	878,386	-9.4%
621	Information Technology	1,089,254	1,114,384	1,110,361	1,180,879	1,187,125	334,478	-71.7%
622	Office Stores Fund	147,983	117,734	130,520	118,000	118,000	118,000	0.0%
631	Equipment Replacement	536,018	501,093	458,689	924,279	1,070,483	1,070,000	15.8%
632	Facilities Maintenance	570,003	571,670	577,675	586,654	586,654	376,655	-35.8%
633	Vehicle Maintenance	1,337,633	1,281,462	1,423,566	1,736,089	1,730,089	1,209,089	-30.4%
<b>Trust &amp; Agency Funds</b>								
711	Library Trust	37,357	71,720	80,350	74,050	75,150	75,050	1.4%
712	Library History Project	(2)	1,380	-	-	-	-	0.0%
713	Ness Trust Bequest	(851)	845	345	850	-	-	-100.0%
714	Betty McClendon Trust	(309)	705	750	705	700	700	-0.7%
716	Barbara J Cassin Trust	(1,125)	2,764	2,939	2,760	2,900	2,900	5.1%
<b>Capital Projects Funds</b>								
411	GFAR	9,946,794	1,282,823	8,913,877	3,824,333	3,292,677	4,150,562	8.5%
421	Grant Funded CIP Projects	870,911	171,485	3,093	250,000	78,770	574,046	129.6%
461	Storm Drain #1	218,895	51,538	74,183	48,850	8,837	49,010	0.3%
462	Storm Drain #2	37,833	72,598	69,142	50,000	50,000	50,240	0.5%
463	Storm Drain #3	5,172	46,944	6,813	2,390	39,716	1,860	-22.2%
471	Traffic Mitigation	90,612	609,962	163,126	30,000	89,478	354,874	1082.9%
472	Construction Tax-Undergrounding	126,561	67,150	47,615	44,280	44,280	44,310	0.1%
481	Gas Tax	884,525	682,594	611,472	882,457	869,143	1,324,204	50.1%
<b>Successor Agency to the Los Gatos RDA Funds</b>								
942	SA - Recognized Obligation Retirement	3,999,083	3,914,315	3,894,249	3,857,721	3,853,427	3,828,296	-0.8%
<b>TOTAL Fund Rev &amp; Transfers In</b>		<b>\$ 63,470,973</b>	<b>\$ 54,234,948</b>	<b>\$ 62,813,174</b>	<b>\$ 55,114,470</b>	<b>\$ 55,901,597</b>	<b>\$ 57,806,578</b>	<b>4.9%</b>

## TOTAL TOWN REVENUES BY FUND



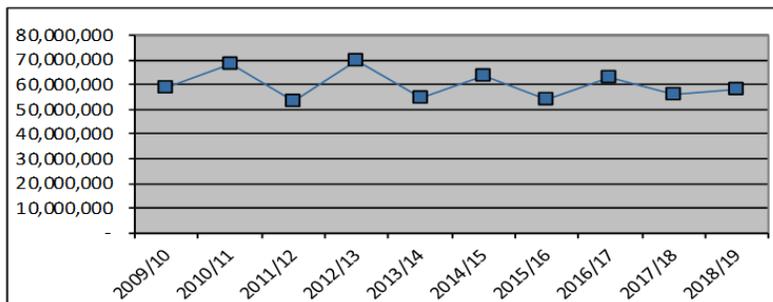
### FY 2018/19 Revenues By Fund

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Adopted	% of Total
General Fund	\$ 40,934,994	\$ 41,669,525	\$ 43,211,445	\$ 39,353,418	\$ 40,660,534	\$ 42,363,657	73.3%
Special Revenue Funds	649,296	454,415	509,208	623,255	624,074	624,074	1.1%
Internal Service Funds	5,670,862	5,041,839	5,224,567	6,069,401	6,211,911	4,362,795	7.5%
Trust & Agency Funds	35,435	169,760	84,384	78,365	78,750	78,650	0.1%
Capital Project Funds	12,181,303	2,985,094	9,889,321	5,132,310	4,472,901	6,549,106	11.3%
Successor Agency Funds	3,999,083	3,914,315	3,894,249	3,857,721	3,853,427	3,828,296	6.6%
<b>Total Rev &amp; Transfers In</b>	<b>\$ 63,470,973</b>	<b>\$ 54,234,948</b>	<b>\$ 62,813,174</b>	<b>\$ 55,114,470</b>	<b>\$ 55,901,597</b>	<b>\$ 57,806,578</b>	<b>100.0%</b>

### TOWN REVENUE HISTORICAL TREND

(Includes Transfers In)

FY	Total	Status
2009/10	58,959,239	Actuals
2010/11	68,176,239	Actuals
2011/12	53,064,630	Actuals
2012/13	69,593,000	Actuals
2013/14	54,528,656	Actuals
2014/15	63,470,973	Actuals
2015/16	54,234,948	Actuals
2016/17	62,813,174	Actuals
2017/18	55,901,597	Estimated
2018/19	57,806,578	Projected



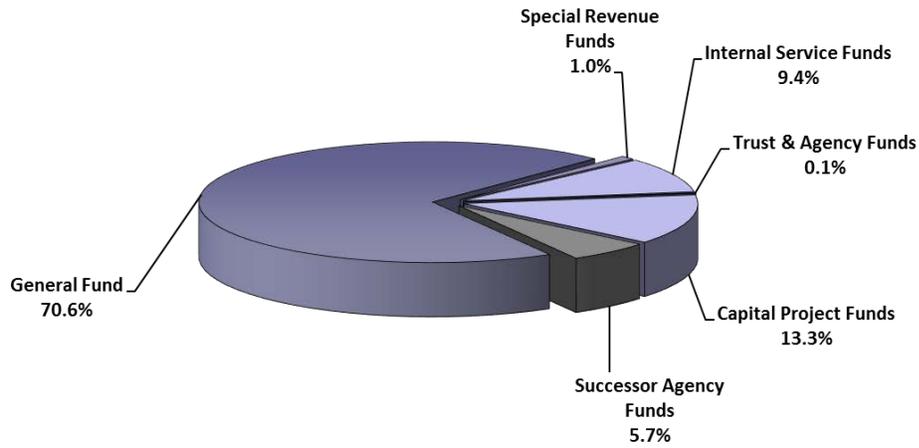
## TOTAL TOWN EXPENDITURES

### BY FUND

(Includes Transfers Out)

<b>Fund</b>	<b>Fund Name</b>	<b>2014/15 Actuals</b>	<b>2015/16 Actuals</b>	<b>2016/17 Actuals</b>	<b>2017/18 Adopted</b>	<b>2017/18 Estimated</b>	<b>2018/19 Adopted</b>	<b>Change from PY</b>
<b>General Fund</b>								
111	General Fund	\$ 42,010,746	\$ 36,129,459	\$ 43,764,091	\$ 42,870,117	\$ 41,718,910	\$ 47,522,071	10.9%
<b>Special Revenue Funds</b>								
211	Housing Conservation Program	-	-	-	-	-	-	0.0%
212	Community Dev Block Grant	176,705	-	-	-	-	-	0.0%
222	Urban Run-Off Source Fund	411,861	452,726	466,762	564,910	522,300	559,482	-1.0%
231	Blackwell Assessment District	1,987	1,650	1,555	9,852	3,307	10,907	10.7%
232	Kennedy Assessment District	3,348	8,400	8,631	38,634	16,320	31,506	-18.5%
233	Gemini Assessment District	6,767	1,406	1,406	11,701	2,544	12,544	7.2%
234	Santa Rosa Assessment District	3,107	2,955	2,955	13,255	9,472	19,472	46.9%
235	Vasona Assessment District	4,504	7,018	7,555	18,644	7,825	18,644	0.0%
236	Hillbrook Assessment District	6,238	2,969	3,525	17,960	4,757	19,757	10.0%
<b>Internal Service Funds</b>								
611	ABAG Self Insurance	474,795	656,053	1,015,409	816,952	495,161	641,361	-21.5%
612	Worker's Comp Self Insurance	1,066,415	1,264,688	1,337,371	1,258,466	1,156,345	1,218,202	-3.2%
621	Information Technology	901,293	1,059,092	1,747,482	1,424,950	1,326,582	1,211,775	-15.0%
622	Office Stores Fund	109,320	122,562	113,210	134,500	117,235	134,500	0.0%
631	Equipment Replacement	306,698	2,028,117	712,638	658,688	970,242	1,572,945	138.8%
632	Facilities Maintenance	987,999	484,662	805,178	583,491	491,810	376,655	-35.4%
633	Vehicle Maintenance	2,173,467	1,351,125	1,875,805	1,402,052	1,380,939	1,151,086	-17.9%
<b>Trust &amp; Agency Funds</b>								
711	Library Trust	30,018	64,896	75,498	72,500	49,600	73,500	1.4%
712	Library History Project	-	-	-	-	-	-	0.0%
713	Ness Trust Bequest	15,978	131,694	-	-	41,087	-	0.0%
714	Betty McClendon Trust	7,829	-	-	-	5,986	-	0.0%
716	Barbara J Cassin Trust	33,918	-	-	-	-	-	0.0%
721	Parking District #88	-	179,204	-	-	-	-	0.0%
<b>Capital Projects Funds</b>								
411	GFAR	2,717,504	2,025,650	5,448,916	3,211,126	5,646,726	4,154,303	29.4%
421	Grant Funded CIP Projects	952,169	181,443	3,400	250,000	17,020	950,446	280.2%
461	Storm Drain #1	-	-	-	-	-	50,000	0.0%
462	Storm Drain #2	-	95,820	-	-	18,700	50,000	0.0%
463	Storm Drain #3	-	-	12,750	150,000	95,642	50,000	-66.7%
471	Traffic Mitigation	83,897	587,695	141,791	10,000	69,478	334,874	3248.7%
472	Construction Tax-Undergrounding	-	-	-	42,000	-	2,218,000	5181.0%
481	Gas Tax	106,000	107,309	1,569,077	886,000	128,635	1,324,134	49.5%
<b>Successor Agency to the Los Gatos RDA Funds</b>								
942	SA- Trust Fund	4,000,853	3,934,470	3,797,310	3,856,383	3,846,355	3,831,229	
<b>TOTAL Fund Exp &amp; Transfers Out</b>		<b>\$ 56,593,416</b>	<b>\$ 50,881,063</b>	<b>\$ 62,912,315</b>	<b>\$ 58,302,181</b>	<b>\$ 58,142,978</b>	<b>\$ 67,537,393</b>	<b>15.8%</b>

## TOTAL TOWN EXPENDITURES BY FUND



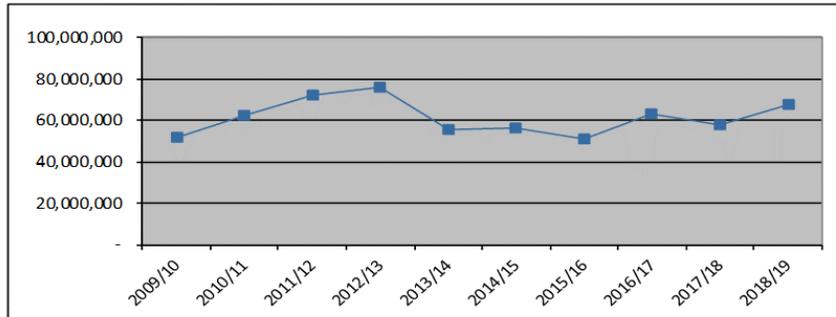
### FY 2018/19 Expenditures by Fund

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Adopted	% of Total
General Fund	\$ 42,010,746	\$ 36,129,459	\$ 43,764,091	\$ 42,870,117	\$ 41,718,910	\$ 47,522,071	70.4%
Special Revenue Funds	614,517	477,124	492,389	674,956	566,525	672,312	1.0%
Internal Service Funds	6,019,987	6,966,299	7,607,093	6,279,099	5,938,314	6,306,524	9.3%
Trust & Agency Funds	87,743	375,794	75,498	72,500	96,673	73,500	0.1%
Capital Project Funds	3,859,570	2,997,917	7,175,934	4,549,126	5,976,201	9,131,757	13.5%
Successor Agency Funds	4,000,853	3,934,470	3,797,310	3,856,383	3,846,355	3,831,229	5.7%
<b>Total Exp &amp; Transfers Out</b>	<b>\$ 56,593,416</b>	<b>\$ 50,881,063</b>	<b>\$ 62,912,315</b>	<b>\$ 58,302,181</b>	<b>\$ 58,142,978</b>	<b>\$ 67,537,393</b>	<b>100.0%</b>

### TOWN EXPENDITURE HISTORICAL TREND

(Includes Transfers Out)

FY	Total	Status
2009/10	\$ 51,969,267	Actuals
2010/11	\$ 62,169,737	Actuals
2011/12	\$ 72,439,477	Actuals
2012/13	\$ 75,659,793	Actuals
2013/14	\$ 55,545,003	Actuals
2014/15	\$ 56,593,416	Actuals
2015/16	\$ 50,881,063	Actuals
2016/17	\$ 62,912,315	Actuals
2017/18	\$ 58,142,978	Estimated
2018/19	\$ 67,537,393	Projected

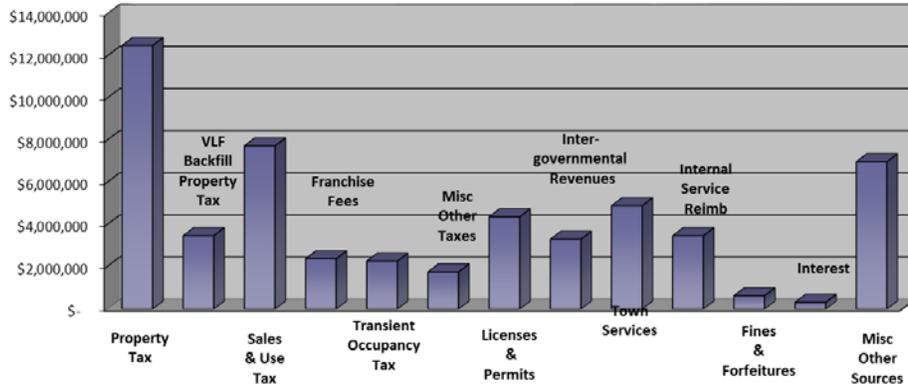


## TOTAL TOWN REVENUES

### BY CATEGORY

FY 2018/19

### Budgeted Revenues



Revenues	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Adopted	% of Total
Property Tax	\$ 10,113,303	\$ 10,779,448	\$ 11,518,257	\$ 11,383,073	\$ 11,957,352	\$ 12,507,071	21.6%
VLF Backfill Property Tax	2,818,316	2,984,023	3,237,955	3,269,370	3,447,584	3,482,060	6.0%
Sales & Use Tax	8,202,678	7,501,175	9,171,373	7,972,195	7,681,546	7,744,208	13.4%
Franchise Fees	2,215,430	2,258,892	2,366,908	2,287,390	2,317,390	2,386,910	4.1%
Transient Occupancy Tax	1,896,721	1,943,166	2,322,910	2,060,000	2,250,000	2,272,500	3.9%
Miscellaneous Other Taxes	2,119,260	1,592,427	1,810,827	1,690,220	1,765,220	1,765,220	3.1%
Licenses & Permits	4,987,658	4,205,016	3,727,951	3,716,081	3,762,095	4,378,456	7.6%
Intergovernmental Revenues	3,024,011	2,059,150	1,719,961	2,578,257	1,831,261	3,314,343	5.7%
Town Services	4,189,958	3,975,880	3,748,874	3,571,278	3,878,483	4,905,329	8.5%
Internal Service Reimbursements	4,106,955	4,521,610	4,552,407	5,070,825	4,906,866	3,481,414	6.0%
Fines & Forfeitures	842,470	858,929	917,106	695,400	683,547	631,400	1.1%
Interest	430,414	705,570	251,116	323,499	321,503	317,696	0.5%
Miscellaneous Other Sources	9,169,867	7,779,077	9,559,837	6,869,805	7,373,682	6,989,916	12.1%
<b>Total Revenues</b>	<b>\$ 54,117,041</b>	<b>\$ 51,164,363</b>	<b>\$ 54,905,482</b>	<b>\$ 51,487,393</b>	<b>\$ 52,176,529</b>	<b>\$ 54,176,523</b>	
Plus Transfers In	9,353,932	3,070,585	7,907,692	3,627,063	3,725,063	3,630,056	6.3%
<b>Total Revenues &amp; Other Sources</b>	<b>\$ 63,470,973</b>	<b>\$ 54,234,948</b>	<b>\$ 62,813,174</b>	<b>\$ 55,114,456</b>	<b>\$ 55,901,592</b>	<b>\$ 57,806,579</b>	<b>100%</b>

Total Budgeted Revenues (exclusive of Transfers In) have increased from the prior year, as the Town is expected to experience revenue growth in some of the key economically sensitive revenue categories of Property Tax, Transient Occupancy Tax, VLF Backfill, Business License Tax. Key revenue highlights include:

**Property Tax** – Property Tax revenues have increased by 9.9% compared to the prior year budgeted amount as home sales continue to rise with the improving economy and low interest rates.

