

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.

Total Budgeted Fund Activity	C – 3
Total Revenues, Expenditures, and Fund Balance Trend Information	C – 4
Total Revenues, Expenditures, and Fund Balance – 5 Year Summary.....	C – 8
Total Town Revenues – by Fund.....	C – 14
Total Town Expenditures – by Fund	C – 16
Total Town Revenues – by Category	C – 18
Total Town Expenditures – by Category.....	C – 20

General Fund Revenues and Expenditures

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

General Fund Revenues – by Department	C – 22
General Fund Expenditures – by Department.....	C – 23
General Fund Revenues – by Category.....	C – 24
General Fund Expenditures – by Category	C – 26
General Fund Tax Revenues per Capita – Cities of Santa Clara County	C – 28
General Fund Tax Revenues – 10 Year History of Key Tax Revenues	C – 29
General Fund – Fund Balance Activity	C – 30

Operating Transfers

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

Schedule of Interfund Transfers	C – 32
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FINANCIAL SUMMARIES

Fund Balance

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

Fund Balance Activity Summary – by Fund	C – 33
5 Year Comparative Fund Balance – by Fund	C – 35

Departmental Budgets

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

Department Revenues – by Program	C – 37
Department Expenditures – by Program	C – 39

In-Kind Donations

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

In-Kind Donations	C – 41
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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 – 42
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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.

Departmental Staff by Fund	C – 44
Summary of FTEs by Department	C – 45
5 Year History of Funded Positions by Department	C – 46
Summary of Personnel Changes	C – 47
Positions by Home Department	C – 51

TOTAL BUDGETED FUND ACTIVITY SUMMARY FY 2025-26

	Estimated Fund Balance 7/1/2025	Revenues, Prior Year Carryfwd & Transfers	Expenditures, Prior Year Carryfwd & Transfers	Estimated Fund Balance 6/30/2026	Fund Balance Change From Prior Year	Fund
Operating Funds						
Governmental Funds						
General Fund*	\$ 29,189,524	\$ 59,865,586	\$ 60,380,646	\$ 28,674,464	-1.8% (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	611,596	163,690	221,318	553,968	-9.4% (2)	222
Blackwell Assessment District Fund	15,184	3,210	3,072	15,322	0.9% (3)	231
Kennedy Assessment District Fund	16,827	10,605	11,875	15,557	-7.5%	232
Gemini Assessment District Fund	47,214	4,750	1,742	50,222	6.4% (3)	233
Santa Rosa Assessment District Fund	29,150	4,550	8,156	25,544	-12.4% (3)	234
Vasona Assessment District Fund	44,827	10,075	9,019	45,883	2.4% (3)	235
Hillbrook Assessment District Fund	28,253	6,040	6,536	27,757	-1.8% (3)	236
Los Gatos Theatre	170,414	121,100	121,916	169,598	-0.5%	251
Library Trust Fund	50,556	71,000	74,000	47,556	-5.9% (3)	711
Ness Bequest Trust Fund	748	400	-	1,148	53.5% (3)	713
Betty McClendon Trust Fund	88,943	2,000	2,000	88,943	0.0%	714
Barbara J Cassin Trust Fund	365,171	6,000	6,000	365,171	0.0%	716
Proprietary Funds - Internal Service Funds						
Liability Self-Insurance Fund	3,511	1,825,348	1,758,736	70,123	1897.2% (4)	611
Worker's Comp Self-Insurance Fund	314,476	1,901,696	1,846,050	370,122	17.7% (4)	612
Information Technology Fund	2,453,679	954,554	1,588,716	1,819,517	-25.8% (5)	621
Equipment Replacement Fund	2,277,685	1,187,544	2,105,936	1,359,293	-40.3% (5)	631
Facilities Maintenance Fund	937,606	1,519,570	1,419,567	1,037,609	10.7% (3)	633
Total Operating Funds	\$ 36,812,017	\$ 67,657,718	\$ 69,565,285	\$ 34,904,450	-5.2%	
Capital Funds						
GFAR*	\$ 15,790,264	\$ 2,542,254	\$ 4,290,936	\$ 14,041,582	-11.1% (6)	411 & 412
Grant Funded CIP Projects Fund	(7,233,058)	-	-	(7,233,058)	0.0%	421
Storm Drain #1 Fund	742,611	59,055	571,300	230,366	-69.0%	461
Storm Drain #2 Fund	2,122,444	102,493	475,000	1,749,937	-17.6%	462
Storm Drain #3 Fund	(191,579)	(8,306)	75,000	(274,885)	-43.5% (3)	463
Traffic Mitigation Fund	509,491	-	10,000	499,491	-2.0%	471
Construction Tax-Undergrounding Fund	3,611,435	45,870	-	3,657,305	1.3% (3)	472
Gas Tax Fund	1,992,261	1,822,989	1,784,585	2,030,665	1.9% (3)	481
Total Capital Projects Funds	\$ 17,343,869	\$ 4,564,355	\$ 7,206,821	\$ 14,701,403	-15.2%	
Fiduciary Fund						
SA- Trust Fund (Budgetary Fund Balance)	\$ 4,215,737	\$ 3,923,926	\$ 3,817,112	\$ 4,322,551	2.5%	942
Total Fiduciary Fund	\$ 4,215,737	\$ 3,923,926	\$ 3,817,112	\$ 4,322,551	2.5%	
TOTAL ALL FUNDS	\$ 58,371,623	\$ 76,145,999	\$ 80,589,218	\$ 53,928,404	-7.6%	

* Major Funds

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

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

(3) One-time Capital Project budgeted for FY 2025-26

(4) Based on estimated claims and insurance premium activity

(5) Equipment Replacement and Information Technology Fund reflects acquisition activities for FY 2025-26

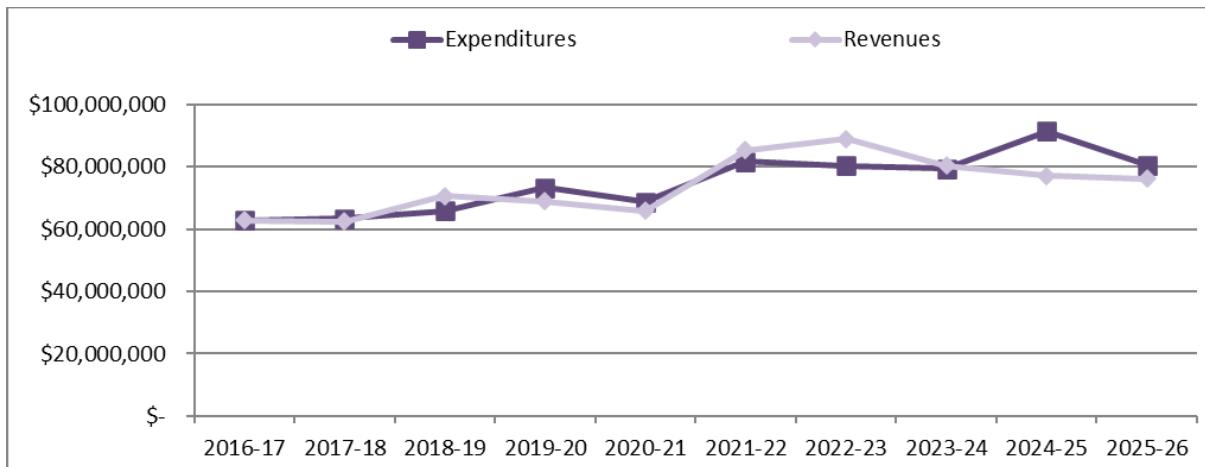
This Total Budgeted Fund Activity Summary schedule groups the Town's funds into three categories based on fund purpose:

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. The Library Trusts are held for special uses for the Library.

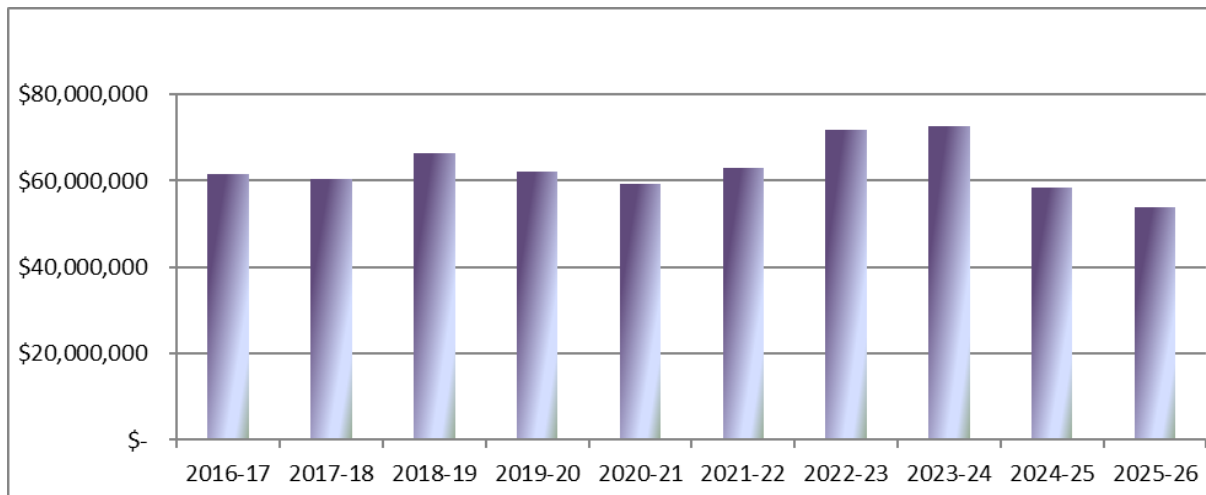
Fiduciary Funds - These funds include Trust funds and are held in a fiduciary capacity, with little variation in activity. RDA Successor Agency Private Purpose Trust Fund is established to account for the assets and liabilities transferred from the dissolution of the Town's former Redevelopment Agency (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



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

Year End	Reference	Revenues & Transfers In	Expenditures & Transfers Out	Designated Fund Balance
2016-17	Actuals	\$ 62,873,000	\$ 62,912,316	\$ 61,562,435
2017-18	Actuals	\$ 62,358,798	\$ 63,386,198	\$ 60,535,055
2018-19	Actuals	\$ 70,675,272	\$ 65,949,701	\$ 66,467,476
2019-20	Actuals	\$ 68,958,311	\$ 73,327,492	\$ 62,098,295
2020-21	Actuals	\$ 65,930,887	\$ 68,699,265	\$ 59,329,917
2021-22	Actuals	\$ 85,427,743	\$ 81,762,795	\$ 62,994,864
2022-23	Actuals	\$ 89,034,471	\$ 80,343,759	\$ 71,685,575
2023-24	Actuals	\$ 80,305,050	\$ 79,355,545	\$ 72,635,079
2024-25	Estimated	\$ 77,211,609	\$ 91,533,301	\$ 58,371,623
2025-26	Proposed	\$ 76,145,999	\$ 80,589,219	\$ 53,928,403

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 the Town's other objectives to protect the Town's fiscal health and ensure cost efficient and effective delivery of Town-wide services.

The FY 2025-26 Budget maintains high levels of service for the community while (1) absorbing new unfunded State and federal mandates, (2) acknowledging inflationary impacts, and (3) reducing expenditures in certain line items. The Budget is balanced by closing a gap of approximately \$1.9 million by building in a 4.6% Town-wide vacancy savings (including benefits savings) and using an additional \$0.9 million of one-time funding from the newly proposed Unassigned Fund Balance Reserve.

As mentioned above, for the upcoming 2025-26 fiscal year, the Town faces a projected operational deficit of approximately \$0.9 million. The \$0.9 million deficit was reduced from the originally projected \$3.7 million deficit per the Finance Commission recommendations, staff additional analysis, and Council direction by implementing

- Perspective on expenditure reduction measures outlined in progressively impactful tiers,
- Exploration and adoption of potential new or adjusted revenue-generating initiatives,
- Identification of preferred strategies for achieving a balanced budget that aligns with established strategic priorities and community expectations.

Council's guidance on these key decisions were incorporated into this budget.

Specific trends affecting the fund balance forecast are discussed below.

REVENUES

General Fund revenues (excluding debt payments, restricted pension trust activity, and fund transfers in) are expected to increase by 3.6% to \$57.0 million from prior estimated revenues. Revenue projections for each category were based upon estimates provided to the Town by the Santa Clara County Assessor, the Town's sales tax consultant, the Town's property tax consultant and careful examination of revenue trends, patterns, and industry research. The net change in overall revenues is mostly due to forecasted increases in some revenues such as property tax, charges for services, and transient occupancy tax (TOT).

The Town has a seat on the Board of the West Valley Solid Waste Management Authority (WVSWMA), a Joint Powers Authority (JPA) that manages the solid waste contracts. The JPA recently conducted a Franchise Fee Valuation Study. Based on the study, the new agreement reclassified the Franchise Fee Payment to Encroachment Permit since the collection vehicles utilize Town streets. While collections are estimated to stay at prior year levels, the revenue shifted from Franchise Fees to Licenses and Permits.

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 49.8% of the Town's total expenditures in FY 2025-26 (and 66.17% of General Fund expenditures). FY 2025-26 proposed budget includes 4.6% vacancy savings factor. The Town recognizes fiscal constraints while endeavoring to attract and retain skilled personnel to manage a 21st-century municipality. The Town has Memoranda of Understanding (MOU) with three bargaining units: Police Officers Association (POA), Town Employees Association (TEA), and American Federation of State, County and Municipal Employees (AFSCME).

TOTAL TOWN

REVENUE, EXPENDITURE, AND FUND BALANCE TREND INFORMATION

The Town and the bargaining units agreed to a successor MOU until June 30, 2027. Of note, the POA MOU includes a 6.5% salary increase effective the pay period containing April 1, 2024, a 5% increase for FY 2025-26, and a 4% increase for FY 2026-27. The AFSCME MOU includes a 4% salary increase effective the pay period containing July 1, 2024, a 4% increase for FY 2025-26, and a 4% increase for FY 2026-27. The TEA MOU includes a 5% salary increase effective the pay period containing July 1, 2024, a 3% increase for FY 2025-26, and a 3% increase for FY 2026-27. The FY 2025-26 Proposed Budget reflects the increases. Unrepresented groups' compensation changes include a 5% salary increase effective the pay period containing July 1, 2024, a 3% increase for FY 2025-26, and a 3% increase for FY 2026-27. The Town Manager and Town Attorney are under contract to the Town Council and any COLA or other modification for these positions is considered in the fall of every year.

The Town of Los Gatos provides a defined benefit pension plan for all full-time employees and some part-time, benefit-eligible 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 that considers 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. CalPERS administers the Miscellaneous Plan 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 Pension and OPEB Trusts Oversight Committee administers the Town's IRS 115 Pension Trust.

The Town also provides a retiree healthcare benefit for eligible employees, covering all or a portion of health insurance premiums for qualified retirees, their survivors, and dependents. Retiree 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 administered by the Town Pension and OPEB Trusts Oversight Committee. The Oversight Committee is responsible for managing and controlling the healthcare assets. As a result of collaboration with the Town's bargaining units during FY 2018-19, all units agreed to eliminate retiree health benefits prospectively, except for the minimum employer contribution mandated by the Public Employees' Medical and Hospital Care Act (PEMHCA). The PEMHCA minimum represents a significant reduction from the previous discretionary retiree payments made by the Town. As a closed retiree medical plan, the Town will see substantial cost savings over time from this negotiated change. Additionally, 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 percentage of salary. Town employees contribute a percentage of their salary towards their pension, known as the normal cost. The normal cost represents the annual cost of service accrual for active employees and can be seen as the cost of benefits earned by employees in the current year.

The second source of normal cost funding comes from employer normal cost contributions. The employer normal cost rates for all cities and towns in CalPERS are established annually by CalPERS. These rates represent the minimum contractual obligations that 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 that the plans experience unfavorable economic or demographic assumptions, an unfunded actuarial liability (UAL) may arise. The costs associated with an unfunded liability are 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. According to the most recent actuarial valuations, the unfunded actuarial liability for pensions was \$ 69.2 million as of June 30, 2023, and \$7.5 million for OPEB as of June 30, 2023.

TOTAL TOWN

REVENUE, EXPENDITURE, AND FUND BALANCE TREND INFORMATION

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 to date. As such, the Town's employer pension contributions are expected to continue to increase.

The Town's employer contribution rate will increase from 94.98% in FY 2024-25 to 109.09% in FY 2025-26 for classic sworn employees. For miscellaneous employees, the rate will decrease from 30.62% in FY 2024-25 to 30.02% in FY 2025-26. The Public Employees' Pension Reform Act (PEPRA), effective January 1, 2013, implemented lower pension tiers for employees who are new to the CalPERS 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 15.56% in FY 2024-25 to 15.84% in FY 2025-26 for PEPRA sworn employees.

To address the escalation in pension costs, previous Councils have allocated additional discretionary pension funding totaling \$10.4 million. These additional discretionary payments will ultimately yield an approximate additional \$12.7 million in contribution savings. In addition to the management of the Town's pension obligations, prior Councils have worked to curb cost escalation in Other Post-Employment Benefits (OPEB). In 2009, the Town initiated prefunding of the retiree healthcare benefit and has since established approximately \$28.1 million in OPEB assets from zero in 2009.

