

FINANCIAL SUMMARIES

Total Revenues and Expenditures

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.

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General Fund Revenues and Expenditures

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Fund Balance

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

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Fee-Related Projects List

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

Fee-Related Projects List	C – 43
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Staffing

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.

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**TOTAL BUDGETED FUND ACTIVITY SUMMARY
FY 2020/21**

	Estimated Fund Balance 7/1/2020	Revenues, Prior Year Carryfws & Transfers	Expenditures, Prior Year Carryfws & Transfers	Estimated Fund Balance 6/30/2021	Fund Balance Change From Prior Year	Fund
Operating Funds						
Governmental Funds						
General Fund*	\$ 29,262,750	\$ 45,751,230	\$ 53,180,454	\$ 21,833,526	-25.4% (1)	111
Housing Conservation Program Fund	177,240	-	-	177,240	0.0%	211
Community Dev Block Grant Fund	(10,587)	-	-	(10,587)	0.0%	212
Urban Run-Off Source Fund	237,093	584,394	559,077	262,410	10.7% (2)	222
Blackwell Assessment District Fund	13,291	3,210	3,407	13,094	-1.5% (3)	231
Kennedy Assessment District Fund	32,526	10,605	8,913	34,218	5.2%	232
Gemini Assessment District Fund	31,127	4,750	2,544	33,333	7.1% (3)	233
Santa Rosa Assessment District Fund	50,187	5,000	9,472	45,715	-8.9% (3)	234
Vasona Assessment District Fund	51,516	10,075	8,644	52,947	2.8% (3)	235
Hillbrook Assessment District Fund	20,195	6,040	4,757	21,478	6.4% (3)	236
Proprietary Funds - Internal Service Funds						
Liability Self-Insurance Fund	1,255,255	418,135	668,059	1,005,331	-19.9% (4)	611
Worker's Comp Self-Insurance Fund	1,244,533	1,185,906	1,775,300	655,139	-47.4% (4)	612
Information Technology Fund	2,536,424	917,219	1,057,875	2,395,768	-5.5% (5)	621
Equipment Replacement Fund	1,762,734	297,546	1,396,746	663,534	-62.4% (5)	631
Facilities Maintenance Fund	201,465	1,148,757	1,169,722	180,500	-10.4% (3)	633
Total Operating Funds	\$ 36,865,749	\$ 50,342,867	\$ 59,844,970	\$ 27,363,646	-25.8%	
Trust Funds						
Library Trust Fund	\$ 43,132	\$ 70,500	\$ 90,500	\$ 23,132	-46.4% (3)	711
Ness Bequest Trust Fund	21,291	-	20,755	536	-97.5% (3)	713
Betty McClendon Trust Fund	84,199	700	700	84,199	0.0%	714
Barbara J Cassin Trust Fund	354,042	2,900	2,500	354,442	0.1%	716
Total Trust Funds	\$ 502,664	\$ 74,100	\$ 114,455	\$ 462,309	-8.0%	
Capital Funds						
GFAR*	\$ 16,450,872	\$ 5,286,195	\$ 5,904,837	\$ 15,832,230	-3.8%	411
Grant Funded CIP Projects Fund	(796,127)	1,479,200	1,479,200	(796,127)	0.0%	421
Storm Drain #1 Fund	993,373	49,470	50,000	992,843	-0.1%	461
Storm Drain #2 Fund	1,820,150	53,490	50,000	1,823,640	0.2%	462
Storm Drain #3 Fund	(119,883)	1,380	75,000	(193,503)	-61.4% (3)	463
Traffic Mitigation Fund	304,646	425,027	425,027	304,646	0.0%	471
Construction Tax-Undergrounding Fund	3,062,696	3,863,048	4,436,000	2,489,744	-18.7% (3)	472
Gas Tax Fund	311,160	1,233,317	1,316,054	228,423	-26.6% (3)	481
Total Capital Projects Funds	\$ 22,026,887	\$ 12,391,127	\$ 13,736,118	\$ 20,681,896	-6.1%	
Successor Agency to the Los Gatos RDA Fund						
SA- Trust Fund (Budgetary Fund Balance)	\$ 3,839,819	\$ 3,829,488	\$ 3,828,791	\$ 3,840,516	0.0%	942
Total Successor Agency of the Los Gatos RDA Fund	\$ 3,839,819	\$ 3,829,488	\$ 3,828,791	\$ 3,840,516	0.0%	
TOTAL ALL FUNDS	\$ 63,235,119	\$ 66,637,582	\$ 77,524,334	\$ 52,348,367	-17.2%	

* Major Funds

(1) One-time use of General Fund Capital Reserve for authorized capital projects and other priorities

(2) Increasing cost of Urban Run-off Program driven by State mandates

(3) One-time Capital Project budgeted for FY 2020/21

(4) Based on estimated claims activity

(5) Equipment Replacement and Information Technology Fund reflects increased acquisition activities for FY 2020/21

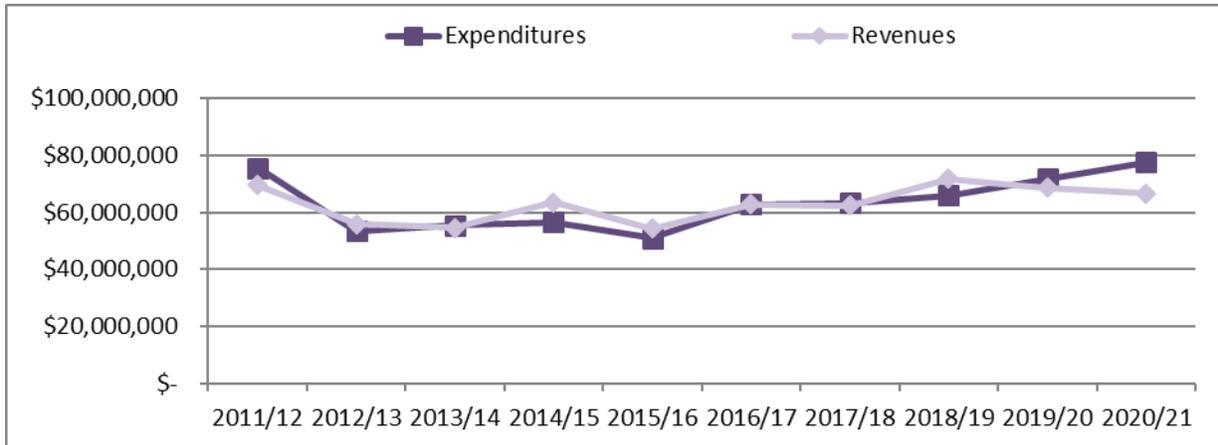
This Total Budgeted Fund Activity Summary schedule groups the Town's funds into three categories based on fund purpose:

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.

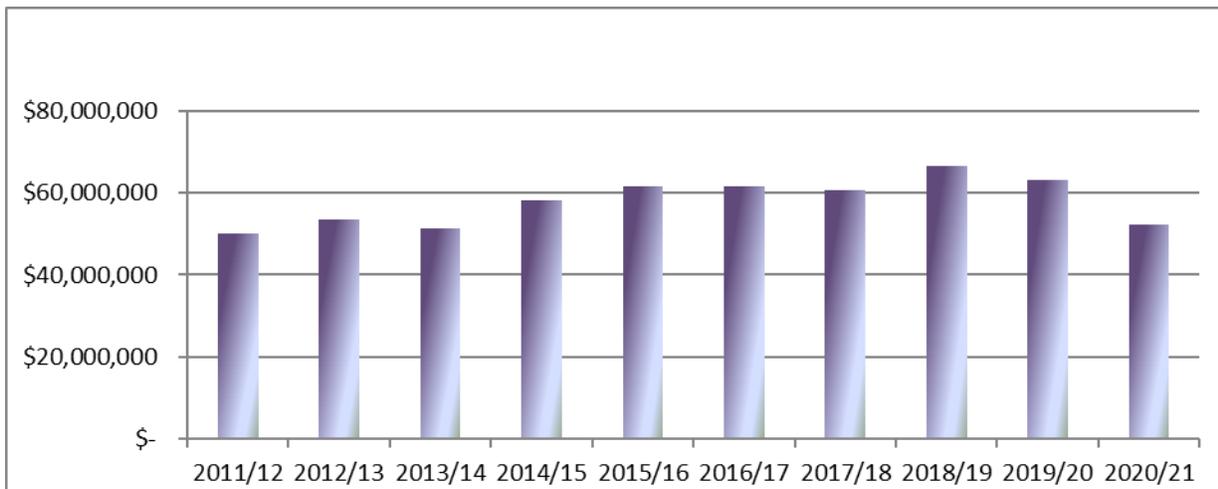
Fiduciary Funds - These funds include Trust funds and are held in a fiduciary capacity, with little variation in activity. The Library Trusts are held for special uses for the Library. RDA Successor Agency Private Purpose Trust Fund is established to account for the assets and liabilities transferred 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. Only those funds with activity are contained in the summary.

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.

**TOTAL TOWN
REVENUES AND EXPENDITURES**



FUND BALANCE TREND INFORMATION



<u>Year End</u>	<u>Reference</u>	<u>Revenues & Transfers In</u>	<u>Expenditures & Transfers Out</u>	<u>Designated Fund Balance</u>
2011/12	Actuals	\$ 69,593,001	\$ 75,659,793	\$ 49,971,883
2012/13	Actuals	\$ 55,847,086	\$ 53,432,243	\$ 53,386,677
2013/14	Actuals	\$ 54,528,656	\$ 55,545,002	\$ 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	\$ 62,873,000	\$ 62,912,316	\$ 61,562,455
2017/18	Actuals	\$ 62,358,798	\$ 63,386,198	\$ 60,535,055
2018/19	Actuals	\$ 71,882,122	\$ 65,949,701	\$ 66,467,476
2019/20	Estimated	\$ 68,561,300	\$ 71,793,656	\$ 63,235,119
2020/21	Proposed	\$ 66,637,582	\$ 77,524,333	\$ 52,348,367

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/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 and prudent fiscal approach has been effective in reducing operating expenditures, identifying revenue enhancements, and implementing operating efficiencies.

The FY 2020/21 operating budget is a balanced budget, with some use of General Fund reserves dedicated for one-time uses. The FY 2020/21 Budget anticipates a surplus of \$11,905 and maintains existing service levels while recommending one-time additions in strategically important areas.

Several Strategic Priorities are not one-time projects, but rather are ongoing commitments due to their critical significance in ensuring the Town's fiscal and infrastructure stability and the safety and quality of life for Los Gatos residents, businesses, and visitors. These commitments include continuing to address the Town's unfunded pension and other post-employment benefits (OPEB) obligations; developing Measure B transportation projects so the Town is positioned to receive its fair share of the funds; and fostering emergency preparedness and community resilience.

In terms of capital projects, the Town Council affirmed its interest in investing in bicycle and pedestrian improvements and implementing elements of the Comprehensive Parking Study. In addition to capital projects, the Council identified new policy priorities which include preparing for the Regional Housing Needs Allocation process and exploring regional transportation solutions to alleviate increased roadway congestion.

Other Strategic Priorities position the Town for its future. The Council continues the General Plan Update to engage the community in land use planning and policies to guide development for the next couple of decades. Other Priorities address State housing legal mandates and enhancing economic and community vitality. As the Town transitions from sheltering-in-place to the reopening of businesses, the significance of enhancing economic and community vitality are paramount.

Specific trends affecting the fund balance forecast include:

REVENUES

The Town organization is vulnerable to changes in forecasted economic conditions. The unprecedented economic impacts associated with the local, national, and global mitigation of COVID-19 have necessitated significant revisions to growth projections for the Town's primary revenues of Property Tax, Sales Tax, and Transient Occupancy Tax (TOT). In close consultation with the Santa Clara County Assessor, Town Sales Tax consultant MuniServices, and a review of national and regional hospitality research, the Town is anticipating modest increases in Property Tax, and Franchise Fees for FY 2020/21 while Sales Tax and TOT are forecasted to decline. General Fund revenues for FY 2020/21 (excluding debt payments and fund transfers in) are 0.2% higher than budgeted prior year revenues.

EXPENDITURES

Salaries and Benefits – As in most municipalities, services are provided directly by employees to the Town's residents, businesses, and visitors. As a service delivery enterprise, the cost of salaries and benefits are a significant portion of the budget. Salaries and benefits account for 41% of the Town's total expenditures in FY 2020/21 (and 59.5% of General Fund expenditures). The Town endeavors to balance fiscal prudence with the need to attract and retain the requisite personnel to manage a 21st century municipality. As an example, when fiscal conditions worsened during the recession of 2008, employees participated in wage freezes and unpaid furloughs for several years to assist in achieving balanced budgets. After multiple years of such concessions, the Town discontinued the furlough program in FY 2014/15 and reinstated general wage increases for both non-sworn and sworn employees.

Even with unemployment at historic low levels and regional CPI above 3%, the Town and its employee bargaining groups agreed to a 2.5% across the board salary increase for all three bargaining units, management, and confidential plus a 1.5% cash bonus (non-PERSable) for non-sworn employees for FY 2018/19, a 3% increase for

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

FY 2019/20, and reopening the third year of the contract for only salary negotiation. The Town Council recently approved the negotiated 1% cost of living adjustment (COLA) and 2% non-PERSable cash bonus for two bargaining units, management, and confidential. The same 1% COLA was also approved for temporary employees. These actions are incorporated in the budget.

The Police Officers' Association's current Memoranda of Understanding includes a 4% across the board salary increases for FY 2019/20. The current POA contract has a salary only reopener in FY 2020/21.

The Town of Los Gatos provides a defined benefit pension plan for all full-time employees and some part-time benefitted employees as part of their total compensation package. Defined benefit plans provide a fixed, pre-established benefit payment for employees in retirement based on a formula which takes into account an employee's years of service and highest average annual salary. The defined benefit pension has been a standard part of compensation in governmental organizations and in Los Gatos is in lieu of participating in Social Security. The Town's pension plans are administered by the Board of Administration of the California Public Employees'

Retirement System (CalPERS). The Board of Administration is responsible for the management and control of CalPERS, including the exclusive control of the administration and investment of funds. Sworn employees are covered under the Safety Plan which is a pooled plan, while all other employees are covered in the Miscellaneous Plan, which is a separate Plan. The Miscellaneous Plan is administered by CalPERS in the Public Employees' Retirement Fund (PERF). In addition, the Town Council has established an Internal Revenue Code Section 115 Pension Trust as a supplement to the PERF fund. The Town's IRS 115 Pension Trust is administered by the Town Pension and OPEB Trusts Oversight Committee.

The Town also provides a healthcare benefit for all eligible employees. The healthcare plan pays all, or a portion of, health insurance premiums for qualified retirees and their survivors and dependents. Healthcare benefits are also referred to as Other Post-Employment Benefits or OPEB. The Town's healthcare plan is an Internal Revenue Code Section 115 Trust which is administered by the Town Pension and OPEB Trusts Oversight Committee. The Oversight Committee is responsible for the management and control of the healthcare assets. As a result of collaboration with the Town's Bargaining Units during FY 2018/19, all units agreed to the elimination of retiree health benefits prospectively with the exception of the minimum employer contribution as required by the Public Employees' Medical and Hospital Care Act (PEMHCA). The PEMHCA minimum represents a significant reduction from the previous Town paid discretionary retiree payments. As a closed retiree medical plan, over time the Town will see significant cost savings from this negotiated change. In addition, employees contribute a share of dependent premiums to assist with cost-containment.

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. Town employees contribute a percentage of their salary towards their pension in what's referred to as the normal cost. The normal cost is the annual cost of service accrual for active employees and can be viewed as the cost of benefits earned by employees in the current year. The second source of normal cost funding is provided by employer normal cost contributions. The employer normal cost rates for all cities/towns in CalPERS are established annually by CalPERS. These rates are the minimum contractual obligations the Town must pay. It should be noted, that the normal cost calculation assumes all actuarial assumptions will be met going forward. In the event the plans experience unfavorable economic or demographic assumptions, an unfunded actuarial liability (UAL) may occur. The cost associated with an unfunded liability is borne solely by the employer. The development of a UAL typically results from unfavorable investment returns, changes in actuarial assumptions, unfavorable demographic shifts, and other experiences that differ from those anticipated by the annual actuarial assumptions. As of the 2018 Actuarial Valuations the Town had a combined UAL for both Pension and OPEB of \$68 million as of June 3, 2019.

The Town's pension plans over the past several decades, like all other CalPERS participants, have experienced unfavorable investment returns, changes in actuarial assumptions, and unfavorable demographic shifts which have outweighed any positive plan experiences. As such, the Town's employer pension contributions are expected to continue to increase. The Town's employer contribution rate will increase from 52.22% in FY 2019/20 to 58.97% in

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

FY 2020/21 for classic sworn employees. For all other employees, the rate will increase from 33.18% in FY 2019/20 to 34.23% in FY 2020/21. 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. While this does not provide immediate cost savings, it is anticipated to reduce future benefit expenditures in the next 10 to 15 years. Employer contribution rates will increase from 15.02% in FY 2018/19 to 15.94% in FY 2020/21 for PEPRA sworn employees. The Town prudently recognized the potential impacts to future service delivery if unfunded pension and OPEB obligations were not addressed and additional funding strategies not identified. To date, the Town has either allocated or programmed \$35 million of additional discretionary payments and other spending strategies to address the current pension and OPEB unfunded obligations.

For more information about the pension and other benefits offered to Town employees, see: <https://www.losgatosca.gov/44/Human-Resources>. For more information about the Towns Pension and OPEB plans please see: <https://www.losgatosca.gov/2479/Town-Pension-and-OPEB-Plans-Information>

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 recently made energy retrofits to improve efficiency in Town facilities and reduce costs. Fuel costs can be reduced by utilizing electric and/or hybrid vehicles, and installing electric vehicle charging stations throughout the Town. Staff will continue to explore energy alternatives to reduce costs.