**Sales and Use Tax** – While the Town only receives 1 cent of the 9 cents of sales tax paid per dollar of taxable sales generated in Town, Sales and Use Tax remains one of the General Fund’s largest revenue sources. The FY 2018/19 budget reflects \$7.7 million in sales tax revenue, or a 2.9% decrease compared to the prior year budgeted amount. The negative impact is associated with the Netflix change in business model, increased on-line retail sales versus local brick and mortar shopping, and lower gasoline prices.

**Licenses and Permits** – FY 2018/19 Licenses and Permits reflect a 17.8% increase as a result of increased permitting activity.

**Intergovernmental Revenues** – Increases in intergovernmental revenues are due to changes in available grant funding.

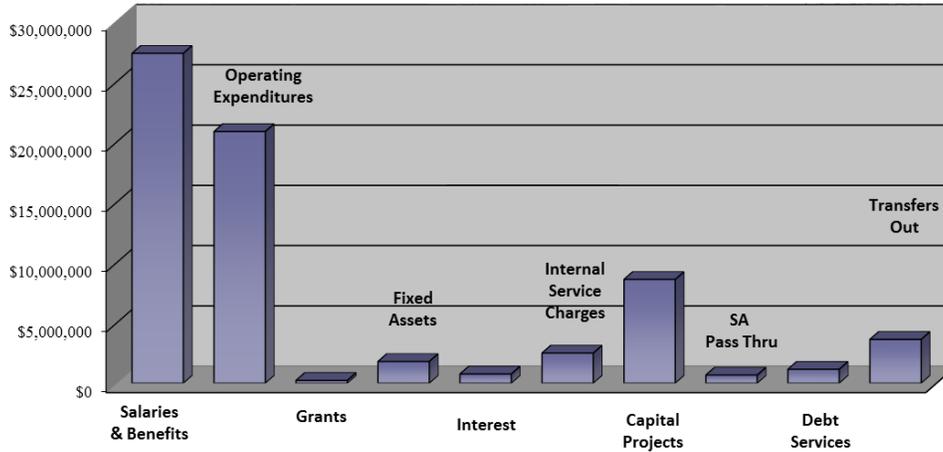
**Transient Occupancy Tax**– Transient Occupancy Tax (TOT) is expected to increase by 10.3% from FY 2017/18 budgeted amount of \$2.1 million due to the continued rising trend in travel and tourism and the increased TOT (from 10% to 12%) rate that was approved by voters at the November 8, 2016 election.

**Other Sources** – This revenue reflects lease reimbursement revenue received from the Successor Agency to the Los Gatos Redevelopment Agency for 2002 and 2010 Certificates of Participation (COPs) debt service payments for the bond issues.

## TOTAL TOWN EXPENDITURES

### BY CATEGORY

#### FY 2018/19 Budgeted Expenditures



Expenditures	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19	% of
	Actuals	Actuals	Actuals	Adopted	Estimated	Adopted	Total
Salaries and Benefits	\$ 21,972,399	\$ 22,766,441	\$ 25,344,865	\$ 27,005,920	\$ 24,700,282	\$ 27,347,094	40.5%
Operating Expenditures	14,618,759	15,342,699	16,085,203	15,993,014	16,574,844	20,864,268	30.9%
Grants	197,074	194,155	209,381	209,800	201,520	227,000	0.3%
Fixed Assets	355,799	958,991	402,807	877,161	962,469	1,798,038	2.7%
Interest	938,055	897,398	802,166	809,740	809,739	759,073	1.1%
Internal Service Charges	3,330,792	3,546,185	3,558,503	3,988,278	3,915,437	2,490,028	3.7%
Capital Projects	3,639,640	2,293,247	6,863,375	4,015,509	5,344,584	8,598,140	12.7%
Successor Agency Pass Thru	1,196,966	786,362	673,323	670,694	804,040	673,696	1.0%
Debt Services	990,000	1,025,000	1,065,000	1,105,000	1,105,000	1,150,000	1.7%
<b>Total Expenditures</b>	<b>\$ 47,239,484</b>	<b>\$ 47,810,478</b>	<b>\$ 55,004,623</b>	<b>\$ 54,675,116</b>	<b>\$ 54,417,915</b>	<b>\$ 63,907,337</b>	
Transfers Out	9,353,932	3,070,585	7,907,692	3,627,063	3,725,063	3,630,056	5.4%
<b>Total Uses of Funds</b>	<b>\$ 56,593,416</b>	<b>\$ 50,881,063</b>	<b>\$ 62,912,315</b>	<b>\$ 58,302,179</b>	<b>\$ 58,142,978</b>	<b>\$ 67,537,393</b>	<b>100%</b>

Total Budgeted Expenditures (exclusive of Transfers Out) include budgeted Capital Improvements, which can vary significantly from year to year. Net of Capital Projects and the IRS Trust payment of \$3.2 million, total expenditures reflect a 3.0 % increase for FY 2018/19 compared to the prior year adopted budget. Expenditures of note include:

**Salaries and Benefits** – The FY 2018/19 budget reflects an increase in salaries and benefits attributed to increased CalPERS and medical benefits rates. Salary increases are not reflected in the proposed budget as labor negotiations with the Town’s unions are pending. Staffing modifications include eliminating certain vacant positions and reclassifying them to better align with service delivery within the existing budget, including the 0.25 FTE Library Specialist position in the Library Program. The 1.0 FTE IT Analyst position and the 0.125 FTE increase for the Deputy Town Attorney are permanent additions to the budget. Staff also proposes one-time temporary hours within Police Department and Community Development Department.

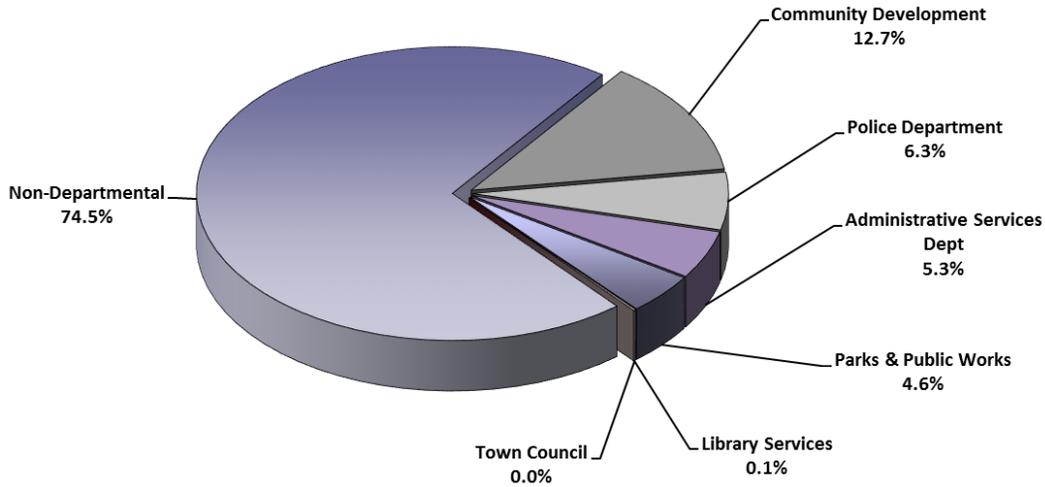
**Fixed Assets** – Budgeted fixed asset costs stem primarily from scheduled vehicle and equipment replacements. The variance in expenditures from year to year does not impact current year charges to the Departments, only the actual cash out to replace the asset.

**Internal Service Charges** – These expenditures represent the service program costs charged back to the operational programs for Liability Insurance, Office Equipment, Information Technology, Vehicle Maintenance, and Building Maintenance services. The FY 2018/19 budget reflects a decrease in the Internal Service Charges since all personnel that were previously funded in Internal Service Fund Programs are programmed starting in FY 2018/19 in the General Fund, increasing total General Fund salaries and benefits expenditures while decreasing the Internal Service Fund charges by the same amount.

**Debt Service** – Debt service charges reflect the Redevelopment Agency’s two outstanding Certificates of Participation (2002 and 2010) through a leasing expenditure and reimbursement revenue which nets to zero for the Town, while Successor Agency (SA) to the Los Gatos Redevelopment Agency funds provide the actual debt payment for the bond issues. The SA reimburses the General Fund for the debt service payment. The 1992 COP for Parking Lot #4 was paid in full in early FY 2012/13.

## GENERAL FUND REVENUES

### BY DEPARTMENT

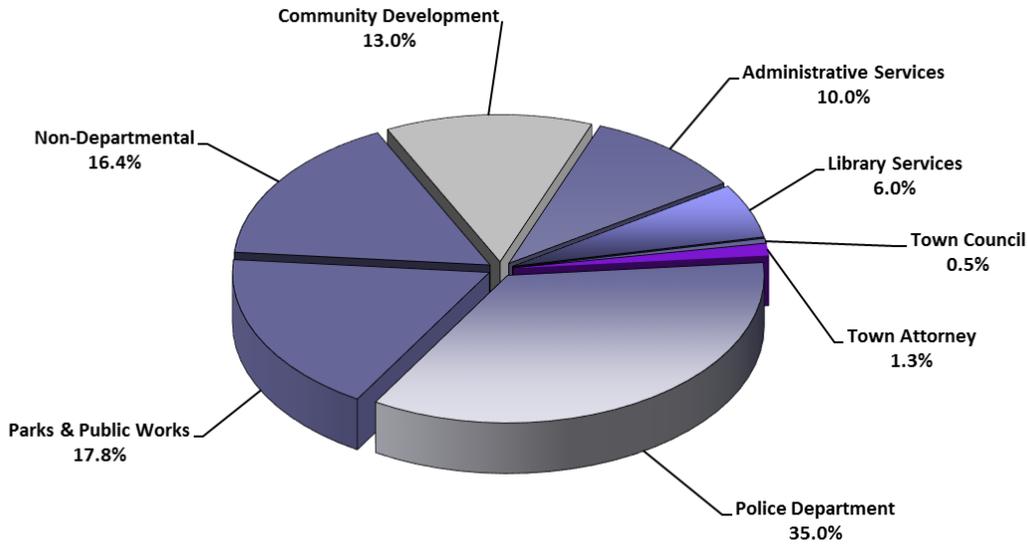


### FY 2018/19 Departmental Revenues

Departments	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Adopted	% of Total
Town Council	\$ 19,736	\$ 119	\$ 2,634	\$ -	\$ 730	\$ -	0.0%
Non-Departmental	26,064,223	25,815,403	30,660,035	27,255,552	27,734,736	28,371,332	71.1%
Administrative Services*	2,211,587	2,107,339	1,939,016	1,854,444	1,929,569	2,105,357	5.3%
Community Development	5,038,975	4,359,149	3,743,832	3,366,471	4,016,817	5,066,010	12.7%
Police Department	3,529,909	3,356,188	2,880,573	2,562,087	2,486,430	2,518,704	6.3%
Parks & Public Works	1,773,515	1,579,102	1,666,480	1,782,789	1,975,017	1,789,845	4.5%
Library Services	57,184	93,420	81,746	72,500	57,660	58,500	0.1%
<b>Total General Fund Revenues</b>	<b>\$ 38,695,129</b>	<b>\$ 37,310,720</b>	<b>\$ 40,974,316</b>	<b>\$ 36,893,843</b>	<b>\$ 38,200,959</b>	<b>\$ 39,909,748</b>	<b>100%</b>
Town Debt Payments	\$ 1,928,056	\$ 1,922,398	\$ 1,923,303	\$ 1,914,739	\$ 1,914,739	\$ 1,909,073	
Transfers In	311,810	2,436,405	313,825	544,836	544,836	544,836	
<b>Net Operating Revenues</b>	<b>\$ 40,934,995</b>	<b>\$ 41,669,523</b>	<b>\$ 43,211,444</b>	<b>\$ 39,353,418</b>	<b>\$ 40,660,534</b>	<b>\$ 42,363,657</b>	

*\*The Town Manager's Office, Human Resources, Finance, Clerk Administration, and Information Technology Programs are all accounted for within the Administrative Services Department.*

## GENERAL FUND EXPENDITURES BY DEPARTMENT



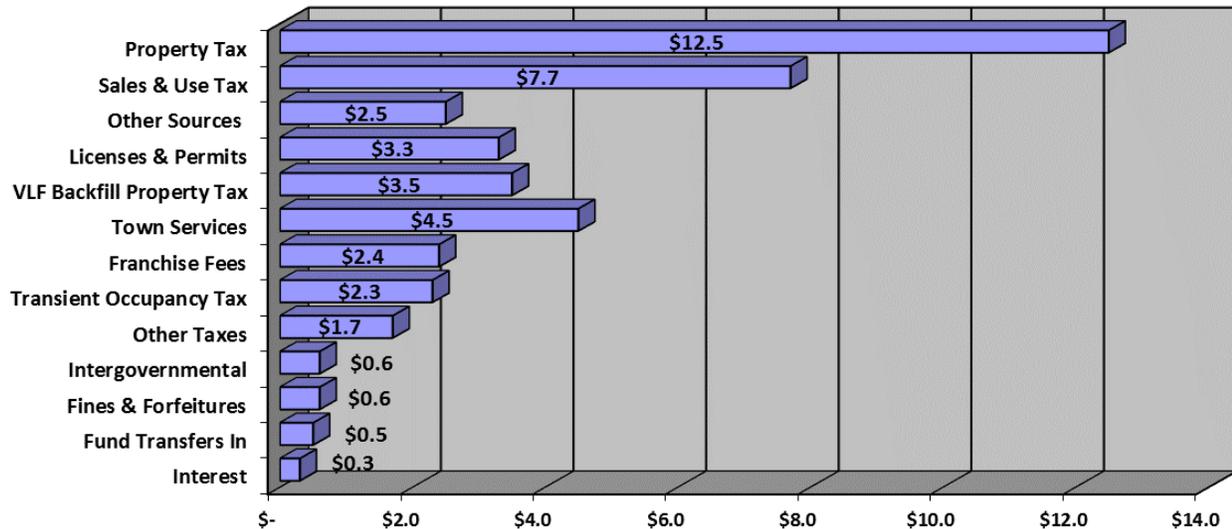
### FY 2018/19 Departmental Expenditures

Departments	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Adopted	% of Total
Police Department	\$ 13,862,029	\$ 13,844,684	\$ 13,251,291	\$ 15,484,347	\$ 14,307,571	\$ 14,976,514	35.0%
Parks & Public Works	5,690,355	6,226,196	6,597,745	7,117,324	6,822,150	7,626,360	17.8%
Non-Departmental	3,287,385	3,839,489	4,945,745	3,992,490	5,069,742	7,015,300	16.4%
Community Development	4,233,465	4,032,333	3,793,929	4,376,673	4,178,751	5,583,158	13.0%
Administrative Services*	2,884,889	2,883,289	2,825,082	3,562,823	3,215,023	4,290,959	10.0%
Library Services	2,268,844	2,332,268	2,508,678	2,781,018	2,504,099	2,556,267	6.0%
Town Council	208,491	171,530	193,584	205,092	195,869	223,036	0.5%
Town Attorney	260,740	296,258	426,548	353,383	428,740	556,183	1.3%
<b>Total General Fund Exp</b>	<b>\$ 32,696,198</b>	<b>\$ 33,626,047</b>	<b>\$ 34,542,602</b>	<b>\$ 37,873,150</b>	<b>\$ 36,721,945</b>	<b>\$ 42,827,777</b>	<b>100%</b>
Town Debt Payments	\$ 1,928,056	\$ 1,922,398	\$ 1,923,303	\$ 1,914,739	\$ 1,914,739	\$ 1,909,073	
Transfers Out	7,386,491	581,014	7,298,187	3,082,227	3,082,227	2,785,220	
<b>Net Operating Expenditures</b>	<b>\$ 42,010,745</b>	<b>\$ 36,129,459</b>	<b>\$ 43,764,092</b>	<b>\$ 42,870,116</b>	<b>\$ 41,718,911</b>	<b>\$ 47,522,070</b>	

\* The Town Manager's Office, Human Resources, Finance, Clerk Administrator, and Information Technology Programs are all accounted for within the Administrative Services Department.