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 Town's 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 streetlights, 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

	2021-22	2022-23	2023-24	2024-25	2025-26
	Actuals	Actuals	Actuals	Estimated	Proposed
REVENUES					
Property Tax	\$ 16,899,618	\$ 18,187,388	\$ 19,321,147	\$ 19,993,070	\$ 21,450,971
VLF Backfill	4,229,462	4,555,700	4,906,019	5,109,000	5,377,328
Sales & Use Tax	7,177,597	7,507,068	6,795,036	6,374,098	6,694,054
Measure G - District Sales Tax	1,306,076	1,299,409	1,276,698	1,288,166	1,243,852
Franchise Fees	2,822,515	3,074,624	2,547,012	1,013,330	1,043,730
Transient Occupancy Tax	1,895,064	2,228,190	2,367,653	2,332,419	2,422,390
Other Taxes	1,481,667	2,361,862	1,519,960	2,839,985	2,493,992
Licenses & Permits	4,814,650	3,268,498	3,993,247	6,093,470	6,322,712
Intergovernmental	1,263,352	1,553,397	1,152,225	1,267,705	838,936
Town Services	5,460,608	4,811,455	5,913,520	4,981,623	5,736,735
Internal Svc Reimbursement	-	-	-	-	-
Fines & Forfeitures	319,170	416,951	480,634	385,200	315,200
Interest	(1,404,526)	605,789	2,698,735	1,427,333	1,567,774
Other Sources	5,649,767	6,147,143	3,036,303	2,622,103	1,893,652
Debt Service Reimbursement	1,899,850	1,893,713	1,894,550	1,902,300	1,901,850
Transfers In	633,352	538,536	564,910	562,411	562,411
TOTAL REVENUES	\$ 54,448,222	\$ 58,449,723	\$ 58,467,649	\$ 58,192,213	\$ 59,865,587
EXPENDITURES					
Salaries	\$ 18,847,234	\$ 20,424,953	\$ 21,522,007	\$ 22,631,195	\$ 23,182,932
Overtime	1,134,177	1,373,672	1,342,518	1,515,728	657,310
Benefits - Pension	6,531,958	7,091,215	7,431,198	8,271,830	9,907,119
Benefits - All Other	3,679,378	3,829,826	4,274,670	4,879,094	6,265,770
Retiree Medical	1,391,296	1,527,074	1,631,602	2,011,644	2,125,000
Operating Expenditures	12,860,383	12,990,242	11,741,493	11,843,735	10,839,863
Grants & Awards	606,449	625,427	743,987	670,605	450,307
Fixed Assets	-	300,000	831,938	885,542	-
Interest	156,034	156,034	229,086	156,034	156,034
Internal Service Charges	2,607,506	2,599,074	3,245,830	4,127,057	4,894,461
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	1,899,850	1,893,713	1,894,550	1,902,300	1,901,850
Transfers Out	1,751,787	3,006,978	2,045,000	1,170,000	-
TOTAL EXPENDITURES	\$ 51,466,052	\$ 55,818,208	\$ 56,933,879	\$ 60,064,764	\$ 60,380,646
Net Increase (Decrease)	2,982,170	2,631,515	1,533,770	(1,872,551)	(515,059)
Beginning Fund Balance	23,914,618	26,896,788	29,528,303	31,062,073	29,189,522
Ending Fund Balance	\$ 26,896,788	\$ 29,528,303	\$ 31,062,073	\$ 29,189,522	\$ 28,674,463

* Year End Fund Balance represents General Fund 111 (including Long Term Compensated Absences, Pension Trust Fund 732, and Measure G Fund 121).

TOTAL TOWN
REVENUES AND EXPENDITURES

SPECIAL REVENUE FUNDS

	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Estimated	2025-26 Proposed
REVENUES					
Property Tax	\$ 29	\$ -	\$ 30	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Measure G - District Sales Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	38,609	38,160	38,406	38,220	38,220
Licenses & Permits	231,323	359,950	359,951	163,690	163,690
Intergovernmental	3,413,961	3,614,872	-	-	-
Town Services	-	-	-	-	-
Internal Svc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	8,067	23,860	45,559	6,910	9,910
Other Sources	134,425	196,324	257,676	179,736	191,600
Debt Service Reimbursement	-	-	-	-	-
Transfers In	-	-	-	-	-
TOTAL REVENUES	\$ 3,826,414	\$ 4,233,166	\$ 701,622	\$ 388,556	\$ 403,420
EXPENDITURES					
Salaries	\$ 99,269	\$ 104,481	\$ 134,830	\$ 163,119	\$ 91,543
Overtime	696	27	1,100	461	3,030
Benefits - Pension	29,131	26,334	35,032	41,119	29,745
Benefits - All Other	25,329	27,761	35,644	39,233	24,935
Retiree Medical	-	-	-	-	-
Operating Expenditures	3,559,501	3,854,131	230,124	298,020	306,705
Grants & Awards	-	-	-	-	-
Fixed Assets	-	-	-	23,002	-
Interest	-	-	-	-	-
Internal Service Charges	3,492	4,091	7,299	14,441	4,756
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	4,920	4,920	4,920	4,920	4,920
TOTAL EXPENDITURES	\$ 3,722,338	\$ 4,021,745	\$ 448,949	\$ 584,315	\$ 465,634
Net Increase (Decrease)	104,076	211,421	252,673	(195,759)	(62,214)
Beginning Fund Balance	1,263,127	1,367,203	1,578,624	1,831,297	1,635,538
Ending Fund Balance	\$ 1,367,203	\$ 1,578,624	\$ 1,831,297	\$ 1,635,538	\$ 1,573,324

TOTAL TOWN
REVENUES AND EXPENDITURES

INTERNAL SERVICE FUNDS

	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Estimated	2025-26 Proposed
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Measure G - District Sales Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	66,382	28,322	24,838	40,000	40,000
Licenses & Permits	-	-	-	-	-
Intergovernmental	-	2,000	93,696	-	-
Town Services	172,373	125,257	133,860	105,000	120,000
Internal Srvc Reimbursement	3,507,735	3,570,184	4,264,957	5,721,482	6,905,125
Fines & Forfeitures	-	-	-	-	-
Interest	5	5	21,516	-	-
Other Sources	1,355,582	611,046	779,942	361,355	323,587
CIP Proj Reimbursement	-	-	-	-	-
Transfers In	1,787	-	430,000	76,989	-
TOTAL REVENUES	\$ 5,103,864	\$ 4,336,814	\$ 5,748,809	\$ 6,304,826	\$ 7,388,712
EXPENDITURES					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Overtime	-	-	-	-	-
Benefits - Pension	-	-	-	-	-
Benefits - All Other	-	-	-	-	-
Retiree Medical	-	-	-	-	-
Operating Expenditures	4,221,802	4,774,268	4,543,471	5,749,931	6,213,069
Grants & Awards	-	-	-	-	-
Fixed Assets	157,761	526,960	213,662	2,102,487	2,105,936
Interest	-	-	-	-	-
Internal Service Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	94,816	733,000	-	-	400,000
TOTAL EXPENDITURES	\$ 4,474,379	\$ 6,034,228	\$ 4,757,133	\$ 7,852,418	\$ 8,719,005
Net Increase (Decrease)	629,485	(1,697,414)	991,676	(1,547,592)	(1,330,293)
Beginning Fund Balance	7,610,802	8,240,287	6,542,873	7,534,549	5,986,957
Ending Fund Balance	\$ 8,240,287	\$ 6,542,873	\$ 7,534,549	\$ 5,986,957	\$ 4,656,664

TOTAL TOWN
REVENUES AND EXPENDITURES

CAPITAL PROJECT FUNDS

	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Estimated	2025-26 Proposed
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Measure G - District Sales Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	66,382	29,042	24,838	11,594	30,000
Licenses & Permits	1,599,199	1,221,744	1,232,518	974,457	1,095,485
Intergovernmental	10,634,858	4,816,497	5,021,429	5,098,047	2,859,390
Town Services	395,919	84,462	33,069	40,000	-
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	117,483	178,893	382,982	29,542	73,480
Other Sources	3,632,197	8,027,525	3,096,743	1,126,689	105,998
CIP Proj Reimbursement	-	-	-	-	-
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	1,750,001	3,739,978	1,615,000	1,110,000	400,000
TOTAL REVENUES	\$ 18,196,039	\$ 18,098,141	\$ 11,406,579	\$ 8,390,329	\$ 4,564,353
EXPENDITURES					
Salaries	\$ -	\$ -	\$ 237,228	\$ -	\$ -
Overtime	-	-	-	-	-
Benefits - Pension	-	-	-	-	-
Benefits - All Other	-	-	-	-	-
Retiree Medical	-	-	-	-	-
Operating Expenditures	-	1,467,000	1,158,019	-	-
Grants & Awards	8,389,778	-	-	-	-
Fixed Assets	-	-	-	-	-
Interest	-	-	-	-	-
Internal Service Charges	-	-	-	-	-
Capital Projects	9,334,528	8,617,074	11,420,705	18,639,435	6,649,331
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	533,616	533,616	559,990	574,480	557,491
TOTAL EXPENDITURES	\$ 18,257,922	\$ 10,617,690	\$ 13,375,942	\$ 19,213,915	\$ 7,206,822
Net Increase (Decrease)	(61,883)	7,480,451	(1,969,363)	(10,823,586)	(2,642,469)
Beginning Fund Balance	22,660,014	22,598,131	30,078,582	28,109,219	17,285,633
Ending Fund Balance	\$ 22,598,131	\$ 30,078,582	\$ 28,109,219	\$ 17,285,633	\$ 14,643,164

TOTAL TOWN
REVENUES AND EXPENDITURES

SUCCESSOR AGENCY TO THE TOWN OF LOS GATOS RDA

	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Estimated	2025-26 Proposed
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Measure G - District Sales Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	-	-	-	-	-
Licenses & Permits	-	-	-	-	-
Intergovernmental	1,937,791	1,942,119	1,952,104	1,951,721	1,960,412
Town Services	-	-	-	-	-
Internal Svc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	3,897	69,130	122,074	70,000	50,000
Other Sources	11,665	11,664	11,664	11,664	11,664
CIP Proj Reimbursement	1,899,850	1,893,713	1,894,550	1,902,300	1,901,850
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	-	-	-	-	-
TOTAL REVENUES	\$ 3,853,203	\$ 3,916,626	\$ 3,980,392	\$ 3,935,685	\$ 3,923,926
EXPENDITURES					
Salaries	\$ 1,174	\$ 1,290	\$ 1,383	\$ 1,151	\$ 1,198
Overtime	-	-	-	-	-
Benefits - Pension	329	341	334	341	387
Benefits - All Other	172	182	142	62	69
Retiree Medical	-	-	-	-	-
Operating Expenditures	105,213	124,413	111,513	11,695	11,695
Grants & Awards	-	-	-	-	-
Fixed Assets	-	-	-	-	-
Interest	1,036,645	1,293,230	1,352,157	1,485,000	1,550,000
Internal Service Charges	5	6	13	40	62
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	2,698,566	2,432,426	2,374,100	2,319,601	2,253,701
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	\$ 3,842,104	\$ 3,851,888	\$ 3,839,642	\$ 3,817,890	\$ 3,817,112
Net Increase (Decrease)	11,099	64,738	140,750	117,795	106,814
Beginning Fund Balance	3,881,354	3,892,453	3,957,191	4,097,941	4,215,736
Ending Fund Balance	\$ 3,892,453	\$ 3,957,191	\$ 4,097,941	\$ 4,215,736	\$ 4,322,550

TOTAL TOWN
REVENUES AND EXPENDITURES

TOTAL ALL FUNDS

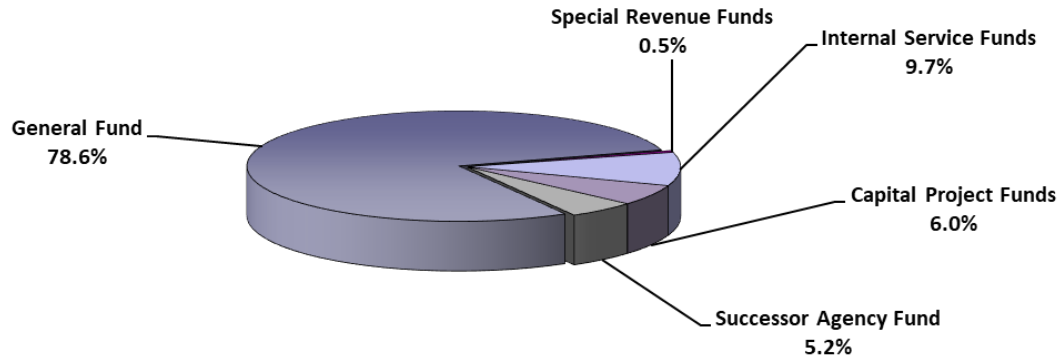
	2021-22	2022-23	2023-24	2024-25	2025-26
	Actuals	Actuals	Actuals	Estimated	Proposed
REVENUES					
Property Tax	\$ 16,899,647	\$ 18,187,388	\$ 19,321,177	\$ 19,993,070	\$ 21,450,971
VLF Backfill	4,229,462	4,555,700	4,906,019	5,109,000	5,377,328
Sales & Use Tax	7,177,597	7,507,068	6,795,036	6,374,098	6,694,054
Measure G - District Sales Tax	1,306,076	1,299,409	1,276,698	1,288,166	1,243,852
Franchise Fees	2,822,515	3,074,624	2,547,012	1,013,330	1,043,730
Transient Occupancy Tax	1,895,064	2,228,190	2,367,653	2,332,419	2,422,390
Other Taxes	1,653,040	2,457,386	1,608,042	2,929,799	2,602,212
Licenses & Permits	6,645,172	4,850,192	5,585,716	7,231,617	7,581,887
Intergovernmental	17,249,962	11,928,885	8,219,454	8,317,473	5,658,738
Town Services	6,028,900	5,021,174	6,080,449	5,126,623	5,856,735
Internal Srvs Reimbursement	3,507,735	3,570,184	4,264,957	5,721,482	6,905,125
Fines & Forfeitures	319,170	416,951	480,634	385,200	315,200
Interest	(1,275,074)	877,677	3,270,866	1,533,785	1,701,164
Other Sources	10,783,636	14,993,702	7,182,328	4,301,547	2,526,501
CIP Proj Reimbursement	3,799,700	3,787,426	3,789,100	3,804,600	3,803,700
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	2,385,140	4,278,514	2,609,910	1,749,400	962,411
TOTAL REVENUES	\$ 85,427,742	\$ 89,034,470	\$ 80,305,051	\$ 77,211,609	\$ 76,145,998
EXPENDITURES					
Salaries	\$ 18,947,677	\$ 20,530,724	\$ 21,895,448	\$ 22,795,465	\$ 23,275,673
Overtime	1,134,873	1,373,699	1,343,618	1,516,189	660,340
Benefits - Pension	6,561,418	7,117,890	7,466,564	8,313,290	9,937,251
Benefits - All Other	3,704,879	3,857,769	4,310,456	4,918,389	6,290,774
Retiree Medical	1,391,296	1,527,074	1,631,602	2,011,644	2,125,000
Operating Expenditures	20,746,899	23,210,054	17,784,620	17,903,381	17,371,332
Grants & Awards	8,996,227	625,427	743,987	670,605	450,307
Fixed Assets	157,761	826,960	1,045,600	3,011,031	2,105,936
Interest	1,192,679	1,449,264	1,581,243	1,641,033	1,706,034
Internal Service Charges	2,611,003	2,603,171	3,253,142	4,141,538	4,899,279
Capital Projects	9,334,528	8,617,074	11,420,705	18,639,435	6,649,331
Capital Acquisitions	-	-	-	-	-
Debt Service	4,598,416	4,326,139	4,268,650	4,221,901	4,155,551
Transfers Out	2,385,139	4,278,514	2,609,910	1,749,400	962,411
TOTAL EXPENDITURES	\$ 81,762,795	\$ 80,343,759	\$ 79,355,545	\$ 91,533,301	\$ 80,589,219
Net Increase (Decrease)	3,664,947	8,690,711	949,506	(14,321,693)	(4,443,221)
Beginning Fund Balance	59,329,917	62,994,864	71,685,575	72,635,081	58,313,388
Ending Fund Balance	\$ 62,994,864	\$ 71,685,575	\$ 72,635,081	\$ 58,313,388	\$ 53,870,167

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

TOTAL TOWN REVENUES
BY FUND
(Includes Transfers In)

		2021-22	2022-23	2023-24	2024-25	2024-25	2025-26	Change from PY
Fund	Fund Name	Actuals	Actuals	Actuals	Adjusted	Estimated	Proposed	Adjusted
General Fund								
111	General Fund	\$ 54,448,223	\$ 58,449,721	\$ 58,467,649	\$ 57,326,499	\$ 58,192,216	\$ 59,865,586	4.4%
Special Revenue Funds								
222	Urban Run-Off Source Fund	275,290	382,381	376,893	163,690	163,690	163,690	0.0%
231	Blackwell Assessment District	3,310	3,403	3,691	3,210	3,210	3,210	0.0%
232	Kennedy Assessment District	10,593	10,711	11,042	10,605	10,605	10,605	0.0%
233	Gemini Assessment District	4,991	5,041	6,044	4,750	4,750	4,750	0.0%
234	Santa Rosa Assessment District	5,204	5,235	5,962	4,550	4,550	4,550	0.0%
235	Vasona Assessment District	10,145	10,408	11,194	10,075	10,075	10,075	0.0%
236	Hillbrook Assessment District	6,232	6,421	6,625	6,040	6,040	6,040	0.0%
241	ARPA	3,413,961	3,614,872	-	-	-	-	0.0%
251	Los Gatos Theatre	19,500	108,237	171,495	57,960	119,064	121,100	108.9%
711	Library Trust	72,076	78,326	92,237	71,000	61,172	71,000	0.0%
713	Ness Bequest Trust	239	385	786	400	400	400	0.0%
714	Betty McClendon Trust	954	1,518	3,066	1,000	1,000	2,000	100.0%
716	Barbara J Cassin Trust	3,919	6,230	12,587	4,000	4,000	6,000	50.0%
Internal Service Funds								
611	Liability Self-Insurance	366,134	397,216	1,097,039	1,507,435	1,355,990	1,825,348	21.1%
612	Worker's Comp Self-Insurance	1,155,211	1,132,773	1,404,129	1,905,154	1,533,562	1,901,696	-0.2%
621	Information Technology	998,157	755,099	780,649	914,113	925,105	954,554	4.4%
622	Office Stores Fund	-	-	-	-	-	-	0.0%
631	Equipment Replacement	589,441	718,283	1,060,156	1,123,659	1,093,620	1,187,544	5.7%
632	Facilities Maintenance	-	-	-	-	-	-	0.0%
633	Vehicle Maintenance	1,994,920	1,333,444	1,406,836	1,396,548	1,396,548	1,519,570	8.8%
Capital Projects Funds								
411	GFAR - 411	7,311,732	13,707,708	5,647,704	5,305,867	3,251,093	2,542,254	-52.1%
412	GFAR - 412	-	-	866,281	-	20,684	-	0.0%
421	Grant Funded CIP Projects	8,505,080	1,693,216	2,310,178	15,928,718	3,090,154	-	-100.0%
461	Storm Drain #1	89,739	111,325	168,669	50,880	28,976	59,055	16.1%
462	Storm Drain #2	250,881	102,215	103,635	54,850	15,616	102,493	86.9%
463	Storm Drain #3	(251)	4,060	40,613	1,100	5,354	(8,306)	-855.1%
471	Traffic Mitigation	552,042	725,597	296,721	213,380	161,138	-	-100.0%
472	Construction Tax-Undergrounding	101,630	136,482	145,255	45,590	27,184	45,870	0.6%
481	Gas Tax	1,385,187	1,617,538	1,827,522	1,784,585	1,790,128	1,822,989	2.2%
Successor Agency to the Los Gatos RDA Fund								
942	SA - Recognized Obligation Retirement	3,853,202	3,916,626	3,980,392	3,828,264	3,935,685	3,923,926	2.5%
TOTAL Fund Rev & Transfers In		\$ 85,427,743	\$ 89,034,471	\$ 80,305,050	\$ 91,723,922	\$ 77,211,609	\$ 76,145,999	-17.0%