**TOTAL TOWN
REVENUES AND EXPENDITURES**

GENERAL FUND

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actuals	Actuals	Actuals	Estimated	Adopted
REVENUES					
Property Tax	\$ 11,518,257	\$ 12,510,822	\$ 13,636,099	\$ 13,860,986	\$ 14,678,319
VLF Backfill	3,237,955	3,447,584	3,685,247	3,895,800	3,973,720
Sales & Use Tax	9,171,373	7,592,206	8,158,152	8,104,256	7,987,247
Franchise Fees	2,366,908	2,474,814	2,475,916	2,458,520	2,532,289
Transient Occupancy Tax	2,322,910	2,628,927	2,692,043	1,874,052	2,287,671
Other Taxes	1,720,980	1,686,251	1,526,894	1,294,011	1,300,000
Licenses & Permits	3,042,166	3,011,309	3,067,994	3,203,082	3,086,898
Intergovernmental	908,285	1,010,166	945,191	868,614	969,385
Town Services	3,454,666	4,625,136	4,580,511	4,184,272	4,013,412
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	917,106	676,212	510,266	364,929	434,950
Interest	171,653	244,762	1,689,575	1,310,518	626,409
Other Sources	2,201,886	3,403,478	7,353,126	1,903,441	1,335,602
Debt Service Reimbursement	1,923,303	1,914,739	1,909,073	1,905,024	1,908,494
Transfers In	313,825	544,836	1,578,911	593,286	616,834
TOTAL REVENUES	\$ 43,271,273	\$ 45,771,242	\$ 53,808,998	\$ 45,820,791	\$ 45,751,230
EXPENDITURES					
Salaries & Benefits	\$ 21,884,855	\$ 23,574,425	\$ 26,803,225	\$ 28,505,727	\$ 31,579,000
Operating Expenditures	8,896,209	9,457,424	11,955,327	13,464,492	13,690,647
Grants & Awards	209,381	194,808	248,533	242,500	245,000
Fixed Assets	-	-	38,307	-	-
Interest	-	-	-	-	-
Internal Service Charges	3,552,157	3,867,445	2,527,470	2,185,580	2,355,834
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	1,923,303	1,914,739	1,909,073	1,905,024	1,908,494
Transfers Out	7,298,187	3,484,330	2,785,220	8,225,245	3,401,479
TOTAL EXPENDITURES	\$ 43,764,092	\$ 42,493,171	\$ 46,267,155	\$ 54,528,568	\$ 53,180,454
Net Increase (Decrease)	(492,819)	3,278,071	7,541,843	(8,707,777)	(7,429,224)
Beginning Fund Balance	27,643,432	27,150,613	30,428,684	37,970,527	29,262,750
Ending Fund Balance*	\$ 27,150,613	\$ 30,428,684	\$ 37,970,527	\$ 29,262,750	\$ 21,833,526

* Year End Fund Balance represents General Fund 111 (Long Term Compensated Absences were accounted in Fund 961 prior to FY 2018/19, Pension Trust Fund 731 was incorporated in FY 2018/19).

**TOTAL TOWN
REVENUES AND EXPENDITURES**

SPECIAL REVENUE FUNDS

	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Estimated	2020/21 Adopted
REVENUES					
Property Tax	\$ -	\$ 174	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	38,370	34,400	38,088	38,220	38,220
Licenses & Permits	30,780	231,323	236,451	231,323	231,323
Intergovernmental	(6,011)	903	-	-	-
Town Services	341,846	345,365	345,280	353,071	353,071
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	1,570	2,416	3,550	1,460	1,460
Other Sources	102,654	-	134,621	-	-
Debt Service Reimbursement	-	-	-	-	-
Transfers In	-	-	-	10,000	-
TOTAL REVENUES	\$ 509,209	\$ 614,581	\$ 757,990	\$ 634,074	\$ 624,074
EXPENDITURES					
Salaries & Benefits	\$ 126,005	\$ 135,347	\$ 143,545	\$ 131,670	\$ 170,983
Operating Expenditures	355,246	405,064	509,551	426,167	416,474
Grants & Awards	-	-	-	-	-
Fixed Assets	-	6,870	-	-	-
Interest	-	-	-	-	-
Internal Service Charges	6,218	6,895	2,410	2,971	4,437
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	4,920	4,920	4,920	4,920	4,920
TOTAL EXPENDITURES	\$ 492,389	\$ 559,096	\$ 660,426	\$ 565,728	\$ 596,814
Net Increase (Decrease)	16,820	55,485	97,564	68,346	27,260
Beginning Fund Balance	364,374	381,194	436,679	534,243	602,589
Ending Fund Balance*	\$ 381,194	\$ 436,679	\$ 534,243	\$ 602,589	\$ 629,849

**TOTAL TOWN
REVENUES AND EXPENDITURES**

INTERNAL SERVICE FUNDS

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actuals	Actuals	Actuals	Estimated	Adopted
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	23,165	31,838	28,390	30,000	40,000
Licenses & Permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Town Services	115,233	161,595	148,284	113,652	90,000
Internal Srvc Reimbursement	4,552,407	4,880,836	3,529,840	3,082,894	3,361,181
Fines & Forfeitures	-	-	-	-	-
Interest	8	5	8	-	-
Other Sources	533,753	585,934	2,993,443	611,673	476,382
CIP Proj Reimbursement	-	-	-	-	-
Transfers In	-	703,371	450,000	1,232,654	-
TOTAL REVENUES	\$ 5,224,566	\$ 6,363,579	\$ 7,149,965	\$ 5,070,873	\$ 3,967,563
EXPENDITURES					
Salaries & Benefits	\$ 3,344,009	\$ 1,585,148	\$ -	\$ -	\$ -
Operating Expenditures	3,564,545	3,593,992	3,544,783	4,454,756	4,633,156
Grants & Awards	-	-	-	-	-
Fixed Assets	402,806	620,915	601,961	702,400	1,356,248
Interest	-	-	-	-	-
Internal Service Charges	53	-	-	-	-
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	295,680	-	1,390,375	1,367,750	78,298
TOTAL EXPENDITURES	\$ 7,607,093	\$ 5,800,055	\$ 5,537,119	\$ 6,524,906	\$ 6,067,702
Net Increase (Decrease)	(2,382,527)	563,524	1,612,846	(1,454,033)	(2,100,139)
Beginning Fund Balance	8,660,597	6,278,070	6,841,594	8,454,440	7,000,407
Ending Fund Balance	\$ 6,278,070	\$ 6,841,594	\$ 8,454,440	\$ 7,000,407	\$ 4,900,268

**TOTAL TOWN
REVENUES AND EXPENDITURES**

LIBRARY TRUST FUNDS

	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Estimated	2020/21 Adopted
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	-	-	-	-	-
Licenses & Permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Town Services	-	-	-	-	-
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	4,623	6,724	10,135	4,150	4,100
Other Sources	79,760	74,315	82,213	70,000	70,000
CIP Proj Reimbursement	-	-	-	-	-
Transfers In	-	-	-	-	-
TOTAL REVENUES	\$ 84,383	\$ 81,039	\$ 92,348	\$ 74,150	\$ 74,100
EXPENDITURES					
Salaries & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenditures	75,498	77,252	69,029	109,500	93,700
Grants & Awards	-	-	-	-	-
Fixed Assets	-	-	21,048	-	20,755
Interest	-	-	-	-	-
Internal Service Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	\$ 75,498	\$ 77,252	\$ 90,077	\$ 109,500	\$ 114,455
Net Increase (Decrease)	8,885	3,787	2,271	(35,350)	(40,355)
Beginning Fund Balance	523,072	531,957	535,744	538,015	502,665
Ending Fund Balance	\$ 531,957	\$ 535,744	\$ 538,015	\$ 502,665	\$ 462,310

**TOTAL TOWN
REVENUES AND EXPENDITURES**

CAPITAL PROJECT FUNDS

	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Estimated	2020/21 Adopted
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	23,165	31,838	28,390	9,521	30,000
Licenses & Permits	658,660	1,381,590	844,064	787,051	822,053
Intergovernmental	798,016	1,306,153	1,641,511	2,951,481	7,282,528
Town Services	7,500	-	52,094	227,224	296,500
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	66,951	93,198	127,251	23,700	35,540
Other Sources	741,161	181,502	784,085	843,642	523,027
CIP Proj Reimbursement	-	-	-	-	-
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	7,593,867	2,638,224	2,685,220	8,295,591	3,401,479
TOTAL REVENUES	\$ 9,889,320	\$ 5,632,505	\$ 6,162,615	\$ 13,138,210	\$ 12,391,127
EXPENDITURES					
Salaries & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenditures	3,654	892	-	-	-
Grants & Awards	-	-	-	-	-
Fixed Assets	-	-	-	-	-
Interest	-	-	-	-	-
Internal Service Charges	-	-	-	-	-
Capital Projects	6,863,375	10,041,532	8,987,510	5,707,767	13,202,501
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	308,905	631,616	533,616	533,616	533,616
TOTAL EXPENDITURES	\$ 7,175,934	\$ 10,674,040	\$ 9,521,126	\$ 6,241,383	\$ 13,736,117
Net Increase (Decrease)	2,713,386	(5,041,535)	(3,358,511)	6,896,827	(1,344,990)
Beginning Fund Balance	20,816,722	23,530,108	18,488,573	15,130,062	22,026,889
Ending Fund Balance	\$ 23,530,108	\$ 18,488,573	\$ 15,130,062	\$ 22,026,889	\$ 20,681,899

**TOTAL TOWN
REVENUES AND EXPENDITURES**

SUCCESSOR AGENCY TO THE TOWN OF LOS GATOS RDA

	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Estimated	2020/21 Adopted
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	-	-	-	-	-
Licenses & Permits	-	-	-	-	-
Intergovernmental	1,964,636	1,958,325	1,945,763	1,915,024	1,917,494
Town Services	-	-	-	-	-
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	6,310	22,788	43,706	3,154	3,500
Other Sources	-	-	11,664	-	-
CIP Proj Reimbursement	1,923,303	1,914,739	1,909,073	1,905,024	1,908,494
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	-	-	-	-	-
TOTAL REVENUES	\$ 3,894,249	\$ 3,895,852	\$ 3,910,206	\$ 3,823,202	\$ 3,829,488
EXPENDITURES					
Salaries & Benefits	\$ (10,004)	\$ 1,385	\$ 1,555	\$ 1,748	\$ 1,778
Operating Expenditures	16,770	5,270	111,712	11,770	10,020
Grants & Awards	-	-	-	-	-
Fixed Assets	-	-	-	-	-
Interest	1,065,000	756,482	823,734	1,195,000	1,250,000
Internal Service Charges	75	58	9	5	5
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	2,725,469	3,013,089	2,936,788	2,615,048	2,566,988
Transfers Out	-	6,300	-	-	-
TOTAL EXPENDITURES	\$ 3,797,310	\$ 3,782,584	\$ 3,873,798	\$ 3,823,571	\$ 3,828,791
Net Increase (Decrease)	96,939	113,268	36,408	(369)	697
Beginning Fund Balance	3,593,572	3,690,511	3,803,779	3,840,187	3,839,818
Ending Fund Balance	\$ 3,690,511	\$ 3,803,779	\$ 3,840,187	\$ 3,839,818	\$ 3,840,515

**TOTAL TOWN
REVENUES AND EXPENDITURES**

TOTAL ALL FUNDS

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actuals	Actuals	Actuals	Estimated	Adopted
REVENUES					
Property Tax	\$ 11,518,257	\$ 12,510,996	\$ 13,636,099	\$ 13,860,986	\$ 14,678,319
VLF Backfill	3,237,955	3,447,584	3,685,247	3,895,800	3,973,720
Sales & Use Tax	9,171,373	7,592,206	8,158,152	8,104,256	7,987,247
Franchise Fees	2,366,908	2,474,814	2,475,916	2,458,520	2,532,289
Transient Occupancy Tax	2,322,910	2,628,927	2,692,043	1,874,052	2,287,671
Other Taxes	1,805,680	1,784,327	1,621,762	1,371,752	1,408,220
Licenses & Permits	3,731,606	4,624,222	4,148,509	4,221,456	4,140,274
Intergovernmental	3,664,926	4,275,547	4,532,465	5,735,119	10,169,407
Town Services	3,919,245	5,132,096	5,126,169	4,878,219	4,752,983
Internal Srvc Reimbursement	4,552,407	4,880,836	3,529,840	3,082,894	3,361,181
Fines & Forfeitures	917,106	676,212	510,266	364,929	434,950
Interest	251,115	369,893	1,874,225	1,342,982	671,009
Other Sources	3,659,214	4,245,229	11,359,152	3,428,756	2,405,011
CIP Proj Reimbursement	3,846,606	3,829,478	3,818,146	3,810,048	3,816,988
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	7,907,692	3,886,431	4,714,131	10,131,531	4,018,313
TOTAL REVENUES	\$ 62,873,000	\$ 62,358,798	\$ 71,882,122	\$ 68,561,300	\$ 66,637,582
EXPENDITURES					
Salaries & Benefits	\$ 25,344,865	\$ 25,296,305	\$ 26,948,325	\$ 28,639,145	\$ 31,751,761
Operating Expenditures	12,911,922	13,539,894	16,190,402	18,466,685	18,843,997
Grants & Awards	209,381	194,808	248,533	242,500	245,000
Fixed Assets	402,806	627,785	661,316	702,400	1,377,003
Interest	1,065,000	756,482	823,734	1,195,000	1,250,000
Internal Service Charges	3,558,503	3,874,398	2,529,889	2,188,556	2,360,276
Capital Projects	6,863,375	10,041,532	8,987,510	5,707,767	13,202,501
Capital Acquisitions	-	-	-	-	-
Debt Service	4,648,772	4,927,828	4,845,861	4,520,072	4,475,482
Transfers Out	7,907,692	4,127,166	4,714,131	10,131,531	4,018,313
TOTAL EXPENDITURES	\$ 62,912,316	\$ 63,386,198	\$ 65,949,701	\$ 71,793,656	\$ 77,524,333
Net Increase (Decrease)	(39,316)	(1,027,400)	5,932,421	(3,232,356)	(10,886,751)
Beginning Fund Balance	61,601,771	61,562,455	60,535,055	66,467,476	63,235,120
Ending Fund Balance	\$ 61,562,455	\$ 60,535,055	\$ 66,467,476	\$ 63,235,120	\$ 52,348,369

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 Trusts.

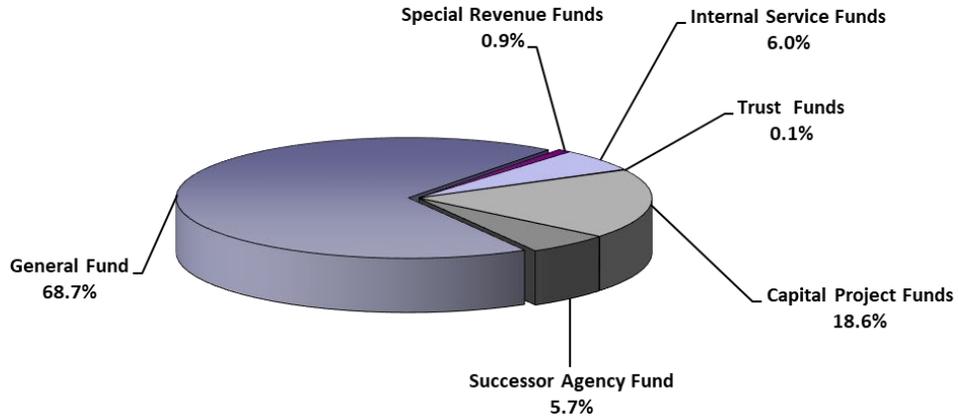
TOTAL TOWN REVENUES

BY FUND

(Includes Transfers In)

Fund	Fund Name	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted	Change from PY
General Fund								
111	General Fund	\$ 43,271,274	\$ 45,771,240	\$ 53,808,998	\$ 45,282,132	\$ 45,820,791	\$ 45,751,230	1.0%
Special Revenue Funds								
211	Housing Conservation Program	102,654	-	-	-	-	-	0.0%
212	Community Dev Block Grant	(6,011)	-	-	-	-	-	0.0%
222	Urban Run-Off Source Fund	372,626	577,592	716,352	594,394	594,394	584,394	-1.7%
231	Blackwell Assessment District	3,252	3,311	3,389	3,210	3,210	3,210	0.0%
232	Kennedy Assessment District	10,631	7,982	10,912	10,605	10,605	10,605	0.0%
233	Gemini Assessment District	4,801	4,544	5,077	4,750	4,750	4,750	0.0%
234	Santa Rosa Assessment District	5,074	5,402	5,354	5,000	5,000	5,000	0.0%
235	Vasona Assessment District	10,107	9,612	10,634	10,075	10,075	10,075	0.0%
236	Hillbrook Assessment District	6,074	6,138	6,272	6,040	6,040	6,040	0.0%
Internal Service Funds								
611	Liability Self-Insurance	497,401	506,519	657,152	443,727	375,554	418,135	-5.8%
612	Worker's Comp Self-Insurance	1,026,355	1,135,141	1,492,981	2,087,485	2,415,297	1,185,906	-43.2%
621	Information Technology	1,110,361	1,177,826	1,223,741	859,223	880,186	917,219	6.7%
622	Office Stores Fund	130,520	127,786	141,938	-	-	-	0.0%
631	Equipment Replacement	458,689	1,070,616	1,082,492	229,093	236,080	297,546	29.9%
632	Facilities Maintenance	577,675	586,654	764,407	-	-	-	0.0%
633	Vehicle Maintenance	1,423,566	1,759,036	1,787,255	1,173,757	1,163,757	1,148,757	-2.1%
Trust Funds								
711	Library Trust	80,350	75,039	83,840	75,550	70,550	70,500	-6.7%
712	Library History Project	-	-	-	-	-	-	0.0%
713	Ness Trust Bequest	345	516	736	-	-	-	0.0%
714	Betty McClendon Trust	750	1,079	1,495	700	700	700	0.0%
716	Barbara J Cassin Trust	2,939	4,404	6,277	2,900	2,900	2,900	0.0%
Capital Projects Funds								
411	GFAR	8,913,874	3,477,800	4,314,346	10,000,354	11,293,755	5,286,195	-47.1%
421	Grant Funded CIP Projects	3,093	261,534	257,968	1,047,100	74,006	1,479,200	41.3%
461	Storm Drain #1	74,183	13,996	123,039	49,150	60,957	49,470	0.7%
462	Storm Drain #2	69,142	752,689	47,774	53,770	19,602	53,490	-0.5%
463	Storm Drain #3	6,813	40,564	1,447	1,620	24	1,380	-14.8%
471	Traffic Mitigation	163,126	151,452	118,787	942,524	293,234	425,027	-54.9%
472	Construction Tax-Undergrounding	47,615	68,868	81,701	52,490	32,011	3,863,048	7259.6%
481	Gas Tax	611,472	865,606	1,217,552	1,316,054	1,364,620	1,233,317	-6.3%
Successor Agency to the Los Gatos RDA Fund								
942	SA - Recognized Obligation Retirement	3,894,249	3,895,852	3,910,206	3,823,202	3,823,202	3,829,488	0.2%
TOTAL Fund Rev & Transfers In		\$ 62,873,000	\$ 62,358,798	\$ 71,882,122	\$ 68,074,905	\$ 68,561,300	\$ 66,637,582	-2.1%
Plus Estimated PY Carryforward Grant Revenue for Capital Projects								-
Total Fund Revenues, Transfers-in, and Prior Year Carryforwards							\$ 66,637,582	

