



TOWN OF LOS GATOS

MONTHLY FINANCIAL REPORT – AUGUST 2026

The following is the August 2026 Monthly Financial Report. It has been prepared to inform the Town Council, Town Leadership, and the public of the Town’s fiscal status. This report provides companion analysis to monthly revenue and expenditure reports.

Background

On June 2, 2026, the Town Council adopted the Fiscal Year (FY) 2026-27 Adopted Budget, an \$84,944,559 spending plan funded by \$84,016,419, resulting in the use of fund balance of \$928,140. The General Fund expenditure appropriation was adopted at \$67,468,582 with estimated revenues of \$64,815,087, resulting in an estimated use of unassigned fund balance \$2,653,495. This is due primarily to the transfer out of \$3.0 million of unassigned fund balance to a new Capital Fund for Future Community Use.

As of August 2026, \$954,255 in budget revisions/transfer have occurred. All increases are the result of the year-end carryover process. The General Fund has the largest portion of the carryovers with \$938,807 and \$15,449 in the Equipment Replacement Fund. More detail is provided in the table below.

BUDGET TRANSFERS AND ADJUSTMENT TO DATE

Fund	Department	Category	Amount ¹	Description
General	Townwide	Contracts	\$5,000	Prior year encumbered funds for ongoing services
	Emergency Preparedness	Contracts	\$905,624	Dedicated allocation for emergency preparedness and response. Carryovers each year until fully spent
	Police Administration	Contracts	\$22,923	Prior year encumbered funds for ongoing services
	Town Engineering	Contract	5,260	Prior year encumbered funds for ongoing services
TOTAL GENERAL FUND ADJ AND TRANSFERS			\$938,807	
Internal Service Funds	Parks and Public Works	Capital Projects	\$15,449	Prior year encumbered funds for a speed trailer purchase
TOTAL BUDGET TRANSFERS AND ADJUSTMENTS ALL FUNDS			\$954,255	

¹ Totals may vary due to rounding.

To date the only remaining carryovers are for capital projects and those should be completed with the September 2026 or first quarter reporting. This is resulting in over budget percentages in the following Capital Funds, 462 and 481, this over budget should normalize once the remaining carryovers are completed.

In this report the General Fund is shown as a combination of three funds 111, 121 and 731. Attached system reports show these funds separately.

Revenue by Fund Type Trend Analysis

Overall revenues across all funds as of August are 7.4% collected and trending within the same period in prior years. Prior years ranged from 5.2% to 9.4% collected as a percent of the revised budget for August.

FUND	FUND TYPE	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026- 27 % COLL	TREND
111/ 121/ 732	GENERAL FUND	9.9%	7.6%	7.0%	16.7%	8.8%	✓
2*	SPECIAL REVENUE FUNDS	7.7%	38.5%	28.3%	16.7%	26.4%	✓
4*	CAPITAL FUNDS	10.4%	1.0%	2.0%	16.7%	3.4%	✓
6*	INTERNAL SERVICE FUNDS	7.0%	1.5%	1.9%	16.7%	2.3%	✓
9*	TRUST FUND	0.0%	0.0%	0.0%	16.7%	0.0%	✓
TOTAL REVENUE BY FUND		9.4%	5.2%	5.4%	16.7%	7.4%	✓

Expenditures by Fund Type Trend Analysis

Expenditures and encumbrances are 21.2% as of August and trending below the same period in the prior three years, which have ranged from 21.6% to 26.7% expended as a percent of the revised budget for August.

FUND	FUND TYPE	FY2023-24 % EXP	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
111/ 121/732	GENERAL FUND	19.1%	16.9%	17.6%	16.7%	14.7%	↓
2*	SPECIAL REVENUE FUNDS	19.0%	11.4%	14.2%	16.7%	16.9%	✓
4*	CAPITAL FUNDS	19.8%	34.4%	29.4%	16.7%	44.2%	↑
6*	INTERNAL SERVICE FUNDS	44.3%	48.2%	39.7%	16.7%	51.1%	↑
9*	TRUST FUND	44.0%	44.9%	45.7%	16.7%	45.4%	✓
TOTAL EXPENDITURE BY FUND TYPE		21.6%	26.7%	23.8%	16.7%	21.1%	✓

General Fund actual expenditures and encumbrances are 14.7% and trending below the prior years, which have ranged from 16.9% to 19.1% expended as a percent of the revised budget for August. This is due to a variety of variances across multiple expense categories. See the General Fund by category for details.

Capital Funds actual expenditures and encumbrances are 44.2% and trending above the prior years, which have ranged from 19.8% to 34.4% expended as a percent of the revised budget for August. This is due to the year-end carryover budget process for capital funds not being completed. Once the carryover budget is brought into the current year this fund category should stabilize.