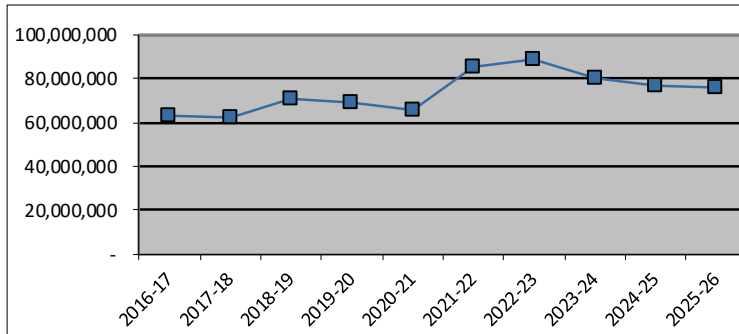
TOTAL TOWN REVENUES BY FUND



	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Adjusted	2024-25 Estimated	2025-26 Proposed	% of Total
General Fund	\$ 54,448,223	\$ 58,449,721	\$ 58,467,649	\$ 57,326,499	\$ 58,192,216	\$ 59,865,586	78.62%
Special Revenue Funds	3,826,414	4,233,168	701,622	337,280	388,556	403,420	0.53%
Internal Service Funds	5,103,863	4,336,815	5,748,809	6,846,909	6,304,825	7,388,712	9.70%
Capital Project Funds	18,196,040	18,098,141	11,406,578	23,384,970	8,390,327	4,564,355	5.99%
Successor Agency Fund	3,853,203	3,916,626	3,980,392	3,828,264	3,935,685	3,923,926	5.15%
Total Rev & Transfers In	\$ 85,427,743	\$ 89,034,471	\$ 80,305,050	\$ 91,723,922	\$ 77,211,609	\$ 76,145,999	100.0%

TOWN REVENUE HISTORICAL TREND (Includes Transfers In)

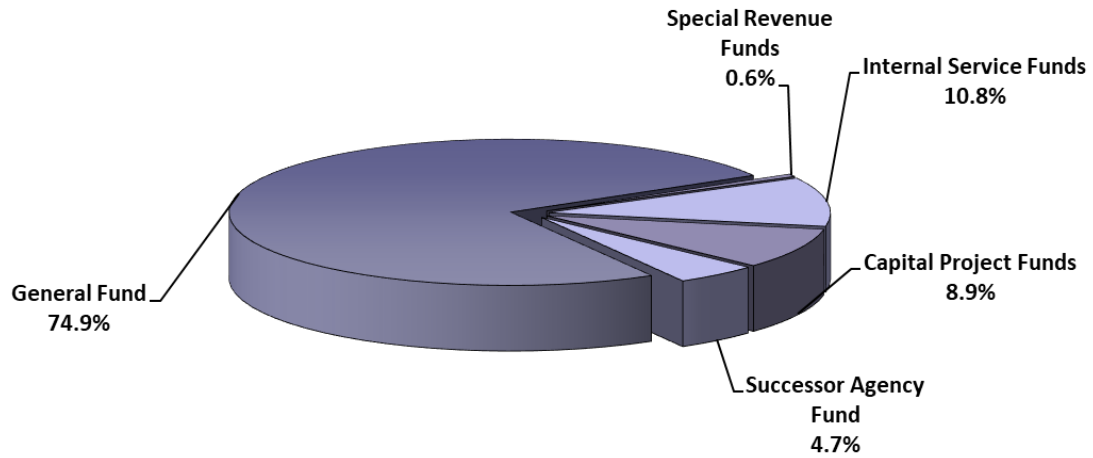
FY	Total	Status
2016-17	62,873,000	Actuals
2017-18	62,358,798	Actuals
2018-19	70,675,272	Actuals
2019-20	68,958,311	Actuals
2020-21	65,930,887	Actuals
2021-22	85,427,743	Actuals
2022-23	89,034,471	Actuals
2023-24	80,305,050	Actuals
2024-25	77,211,609	Estimated
2025-26	76,145,999	Projected



TOTAL TOWN EXPENDITURES
BY FUND
(Includes Transfers Out)

		2021-22	2022-23	2023-24	2024-25	2024-25	2025-26	Change from PY Adjusted
Fund	Fund Name	Actuals	Actuals	Actuals	Adjusted	Estimated	Proposed	
General Fund								
111	General Fund	\$ 51,466,052	\$ 55,818,206	\$ 56,933,879	\$ 60,543,479	\$ 60,064,764	\$ 60,380,646	-0.3%
Special Revenue Funds								
222	Urban Run-Off Source Fund	194,972	204,096	252,602	284,429	306,228	221,318	-22.2%
231	Blackwell Assessment District	3,654	2,988	2,799	3,072	3,072	3,072	0.0%
232	Kennedy Assessment District	9,668	12,113	12,883	11,875	11,875	11,875	0.0%
233	Gemini Assessment District	2,607	1,880	1,798	1,742	1,742	1,742	0.0%
234	Santa Rosa Assessment District	10,466	9,573	9,575	8,156	8,156	8,156	0.0%
235	Vasona Assessment District	7,362	7,653	7,689	9,019	9,019	9,019	0.0%
236	Hillbrook Assessment District	4,837	4,282	4,153	6,536	6,536	6,536	0.0%
241	ARPA	3,413,961	3,614,872	-	-	-	-	0.0%
251	Los Gatos Theatre	-	52,746	75,451	119,685	119,685	121,916	1.9%
711	Library Trust	71,613	106,041	77,199	80,000	80,000	74,000	-7.5%
713	Ness Trust Bequest	-	-	-	23,002	23,002	-	-100.0%
714	Betty McClendon Trust	700	1,000	900	1,000	3,000	2,000	100.0%
716	Barbara J Cassin Trust	2,500	4,500	3,900	4,000	12,000	6,000	50.0%
Internal Service Funds								
611	Liability Self-Insurance	583,924	988,486	1,131,184	1,540,481	1,530,356	1,758,736	14.2%
612	Worker's Comp Self-Insurance	1,533,045	1,913,144	1,332,697	1,826,050	1,805,333	1,846,050	1.1%
621	Information Technology	878,049	1,271,412	731,919	1,118,347	994,775	1,588,716	42.1%
622	Office Stores Fund	-	-	-	-	-	-	0.0%
631	Equipment Replacement	256,582	526,960	187,323	2,105,936	2,102,487	2,105,936	0.0%
632	Facilities Maintenance	-	-	-	-	-	-	0.0%
633	Vehicle Maintenance	1,222,780	1,334,225	1,374,009	1,445,325	1,419,467	1,419,567	-1.8%
Capital Projects Funds								
411	GFAR - 411	7,961,799	6,765,661	7,120,243	22,153,916	8,601,080	4,290,937	-80.6%
412	GFAR - 412	-	-	-	866,281	58,236	-	-100.0%
421	Grant Funded CIP Projects	8,754,439	1,151,504	4,466,791	12,782,684	7,759,709	-	-100.0%
461	Storm Drain #1	-	-	-	1,184,384	734,384	571,300	-51.8%
462	Storm Drain #2	13,400	218,081	-	418,586	86,667	475,000	13.5%
463	Storm Drain #3	25,848	-	-	256,967	86,667	75,000	-70.8%
471	Traffic Mitigation	527,791	700,088	218,308	255,264	161,138	10,000	-96.1%
472	Construction Tax-Undergrounding	427	-	-	299,573	-	-	-100.0%
481	Gas Tax	974,215	1,782,361	1,570,600	3,404,619	1,726,034	1,784,585	-47.6%
Successor Agency to the Los Gatos RDA Fund								
942	SA- Trust Fund	3,842,104	3,851,887	3,839,643	3,853,495	3,817,889	3,817,112	
TOTAL Fund Exp & Transfers Out		\$ 81,762,795	\$ 80,343,759	\$ 79,355,545	\$ 114,607,903	\$ 91,533,301	\$ 80,589,219	-29.7%

TOTAL TOWN EXPENDITURES BY FUND

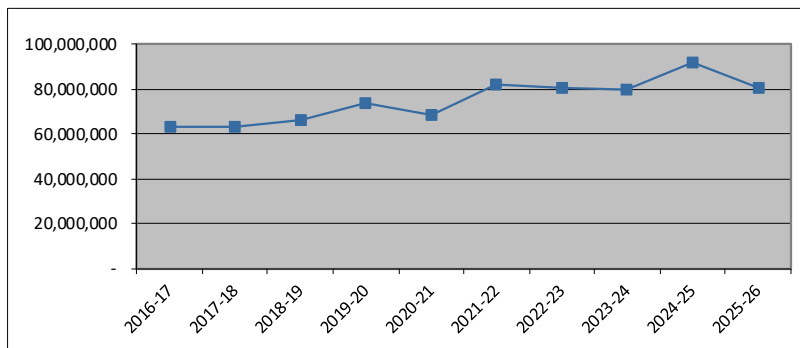


	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Adjusted	2024-25 Estimated	2025-26 Proposed	% of Total
General Fund	\$ 51,466,052	\$ 55,818,206	\$ 56,933,879	\$ 60,543,479	\$ 60,064,764	\$ 60,380,646	74.92%
Special Revenue Funds	3,722,340	4,021,744	448,949	552,516	584,315	465,634	0.58%
Internal Service Funds	4,474,380	6,034,227	4,757,132	8,036,139	7,852,418	8,719,005	10.82%
Capital Project Funds	18,257,919	10,617,695	13,375,942	41,622,274	19,213,915	7,206,822	8.94%
Successor Agency Fund	3,842,104	3,851,887	3,839,643	3,853,495	3,817,889	3,817,112	4.74%
Total Exp & Transfers Out	\$ 81,762,795	\$ 80,343,759	\$ 79,355,545	\$ 114,607,903	\$ 91,533,301	\$ 80,589,219	100.0%

TOWN EXPENDITURE HISTORICAL TREND

(Includes Transfers Out)

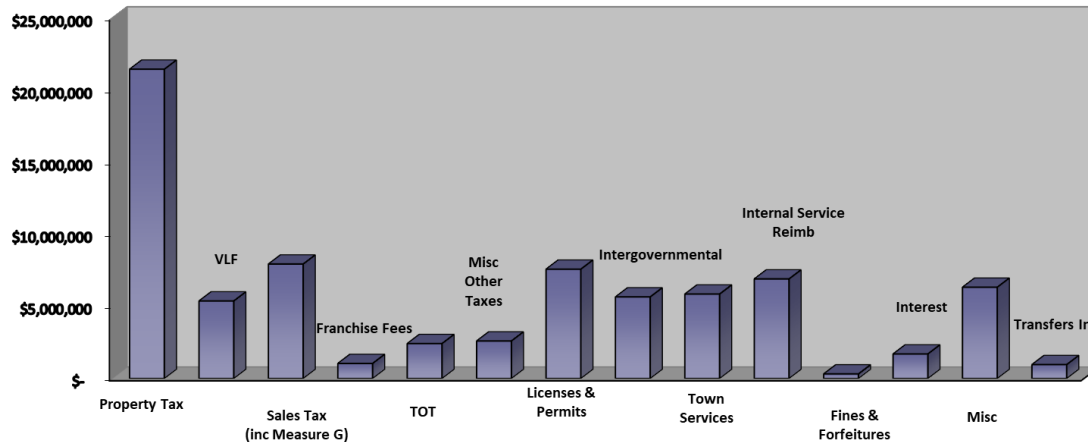
FY	Total	Status
2016-17	\$ 62,912,316	Actuals
2017-18	\$ 63,386,198	Actuals
2018-19	\$ 65,949,701	Actuals
2019-20	\$ 73,327,492	Actuals
2020-21	\$ 68,699,265	Actuals
2021-22	\$ 81,762,795	Actuals
2022-23	\$ 80,343,759	Actuals
2023-24	\$ 79,355,545	Actuals
2024-25	\$ 91,533,301	Estimated
2025-26	\$ 80,589,219	Projected



TOTAL TOWN REVENUES

BY CATEGORY

FY 2025-26 Revenues



Revenues	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Adjusted	2024-25 Estimated	2025-26 Proposed	% of Total
Property Tax	\$ 16,899,647	\$ 18,187,388	\$ 19,321,177	\$ 20,225,761	\$ 19,993,070	\$ 21,450,971	28.17%
VLF Backfill Property Tax	4,229,462	4,555,700	4,906,019	4,978,930	5,109,000	5,377,328	7.06%
Sales & Use Tax	7,177,597	7,507,068	6,795,036	6,597,351	6,418,412	6,639,081	8.72%
Measure G - District Sales Tax	1,306,076	1,299,409	1,276,698	1,288,166	1,243,852	1,298,825	1.71%
Franchise Fees	2,822,515	3,074,624	2,547,012	1,041,330	1,013,330	1,043,730	1.37%
Transient Occupancy Tax	1,895,064	2,228,190	2,367,653	2,332,419	2,332,419	2,422,390	3.18%
Miscellaneous Other Taxes	1,653,041	2,457,385	1,608,043	2,529,220	2,929,799	2,602,212	3.42%
Licenses & Permits	6,645,172	4,850,192	5,585,716	7,088,561	7,231,617	7,581,887	9.96%
Intergovernmental Revenues	17,249,962	11,928,885	8,219,453	22,668,632	8,317,473	5,658,738	7.43%
Town Services	6,028,900	5,021,175	6,080,448	5,012,822	5,126,623	5,856,735	7.69%
Internal Service Reimbursements	3,507,735	3,570,184	4,264,957	6,258,322	5,721,482	6,905,125	9.07%
Fines & Forfeitures	319,170	416,951	480,634	315,200	385,200	315,200	0.41%
Interest	(1,275,074)	877,677	3,270,866	1,803,877	1,533,785	1,701,164	2.23%
Miscellaneous Other Sources	14,583,336	18,781,128	10,971,429	7,910,919	8,106,147	6,330,201	8.31%
Total Revenues	\$ 83,042,603	\$ 84,755,956	\$ 77,695,141	\$ 90,051,510	\$ 75,462,209	\$ 75,183,587	
Plus Transfers In	2,385,139	4,278,514	2,609,910	1,672,411	1,749,400	962,411	1.26%
Total Revenues & Other Sources	\$ 85,427,742	\$ 89,034,470	\$ 80,305,051	\$ 91,723,921	\$ 77,211,609	\$ 76,145,998	100%

Total Budgeted Revenues (exclusive of Transfers In) have decreased from the prior year estimated revenues, as the Town is expected to experience revenue growth in some of the key economically sensitive revenue categories of Property Tax, VLF Backfill, TOT, and Sales Tax.

Key revenue highlights include:

Property Tax – Property Tax revenues are projected to increase by 7.3% compared to the FY 2024-25 estimated revenues as property tax collection is based on the January 2025 assessment roll for FY 2025-26.

Sales and Use Tax – The Town receives 1.0 cent 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. In addition, the Town collects an additional 0.125 cent in dedicated sales tax as a result of a voter approved ballot initiative in 2018. The FY 2025-26 budget reflects \$6.6 million in sales tax revenue and \$1.3 million in dedicated sales tax revenue. Combined, this represents a 3.9% increase from the FY 2024-25 estimates.

TOTAL TOWN REVENUES

BY CATEGORY

Licenses and Permits—FY 2025-26 Licenses and Permits reflect a 4.8% increase compared to the FY 2024-25 estimated revenues, reflecting anticipated permit activities.

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

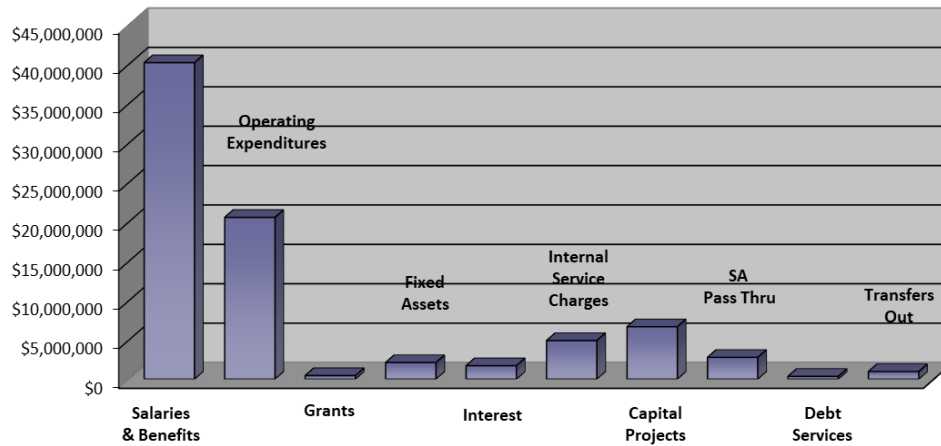
Transient Occupancy Tax – Transient Occupancy Tax (TOT) is expected to increase by 3.9% from FY 2024-25 estimated revenues.