## GENERAL FUND REVENUES BY CATEGORY

\$42.4 Million



Revenue Category	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19	% of Total
	Actuals	Actuals	Actuals	Adopted	Estimated	Adopted	
Property Tax	\$ 10,113,287	\$ 10,779,434	\$ 11,518,257	\$ 11,383,073	\$ 11,957,352	\$ 12,507,071	29.5%
VLF Backfill Property Tax	2,818,316	2,984,023	3,237,955	3,269,370	3,447,584	3,482,060	8.2%
Sales & Use Tax	8,202,678	7,501,175	9,171,373	7,972,195	7,681,546	7,744,208	18.3%
Franchise Fees	2,215,430	2,258,892	2,366,908	2,287,390	2,317,390	2,386,910	5.6%
Transient Occupancy Tax	1,896,721	1,943,166	2,322,910	2,060,000	2,250,000	2,272,500	5.4%
Other Taxes	1,809,620	1,475,425	1,726,128	1,582,000	1,657,000	1,657,000	3.9%
Licenses & Permits	3,757,590	3,512,019	3,038,511	2,908,829	2,904,280	3,304,199	7.8%
Intergovernmental	1,004,661	984,507	908,285	666,375	667,513	646,640	1.5%
Town Services	3,698,091	3,489,216	3,284,295	3,123,207	3,388,131	4,457,258	10.5%
Fines & Forfeitures	842,470	858,929	917,106	695,400	683,547	631,400	1.5%
Interest	430,476	620,895	171,653	270,723	270,723	267,806	0.6%
Other Sources	3,833,845	2,825,437	4,234,238	2,590,020	2,890,632	2,461,769	5.8%
<b>Total Revenues</b>	<b>\$ 40,623,185</b>	<b>\$ 39,233,118</b>	<b>\$ 42,897,619</b>	<b>\$ 38,808,582</b>	<b>\$ 40,115,698</b>	<b>\$ 41,818,821</b>	
Fund Transfers In:	\$ 311,810	\$ 2,436,405	\$ 313,825	\$ 544,836	\$ 544,836	\$ 544,836	1.3%
<b>Total Revenues &amp; Transfers In</b>	<b>\$ 40,934,995</b>	<b>\$ 41,669,523</b>	<b>\$ 43,211,444</b>	<b>\$ 39,353,418</b>	<b>\$ 40,660,534</b>	<b>\$ 42,363,657</b>	<b>100%</b>

FY 2018/19 General Fund revenues and fund transfers are estimated to increase by 7.6% from the FY 2017/18 adopted budget. The Town's operations are funded through a variety of revenue sources as depicted above. Revenues were estimated by trend analysis and historical data as explained below:

**Sales Tax** – While the Town only receives 1 cent of the 9 cents of sales tax paid per dollar of taxable sales generated in Town, Sales and Use Tax remains one of the General Fund's largest revenue sources. The FY 2018/19 budget reflects \$7.7 million in sales tax revenue, or a 2.9% decrease compared to the prior year budgeted amount. The negative impact is associated with the Netflix change in business model, increased on-line retail sales versus local brick and mortar shopping, and lower gasoline prices.

**Property Tax** – Property Tax receipts in Los Gatos are expected to increase from the budgeted FY 2017/18 amount by 9.9% totaling \$12.5 million, as homes sales continue to rise with the positive economy and low interest rates. Property Tax budget projections are based on valuations projected by the Santa Clara County Assessor's Office, given increased home sales, coupled with anticipated adjustments in property tax distribution due to the dissolution of California redevelopment agencies. The Town receives 9.3 cents of each property tax dollar paid by property owners. The remaining 90.7 cents of each dollar is distributed to several other taxing jurisdictions, including local schools, community college districts, the County of Santa Clara, Santa Clara County Central Fire Protection District, and other special districts that serve the community.

## GENERAL FUND REVENUES

### BY CATEGORY

**Town Services** – Charges for Town Services increased by 42.7% as the General Plan update and recent large scale development projects are in progress.

**Licenses & Permits** – Licenses and Permits remained flat based on current building activities.

**Intergovernmental Revenues** – Intergovernmental revenues reflect a 3.0% decrease since less grant revenue is anticipated to receive than submitted and approved for the prior fiscal year.

**Franchise Fees** – Compared to the prior fiscal year, Franchise Fees, including cable television, electric utility and solid waste have increased by 4.4%. The increase is based on analysis of current year trends in fees collected and the improving local economy.

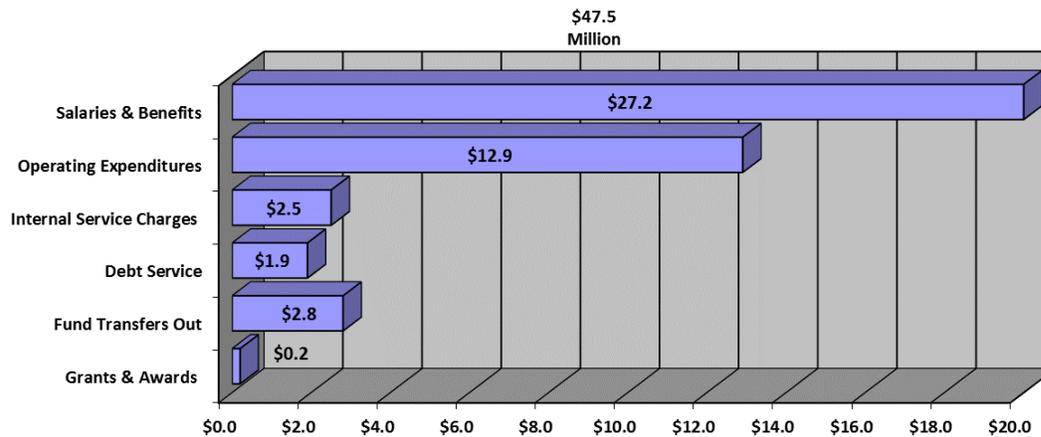
**Transient Occupancy Tax** – Transient Occupancy Tax (TOT) is expected to increase by 10.3% from FY 2017/18 budgeted amount of \$2.1 million due to the continued rising trend in travel and tourism and the increased TOT (from 10% to 12%) rate that was approved by voter at the November 8, 2016 election.

**Fines and Forfeitures** – Fines and Forfeitures include library and traffic fines and administrative citations which are expected to decrease by 9.2%.

**Transfers In** – Compared to the prior fiscal year, transfers in have remained the same as in prior year.

**Other Sources** – Other sources reflects a 5% decrease compared to the prior fiscal year because of the reduction occurring in Town “pass Through” law enforcement grants.

## GENERAL FUND EXPENDITURES BY CATEGORY



Expenditure Category	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Adopted	% of Total
Salaries & Benefits	\$ 20,658,173	\$ 21,342,278	\$ 21,884,855	\$ 25,426,213	\$ 23,159,267	\$ 27,182,217	57.3%
Operating Expenditures	8,440,136	8,137,858	8,896,209	8,257,825	9,474,857	12,932,896	27.2%
Fixed Assets	75,442	411,820	-	-	-	-	0.0%
Grants & Awards	197,074	194,155	209,381	209,800	201,520	227,000	0.5%
Debt Service	1,928,056	1,922,398	1,923,303	1,914,739	1,914,739	1,909,073	4.0%
Internal Service Charges	3,325,373	3,539,936	3,552,157	3,979,314	3,886,301	2,485,664	5.1%
<b>Total Expenditures</b>	<b>\$ 34,624,254</b>	<b>\$ 35,548,445</b>	<b>\$ 36,465,905</b>	<b>\$ 39,787,891</b>	<b>\$ 38,636,684</b>	<b>\$ 44,736,850</b>	
Transfers Out	\$ 7,386,491	\$ 581,014	\$ 7,298,187	\$ 3,082,227	\$ 3,082,227	\$ 2,785,220	5.9%
<b>Total Exp &amp; Transfers Out</b>	<b>\$ 42,010,745</b>	<b>\$ 36,129,459</b>	<b>\$ 43,764,092</b>	<b>\$ 42,870,118</b>	<b>\$ 41,718,911</b>	<b>\$ 47,522,070</b>	<b>100.0%</b>

The FY 2018/19 General Fund Operating Budget of \$40,279,937 (net of transfers out, payment for the IRS Trust and the General Fund Update expenses) represents a 1.3% increase compared to the net FY 2017/18 adopted operating expenditures budget of \$39,787,891.

**Salaries & Benefits** – The delivery of Town services is highly dependent on labor which comprises 57.3% of budgeted General Fund expenditures for FY 2018/19. Salaries and benefits continue to be the largest portion of the Town costs and continue to rise. The FY 2018/19 budget reflects an increase in salaries and benefits attributed to increased CalPERS and medical benefits rates. In addition, all personnel that were previously funded in Internal Service Fund Programs are programmed starting in FY 2018/19 in the General Fund, increasing total General Fund salaries and benefits expenditures while decreasing the Internal Service Fund charges by the same amount. Salary increases are not reflected in the proposed budget as labor negotiations with the Town’s unions are pending.

**Operating Expenditures** –The operating expenditures include \$3.2 million payment to the IRS 115 Pension Trust and \$1.3 million for the General Plan Update. The FY 2018/19 operating expenditures increased when compared to the FY 2017/18 adopted budget. Town-wide efforts continue to emphasize the importance of containing operating costs while maintaining core services; however, factors such as escalating energy costs and general cost increases have offset many departmental reductions.

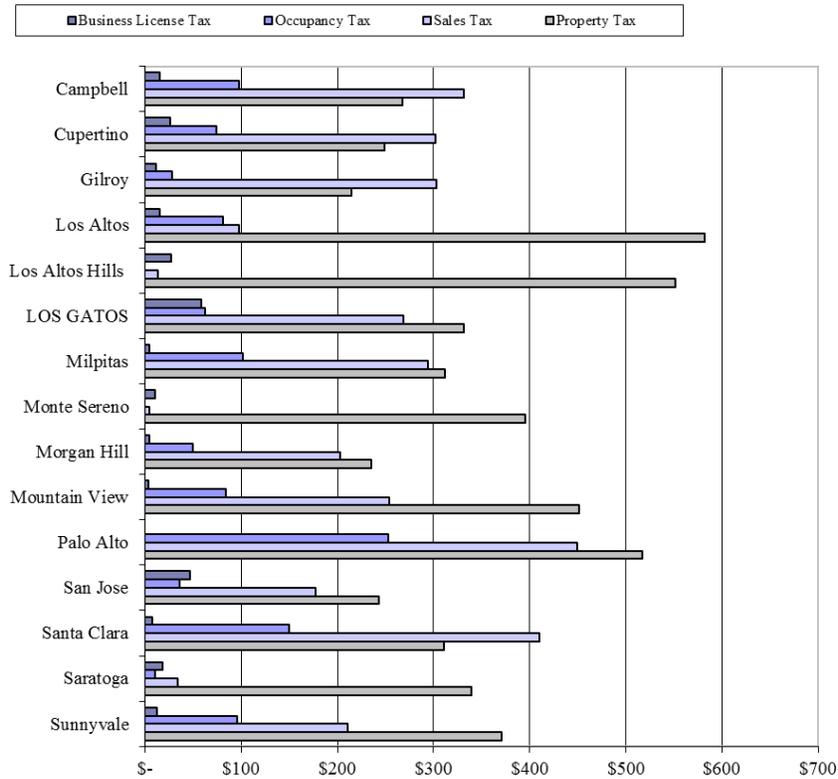
**Grants & Awards** –The Town provides General Fund grants and awards to local nonprofit organizations for a variety of human, art, special events and educational services. FY 2018/19 grants and awards reflect an 8.2% increase in grant funding from the prior year.

**Internal Service Charges** – These expenditures represent the service program costs charged back to the operational programs for Liability Insurance, Office Equipment, Information Technology, Vehicle Maintenance, and Building Maintenance services. The FY 2018/19 budget reflects a decrease in the Internal Service Charges since all personnel that were previously funded in Internal Service Fund Programs are programmed starting in FY 2018/19 in the General Fund, increasing total General Fund salaries and benefits expenditures while decreasing the Internal Service Fund charges by the same amount.

**Debt Service** – The Town facilitates the Successor Agency (SA) to the Los Gatos Redevelopment Agency’s two Certificates of Participation (COPs) through a leasing expense and reimbursement revenue which nets to zero for the Town, while SA funds provide the actual debt payment for the bond issues.

**Transfers Out** – The General Fund Transfers Out include \$2,335,220 to the Capital Projects Fund and \$450,000 to the Equipment Replacement Fund for FY 2018/19.

**GENERAL FUND TAX REVENUES**  
**CITIES OF SANTA CLARA COUNTY – TAX REVENUES PER CAPITA**  
**(LATEST DATA AVAILABLE AT THE TIME OF PUBLICATION)**



**FY 2016/17 Actual Tax Revenue Amounts and Per Capita**

Cities	Population	Property Tax		Sales Tax		Occupancy Tax		Business License Tax	
		Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita
Campbell*	42,726	\$ 13,320,000	\$ 312	\$ 15,022,000	\$ 352	\$ 4,750,000	\$ 111	\$ 686,000	\$ 16
Cupertino	60,572	18,700,000	309	22,400,000	370	6,708,000	111	729,009	12
Gilroy*	55,936	11,614,257	208	16,789,533	300	1,402,699	25	622,024	11
Los Altos	30,036	19,863,197	661	3,278,430	109	2,985,201	99	539,989	18
Los Altos Hills*	8,634	5,045,260	584	180,200	21	-	-	349,800	41
<b>LOS GATOS</b>	31,314	14,756,213	471	7,793,059	249	2,322,910	74	1,720,980	55
Milpitas	75,410	30,261,513	401	26,213,910	348	11,857,858	157	496,859	7
Monte Sereno	3,900	1,695,735	435	18,892	5	-	-	33,794	9
Morgan Hill	44,145	10,685,110	242	9,437,549	214	2,741,623	62	190,116	4
Mountain View	79,278	43,773,600	552	21,828,500	275	7,043,000	89	251,000	3
Palo Alto	66,478	43,953,000	661	29,923,000	450	23,477,000	353	10,323	0
San Jose*	1,046,079	271,737,000	260	224,695,553	215	16,952,000	16	48,800,000	47
Santa Clara	123,983	50,942,783	411	55,750,082	450	20,484,262	165	923,677	7
Saratoga	30,569	12,003,942	393	1,185,035	39	343,618	11	343,442	11
Sunnyvale*	149,831	62,390,637	416	33,047,146	221	16,798,573	112	1,768,680	12
<b>Average</b>	<b>123,259</b>	<b>\$ 40,716,150</b>	<b>\$ 330</b>	<b>\$ 31,170,859</b>	<b>\$ 253</b>	<b>\$ 7,857,783</b>	<b>\$ 64</b>	<b>\$ 3,831,046</b>	<b>\$ 31</b>

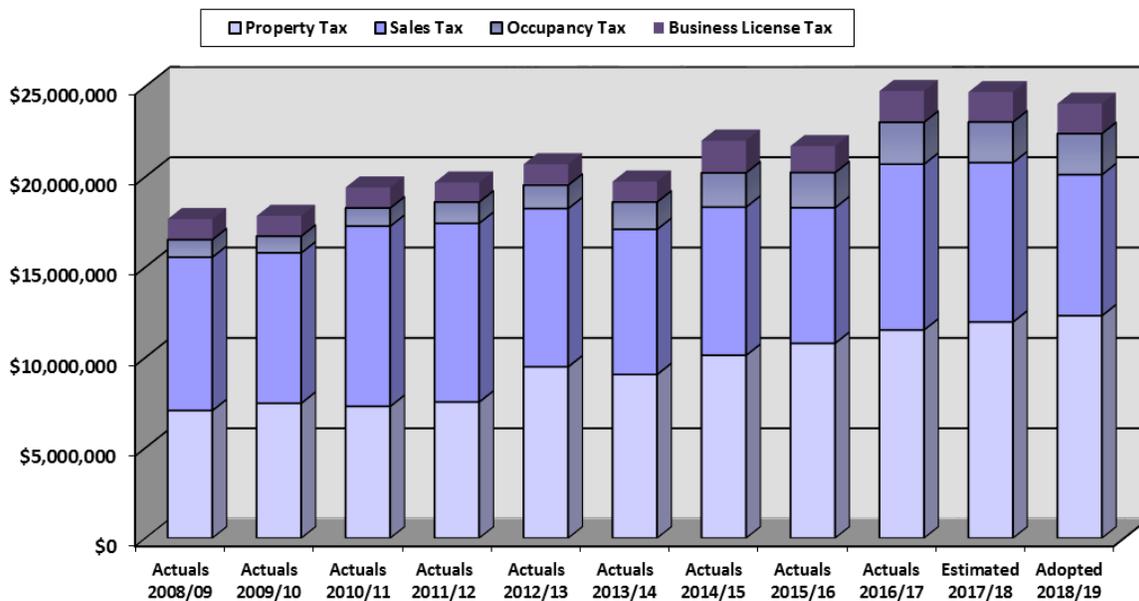
\* City's actuals unavailable, City's adopted budget amounts for the fiscal year were used

\*\* Business License Tax includes one-time true up.