Internal Service Funds actual expenditures and encumbered funds are 51.1% and trending above the same point in the prior three years. Prior years ranged from 39.7% to 48.2% expended as a percent of the revised budget for August. Expenditures are trending above the three-year August average, primarily due to changes in insurance costs, expenditure timing, encumbrances, and fluctuations in budgeted expenditures.

General Fund Revenue by Category Trend Analysis

Overall General Fund revenues across all categories as of August are 8.8% collected and are within the same period in prior years. Prior years ranged from 7.0% to 9.9% collected as a percent of the revised budget for August.

CATEGORY	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
PROPERTY TAX	0.3%	0.1%	0.1%	16.7%	0.3%	✓
SALES & USE TAX	0.0%	0.0%	0.0%	16.7%	0.0%	✓
MEASURE G	0.0%	0.0%	0.0%	16.7%	0.0%	✓
TRANSIENT OCCUPANCY	4.6%	7.5%	3.5%	16.7%	-12.0%	↓
BUSINESS LIC & OTHER	0.9%	1.1%	1.6%	16.7%	1.3%	✓
FRANCHISE FEES	4.7%	0.0%	0.0%	16.7%	0.0%	✓
FINES & FORFEITURES	25.4%	10.1%	19.2%	16.7%	19.2%	✓
LICENSES & PERMITS	23.9%	18.5%	19.6%	16.7%	12.2%	↓
TOWN SERVICES	16.5%	17.7%	23.5%	16.7%	8.2%	↓
OTHER SOURCES	85.9%	-8.0%	-54.2%	16.7%	126.8%	↑
INTERGOVERNMENTAL	-15.7%	33.7%	29.6%	16.7%	71.9%	↑
PASS THRU	96.7%	116.4%	97.8%	16.7%	5.9%	↓
TRANSFERS IN	21.3%	0.0%	0.0%	16.7%	0.0%	✓
DEBT SERVICE REMIB	0.0%	0.0%	0.0%	16.7%	0.0%	✓
GENERAL FUND % COLLECTED BY CATEGORY	9.9%	7.6%	7.0%	16.7%	8.8%	✓

Transient Occupancy Tax actual revenues collected are -12.00% and are trending below the same point in the prior years. Prior years ranged from 3.5% to 7.5% collected as a percent of the revised budget for August. This is primarily due to the year-end accrual process, and we expect revenues to normalize as part the September reporting period.

Licenses and Permits actual revenues collected are 12.2% and trending below the same point in the prior three years. Prior years ranged from 18.5% to 24% collected as a percent of the revised budget for August. This is primarily due to delays in carrying over prior year revenue into this category and a delay in accounting for revenues received in the Town's planning software to the ERP. These are expected to resolve with September reporting.

Town Services actual revenues collected are 8.2% and trending below the same point in the prior three years. Prior years ranged from 16.5% to 23.5% collected as a percent of the revised budget for August. This is due to a delay in accounting for revenues received in the Town's planning software to the ERP and a payment timing issue with the Monte Sereno police services payment, these payments normally post in the month they are received but a quarterly versus monthly payment was received this year. The system delay is expected to improve with September reporting.

Other Sources actual revenues collected are 126.8% and trending above the same point in the prior three years. Prior years ranged from -54.2% to 85.9% collected as a percent of the revised budget for August. This is due to the sale of the 4 Tait Property that was budgeted in the prior fiscal year.

Intergovernmental actual revenues collected are 71.9% and trending above the same point in the prior years. Prior years ranged from -15.7% to 33.7%, collected as a percent of the revised budget for August. This is due to a subsequent accrual reversal that is not reflected in the attached August report and is expected to reduce the reported percentage in the September reporting cycle3.

Pass-Thru actual revenues collected are 5.9% and trending below the same point in the prior years. Prior years ranged from 96.7% to 116.4%, collected as a percent of the revised budget for August. This is due to a delay in accounting for revenues received in the Town's planning software to the ERP. This trend is expected to improve with September reporting.

General Fund by Expense Category Analysis

Actual expenditures and encumbered funds are 14.7% and trending below for the same point in the prior years. Prior years ranged from 16.7 to 19.1% expended as a percent of the revised budget for August.