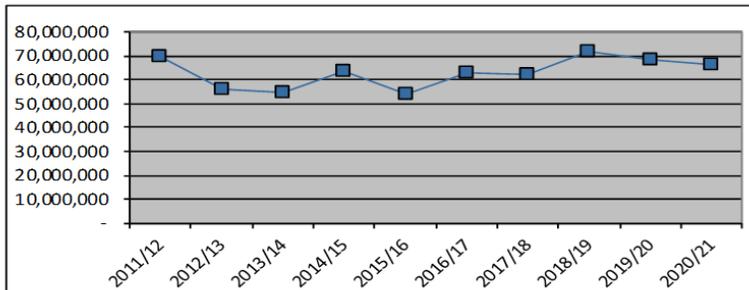
TOTAL TOWN REVENUES BY FUND



	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted	% of Total
General Fund	\$ 43,271,274	\$ 45,771,240	\$ 53,808,998	\$ 45,282,132	\$ 45,820,791	\$ 45,751,230	68.7%
Special Revenue Funds	509,208	614,581	757,990	634,074	634,074	624,074	0.9%
Internal Service Funds	5,224,567	6,363,578	7,149,966	4,793,285	5,070,874	3,967,563	6.0%
Trust Funds	84,384	81,038	92,348	79,150	74,150	74,100	0.1%
Capital Project Funds	9,889,318	5,632,509	6,162,614	13,463,062	13,138,209	12,391,127	18.6%
Successor Agency Fund	3,894,249	3,895,852	3,910,206	3,823,202	3,823,202	3,829,488	5.7%
Total Rev & Transfers In	\$ 62,873,000	\$ 62,358,798	\$ 71,882,122	\$ 68,074,905	\$ 68,561,300	\$ 66,637,582	100.0%

TOWN REVENUE HISTORICAL TREND (Includes Transfers In)

FY	Total	Status
2011/12	69,593,001	Actuals
2012/13	55,847,086	Actuals
2013/14	54,528,656	Actuals
2014/15	63,470,973	Actuals
2015/16	54,234,948	Actuals
2016/17	62,873,000	Actuals
2017/18	62,358,798	Actuals
2018/19	71,882,122	Actuals
2019/20	68,561,300	Estimated
2020/21	66,637,582	Projected



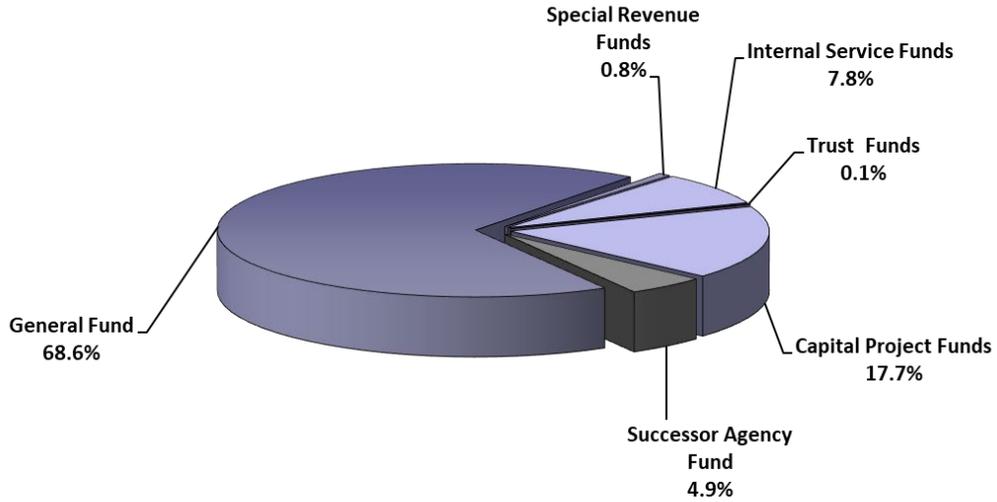
TOTAL TOWN EXPENDITURES

BY FUND

(Includes Transfers Out)

Fund	Fund Name	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted	Change from PY
General Fund								
111	General Fund	\$ 43,764,091	\$ 42,493,171	\$ 46,267,156	\$ 52,914,515	\$ 54,528,568	\$ 53,180,454	0.5%
Special Revenue Funds								
211	Housing Conservation Program	-	-	-	-	-	-	0.0%
212	Community Dev Block Grant	-	-	-	-	-	-	0.0%
222	Urban Run-Off Source Fund	466,762	521,147	628,240	579,173	516,751	559,077	-3.5%
231	Blackwell Assessment District	1,555	2,536	2,604	10,907	3,407	3,407	-68.8%
232	Kennedy Assessment District	8,631	14,846	8,220	8,913	16,005	8,913	0.0%
233	Gemini Assessment District	1,406	2,244	2,244	12,544	2,544	2,544	-79.7%
234	Santa Rosa Assessment District	2,955	9,172	9,172	19,472	9,472	9,472	-51.4%
235	Vasona Assessment District	7,555	5,586	5,576	18,644	12,792	8,644	-53.6%
236	Hillbrook Assessment District	3,525	3,565	4,370	19,757	4,757	4,757	-75.9%
Internal Service Funds								
611	Liability Self-Insurance	1,015,409	397,190	338,617	680,137	433,603	668,059	-1.8%
612	Worker's Comp Self-Insurance	1,337,371	1,416,722	1,270,628	1,657,210	2,013,845	1,775,300	7.1%
621	Information Technology	1,747,482	1,267,349	867,082	955,575	862,230	1,057,875	10.7%
622	Office Stores Fund	113,210	100,432	369,729	-	-	-	0.0%
631	Equipment Replacement	712,638	636,400	601,961	2,186,240	1,282,150	1,396,746	-36.1%
632	Facilities Maintenance	805,178	506,234	1,027,197	-	-	-	0.0%
633	Vehicle Maintenance	1,875,805	1,475,728	1,061,905	1,961,752	1,933,078	1,169,722	-40.4%
Trust Funds								
711	Library Trust	75,498	71,265	69,029	100,000	97,000	90,500	-9.5%
713	Ness Trust Bequest	-	-	21,048	20,755	-	20,755	0.0%
714	Betty McClendon Trust	-	5,986	-	2,500	2,500	700	-72.0%
716	Barbara J Cassin Trust	-	-	-	10,000	10,000	2,500	-75.0%
721	Parking District #88	-	-	-	-	-	-	0.0%
Capital Projects Funds								
411	GFAR	5,448,917	9,556,483	7,970,424	10,242,716	3,361,871	5,904,836	-42.4%
421	Grant Funded CIP Projects	3,400	15,394	379,494	1,047,100	614,496	1,479,200	41.3%
461	Storm Drain #1	-	-	-	50,000	-	50,000	0.0%
462	Storm Drain #2	-	18,700	-	50,000	-	50,000	0.0%
463	Storm Drain #3	12,750	107,992	29,700	50,000	15,500	75,000	50.0%
471	Traffic Mitigation	141,791	119,507	74,626	942,524	293,235	425,027	-54.9%
472	Construction Tax-Undergrounding	-	-	-	-	49,000	4,436,000	0.0%
481	Gas Tax	1,569,077	855,965	1,066,881	1,316,054	1,907,282	1,316,054	0.0%
Successor Agency to the Los Gatos RDA Fund								
942	SA- Trust Fund	3,797,310	3,782,584	3,873,798	3,823,202	3,823,570	3,828,791	-1.5%
TOTAL Fund Exp & Transfers Out		\$ 62,912,316	\$ 63,386,198	\$ 65,949,701	\$ 78,679,690	\$ 71,793,656	\$ 77,524,333	-1.5%

TOTAL TOWN EXPENDITURES BY FUND

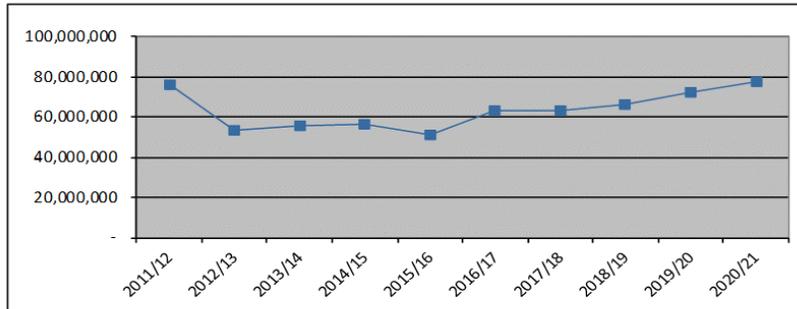


	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted	% of Total
General Fund	\$ 43,764,091	\$ 42,493,171	\$ 46,267,156	\$ 52,914,515	\$ 54,528,568	\$ 53,180,454	68.6%
Special Revenue Funds	492,389	559,096	660,426	669,410	565,728	596,814	0.8%
Internal Service Funds	7,607,093	5,800,055	5,537,119	7,440,914	6,524,906	6,067,702	7.8%
Trust Funds	75,498	77,251	90,077	133,255	109,500	114,455	0.1%
Capital Project Funds	7,175,935	10,674,041	9,521,125	13,698,394	6,241,384	13,736,117	17.7%
Successor Agency Fund	3,797,310	3,782,584	3,873,798	3,823,202	3,823,570	3,828,791	4.9%
Total Exp & Transfers Out	\$ 62,912,316	\$ 63,386,198	\$ 65,949,701	\$ 78,679,690	\$ 71,793,656	\$ 77,524,333	100.0%

TOWN EXPENDITURE HISTORICAL TREND

(Includes Transfers Out)

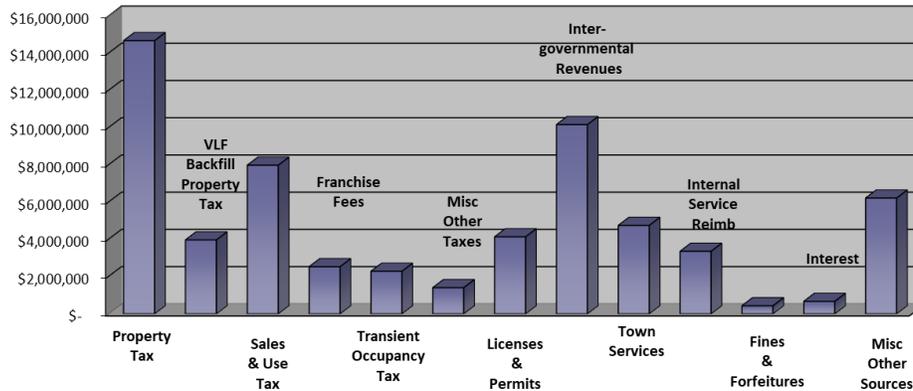
FY	Total	Status
2011/12	\$ 75,659,793	Actuals
2012/13	\$ 53,432,243	Actuals
2013/14	\$ 55,545,002	Actuals
2014/15	\$ 56,593,416	Actuals
2015/16	\$ 50,881,063	Actuals
2016/17	\$ 62,912,316	Actuals
2017/18	\$ 63,386,198	Actuals
2018/19	\$ 65,949,701	Actuals
2019/20	\$ 71,793,656	Estimated
2020/21	\$ 77,524,333	Projected



TOTAL TOWN REVENUES

BY CATEGORY

FY 2020/21 Revenues



Revenues	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted	% of Total
Property Tax	\$ 11,518,257	\$ 12,510,996	\$ 13,636,099	\$ 14,174,700	\$ 13,860,986	\$ 14,678,319	22.0%
VLF Backfill Property Tax	3,237,955	3,447,584	3,685,247	3,795,800	3,895,800	3,973,720	6.0%
Sales & Use Tax	9,171,373	7,592,206	8,158,152	8,001,917	8,104,256	7,987,247	12.0%
Franchise Fees	2,366,908	2,474,814	2,475,916	2,458,520	2,458,520	2,532,289	3.8%
Transient Occupancy Tax	2,322,910	2,628,927	2,692,043	2,848,730	1,874,052	2,287,671	3.4%
Miscellaneous Other Taxes	1,805,679	1,784,327	1,621,762	1,508,220	1,371,752	1,408,220	2.1%
Licenses & Permits	3,731,606	4,624,222	4,148,509	4,435,910	4,221,456	4,140,274	6.2%
Intergovernmental Revenues	3,664,925	4,275,547	4,532,466	6,015,772	5,735,119	10,169,407	15.3%
Town Services	3,919,245	5,132,095	5,126,169	4,817,907	4,878,219	4,752,983	7.1%
Internal Service Reimbursements	4,552,407	4,880,836	3,529,840	3,285,647	3,082,894	3,361,181	5.0%
Fines & Forfeitures	917,106	676,212	510,266	483,950	364,929	434,950	0.7%
Interest	251,116	369,892	1,874,224	674,278	1,342,982	671,009	1.0%
Miscellaneous Other Sources	7,505,821	8,074,709	15,177,298	5,968,879	7,238,804	6,221,999	9.3%
Total Revenues	\$ 54,965,308	\$ 58,472,367	\$ 67,167,991	\$ 58,470,230	\$ 58,429,769	\$ 62,619,269	
Plus Transfers In	7,907,692	3,886,431	4,714,131	9,604,676	10,131,531	4,018,313	6.0%
Total Revenues & Other Sources	\$ 62,873,000	\$ 62,358,798	\$ 71,882,122	\$ 68,074,906	\$ 68,561,300	\$ 66,637,582	100%

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, VLF Backfill, Franchise Fees, and Intergovernmental Revenues.

Key revenue highlights include:

Property Tax – Property Tax revenues are still projected to increase by 3.6% compared to the prior year budgeted amount as property tax collection is based on the January 2020 assessment roll for FY 2020/21.

Sales and Use Tax – While the Town only receives 1.125 cents of the 9.125 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 2020/21 budget reflects \$8.0 million in sales tax revenue which is a significant decrease from the draft Five-Year Forecast presented to the Town Council in January 2020; however, it equates to a 0.2 % decrease compared to the prior year budgeted amount. The modest change compared to the prior year budget is the combined effect of the additional revenues associated with the newly enacted 1/8 cent sales tax moderating the negative impact associated with COVID-19 pandemic. In addition, staff had previously requested a Mid-Year budget adjustment of \$700,000 (not reflected in the FY 19/20 Adopted Budget) based on receipts prior to the County shelter-in-place (SIP) order in response to the COVID-19 emergency. Given the significant impacts related to SIP, staff will request a budget adjustment for FY 2019/20 reversing that adjustment back to prior Adopted Budget levels.

Licenses and Permits – FY 2020/21 Licenses and Permits reflect a 6.7% decrease reflecting anticipated declines in permitting activity.

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

TOTAL TOWN REVENUES BY CATEGORY

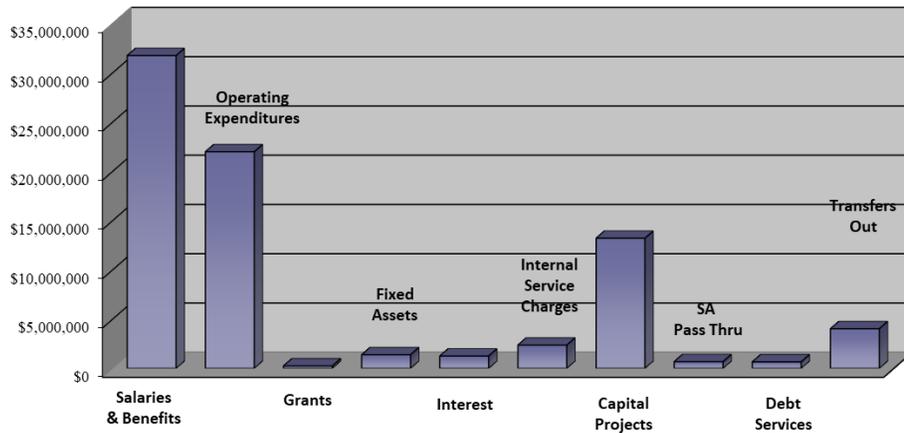
Transient Occupancy Tax – Transient Occupancy Tax (TOT) is expected to decrease by 19.7% from FY 2019/20 budgeted amount of \$2.8 million or 15% from FY 2018/19 actual proceeds due to the anticipated effect of the SIP Public Health Orders. Given the significant impacts of the SIP, staff conducted a survey of local hotels to understand current occupancy rates. Based on the survey, staff will request a budget adjustment for FY 2019/20 to reflect decreased TOT revenue.

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 2020/21 Expenditures



Expenditures	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21	% of Total
	Actuals	Actuals	Actuals	Adopted	Estimated	Adopted	
Salaries and Benefits	\$ 25,344,865	\$ 25,296,305	\$ 26,948,324	\$ 31,117,995	\$ 28,639,145	\$ 31,751,761	41.0%
Operating Expenditures	16,085,204	16,354,841	18,844,565	17,971,354	21,401,466	21,983,485	28.4%
Grants	209,381	194,808	248,533	222,500	242,500	245,000	0.3%
Fixed Assets	402,807	627,785	661,315	1,734,495	702,400	1,377,003	1.8%
Interest	1,065,000	756,482	823,734	1,195,000	1,195,000	1,250,000	1.6%
Internal Service Charges	3,558,503	3,874,398	2,529,890	2,259,419	2,188,556	2,360,276	3.0%
Capital Projects	6,863,375	10,041,532	8,987,510	13,164,778	5,707,768	13,202,501	17.0%
Successor Agency Pass Thru	673,323	1,014,531	1,163,984	699,718	875,266	677,500	0.9%
Debt Services	802,166	1,098,350	1,027,715	709,755	710,024	658,494	0.8%
Total Expenditures	\$ 55,004,624	\$ 59,259,032	\$ 61,235,570	\$ 69,075,014	\$ 61,662,125	\$ 73,506,020	
Transfers Out	7,907,692	4,127,166	4,714,131	9,604,676	10,131,531	4,018,313	5.2%
Total Uses of Funds	\$ 62,912,316	\$ 63,386,198	\$ 65,949,701	\$ 78,679,690	\$ 71,793,656	\$ 77,524,333	100%

Total Budgeted Expenditures (exclusive of Transfers Out) include budgeted Capital Improvements, which can vary significantly from year to year. Net of Capital Projects and payment to CalPERS, total expenditures reflect a 0.3% increase for FY 2020/21 compared to the prior year adopted budget. Expenditures of note include:

Salaries and Benefits – The FY 2020/21 budget reflects an increase in salaries related to negotiated adjustments and benefits attributed to increased CalPERS and medical benefits rates. Staffing modifications include reclassification of a Payroll Technician Position and an Administrative Technician position to Administrative Analyst positions and a Parking Control Officer Position to a Senior Parking Control Officer position to better align current service delivery within the existing budget. Staff also proposes one-time temporary hours within the Town Manager’s Office, 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, Information Technology, Vehicle Replacement, and Building Maintenance services. The FY 2020/21 budget reflects an increase in the Internal Service Charges reflecting scheduled replacements.