Based on FY 2016/17 Actual Revenues

Source: Santa Clara County and Cities of Santa Clara County

### GENERAL FUND TAX REVENUES BUDGET WITH 10 YEAR HISTORY



<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Occupancy Tax</b>	<b>Business License Tax</b>	<b>Sum of Key Revenues</b>	<b>Change from Prior Year</b>
2008/09 Actuals	\$ 7,057,258	\$ 8,487,000	\$ 966,638	\$ 1,139,107	\$ 17,650,003	(7.8%)
2009/10 Actuals	\$ 7,465,871	\$ 8,317,217	\$ 923,783	\$ 1,122,000	\$ 17,828,871	1.0%
2010/11 Actuals	\$ 7,289,897	\$ 9,971,409	\$ 1,004,659	\$ 1,136,511	\$ 19,402,476	8.8%
2011/12 Actuals	\$ 7,532,073	\$ 9,889,100	\$ 1,174,485	\$ 1,077,320	\$ 18,196,717	(6.2%)
2012/13 Actuals	\$ 9,477,043	\$ 8,757,428	\$ 1,295,887	\$ 1,151,579	\$ 20,681,937	13.7%
2013/14 Actuals	\$ 9,054,908	\$ 8,029,571	\$ 1,512,846	\$ 1,130,020	\$ 19,727,345	(4.6%)
2014/15 Actuals	\$10,113,287	\$ 8,202,678	\$ 1,896,721	\$ 1,779,407	\$ 21,992,093	11.5%
2015/16 Actuals	\$10,779,434	\$ 7,501,175	\$ 1,943,166	\$ 1,465,546	\$ 21,689,321	(1.4%)
2016/17 Actuals	\$11,518,257	\$ 9,171,373	\$ 2,322,910	\$ 1,720,980	\$ 24,733,520	14.0%
2017/18 Estimated	\$11,957,352	\$ 7,681,546	\$ 2,250,000	\$ 1,650,000	\$ 23,538,898	(4.8%)
2018/19 Adopted	\$12,307,071	\$ 7,802,864	\$ 2,272,500	\$ 1,650,000	\$ 24,032,435	2.1%

**GENERAL FUND**  
**ESTIMATED FUND BALANCE ACTIVITY**

<b>Use of / Addition to GF Reserves:</b>	<b>Estimated July 1, 2018 Balance</b>	<b>Revenues &amp; Transfers In</b>	<b>Expenditures and Transfers Out</b>	<b>Fund Balance Sources (Uses)</b>	<b>Estimated June 30, 2019 Balance</b>
<b>Unreserved Fund Balances</b>					
Undesignated Reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Available to be Appropriated	3,670,447	42,363,657	47,586,851	5,974,133	4,421,386
<b>Reserved Fund Balances</b>					
Reserve for Encumbrances	-	-	-	-	-
Reserve for Long Term Notes	-	-	-	-	-
Actuarial	-	-	-	-	-
<b>Committed to:</b>					
Budget Stabilization Reserve	4,969,847	-	-	67,396	5,037,243
Catastrophic Reserves	4,969,847	-	-	67,396	5,037,243
CalPERS/OPEB Reserve	3,188,913	-	-	(3,188,913)	-
Almond Grove Reserve	-	-	-	-	-
<b>Assigned to:</b>					
Open Space Reserve	562,000	-	-	-	562,000
Sustainability	140,553	-	-	-	140,553
Strategy Reserve	263,882	-	-	(134,792)	129,090
Capital / Special Projects	7,881,738	-	-	(2,785,220)	5,096,518
Authorized Carryforwards	34,852	-	-	-	34,852
Compensated Absences	350,329	-	-	-	350,329
<b>Total Use of and Addition To Reserves</b>	<b>\$ 26,032,408</b>	<b>\$ 42,363,657</b>	<b>\$ 47,586,851</b>	<b>\$ -</b>	<b>\$ 20,809,214</b>

**Fund Balance Activity includes:**

**General Fund Undesignated Reserves reflect ongoing revenue, carryforward, transfer, and expenditure activities, the net effect of the change in Designated Reserves, and the use of Undesignated Reserves.**

- *FY 2018/19 Budgeted revenue and expenditure appropriations, and transfers to and from the General Fund.*
- *Authorized Carryovers reflect operating appropriations that were brought forward as a funding source. The actual carryover amount will be determined at FY 2017/18 year-end, with funding offset by undesignated reserves.*
- *In FY 2011/12, Council adopted a General Fund Reserve Policy that maintains a minimum of 25% of General Fund expenditures equally divided between the Budget Stabilization Reserve and Catastrophic Reserve.*
- *In FY 2015/16, Council established a General Fund Pension/Other Post Employment Benefits (OPEB) Reserve Account. In the same time Council revised the General Fund Reserve Policy to provide for a maximum of \$300,000 in General Fund Year End Savings upon year close to be deposited in the CalPERS Reserve Account or used for lump sum pay down as authorized by Town Council.*
- *Undesignated Fund Balance is year-end fund balance not previously identified for a specific purpose; therefore, it can be reprogrammed as appropriations or designated reserves by Council. Town policy designates all year-end fund balance to the Budget Stabilization, Catastrophic, Capital/Special Project, and Pension/OPEB Reserves eliminating undesignated fund balance. However, year-end fund balance will be distributed to the Capital Improvement/Special Projects and to the Pension/OPEB Reserves as the Catastrophic and Budget Stabilization Reserves are fully funded.*

**SCHEDULE OF INTERFUND TRANSFERS**  
**FISCAL YEAR 2017/18 & 2018/19**

Fund Description	Estimated		Adopted Budget	
	2017/18 Transfers In	2017/18 Transfers Out	2018/19 Transfers In	2018/19 Transfers Out
<b>General Funds</b>				
General Fund	\$ 544,836	\$ 3,082,227	\$ 544,836	\$ 2,785,220
<b>Special Revenue Funds</b>				
Solid Waste Management	-	-	-	-
HCD Housing Rehabilitation	-	-	-	-
HCD-Community Dev Block Grant	-	-	-	-
Urban Run-Off Program	-	-	-	-
Landscape & Lighting Districts				
Blackwell District	-	460	-	460
Kennedy Meadows District	-	1,510	-	1,510
Gemini Court District	-	610	-	610
Santa Rosa Heights District	-	660	-	660
Vasona Heights District	-	1,430	-	1,430
Hillbrook District	-	250	-	250
<b>Internal Service Funds</b>				
Self Insurance Fund	-	-	-	-
Worker's Comp Self Insurance	-	-	-	-
Management Information Systems	-	-	-	300,000
Office Stores Fund	-	-	-	-
Equipment Fund	398,000	-	450,000	-
Vehicle Maintenance Fund	-	-	-	-
Facilities Maintenance Fund	300,000	-	-	-
<b>Trust &amp; Agency Funds</b>				
Barbara J. Cassin Trust	-	-	-	-
History Project Trust Fund	-	-	-	-
Library Trust Fund	-	-	-	-
<b>Capital Project Funds</b>				
GFAR	2,482,227	515,616	2,635,220	417,616
Grant Funded CIP Projects	-	-	-	-
Storm Drain #1	-	-	-	-
Storm Drain #2	-	-	-	-
Storm Drain #3	-	-	-	-
Traffic Mitigation	-	10,000	-	10,000
Construction Utility Underground	-	-	-	-
Gas Tax - Street & Signal	-	106,000	-	106,000
<b>Successor Agency of the Los Gatos RDA Funds</b>				
SA - Administration	-	-	-	-
SA - Debt Service	-	-	-	-
SA - Low / Moderate Housing	-	-	-	-
SA - Recognized Obligation Retirement	-	-	-	-
SA - General Fund	-	6,300	-	6,300
<b>Total Transfers</b>	<b>\$ 3,725,063</b>	<b>\$ 3,725,063</b>	<b>\$ 3,630,056</b>	<b>\$ 3,630,056</b>

## FUND BALANCE ACTIVITY SUMMARY FISCAL YEAR 2018/19

	7/1/18 Estimated Fund Balance	Fiscal Year 2018/19 Adopted Budget					Use of Reserves	6/30/19 Estimated Fund Balance
		Plus		Less				
		Revenues & Carryforwards	Transfers In	Expenditures & Carryforwards	Transfers Out			
<b>GENERAL FUND</b>								
<b>Unreserved Fund Balances</b>								
<i>Undesignated Reserves</i>								
Available to be Appropriated	\$ 3,670,447	\$ 41,818,821	\$ 544,836	\$ 44,736,851	\$ 2,785,220	\$ 5,974,133	\$ 4,486,166	
<b>Reserved Fund Balances</b>								
Reserve for Encumbrances	-	-	-	-	-	-	-	
Reserve for Long Term Notes	-	-	-	-	-	-	-	
Advance to RDA	-	-	-	-	-	-	-	
Actuarial	-	-	-	-	-	-	-	
<b>Committed to:</b>								
Budget Stabilization Reserve	4,969,847	-	-	-	-	67,396	5,037,243	
Catastrophic Reserves	4,969,847	-	-	-	-	67,396	5,037,243	
Pension/OPEB Reserve	3,188,913	-	-	-	-	(3,188,913)	-	
Almond Grove Reserve	-	-	-	-	-	-	-	
<b>Assigned to:</b>								
Open Space Reserve	562,000	-	-	-	-	-	562,000	
Sustainability	140,553	-	-	-	-	-	140,553	
Strategy Reserve	263,882	-	-	-	-	(134,792)	129,090	
Capital / Special Projects	7,881,738	-	-	-	-	(2,785,220)	5,096,518	
Authorized Carryforwards	34,852	-	-	-	-	-	34,852	
Compensated Absences	350,329	-	-	-	-	-	350,329	
<b>Total General Fund Reserves</b>	<b>\$ 26,032,408</b>	<b>\$ 41,818,821</b>	<b>\$ 544,836</b>	<b>\$ 44,736,851</b>	<b>\$ 2,785,220</b>	<b>\$ -</b>	<b>\$ 20,873,994</b>	

**General Fund Undesignated Reserves reflect ongoing revenue, carryforward, transfer, and expenditure activities, the net effect of the change in Designated Reserves, and the use of Undesignated Reserves.**

- **FY 2018/19 Budgeted revenue and expenditure appropriations, and transfers to and from the General Fund.**
- **Authorized Carryovers reflect operating appropriations that were brought forward as a funding source. The actual carryover amount will be determined at FY 2017/18 year-end, with funding offset by undesignated reserves.**
- **In FY 2011/12, Council adopted a General Fund Reserve Policy that maintains a minimum of 25% of General Fund expenditures equally divided between the Budget Stabilization Reserve and Catastrophic Reserve.**
- **In FY 2015/16, Council established a General Fund Pension/Other Post Employment Benefits (OPEB) Reserve Account. In the same time Council revised the General Fund Reserve Policy to provide for a maximum of \$300,000 in General Fund Year End Savings upon year close to be deposited in the Pension/OPEB Reserve Account and used as authorized by Town Council.**
- **Undesignated Fund Balance is year-end fund balance not previously identified for a specific purpose; therefore, it can be reprogrammed as appropriations or designated reserves by Council. Town policy designates all year-end fund balance to the Budget Stabilization, Catastrophic, Capital/Special Project, and Pension/OPEB Reserves eliminating undesignated fund balance. However, year-end fund balance will be distributed to the Capital Improvement/Special Projects and to the Pension/OPEB Reserves as the Catastrophic and Budget Stabilization Reserves are fully funded or other Council authorized uses.**

<b>SPECIAL REVENUE FUNDS</b>								
Solid Waste Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Housing Conservation Program	\$ 177,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	177,240
Community Dev Block Grant	(10,587)	-	-	-	-	-	-	(10,587)
Urban Run-Off Source Fund	76,988	584,394	-	559,482	-	-	-	101,900
Blackwell Assessment District	11,831	3,210	-	10,447	460	-	-	4,134
Kennedy Assessment District	36,382	10,605	-	29,996	1,510	-	-	15,481
Gemini Assessment District	25,993	4,750	-	11,934	610	-	-	18,199
Santa Rosa Assessment District	57,775	5,000	-	18,812	660	-	-	43,303
Vasona Assessment District	47,398	10,075	-	17,214	1,430	-	-	38,829
Hillbrook Assessment District	15,719	6,040	-	19,507	250	-	-	2,002
<b>Total Special Revenue Funds Reserves</b>	<b>\$ 438,739</b>	<b>\$ 624,074</b>	<b>\$ -</b>	<b>\$ 667,392</b>	<b>\$ 4,920</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 390,501</b>

## FUND BALANCE ACTIVITY SUMMARY FISCAL YEAR 2018/19

	Fiscal Year 2018/19 Adopted Budget							6/30/19 Estimated Fund Balance
	7/1/18 Estimated Fund Balance	Plus		Less			Use of Reserves	
		Revenues & Carryforwards	Transfers In	Expenditures & Carryforwards	Transfers Out	-		
<b>INTERNAL SERVICE FUNDS</b>								
ABAG Self Insurance	\$ 899,392	\$ 376,187	\$ -	\$ 641,361	\$ -	\$ -	\$ -	\$ 634,218
Worker's Comp Self Insurance	756,410	878,386	-	1,218,202	-	-	-	416,594
Information Technology	2,111,874	334,478	-	911,775	300,000	-	-	1,234,577
Office Stores Fund	201,202	118,000	-	134,500	-	-	-	184,702
Equipment Replacement	1,994,298	620,000	450,000	1,572,945	-	-	-	1,491,353
Vehicle Maintenance	277,213	376,655	-	376,655	-	-	-	277,213
Facilities Maintenance	311,278	1,209,089	-	1,151,086	-	-	-	369,281
<b>Total Internal Service Funds Reserves</b>	<b>\$ 6,551,667</b>	<b>\$ 3,912,795</b>	<b>\$ 450,000</b>	<b>\$ 6,006,524</b>	<b>\$ 300,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,607,938</b>

**Equipment Replacement Fund Balance is the accumulation of replacement funding-to-date for assets. Revenues are the pro-rated annual charges to departments for asset replacement, and expenditures reflect the cost of equipment up for replacement in this fiscal year. The Fund will continue to reallocate Fund Balance as a transfer to the General Fund for assets that have accumulated replacement costs and have been identified as no longer being part of the Replacement Schedule.**

<b>TRUST &amp; AGENCY</b>								
Friends of the Library	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library Trust	\$ 76,547	\$ 75,050	\$ -	\$ 73,500	\$ -	\$ -	\$ -	\$ 78,097
Library History Project	-	-	-	-	-	-	-	-
Ness Trust Bequest	-	-	-	-	-	-	-	-
Betty McClendon Trust	84,126	700	-	-	-	-	-	84,826
Barbara J Cassin Trust	353,361	2,900	-	-	-	-	-	356,261
Parking District #88	-	-	-	-	-	-	-	-
<b>Total Trust &amp; Agency Funds Reserves</b>	<b>\$ 514,034</b>	<b>\$ 78,650</b>	<b>\$ -</b>	<b>\$ 73,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 519,184</b>

<b>CAPITAL PROJECTS FUNDS</b>								
GFAR	\$ 14,439,505	\$ 1,515,342	\$ 2,635,220	\$ 3,736,687	\$ 417,616	\$ -	\$ -	\$ 14,435,764
GFAR - Designated for Parking	1,460,210	-	-	-	-	-	-	1,460,210
Grant Funded CIP Projects	(318,503)	574,046	-	950,446	-	-	-	(694,903)
Storm Drain #1	804,218	49,010	-	50,000	-	-	-	803,228
Storm Drain #2	1,050,086	50,240	-	50,000	-	-	-	1,050,326
Storm Drain #3	(64,651)	1,860	-	50,000	-	-	-	(112,791)
Traffic Mitigation	248,541	354,874	-	324,874	10,000	-	-	268,541
Construction Tax-Undergrounding	2,973,396	44,310	-	2,218,000	-	-	-	799,706
Gas Tax	1,434,016	1,324,204	-	1,218,134	106,000	-	-	1,434,086
<b>Total Capital Projects Funds Reserves</b>	<b>\$ 22,026,818</b>	<b>\$ 3,913,886</b>	<b>\$ 2,635,220</b>	<b>\$ 8,598,141</b>	<b>\$ 533,616</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,444,167</b>

**GFAR, Grant Fund, Storm Drain Funds, and Gas Tax Fund Balances reflect the spending down of available funds in FY 2018/19 in line with the planned Capital Improvement Program. The GFAR and Grant Funds also include transfers-in to fund these planned projects. Traffic Mitigation Fund reflects a transfer out of \$10,000 for estimated annual administration fees. Grant Funded Projects Fund Balance reflects appropriations for incoming revenues and prior year carryforwards, which will result in either positive or negative fund balance depending on timing of receipts and budget. All grant projects net to zero at completion.**

<b>Successor Agency of the Los Gatos RDA Funds</b>								
SA - Trust Fund	\$ 3,697,582	\$ 3,828,296	\$ -	\$ 3,824,929	\$ 6,300	\$ -	\$ -	\$ 3,694,649
<b>Total SA of the Los Gatos RDA Funds Reserves</b>	<b>\$ 3,697,582</b>	<b>\$ 3,828,296</b>	<b>\$ -</b>	<b>\$ 3,824,929</b>	<b>\$ 6,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,694,649</b>

<b>TOTAL RESERVES</b>	<b>\$ 59,261,248</b>	<b>\$ 54,176,522</b>	<b>\$ 3,630,056</b>	<b>\$ 63,907,337</b>	<b>\$ 3,630,056</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,530,433</b>
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## FUND BALANCE RESERVES 5 YEAR COMPARATIVE BALANCES