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 2025-26 Expenditures



Expenditures	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Adjusted	2024-25 Estimated	2025-26 Proposed	% of Total
Salaries and Benefits	\$ 30,348,848	\$ 32,880,081	\$ 35,016,086	\$ 38,661,257	\$ 37,543,332	\$ 40,164,039	49.84%
Operating Expenditures	17,703,532	17,289,365	18,205,350	21,015,129	21,033,088	20,531,997	25.48%
Grants	8,996,228	625,427	743,987	724,912	670,605	450,307	0.56%
Fixed Assets	157,761	826,960	1,045,600	2,670,092	3,011,031	2,105,936	2.61%
Interest	1,192,679	1,449,264	1,581,243	1,576,692	1,641,034	1,706,034	2.12%
Internal Service Charges	2,611,003	2,603,171	3,253,142	4,389,018	4,141,538	4,899,278	6.08%
Capital Projects	9,334,527	8,617,077	11,420,705	41,064,783	18,639,435	6,649,330	8.25%
Pass Thru	8,234,362	11,235,187	4,999,972	2,416,307	2,686,537	2,768,036	3.43%
Debt Services	798,716	538,713	479,550	417,301	417,301	351,851	0.44%
Total Expenditures	\$ 79,377,656	\$ 76,065,245	\$ 76,745,635	\$ 112,935,491	\$ 89,783,901	\$ 79,626,808	
Transfers Out	2,385,139	4,278,514	2,609,910	1,672,411	1,749,400	962,411	1.19%
Total Uses of Funds	\$ 81,762,795	\$ 80,343,759	\$ 79,355,545	\$ 114,607,902	\$ 91,533,301	\$ 80,589,219	100%

Total Budgeted Expenditures (exclusive of Transfers Out) include budgeted Capital Improvements, which can vary significantly from year to year. The total expenditures reflect a 11.3% decrease for FY 2025-26 compared to the FY 2024-25 estimated budget numbers. Prior year adjusted budget numbers include capital project carryforwards.

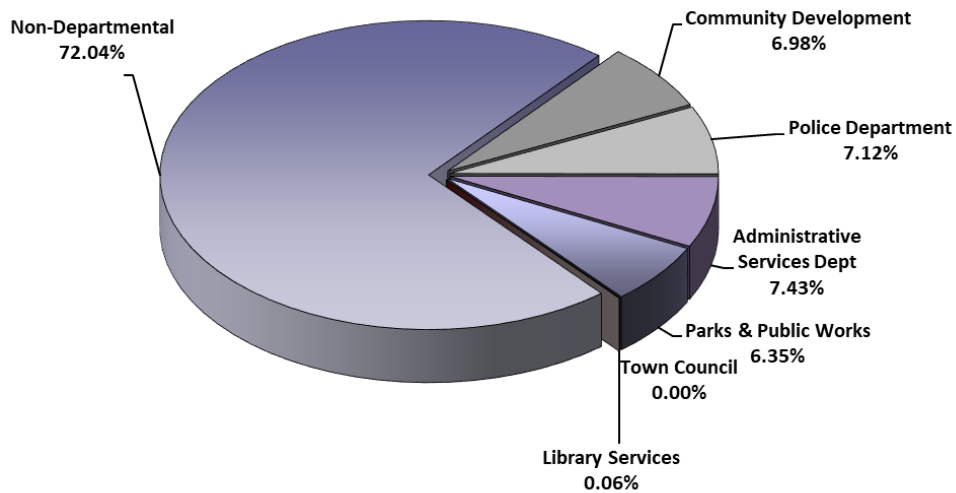
Salaries and Benefits – The FY 2025-26 budget, including 4.6% vacancy savings, reflects an anticipated 3.9% increase in salaries and benefit costs compared to the prior year adjusted budget and a 7.0% increase from the FY 2024-25 estimated numbers. The increase is attributed to anticipated increases in CalPERS and medical benefits rates, current bargaining unit agreements, and anticipated merit step increases. Staff will closely monitor salary and benefits costs and will return to the Council if anticipated salary savings do not materialize.

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 2025-26 budget reflects increases in the Internal Service Charges reflecting scheduled replacements and increased liability premiums.

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.

GENERAL FUND REVENUES BY DEPARTMENT



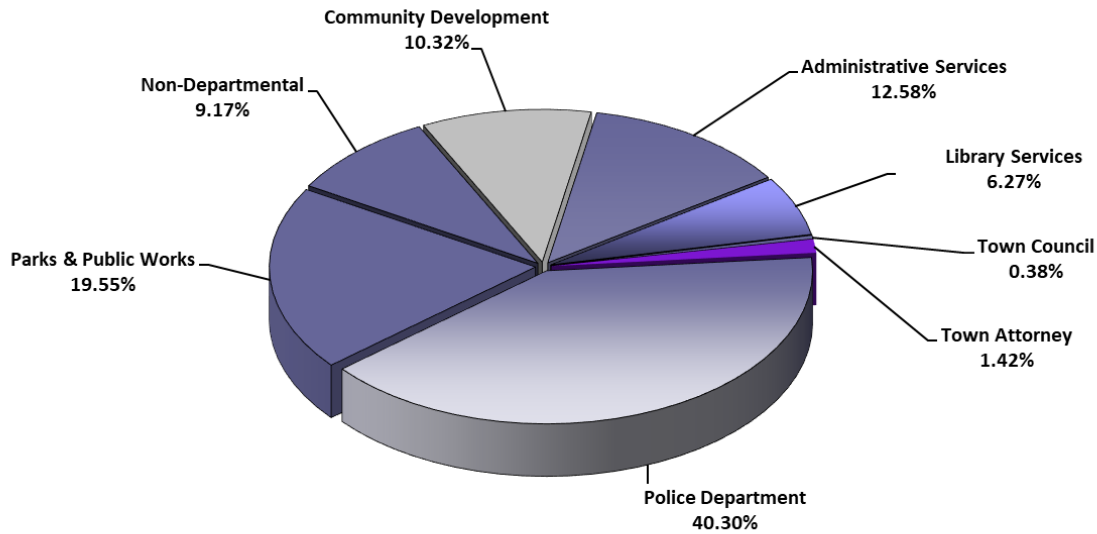
FY 2025-26 Departmental Revenues

Departments	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Adjusted	2024-25 Estimated	2025-26 Proposed	% of Total
Town Offices	\$ 1,099	\$ 9,082	\$ 20,989	\$ -	\$ -	\$ -	0.00%
Non-Departmental	34,400,997	36,926,190	38,074,117	38,879,988	38,387,077	41,071,957	72.04%
Administrative Services*	594,557	3,491,329	4,729,705	4,704,637	4,757,473	4,238,073	7.43%
Community Development	5,678,733	4,734,673	4,617,882	4,879,591	5,401,479	3,980,816	6.98%
Police Department	6,877,241	7,157,445	4,314,732	3,352,173	3,366,142	4,062,039	7.12%
Parks & Public Works	3,627,872	2,887,053	3,378,347	2,619,899	3,046,746	3,622,641	6.35%
Library Services	44,521	100,085	81,406	35,500	78,585	35,800	0.06%
Total General Fund Revenues	\$ 51,225,020	\$ 55,305,857	\$ 55,217,178	\$ 54,471,788	\$ 55,037,502	\$ 57,011,326	100%
Town Debt Payments	\$ 1,899,850	\$ 1,893,713	\$ 1,894,550	\$ 1,902,300	\$ 1,902,300	\$ 1,901,850	
Pension Trust**	690,000	711,618	791,012	390,000	690,000	390,000	
Compensated Absences**	-	-	-	-	-	-	
Transfers In	633,352	538,536	564,910	562,411	562,411	562,411	
Net Operating Revenues	\$ 54,448,222	\$ 58,449,724	\$ 58,467,650	\$ 57,326,499	\$ 58,192,213	\$ 59,865,587	

*The Town Manager's Office, Human Resources, Finance, Clerk Administration, Information Technology, Economic and Community Vitality, and Emergency Preparedness and Disaster Response Programs are all accounted for within the Administrative Services Department.

** Pension Trust, Measure G Fund, and Compensated Absences are incorporated in the General Fund.

GENERAL FUND EXPENDITURES BY DEPARTMENT



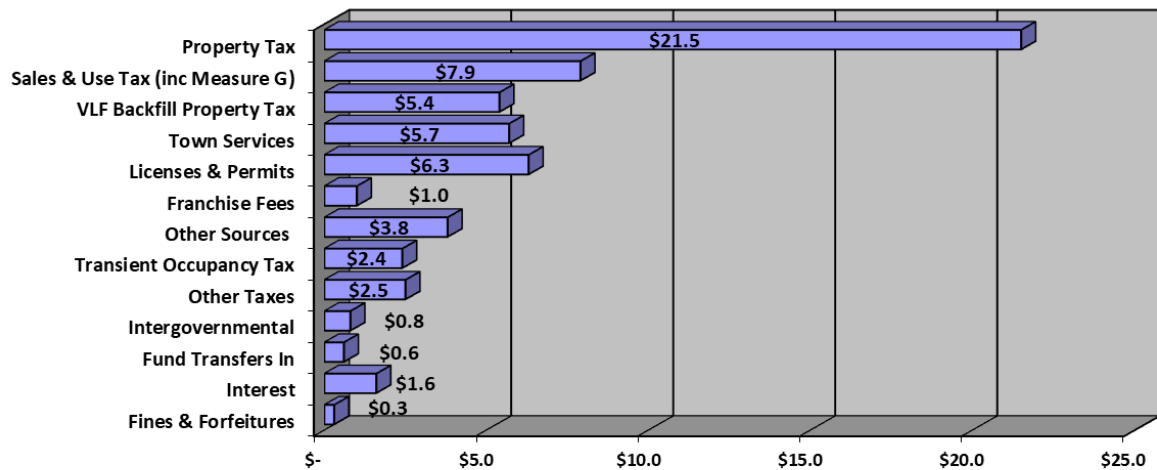
FY 2025-26 Departmental Expenditures

Departments	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Adjusted	2024-25 Estimated	2025-26 Proposed	% of Total
Police Department	\$ 16,451,189	\$ 18,446,040	\$ 21,498,542	\$ 22,895,849	\$ 21,341,870	\$ 23,504,430	40.30%
Parks & Public Works	8,605,455	8,998,082	9,789,656	10,653,984	11,137,401	11,404,963	19.55%
Non-Departmental	7,274,722	8,666,254	6,146,963	5,153,478	5,516,939	5,345,295	9.17%
Community Development	6,313,505	5,365,410	5,246,730	6,161,824	6,321,635	6,021,135	10.32%
Administrative Services*	5,441,605	5,302,277	5,877,880	7,861,627	7,684,812	7,338,116	12.58%
Library Services	2,752,401	3,096,485	3,253,386	3,458,657	3,542,183	3,655,823	6.27%
Town Council	189,569	186,337	196,366	210,994	219,937	222,115	0.38%
Town Attorney	629,935	699,143	753,205	978,732	1,071,653	830,884	1.42%
Total General Fund Exp	\$ 47,658,381	\$ 50,760,028	\$ 52,762,728	\$ 57,375,145	\$ 56,836,430	\$ 58,322,761	100%
Town Debt Payments	\$ 2,055,884	\$ 2,049,747	\$ 2,123,636	\$ 2,058,334	\$ 2,058,334	\$ 2,057,884	
Pension Trust**	-	1,455	2,515	-	-	-	
Compensated Absences**	-	-	-	-	-	-	
Transfers Out	1,751,787	3,006,978	2,045,000	1,110,000	1,170,000	-	
Net Operating Expenditures	\$ 51,466,052	\$ 55,818,208	\$ 56,933,879	\$ 60,543,479	\$ 60,064,764	\$ 60,380,645	

*The Town Manager's Office, Human Resources, Finance, Clerk Administration, Information Technology, Economic and Community Vitality, and Emergency Preparedness and Disaster Response Programs are all accounted for within the Administrative Services Department.

** Pension Trust, Measure G Fund, and Compensated Absences are incorporated in the General Fund.

GENERAL FUND REVENUES BY CATEGORY



Revenue Category	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Adjusted	2024-25 Estimated	2025-26 Proposed	% of Total
Property Tax	\$ 16,899,618	\$ 18,187,388	\$ 19,321,147	\$ 20,225,761	\$ 19,993,070	\$ 21,450,971	35.83%
VLF Backfill Property Tax	4,229,462	4,555,700	4,906,019	4,978,930	5,109,000	5,377,328	8.98%
Sales & Use Tax	7,177,597	7,507,068	6,795,036	6,597,351	6,418,412	6,639,081	11.09%
Measure G - District Sales Tax	1,306,076	1,299,409	1,276,698	1,288,166	1,243,852	1,298,825	2.17%
Franchise Fees	2,822,515	3,074,624	2,547,012	1,041,330	1,013,330	1,043,730	1.74%
Transient Occupancy Tax	1,895,064	2,228,190	2,367,653	2,332,419	2,332,419	2,422,390	4.05%
Other Taxes	1,481,667	2,361,862	1,519,960	2,421,000	2,839,985	2,493,992	4.17%
Licenses & Permits	4,814,650	3,268,498	3,993,247	5,832,140	6,093,470	6,322,712	10.56%
Intergovernmental	1,263,352	1,553,397	1,152,225	1,182,351	1,267,705	838,936	1.40%
Town Services	5,460,608	4,811,455	5,913,520	4,705,658	4,981,623	5,736,735	9.58%
Fines & Forfeitures	319,170	416,951	480,634	315,200	385,200	315,200	0.53%
Interest	(1,404,526)	605,789	2,698,735	1,764,425	1,427,333	1,567,774	2.62%
Other Sources	7,549,617	8,040,856	4,930,853	4,079,357	4,524,403	3,795,502	6.34%
Total Revenues	\$ 53,814,870	\$ 57,911,187	\$ 57,902,739	\$ 56,764,088	\$ 57,629,802	\$ 59,303,176	
Transfers In:	\$ 633,352	\$ 538,536	\$ 564,910	\$ 562,411	\$ 562,411	\$ 562,411	0.94%
Total Revenues & Transfers In	\$ 54,448,222	\$ 58,449,723	\$ 58,467,649	\$ 57,326,499	\$ 58,192,213	\$ 59,865,587	100%

FY 2025-26 General Fund revenues (excluding fund transfers in) expected to increase by 2.9% to \$59.3 million from FY 2024-25 estimated revenues. The Town's operations are funded through various revenue sources as depicted above. Revenues were estimated by trend analysis and historical data as explained below:

Property Tax – Property Tax revenues are still projected to increase by 7.3% compared to the prior year's estimated revenues, as property tax collection is based on the January 2025 assessment roll for FY 2025-26, projected by the Santa Clara County Assessor's Office and the Town's property tax consultant. The Town receives 9.3 cents of each property tax dollar paid by property owners. The remaining 90.7 cents of each dollar is distributed to several other taxing jurisdictions, including local schools, community college districts, the County of Santa Clara, Santa Clara County Central Fire Protection District, and other special districts that serve the community.

GENERAL FUND REVENUES

BY CATEGORY

Sales and Use Tax – The Town receives 1.0 cent 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. In addition, the Town collects an additional 0.125 cent in dedicated sales tax as a result of a voter approved ballot initiative in 2018. The FY 2025-26 budget reflects \$6.6 million in sales tax revenue and \$1.3 million in dedicated sales tax revenue. Combined, this represents a 3.9% increase from the FY 2024-25 estimates.

Town Services – Charges for Town Services increased by 15.2% compared to FY 2024-25 estimated revenues, reflecting increasing land use development and construction activity.

Licenses & Permits – Licenses and Permits decrease by 3.8% compared to FY 2024-25 estimated revenues reflecting anticipated permit activities.

Intergovernmental Revenues – Intergovernmental revenues reflect a decrease in anticipated grant proceeds.

Franchise Fees – Compared to the prior fiscal year, Franchise Fees, including cable television and electric utility, have increased by 3.0% compared to FY 2024-25 estimated revenues.

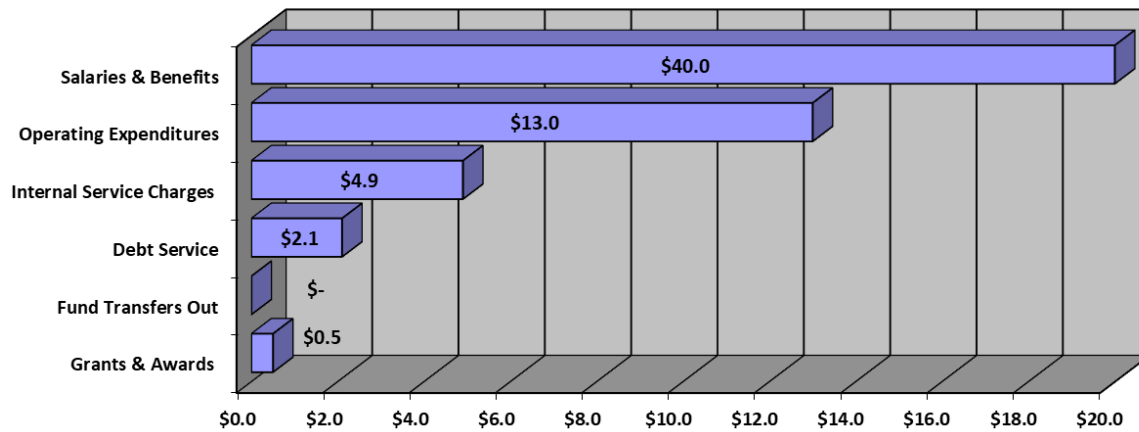
Transient Occupancy Tax – Transient Occupancy Tax (TOT) is expected to increase by 3.9% from FY 2024-25 estimated revenues.

Fines and Forfeitures – Fines and Forfeitures include traffic fines and administrative citations, which are expected to decrease by 18.2% compared to FY 2024-25 estimated revenues.

Transfers In – Transfers in are expected to remain the same as FY 2024-25.

Other Sources—Other sources include the Town “Pass Through” programs and restricted pension trust fund activities, which decreased from FY 2024-25 estimates.

GENERAL FUND EXPENDITURES BY CATEGORY



Expenditure Category	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Adjusted	2024-25 Estimated	2025-26 Proposed	% of Total
Salaries & Benefits	\$ 30,192,747	\$ 32,719,665	\$ 34,570,393	\$ 38,441,072	\$ 37,297,847	\$ 40,013,131	66.17%
Operating Expenditures	14,251,679	14,517,317	13,373,095	13,294,019	13,855,379	12,964,863	21.47%
Fixed Assets	-	300,000	831,938	541,154	885,542	-	0.00%
Grants & Awards	606,449	625,427	743,987	724,912	670,605	450,307	0.75%
Debt Service	2,055,884	2,049,747	2,123,636	2,058,334	2,058,334	2,057,884	3.41%
Internal Service Charges	2,607,506	2,599,074	3,245,830	4,373,988	4,127,057	4,894,461	8.11%
Total Expenditures	\$ 49,714,265	\$ 52,811,230	\$ 54,888,879	\$ 59,433,479	\$ 58,894,764	\$ 60,380,646	
Transfers Out	\$ 1,751,787	\$ 3,006,978	\$ 2,045,000	\$ 1,110,000	\$ 1,170,000	\$ -	0.00%
Total Exp & Transfers Out	\$ 51,466,052	\$ 55,818,208	\$ 56,933,879	\$ 60,543,479	\$ 60,064,764	\$ 60,380,646	100%

The FY 2025-26 General Fund Operating Budget (net of transfers out) represents a 2.5% increase compared to the net FY 2024-25 estimated operating expenditures (net of transfers out).