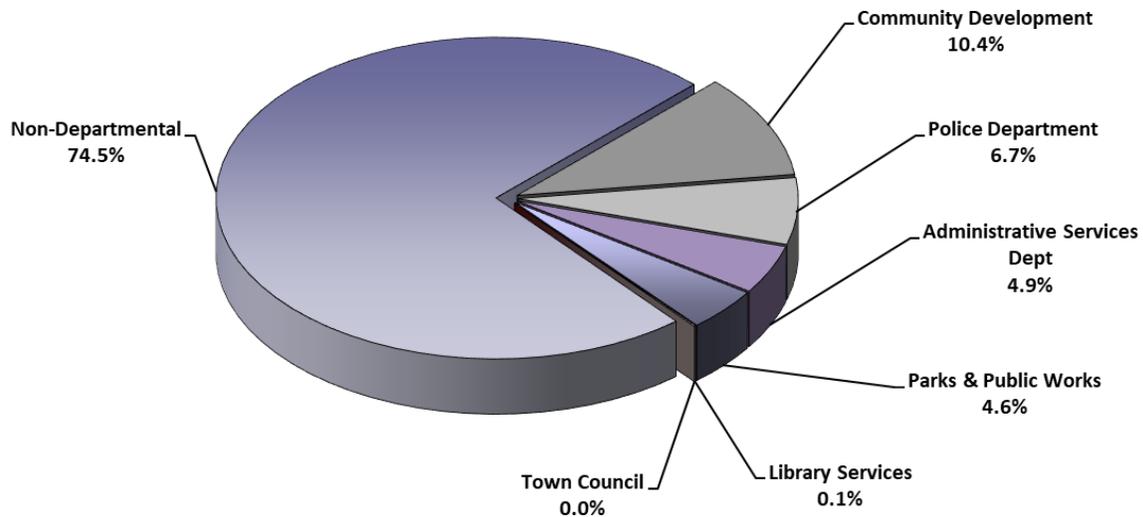
TOTAL TOWN EXPENDITURES

BY CATEGORY

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



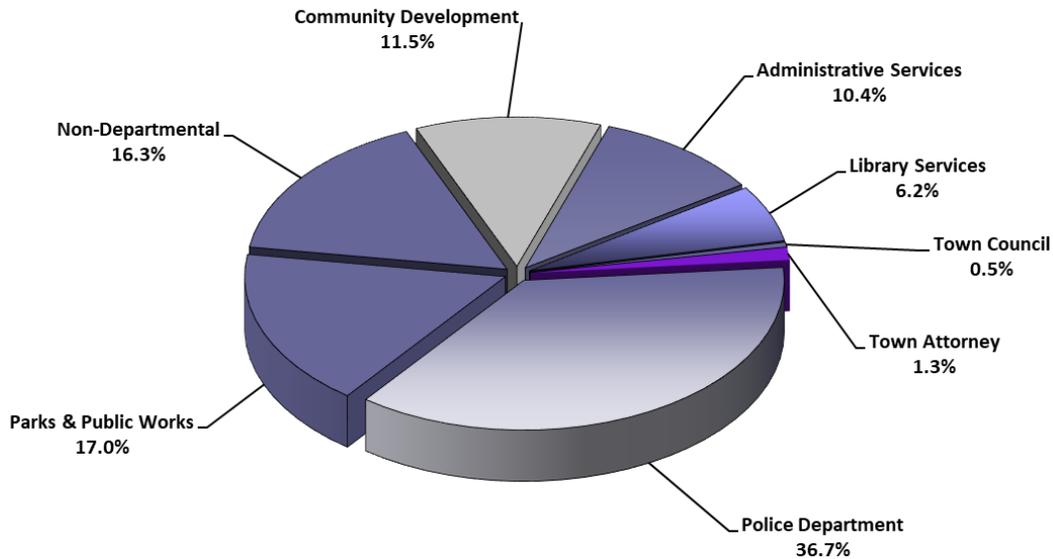
FY 2020/21 Departmental Revenues

Departments	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted	% of Total
Town Council	\$ 2,634	\$ 730	\$ 1,527	\$ -	\$ -	\$ -	0.0%
Non-Departmental	30,660,035	28,988,474	34,475,646	31,267,889	31,312,321	31,373,670	74.2%
Administrative Services*	1,939,016	1,946,533	3,172,019	2,176,383	2,655,258	2,019,873	4.8%
Community Development	3,803,661	3,835,046	4,203,611	4,967,543	3,972,923	4,288,785	10.1%
Police Department	2,880,573	2,769,309	2,556,445	2,661,412	2,524,288	2,759,731	6.5%
Parks & Public Works	1,666,480	3,530,073	2,760,825	1,716,845	2,368,798	1,783,685	4.2%
Library Services	81,746	71,902	56,958	48,500	59,719	38,000	0.1%
Total General Fund Revenues	\$ 41,034,145	\$ 41,142,067	\$ 47,227,031	\$ 42,838,572	\$ 42,893,307	\$ 42,263,744	100%
Town Debt Payments	\$ 1,923,303	\$ 1,914,739	\$ 1,909,073	\$ 1,905,024	\$ 1,905,024	\$ 1,908,494	
Pension Trust**	-	-	5,022,848	-	429,174	962,158	
Compensated Absences**	-	2,169,600	(1,928,865)	-	-	-	
Transfers In	313,825	544,836	1,578,911	538,536	593,286	616,834	
Net Operating Revenues	\$ 43,271,273	\$ 45,771,242	\$ 53,808,998	\$ 45,282,132	\$ 45,820,791	\$ 45,751,230	

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

** Previously expensed transfers were returned to be included in the General Fund.

GENERAL FUND EXPENDITURES BY DEPARTMENT



FY 2020/21 Departmental Expenditures

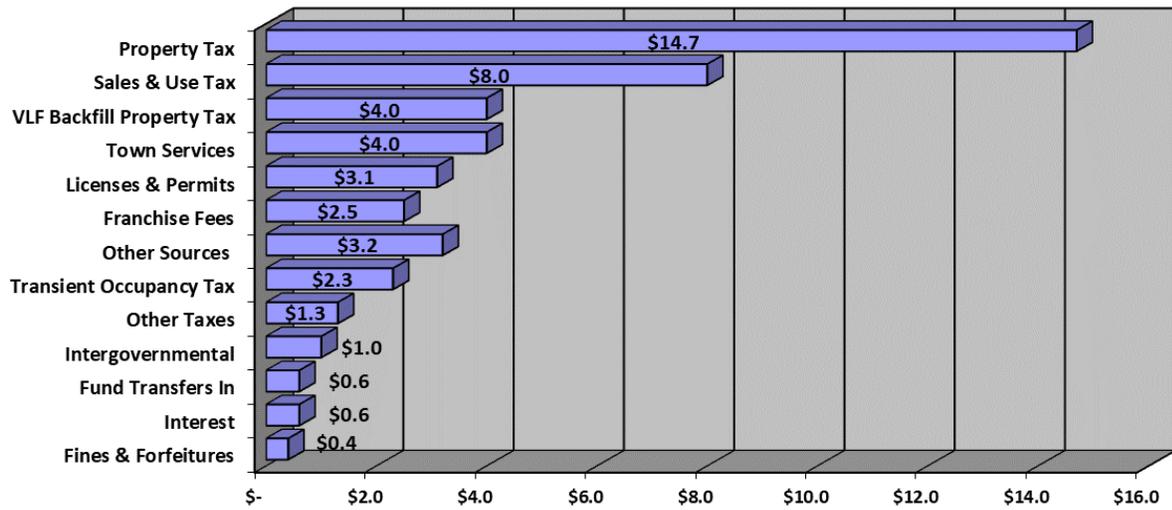
Departments	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted	% of Total
Police Department	\$ 13,251,291	\$ 14,423,554	\$ 14,948,952	\$ 16,940,786	\$ 15,743,235	\$ 17,587,825	36.7%
Parks & Public Works	6,597,744	7,099,527	7,969,631	8,070,068	7,987,006	8,152,044	17.0%
Non-Departmental	4,945,746	4,868,721	6,875,760	3,873,255	3,574,014	7,803,668	16.3%
Community Development	3,793,929	4,192,165	4,577,495	5,760,099	4,561,625	5,517,030	11.5%
Administrative Services*	2,825,082	3,193,995	3,931,807	4,815,138	4,281,866	4,974,616	10.4%
Library Services	2,508,678	2,529,017	2,493,617	2,935,010	2,715,304	2,946,509	6.2%
Town Council	193,584	192,183	205,903	240,605	206,469	243,486	0.5%
Town Attorney	426,548	354,205	562,542	621,391	562,983	645,303	1.3%
Total General Fund Exp	\$ 34,542,602	\$ 36,853,367	\$ 41,565,707	\$ 43,256,352	\$ 39,632,502	\$ 47,870,481	100%
Town Debt Payments	\$ 1,923,303	\$ 1,914,739	\$ 1,909,073	\$ 1,905,024	\$ 1,905,024	\$ 1,908,494	
Pension Trust**	-	-	7,155	-	4,765,797	-	
Compensated Absences**	-	240,735	-	-	-	-	
Transfers Out	7,298,187	3,484,330	2,785,220	7,753,140	8,225,245	3,401,479	
Net Operating Expenditures	\$ 43,764,092	\$ 42,493,171	\$ 46,267,155	\$ 52,914,516	\$ 54,528,568	\$ 53,180,454	

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

** Pension Trust and Compensated absences are incorporated in the General Fund.

GENERAL FUND REVENUES BY CATEGORY

\$44.8 Million



Revenue Category	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21	% of Total
	Actuals	Actuals	Actuals	Adopted	Estimated	Adopted	
Property Tax	\$ 11,518,257	\$ 12,510,822	\$ 13,636,099	\$ 14,174,700	\$ 13,860,986	\$ 14,678,319	32.1%
VLF Backfill Property Tax	3,237,955	3,447,584	3,685,247	3,795,800	3,895,800	3,973,720	8.7%
Sales & Use Tax	9,171,373	7,592,206	8,158,152	8,001,917	8,104,256	7,987,247	17.5%
Franchise Fees	2,366,908	2,474,814	2,475,916	2,458,520	2,458,520	2,532,289	5.5%
Transient Occupancy Tax	2,322,910	2,628,927	2,692,043	2,848,730	1,874,052	2,287,671	5.0%
Other Taxes	1,720,980	1,686,251	1,526,894	1,400,000	1,294,011	1,300,000	2.8%
Licenses & Permits	3,042,166	3,011,309	3,067,994	3,382,534	3,203,082	3,086,898	6.7%
Intergovernmental	908,285	1,010,166	945,191	978,141	868,614	969,385	2.1%
Town Services	3,454,666	4,625,136	4,580,511	4,328,336	4,184,272	4,013,412	8.8%
Fines & Forfeitures	917,106	676,212	510,266	483,950	364,929	434,950	1.0%
Interest	171,653	244,762	1,689,575	629,774	1,310,518	626,409	1.4%
Other Sources	4,125,189	5,318,217	9,262,199	2,261,194	3,808,465	3,244,096	7.1%
Total Revenues	\$ 42,957,448	\$ 45,226,406	\$ 52,230,087	\$ 44,743,596	\$ 45,227,505	\$ 45,134,396	
Transfers In:	\$ 313,825	\$ 544,836	\$ 1,578,911	\$ 538,536	\$ 593,286	\$ 616,834	1.3%
Total Revenues & Transfers In	\$ 43,271,273	\$ 45,771,242	\$ 53,808,998	\$ 45,282,132	\$ 45,820,791	\$ 45,751,230	100%

FY 2020/21 General Fund revenues and fund transfers are estimated to increase by 1.0% from the FY 2019/20 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 1.125 cents of the 9.125 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 2020/21 budget reflects \$8 million in sales tax revenue, which is significant decrease from the draft Five-Year Forecast presented to the Town Council in January 2020; however, it equates to a 0.2 % decrease compared to the prior year budgeted amount. The modest change compared to the prior year budget is the combined effect of the additional revenues associated with the newly enacted 1/8 cent sales tax moderating the negative impact associated with COVID-19 pandemic. In addition, staff had previously requested a Mid-Year budget adjustment of \$700,000 (not reflected in the FY 19/20 Adopted Budget) based on receipts prior to the County shelter-in-place (SIP) order in response to the COVID-19 emergency. Given the significant impacts related to SIP, staff will request a budget adjustment for FY 2019/20 reversing that adjustment back to prior Adopted Budget levels.

Property Tax – Property Tax revenues have increased by 3.6% compared to the prior year budgeted amount as property tax collection is based on the January 2020 assessment roll for FY 2020/21. Property Tax budget projections

GENERAL FUND REVENUES

BY CATEGORY

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.

Town Services – Charges for Town Services decreased by 7.3% reflecting development projects that are in progress.

Licenses & Permits – Licenses and Permits decreased by 8.7% based on current and anticipated building activities.

Intergovernmental Revenues – Intergovernmental revenues reflect a 0.9% decrease since less grant revenue is anticipated to be received than 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 3%. The increase is based on an analysis of current year collection trends.

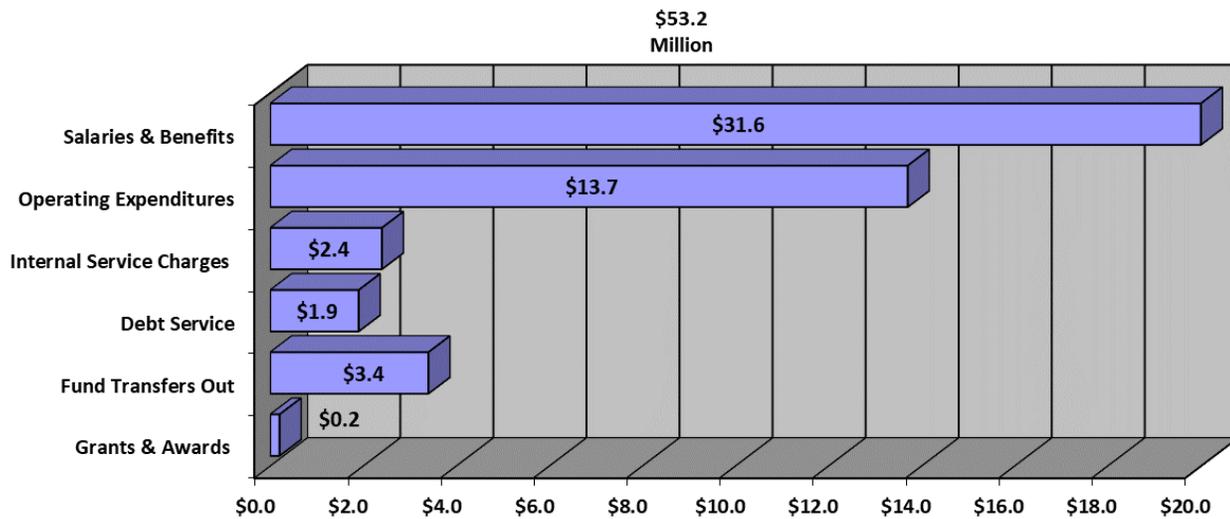
Transient Occupancy Tax – Transient Occupancy Tax (TOT) is expected to decrease by 19.7% from FY 2019/20 budgeted amount of \$2.8 million or 15% from FY 2018/19 actual proceeds due to the anticipated effect of the SIP Public Health Orders. Given the significant impacts of the SIP, staff conducted a survey of local hotels to understand current occupancy rates. Based on the survey, staff will request a budget adjustment for FY 2019/20 to reflect decreased TOT revenue.

Fines and Forfeitures – Fines and Forfeitures include library and traffic fines and administrative citations which are expected to decrease by 10.1%.

Transfers In – Transfers in increased by 14.5% compared to the prior year budget, reflecting an utilization of a previously saved equipment replacement collection in FY 2020/21.

Other Sources – Other sources includes the Town "Pass Through" programs and restricted pension trust fund activities.

GENERAL FUND EXPENDITURES BY CATEGORY



Expenditure Category	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted	% of Total
Salaries & Benefits	\$ 21,884,855	\$ 23,574,425	\$ 26,803,225	\$ 30,910,359	\$ 28,505,727	\$ 31,579,000	59.5%
Operating Expenditures	8,896,209	9,457,424	11,955,327	9,869,872	13,464,492	13,690,647	25.7%
Fixed Assets	-	-	38,307	-	-	-	0.0%
Grants & Awards	209,381	194,808	248,533	222,500	242,500	245,000	0.5%
Debt Service	1,923,303	1,914,739	1,909,073	1,905,024	1,905,024	1,908,494	3.6%
Internal Service Charges	3,552,157	3,867,445	2,527,470	2,253,620	2,185,580	2,355,834	4.3%
total Expenditures	\$ 36,465,905	\$ 39,008,841	\$ 43,481,935	\$ 45,161,375	\$ 46,303,323	\$ 49,778,975	
Transfers Out	\$ 7,298,187	\$ 3,484,330	\$ 2,785,220	\$ 7,753,140	\$ 8,225,245	\$ 3,401,479	6.4%
total Exp & Transfers Out	\$ 43,764,092	\$ 42,493,171	\$ 46,267,155	\$ 52,914,515	\$ 54,528,568	\$ 53,180,454	100.0%

The FY 2020/21 General Fund Operating Budget (net of transfers out, payment to CalPERS, and the General Plan Update expenses totaling \$4.8M) represents a 1.8% increase compared to the net FY 2019/20 adopted operating expenditures budget.

Salaries & Benefits – The delivery of Town services is highly dependent on labor which comprises 59.5% of budgeted General Fund expenditures for FY 2020/21. The FY 2020/21 budget reflects an increase in salaries consistent with approved labor contracts, and benefits costs attributed to increased CalPERS and medical benefits rates.