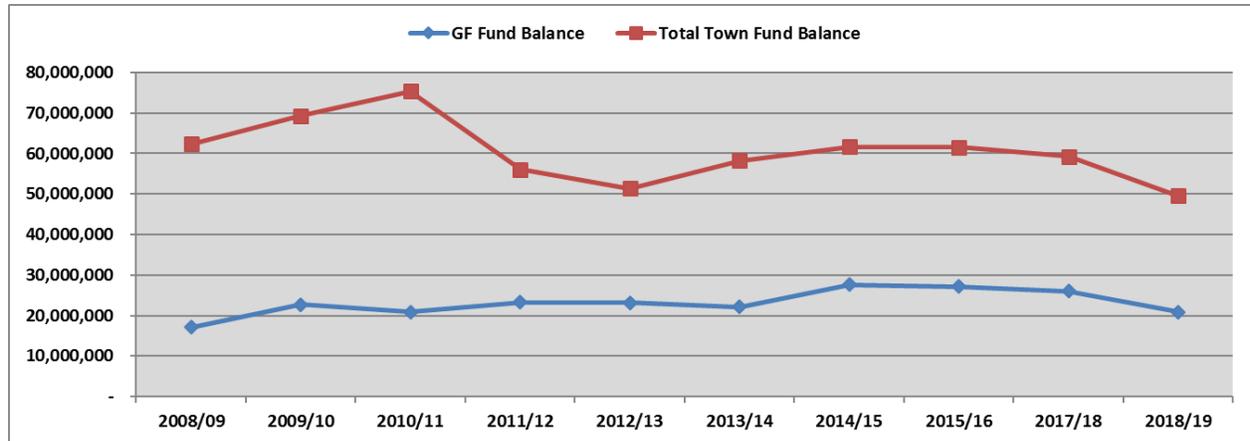
Fund Balance Reserves	6/30/2015 Actual YE Balance	6/30/2016 Actual YE Balance	6/30/2017 Actual YE Balance	6/30/2018 Estimated YE Balance	6/30/2019 Budgeted YE Balance
<b>GENERAL FUND</b>					
<i>Restricted Fund Balances</i>					
<i>Unreserved Fund Balances</i>					
<i>Undesignated Reserves</i>					
Available to be Appropriated	-	-	-	3,670,447	4,486,166
<b>Committed to:</b>					
Budget Stabilization Reserve	6,621,808	6,621,808	4,969,847	4,969,847	5,037,243
Catastrophic Reserves	4,178,192	4,637,406	4,969,847	4,969,847	5,037,243
Pension/OPEB Reserve	-	300,000	3,388,913	3,188,913	-
Almond Grove Reserve	-	8,459,973	1,801,318	-	-
<b>Assigned to:</b>					
Open Space Reserve	562,000	562,000	562,000	562,000	562,000
Sustainability	140,553	140,553	140,553	140,553	140,553
Strategic Planning Reserve	-	2,600,000	2,600,000	263,882	129,090
Capital / Special Projects	9,511,527	4,222,405	8,273,124	7,881,738	5,096,518
Authorized Carryforwards	99,284	99,284	34,852	34,852	34,852
Post Retirement Medical	400,000	-	-	-	-
Compensated Absences	-	-	350,329	350,329	350,329
Productivity Contingency	100,000	-	-	-	-
Special Studies	490,000	-	-	-	-
<b>Total General Fund Reserves*</b>	<b>\$ 22,103,364</b>	<b>\$ 27,643,429</b>	<b>\$ 27,090,783</b>	<b>** \$ 26,032,408</b>	<b>\$ 20,873,994</b>
<b>SPECIAL REVENUE FUNDS</b>					
Housing Conservation Program	\$ 74,520	\$ 74,586	\$ 177,240	\$ 177,240	\$ 177,240
Community Dev Block Grant	(10,587)	(4,576)	(10,587)	(10,587)	(10,587)
Urban Run-Off Source Fund	142,943	109,030	14,894	76,988	101,900
Blackwell Assessment District	8,648	10,231	11,928	11,831	4,134
Kennedy Assessment District	48,151	40,097	42,097	36,382	15,481
Gemini Assessment District	16,948	20,392	23,787	25,993	18,199
Santa Rosa Assessment District	58,083	60,128	62,247	57,775	43,303
Vasona Assessment District	39,561	42,596	45,148	47,398	38,829
Hillbrook Assessment District	8,816	11,887	14,436	15,719	2,002
<b>Total Special Revenue Funds Reserves</b>	<b>\$ 387,083</b>	<b>\$ 364,371</b>	<b>\$ 381,190</b>	<b>\$ 438,739</b>	<b>\$ 390,501</b>
<b>INTERNAL SERVICE FUNDS</b>					
ABAG Self Insurance	\$ 1,567,162	\$ 1,403,449	\$ 885,441	\$ 899,392	634,218
Worker's Comp Self Insurance	1,514,857	1,213,323	902,307	756,410	416,594
Information Technology	2,833,159	2,888,452	2,251,331	2,111,874	1,234,577
Office Stores Fund	187,956	183,127	200,437	201,202	184,702
Equipment Replacement	3,675,029	2,148,005	1,894,057	1,994,298	1,491,353
Vehicle Maintenance	322,865	409,872	182,369	277,213	277,213
Facilities Maintenance	484,030	414,367	(37,872)	311,278	369,281
<b>Total Internal Service Funds Reserves</b>	<b>\$ 10,585,058</b>	<b>\$ 8,660,595</b>	<b>\$ 6,278,070</b>	<b>\$ 6,551,667</b>	<b>\$ 4,607,938</b>

\* Year End Fund Balance represents General Fund 111

\*\* FY 2016/17 Year End Fund Balance represents General Fund 111 (excludes \$2,089,841 Long Term Compensated Absences that is accounted at Fund 961).

## FUND BALANCE RESERVES 5 YEAR COMPARATIVE BALANCES

Fund Balance Reserves	6/30/2015 Actual YE Balance	6/30/2016 Actual YE Balance	6/30/2017 Actual YE Balance	6/30/2018 Estimated YE Balance	6/30/2019 Budgeted YE Balance
<b>TRUST &amp; AGENCY</b>					
Library Trust	\$ 39,320	\$ 46,145	\$ 50,997	\$ 76,547	\$ 78,097
Library History Project	(1,380)	-	-	-	-
Ness Trust Bequest	171,591	40,743	41,087	-	-
Betty McClendon Trust	87,957	88,662	89,412	84,126	84,826
Barbara J Cassin Trust	344,758	347,522	350,461	353,361	356,261
Parking District #88	86,858	-	-	-	-
<b>Total Trust &amp; Agency Funds Reserves</b>	<b>\$ 729,104</b>	<b>\$ 523,072</b>	<b>\$ 531,957</b>	<b>\$ 514,034</b>	<b>\$ 519,184</b>
<b>CAPITAL PROJECTS FUNDS</b>					
GFAR	\$ 14,071,413	\$ 13,328,594	\$ 16,793,556	\$ 14,439,505	14,435,763
GFAR - Designated for Parking	1,460,210	1,460,210	1,460,210	1,460,210	1,460,210
Grant Funded CIP Projects	(369,988)	(379,946)	(380,253)	(318,503)	(694,903)
Storm Drain #1	669,660	721,198	795,381	804,218	803,228
Storm Drain #2	972,866	949,644	1,018,786	1,050,086	1,050,326
Storm Drain #3	(49,732)	(2,788)	(8,725)	(64,651)	(112,791)
Traffic Mitigation	184,941	207,206	228,541	248,541	268,541
Construction Tax-Undergrounding	2,814,352	2,881,501	2,929,116	2,973,396	799,706
Gas Tax	1,075,828	1,651,113	693,508	1,434,016	1,434,086
<b>Total Capital Projects Funds Reserves</b>	<b>\$ 20,829,550</b>	<b>\$ 20,816,732</b>	<b>\$ 23,530,120</b>	<b>\$ 22,026,818</b>	<b>\$ 19,444,166</b>
<b>SUCCESSOR AGENCY TO THE LOS GATOS RDA</b>					
SA - Trust Fund ( Budgetary Fund Balance)	\$ 3,613,727	\$ 3,593,572	\$ 3,690,510	\$ 3,697,582	\$ 3,694,649
<b>Total Successor Agency Funds Reserves</b>	<b>\$ 3,613,727</b>	<b>\$ 3,593,572</b>	<b>\$ 3,690,510</b>	<b>\$ 3,697,582</b>	<b>\$ 3,694,649</b>
<b>TOTAL RESERVES</b>	<b>\$ 58,247,886</b>	<b>\$ 61,601,771</b>	<b>\$ 61,502,630</b>	<b>\$ 59,261,248</b>	<b>\$ 49,530,432</b>



## DEPARTMENT REVENUES BY PROGRAM

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Adopted
<b>Town Offices</b>						
1101 Town Council	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1301 Town Attorney	19,736	119	2,634	-	730	-
1302 ABAG - Self Insurance Fund	485,397	492,341	497,401	553,953	509,112	376,187
<b>Total Town Offices</b>	<b>\$ 505,133</b>	<b>\$ 492,460</b>	<b>\$ 500,035</b>	<b>\$ 553,953</b>	<b>\$ 509,842</b>	<b>\$ 376,187</b>
<b>Administrative Services Department</b>						
1201 Non-Departmental	\$ 27,992,277	\$ 27,772,802	\$ 32,681,146	\$ 29,485,907	\$ 29,965,091	\$ 30,596,021
2101 Town Manager Administration	1,179	13,547	7,639	1,527	8,527	8,055
2102 Community Grants	-	-	-	-	-	-
2103 Housing Program	6,823	67	102,654	-	-	-
2104 HCD Housing Rehab	176,705	6,011	(6,011)	-	-	-
2201 Human Resources	-	-	15,235	-	-	-
2202 Workers' Compensation Fund	1,004,574	963,155	1,026,355	969,547	1,010,448	878,386
2301 Finance & Administrative Services	2,210,409	2,086,597	1,893,142	1,845,723	1,921,042	1,917,806
2302 Office Stores Fund	147,983	117,734	130,520	118,000	118,000	118,000
2303 Parking Assessment District	365	92,346	-	-	-	-
2401 Clerk Administration	-	-	-	-	-	-
2502 Information Technology Management	-	-	-	-	-	169,300
2501 Information Technology Systems	1,089,254	1,114,383	1,110,362	1,180,879	1,187,125	334,478
2803 Smoking Restriction Implementation	-	-	19,998	-	-	-
2999 Pass Thru Accounts	-	7,194	3,002	7,194	-	10,196
<b>Total Administrative Services</b>	<b>\$ 32,629,569</b>	<b>\$ 32,173,836</b>	<b>\$ 36,984,042</b>	<b>\$ 33,608,777</b>	<b>\$ 34,210,233</b>	<b>\$ 34,032,242</b>
<b>Community Development</b>						
3101 Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3201 Developmental Review	1,062,532	821,153	693,250	610,000	622,254	610,000
3202 Advanced Planning	262,328	211,700	149,224	116,000	113,057	1,361,000
3301 Inspection Services	2,477,969	2,244,922	2,112,756	1,978,000	2,090,000	2,447,000
3401 Code Compliance	2,800	10,300	5,225	3,100	4,400	3,100
3501 BMP Housing Program	170,455	360,877	195,941	148,871	562,606	134,410
3999 Pass Thru Accounts	1,062,892	710,196	587,435	510,500	624,500	510,500
<b>Total Community Development</b>	<b>\$ 5,038,976</b>	<b>\$ 4,359,148</b>	<b>\$ 3,743,831</b>	<b>\$ 3,366,471</b>	<b>\$ 4,016,817</b>	<b>\$ 5,066,010</b>
<b>Police Department</b>						
4101 Administration	\$ 46,415	\$ 33,528	\$ 6,778	\$ 22,000	\$ 14,170	\$ 21,500
4201 Records & Communication	46,526	9,993	8,880	9,800	10,172	11,172
4202 Personnel & Community Services	546,314	336,798	377,720	295,640	295,640	295,640
4301 Patrol	481,967	828,320	905,751	898,092	888,491	919,560
4302 Traffic	451,065	500,142	498,202	447,902	462,415	443,402
4303 Investigations	3,066	184,932	168,080	120,691	126,489	124,130
4304 Parking Program	825,449	824,936	872,394	676,066	676,066	626,066
4800 Grants Program - Police	10,307	77,239	15,196	53,781	11,451	39,119
4999 Pass Thru Accounts	1,118,802	560,300	27,573	38,115	1,536	38,115
<b>Total Police Department</b>	<b>\$ 3,529,911</b>	<b>\$ 3,356,188</b>	<b>\$ 2,880,574</b>	<b>\$ 2,562,087</b>	<b>\$ 2,486,430</b>	<b>\$ 2,518,704</b>

**DEPARTMENT REVENUES  
BY PROGRAM**

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Adopted
<b>Parks &amp; Public Works</b>						
5101 Administration	\$ 1,931	\$ 594	\$ 7,231	\$ 1,200	\$ -	\$ -
5201 Engineering Program Services	-	-	128,775	-	-	-
5202 Engineering Development Svcs	952,138	776,907	696,327	691,260	673,918	698,260
5203 Non-Point Source Fund	328,868	368,813	372,626	584,394	584,394	584,394
5301 Park Services	323,259	298,408	250,936	279,014	280,754	280,270
5302 Environmental Services	159,309	165,753	158,961	160,156	160,156	160,156
5401 Street & Signals	187,654	198,969	219,798	195,543	198,043	195,543
5402 Equipment Replacement	504,952	501,093	458,689	624,279	672,483	620,000
5403 Vehicle Maintenance	570,003	571,670	577,675	586,654	586,654	376,655
5404 Facilities Maintenance	1,337,633	1,281,462	1,423,566	1,436,089	1,430,089	1,209,089
5405 Property Damage	24,029	67,785	26,856	-	206,530	-
5501 Lighting & Landscape Districts	36,901	29,524	39,940	38,861	39,680	39,680
5999 Pass Thru Accounts	125,195	70,686	79,790	140,000	140,000	140,000
8011 GFAR	1,712,434	700,029	1,320,008	1,342,092	810,436	1,515,342
8021 Grant Funded CIP Projects	694,207	171,485	3,093	250,000	78,770	574,046
8031 Storm Drain #1	218,896	51,538	74,183	48,850	8,837	49,010
8032 Storm Drain #2	37,833	72,598	69,142	50,000	50,000	50,240
8033 Storm Drain #3	5,172	46,944	6,813	2,390	39,716	1,860
8041 Traffic Mitigation	90,612	609,961	163,126	30,000	89,478	354,874
8042 Utility Undergrounding	126,562	67,150	47,615	44,280	44,280	44,310
8051 Gas Tax - Street & Signals	884,525	682,594	611,471	882,457	869,143	1,324,204
<b>Total Parks &amp; Public Works</b>	<b>\$ 8,322,113</b>	<b>\$ 6,733,963</b>	<b>\$ 6,736,621</b>	<b>\$ 7,387,519</b>	<b>\$ 6,963,361</b>	<b>\$ 8,217,933</b>
<b>Library</b>						
7101 Administration	\$ 6,507	\$ 6,950	\$ 7,218	\$ -	\$ 160	\$ -
7201 Adult Services	-	4,520	9,836	9,836	9,836	35,000
7202 Children's Services	-	-	14,066	14,066	14,066	-
7203 Acquisitions & Cataloging	5,271	5,596	3,559	5,500	2,500	-
7204 Circulation Services	45,407	41,354	47,067	43,098	31,098	23,500
7301 Library Trust	37,357	71,720	80,350	74,050	75,150	75,050
7302 Clelles Ness Bequest Trust	(851)	845	345	850	-	-
7303 Library History Project	(2)	-	-	-	-	-
7304 Betty McClendon Trust	(309)	705	750	705	714	700
7305 Barbara J Cassin Trust	(1,125)	2,764	2,939	2,760	2,900	2,900
<b>Total Library</b>	<b>\$ 92,255</b>	<b>\$ 134,454</b>	<b>\$ 166,130</b>	<b>\$ 150,865</b>	<b>\$ 136,424</b>	<b>\$ 137,150</b>
<b>Successor Agency to the Los Gatos RDA</b>						
9403 SA- Admin Services	\$ 106,517	\$ 42,854	\$ 22,073	\$ 21,462	\$ 18,668	\$ 10,000
9404 SA- Debt to 2002 COP	1,363,717	1,363,015	1,360,886	1,354,598	1,354,598	1,351,146
9405 SA-Debt to 2010 COP	2,507,849	2,508,446	2,511,290	2,481,661	2,480,161	2,467,150
9406 SA- Debt to 1992 COP	21,000	-	-	-	-	-
<b>Total SA to the Los Gatos RDA</b>	<b>\$ 3,999,083</b>	<b>\$ 3,914,315</b>	<b>\$ 3,894,249</b>	<b>\$ 3,857,721</b>	<b>\$ 3,853,427</b>	<b>\$ 3,828,296</b>
Transfers In	9,353,933	3,070,584	7,907,692	3,627,063	3,725,063	3,630,056
Carryforward of CIP Grant Revenue						
<b>Total Revenues by Department:</b>	<b>\$ 63,470,973</b>	<b>\$ 54,234,948</b>	<b>\$ 62,813,174</b>	<b>\$ 55,114,456</b>	<b>\$ 55,901,597</b>	<b>\$ 57,806,578</b>