Salaries & Benefits – The delivery of Town services highly depends on talented staff, which comprises 65.6% of budgeted General Fund expenditures for FY 2025-26. The FY 2025-26 budget, including 4.6% vacancy savings, reflects an anticipated 4.1% increase in salary and benefit costs compared to the prior year adjusted budget and an 7.3% increase from the FY 2025-26 estimated numbers. This increase is attributed to expected hikes in CalPERS and medical benefit rates, current bargaining unit agreements, and anticipated merit step increases. Staff will closely monitor salary and benefit costs and will return to Council if the anticipated salary savings do not materialize.

Operating Expenditures – The FY 2025-26 operating expenditures decreased by 6.4% when compared to the FY 2024-25 estimates.

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. The FY 2025-26 budget reflects funding for only sustaining grants.

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. These costs increased to reflect higher Workers' Compensation rates and Town liability insurance premiums.

GENERAL FUND EXPENDITURES

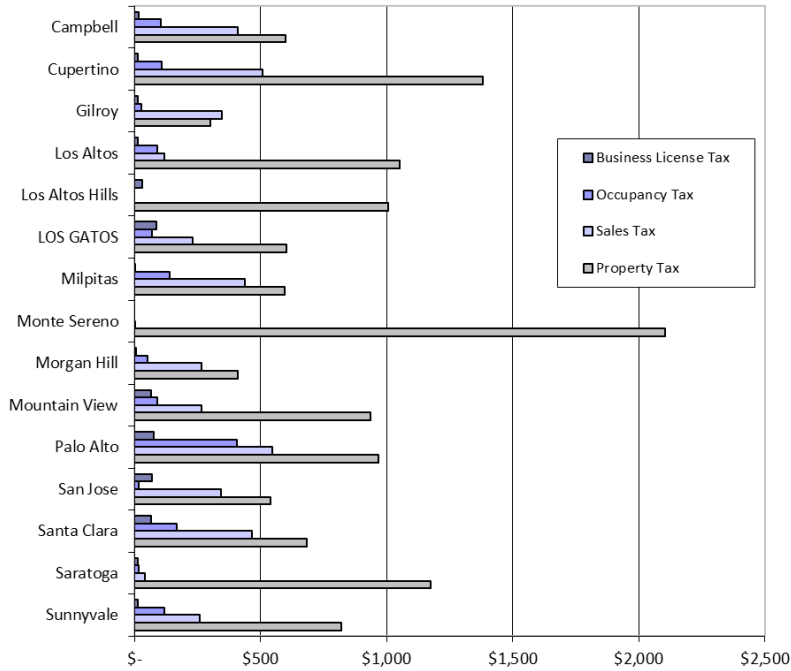
BY CATEGORY

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 FY 2025-26 budget is not appropriating transfers for Capital projects.

GENERAL FUND TAX REVENUES

CITIES OF SANTA CLARA COUNTY – TAX REVENUES PER CAPITA (JUNE 30, 2023 DATA AVAILABLE AT THE TIME OF PUBLICATION)



Actual Tax Revenue Amounts and Per Capita as of June 30, 2023

Cities	Population	Property Tax		Sales Tax		Occupancy Tax		Business License Tax	
		Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita
Campbell	43,095	\$ 25,790,000	598	\$ 17,699,289	\$ 411	\$ 4,500,000	\$ 104	\$ 723,400	\$ 17
Cupertino ¹	60,869	84,036,853	1,381	30,961,166	509	6,486,798	107	831,321	14
Gilroy	61,033	18,359,121	301	21,119,635	346	1,560,500	26	883,812	14
Los Altos ²	31,021	32,644,256	1,052	3,686,148	119	2,830,943	91	471,808	15
Los Altos Hills ²	8,476	8,527,387	1,006	-	-	-	-	255,405	30
LOS GATOS	33,230	19,993,070	602	7,662,264	231	2,332,419	70	2,839,985	85
Milpitas	81,773	48,723,543	596	35,836,135	438	11,537,074	141	333,592	4
Monte Sereno ^{1,3}	3,500	7,371,991	2,106	13,967	4	-	-	-	-
Morgan Hill	46,384	19,075,049	411	12,369,118	267	2,472,771	53	238,860	5
Mountain View	86,535	81,120,694	937	23,124,896	267	7,961,020	92	5,580,870	64
Palo Alto	68,624	66,343,501	967	37,482,355	546	27,781,062	405	5,285,805	77
San Jose	969,491	524,473,430	541	333,411,487	344	15,894,163	16	67,749,866	70
Santa Clara	132,476	90,710,410	685	61,776,044	466	22,347,394	169	8,820,389	67
Saratoga ¹	30,163	35,378,883	1,173	1,253,649	42	512,261	17	458,856	15
Sunnyvale	157,566	129,062,478	819	40,715,300	258	18,915,542	120	1,938,459	12
Average	120,949	\$ 79,440,711	\$ 657	\$ 41,807,430	\$ 346	\$ 8,342,130	\$ 69	\$ 6,427,495	\$ 53

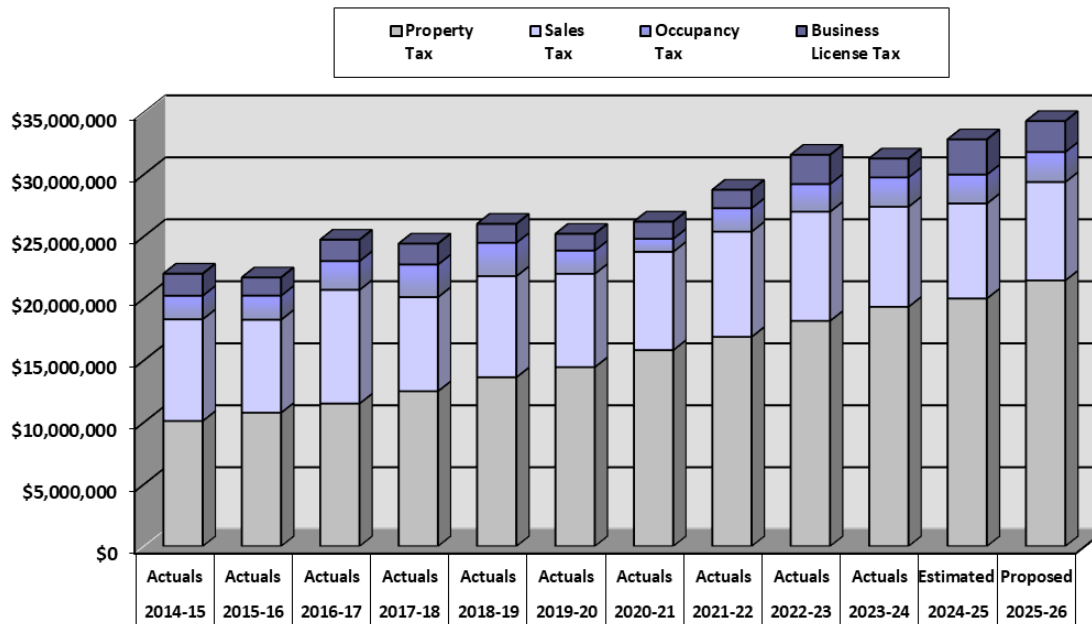
¹ Property tax amount includes Santa Clara County Central Fire District FY 2025-26

² FY 2022-23 Actuals

Source: City of Morgan Hill 2024 Comprehensive Annual Financial Report

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
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	Actuals	\$ 14,454,513	\$ 7,531,425	\$ 1,869,685	\$ 1,357,080	\$ 25,212,703	(3.1%)
2020-21	Actuals	\$ 15,826,162	\$ 7,933,604	\$ 1,044,820	\$ 1,386,943	\$ 26,191,529	3.9%
2021-22	Actuals	\$ 16,899,618	\$ 8,483,673	\$ 1,895,064	\$ 1,481,667	\$ 28,760,022	9.8%
2022-23	Actuals	\$ 18,187,388	\$ 8,806,477	\$ 2,228,190	\$ 2,361,862	\$ 31,583,917	9.8%
2023-24	Actuals	\$ 19,321,147	\$ 8,071,734	\$ 2,367,653	\$ 1,519,960	\$ 31,280,494	(1.0%)
2024-25	Estimated	\$ 19,993,070	\$ 7,662,264	\$ 2,332,419	\$ 2,839,985	\$ 32,827,738	4.9%
2025-26	Proposed	\$ 21,450,971	\$ 7,937,906	\$ 2,422,390	\$ 2,493,992	\$ 34,305,259	4.5%

GENERAL FUND
FY 2025-26 ESTIMATED FUND BALANCE ACTIVITY

Use of / Addition to GF Reserves:	Estimated July 1, 2025 Balance	Revenues & Transfers In	Expenditures and Transfers Out	Fund Balance Sources (Uses)	Estimated June 30, 2026 Balance
<i>Unreserved Fund Balances</i>					
Undesignated Reserves					
Available to be Appropriated	\$ -	\$ 59,865,586	\$ 60,380,646	\$ 515,060	\$ -
<i>Nonspendable</i>					
Rehab Loan (Non - Spendable)	159,000				159,000
<i>Restricted Fund Balances</i>					
Pension Trust	2,878,659	-	-	390,000	3,268,659
<i>Committed to:</i>					
Budget Stabilization Reserve	7,870,639	-	-	-	7,870,639
Catastrophic Reserves	7,870,639	-	-	-	7,870,639
Pension/OPEB Reserve	1,000,000	-	-	-	1,000,000
<i>Assigned to:</i>					
Open Space Reserve	410,000	-	-	-	410,000
Sustainability	140,553	-	-	-	140,553
Capital/Special Projects	1,506,449	-	-	-	1,506,449
Authorized Carryforwards	85,861	-	-	-	85,861
Compensated Absences*	1,555,478	-	-	-	1,555,478
Market Fluctuations	1,712,246	-	-	-	1,712,246
<i>Unassigned Fund Balance</i>	4,000,000	-	-	(905,060)	3,094,940
Total Use of and Addition To Rese	\$ 29,189,524	\$ 59,865,586	\$ 60,380,646	\$ 7,206,822	\$ 28,674,464

The balances are estimates and will be finalized upon closing FY 2024-25 and FY 2025-26.

GENERAL FUND

FY 2024-25 & FY 2025-26 ESTIMATED FUND BALANCE ACTIVITY

	Actual General Fund Balance June 30, 2024	Restricted for Pension	Land Held for Resale	Budget Stabilization	Catastrophic	Pension/OPEB	Open Space	Sustainability	Capital/Special Projects	Carryforward Encumbrances	Compensated Absences	Measure G District Sales Tax - Operating	Market Fluctuations	Council Priorities - Economic Recovery	ERAF Risk	Rehab Loan (Non-Spendable)	Unassigned Fund Balance	Estimated FY 2024-25 Surplus (Deficit)	Total GF Balance
	\$2,188,659	\$344,338	\$6,736,781	\$6,736,781	\$6,736,781	\$ 300,000	\$410,000	\$140,553	\$8,651,056	\$85,861	\$1,555,478	\$590,581	\$1,712,246	\$20,684	\$1,430,054	\$159,000	\$ -	\$ -	\$ 31,062,072
Estimated FY 2024-25 Actions	Additional Capital Projects								(1,100,000)										
	Regular Payment to IRS 115 Pension Trust (CEPPT)	390,000																	
	Pension/OPEB Reserve to IRS 115 Pension Trust (CEPPT)	300,000				(300,000)													
	Council Priorities - Economic Recovery (FY 2024-25 Estimated Use)								(60,000)					(20,684)					
	FY 2024-25 Estimated Transfer to General Liability																		
	Property Held for Resale - Sold		(344,338)						344,338										
	Reserve 25% of FY 2025-26 GF Operating Expenditure (per General Fund Reserve Policy)		1,254,763	1,254,763	1,254,763				(2,509,526)										
	Portion of ERAF Risk Reserve to Pension/OPEB Reserve					1,000,000								(1,000,000)					
	Emergency Management Effort								(1,000,000)						(430,054)		430,054		
	Establish Unassigned Fund Balance Reserve - Transfer from ERAF Risk																590,581		
	Establish Unassigned Fund Balance Reserve - Transfer from Measure G											(590,581)							
	Establish Unassigned Fund Balance Reserve - Transfer from Capital/Special Reserve								(2,979,365)								2,979,365		
	Capital/Special Projects Reserve (per General Fund Reserve Policy)																	(81,864)	
	Use of Reserve to Balance FY 2024-25								(81,864)									81,864	
Estimated General Fund Balance June 30, 2025	\$2,878,659	\$ -	\$7,991,544	\$7,991,544	\$7,991,544	\$1,000,000	\$410,000	\$140,553	\$1,264,639	\$85,861	\$1,555,478	\$ -	\$1,712,246	\$ -	\$ -	\$159,000	\$4,000,000	\$ -	\$ 29,189,524
Proposed FY 2025-26 Actions	Additional Capital Projects per Proposed Budget																		
	Regular Payment to IRS 115 Pension Trust (CEPPT)	390,000																	
	FY 2025-26 Estimated Surplus (Deficit)																	(905,060)	
	Use of Reserve to Balance FY 2025-26																(905,060)	905,060	
Estimated General Fund Balance June 30, 2026	\$3,268,659	\$ -	\$7,991,544	\$7,991,544	\$7,991,544	\$1,000,000	\$410,000	\$140,553	\$1,264,639	\$85,861	\$1,555,478	\$ -	\$1,712,246	\$ -	\$ -	\$159,000	\$3,094,940	\$ -	\$ 28,674,464

SCHEDULE OF INTERFUND TRANSFERS
FISCAL YEAR 2024-25 & 2025-26

Fund Description	Estimated		Adopted Budget	
	2024-25	2024-25	2025-26	2025-26
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Funds				
General Fund	\$ 562,411	\$ 1,170,000	\$ 562,411	\$ -
Special Revenue Funds				
Urban Run-Off Program	-	-	-	-
Landscape & Lighting Districts				
Blackwell District	-	460	-	460
Kennedy Meadows District	-	1,510	-	1,510
Gemini Court District	-	610	-	610
Santa Rosa Heights District	-	660	-	660
Vasona Heights District	-	1,430	-	1,430
Hillbrook District	-	250	-	250
Internal Service Funds				
Liability Self Insurance-Fund	60,000	-	-	-
Worker's Comp Self Insurance	-	-	-	-
Information Technology	16,989	-	-	400,000
Equipment Fund	-	-	-	-
Facilities Maintenance Fund	-	-	-	-
Capital Project Funds				
GFAR	1,110,000	458,480	400,000	441,491
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
Total Transfers	\$ 1,749,400	\$ 1,749,400	\$ 962,411	\$ 962,411

FUND BALANCE ACTIVITY SUMMARY

FISCAL YEAR 2025-26

	7/1/25 Estimated Fund Balance	Fiscal Year 2025-26 Adopted Budget					6/30/26 Estimated Fund Balance	
		Plus		Less		Use of Reserves		
		Revenues & Carryforwards	Transfers In	Expenditures & Carryforwards	Transfers Out			
GENERAL FUND								
Unreserved Fund Balances								
<i>Undesignated Reserves</i>								
Available to be Appropriated	\$ -	\$ 59,303,175	\$ 562,411	\$ 60,380,646	\$ -	\$ 515,060	\$ -	
Restricted Fund Balances								
Pension Trust	2,878,659	-	-	-	-	390,000	3,268,659	
Committed to:								
Budget Stabilization Reserve	7,870,639	-	-	-	-	-	7,870,639	
Catastrophic Reserves	7,870,639	-	-	-	-	-	7,870,639	
Pension/OPEB Reserve	1,000,000	-	-	-	-	-	1,000,000	
Assigned to:								
Open Space Reserve	410,000	-	-	-	-	-	410,000	
Sustainability	140,553	-	-	-	-	-	140,553	
Capital/Special Projects	1,506,449	-	-	-	-	-	1,506,449	
Authorized Carryforwards	85,861	-	-	-	-	-	85,861	
Compensated Absences*	1,555,478	-	-	-	-	-	1,555,478	
Market Fluctuations	1,712,246	-	-	-	-	-	1,712,246	
Unassigned Fund Balance	4,000,000	-	-	-	-	(905,060)	3,094,940	
Rehab Loan (Non - Spendable)	159,000	-	-	-	-	-	159,000	
Total General Fund Reserves	\$ 29,189,524	\$ 59,303,175	\$ 562,411	\$ 60,380,646	\$ -	\$ -	\$ 28,674,464	

General Fund Undesignated Reserves reflect ongoing revenues, carryforwards, transfers, expenditures, the net effect of the change in Designated Reserves, and the use of Undesignated Reserves.