Operating Expenditures –The operating expenditures include \$4.2 million payment to CalPERS and \$0.6 million for the General Plan Update. The FY 2020/21 operating expenditures increased when compared to the FY 2019/20 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.

**GENERAL FUND EXPENDITURES
BY CATEGORY**

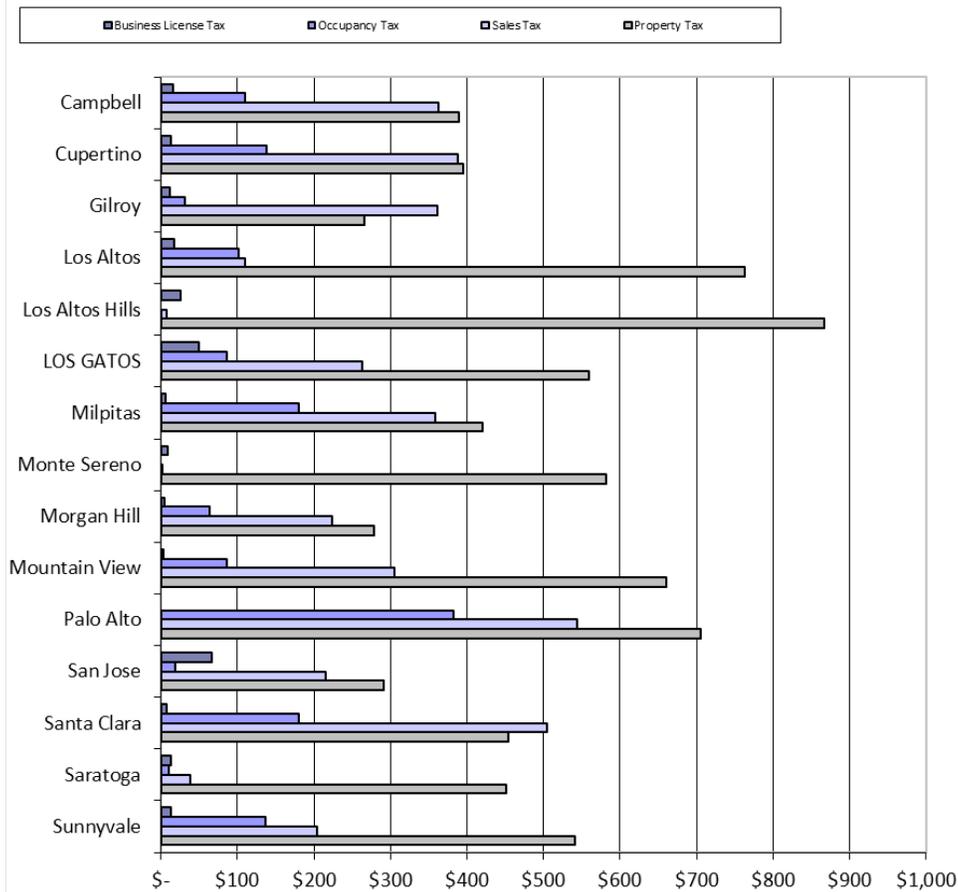
Grants & Awards –The Town provides General Fund grants and awards to local nonprofit organizations for a variety of human, art, special events and educational services. FY 2020/21 grants and awards reflect 10.1% increase in grant funding from the prior year.

Internal Service Charges – These expenditures represent the service program costs charged back to the operational programs for Liability Insurance, Information Technology, Vehicle Replacement, and Building Maintenance services.

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 \$3,401,479 to the Capital Projects Fund.

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

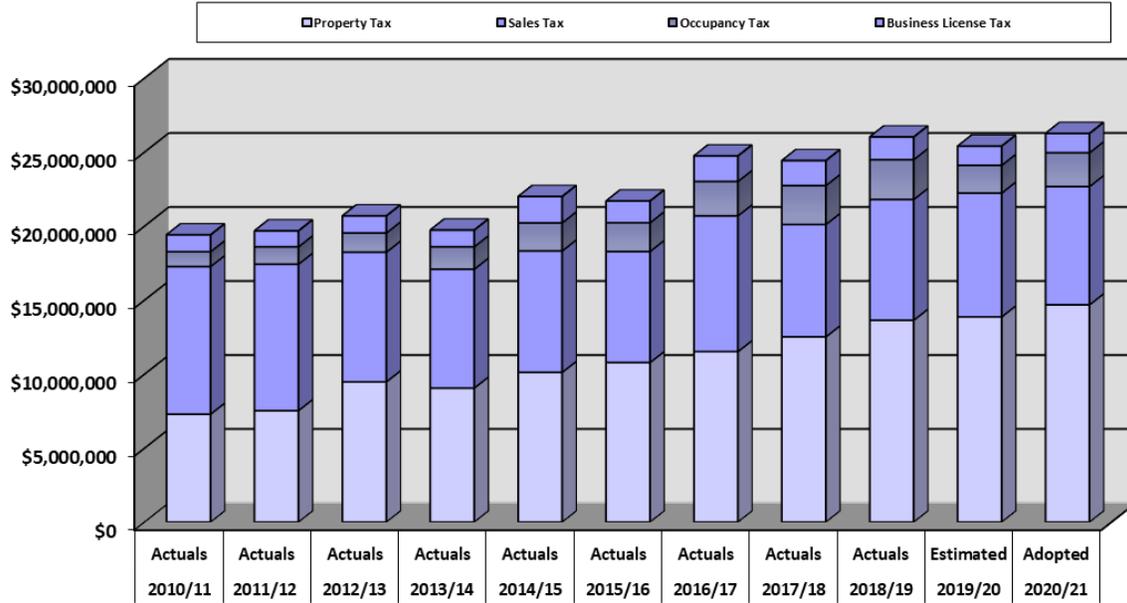


FY 2018/19 Actual Tax Revenue Amounts and Per Capita

Cities	Population	Property Tax		Sales Tax		Occupancy Tax		Business License Tax	
		Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita
Campbell	43,250	\$ 16,877,568	390	\$ 15,684,222	\$ 363	\$ 4,768,870	\$ 110	\$ 693,263	\$ 16
Cupertino	64,127	25,301,094	395	24,901,779	388	8,901,337	139	876,601	14
Gilroy	55,928	14,848,765	265	20,186,105	361	1,771,882	32	693,758	12
Los Altos	31,190	23,791,531	763	3,427,203	110	3,166,067	102	540,262	17
Los Altos Hills	8,785	7,621,614	868	65,926	8	-	-	220,888	25
LOS GATOS	30,988	17,321,347	559	8,158,162	263	2,692,044	87	1,526,894	49
Milpitas	80,430	33,811,009	420	28,889,785	359	14,502,735	180	500,339	6
Monte Sereno	3,500	2,038,501	582	1,743	0	-	-	33,580	10
Morgan Hill	45,742	12,761,577	279	10,247,494	224	2,893,113	63	201,762	4
Mountain View	81,992	54,183,866	661	25,057,747	306	7,050,530	86	230,981	3
Palo Alto	67,082	47,329,394	706	36,507,728	544	25,648,696	382	-	-
San Jose	1,051,316	306,222,332	291	226,336,942	215	19,530,772	19	70,673,106	67
Santa Clara	128,717	58,501,737	454	65,036,080	505	23,228,956	180	928,545	7
Saratoga	31,407	14,166,177	451	1,207,471	38	347,605	11	424,854	14
Sunnyvale	155,567	84,211,809	541	31,862,256	205	21,192,146	136	1,957,738	13
Average	125,335	\$ 47,932,555	\$ 382	\$ 33,171,376	\$ 265	\$ 9,046,317	\$ 72	\$ 5,300,171	\$ 42

Source: Cities of Santa Clara County

GENERAL FUND TAX REVENUES BUDGET WITH 10 YEAR HISTORY



Fiscal Year		Property Tax	Sales Tax	Occupancy Tax	Business License Tax	Sum of Key Revenues	Change from Prior Year
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	Actuals	\$ 12,510,822	\$ 7,592,206	\$ 2,628,927	\$ 1,686,251	\$ 24,418,206	(1.3%)
2018/19	Actuals	\$ 13,636,099	\$ 8,158,152	\$ 2,692,043	\$ 1,526,894	\$ 26,013,188	6.5%
2019/20	Estimated	\$ 13,860,986	\$ 8,364,914	\$ 1,874,052	\$ 1,294,011	\$ 25,393,963	(2.4%)
2020/21	Adopted	\$ 14,678,319	\$ 7,987,247	\$ 2,287,671	\$ 1,300,000	\$ 26,253,237	3.4%

GENERAL FUND
FY 2020/21 ESTIMATED FUND BALANCE ACTIVITY

Use of / Addition to GF Reserves:	Estimated July 1, 2020 Balance	Revenues & Transfers In	Expenditures and Transfers Out	Fund Balance Sources (Uses)	Estimated June 30, 2021 Balance
Unreserved Fund Balances					
Undesignated Reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Available to be Appropriated	2,715,950	45,751,230	53,180,454	7,441,129	2,727,855
Restricted Fund Balances					
Pension	639,519	-	-	962,158	1,601,677
Committed to:					
Budget Stabilization Reserve	5,427,603	-	-	-	5,427,603
Catastrophic Reserves	5,427,603	-	-	-	5,427,603
Pension/OPEB Reserve	4,232,500	-	-	(4,232,500)	-
Assigned to:					
Open Space Reserve	410,000	-	-	-	410,000
Sustainability	140,553	-	-	-	140,553
Capital / Special Projects	7,422,640	-	-	(4,170,787)	3,251,853
Authorized Carryforwards	413,729	-	-	-	413,729
Compensated Absences	1,232,653	-	-	-	1,232,653
Surplus Property Reserve	1,200,000	-	-	-	1,200,000
Total Use of and Addition To Reserves	\$ 29,262,750	\$ 45,751,230	\$ 53,180,454	\$ -	\$ 21,833,526

The balances are estimates and will be finalized upon closing FY 2019/20.

GENERAL FUND
FY 2019/20 & FY 2020/21 ESTIMATED FUND BALANCE ACTIVITY

	Actual General Fund Balance June 30, 2019	\$ 5,015,316	\$ 5,419,222	\$ 5,419,222	\$ 5,419,222	\$ 4,232,500	\$ 562,000	\$ 140,553	\$ 13,262,303	\$ 413,729	\$ 1,040,375	\$ 1,232,654	\$ -	\$ -	\$ 37,970,528
	Restricted for Pension	Budget Stabilization	Catastrophic	Pension/OP&B	Open Space	Sustainability	Capital/Special Projects	Carryforward Encumbrances	Vehicle Maintenance & Store	To Workers' Comp	Compensated Absences	Surplus Property Reserve	Estimated Available to be Appropriated	Total GF Balance	
FY 2019/20 ACTIONS															
Additional Funding for PCI Improvements (FY 2019/20 Adopted Budget)							(1,337,500)								
Downtown Revitalization (FY 2019/20 Adopted Budget)							(1,000,000)								
Downtown Revitalization (FY 2019/20 Adopted Budget)									(972,384)						
Additional Capital Projects (FY 2019/20 Adopted Budget)					(152,000)		(3,220,000)								
50% of Com. Abs. to Workers' Comp (FY 2019/20 Adopted Budget)										(1,232,654)					
Additional Grant (FY 2019/20 Adopted Budget)									(5,000)						
Additional Side Walk Cleaning (FY 2019/20 Adopted Budget)									(27,685)						
Regular Payment to IRS 115 Pension Trust (FY 2019/20 Adopted Budget)	390,000														
Vegetation Management (Council Action 8/20/2019)							(300,707)								
PARS Transfer (October 2019)	(4,765,797)														
Sale of Winchester Property (Council Action 4/21/2020)												1,200,000			
Reserve 25% of FY2020/21 GF Operating Expenditure (per General Fund Reserve Policy)		8,381	8,381				(16,762)								
Vehicle and Store Residual Balance (per General Fund Reserve Policy)							35,306		(35,306)						
FY 2019/20 Estimated Year-End Surplus													2,715,949		
Estimated General Fund Balance June 30, 2020	\$ 639,519	\$ 5,427,603	\$ 5,427,603	\$ 4,232,500	\$ 410,000	\$ 140,553	\$ 7,422,640	\$ 413,729	\$ -	\$ -	\$ 1,232,654	\$ 1,200,000	\$ 2,715,949	\$ 29,262,750	
PROPOSED FY2020/21 ACTIONS															
Additional Capital Projects							(3,401,479)								
FY2020/21 One-time Uses							(769,308)								
Paying off CalPERS 2015 Gain/Loss Base				(3,660,342)											
Residual Pension/OP&B Reserve to IRS 115 Pension Trust (CEPPT)	572,158			(572,158)											
Regular Payment to IRS 115 Pension Trust (CEPPT)	390,000														
FY 2020/21 Estimated Year-End Surplus													11,905		
Estimated General Fund Balance June 30, 2021	\$ 1,601,677	\$ 5,427,603	\$ 5,427,603	\$ -	\$ 410,000	\$ 140,553	\$ 3,251,853	\$ 413,729	\$ -	\$ -	\$ 1,232,654	\$ 1,200,000	\$ 2,727,854	\$ 21,833,526	

SCHEDULE OF INTERFUND TRANSFERS
FISCAL YEAR 2019/20 & 2020/21

Fund Description	Estimated		Adopted Budget	
	2019/20 Transfers In	2019/20 Transfers Out	2020/21 Transfers In	2020/21 Transfers Out
General Funds				
General Fund	\$ 593,286	\$ 8,225,245	\$ 616,834	\$ 3,401,479
Special Revenue Funds				
Solid Waste Management	-	-	-	-
HCD Housing Rehabilitation	-	-	-	-
HCD-Community Dev Block Grant	-	-	-	-
Urban Run-Off Program	10,000	-	-	-
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
Internal Service Funds				
Liability Self Insurance-Fund	-	-	-	-
Worker's Comp Self Insurance	1,232,654	-	-	-
Management Information Systems	-	-	-	37,800
Office Stores Fund	-	-	-	-
Equipment Fund	-	579,750	-	40,498
Vehicle Maintenance Fund	-	-	-	-
Facilities Maintenance Fund	-	788,000	-	-
Trust & Agency Funds				
Barbara J. Cassin Trust	-	-	-	-
History Project Trust Fund	-	-	-	-
Library Trust Fund	-	-	-	-
Capital Project Funds				
GFAR	8,295,591	417,616	3,401,479	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
Successor Agency of the Los Gatos RDA Fund				
SA - Administration	-	-	-	-
SA - Debt Service	-	-	-	-
SA - Low / Moderate Housing	-	-	-	-
SA - Recognized Obligation Retirement	-	-	-	-
SA - General Fund	-	-	-	-
Total Transfers	\$ 10,131,531	\$ 10,131,531	\$ 4,018,313	\$ 4,018,313

FUND BALANCE ACTIVITY SUMMARY FISCAL YEAR 2020/21

	7/1/20 Estimated Fund Balance	Fiscal Year 2020/21 Proposed Budget					6/30/21 Estimated Fund Balance
		Plus		Less			
		Revenues & Carryforwards	Transfers In	Expenditures & Carryforwards	Transfers Out	Use of Reserves	
GENERAL FUND							
Unreserved Fund Balances							
<i>Undesignated Reserves</i>							
Available to be Appropriated	\$ 2,715,950	\$ 45,134,396	\$ 616,834	\$ 49,778,975	\$ 3,401,479	\$ 7,441,129	\$ 2,727,855
Restricted Fund Balances							
Pension Trust	639,519	-	-	-	-	962,158	1,601,677
Committed to:							
Budget Stabilization Reserve	5,427,603	-	-	-	-	-	5,427,603
Catastrophic Reserves	5,427,603	-	-	-	-	-	5,427,603
Pension/OPEB Reserve	4,232,500	-	-	-	-	(4,232,500)	-
Assigned to:							
Open Space Reserve	410,000	-	-	-	-	-	410,000
Sustainability	140,553	-	-	-	-	-	140,553
Capital/Special Projects	7,422,640	-	-	-	-	(4,170,787)	3,251,853
Authorized Carryforwards	413,729	-	-	-	-	-	413,729
Compensated Absences	1,232,653	-	-	-	-	-	1,232,653
Surplus Property Reserve	1,200,000	-	-	-	-	-	1,200,000
Total General Fund Reserves	\$ 29,262,750	\$ 45,134,396	\$ 616,834	\$ 49,778,975	\$ 3,401,479	\$ -	\$ 21,833,526

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

- *FY2020/21 Budgeted revenue and expenditure appropriations, and transfers to and from the General Fund.*
- *Authorized carryforwards reflect operating appropriations that were brought forward as a funding source. The actual carryforward amount will be determined at FY 2019/20 year-end, with funding offset by undesignated reserves.*
- *General Fund Reserve Policy requires a minimum of 25% of General Fund operating 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. At the same time, the Council revised the General Fund Reserve Policy to provide for a maximum of \$300,000 in General Fund Year End Savings upon year-end close to be deposited in the Pension/OPEB Reserve Account and used as authorized by Town Council.*
- *Undesignated Fund Balance is a year-end fund balance not yet identified by the Town Council for a specific purpose. The Town General Fund Reserve Policy requires full funding of the Catastrophic and Budget Stabilization Reserves, distribution to the Pension/OPEB Reserve, and any remaining balance to the Capital/Special Project Reserve.*

SPECIAL REVENUE FUNDS

Solid Waste Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Housing Conservation Program	\$ 177,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,240
Community Dev Block Grant	(10,587)	-	-	-	-	-	(10,587)
Urban Run-Off Source Fund	237,093	584,394	-	559,077	-	-	262,410
Blackwell Assessment District	13,291	3,210	-	2,947	460	-	13,094
Kennedy Assessment District	32,526	10,605	-	7,403	1,510	-	34,218
Gemini Assessment District	31,127	4,750	-	1,934	610	-	33,333
Santa Rosa Assessment District	50,187	5,000	-	8,812	660	-	45,715
Vasona Assessment District	51,516	10,075	-	7,214	1,430	-	52,947
Hillbrook Assessment District	20,195	6,040	-	4,507	250	-	21,478
Total Special Revenue Funds Reserves	\$ 602,588	\$ 624,074	\$ -	\$ 591,894	\$ 4,920	\$ -	\$ 629,848