CATEGORY	FY2023-24 % Exp	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
SALARIES	13.4%	12.9%	13.1%	16.7%	12.5%	↓
OVERTIME	25.4%	24.8%	20.4%	16.7%	12.7%	↓

CATEGORY	FY2023-24 % Exp	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
PERS	13.3%	13.9%	13.2%	16.7%	13.3%	↓
MEDICAL BENEFITS	14.0%	13.8%	13.6%	16.7%	14.6%	↑
OTHER BENEFITS	13.3%	13.8%	12.5%	16.7%	13.0%	↓
TOTAL SALARY AND BENEFITS	13.7%	13.5%	13.2%	16.7%	12.9%	↓
RETIREE MEDICAL	23.0%	25.3%	22.4%	16.7%	17.0%	↓
MATERIALS & SUPPLIES	20.6%	19.2%	26.9%	16.7%	31.6%	↑
CONTRACTS	42.4%	38.9%	32.3%	16.7%	40.4%	✓
UTILITIES	29.1%	25.6%	30.6%	16.7%	32.2%	✓
GRANTS AND AWARDS	33.1%	0.1%	9.9%	16.7%	5.3%	✓
PASS THRU	61.6%	57.0%	69.8%	16.7%	6.9%	↓
MISCELLANEOUS	-3.6%	0.0%	0.0%	16.7%	0.0%	✓
INT SERVICE CHARGES	2.0%	4.8%	5.4%	16.7%	5.4%	✓
DEBT SERVICE	0.0%	0.6%	0.6%	16.7%	0.6%	✓
CAPITAL PROJECTS	0.0%	0.0%	0.0%	16.7%	0.0%	✓
TRANSFERS OUT	0.0%	0.0%	0.0%	16.7%	0.0%	✓
GENERAL FUND TOTALS BY CATEGORY	19.1%	17.0%	17.6%	16.7%	14.7%	↓

Salaries and benefit actual expenditures and encumbered funds are 12.9% and trending below the same point in the prior three years. Prior years ranged from 13.2% to 13.7% expended as a percent of the revised budget for August. See the “All Fund Vacancy Savings by Pay Period Analysis” section of the report for more details.

Retiree Medical actual expenditures and encumbered funds are 17.0% and trending below the same point in the prior three years. Prior years ranged from 22.4% to 25.3% expended as a percent of the revised budget for August. Payment made to date are tracking lower than in prior years. Staff will continue to monitor this category to see if the lower trend will normalize or continue and need to be adjusted.

Materials and Supplies actual expenditures and encumbered funds are 31.6% and trending above the same point in the prior three years. Prior years ranged from 19.2% to 26.9% expended as a percent of the revised budget for August. This is primarily due to the timing of purchases for Library Collections, that had been purchased earlier in the prior fiscal years.

Pass-thru actual expenditures and encumbered funds are 6.9% and trending below the same point in the prior three years. Prior years ranged from 57.0% to 69.8% expended as a percent of the revised budget for August. This is primarily due to prior years having significantly larger encumbrances in Parks and Public Works for Traffic Studies, GeoTech Review and Map Plan Check.

All Fund Vacancy Savings by Pay Period Analysis

The adopted budget includes a 4.6% vacancy-savings assumption totaling \$2.0 million that is included in the salaries category only. This amount was calculated by applying 4.6% to the pre-vacancy salary-and-benefit base of \$44,545,652. The revised salary-and-benefit budget shown below reflects the resulting vacancy-savings reduction

The payroll percentage column is derived by taking the total pay periods that have been paid in in the first two months of the fiscal year or 3.29 and dividing it by the total pay periods in a year or 26 to arrive at 12.7%. Based on the table below, which includes the 4.6% vacancy savings factor and the percent of payroll percentage column. The pay-period analysis is appropriate for salaries and overtime categories. The remaining benefit categories are processed monthly, or 2/12, resulting in a 16.7% and are a more accurate benchmark percentage for analysis of these categories.

CATEGORY	REVISED BUDGET	YTD EXPENDITURES	AVAILABLE BUDGET	PCT USED	% of Pay Periods/ Straight-line
5A SALARIES	\$24,176,333	\$3,017,927	\$21,158,406	12.5%	12.7%
5B OVERTIME	\$1,457,000	\$184,716	\$1,272,284	12.7%	12.7%
5C PERS	\$10,800,788	\$1,440,347	\$9,360,441	13.3%	16.7%
5D MEDICAL BENEFITS	\$3,371,803	\$491,181	\$2,880,622	14.6%	16.7%
5E OTHER BENEFITS	\$2,922,678	\$381,178	\$2,541,500	13.0%	16.7%
Total Salary and Benefits	\$42,728,602	\$5,515,349	\$37,213,253	12.9%	12.70%

Salary and benefit expenditures are 12.9% of the revised budget as of August. Salaries and overtime are slightly below the 12.7% payroll-period benchmark, while PERS, Medical Benefits, and Other Benefits are below the 16.7% monthly straight-line benchmark. A dedicated vacancy report is not yet available from the ERP; once operational, staff will use that report to provide a more direct analysis of vacancy savings.

Summary

Monthly reports as of August 2026 show that overall revenues are tracking within the range of prior years' August results, while total expenditures and encumbrances are below the level observed at the same point in each of the prior fiscal years. General Fund expenditures are at 14.7% of the revised budget, including encumbrances, compared with the 16.7% straight-line benchmark. Salary and overtime expenditures are slightly below the payroll-period benchmark, while benefit categories remain below the 16.7% monthly benchmark.