- **FY 2025-26 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 2025-26 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 the Catastrophic and Budget Stabilization Reserves require full funding and distribution to the Pension/OPEB Reserve.**
- Staff recommends adding an Unassigned Fund Balance Reserve of \$4,000,000 in FY 2024-25. Per current Policy, any remaining balance will be deposited to the Capital/Special Projects Reserve at the close of the Fiscal Year**

SPECIAL REVENUE FUNDS							
Housing Conservation Program	\$ 177,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,240
Community Dev Block Grant	(10,587)	-	-	-	-	-	(10,587)
Urban Run-Off Source Fund	611,596	163,690	-	221,318	-	-	553,968
Blackwell Assessment District	15,184	3,210	-	2,612	460	-	15,322
Kennedy Assessment District	16,827	10,605	-	10,365	1,510	-	15,557
Gemini Assessment District	47,214	4,750	-	1,132	610	-	50,222
Santa Rosa Assessment District	29,150	4,550	-	7,496	660	-	25,544
Vasona Assessment District	44,827	10,075	-	7,589	1,430	-	45,883
Hillbrook Assessment District	28,253	6,040	-	6,286	250	-	27,757
Los Gatos Theatre	170,414	121,100	-	121,916	-	-	169,598
Library Trust	50,556	71,000	-	74,000	-	-	47,556
Ness Trust Bequest	748	400	-	-	-	-	1,148
Betty McClendon Trust	88,943	2,000	-	2,000	-	-	88,943
Barbara J Cassin Trust	365,171	6,000	-	6,000	-	-	365,171
Total Special Revenue Funds Reserves	\$ 1,635,536	\$ 403,420	\$ -	\$ 460,714	\$ 4,920	\$ -	\$ 1,573,322

FUND BALANCE ACTIVITY SUMMARY

FISCAL YEAR 2025-26

	Fiscal Year 2025-26 Adopted Budget						
	7/1/25	Plus		Less			6/30/26
	Estimated	Revenues &	Transfers	Expenditures &	Transfers	Use of	Estimated
	Fund Balance	Carryforwards	In	Carryforwards	Out	Reserves	Fund Balance
INTERNAL SERVICE FUNDS							
Liability Self-Insurance	\$ 3,511	\$ 1,825,348	\$ -	\$ 1,758,736	\$ -	\$ -	\$ 70,123
Worker's Comp Self-Insurance	314,476	1,901,696	-	1,846,050	-	-	370,122
Information Technology	2,453,679	954,554	-	1,188,716	400,000	-	1,819,517
Equipment Replacement	2,277,685	1,187,544	-	2,105,936	-	-	1,359,293
Facilities Maintenance	937,606	1,519,570	-	1,419,567	-	-	1,037,609
Total Internal Service Funds Reserves	\$ 5,986,957	\$ 7,388,712	\$ -	\$ 8,319,005	\$ 400,000	\$ -	\$ 4,656,664
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.							
CAPITAL PROJECTS FUNDS							
GFAR*	\$ 14,903,299	\$ 2,142,254	\$ 400,000	\$ 3,849,445	\$ 441,491	\$ -	\$ 13,154,617
Grant Funded CIP Projects	(7,233,058)	-	-	-	-	-	(7,233,058)
Storm Drain #1	742,611	59,055	-	571,300	-	-	230,366
Storm Drain #2	2,122,444	102,493	-	475,000	-	-	1,749,937
Storm Drain #3	(191,579)	(8,306)	-	75,000	-	-	(274,885)
Traffic Mitigation	509,491	-	-	-	10,000	-	499,491
Construction Tax-Undergrounding	3,611,435	45,870	-	-	-	-	3,657,305
Gas Tax	1,992,261	1,822,989	-	1,678,585	106,000	-	2,030,665
Total Capital Projects Funds Reserves	\$ 17,343,869	\$ 4,164,355	\$ 400,000	\$ 6,649,330	\$ 557,491	\$ -	\$ 14,701,403
GFAR, Grant Funds, Storm Drain Funds, and Gas Tax Fund Balances reflect the spending down of available funds in FY 2025-26 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	\$ 4,215,737	\$ 3,923,926	\$ -	\$ 3,817,112	\$ -	\$ -	\$ 4,322,551
Total SA of the Los Gatos RDA Funds Reserves	\$ 4,215,737	\$ 3,923,926	\$ -	\$ 3,817,112	\$ -	\$ -	\$ 4,322,551
TOTAL RESERVES	\$ 58,371,623	\$ 75,183,588	\$ 962,411	\$ 79,626,807	\$ 962,411	\$ -	\$ 53,928,404

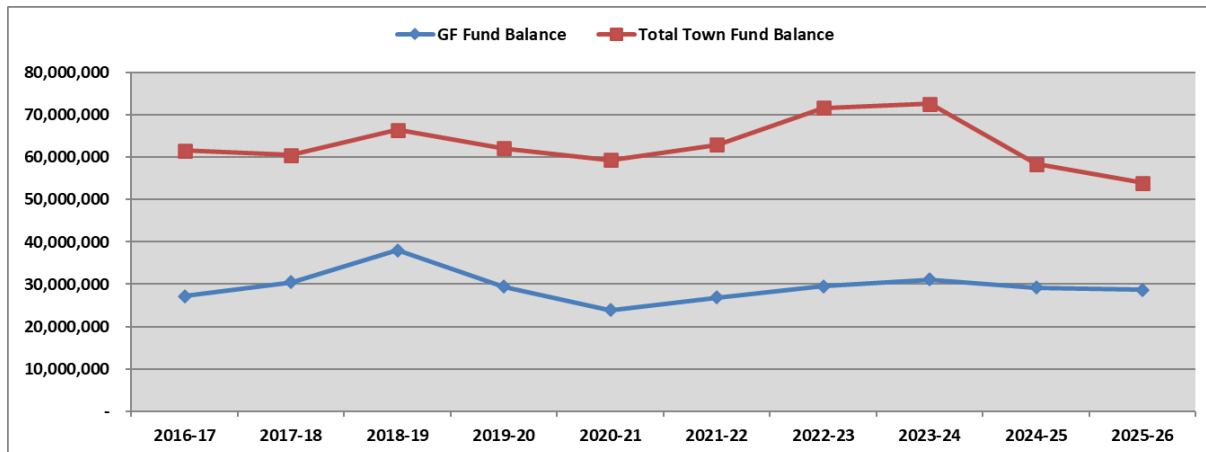
FUND BALANCE RESERVES

5 YEAR COMPARATIVE BALANCES

Fund Balance Reserves	6/30/2022 Actual YE Balance	6/30/2023 Actual YE Balance	6/30/2024 Actual YE Balance	6/30/2025 Estimated YE Balance	6/30/2026 Budgeted YE Balance
GENERAL FUND					
Restricted Fund Balances					
Pension	\$ 690,000	\$ 1,400,163	\$ 2,188,659	\$ 2,878,659	\$ 3,268,659
Land Held for Resale	-	44,338	344,338	-	-
Unreserved Fund Balances					
Undesignated Reserves					
Available to be Appropriated	-	-	-	-	-
Committed to:					
Budget Stabilization Reserve	5,991,566	6,129,774	6,736,781	7,870,639	7,870,639
Catastrophic Reserves	5,991,566	6,129,775	6,736,781	7,870,639	7,870,639
Pension/OPEB Reserve	300,000	300,000	300,000	1,000,000	1,000,000
Measure G District Sales Tax - Operating	-	590,581	590,581	-	-
Assigned to:					
Open Space Reserve	410,000	410,000	410,000	410,000	410,000
Sustainability	140,553	140,553	140,553	140,553	140,553
Strategic Planning Reserve	-	-	-	-	-
Capital/Special Projects	11,071,231	10,359,577	8,651,056	1,506,449	1,506,449
Authorized Carryforwards	33,145	37,698	85,861	85,861	85,861
Compensated Absences*	1,519,147	1,580,623	1,555,478	1,555,478	1,555,478
To Workers Comp	-	-	-	-	-
Market Fluctuations	-	-	1,712,246	1,712,246	1,712,246
Measure G District Sales Tax - Op/Cap	590,581	-	-	-	-
ERAF Risk Reserve	-	689,608	1,430,054	-	-
Unassigned Fund Balance	-	-	-	4,000,000	3,094,940
Rehab Loan (Nonspendable)	159,000	159,000	159,000	159,000	159,000
Council Priorities - Economic Recovery	-	1,556,614	20,684	-	-
Total General Fund Reserves*	\$ 26,896,789	\$ 29,528,304	\$ 31,062,072	\$ 29,189,524	\$ 28,674,464
SPECIAL REVENUE FUNDS					
Housing Conservation Program	\$ 177,241	\$ 177,241	\$ 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	451,558	629,843	754,134	611,596	553,968
Blackwell Assessment District	13,740	14,155	15,046	15,184	15,322
Kennedy Assessment District	21,340	19,938	18,097	16,827	15,557
Gemini Assessment District	36,800	39,961	44,206	47,214	50,222
Santa Rosa Assessment District	40,708	36,369	32,756	29,150	25,544
Vasona Assessment District	37,510	40,265	43,771	44,827	45,883
Hillbrook Assessment District	24,138	26,277	28,749	28,253	27,757
Los Gatos Theatre	19,500	74,991	171,035	170,414	169,598
Library Trust	82,062	54,347	69,384	50,556	47,556
Ness Trust Bequest	22,178	22,564	23,350	748	1,148
Betty McClendon Trust	88,260	88,777	90,943	88,943	88,943
Barbara J Cassin Trust	362,754	364,485	373,171	365,171	365,171
Total Special Revenue Funds Reserves	\$ 1,367,202	\$ 1,578,626	\$ 1,831,295	\$ 1,635,536	\$ 1,573,322

FUND BALANCE RESERVES 5 YEAR COMPARATIVE BALANCES

Fund Balance Reserves	6/30/2022 Actual YE Balance	6/30/2023 Actual YE Balance	6/30/2024 Actual YE Balance	6/30/2025 Estimated YE Balance	6/30/2026 Budgeted YE Balance
INTERNAL SERVICE FUNDS					
Liability Self-Insurance	\$ 803,292	\$ 212,022	\$ 177,877	\$ 3,511	\$ 70,123
Worker's Comp Self-Insurance	1,295,185	514,813	586,247	314,476	370,122
Information Technology	2,990,932	2,474,618	2,523,349	2,453,679	1,819,517
Equipment Replacement	2,222,395	2,413,719	3,286,552	2,277,685	1,359,293
Facilities Maintenance	928,481	927,700	960,525	937,606	1,037,609
Total Internal Service Funds Reserves	\$ 8,240,285	\$ 6,542,872	\$ 7,534,550	\$ 5,986,957	\$ 4,656,664
CAPITAL PROJECTS FUNDS					
GFAR	\$ 14,783,774	\$ 21,725,820	\$ 20,253,286	\$ 14,903,299	\$ 13,154,616
GFAR - 412	-	-	866,281	886,965	886,965
Grant Funded CIP Projects	(948,603)	(406,890)	(2,563,503)	(7,233,058)	(7,233,058)
Storm Drain #1	1,168,025	1,279,350	1,448,019	742,611	230,366
Storm Drain #2	2,205,726	2,089,860	2,193,495	2,122,444	1,749,937
Storm Drain #3	(154,940)	(150,879)	(110,266)	(191,579)	(274,885)
Traffic Mitigation	405,570	431,079	509,491	509,491	499,491
Construction Tax-Undergrounding	3,302,514	3,438,996	3,584,251	3,611,435	3,657,305
Gas Tax	1,836,068	1,671,245	1,928,167	1,992,261	2,030,665
Total Capital Projects Funds Reserves	\$ 22,598,134	\$ 30,078,581	\$ 28,109,221	\$ 17,343,869	\$ 14,701,402
Successor Agency Trust of the Los Gatos RDA					
SA - Trust Fund (Budgetary Fund Balance)	\$ 3,892,454	\$ 3,957,192	\$ 4,097,941	\$ 4,215,737	\$ 4,322,551
Total Successor Agency Fund Reserves	\$ 3,892,454	\$ 3,957,192	\$ 4,097,941	\$ 4,215,737	\$ 4,322,551
TOTAL RESERVES	\$ 62,994,864	\$ 71,685,575	\$ 72,635,079	\$ 58,371,623	\$ 53,928,403



DEPARTMENT REVENUES By PROGRAM

	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Adjusted	2024-25 Estimated	2025-26 Proposed
Town Offices						
1101 Town Council	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1301 Town Attorney	1,099	9,082	20,989	-	-	-
1302 Liability Self-Insurance Fund	366,134	397,216	667,039	1,507,435	1,295,990	1,825,348
Total Town Offices	\$ 367,233	\$ 406,298	\$ 688,028	\$ 1,507,435	\$ 1,295,990	\$ 1,825,348
Administrative Services Department						
1201 Non-Departmental	\$ 36,711,281	\$ 39,135,519	\$ 40,308,160	\$ 41,121,779	\$ 40,628,871	\$ 43,313,297
1231 Pension Trust- PARS	-	-	-	-	-	-
1232 Pension Trust- CEPPT	690,000	711,618	791,012	390,000	690,000	390,000
2101 Town Manager Administration	72,911	105,963	131,897	196,212	140,155	54,307
2102 Community Grants	344,597	305,403	375,000	250,000	250,000	-
2105 Emergency Management	-	-	-	-	-	8,450
2106 Economic and Community Vitality	-	-	-	-	-	13,550
2201 Human Resources	-	-	-	-	-	-
2202 Workers' Compensation Fund	1,155,211	1,132,773	1,404,129	1,905,154	1,533,562	1,901,696
2301 Finance & Administrative Services	177,048	3,079,953	4,222,619	4,258,425	4,367,318	4,161,766
2401 Clerk Administration	-	10	189	-	-	-
2502 Information Technology Management	-	-	-	-	-	-
2501 Information Technology Systems	998,157	755,098	780,649	914,113	908,116	954,554
Total Administrative Services	\$ 43,563,166	\$ 48,841,209	\$ 48,013,655	\$ 49,035,683	\$ 48,518,022	\$ 50,797,620
Community Development						
3101 Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3201 Developmental Review	796,811	701,426	824,067	677,000	988,000	692,000
3202 Advanced Planning	725,051	808,758	765,320	240,000	120,000	240,000
3301 Inspection Services	2,188,499	2,234,559	2,153,320	2,699,600	2,676,100	2,311,600
3401 Code Compliance	18,543	10,950	14,702	10,000	20,000	10,000
3501 BMP Housing Program	1,369,864	512,081	285,662	680,491	1,024,879	154,716
3999 Pass Thru Accounts	579,965	466,899	574,811	572,500	572,500	572,500
Total Community Development	\$ 5,678,733	\$ 4,734,673	\$ 4,617,882	\$ 4,879,591	\$ 5,401,479	\$ 3,980,816
Police Department						
4101 Administration	\$ 18,005	\$ 73,409	\$ 62,908	\$ 55,670	\$ 58,262	\$ 55,670
4201 Records & Communication	5,868	5,688	7,754	5,372	5,372	5,372
4202 Personnel & Community Services	526,481	512,183	466,214	538,000	513,100	528,100
4301 Patrol	5,267,978	5,515,529	2,583,868	1,929,847	1,886,874	2,695,105
4302 Traffic	429,270	369,489	478,091	154,200	151,185	50,700
4303 Investigations	168,360	227,208	167,243	173,723	173,094	220,092
4304 Parking Program	304,786	438,851	477,604	311,500	383,400	309,000
4800 Grants Program - Police	57,139	11,881	28,134	154,426	194,855	148,000
4999 Pass Thru Accounts	4,538	3,206	42,915	29,435	-	50,000
Total Police Department	\$ 6,782,425	\$ 7,157,444	\$ 4,314,731	\$ 3,352,173	\$ 3,366,142	\$ 4,062,039

DEPARTMENT REVENUES By PROGRAM

	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Adjusted	2024-25 Estimated	2025-26 Proposed
<i>Parks & Public Works</i>						
5101 Administration	\$ 727	\$ 20,306	\$ 2,362	\$ -	\$ 1,107	\$ -
5201 Engineering Program Services	143,021	124,781	-	-	-	-
5202 Engineering Development Svcs	1,789,775	1,297,405	1,366,908	1,044,500	1,121,500	1,714,891
5203 Non-Point Source Fund	275,290	382,381	376,893	163,690	163,690	163,690
5301 Park Services	296,778	344,224	254,276	194,351	229,907	259,328
5302 Environmental Services	348,303	299,835	516,986	281,241	272,607	272,607
5401 Street & Signals	263,663	141,104	296,603	195,316	195,316	251,324
5402 Equipment Replacement	589,441	718,283	1,060,156	1,123,659	1,093,620	1,187,544
5404 Facilities Maintenance	1,993,133	1,333,444	1,406,834	1,396,548	1,396,548	1,519,570
5405 Property Damage	12,850	22,258	146,281	-	16,818	-
5406 Vehicle Maintenance Management	-	-	29	-	-	-
5406 Facilities Maintenance Management	-	-	97	-	-	-
5408 Los Gatos Theatre	19,500	108,237	171,495	57,960	119,064	121,100
5501 Lighting & Landscape Districts	40,476	41,219	44,559	39,230	39,230	39,230
5999 Pass Thru Accounts	457,138	321,525	455,314	565,000	870,000	785,000
8011 GFAR	5,561,730	9,967,728	4,898,985	4,195,866	2,161,777	2,142,254
8021 Grant Funded CIP Projects	8,505,080	1,693,216	2,310,178	15,928,718	3,090,154	-
8031 Storm Drain #1	89,739	111,325	168,669	50,880	28,976	59,055
8032 Storm Drain #2	250,881	102,215	103,635	54,850	15,616	102,493
8033 Storm Drain #3	(251)	4,060	40,613	1,100	5,354	(8,306)
8041 Traffic Mitigation	552,042	725,597	296,721	213,380	161,138	-
8042 Utility Undergrounding	101,629	136,482	145,255	45,590	27,184	45,870
8051 Gas Tax - Street & Signals	1,385,187	1,617,538	1,827,522	1,784,585	1,790,128	1,822,989
Total Parks & Public Works	\$ 22,676,132	\$ 19,513,163	\$ 15,890,371	\$ 27,336,464	\$ 12,799,734	\$ 10,478,639
<i>Library</i>						
7101 Administration	\$ 50	\$ -	\$ 7,193	\$ -	\$ -	\$ -
7201 Adult Services	35,000	35,000	35,000	35,000	35,000	35,000
7202 Children's Services	-	-	-	-	-	-
7203 Acquisitons & Cataloging	-	-	-	-	-	-
7204 Circulation Services	471	2,039	2,514	500	7,585	800
7801 Operating Grant	9,000	63,046	36,699	-	36,000	-
7301 Library Trust	72,077	78,326	92,237	71,000	61,172	71,000
7302 Clelles Ness Bequest Trust	239	385	786	400	400	400
7304 Betty McClendon Trust	954	1,518	3,066	1,000	1,000	2,000
7305 Barbara J Cassin Trust	3,919	6,230	12,587	4,000	4,000	6,000
Total Library	\$ 121,710	\$ 186,544	\$ 190,082	\$ 111,900	\$ 145,157	\$ 115,200
<i>Successor Agency to the Los Gatos RDA</i>						
9403 SA- Admin Services	\$ 25,999	\$ 33,607	\$ 45,880	\$ 20,664	\$ 28,109	\$ 28,650
9404 SA- Debt to 2002 COP	1,357,508	1,376,944	1,392,329	1,349,750	1,377,125	1,369,125
9405 SA-Debt to 2010 COP	2,469,695	2,506,074	2,542,183	2,457,850	2,530,451	2,526,151
Total SA to the Los Gatos RDA	\$ 3,853,203	\$ 3,916,625	\$ 3,980,392	\$ 3,828,264	\$ 3,935,685	\$ 3,923,926
Transfers In	2,385,140	4,278,514	2,609,910	1,672,411	1,749,400	962,411
Total Revenues by Department:	\$ 85,427,742	\$ 89,034,470	\$ 80,305,051	\$ 91,723,921	\$ 77,211,609	\$ 76,145,999