FUND BALANCE ACTIVITY SUMMARY FISCAL YEAR 2020/21

	7/1/20 Estimated Fund Balance	Fiscal Year 2020/21 Proposed Budget					Use of Reserves	6/30/21 Estimated Fund Balance
		Plus		Less				
		Revenues & Carryforwards	Transfers In	Expenditures & Carryforwards	Transfers Out	-		
INTERNAL SERVICE FUNDS								
Liability Self-Insurance	\$ 1,255,255	\$ 418,135	\$ -	\$ 668,059	\$ -	\$ -	\$ -	\$ 1,005,331
Worker's Comp Self-Insurance	1,244,533	1,185,906	-	1,775,300	-	-	-	655,139
Information Technology	2,536,424	917,219	-	1,020,075	37,800	-	-	2,395,768
Office Stores Fund	-	-	-	-	-	-	-	-
Equipment Replacement	1,762,734	297,546	-	1,356,248	40,498	-	-	663,534
Vehicle Maintenance	-	-	-	-	-	-	-	-
Facilities Maintenance	201,465	1,148,757	-	1,169,722	-	-	-	180,500
Total Internal Service Funds Reserves	\$ 7,000,411	\$ 3,967,563	\$ -	\$ 5,989,404	\$ 78,298	\$ -	\$ -	\$ 4,900,272
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.								
TRUST & AGENCY								
Library Trust	\$ 43,132	\$ 70,500	\$ -	\$ 90,500	\$ -	\$ -	\$ -	\$ 23,132
Ness Trust Bequest	21,291	-	-	20,755	-	-	-	536
Betty McClendon Trust	84,199	700	-	700	-	-	-	84,199
Barbara J Cassin Trust	354,042	2,900	-	2,500	-	-	-	354,442
Total Trust & Agency Funds Reserves	\$ 502,664	\$ 74,100	\$ -	\$ 114,455	\$ -	\$ -	\$ -	\$ 462,309
CAPITAL PROJECTS FUNDS								
GFAR	\$ 14,990,662	\$ 1,884,716	\$ 3,401,479	\$ 5,487,221	\$ 417,616	\$ -	\$ -	\$ 14,372,020
GFAR - Designated for Parking	1,460,210	-	-	-	-	-	-	1,460,210
Grant Funded CIP Projects	(796,127)	1,479,200	-	1,479,200	-	-	-	(796,127)
Storm Drain #1	993,373	49,470	-	50,000	-	-	-	992,843
Storm Drain #2	1,820,150	53,490	-	50,000	-	-	-	1,823,640
Storm Drain #3	(119,883)	1,380	-	75,000	-	-	-	(193,503)
Traffic Mitigation	304,646	425,027	-	415,027	10,000	-	-	304,646
Construction Tax-Undergrounding	3,062,696	3,863,048	-	4,436,000	-	-	-	2,489,744
Gas Tax	311,160	1,233,317	-	1,210,054	106,000	-	-	228,423
Total Capital Projects Funds Reserves	\$ 22,026,887	\$ 8,989,648	\$ 3,401,479	\$ 13,202,502	\$ 533,616	\$ -	\$ -	\$ 20,681,896
GFAR, Grant Fund, Storm Drain Funds, and Gas Tax Fund Balances reflect the spending down of available funds in FY 2020/21 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.								
Successor Agency of the Los Gatos RDA Fund								
SA- Trust Fund	\$ 3,839,819	\$ 3,829,488	\$ -	\$ 3,828,791	\$ -	\$ -	\$ -	\$ 3,840,516
Total SA of the Los Gatos RDA Funds Reserves	\$ 3,839,819	\$ 3,829,488	\$ -	\$ 3,828,791	\$ -	\$ -	\$ -	\$ 3,840,516
TOTAL RESERVES								
	\$ 63,235,119	\$ 62,619,269	\$ 4,018,313	\$ 73,506,021	\$ 4,018,313	\$ -	\$ -	\$ 52,348,367

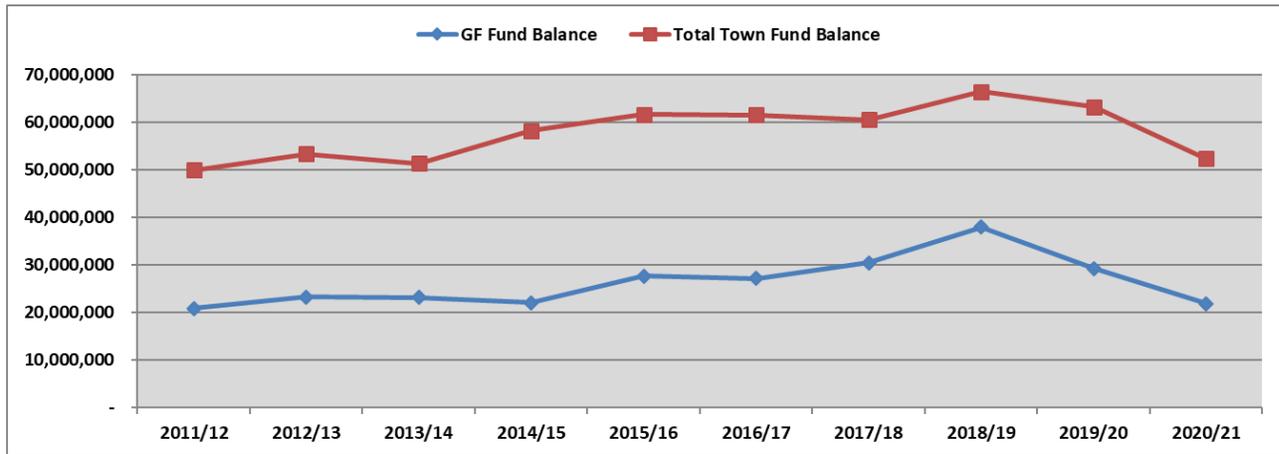
FUND BALANCE RESERVES 5 YEAR COMPARATIVE BALANCES

Fund Balance Reserves	6/30/2017 Actual YE Balance	6/30/2018 Actual YE Balance	6/30/2019 Actual YE Balance	6/30/2020 Estimated YE Balance	6/30/2021 Budgeted YE Balance
GENERAL FUND					
Restricted Fund Balances					
Pension	0	-	5,015,316	639,519	1,601,677
Unreserved Fund Balances					
<i>Undesignated Reserves</i>					
Available to be Appropriated	-	-	-	2,715,950	2,727,855
Committed to:					
Budget Stabilization Reserve	4,969,847	5,037,243	5,419,222	5,427,603	5,427,603
Catastrophic Reserves	4,969,847	5,037,243	5,419,222	5,427,603	5,427,603
Pension/OPEB Reserve	3,388,913	2,878,913	4,232,500	4,232,500	-
Almond Grove Reserve	1,801,318	-	-	-	-
Assigned to:					
Open Space Reserve	562,000	562,000	562,000	410,000	410,000
Sustainability	140,553	140,553	140,553	140,553	140,553
Strategic Planning Reserve	2,600,000	129,090	-	-	-
Capital/Special Projects	8,273,124	14,421,203	13,262,303	7,422,640	3,251,853
Authorized Carryforwards	34,852	99,927	413,729	413,729	413,729
Compensated Absences*	410,158	2,122,512	1,232,653	1,232,653	1,232,653
To Workers Comp	-	-	1,232,654	-	-
Stores and Vehicle Maintenance	-	-	1,040,375	-	-
Surplus Property Reserve	-	-	-	1,200,000	1,200,000
Total General Fund Reserves*	\$ 27,150,612	\$ 30,428,684	\$ 37,970,527	** \$ 29,262,750	\$ 21,833,526
SPECIAL REVENUE FUNDS					
Housing Conservation Program	\$ 177,240	\$ 177,240	\$ 177,240	\$ 177,240	\$ 177,240
Community Dev Block Grant	(10,587)	(10,587)	(10,587)	(10,587)	(10,587)
Urban Run-Off Source Fund	14,894	71,338	159,450	237,093	262,410
Blackwell Assessment District	11,928	12,700	13,488	13,291	13,094
Kennedy Assessment District	42,097	35,234	37,926	32,526	34,218
Gemini Assessment District	23,787	26,088	28,921	31,127	33,333
Santa Rosa Assessment District	62,247	58,477	54,659	50,187	45,715
Vasona Assessment District	45,148	49,175	54,233	51,516	52,947
Hillbrook Assessment District	14,436	17,010	18,912	20,195	21,478
Total Special Revenue Funds Reserves	\$ 381,190	\$ 436,675	\$ 534,242	\$ 602,588	\$ 629,848
INTERNAL SERVICE FUNDS					
Liability Self-Insurance	\$ 885,441	\$ 994,769	\$ 1,313,304	\$ 1,255,255	1,005,331
Worker's Comp Self-Insurance	902,307	620,726	843,081	1,244,533	655,139
Information Technology	2,251,331	2,161,808	2,518,468	2,536,424	2,395,768
Office Stores Fund	200,437	227,790	-	-	-
Equipment Replacement	1,894,057	2,328,270	2,808,804	1,762,734	663,534
Vehicle Maintenance	182,369	262,791	-	-	-
Facilities Maintenance	(37,872)	245,437	970,786	201,465	180,500
Total Internal Service Funds Reserves	\$ 6,278,070	\$ 6,841,591	\$ 8,454,443	\$ 7,000,411	\$ 4,900,272

* Year End Fund Balance represents General Fund 111 (Long Term Compensated Absences were accounted in Fund 961 prior to FY 2017/18) Pension Trust Fund 731 was incorporated in FY 2018/19.

FUND BALANCE RESERVES 5 YEAR COMPARATIVE BALANCES

Fund Balance Reserves	6/30/2017 Actual YE Balance	6/30/2018 Actual YE Balance	6/30/2019 Actual YE Balance	6/30/2020 Estimated YE Balance	6/30/2021 Budgeted YE Balance
TRUST FUNDS					
Library Trust	\$ 50,997	\$ 54,771	\$ 69,582	\$ 43,132	\$ 23,132
Ness Trust Bequest	41,087	41,603	21,291	21,291	536
Betty McClendon Trust	89,412	84,505	85,999	84,199	84,199
Barbara J Cassin Trust	350,461	354,865	361,142	354,042	354,442
Total Trust Reserves	\$ 531,957	\$ 535,744	\$ 538,014	\$ 502,664	\$ 462,309
CAPITAL PROJECTS FUNDS					
GFAR	\$ 16,793,552	\$ 10,714,868	\$ 7,058,779	\$ 14,990,662	14,372,020
GFAR - Designated for Parking	1,460,210	1,460,210	1,460,210	1,460,210	1,460,210
Grant Funded CIP Projects	(380,253)	(134,111)	(255,637)	(796,127)	(796,127)
Storm Drain #1	795,381	809,377	932,416	993,373	992,843
Storm Drain #2	1,018,786	1,752,774	1,800,548	1,820,150	1,823,640
Storm Drain #3	(8,725)	(76,154)	(104,407)	(119,883)	(193,503)
Traffic Mitigation	228,541	260,487	304,647	304,646	304,646
Construction Tax-Undergrounding	2,929,116	2,997,984	3,079,685	3,062,696	2,489,744
Gas Tax	693,508	703,148	853,822	311,160	228,423
Total Capital Projects Funds Reserves	\$ 23,530,116	\$ 18,488,583	\$ 15,130,063	\$ 22,026,887	\$ 20,681,896
Successor Agency Trust of the Los Gatos RDA					
SA - Trust Fund (Budgetary Fund Balance)	\$ 3,690,510	\$ 3,803,778	\$ 3,840,187	\$ 3,839,819	\$ 3,840,516
Total Successor Agency Fund Reserves	\$ 3,690,510	\$ 3,803,778	\$ 3,840,187	\$ 3,839,819	\$ 3,840,516
TOTAL RESERVES	\$ 61,562,455	\$ 60,535,055	\$ 66,467,476	\$ 63,235,119	\$ 52,348,367



DEPARTMENT REVENUES BY PROGRAM

	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted
Town Offices						
1101 Town Council	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1301 Town Attorney	2,634	730	1,527	-	-	-
1302 Liability Self-Insurance Fund	497,401	506,519	657,152	443,727	375,554	418,135
Total Town Offices	\$ 500,035	\$ 507,249	\$ 658,679	\$ 443,727	\$ 375,554	\$ 418,135
Administrative Services Department						
1201 Non-Departmental	\$ 32,681,146	\$ 31,218,827	\$ 36,710,334	\$ 33,488,529	\$ 33,587,711	\$ 33,676,078
1231 Pension Trust	-	-	5,022,848	-	429,174	962,158
1261 Compensated Absences	-	2,169,600	(1,928,865)	-	-	-
2101 Town Manager Administration	7,639	14,590	28,989	29,415	3,763	3,464
2102 Community Grants	-	-	-	-	-	-
2103 Housing Program	102,654	-	-	-	-	-
2104 HCD Housing Rehab	(6,011)	-	-	-	-	-
2201 Human Resources	15,235	-	-	-	-	-
2202 Workers' Compensation Fund	1,026,355	1,135,140	1,492,981	1,026,229	1,182,643	1,185,906
2301 Finance & Administrative Services	1,893,142	1,931,943	2,973,730	2,139,774	2,651,045	2,016,409
2302 Office Stores Fund	130,520	127,786	141,938	-	-	-
2303 Parking Assessment District	-	-	-	-	-	-
2401 Clerk Administration	-	-	-	-	450	-
2502 Information Technology Management	-	-	169,300	-	-	-
2501 Information Technology Systems	1,110,362	1,172,455	1,223,741	859,223	880,186	917,219
2803 Smoking Restriction Implementation	19,998	-	-	-	-	-
2999 Pass Thru Accounts	3,002	-	-	7,194	-	-
Total Administrative Services	\$ 36,984,042	\$ 37,770,341	\$ 45,834,996	\$ 37,550,364	\$ 38,734,972	\$ 38,761,234
Community Development						
3101 Administration	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ -
3201 Developmental Review	693,250	707,514	681,892	607,500	575,127	542,000
3202 Advanced Planning	149,224	142,006	570,034	1,130,200	239,532	716,944
3301 Inspection Services	2,172,585	2,105,643	2,184,412	2,510,000	2,347,962	2,302,500
3401 Code Compliance	5,225	4,800	60,378	4,300	15,200	5,000
3501 BMP Housing Program	195,941	190,833	144,712	183,043	196,702	189,841
3999 Pass Thru Accounts	587,435	684,249	554,682	532,500	598,400	532,500
Total Community Development	\$ 3,803,660	\$ 3,835,045	\$ 4,203,610	\$ 4,967,543	\$ 3,972,923	\$ 4,288,785
Police Department						
4101 Administration	\$ 6,778	\$ 14,210	\$ 30,047	\$ 23,735	\$ 20,740	\$ 23,735
4201 Records & Communication	8,880	9,530	11,909	10,472	6,000	6,000
4202 Personnel & Community Services	377,720	430,842	376,852	435,600	379,224	390,640
4301 Patrol	905,751	919,251	926,565	961,883	971,364	1,010,797
4302 Traffic	498,202	535,896	594,315	456,703	473,167	465,107
4303 Investigations	168,080	130,497	132,929	140,713	182,173	243,944
4304 Parking Program	872,394	676,242	478,574	504,400	385,364	462,400
4800 Grants Program - Police	15,196	50,579	1,309	95,791	46,027	54,695
4999 Pass Thru Accounts	27,573	2,263	3,946	32,115	5,479	24,115
Total Police Department	\$ 2,880,574	\$ 2,769,310	\$ 2,556,446	\$ 2,661,412	\$ 2,469,538	\$ 2,681,433

DEPARTMENT REVENUES BY PROGRAM

	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted
Parks & Public Works						
5101 Administration	\$ 7,231	\$ (3,272)	\$ -	\$ -	\$ -	\$ -
5201 Engineering Program Services	128,775	209,631	223,701	-	122,820	-
5202 Engineering Development Svcs	696,327	1,817,315	1,092,535	680,260	817,117	712,100
5203 Non-Point Source Fund	372,626	577,591	716,352	584,394	584,394	584,394
5301 Park Services	250,936	318,940	233,408	225,270	226,503	210,270
5302 Environmental Services	158,961	148,110	187,706	160,156	160,156	160,156
5401 Street & Signals	219,798	198,030	279,912	195,543	202,440	245,543
5402 Equipment Replacement	458,689	672,616	632,492	229,093	236,080	297,546
5403 Vehicle Maintenance	577,675	586,654	764,407	-	-	-
5404 Facilities Maintenance	1,423,566	1,459,036	1,787,255	1,173,757	1,163,757	1,148,757
5405 Property Damage	26,856	206,630	83,025	-	11,158	-
5501 Lighting & Landscape Districts	39,940	36,990	41,638	39,680	39,680	39,680
5999 Pass Thru Accounts	79,790	319,073	334,920	140,000	512,988	140,000
8011 GFAR	1,320,005	839,574	1,629,129	2,005,471	2,998,164	1,884,716
8021 Grant Funded CIP Projects	3,093	261,534	257,968	1,047,100	74,006	1,479,200
8031 Storm Drain #1	74,183	13,997	123,039	49,150	60,957	49,470
8032 Storm Drain #2	69,142	752,689	47,774	53,770	19,602	53,490
8033 Storm Drain #3	6,813	40,564	1,447	1,620	24	1,380
8041 Traffic Mitigation	163,126	151,452	118,787	942,524	293,234	425,027
8042 Utility Undergrounding	47,615	68,868	81,701	52,490	32,011	3,863,048
8051 Gas Tax - Street & Signals	611,471	865,607	1,217,552	1,316,054	1,364,620	1,233,317
Total Parks & Public Works	\$ 6,736,618	\$ 9,541,629	\$ 9,854,748	\$ 8,896,332	\$ 8,919,711	\$ 12,528,094
Library						
7101 Administration	\$ 7,218	\$ 206	\$ 55	\$ -	\$ -	\$ -
7201 Adult Services	9,836	9,836	35,000	35,000	35,000	35,000
7202 Children's Services	14,066	14,066	-	2,500	2,500	-
7203 Acquisitions & Cataloging	3,559	1,762	(37)	-	-	-
7204 Circulation Services	47,067	23,832	9,458	11,000	3,000	3,000
7801 Operating Grant	-	22,200	12,482	-	19,219	-
7301 Library Trust	80,350	75,040	83,840	75,550	70,550	70,500
7302 Clelles Ness Bequest Trust	345	516	736	-	-	-
7304 Betty McClendon Trust	750	1,079	1,495	700	700	700
7305 Barbara J Cassin Trust	2,939	4,404	6,277	2,900	2,900	2,900
Total Library	\$ 166,130	\$ 152,941	\$ 149,306	\$ 127,650	\$ 133,869	\$ 112,100
Successor Agency to the Los Gatos RDA						
9403 SA- Admin Services	\$ 22,073	\$ 25,623	\$ 29,216	\$ 10,000	\$ 10,000	\$ 9,000
9404 SA- Debt to 2002 COP	1,360,886	1,365,839	1,371,401	1,348,198	1,348,198	1,353,938
9405 SA-Debt to 2010 COP	2,511,290	2,504,390	2,509,589	2,465,004	2,465,004	2,466,550
9406 SA- Debt to 1992 COP	-	-	-	-	-	-
Total SA to the Los Gatos RDA	\$ 3,894,249	\$ 3,895,852	\$ 3,910,206	\$ 3,823,202	\$ 3,823,202	\$ 3,829,488
Transfers In	7,907,692	3,886,431	4,714,131	9,604,676	10,131,531	4,018,313
Carryforward of CIP Grant Revenue						
Total Revenues by Department:	\$ 62,873,000	\$ 62,358,798	\$ 71,882,122	\$ 68,074,906	\$ 68,561,300	\$ 66,637,582