**DEPARTMENTAL EXPENDITURES  
BY PROGRAM**

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Adopted
<b>Town Offices</b>						
1101 Town Council	\$ 208,491	\$ 171,530	\$ 193,584	\$ 205,092	\$ 195,869	\$ 223,036
1301 Town Attorney	260,740	296,258	426,548	353,383	428,740	556,183
1302 ABAG - Self Insurance Fund	474,795	656,053	1,015,409	816,952	495,161	641,361
<b>Total Town Offices</b>	<b>\$ 944,026</b>	<b>\$ 1,123,841</b>	<b>\$ 1,635,541</b>	<b>\$ 1,375,427</b>	<b>\$ 1,119,770</b>	<b>\$ 1,420,580</b>
<b>Administrative Services Department</b>						
1201 Non-Departmental	\$ 5,230,442	\$ 5,761,887	\$ 6,869,047	\$ 5,907,229	\$ 6,984,481	\$ 8,924,373
2101 Town Manager Administration	1,059,703	950,977	825,373	1,132,302	1,067,697	1,119,982
2102 Community Grants	114,522	103,519	119,800	124,800	124,800	142,000
2201 Human Resources	484,291	559,612	552,914	683,958	628,288	699,694
2301 Finance & Administrative Services	1,057,993	992,764	1,002,075	1,279,607	1,056,522	1,291,818
2401 Clerk Administration	168,379	276,418	315,912	334,961	337,716	342,507
2502 Information Technology Managemen	-	-	-	-	-	684,763
2803 Tobacco Prevention Initiatives	-	-	9,009	-	-	-
2802 Obesity Grant	-	-	-	-	-	-
2999 Pass Through	-	-	-	7,194	-	10,196
2202 Workers' Compensation Fund	1,066,415	1,264,689	1,337,371	1,258,466	1,156,345	1,218,202
2302 Office Stores Fund	109,320	122,562	113,210	134,500	117,235	134,500
2501 Information Technology Systems	901,293	1,059,091	1,747,482	1,424,950	1,326,582	911,775
2303 Parking Assessment District	-	-	-	-	-	-
<b>Total Administrative Services</b>	<b>\$ 10,192,358</b>	<b>\$ 11,091,519</b>	<b>\$ 12,892,193</b>	<b>\$ 12,287,967</b>	<b>\$ 12,799,666</b>	<b>\$ 15,479,810</b>
<b>Community Development</b>						
3101 Administration	\$ 125,087	\$ 144,484	\$ 221,508	\$ 445,953	\$ 226,697	\$ 268,908
3201 Developmental Review	1,146,692	1,107,301	1,135,513	1,424,150	1,294,526	1,412,409
3202 Advanced Planning	243,737	225,602	314,024	365,369	337,133	1,662,995
3301 Inspection Services	1,178,836	1,167,902	1,132,888	1,262,399	1,299,064	1,355,865
3401 Code Compliance	160,414	187,513	206,572	219,431	206,778	238,071
3501 BMP Housing Program	315,807	489,335	195,991	148,871	154,377	134,410
3999 Pass Thru Accounts	1,062,891	710,196	587,435	510,500	660,176	510,500
<b>Total Community Development</b>	<b>\$ 4,233,464</b>	<b>\$ 4,032,333</b>	<b>\$ 3,793,931</b>	<b>\$ 4,376,673</b>	<b>\$ 4,178,751</b>	<b>\$ 5,583,158</b>
<b>Police Department</b>						
4101 Administration	\$ 774,187	\$ 889,742	\$ 861,561	\$ 1,023,502	\$ 1,009,384	\$ 1,045,209
4201 Records & Communication	1,756,928	1,914,577	1,949,183	2,306,596	2,052,042	2,401,228
4202 Personnel & Community Services	362,987	701,737	596,274	771,826	638,529	780,682
4301 Patrol	6,256,175	6,115,836	5,827,002	6,913,430	6,596,600	6,616,271
4302 Traffic	816,227	719,561	932,169	977,570	995,460	921,515
4303 Investigations	2,107,270	2,208,996	2,342,031	2,672,945	2,274,386	2,445,825
4304 Parking Program	649,866	665,850	700,325	726,581	730,056	688,551
4800 Grants Program - Police	30	71,920	14,567	53,782	10,578	39,119
4999 Pass Thru Accounts	1,123,359	556,467	28,178	38,115	536	38,115
<b>Total Police Department</b>	<b>\$ 13,847,029</b>	<b>\$ 13,844,686</b>	<b>\$ 13,251,290</b>	<b>\$ 15,484,347</b>	<b>\$ 14,307,571</b>	<b>\$ 14,976,515</b>

## DEPARTMENTAL EXPENDITURES

### BY PROGRAM

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Adopted
<b>Parks &amp; Public Works</b>						
5101 Administration	\$ 307,031	\$ 348,234	\$ 340,123	\$ 551,395	\$ 538,262	\$ 568,922
5201 Engineering Program Services	902,915	1,002,319	1,157,205	1,058,501	1,148,029	1,078,779
5202 Engineering Development Srvcs	640,975	670,247	699,677	808,134	716,973	751,983
5203 Non-Point Source Fund	411,860	452,727	466,761	564,910	522,300	559,481
5301 Park Services	1,496,032	1,677,669	1,738,961	1,832,817	1,727,941	1,641,559
5302 Environmental Services	280,035	378,396	299,259	391,421	340,865	366,432
5401 Street & Signals	1,920,447	2,015,412	2,173,657	2,310,057	2,137,035	2,452,910
5402 Equipment Replacement	290,633	539,430	416,957	658,688	970,242	1,572,945
5403 Vehicle Maintenance	487,999	484,662	805,179	583,491	491,810	376,655
5404 Facilities Maintenance	1,248,819	1,338,979	1,875,804	1,402,052	1,380,939	1,151,086
5405 Property Damage	17,726	63,203	109,072	25,000	73,045	25,000
5406 Vehicle Maintenance Management	-	-	-	-	-	222,483
5407 Facilities Maintenance Managemer	-	-	-	-	-	378,292
5501 Lighting & Landscape Districts	21,031	19,478	20,707	105,126	39,305	107,910
5999 Pass Thru Accounts	125,195	70,715	79,790	140,000	140,000	140,000
8011 GFAR	2,609,078	1,484,857	5,249,109	2,793,509	5,131,109	3,736,686
8021 Grant Funded CIP Projects	952,169	141,803	3,400	250,000	17,020	950,446
8031 Storm Drain #1	-	-	-	-	-	50,000
8032 Storm Drain #2	-	95,820	-	-	18,700	50,000
8033 Storm Drain #3	-	-	12,750	150,000	95,642	50,000
8041 Traffic Mitigation	78,393	575,548	138,694	-	59,478	324,874
8042 Utility Undergrounding	-	-	-	42,000	-	2,218,000
8051 Gas Tax - Street & Signals	-	1,309	1,463,077	780,000	22,635	1,218,134
<b>Total Parks &amp; Public Works</b>	<b>\$ 11,790,338</b>	<b>\$ 11,360,808</b>	<b>\$ 17,050,182</b>	<b>\$ 14,447,101</b>	<b>\$ 15,571,330</b>	<b>\$ 19,992,577</b>
<b>Library</b>						
7101 Administration	\$ 328,008	\$ 396,063	\$ 426,637	\$ 499,211	\$ 443,224	\$ 447,127
7201 Adult Services	608,632	597,085	637,465	676,974	575,119	575,859
7202 Children's Services	458,744	468,379	513,667	576,672	541,077	590,772
7203 Acquisitions & Cataloging	155,622	117,444	121,183	124,410	123,851	-
7204 Circulation Services	717,837	753,296	809,726	903,751	820,828	942,510
7301 Library Trust	30,018	28,515	75,498	72,500	49,600	73,500
7302 Clelles Ness Bequest Trust	15,978	131,694	-	-	41,087	-
7303 Library History Project	-	-	-	-	-	-
7304 Betty McClendon Trust	7,829	-	-	-	5,986	-
7305 Barbara J Cassin Trust	33,918	-	-	-	-	-
<b>Total Library</b>	<b>\$ 2,356,586</b>	<b>\$ 2,492,476</b>	<b>\$ 2,584,176</b>	<b>\$ 2,853,518</b>	<b>\$ 2,600,772</b>	<b>\$ 2,629,768</b>
<b>Successor Agency to the Los Gatos RDA</b>						
9402 SA- Housing Trust Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9403 SA- Admin Services	16,052	16,500	1,571	15,334	5,307	1,513
9404 SA- Debt to 2002 COP	1,354,570	1,359,456	1,094,785	1,354,563	1,355,438	1,352,856
9405 SA-Debt to 2010 COP	2,505,061	2,488,860	2,700,954	2,480,186	2,479,310	2,470,560
9406 SA- Debt to 1992 COP	-	-	-	-	-	-
<b>Total SA to the Los Gatos RDA</b>	<b>\$ 3,875,683</b>	<b>\$ 3,864,816</b>	<b>\$ 3,797,310</b>	<b>\$ 3,850,083</b>	<b>\$ 3,840,055</b>	<b>\$ 3,824,929</b>
<b>Total Operating Expenditures</b>	<b>\$ 47,239,484</b>	<b>\$ 47,810,479</b>	<b>\$ 55,004,623</b>	<b>\$ 54,675,116</b>	<b>\$ 54,417,915</b>	<b>\$ 63,907,337</b>
Transfers Out	9,353,932	3,070,584	7,907,692	3,627,063	3,725,063	3,630,056
<b>Total Expenditures by Department:</b>	<b>\$ 56,593,416</b>	<b>\$ 50,881,063</b>	<b>\$ 62,912,315</b>	<b>\$ 58,302,179</b>	<b>\$ 58,142,978</b>	<b>\$ 67,537,393</b>

## IN-KIND DONATIONS FY 2018/19 SUMMARY

The information below provides an estimated value of in-kind support the Town provides annually to local non-profit organizations, in addition to contribution of funds as described elsewhere in this budget, such as community grants. The in-kind support consists of Town facilities leased to these organizations at rates substantially below present market rates.

**Los Gatos Museum Association** - The Town and Los Gatos Museum Association (LGMA), renamed NUMU, have entered into an agreement in which NUMU leases 11,604 square feet in the Town Hall. NUMU has occupied the new space since the beginning FY 2015/16.

**Los Gatos-Saratoga Recreation** - Beginning January 2010, Los Gatos Saratoga (LGS) Recreation entered into a 20-year lease with the Town for the former Neighborhood Center, renamed the Adult Recreation Center. In exchange for providing and expanding senior services, the facility is leased at a below market rate. LGS Recreation also leases the Town-owned facility located at 123 E. Main Street, on a month to month basis.

Location	<b>NUMU (LG Museums)</b>	<b>Recreation Department</b>	<b>Adult Recreation Center</b>
	110 E. Main St 10-Year Lease	123 E. Main St.	208 E. Main St. 20-Year Lease
Market Price Per Square Foot/Month*	\$2.5 *	\$3.0 **	\$3.0 **
Square Footage	11,604	6,479	12,000
Value of Rent/Year	\$348,120	\$235,133	\$435,498
Rent Paid/Year	\$0	\$24,143	\$201,037
<b>Total value of Donation/Lease Term</b>	<b>\$ 348,120</b>	<b>\$ 210,990</b>	<b>\$ 234,461</b>

\* "Market rate" is defined as a lease term and not subject to change.

\*\* Market rate is based on the State of California Department of Industrial Relations, Division of Labor Statistics and Research's Consumer Price Index, All Urban Consumers, All Items, San Francisco-Oakland - San Jose, California as identified in the lease term.

In addition to providing subsidized leases, the Town provides in-kind staffing support for the Holiday Tree Lighting and the Children's Holiday Parade. Costs to provide maintenance and public safety services for the Holiday Tree Lighting are estimated to be \$1,600; the Children's Holiday Parade costs are estimated to be \$26,000. These estimates only include expenses that occur at the event and do not include time dedicated to event planning and logistics. The estimated total of all in-kind expenses is \$821,171.

## FEE RELATED PROJECT LISTS

Under California law, cities and other local agencies may enact Development Impact Fees on proposed development which must be paid as a condition of development approval. Development Impact Fees (“DIFs”) were enacted under Assembly Bill 1600 by the California Legislature in 1987 and codified under California Government Code §66000 *et. seq.*, also referred to as the Mitigation Fee Act (the Act or AB 1600).

Development Impact Fees are not ongoing fees or taxes; they are one-time fees, paid at the time of construction. Impact fees are not special assessments, nor are they permitted to cover on-going operations and maintenance costs. By definition, “a fee is voluntary and must be reasonably related to the cost of the service provided by the local agency.” The fees are collected by local governmental agencies to pay for infrastructure or capital facilities needed to serve new development. Because impact fees are collected during the development approval process, the fees are typically paid by developers, builders, or other property owners who are seeking to develop property as a way of paying their “fair share” of needed facilities.

The Town collects three Development Impact Fees that meet the reporting requirements of AB 1600: the Traffic Impact Mitigation Fee, Below-Market Priced Housing Program In-Lieu Fee, and the Construction Activity Impact Fee. The following tables provide potential project lists.

<b>Below Market Price (BMP) Housing Program Potential Project List</b>			
Source	Description	Estimated Project Cost (2018 \$)	BMP Fee Eligible Cost
BMP	Extremely Low Income Housing Projects	\$ 1,100,000	\$ 1,100,000
BMP	Reacquisition of Distressed/Foreclosed Properties	700,000	700,000
BMP	Hello Housing Program Services	70,000	70,000
<b>Total</b>		<b>\$ 1,870,000</b>	<b>\$ 1,870,000</b>

**Note:**

*BMP - Below Market Housing Program*

<b>Construction Impact Activity Project List</b>			
Source	Description	Estimated Project Cost (2018\$)	Construction Impact Fee Eligible Cost
CIP	Street Repair and Resurfacing Projects (5 year-plan)	\$ 16,238,024	\$ 16,238,024
<b>Total</b>		<b>\$ 16,238,024</b>	<b>\$ 16,238,024</b>

**Note:**

*CIP - Town of Los Gatos, Capital Improvement Program*

## FEE RELATED PROJECT LISTS

<b>Town of Los Gatos Traffic Mitigation Improvements Potential Project List</b>			
<b>Source</b>	<b>Description</b>	<b>Estimated Project Cost (2014 \$)</b>	<b>Mitigation Impact Fee Eligible Cost</b>
GP/VTP 2035	Blossom Hill Rd and Union Ave Intersection Improvements	\$ 1,200,000	\$ 1,080,000
GP/VTP 2035	Los Gatos - Almaden Rd Improvements	3,000,000	1,500,000
GP/VTP 2035	Los Gatos Blvd Widening - Samaritan Dr to Camino Del Sol Road widening, new sidewalks and bike lanes	4,000,000	2,000,000
GP/VTP 2035	Union Ave Widening and Sidewalks - complete ped and bike routes	3,000,000	1,500,000
GP/VTP 2035	Wood Rd Gateway on Santa Cruz Ave - roundabout	1,200,000	600,000
GP/VTP 2035	Central Traffic Signal Control System	750,000	72,600
GP/VTP 2035	Hwy 9 Los Gatos Creek Trail connector - new path and bridge for ped/bike	1,000,000	500,000
GP/VTP 2035	Hwy 9/N. Santa Cruz Ave Intersection Improvements	1,400,000	1,260,000
CIP	Roberts Road Improvements from bridge to University	600,000	300,000
CIP	Pollard Road Widening from Knowles to York Avenue	2,500,000	1,250,000
CIP	Sidewalks infill - Van Meter, Fischer and Blossom Hill Schools	1,000,000	500,000
CIP	Winchester Blvd/Lark Avenue Intersection Improvements	850,000	765,000
CIP	Westbound Lark to Hwy 17 northbound ramps - add two right-turn lanes	3,750,000	3,375,000
CIP	Unfunded Deferred Street Maintenance (Annual PMS Survey)	10,500,000	1,016,400
GP	Lark/Los Gatos Intersection Improvements - Add Third Left Turn Lanes for Eastbound and Northbound Approaches	1,200,000	1,080,000
GP	Complete Street Improvements - Lark from Garden Hill to Los Gatos Blvd	2,100,000	1,050,000
GP	Complete Street Improvements - SR 9 from University to Los Gatos Blvd	650,000	325,000
GP	Complete Street Improvements - Blossom Hill Road from Old Blossom Hill Road to Regent Drive	3,000,000	1,500,000
GP	Complete Street Improvements - Knowles from Pollard to Winchester	2,000,000	1,000,000
GP	Complete Street Improvements - Winchester from Blossom Hill to Lark	1,500,000	750,000
GP	Blossom Hill Road widening over Highway 17	2,000,000	1,000,000
GP	Local Bikeway Improvements	750,000	375,000
<b>Total</b>		<b>\$ 47,950,000</b>	<b>\$ 22,799,000</b>

**Notes:**

VTP = Valley Transportation Plan, 2035 by Santa Clara Valley Transportation Authority.