DEPARTMENTAL EXPENDITURES By PROGRAM

		2021-22	2022-23	2023-24	2024-25	2024-25	2025-26
		Actuals	Actuals	Actuals	Adjusted	Estimated	Proposed
Town Offices							
1101	Town Council	\$ 189,569	\$ 186,337	\$ 196,366	\$ 210,994	\$ 219,937	\$ 222,115
1301	Town Attorney	629,935	699,142	753,205	978,731	1,071,653	830,885
1302	Liability Self-Insurance Fund	583,924	988,486	1,131,184	1,540,481	1,530,356	1,758,736
Total Town Offices		\$ 1,403,428	\$ 1,873,965	\$ 2,080,755	\$ 2,730,206	\$ 2,821,946	\$ 2,811,736
Administrative Services Department							
1201	Non-Departmental	\$ 9,330,607	\$ 10,715,999	\$ 8,270,599	\$ 7,211,813	\$ 7,575,273	\$ 7,403,179
1231	Pension Trust - PARS	-	-	-	-	-	-
1232	Pension Trust - CEPPT	-	1,455	2,515	-	-	-
1241	ARPA	3,413,961	3,614,872	-	-	-	-
2101	Town Manager Administration	1,362,014	1,481,157	1,646,426	3,267,912	3,079,544	1,566,074
2102	Community Grants	464,610	489,571	524,500	300,000	300,000	150,000
2105	Emergency Management	-	-	-	-	-	372,536
2106	Economic and Community Vitality	-	-	-	-	-	531,512
2201	Human Resources	1,008,583	834,201	845,971	1,211,217	1,184,744	1,333,111
2301	Finance & Administrative Services	1,594,731	1,421,711	1,725,531	1,836,497	1,886,231	2,011,156
2401	Clerk Administration	430,781	474,755	488,899	543,890	532,287	599,845
2502	Information Technology Management	580,887	600,882	646,552	702,110	702,006	773,883
2803	Tobacco Prevention Initiatives	-	-	-	-	-	-
2999	Pass Through	-	-	-	-	-	-
2202	Workers' Compensation Fund	1,533,045	1,913,144	1,332,697	1,826,050	1,805,333	1,846,050
2501	Information Technology Systems	878,049	538,412	731,919	1,118,347	994,775	1,188,716
Total Administrative Services		\$ 20,597,268	\$ 22,086,159	\$ 16,215,609	\$ 18,017,836	\$ 18,060,193	\$ 17,776,062
Community Development							
3101	Administration	\$ 252,082	\$ 244,096	\$ 282,200	\$ 295,681	\$ 295,813	\$ 373,306
3201	Developmental Review	1,426,338	1,586,937	1,685,642	1,791,458	1,836,358	2,100,879
3202	Advanced Planning	871,233	707,228	545,340	749,015	597,154	707,867
3301	Inspection Services	1,557,244	1,605,822	1,555,508	1,714,815	1,639,235	1,760,829
3401	Code Compliance	256,780	286,684	317,568	355,117	350,161	351,038
3501	BMP Housing Program	1,369,863	467,743	285,663	683,238	1,030,414	154,716
3999	Pass Thru Accounts	579,965	466,899	574,811	572,500	572,500	572,500
Total Community Development		\$ 6,313,505	\$ 5,365,409	\$ 5,246,732	\$ 6,161,824	\$ 6,321,635	\$ 6,021,135
Police Department							
4101	Administration	\$ 1,412,229	\$ 1,604,078	\$ 1,695,857	\$ 1,867,774	\$ 1,944,563	\$ 2,020,602
4201	Records & Communication	2,205,889	2,423,195	2,861,168	2,960,849	2,863,620	3,169,857
4202	Personnel & Community Services	1,058,453	1,210,834	1,376,739	1,410,214	1,390,431	1,528,052
4301	Patrol	7,725,035	9,119,685	11,473,008	10,943,239	10,710,004	10,665,158
4302	Traffic	937,506	1,140,320	996,166	1,255,288	1,007,267	1,498,568
4303	Investigations	2,610,044	2,408,417	2,421,044	3,606,457	2,574,791	3,729,189
4304	Parking Program	477,441	524,423	585,976	638,266	656,339	695,003
4800	Grants Program - Police	19,962	11,881	68,931	184,326	194,855	148,000
4999	Pass Thru Accounts	4,631	3,206	19,653	29,435	-	50,000
Total Police Department		\$ 16,451,190	\$ 18,446,039	\$ 21,498,542	\$ 22,895,848	\$ 21,341,870	\$ 23,504,429

DEPARTMENTAL EXPENDITURES By PROGRAM

		2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Adjusted	2024-25 Estimated	2025-26 Proposed
Parks & Public Works							
5101	Administration	\$ 628,200	\$ 600,210	\$ 541,208	\$ 480,913	\$ 496,480	\$ 505,396
5201	Engineering Program Services	1,467,361	1,529,039	1,322,130	1,607,231	1,733,751	1,117,005
5202	Engineering Development Svcs	832,149	728,696	977,920	1,240,587	1,285,412	1,933,057
5203	Non-Point Source Fund	194,972	204,096	252,602	284,428	306,228	221,318
5301	Park Services	2,029,309	2,304,310	2,168,474	2,523,670	2,560,540	2,699,674
5302	Environmental Services	466,658	393,119	632,587	415,675	389,335	375,599
5401	Street & Signals	2,090,776	2,308,597	2,663,672	3,009,085	3,033,336	2,950,116
5402	Equipment Replacement	161,766	526,960	187,323	2,105,936	2,102,487	2,105,936
5404	Facilities Maintenance	1,222,780	1,334,225	1,374,009	1,445,325	1,419,465	1,419,567
5405	Property Damage	3,543	42,500	274,393	25,000	38,008	25,700
5406	Vehicle Maintenance Management	268,728	337,913	312,156	323,742	349,667	428,875
5407	Facilities Maintenance Management	361,594	432,174	441,801	463,081	485,873	584,541
5408	Los Gatos Theatre	-	52,746	75,451	119,685	119,685	121,916
5501	Lighting & Landscape Districts	33,674	33,569	33,977	35,480	35,480	35,480
5999	Pass Thru Accounts	457,138	321,525	455,314	565,000	765,000	785,000
8011	GFAR	7,544,179	6,348,046	6,678,750	22,578,707	8,200,836	3,849,449
8021	Grant Funded CIP Projects	8,754,439	1,151,504	4,466,791	12,782,684	7,759,709	-
8031	Storm Drain #1	-	-	-	1,184,384	734,384	571,300
8032	Storm Drain #2	13,400	218,081	-	418,586	86,667	475,000
8033	Storm Drain #3	25,848	-	-	256,967	86,667	75,000
8041	Traffic Mitigation	517,791	690,088	205,809	245,264	151,138	-
8042	Utility Undergrounding	427	-	-	299,573	-	-
8051	Gas Tax - Street & Signals	868,215	1,676,361	1,464,600	3,298,619	1,620,034	1,678,585
Total Parks & Public Works		\$ 27,942,945	\$ 21,233,759	\$ 24,528,967	\$ 55,709,622	\$ 33,760,182	\$ 21,958,514
Library							
7101	Administration	\$ 505,444	\$ 544,820	\$ 563,193	\$ 606,780	\$ 629,838	\$ 662,000
7201	Adult Services	698,827	839,638	920,623	962,863	1,003,418	1,059,481
7202	Children's Services	546,777	603,957	674,769	691,769	735,551	810,514
7204	Circulation Services	990,969	1,023,696	1,058,104	1,197,246	1,173,376	1,123,826
7801	Operating Grant	10,385	84,374	36,699	-	-	-
7301	Library Trust	71,613	106,041	77,199	80,000	80,000	74,000
7302	Clelles Ness Bequest Trust	-	-	-	23,002	23,002	-
7304	Betty McClendon Trust	700	1,000	900	1,000	3,000	2,000
7305	Barbara J Cassin Trust	2,500	4,500	3,900	4,000	12,000	6,000
Total Library		\$ 2,827,215	\$ 3,208,026	\$ 3,335,387	\$ 3,566,660	\$ 3,660,185	\$ 3,737,821
Successor Agency to the Los Gatos RDA							
9402	SA- Housing Trust Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9403	SA- Admin Services	103,373	122,412	109,866	109,517	7,894	8,016
9404	SA- Debt to 2002 COP	1,338,926	1,338,805	1,336,272	1,340,923	1,352,385	1,344,885
9405	SA-Debt to 2010 COP	2,399,805	2,390,671	2,393,505	2,403,056	2,457,611	2,464,211
Total SA to the Los Gatos RDA		\$ 3,842,104	\$ 3,851,888	\$ 3,839,643	\$ 3,853,496	\$ 3,817,890	\$ 3,817,112
Total Operating Expenditures		\$ 79,377,655	\$ 76,065,245	\$ 76,745,635	\$ 112,935,492	\$ 89,783,901	\$ 79,626,809
Transfers Out		2,385,140	4,278,514	2,609,910	1,672,411	1,749,400	962,411
Total Expenditures by Department:		\$ 81,762,795	\$ 80,343,759	\$ 79,355,545	\$ 114,607,903	\$ 91,533,301	\$ 80,589,220

IN-KIND DONATIONS FY 2025-26 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 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) 110 E. Main St 10-Year Lease	Adult Recreation Center 208 E. Main St. 20-Year Lease	Youth Recreation Center 123 E. Main St. Month to Month
Market Price Per Square Foot/Month	\$3.75 *	\$3.81 **	\$3.86 *
Square Footage	10,630	12,000	6,479
Value of Rent- Annual	\$477,757	\$548,496	\$300,348
Utilities - Annual	\$76,653	<i>Paid Directly</i>	<i>Paid Directly</i>
Rent Owed- Annual (Under Current Lease Agreement)	\$25,000	\$252,735	\$30,754
Utilities Paid - Annual	\$0	<i>Paid Directly</i>	<i>Paid Directly</i>
Landscaping Services Paid - Annual	\$0	\$0	\$4,937
Elevator Maintenance	\$0	\$2,820	\$0
Total value of Annual Town Donation/Subsidy	\$ 529,410	\$ 292,941	\$ 264,657

* 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.

** Market rate is based on an appraisal completed on every five years with CPI in the intervening years.

Due to the continued economic impact of the COVID-19 pandemic, the Town Council forgave rent payments for all of its tenants in FY 2020-21 and FY 2021-22. The rent forgiveness continued for NUMU and LGS Recreation in FY 2022-23. The FY 2023-24 Budget included one-time partial rent forgiveness for NUMU and LGS Recreation for the 110 E. Main Street and 208 E Main Street Facilities. There has been no rent forgiveness included since FY 2024-25.

In addition to providing subsidized leases, the Town provides in-kind staffing support and volunteer management during the following events.

Event	Event Type	PPW Staff Hours	PPW Staff Cost	PD Volunteer Hours	PD Staff Hours	PD Staff Cost	Total Staff Hours	Total Staff Cost
Spring into Green	Town Event	103	\$ 14,000	20	24	\$ 5,100	147	\$ 19,100
Music in the Park	Town Event, Contracted to Vendor	55	\$ 7,400	0	20	\$ 5,900	75	\$ 13,300
4th of July	Town Event	82	\$ 11,000	24	11	\$ 2,900	117	\$ 13,900
Screen on the Green	Town Event	8	\$ 2,000	0	3	\$ 300	11	\$ 2,300
Halloween	Road Closures	26	\$ 6,100	30	98	\$ 41,600	154	\$ 47,700
Los Gatos in Lights	Town Event & Holiday Seasonal Light Displays	220	\$ 29,000	48	97	\$ 33,300	365	\$ 62,300
Holiday Parade	Community Event	212	\$ 32,500	288	264	\$ 138,400	764	\$ 170,900
Totals		706	\$102,000	410	517	\$ 227,500	2,339	\$ 329,500

All in-kind expenses for FY 2025-26 are estimated at \$1,416,508.

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 (2025\$)	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 and HouseKeys Program Services	600,000	600,000
Total		\$ 4,300,000	\$ 4,300,000

Construction Impact Activity Project List			
Source	Description	Estimated Project Cost (2025\$)	Construction Impact Fee Eligible Cost
CIP	Street Repair and Resurfacing Projects (5 year-plan)	\$ 9,657,919	\$ 9,657,919
Total		\$ 9,657,919	\$ 9,657,919

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.

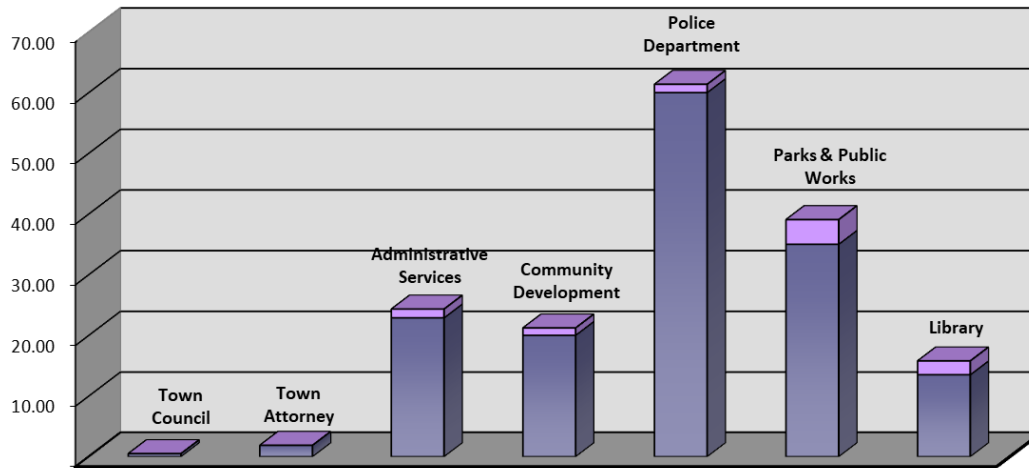
SUMMARY OF POSITIONS
DEPARTMENTAL STAFF BY FUND

SUMMARY OF POSITIONS
Departmental Staff By Fund

	2021-22 Funded	2022-23 Funded	2023-24 Funded	2024-25 Funded	2025-26 Proposed
<i>General Fund</i>					
Town Council	0.50	0.50	0.50	0.50	0.50
Town Attorney	2.13	2.13	1.88	1.88	1.88
Administrative Services*	20.17	20.17	20.42	21.42	22.87
Community Development	20.20	20.20	20.45	20.45	20.00
Police Department	60.00	60.00	60.00	60.00	60.00
Parks & Public Works	33.75	35.75	34.75	33.75	34.30
Library	12.50	13.50	13.50	13.50	13.50
<i>Total General Fund Staff</i>	149.23	152.24	151.49	151.49	153.04
<i>Special Revenue Funds</i>					
Parks & Public Works	1.00	1.00	1.00	1.00	0.70
<i>Total Special Revenue Fund Staff</i>	1.00	1.00	1.00	1.00	0.70
<i>Successor Agency to the Los Gatos RDA</i>					
Administrative Services	0.01	0.01	0.01	0.01	0.01
<i>Total Redevelopment Agency Staff</i>	0.01	0.01	0.01	0.01	0.01
Total Town FTEs	150.25	153.25	152.50	152.50	153.75

**Administrative Services staffing numbers include the following programs: Town Manager's Office; Human Resources; Finance; Clerk Administration; Information Technology Staffing; Economic and Community Vitality; and Emergency Preparedness and Disaster Response Program.*

SUMMARY OF POSITIONS BUDGETED FTEs BY DEPARTMENT



Blue Bar – Authorized/Funded Ongoing Positions

Purple Bar – Hourly Employees, including Temporary and Part-Time Employees

FY 2025-26

Budgeted FTEs by Department

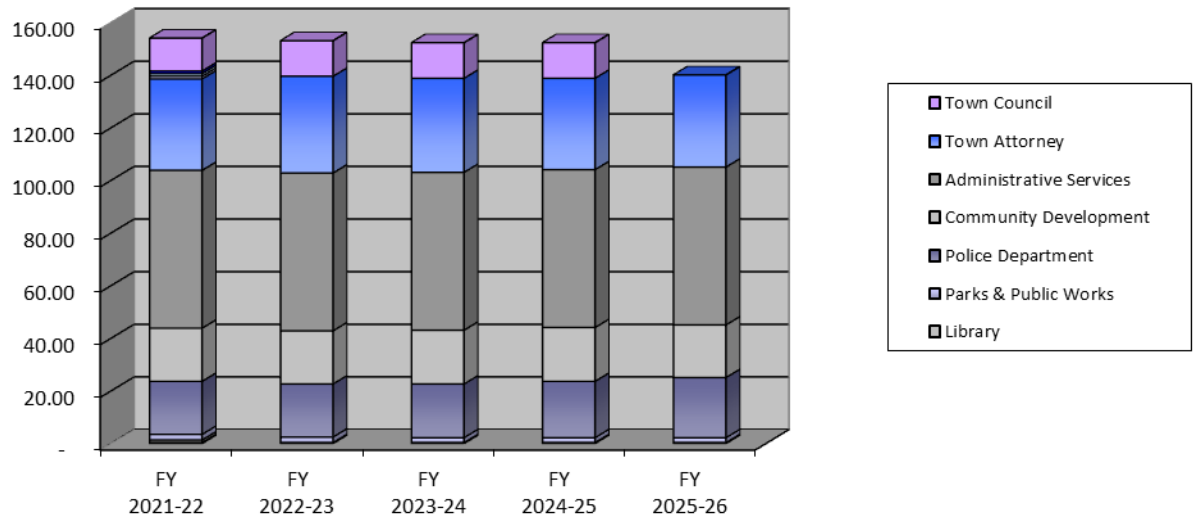
(Includes Converted Hourly Employees)

Departments	Authorized/ Funded Town Staff Positions	Hourly Emp Staff converted to FTEs	Total Budgeted Positions
Town Council	0.50	-	0.50
Town Attorney	1.88	-	1.88
Administrative Services	22.88	1.08	23.95
Community Development	20.00	1.21	21.21
Police Department	60.00	1.36	61.36
Parks & Public Works	35.00	4.06	39.06
Library	13.50	2.28	15.78
Total Positions	153.75	9.99	163.74

Administrative Services staffing numbers include the following six programs: Town Manager's Office; Human Resources; Finance; Clerk Administration; Information Technology Staffing; Economic and Community Vitality; and Emergency Preparedness and Disaster Response Program.