**DEPARTMENTAL EXPENDITURES
BY PROGRAM**

	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted
Town Offices						
1101 Town Council	\$ 193,584	\$ 192,183	\$ 205,903	\$ 240,605	\$ 206,469	\$ 243,485
1301 Town Attorney	426,548	354,205	562,542	621,390	562,983	645,303
1302 Liability Self-Insurance Fund	1,015,409	397,190	338,617	680,137	433,603	668,059
Total Town Offices	\$ 1,635,541	\$ 943,578	\$ 1,107,062	\$ 1,542,132	\$ 1,203,055	\$ 1,556,847
Administrative Services Department						
1201 Non-Departmental	\$ 6,869,047	\$ 7,024,195	\$ 8,784,833	\$ 5,778,279	\$ 5,479,038	\$ 9,712,162
1231 Pension Trust	-	-	7,155	-	4,765,797	-
1261 Pension Trust	-	240,735	-	-	-	-
2101 Town Manager Administration	825,373	1,070,761	1,077,603	1,341,099	1,218,648	1,406,422
2102 Community Grants	119,800	119,800	136,513	142,500	142,500	150,000
2201 Human Resources	552,914	630,554	678,490	761,991	734,548	785,883
2301 Finance & Administrative Services	1,002,075	1,049,871	1,145,906	1,545,213	1,279,576	1,550,837
2401 Clerk Administration	315,912	322,976	349,776	438,948	376,422	459,193
2502 Information Technology Management	-	33	540,044	578,194	530,172	622,280
2803 Tobacco Prevention Initiatives	9,009	-	629	-	-	-
2802 Obesity Grant	-	-	-	-	-	-
2999 Pass Through	-	-	2,845	7,194	-	-
2202 Workers' Compensation Fund	1,337,371	1,416,722	1,270,628	1,657,210	2,013,845	1,775,300
2302 Office Stores Fund	113,210	100,432	104,345	-	-	-
2501 Information Technology Systems	1,747,482	1,267,349	567,082	955,575	862,230	1,020,075
2303 Parking Assessment District	-	-	-	-	-	-
Total Administrative Services	\$ 12,892,193	\$ 13,243,428	\$ 14,665,849	\$ 13,206,203	\$ 17,402,776	\$ 17,482,152
Community Development						
3101 Administration	\$ 221,508	\$ 222,614	\$ 210,791	\$ 303,002	\$ 253,803	\$ 330,196
3201 Developmental Review	1,135,513	1,258,291	1,329,381	1,528,945	1,323,785	1,580,428
3202 Advanced Planning	314,024	336,023	766,110	1,463,555	616,070	1,091,310
3301 Inspection Services	1,132,888	1,290,433	1,316,494	1,473,613	1,325,123	1,493,076
3401 Code Compliance	206,572	209,720	255,324	275,442	246,975	299,679
3501 BMP Housing Program	195,991	190,833	144,713	183,043	197,468	189,841
3999 Pass Thru Accounts	587,435	684,249	554,682	532,500	598,400	532,500
Total Community Development	\$ 3,793,931	\$ 4,192,163	\$ 4,577,495	\$ 5,760,100	\$ 4,561,624	\$ 5,517,030
Police Department						
4101 Administration	\$ 861,561	\$ 1,026,502	\$ 1,223,444	\$ 1,299,427	\$ 1,240,091	\$ 1,378,275
4201 Records & Communication	1,949,183	2,072,274	2,221,494	2,363,660	2,163,767	2,483,105
4202 Personnel & Community Services	596,274	773,826	562,528	1,037,275	856,443	1,023,462
4301 Patrol	5,827,002	6,575,258	7,112,700	7,512,107	7,314,696	7,925,958
4302 Traffic	932,169	992,689	1,011,364	1,084,957	833,509	1,066,473
4303 Investigations	2,342,031	2,282,295	2,219,461	2,844,068	2,661,856	2,877,009
4304 Parking Program	700,325	683,817	565,896	671,384	620,474	754,733
4800 Grants Program - Police	14,567	11,451	27,547	95,791	46,027	54,695
4999 Pass Thru Accounts	28,178	5,442	4,520	32,115	6,372	24,115
Total Police Department	\$ 13,251,290	\$ 14,423,554	\$ 14,948,954	\$ 16,940,784	\$ 15,743,235	\$ 17,587,825

DEPARTMENTAL EXPENDITURES BY PROGRAM

	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Adopted	2019/20 Estimated	2020/21 Adopted
Parks & Public Works						
5101 Administration	\$ 340,123	\$ 562,340	\$ 570,096	\$ 594,434	\$ 606,451	\$ 615,919
5201 Engineering Program Services	1,157,205	1,168,666	1,215,300	1,244,432	1,440,652	1,301,155
5202 Engineering Development Svcs	699,677	721,593	742,264	795,332	735,900	788,192
5203 Non-Point Source Fund	466,761	521,147	628,241	579,173	516,751	559,077
5301 Park Services	1,738,961	1,835,775	1,737,287	2,016,614	1,957,937	2,040,375
5302 Environmental Services	299,259	342,130	337,937	398,228	332,270	370,876
5401 Street & Signals	2,173,657	2,087,096	2,220,248	2,212,674	2,289,997	2,276,016
5402 Equipment Replacement	416,957	636,400	601,961	1,661,240	702,400	1,356,248
5403 Vehicle Maintenance	805,179	506,234	252,206	-	-	-
5404 Facilities Maintenance	1,875,804	1,475,728	1,011,905	1,173,751	1,145,078	1,169,722
5405 Property Damage	109,072	76,898	56,226	25,000	19,500	25,000
5406 Vehicle Maintenance Management	-	-	221,062	235,199	154,298	244,673
5407 Facilities Maintenance Management	-	-	305,042	408,155	310,001	349,839
5501 Lighting & Landscape Districts	20,707	33,029	27,266	85,317	44,057	32,817
5999 Pass Thru Accounts	79,790	305,028	564,170	140,000	140,000	140,000
8011 GFAR	5,249,110	9,040,871	7,552,806	9,825,101	2,944,255	5,487,221
8021 Grant Funded CIP Projects	3,400	15,394	379,494	1,047,100	614,496	1,479,200
8031 Storm Drain #1	-	-	-	50,000	-	50,000
8032 Storm Drain #2	-	18,700	-	50,000	-	50,000
8033 Storm Drain #3	12,750	107,992	29,700	50,000	15,500	75,000
8041 Traffic Mitigation	138,694	109,507	64,626	932,524	283,235	415,027
8042 Utility Undergrounding	-	-	-	-	49,000	4,436,000
8051 Gas Tax - Street & Signals	1,463,077	749,965	960,881	1,210,054	1,801,282	1,210,054
Total Parks & Public Works	\$ 17,050,183	\$ 20,314,493	\$ 19,478,718	\$ 24,734,328	\$ 16,103,060	\$ 24,472,411
Library						
7101 Administration	\$ 426,637	\$ 439,522	\$ 451,284	\$ 466,219	\$ 468,392	\$ 514,552
7201 Adult Services	637,465	576,961	548,199	689,115	558,268	653,511
7202 Children's Services	513,667	533,279	502,330	606,412	506,214	599,182
7203 Acquisitions & Cataloging	121,183	123,873	-	-	-	-
7204 Circulation Services	809,726	836,336	969,174	1,172,264	1,158,037	1,179,264
7801 Operating Grant	-	19,045	22,632	1,000	24,393	-
7301 Library Trust	75,498	71,265	69,029	100,000	97,000	90,500
7302 Clelles Ness Bequest Trust	-	-	21,048	20,755	-	20,755
7304 Betty McClendon Trust	-	5,986	-	2,500	2,500	700
7305 Barbara J Cassin Trust	-	-	-	10,000	10,000	2,500
Total Library	\$ 2,584,176	\$ 2,606,267	\$ 2,583,696	\$ 3,068,265	\$ 2,824,804	\$ 3,060,964
Successor Agency to the Los Gatos RDA						
9402 SA- Housing Trust Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9403 SA- Admin Services	1,571	1,443	109,556	8,053	8,053	8,083
9404 SA- Debt to 2002 COP	1,094,785	1,347,477	1,346,321	1,349,688	1,350,058	1,354,798
9405 SA-Debt to 2010 COP	2,700,954	2,427,364	2,417,921	2,465,461	2,465,460	2,465,910
9406 SA- Debt to 1992 COP	-	-	-	-	-	-
Total SA to the Los Gatos RDA	\$ 3,797,310	\$ 3,776,284	\$ 3,873,798	\$ 3,823,202	\$ 3,823,571	\$ 3,828,791
Total Operating Expenditures	\$ 55,004,624	\$ 59,499,767	\$ 61,235,572	\$ 69,075,014	\$ 61,662,125	\$ 73,506,020
Transfers Out	7,907,692	3,886,431	4,714,129	9,604,676	10,131,531	4,018,313
Total Expenditures by Department:	\$ 62,912,316	\$ 63,386,198	\$ 65,949,701	\$ 78,679,690	\$ 71,793,656	\$ 77,524,333

IN-KIND DONATIONS FY 2020 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 recently amended the agreement in which NUMU leases 10,630 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	NUMU (LG Museums)	Adult Recreation Center	Recreation Department
	110 E. Main St	208 E. Main St.	123 E. Main St.
	10-Year Lease	20-Year Lease	
Market Price Per Square Foot/Month*	\$3.1 *	\$3.1 *	\$3.2 **
Square Footage	10,630	12,000	6,479
Value of Rent/Year	\$395,436	\$447,264	\$244,949
Rent Paid/Year	\$25,000	\$251,861	\$38,178
Total value of Donation/Lease Term	\$ 370,436	\$ 195,404	\$ 206,771

* Market rate is based on appraisal on every five-year.

** 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 \$4,100; the Children's Holiday Parade costs are estimated to be \$45,500. 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 \$822,211.

FEE-RELATED PROJECTS 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.

Below Market Price (BMP) Housing Program Potential Project List			
Source	Description	Estimated Project Cost (2020 \$)	BMP Fee Eligible Cost
BMP	Extremely Low Income Housing Projects	\$ 3,000,000	\$ 3,000,000
BMP	Reacquisition of Distressed/Foreclosed Properties	700,000	700,000
BMP	Hello Housing Program Services	600,000	600,000
Total		\$ 4,300,000	\$ 4,300,000

Note:

BMP - Below Market Housing Program

Construction Impact Activity Project List			
Source	Description	Estimated Project Cost (2020\$)	Construction Impact Fee Eligible Cost
CIP	Street Repair and Resurfacing Projects (5 year-plan)	\$ 17,929,790	\$ 17,929,790
Total		\$ 17,929,790	\$ 17,929,790

Note:

CIP - Town of Los Gatos, Capital Improvement Program

FEE-RELATED PROJECTS LISTS

Town of Los Gatos Traffic Mitigation Improvements Potential Project List			
Source	Description	Estimated Project Cost (2014 \$)	Mitigation Impact Fee Eligible Cost
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
Total		\$ 47,950,000	\$ 22,799,000

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**

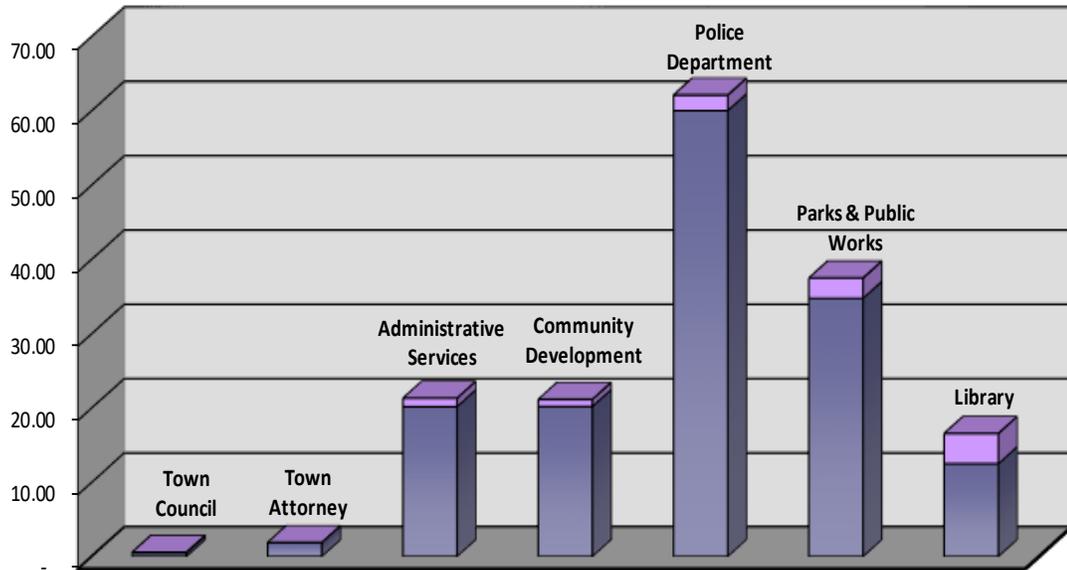
	<u>2016/17</u> <u>Funded</u>	<u>2017/18</u> <u>Funded</u>	<u>2018/19</u> <u>Funded</u>	<u>2019/20</u> <u>Funded</u>	<u>2020/21</u> <u>Adopted</u>
<i>General Fund</i>					
Town Council	0.50	0.50	0.50	0.50	0.50
Town Attorney*	1.04	0.91	1.88	1.88	1.88
Administrative Services*	16.28	16.19	20.53	20.17	20.17
Community Development	19.99	20.08	20.08	20.08	20.20
Police Department	58.00	59.00	59.00	60.00	60.00
Parks & Public Works*	28.40	29.40	33.50	33.50	33.75
Library	12.25	12.25	12.50	12.50	12.50
<i>Total General Fund Staff</i>	136.45	138.33	147.98	148.61	148.98
<i>Special Revenue Funds</i>					
Parks & Public Works	1.00	1.00	1.00	1.00	1.00
<i>Total Special Revenue Fund Staff</i>	1.00	1.00	1.00	1.00	1.00
<i>Internal Service Funds</i>					
Town Attorney*	0.71	0.71	-	-	-
Administrative Services*	3.70	3.95	-	-	-
Parks & Public Works*	4.10	4.10	-	-	-
<i>Total Internal Services Funds Staff</i>	8.51	8.76	-	-	-
<i>Successor Agency to the Los Gatos RDA</i>					
Administrative Services	-	0.01	0.01	0.01	0.01
Community Development	0.01	-	-	-	-
<i>Total Redevelopment Agency Staff</i>	0.01	0.01	0.01	0.01	0.01
Total Town FTEs	145.98	148.10	148.99	149.63	150.00

Full Time Equivalent (FTE)

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

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

**SUMMARY OF POSITIONS
BUDGETED FTEs BY DEPARTMENT**



Blue Bar – Town Staff
Purple Bar – Hourly Employees

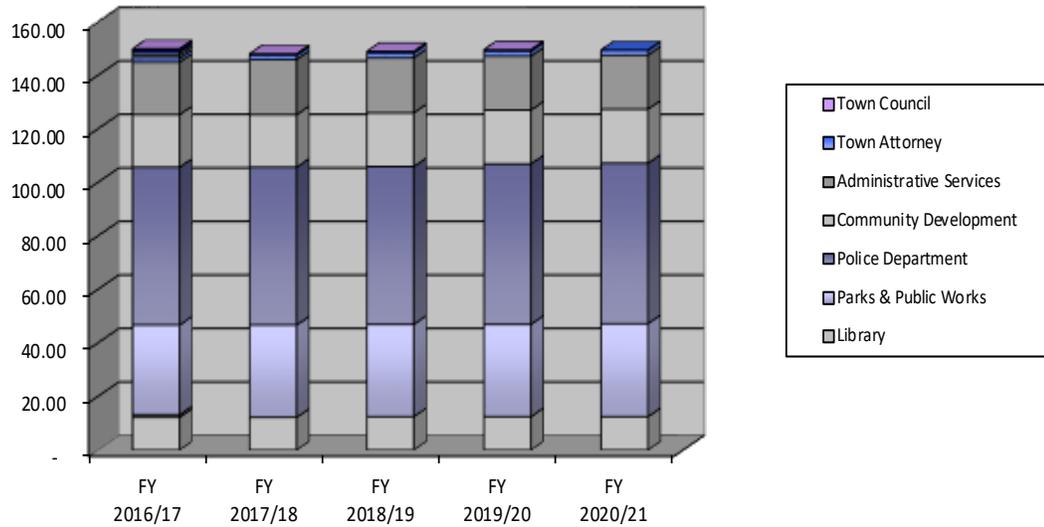
**FY 2020/21
Budgeted FTEs by Department
(Includes Converted Hourly Employees)**

Departments	Authorized/ Funded Town Staff Positions	Hourly Emp Staff converted to FTEs	Total Budgeted Positions
Town Council	0.50	0.08	0.58
Town Attorney	1.88	-	1.88
Administrative Services	20.18	1.13	21.30
Community Development	20.20	0.94	21.14
Police Department	60.00	2.09	62.09
Parks & Public Works	34.75	2.72	37.47
Library	12.50	4.06	16.56
Total Positions	150.00	11.03	161.03

Administrative Services staffing numbers include the following six programs: Town Manager’s Office; Human Resources; Finance; Clerk Administration; and Information Technology Staffing

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

SUMMARY OF POSITIONS FUNDED FTEs BY DEPARTMENT



Five Year Staffing Trend

<u>Departments</u>	<u>2016/17</u> <u>Funded</u>	<u>2017/18</u> <u>Funded</u>	<u>2018/19</u> <u>Funded</u>	<u>2019/20</u> <u>Funded</u>	<u>2020/21</u> <u>Adopted</u>
Town Council	0.63	0.50	0.50	0.50	0.50
Town Attorney	1.63	1.63	1.88	1.88	1.88
Administrative Services	19.35	20.59	20.53	20.18	20.18
Community Development	19.63	19.63	20.08	20.08	20.20
Police Department	59.00	59.00	59.00	60.00	60.00
Parks & Public Works	33.50	34.50	34.50	34.50	34.75
Library	12.25	12.25	12.50	12.50	12.50
Total Budgeted FTEs	145.98	148.10	148.99	149.63	150.00

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 2020/21

The Town's total budgeted personnel costs for FY 2020/21 increased to \$31.8 million (\$31.1 million in FY 2019/20) and accounts for 41% of the total Town's expenditures. Rising healthcare and pension rates have increased labor costs; however, reduction strategies including budgeting salaries for FY 2020/21 at actual salary plus a one-step increase, 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 (MOU's). Salary increases and benefit adjustments for unrepresented positions are determined under the Council's authority and are not subject to bargaining.