Town CIP = Town of Los Gatos, Capital Improvement Program and pending construction project list.

Source: Town of Los Gatos.

**SUMMARY OF POSITIONS  
DEPARTMENTAL STAFF BY FUND**

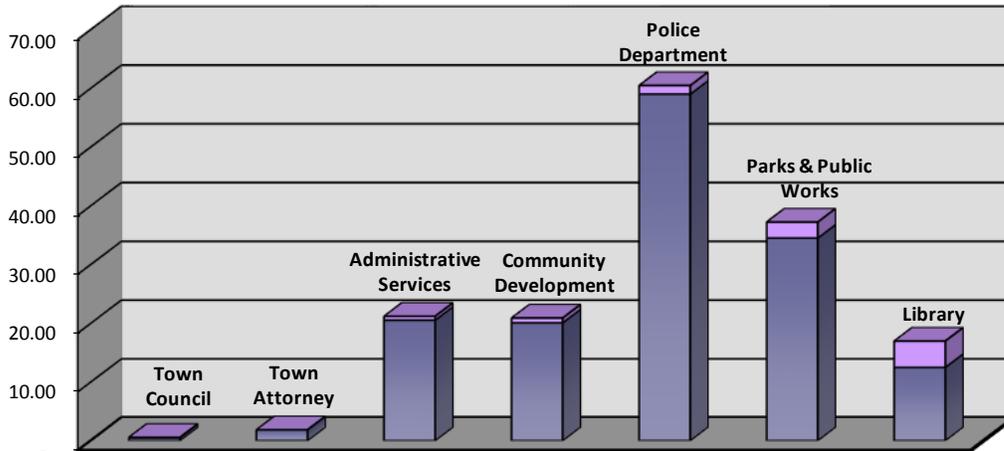
	<u>2014/15 Funded</u>	<u>2015/16 Funded</u>	<u>2016/17 Funded</u>	<u>2017/18 Funded</u>	<u>2018/19 Adopted</u>
<b>General Fund</b>					
Town Council	0.85	0.50	0.50	0.50	0.50
Town Attorney*	0.85	0.85	1.04	0.91	1.88
Administrative Services*	15.98	16.33	16.28	16.19	20.53
Community Development	19.78	19.28	19.99	20.08	20.08
Police Department	59.00	58.00	58.00	59.00	59.00
Parks & Public Works*	27.10	28.40	28.40	29.40	33.50
Library	10.80	11.00	12.25	12.25	12.50
<b>Total General Fund Staff</b>	<b>134.35</b>	<b>134.35</b>	<b>136.45</b>	<b>138.33</b>	<b>147.98</b>
<b>Special Revenue Funds</b>					
Parks & Public Works	1.00	1.00	1.00	1.00	1.00
<b>Total Special Revenue Fund Staff</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
<b>Internal Service Funds</b>					
Town Attorney*	0.65	0.65	0.71	0.71	-
Administrative Services*	3.90	3.90	3.70	3.95	-
Parks & Public Works*	3.90	4.10	4.10	4.10	-
<b>Total Internal Services Funds Staff</b>	<b>8.45</b>	<b>8.65</b>	<b>8.51</b>	<b>8.76</b>	<b>-</b>
<b>Successor Agency to the Los Gatos RDA</b>					
Administrative Services	-	-	-	0.01	0.01
Community Development	0.10	0.10	0.01	-	-
<b>Total Redevelopment Agency Staff</b>	<b>0.10</b>	<b>0.10</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>
<b>Total Town FTEs</b>	<b>143.90</b>	<b>144.10</b>	<b>145.98</b>	<b>148.10</b>	<b>148.99</b>

\*Personnel previously budgeted in Internal Service Funds are budgeted in General Fund Programs beginning in FY 2018/19.

Full Time Equivalent (FTE)

Administrative Services staffing numbers include the following programs: Town Manager's Office; Human Resources; Finance; Clerk Administration; Information Technology; and Workers Compensation.

**SUMMARY OF POSITIONS  
BUDGETED FTEs BY DEPARTMENT**



*Blue Bar Shading – Town Staff  
Purple Bar Shading – Hourly Employees*

**FY 2018/19  
Budgeted FTEs by Department  
(Includes Converted Hourly Employees)**

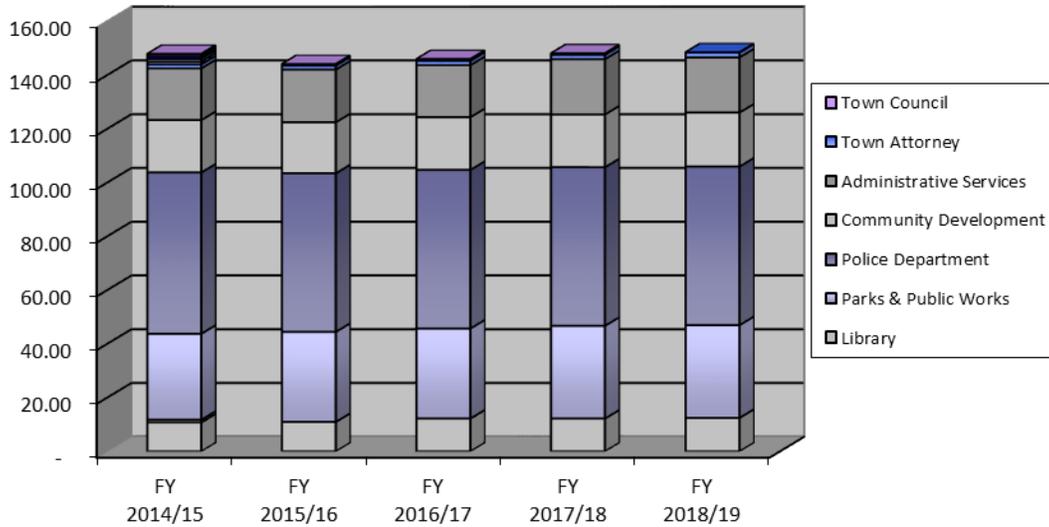
<b>Departments</b>	<b>Authorized/ Funded Town Staff Positions</b>	<b>Hourly Emp Staff converted to FTEs</b>	<b>Total Budgeted Positions</b>
Town Council	0.50	0.08	0.58
Town Attorney	1.88	-	1.88
Administrative Services	20.53	0.66	21.19
Community Development	20.08	0.81	20.89
Police Department	59.00	1.46	60.46
Parks & Public Works	34.50	2.72	37.22
Library	12.50	4.47	16.97
<b>Total Positions</b>	<b>148.99</b>	<b>10.21</b>	<b>159.19</b>

*Administrative Services staffing numbers include the following six programs: Town Manager’s Office; Human Resources; Finance; Clerk Administration; Information Technology; Workers’ Compensation.*

*Hourly employee positions result from seasonal, temporary, and part-time labor needs.*

**SUMMARY OF POSITIONS  
FUNDED FTEs BY DEPARTMENT**

**Five Year Staffing Trend**



<b>Departments</b>	<b>2014/15 Funded</b>	<b>2015/16 Funded</b>	<b>2016/17 Funded</b>	<b>2017/18 Funded</b>	<b>2018/19 Adopted</b>
Town Council	0.85	0.50	0.63	0.50	0.50
Town Attorney	1.50	1.50	1.63	1.63	1.88
Administrative Services	19.25	19.60	19.35	20.59	20.53
Community Development	19.50	19.00	19.63	19.63	20.08
Police Department	60.00	59.00	59.00	59.00	59.00
Parks & Public Works	32.00	33.50	33.50	34.50	34.50
Library	10.80	11.00	12.25	12.25	12.50
<b>Total Budgeted FTEs</b>	<b>143.90</b>	<b>144.10</b>	<b>145.98</b>	<b>148.10</b>	<b>148.99</b>

*FTEs represent Town staff positions funded in annual budgets. Numbers do not include temporary hours or the filled or unfilled status of the positions.*

## SUMMARY OF PERSONNEL CHANGES FY 2018/19

The Town's total budgeted personnel costs for FY 2018/19 increased to \$27 million (\$25.1 million in FY 2016/17) and accounts for 46.8% of the total Town's expenditures. Rising health and pension rates have increased labor costs; however, reduction strategies including vacancy eliminations, structural reorganization, and realignments have helped to mitigate growing personnel expenditures. The following discussion describes some of the staffing expenditures, savings, and budget impacts.

### ***Employee Compensation***

Personnel costs represent salaries of full-time and part-time personnel (including vacation, holiday, and sick leave compensation) and benefits, including health coverage, life and disability insurance, and retirement contributions. For represented positions, annual salary increases and benefit adjustments are negotiated under each bargaining unit's Memorandum of Understanding (MOUs). Salary increases and benefit adjustments for unrepresented positions are determined under the Council's authority and are not subject to bargaining.

### ***Memorandums of Understanding (MOUs)***

The FY 2018/19 budget reflect current Town-wide negotiated salary changes. As noted below, negotiations are continuing in the fiscal year and this budget does not include any potential changes to salaries and/or benefits. The status of current labor actions are as follows:

- In compliance with the California Public Employees' Pension Reform Act (PEPRA), an additional pension tier was implemented for all non-sworn and management employees, changing the pension formula to 2% at 62 for employees hired after January 1, 2013 who were not previously in a public pension system.
- For sworn employees, the pension formula under PEPRA changed to 2.7% at 57 for safety employees hired after January 1, 2013 who were not previously in a public pension.
- The TEA and AFSCME labor agreements expire on June 30, 2018. Negotiations are currently underway.
- The Police Officers' Association (POA) MOU agreement expires on September 30, 2018. Negotiations are expected to start in Summer 2018.

### ***Benefits***

The Town contracts for medical coverage through CalPERS and rates are adjusted each January for the calendar year. During 2014 Kaiser, which serves as the Town's benchmark plan, surpassed the actuarial estimates and increased its annual rates by 11% over the prior year. In 2015 Kaiser rates decreased, reducing benefit costs to the Town; however, in 2018 Kaiser rates increased 4.5% from the prior year. As evidenced by this fluctuation, this is an area of continuing concern and volatility. Dental, vision and life insurance rates are expected to remain relatively stable. Conversely, short and long-term disability insurance costs are increasing significantly due to changes in the market and an increase in claims. Efforts are underway to identify measures to control and/or reduce costs. It is important to note that changes in health coverage are generally subject to negotiations with affected employee groups.

### ***Pension Plan***

In FY 2012/13, a three-tier pension plan was implemented for non-sworn, changing the pension formula from 2.5% at 55 to 2% at 60 for new hires after September 15, 2012 or 2% at 62 for "new" employees hired after January 1, 2013 who have not previously worked in a public pensions system. Similarly, in FY 2012/13 the State implemented a new tier for safety employees, changing the pension formula for "new" employees from 3% at 50 to 2.7% at 57, effective January 1, 2013. While this does not provide immediate cost savings, it is anticipated to reduce future salary and benefit expenditures in the next 10 to 15 years. Pension reform continues to be an important topic in regard to cost-containment and staff is monitoring a number of state-wide initiatives that may impact future pension costs.

More recently, however, CalPERS has significantly increased employer contribution rates to cover rising retiree costs and CalPERS investment losses sustained in the down economy. In FY 2014/15, the Town's miscellaneous employee rate was projected to increase to 23.45% and the safety rate was projected to increase to 43.87%. By Council authority in June 2014, the Town paid off its CalPERS side fund liability of \$4.5M which substantially decreased PERS sworn rates in future years. As a result of this payoff, the FY 2014/15 Town's miscellaneous employee rate was 22.38% and the safety rate was 29.56%, a sworn rate reduction of 14.31% from previously forecasted. In FY 2018/19 the Town's miscellaneous employee rate is projected to increase to 30.87%; the safety rate is projected to increase to 46.09%; and the PEPRA safety rate is projected to be 13.96%.

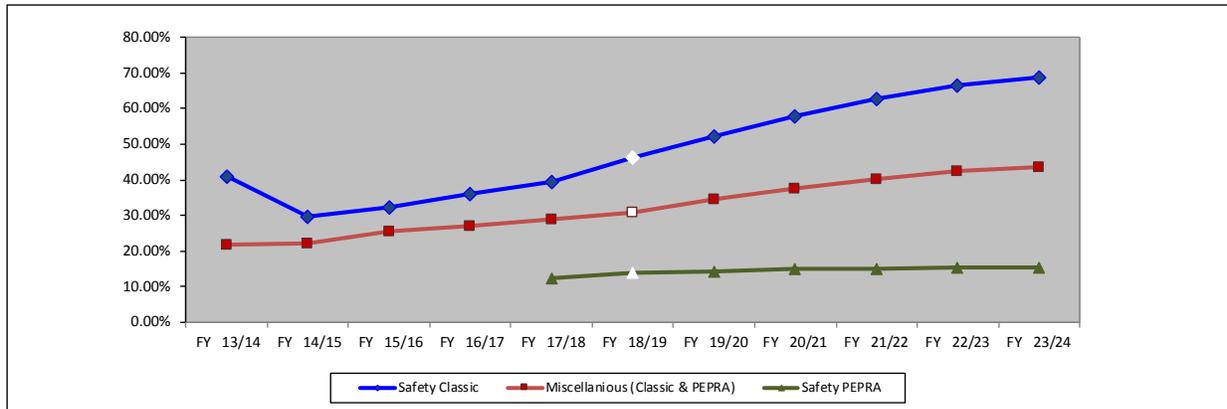
## SUMMARY OF PERSONNEL CHANGES FY 2018/19

In December 2016 the CalPERS Board announced a plan to lower its discount rate from its current rate of 7.5%. The phase-in of the discount rate change approved by the Board effective beginning FY 2018/19 is as follows:

Valuation Date	Fiscal Year for Required Contribution	Discount Rate
June 30, 2016	FY 2018/19	7.375%
June 30, 2017	FY 2019/20	7.25%
June 30, 2018	FY 2020/21	7.00%

The immediate effect of this change is the actuarial valuation report being prepared for June 30, 2016 by CalPERS which sets the employer contribution rate for FY 2018/19 at a the lower discount rate of 7.375%. This action will in turn lead to increased actuarial accrued liabilities because with lower expected returns there are lower projected assets to meet the expected pension obligations. Town staff had already anticipated increases in employer contributions in its Five Year Financial Plan, but the rates in years three through five of the plan increased beyond staff estimates due to the lowering of the discount rate. The CalPERS Board had previously adopted recommendations to modify both the smoothing and amortization policies and implement these changes going forward with an impact to employer rates which began in FY 2015/16. As a result of this change, the smoothing period changed from a 15-year rolling period to a five-year direct smoothing rate. The amortization period changed from a 30-year rolling period to a 30-year fixed rate. The cumulative effect of these changes will require the Town to pay significantly more into the system. Estimates indicated that these changes would result in the Town increasing from the FY 2017/18 rate of 39.36% to 68.76% in FY 2023/24 of pay rate for safety employees and from the FY 2017/18 rate of 28.90% to approximately 13.74% in FY 2023/24.

Using official information issued by CalPERS, the following schedule reflects the Town's actual CalPERS pension rate for FY 2018/19 and the expected rates for the following fiscal years based on the Town's five-year forecast model which was updated using a CalPERS employer bulletin in January 2018 that provided a calculation method to estimate rate impacts of the discount rate change approved in December 2017.



PERS Pension Plan	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
<b>Safety Classic</b>	40.85%	29.56%	32.36%	36.18%	39.36%	46.09%	52.40%	58.06%	62.79%	66.58%	68.76%
<b>Safety PEPRAs</b>					12.25%	13.96%	14.23%	15.05%	15.17%	15.29%	15.40%
<b>Miscellaneous (Classic &amp; PEPRAs)</b>	21.90%	22.38%	25.43%	26.96%	28.90%	30.87%	34.45%	37.43%	40.14%	42.42%	43.74%

## SUMMARY OF PERSONNEL CHANGES FY 2018/19

### ***Management Strategies***

A number of strategies have been implemented to mitigate rising personnel costs. These include adjusting user fees to recover the cost of staff time to provide Town services, focusing staff time on core services to maintain planned reductions in budgeted overtime, reducing hourly staffing use, and eliminating vacant, benefited positions. In light of limited available resources and uncertain economic trends in revenues sources such as Sales Tax, limited staffing changes have been included in the FY 2018/19 budget. Departments continuously evaluate staffing structures, anticipate succession needs, and modify staffing to improve efficiencies, align with service delivery demands, and meet other Town goals. In this budget, a couple of Departments have included cost neutral restructuring.