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

SUMMARY OF POSITIONS FUNDED FTEs BY DEPARTMENT



Five Year Staffing Trend

Departments	2021-22 Funded	2022-23 Funded	2023-24 Funded	2024-25 Funded	2025-26 Proposed
Town Council	0.50	0.50	0.50	0.50	0.50
Town Attorney	2.13	2.13	1.88	1.88	1.88
Administrative Services	20.18	20.18	20.43	21.43	22.88
Community Development	20.20	20.20	20.45	20.45	20.00
Police Department	60.00	60.00	60.00	60.00	60.00
Parks & Public Works	34.75	36.75	35.75	34.75	35.00
Library	12.50	13.50	13.50	13.50	13.50
Total Budgeted FTEs	150.24	153.26	152.51	152.50	153.75

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 2025-26

The Town's total budgeted personnel costs for FY 2025-26 increased to \$40.3 million (\$38.4 million in FY 2024-25 adjusted budget) and accounts for 49.5% of the total Town's expenditures. Rising healthcare and pension rates have increased labor costs; however, reduction strategies, structural reorganization, use of temporary hours, 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, such as, health coverage, life and disability insurance, and retirement contributions. For represented positions, annual salary increases, and benefit adjustments are negotiated under each bargaining unit's Memorandum of Understanding (MOUs). The Town's bargaining units are Police Officers Association (POA), American Federation of State, County and Municipal Employees (AFSCME), and Town Employees Association (TEA). Confidential and Management employees are not represented. Salary increases and benefit adjustments for unrepresented positions are determined under the Town Manager's authority and are not subject to bargaining.

Memoranda of Understanding (MOUs)

The Town and the bargaining units agreed to a successor MOU until June 30, 2027. Of note, the POA MOU includes a 6.5% salary increase effective the pay period containing April 1, 2024, a 5% increase for FY 2025-26, and a 4% increase for FY 2026-27. The AFSCME MOU includes a 4% salary increase effective the pay period containing July 1, 2024, a 4% increase for FY 2025-26, and a 4% increase for FY 2026-27. The TEA MOU includes a 5% salary increase effective the pay period containing July 1, 2024, a 3% increase for FY 2025-26, and a 3% increase for FY 2026-27. The FY 2025-26 Proposed Budget reflects the increases. Unrepresented groups' compensation changes include a 5% salary increase effective the pay period containing July 1, 2024, a 3% increase for FY 2025-26, and a 3% increase for FY 2026-27. The Town Manager and Town Attorney are under contract to the Town Council and any COLA or other modification for these positions is considered in the fall of every year.

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's contribution toward all medical plan premiums. In the recent past, Kaiser rates have fluctuated and increased significantly, simultaneously increasing the Town's contribution. In 2025, Kaiser rates increased 8.41% 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 as well as short and long-term disability insurance rates. 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 to date. As such, the Town's employer pension contributions are expected to continue to increase.

In order to help mitigate these negative plan experiences, the Town closed the CalPERS retiree Tier 1 benefit for non-safety employees and created a new Tier 2 for non-safety new employees in 2012, implemented the Public Employees' Pension Reform Act (PEPRA) for all new non-classic employees starting in 2013, and participates in the CalPERS discounted prepayment option.

In 2016, the Town's bargaining groups approved the introduction of dependent cost sharing and a reimbursement cap to Medicare eligible employees, and in 2018, the elimination of the Town's existing retiree healthcare benefit prospectively.

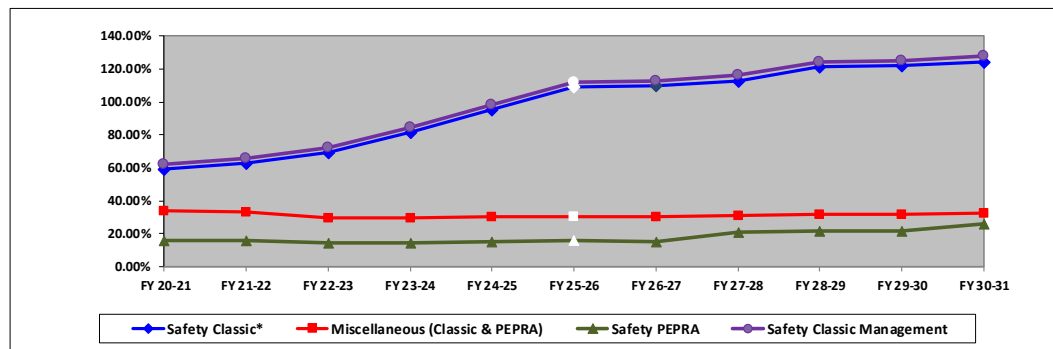
SUMMARY OF PERSONNEL CHANGES FY 2025-26

Pension reform continues to be an important topic regarding cost containment, and staff are 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. Due to the escalation in pension costs, both current and previous Councils have allocated additional discretionary pension funding, totaling \$10.4 million. These additional discretionary payments will yield approximately \$12.7 million in pension contribution savings. In addition to managing the Town's pension obligations, prior Councils have worked to curb cost escalation in Other Post-Employment Benefits (OPEB). In 2009, the Town initiated prefunding of the retiree healthcare benefit and established approximately \$28.1 million in OPEB assets from zero in 2009.

While these collective measures have helped slow the growth of salary and benefit expenses, the Five-Year Forecast anticipates continued increases in the safety rates and miscellaneous rates.

The current estimates indicate that these changes would result in the Town increasing from the FY 2025-26 rate of 109.09% to 124.52% in FY 2030-31 for the pay rate of safety employees, while the FY 2025-26 rate for the miscellaneous groups would change from 30.03% to approximately 32.21% in FY 2030-31.

The following schedule reflects the Town's actual CalPERS pension rate for FY 2025-26 and the expected rates for the following fiscal years. The employer contribution rates reflect percentages of covered payroll. Forecasted FY 2025-26 rates and subsequent years are developed by the Town's actuarial consultant and based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to CalPERS actual and assumed earnings, and forecasted payroll.



PERS Pension Plan	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Safety Classic*	58.98%	62.94%	69.44%	81.30%	94.98%	109.09%	109.92%	112.95%	121.16%	121.75%	124.52%
Safety Classic Management	61.98%	65.94%	72.44%	84.30%	97.98%	112.09%	112.92%	115.95%	124.16%	124.75%	127.52%
Safety PEPRA	15.95%	15.74%	14.62%	14.50%	15.56%	15.84%	14.96%	20.99%	21.74%	22.04%	25.76%
Miscellaneous (Classic & PEPRA)	34.23%	33.54%	29.92%	29.97%	30.62%	30.02%	30.52%	30.82%	31.78%	31.92%	32.21%

* 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.

SUMMARY OF PERSONNEL CHANGES FY 2025-26

Management Strategies

In light of limited available resources and uncertain economic trends, Departments continued programming existing resources by either maintaining current structures or realigning operations to remain effective while staying within prior year budgets. In addition, Departments were provided guidance to enhance capacity where necessary through limit-dated, non-benefited personnel options when possible.

Limited staffing changes and one-time additions have been included in the FY 2025-26 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 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. Total budgeted overtime cost remains at the same level at approximately \$600,000. Due to vacancies and unforeseen activities, actual overtime is significantly higher. The Departments absorb the additional overtime expenses from the anticipated salary savings.

Staffing Changes

The FY 2025-26 Proposed Budget has 163.74 budgeted FTEs, including temporary staff. This reflects a reduction of 1.32 of FTEs compared to the prior year. This reduction is due to multiple departments reducing their temporary staff hours. The recommended FY 2025-26 staffing levels also reflect the following changes from the prior year's Adopted Budget:

- *Administrative Services and Town Offices* - The FY 2025-26 Budget reflects the addition of an Emergency Preparedness and Disaster Response program, which includes one full-time Emergency Preparedness Division Manager, as well as the continuation of a limited part-time position to assist with the Town's emergency preparedness activities and regional emergency management engagement. The budget also continues funding an additional 1.5-year limited-term Human Resources Analyst position. Additionally, 1,000 one-time temporary hours are allocated for a Senior Services Analyst to assist with Senior programs. The Finance Department budget reclassified two Administrative Analyst positions to Division Manager and Senior Administrative Analyst to better align work duties. The Human Resources Department reclassified one Administrative Analyst to the Division Manager. The IT Manager position has also been reclassified as IT Director. An Economic Vitality program has also been created to separate activities related to Economic and Community Vitality from the Town Manager Program into its own program.
- *Community Development Department (CDD)* – The 2025-26 budget includes 1,560 one-time temporary hours for a part-time Senior Planner and the continuation of the one-time 960 temporary hours for a part time Code Enforcement Officer.
- *Police* – The FY 2025-26 Budget includes 2,080 one-time temporary hours for Community Service Officer Interns and 750 one-time hours for a Temporary Police Officer used for background investigations.
- *Parks and Public Works (PPW)* – The FY 2025-26 budget reflects staffing changes from .75 FTE to 1.0 FTE for an Administrative Assistant.

SUMMARY OF PERSONNEL CHANGES

FY 2025-26

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

The Town is a member of the Joint Powers Authority Pooled Liability Assurance Network (PLAN) insurance pool, a self-insurance program established in 1986 to provide general liability, property insurance, and risk management services to 28 cities within the Bay Area. Due to increased premium costs experienced in this insurance pool, the Town's service charge to all Departments increased in FY 2024-25 and FY 2025-26. In addition to the increased charges, staff estimates that a \$60,000 transfer is needed to ensure a positive fund balance at the FY 2024-25 closure. The Town has a very low fund balance for this Program. Departmental service charges will likely continue to rise to meet the possibility of a future claim. Staff is evaluating and monitoring the performance of the PLAN and searching for alternate providers.

Workers' Compensation

The Workers' Compensation fund balance is declining as a result of 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 2024-25 Workers' Compensation rates increased compared to the prior year level. Staff kept the rate at the FY 2024-25 level and is closely monitoring, working to resolve longstanding cases, and if necessary, recommend further budget strategies.

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

	2021-22 Funded	2022-23 Funded	2023-24 Funded	2024-25 Funded	2025-26 Proposed	Comments
TOWN ATTORNEY'S OFFICE						
Town Attorney	1.00	1.00	1.00	1.00	1.00	
Administrative Technician	-	-	1.00	1.00	1.00	
Legal Administrative Assistant	1.00	1.00	-	-	-	
TOTAL DEPARTMENT FTEs	2.00	2.00	2.00	2.00	2.00	
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	
Division Manager	-	-	-	-	1.00	<i>CY Add 1.0</i>
Senior Administrative Analyst	-	-	1.00	1.00	1.00	
Administrative Analyst	1.00	1.00	-	-	-	
Executive Asst. to Town Mgr.	1.00	1.00	1.00	1.00	1.00	
Economic Vitality Manager	0.75	0.75	0.75	0.75	0.75	
Events & Marketing Specialist	0.50	0.50	0.50	0.50	0.50	
TOTAL DEPARTMENT FTEs	5.25	5.25	5.25	5.25	6.25	
HUMAN RESOURCES						
Human Resources Director	1.00	1.00	1.00	1.00	1.00	
Division Manager	-	-	-	-	1.00	<i>CY Add 1.0 FTE</i>
Administrative Analyst	1.00	1.00	1.00	2.00	1.00	<i>CY Delete 1.0 FTE</i>
Human Resources Technician	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	3.00	3.00	3.00	4.00	4.00	
FINANCE SERVICES						
Finance Director	1.00	1.00	1.00	1.00	1.00	
Finance & Accounting Manager	-	-	1.00	1.00	1.00	
Finance & Budget Manager	1.00	1.00	-	-	-	
Division Manager	-	-	-	-	1.00	<i>CY Add 1.0 FTE</i>
Senior Administrative Analyst	-	-	-	-	1.00	<i>CY Add 1.0 FTE</i>
Accountant/Finance Analyst	2.00	2.00	2.00	2.00	2.00	
Administrative Analyst	3.00	3.00	3.00	3.00	1.00	<i>CY Delete 2.0 FTE</i>
TOTAL DEPARTMENT FTEs	7.00	7.00	7.00	7.00	7.00	
CLERK ADMINISTRATION						
Town Clerk	1.00	1.00	1.00	1.00	1.00	
Deputy Town Clerk	1.00	1.00	2.00	2.00	2.00	
Administrative Assistant	1.00	1.00	-	-	-	
TOTAL DEPARTMENT FTEs	3.00	3.00	3.00	3.00	3.00	
INFORMATION TECHNOLOGY SERVICES						
IT Director	-	-	-	-	1.00	<i>CY Add 1.0 FTE</i>
IT Manager	1.00	1.00	1.00	1.00	-	<i>CY Delete 1.0 FTE</i>
IT Systems Administrator	1.00	1.00	1.00	1.00	1.00	
IT Technician	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	3.00	3.00	3.00	3.00	3.00	

TOWN STAFF
POSITIONS BY HOME DEPARTMENT

	2021-22 Funded	2022-23 Funded	2023-24 Funded	2024-25 Funded	2025-26 Proposed	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	-	-	
Administrative Technician	-	-	-	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	2.75	2.75	3.00	3.00	3.00	
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	1.00	1.00	
Building Inspector	3.00	3.00	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	19.75	19.75	20.00	20.00	20.00	
POLICE						
Chief of Police	1.00	1.00	1.00	1.00	1.00	
Police Captain	2.00	2.00	2.00	2.00	2.00	
Police Sergeant	7.00	7.00	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	1.00	1.00	1.00	1.00	1.00	
Police Records and Communication Mgr	1.00	1.00	-	-	-	
Senior Administrative Analyst	1.00	1.00	2.00	2.00	2.00	
Administrative Analyst	1.00	1.00	1.00	1.00	1.00	
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	
Senior Communications Dispatcher	-	-	2.00	2.00	2.00	
Communications Dispatcher	7.00	7.00	5.00	5.00	5.00	
Senior Parking Control Officer	1.00	1.00	1.00	1.00	1.00	
Parking Control Officer	1.00	1.00	1.00	1.00	1.00	
Senior Records Specialist Lead	-	-	1.00	1.00	1.00	
Senior Records Specialist	-	-	1.00	1.00	1.00	
Police Records Specialist	4.00	4.00	2.00	2.00	2.00	
IT Systems Administrator	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	60.00	60.00	60.00	60.00	60.00	

TOWN STAFF
POSITIONS BY HOME DEPARTMENT

	2021-22 Funded	2022-23 Funded	2023-24 Funded	2024-25 Funded	2025-26 Proposed	Comments
PARKS and PUBLIC WORKS DEPARTMENT						
Parks & Public Works Director	1.00	1.00	1.00	1.00	1.00	
Town Engineer	1.00	1.00	1.00	1.00	1.00	
Urban Forest Manager	-	1.00	-	-	-	
Superintendent	1.00	1.00	1.00	1.00	1.00	
Transportation & Mobility Mgr	1.00	1.00	1.00	-	-	
Park & Public Works Operations Mgr	2.00	2.00	2.00	2.00	2.00	
Senior Civil Engineer	2.00	2.00	2.00	3.00	3.00	
Senior Administrative Analyst	1.00	1.00	1.00	1.00	1.00	
Administrative Technician	-	1.00	1.00	1.00	1.00	
Executive Assistant	1.00	-	-	-	-	
Administrative Assistant	2.75	2.75	1.75	1.75	2.00	CY Add .25 FTE
Permit Technician	-	-	1.00	1.00	1.00	
Environmental Programs Specialist	1.00	1.00	1.00	1.00	1.00	
Associate Engineer	1.00	1.00	1.00	-	-	
Assistant Engineer	2.00	2.00	2.00	2.00	2.00	
Construction Project Mgr	1.00	1.00	1.00	1.00	1.00	
Senior Engineering Technician	1.00	1.00	1.00	1.00	1.00	
Sr Public Works Inspector	1.00	1.00	1.00	1.00	1.00	
Senior Planner	-	-	-	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	
Lead Parks & Maint. Worker	3.00	4.00	4.00	3.00	3.00	
Facility Technician	-	-	1.00	1.00	1.00	
Parks & Maintenance Worker	9.00	9.00	8.00	8.00	8.00	
Supervising Equipment Mechanic	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	34.75	36.75	35.75	34.75	35.00	
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 II	-	-	1.00	1.00	1.00	
Librarian I	-	-	2.00	2.00	2.00	
Librarian	3.00	3.00	-	-	-	
Library Technology Specialist	2.00	2.00	2.00	3.00	3.00	
Library Assistant	-	1.00	1.00	-	-	
Library Specialist	1.75	0.75	0.75	0.75	0.75	
Customer Service Specialist	1.75	1.75	1.75	1.75	1.75	
Sr Library Page	1.00	2.00	2.00	2.00	2.00	
TOTAL DEPARTMENT FTEs	12.50	13.50	13.50	13.50	13.50	
TOTAL TOWN FTEs	150.25	153.25	152.50	152.50	153.75	

TOWN STAFF
POSITIONS BY HOME DEPARTMENT

ELECTED OFFICIALS					
	2021-22	2022-23	2023-24	2024-25	2025-26
	<u>Funded</u>	<u>Funded</u>	<u>Funded</u>	<u>Funded</u>	<u>Proposed</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					
	2021-22	2022-23	2023-24	2024-25	2025-26
	<u>Funded</u>	<u>Funded</u>	<u>Funded</u>	<u>Funded</u>	<u>Proposed</u>
<i>Temporary Hours by Department</i>					
Administrative Services	4,030	2,860	2,020	2,230	2,245
Community Development	1,760	1,760	1,260	1,320	2,520
Police Department	2,880	5,920	5,420	8,370	2,830
Parks & Public Works	5,917	7,997	7,493	8,973	8,453
Library Department	8,450	5,290	5,290	5,240	4,740
<i>Total Temporary Hours by Department</i>	23,037	23,827	21,483	26,133	20,788
CONVERTED HOURLY EMPLOYEES	11.08	11.47	10.33	12.56	9.99

(1.00 FTE = 2080 hours)