Memoranda of Understanding (MOUs)

All non-sworn and management employees received an across the board salary increase of 2.5% plus a 1.5% base salary one-time payment (non-PERSable) during FY 2018/19 and a 3% across the board salary increase was effective in FY 2019/20.

- The TEA and AFSCME labor agreements had a re-opener provision to negotiate the specific topic of salaries effective in FY 2020/21 of the agreements that expire on June 30, 2021. Based the agreements reached with TEA and AFSCME, the FY 2020/21 budget incorporates an 1% cost of living adjustment and a 2% base salary one-time payment (non-PERSable) bonus.
- The sworn employees represented by the Police Officers' Association (POA) received an across the board salary increase of 2.5% during FY 2018/19 and will receive a negotiated 4% across the board increase in FY 2019/20. The MOU has a re-opener provision to negotiate salaries effective in FY 2020/21 and the entire agreement open for negotiation prior to September 30, 2021.

Benefits

The Town contracts for medical coverage through CalPERS and rates are adjusted each January for the calendar year. Kaiser serves as the benchmark medical plan to determine the Town contribution toward all medical plan premiums. In the recent past, Kaiser rates have fluctuated and increased by as much as 11% in one year, simultaneously increasing the Town contribution. In 2020, Kaiser rates increased 4% from the prior year. As evidenced by this fluctuation, national health care costs continue to be an area of concern and potential expense volatility. Employees contribute to the cost of medical premiums when enrolled in the majority of CalPERS plans.

Dental, vision and life insurance rates are expected to remain relatively stable. Conversely, short and long-term disability insurance costs are increasing due to changes in the market and a growth in the Town's claim experience. Efforts are underway to identify measures to control and/or reduce costs. During negotiations in FY 2018/19, the Town's discretionary retiree medical benefit contribution was eliminated for all future hires. It is important to note that changes in benefit coverage are generally subject to negotiations with affected employee groups.

Pension Plan

The Town's pension plans over the past several decades, like all other CalPERS participants, have experienced unfavorable investment returns, changes in actuarial assumptions, and unfavorable demographic shifts which have outweighed any positive plan experiences. As such, the Town's employer pension contributions are expected to continue to increase.

**SUMMARY OF PERSONNEL CHANGES
FY 2020/21**

In order to help mitigate these negative plan experiences in FY 2012/13, CalPERS established a three-tier pension plan for non-sworn participants, 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 pension 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 these changes do not provide immediate cost savings, it is anticipated to significantly reduce future salary and benefit expenditures in the future.

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 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, and the rates in years three through five of the plan increased 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 requires the Town to pay significantly more into the system.

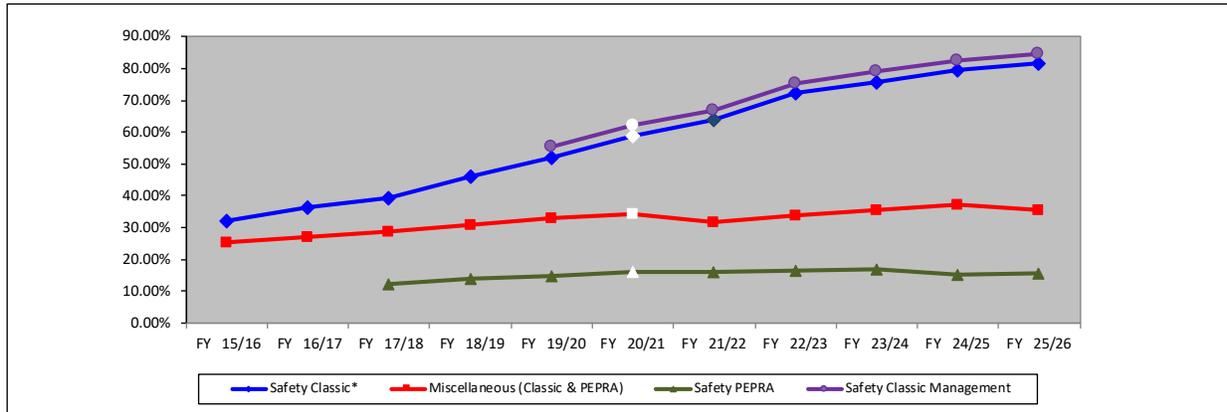
Pension reform continues to be an important topic in regard to cost containment and staff is monitoring a number of state-wide initiatives that may impact future pension costs. In addition to the potential for State mandated reforms the Town has been proactive in implementing pension/OPEB cost mitigation strategies.

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 2020/21 the Town’s miscellaneous employee rate is projected to increase to 34.23%; the safety rate is projected to increase to 58.98%; and the PEPR safety rate is projected to be 15.95%.

In addition, per the Pension/OPEB Committee direction, the first discretionary payment of \$4.8 million was transferred to CalPERS for the 2016 gain/loss amortization base. The Town anticipates transferring an additional \$3.6 million to pay off the 2015 gain/loss base in FY 2020/21. The Current estimates indicate that these changes would result in the Town increasing from the FY 2019/20 rate of 52.22% to 84.56% in FY 2025/26 of pay rate for safety employees and from the FY 2019/20 rate of 33.18% to approximately 35.55% in FY 2020/25.

Using official information issued by CalPERS, the following schedule reflects the Town’s actual CalPERS pension rate for FY 2020/21 and the expected rates for the following fiscal years based on the Town’s five-year forecast model which was updated using a CalPERS provided tool in January 2020 that provided a calculation method to estimate rate impacts of the current market earnings.

SUMMARY OF PERSONNEL CHANGES FY 2020/21



	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	FY 24/25	FY 25/26
PERS Pension Plan											
Safety Classic*	32.36%	36.18%	39.36%	46.09%	52.22%	58.98%	63.67%	72.14%	75.91%	79.46%	81.56%
Safety Classic Management					55.22%	61.98%	66.67%	75.14%	78.91%	82.46%	84.56%
Safety PEPPRA			12.25%	13.96%	15.02%	15.95%	15.99%	16.58%	17.14%	15.29%	15.71%
Miscellaneous (Classic & PEPPRA)	25.43%	26.96%	28.90%	30.87%	33.18%	34.23%	31.59%	33.66%	35.46%	37.12%	35.50%

* Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.

Management Strategies

Several 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 reduce overtime expenses, and reducing hourly staffing use. In light of limited available resources and uncertain economic trends in revenues sources such as Sales Tax, limited staffing changes and one-time additions have been included in the FY 2020/21 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.

Staffing Changes

The FY 2020/21 Operating Budget has 161.3 budgeted FTEs, including temporary staff. This reflects an increase of 0.72 of FTEs compared to the prior year. The recommended FY 2020/21 staffing levels also reflect the following changes from the prior year's adopted budget:

- **Administrative Services and Town Offices** - The FY 2020/21 budget reflects the remaining year of a part time, two-year position to assist with the Town's emergency preparedness activities and regional emergency management engagement. The FY 2020/21 budget also includes a reclassification of an 1.0 FTE Payroll Technician position to an 1.00 FTE Administrative Analyst position in the Finance Department.

SUMMARY OF PERSONNEL CHANGES FY 2020/21

- *Community Development Department (CDD)* –The FY 2020/21 budget includes the part-time Code Compliance Officer position which will be continued for one more year in FY 2020/21 with one-time funding. The budget also reflect a 0.12 FTE increase of an Associate Planner position.
- *Police* – The FY 2020/21 budget contains one-time requests for Temporary Parking and Project Managers to assist with the review and the implementation of the Comprehensive Parking Study and critical operational technology needs. The FY 2020/21 budget also includes reclassifications of 1 FTE Administrative Technician position to a 1 FTE Administrative Analyst and 1 FTE Parking Control Officer position to a 1 FTE Senior Parking Control Officer position.
- *Parks and Public Works (PPW)* – The FY 2020/21 budget also includes a reclassification of a 1 FTE Engineer Technician position to a 1 FTE Senior Engineer Technician position and a 0.25 FTE increase of the administrative Assistant position.

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 2020/21 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 and recommend a budget strategy to be incorporated into the FY 2020/21 proposed budget.

Workers' Compensation

The Workers' Compensation fund balance is declining as a result of several new injuries that kept employees out of work for extensive periods of time along with the cost of related medical procedures and continuing medical expenses associated with past employee claims. The FY 2020/21 Workers' Compensation rates remain at the prior year level. Staff will closely monitor and recommend a budget strategy as needed.

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**

	2016/17 Funded	2017/18 Funded	2018/19 Funded	2019/20 Funded	2020/21 Adopted	Comments
TOWN ATTORNEY'S OFFICE						
Town Attorney	1.00	1.00	1.00	1.00	1.00	
Deputy Town Attorney	0.63	0.63	0.75	0.75	0.75	
TOTAL DEPARTMENT FTEs	1.63	1.63	1.75	1.75	1.75	
TOWN MANAGER'S OFFICE						
Town Manager	1.00	1.00	1.00	1.00	1.00	
Assistant Town Manager	1.00	1.00	1.00	1.00	1.00	
Assistant to Town Manager	1.00	-	-	-	-	
Administrative Analyst	-	1.00	1.00	1.00	1.00	
Executive Asst. to Town Mgr.	1.00	1.00	1.00	1.00	1.00	
Economic Vitality Manager	0.63	0.75	0.75	0.75	0.75	
Economic Vitality Coordinator	-	-	-	-	-	
Events & Marketing Specialist	-	0.50	0.50	0.50	0.50	
TOTAL DEPARTMENT FTEs	4.63	5.25	5.25	5.25	5.25	
HUMAN RESOURCES						
Human Resources Director	1.00	1.00	1.00	1.00	1.00	
Administrative Analyst	1.00	1.50	1.00	1.00	1.00	
Human Resources Technician	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	3.00	3.50	3.00	3.00	3.00	
FINANCE SERVICES						
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	2.00	2.00	
Payroll Technician	1.00	1.00	1.00	1.00	-	<i>CY delete 1.0 FTE</i>
Administrative Analyst	1.00	2.00	2.00	2.00	3.00	<i>CY add 1.0 FTE</i>
Account Technician	1.35	0.35	0.35	-	-	
TOTAL DEPARTMENT FTEs	6.35	6.35	6.35	7.00	7.00	
CLERK ADMINISTRATION						
Clerk Administrator	1.00	1.00	1.00	-	-	
Town Clerk	-	-	-	1.00	1.00	
Deputy Town Clerk	-	-	-	1.00	1.00	
Administrative Assistant	-	-	-	1.00	1.00	
Office Assistant	2.00	2.00	2.00	-	-	
TOTAL DEPARTMENT FTEs	3.00	3.00	3.00	3.00	3.00	
INFORMATION TECHNOLOGY SERVICES						
IT Manager	1.00	1.00	1.00	1.00	1.00	
Network Administrator	1.00	1.00	1.00	-	-	
IT Analyst	-	-	1.00	-	-	
IT Systems Administrator	-	-	-	1.00	1.00	
IT Technician	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	3.00	3.00	4.00	3.00	3.00	

TOWN STAFF
POSITIONS BY HOME DEPARTMENT

	2016/17	2017/18	2018/19	2019/20	2020/21	
	Funded	Funded	Funded	Funded	Adopted	Comments
COMMUNITY DEVELOPMENT						
Community Development Dir.	1.00	1.00	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	2.63	2.63	2.63	2.63	2.75	<i>CY add .12 FTE</i>
Assistant Planner	1.00	1.00	1.00	1.00	1.00	
Planning Technician	1.00	1.00	1.00	1.00	1.00	
Senior Building Inspector	-	-	1.00	1.00	1.00	
Building Inspector	4.00	4.00	3.00	3.00	3.00	
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	
TOTAL DEPARTMENT FTEs	19.63	19.63	19.63	19.63	19.75	
POLICE						
Chief of Police	1.00	1.00	1.00	1.00	1.00	
Police Captain	1.00	1.00	2.00	2.00	2.00	
Police Lieutenant	2.00	2.00	-	-	-	
Police Sergeant	6.00	6.00	7.00	7.00	7.00	
Police Corporal	4.00	4.00	4.00	4.00	4.00	
Police Officer	25.00	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	1.00	1.00	1.00	1.00	
Police Records and Communication Mgr	-	-	-	1.00	1.00	
Police Records Manager	1.00	1.00	1.00	-	-	
Senior Administrative Analyst	-	-	1.00	1.00	1.00	
Administrative Analyst	1.00	1.00	-	-	1.00	<i>CY add 1.0 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	1.00	
Communications Dispatcher	7.00	7.00	7.00	7.00	7.00	
Senior Parking Control Officer					1.00	<i>CY add 1.0 FTE</i>
Parking Control Officer	2.00	2.00	2.00	2.00	1.00	<i>CY delete 1.0 FTE</i>
Police Records Specialist	4.00	4.00	4.00	4.00	4.00	
Human Resources Specialist	-	1.00	1.00	-	-	
Administrative Technician	-	-	-	1.00	-	<i>CY delete 1.0 FTE</i>
IT Systems Administrator	-	-	-	1.00	1.00	
TOTAL DEPARTMENT FTEs	59.00	59.00	59.00	60.00	60.00	

TOWN STAFF
POSITIONS BY HOME DEPARTMENT

	2016/17	2017/18	2018/19	2019/20	2020/21	
	Funded	Funded	Funded	Funded	Adopted	Comments
PARKS and PUBLIC WORKS DEPARTMENT						
Parks & Public Works Director	1.00	1.00	1.00	1.00	1.00	
Asst PPW Dir/Town Engineer	-	-	1.00	1.00	1.00	
Town Engineer	1.00	1.00	-	-	-	
Superintendent	1.00	1.00	1.00	1.00	1.00	
Facilities & Environmental Services Mgr	1.00	-	-	-	-	
Transportation & Mobility Mgr	-	1.00	1.00	1.00	1.00	
Park & Public Works Operations Mgr	-	2.00	2.00	2.00	2.00	
Senior Civil Engineer	1.00	1.00	1.00	1.00	1.00	
Senior Administrative Analyst	-	-	1.00	1.00	1.00	
Administrative Analyst	1.00	1.00	-	-	-	
Executive Assistant	2.00	1.00	1.00	1.00	1.00	
Administrative Assistant	2.00	2.00	2.50	2.50	2.75	<i>CY add .25 FTE</i>
Office Assistant	0.50	0.50	-	-	-	
Environmental Programs Specialist	-	1.00	1.00	1.00	1.00	
Associate Engineer	2.00	2.00	2.00	2.00	2.00	
Assistant Engineer	1.00	1.00	2.00	2.00	2.00	
Construction Project Mgr	1.00	1.00	1.00	1.00	1.00	
Senior Engineering Technician	-	-	-	-	1.00	<i>CY add 1.0 FTE</i>
Engineering Technician	1.00	1.00	1.00	1.00	-	<i>CY delete 1.0 FTE</i>
Sr Public Works Inspector	1.00	1.00	1.00	1.00	1.00	
Public Works Inspector	1.00	1.00	-	-	-	
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	-	-	
Lead Parks & Maint. Worker	3.00	3.00	3.00	3.00	3.00	
Parks & Maintenance Worker	9.00	8.00	8.00	9.00	9.00	
Equipment Mechanic	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	33.50	34.50	34.50	34.50	34.75	
LIBRARY						
Library Director	1.00	1.00	1.00	1.00	1.00	
Division Manager	2.00	2.00	2.00	2.00	2.00	
Librarian	3.00	3.00	3.00	3.00	3.00	
Library Technology Specialist	1.00	1.00	2.00	2.00	2.00	
Library Assistant	1.00	1.00	-	-	-	
Library Specialist	0.75	0.75	1.75	1.75	1.75	
Customer Service Supervisor	1.00	1.00	-	-	-	
Customer Service Specialist	1.50	1.50	1.75	1.75	1.75	
Sr Library Page	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	12.25	12.25	12.50	12.50	12.50	
TOTAL TOWN FTEs	145.98	148.10	148.97	149.63	150.00	

**TOWN STAFF
POSITIONS BY HOME DEPARTMENT**

ELECTED OFFICIALS					
	2016/17	2017/18	2018/19	2019/20	2020/21
	<u>Funded</u>	<u>Funded</u>	<u>Funded</u>	<u>Funded</u>	<u>Adopted</u>
Town Council	5.00	5.00	5.00	5.00	5.00
TOTAL ELECTED OFFICIALS	5.00	5.00	5.00	5.00	5.00

HOURLY EMPLOYEES						
	2016/17	2017/18	2018/19	2019/20	2020/21	
	<u>Funded</u>	<u>Funded</u>	<u>Funded</u>	<u>Funded</u>	<u>Adopted</u>	
Temporary Hours by Department						
Town Council	175	175	175	175	175	
Administrative Services	2,196	2,196	1,376	2,350	2,350	
Community Development	1,305	1,305	1,695	1,695	1,955	
Police Department	3,422	5,502	3,035	3,035	4,350	
Parks & Public Works	8,567	6,637	5,661	5,661	5,661	
Library Department	9,546	9,796	9,294	9,294	8,450	
Total Temporary Hours by Department	25,211	25,611	21,236	22,210	22,941	
CONVERTED HOURLY EMPLOYEES	12.12	12.31	10.21	10.68	11.03	<i>(1.00 FTE = 2080 hours)</i>