### ***Overtime***

Overtime expenditures continue to be assessed and adjusted when appropriate. While unpredictable or non-controllable events will impact the Town's limited public safety and public works maintenance resources, continued adjustments to schedules and workload have been successful in reducing budgeted overtime. Although some non-critical Town services have experienced moderate service level reductions, scheduling restrictions have not seriously impacted routine operations. In FY 2010/11, the patrol staffing schedule was modified from a combination 10-hour and 12-hour schedule with five patrol teams to a straight 12-hour schedule with four patrol teams. This structure provides increased patrol staffing levels across the shifts; however, the Department is evaluating the impact of increased time off levels.

### ***Staffing Changes***

The FY 2018/19 Operating Budget has 159.19 budgeted FTEs, including temporary staff. This reflects a decrease of 1.23 FTEs compared to the prior year. The recommended FY 2018/19 staffing levels also reflect the following changes from the prior year's adopted budget:

- *Administrative Services and Town Offices* –The FY 2018/19 budget includes a deletion of 0.5 FTE one time Administrative Analyst in the Human Resources program. The budget also includes an increase of 0.125 FTE to the Deputy Town Attorney position to assist with the workload in the Town Attorney's Office. In addition, the budget reflects the addition of a newly created IT Analyst position to provide critical support to the burgeoning technology infrastructure necessary to support modern governance throughout the Town.
- *Police* –A recent retirement at the Lieutenant rank and senior leadership transition in the Police Department during FY 2017/18 allowed an opportunity to reevaluate the Department's organizational effectiveness. As a result of these assessments, the Police Department's FY 2018/19 budget includes the elimination of the Lieutenant rank (2.0 FTE positions). Defunding the Lieutenant rank position allows the Department to return to the two Captain organizational model. The command re-structure also provides for the addition of an Administrative Sergeant position (6.0 FTE Sergeants to 7.0 FTE Sergeants) ensuring an equitable distribution of the Lieutenant's responsibilities. In addition, the FY 2018/19 budget reflects a reclassification of 1.00 FTE from Administrative Analyst to Senior Administrative Analyst.
- *Community Development Department (CDD)* – The FY 2018/19 budget reflects a reclassification of 1.00 FTE from Building Inspector to Senior Building Inspector. In addition, the nighttime Code Compliance Community Service Officer is funded completely in CDD with this budget.
- *Parks and Public Works (PPW)* – The FY 18/19 budget includes multiple personnel adjustments that partially affect the Administration Program. The 0.5 FTE Office Assistant increased to 0.75 FTE overall, and was reclassified as an Administrative Assistant due to the actual duties of this position. In addition, the 1.0 FTE Administrative Assistant was reduced to 0.75 FTE to align the position with the allocated budget. Also, the Administrative Analyst was upgraded to a Senior Administrative Analyst to provide a career ladder for the Administrative job series in a management role and to reflect the complexity of the duties assigned to the position. The FY 18/19 budget reflects several personnel changes that partially affect the Engineering Program. The Town Engineer classification was upgraded to Assistant Parks and Public Works Director/Town Engineer as approved by the Town Council. Also, an Assistant Engineer is being added for increased capital program support. The Senior Public Works Inspector will be reallocated to reflect the actual job duties, and a vacant Public Works Inspector position will be deleted to offset the addition of an Assistant Engineer.

## SUMMARY OF PERSONNEL CHANGES FY 2018/19

- *Library* - The FY 2018/19 Library budget includes some changes in personnel which overall represent no net change in FTE staffing from FY 17/18. These changes defund a Customer Service Supervisor position (1.00 FTE) and a Library Assistant position (1.00 FTE) allowing the creation of a Library Technician position (1.00 FTE) and Library Technology Specialist position (1.00 FTE) which better represent changing workloads and job duties of the organization. In addition, the budget modifies one already fully-benefited Customer Service Specialist position from a 0.75 FTE to a 1.00 FTE which is offset by reducing part-time staffing hours, discontinuing the need for one-time funding to cover on-call part-time staffing, and budgeting a significant portion of on-call part-time staffing to a lower paying classification that better aligns with actual job duties.

In addition to direct personnel expenditures, Departments are charged for internal support services and employee insurance costs through payroll allocation charges. Appropriate charge-back rates are established based on either employee group historical costs or through a flat surcharge per employee. Annual reviews of all funds may result in adjustments to the rates as needed.

### *Liability Insurance*

Self-Insurance Fund rates (liability claim insurance premiums) for FY 2018/19 remain relatively consistent with prior year rates. The Self-Insurance Fund Balance is declining as a result of adverse claims against the Town over the last several years. Staff will closely monitor the and recommend a budget strategy to be incorporated into the FY 2019/20 proposed budget.

### *Workers' Compensation*

The Workers' Compensation fund balance is declining as a result of several injuries keeping employees out of work for extensive periods of time. The FY 2018/19 Workers' Compensation rates remain at the prior year level. Staff will closely monitor the and recommend a budget strategy to be incorporated into the FY 2019/20 proposed budget.

### *Information Technology*

The Information technology (IT) program is funded through charge-back to the Departments. The charge is based on the Department's computer and printer equipment, established to fund the replacement cost of current technology equipment.

**TOWN STAFF**  
**POSITIONS BY HOME DEPARTMENT**

	2014/15 Funded	2015/16 Funded	2016/17 Funded	2017/18 Funded	2018/19 Adopted	Comments
<b>TOWN ATTORNEY'S OFFICE</b>						
Town Attorney	1.00	1.00	1.00	1.00	1.00	
Deputy Town Attorney	0.50	0.50	0.63	0.63	0.75	<i>CY add 0.125 FTE</i>
<b>TOTAL DEPARTMENT FTEs</b>	<b>1.50</b>	<b>1.50</b>	<b>1.63</b>	<b>1.63</b>	<b>1.75</b>	
<b>TOWN MANAGER'S OFFICE</b>						
Town Manager	1.00	1.00	1.00	1.00	1.00	
Assistant Town Manager	-	-	1.00	1.00	1.00	
Asst. Town Manager/CDD Director	0.50	0.50	-	-	-	
Assistant to Town Manager	1.00	1.00	1.00	-	-	
Administrative Anaylst	-	-	-	1.00	1.00	
Executive Asst. to Town Mgr.	1.00	1.00	1.00	1.00	1.00	
Economic Vitality Manager	-	-	-	0.75	0.75	
Economic Vitality Coordinator	0.63	0.63	0.63	-	-	
Communications Coordinator	1.00	1.00	-	-	-	
Office Assistant	1.63	0.63	-	-	-	
Events & Marketing Specialist	-	-	-	0.50	0.50	
<b>TOTAL DEPARTMENT FTEs</b>	<b>6.76</b>	<b>5.76</b>	<b>4.63</b>	<b>5.25</b>	<b>5.25</b>	
<b>HUMAN RESOURCES</b>						
Human Resources Director	1.00	1.00	1.00	1.00	1.00	
Administrative Analyst	1.00	1.00	1.00	1.50	1.00	<i>CY delete .50 FTE</i>
Human Resources Specialist	1.00	1.00	1.00	1.00	1.00	
<b>TOTAL DEPARTMENT FTEs</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.50</b>	<b>3.00</b>	
<b>FINANCE SERVICES</b>						
Finance Director	1.00	1.00	1.00	1.00	1.00	
Finance & Budget Manager	1.00	1.00	1.00	1.00	1.00	
Accountant/Finance Analyst	1.00	1.00	1.00	1.00	1.00	
Payroll Specialist	1.00	1.00	1.00	1.00	1.00	
Administrative Analyst	-	-	1.00	2.00	2.00	
Administrative Technician	1.00	1.00	-	-	-	
Account Technician	1.35	1.35	1.35	0.35	0.35	
<b>TOTAL DEPARTMENT FTEs</b>	<b>6.35</b>	<b>6.35</b>	<b>6.35</b>	<b>6.35</b>	<b>6.35</b>	
<b>CLERK ADMINISTRATION</b>						
Clerk Administrator	1.00	1.00	1.00	1.00	1.00	
Office Assistant	-	1.00	2.00	2.00	2.00	
<b>TOTAL DEPARTMENT FTEs</b>	<b>1.00</b>	<b>2.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	
<b>INFORMATION TECHNOLOGY SERVICES</b>						
IT Manager	1.00	1.00	1.00	1.00	1.00	
Network Administrator	1.00	1.00	1.00	1.00	1.00	
IT Analyst	-	-	-	-	1.00	<i>CY add 1.00 FTE</i>
IT Technician	1.00	1.00	1.00	1.00	1.00	
<b>TOTAL DEPARTMENT FTEs</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>4.00</b>	

**TOWN STAFF**  
**POSITIONS BY HOME DEPARTMENT**

	2014/15 Funded	2015/16 Funded	2016/17 Funded	2017/18 Funded	2018/19 Adopted	Comments
<b>COMMUNITY DEVELOPMENT</b>						
Asst. Town Manager/CDD Director	0.50	0.50	-	-	-	
Community Development Dir.	-	-	1.00	1.00	1.00	
Planning Manager	1.00	1.00	1.00	1.00	1.00	
Chief Building Official	1.00	1.00	1.00	1.00	1.00	
Administrative Analyst	1.00	1.00	1.00	1.00	1.00	
Executive Assistant	1.00	1.00	1.00	1.00	1.00	
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	
Senior Planner	2.00	2.00	2.00	2.00	2.00	
Associate Planner	2.00	2.50	2.63	2.63	2.63	
Assistant Planner	1.00	1.00	1.00	1.00	1.00	
Planning Technician	2.00	1.00	1.00	1.00	1.00	
Senior Building Inspector	-	-	-	-	1.00	<i>CY add 1.00 FTE</i>
Building Inspector	4.00	4.00	4.00	4.00	3.00	<i>CY delete 1.00 FTE</i>
Permit Technician	2.00	2.00	2.00	2.00	2.00	
Code Compliance Officer	1.00	1.00	1.00	1.00	1.00	
<b>TOTAL DEPARTMENT FTEs</b>	<b>19.50</b>	<b>19.00</b>	<b>19.63</b>	<b>19.63</b>	<b>19.63</b>	
<b>POLICE</b>						
Chief of Police	1.00	1.00	1.00	1.00	1.00	
Police Captain	2.00	1.00	1.00	1.00	2.00	<i>CY add 1.00 FTE</i>
Police Lieutenant	-	2.00	2.00	2.00	-	<i>CY delete 2.00 FTE</i>
Police Sergeant	6.00	6.00	6.00	6.00	7.00	<i>CY add 1.00 FTE</i>
Police Corporal	5.00	4.00	4.00	4.00	4.00	
Police Officer	26.00	25.00	25.00	25.00	25.00	
Community Outreach Coordinator	1.00	1.00	1.00	1.00	1.00	
Community Services Officer	2.00	2.00	2.00	1.00	1.00	
Records & Evidence Manager	1.00	1.00	-	-	-	
Police Records Manager	-	-	1.00	1.00	1.00	
Senior Administrative Analyst	-	-	-	-	1.00	<i>CY add 1.00 FTE</i>
Administrative Analyst	1.00	1.00	1.00	1.00	-	<i>CY delete 1.00 FTE</i>
Executive Assistant to Chief	1.00	1.00	1.00	1.00	1.00	
Communications Dispatcher Lead	-	1.00	1.00	1.00	1.00	
Communications Dispatcher	7.00	6.00	7.00	7.00	7.00	
Parking Control Officer	2.00	2.00	2.00	2.00	2.00	
Police Records Specialist	5.00	5.00	4.00	4.00	4.00	
Human Resources Specialist	-	-	-	1.00	1.00	
<b>TOTAL DEPARTMENT FTEs</b>	<b>60.00</b>	<b>59.00</b>	<b>59.00</b>	<b>59.00</b>	<b>59.00</b>	

**TOWN STAFF**  
**POSITIONS BY HOME DEPARTMENT**

	2014/15 Funded	2015/16 Funded	2016/17 Funded	2017/18 Funded	2018/19 Adopted	Comments
<b>PARKS and PUBLIC WORKS DEPARTMENT</b>						
Parks & Public Works Director	1.00	1.00	1.00	1.00	1.00	
Asst PPW Dir/Town Engineer	-	-	-		1.00	<i>CY add 1.00 FTE</i>
Town Engineer	1.00	1.00	1.00	1.00	-	<i>CY delete 1.00 FTE</i>
Superintendent	1.00	1.00	1.00	1.00	1.00	
Facilities & Environmental Services Mgr	1.00	1.00	1.00	-	-	
Transportation & Mobility Mgr	-	-	-	1.00	1.00	
Park & Public Works Operations Mgr	-	-	-	2.00	2.00	
Senior Civil Engineer	-	1.00	1.00	1.00	1.00	
Senior Administrative Analyst	-	-	-	-	1.00	<i>CY add 1.00 FTE</i>
Administrative Analyst	1.00	1.00	1.00	1.00	-	<i>CY delete 1.00 FTE</i>
Executive Assistant	1.00	2.00	2.00	1.00	1.00	
Administrative Assistant	2.00	2.00	2.00	2.00	2.50	<i>CY add .50 FTE</i>
Office Assistant	-	0.50	0.50	0.50	-	<i>CY delete .50 FTE</i>
Environmental Service Coordinator	1.00	-	-	-	-	
Environmental Programs Specialist	-	-	-	1.00	1.00	
Associate Engineer	3.00	2.00	2.00	2.00	2.00	
Assistant Engineer	1.00	1.00	1.00	1.00	2.00	<i>CY add 1.00 FTE</i>
Construction Project Mgr	-	1.00	1.00	1.00	1.00	
Engineering Technician	1.00	1.00	1.00	1.00	1.00	
Sr Public Works Inspector	1.00	1.00	1.00	1.00	1.00	
Public Works Inspector	1.00	1.00	1.00	1.00	-	<i>CY delete 1.00 FTE</i>
Parks Service Officer	1.00	1.00	1.00	1.00	1.00	
Town Arborist	1.00	1.00	1.00	1.00	1.00	
Tree Trimmer/High Climber	1.00	1.00	1.00	1.00	1.00	
Lead Parks & Maint. Worker	3.00	3.00	3.00	3.00	3.00	
Sweeper Operator	1.00	-	-	-	-	
Parks & Maintenance Worker	8.00	9.00	9.00	8.00	8.00	
Equipment Mechanic	1.00	1.00	1.00	1.00	1.00	
<b>TOTAL DEPARTMENT FTEs</b>	<b>32.00</b>	<b>33.50</b>	<b>33.50</b>	<b>34.50</b>	<b>34.50</b>	
<b>LIBRARY</b>						
Library Director	-	-	1.00	1.00	1.00	
Town Librarian	2.00	2.00	-	-	-	
Division Manager	-	-	2.00	2.00	2.00	
Librarian	3.55	3.75	3.00	3.00	3.00	
Library Technology Specialist	1.00	1.00	1.00	1.00	2.00	<i>CY add 1.00 FTE</i>
Library Assistant	1.00	1.00	1.00	1.00	-	<i>CY delete 1.00 FTE</i>
Library Specialist	0.75	0.75	0.75	0.75	1.75	<i>CY add 1.00 FTE</i>
Customer Service Supervisor	1.00	1.00	1.00	1.00	-	<i>CY delete 1.00 FTE</i>
Customer Service Specialist	1.50	1.50	1.50	1.50	1.75	<i>CY add .25 FTE</i>
Sr Library Page	-	-	1.00	1.00	1.00	
<b>TOTAL DEPARTMENT FTEs</b>	<b>10.80</b>	<b>11.00</b>	<b>12.25</b>	<b>12.25</b>	<b>12.50</b>	
<b>TOTAL TOWN FTEs</b>	<b>143.90</b>	<b>144.10</b>	<b>145.98</b>	<b>148.10</b>	<b>148.99</b>	

**TOWN STAFF  
POSITIONS BY HOME DEPARTMENT**

ELECTED OFFICIALS					
	2014/15	2015/16	2016/17	2017/18	2018/19
	Funded	Funded	Funded	Funded	Adopted
Town Council	5.00	5.00	5.00	5.00	5.00
<b>TOTAL ELECTED OFFICIALS</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

HOURLY EMPLOYEES						
	2014/15	2015/16	2016/17	2017/18	2018/19	
	Funded	Funded	Funded	Funded	Adopted	
<i>Temporary Hours by Department</i>						
Town Council	175	175	175	175	175	
Town Attorney's Office	-	-	-	-	-	
Administrative Services	1,370	1,476	2,196	2,196	1,376	
Community Development	2,130	1,165	1,305	1,305	1,695	
Police Department	3,977	4,504	3,422	5,502	3,035	
Parks & Public Works	10,754	9,566	8,567	6,637	5,661	
Library Department	10,237	10,237	9,546	9,796	9,294	
<b>Total Temporary Hours by Department</b>	<b>28,643</b>	<b>27,123</b>	<b>25,211</b>	<b>25,611</b>	<b>21,236</b>	
<b>CONVERTED HOURLY EMPLOYEES</b>	<b>13.77</b>	<b>13.04</b>	<b>12.12</b>	<b>12.31</b>	<b>10.21</b>	<i>(1.00 FTE = 2080 hours)</i>