

**From:** Rick Van Hoesen [REDACTED]  
**Sent:** Monday, September 12, 2022 2:23 PM  
**To:** Ron Dickel [REDACTED]; Kyle Park [REDACTED]; Rob Rennie <[RRennie@losgatosca.gov](mailto:RRennie@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Loreen Huddleston [REDACTED]; Rick Tinsley [REDACTED]; Stacey Dell [REDACTED]  
**Cc:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>; Arn Andrews <[aandrews@losgatosca.gov](mailto:aandrews@losgatosca.gov)>; Phil Koen [REDACTED]; [REDACTED]  
**Subject:** 2022 5-year forecast analysis

**EXTERNAL SENDER**

Members of the Finance Commission:

I'm writing to provide an analysis we have done of the 5-year forecast included in the 2022 Budget. The analysis is necessarily high-level and general due to the level of detail provided in the forecast. There are a number of unknowns, and of course the possibility of errors is also present.

However, the analysis paints a troubling picture and raises several questions. I am attaching an Excel workbook that contains the analysis in multiple tabs.

**Summary of methodology:**

- The starting point for the analysis is the 5-year forecast provided by the Town Staff at the August 11 Town Council meeting and also in the agenda packet for tonight's Finance Commission meeting.
- This was combined with the updated 5-year Deficit Forecast provided in the August Finance Commission meeting to attempt to forecast the General Fund balance over the next 5 years.
- We added to this the assumption that the business license tax increase will be approved.
- Finally, we modified the forecast for payroll costs (Salaries & Wages, Retirement Benefits, Other Benefits) to assume continued growth at the same Compound Annual Growth Rate (CAGR) that they have grown in the 5 years ending with the 2023 budget.

**Result:**

- As you will see in the last row of the first tab of the workbook, the result is that the Town's General Fund will go negative sometime in 2027.
- You will see on the blue-colored tabs a few charts that may help visualize some of the data.

**We suggest asking the following:**

1. Ask the Town Staff to include a forecast of the GF ending balance each time a forecast is provided to the Finance Commission or Town Staff. It should not be necessary to perform an outside analysis to ascertain this figure.
2. Ask the Town Staff to compile and distribute a complete 2023 budget document that includes all the elements and schedules of the actual adopted budget in a single document. Unless we have missed it, the only way to

compile a complete budget is to combine the preliminary budget document issued in May with the updates issued subsequent to the completion of contract negotiations with the unions.

3. Ask the Town Staff to support the assumption that the CAGR for the payroll costs will decrease dramatically from historical growth rates going forward. Are they assuming a significant headcount reduction? A deflationary period? Other? Here is the comparison of historical\* vs forecast^ CAGR for these three expense lines:

- Salaries & Wages: historical CAGR 7.6%. Forecast CAGR 2.2%
- Retirement Benefits: historical CAGR 12.4%. Forecast CAGR 2.0%
- Other Benefits: historical CAGR 6.9%. Forecast CAGR 0.9%
- All 3 combined: historical CAGR 8.5%. Forecast CAGR 1.5%

We hope you find this analysis helpful. If you have any questions please let us know.

Rick Van Hoesen for the Los Gatos Community Alliance

\* the 5 years ending with the 2023 budget year

^ the 5 years ending with the 2028 fiscal year

Sheet 1- Includes Notes

Compound Annual Growth Rate (CAGR) Calculations	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	5yr CAGR 2017-2022	3yr CAGR 2019-2022	Total 5yr Growth 2016-2022	5yr CAGR 2018-2023	3yr CAGR 2020-2023	Total 5yr Growth 2017-2023
Salaries & Wages	14.5	14.8	16.1	17.9	19.3	20.3	19.2	23.2	5.3%	2.4%	32%	7.6%	6.3%	56.8%
Retirement Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.2	7.7	9.7%	5.4%	72%	12.4%	8.1%	97.4%
Other employee benefits	3.2	3.2	3.3	3.6	3.6	5.6	3.4	4.6	1.2%	-1.9%	6%	6.9%	8.5%	43.8%
Total Salaries, Wages, Benefits	21.3	21.9	23.7	26.8	29.0	32.3	28.8	35.5	5.6%	2.4%	35%	8.5%	7.0%	62.1%
Full Time Equivalent (FTE) Headcount	144	146	148	149	150	150	150	153	0.6%	0.3%	4%	0.7%	0.8%	5.0%
Salaries, Wages & Benefits per FTE Head	148	150	160	180	194	203	192	232	5.0%	2.1%	30%	7.7%	6.1%	54.4%

Actuals (A) Proposed (P) Town Staff Estimate (E) & Forecast (F)	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2023-2028)
Salaries & Wages	14.5	14.8	16.1	17.9	19.3	20.3	19.2	23.2	23.0	23.5	23.9	24.5	25.0	1.5%
Retirement Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.2	7.7	7.9	8.3	8.1	8.4	8.5	2.0%
Other employee benefits	3.2	3.2	3.3	3.6	3.6	3.7	3.4	4.6	4.4	4.5	4.6	4.7	4.8	0.9%
Total Salaries, Wages, Benefits	21.3	21.9	23.7	26.8	29.0	30.4	28.8	35.5	35.3	36.3	36.6	37.6	38.3	1.5%
FTE Headcount	144	146	148	149	150	150	150	153						
Salaries, Wages & Benefits per FTE head (\$k)	148	150	160	180	194	203	192	232						
Original General Fund Inrease (decrease)			4.5	6.3	-8.6	-5.4	-1.0	-2.0						
General Fund balance based on original proposed budget		27.2	31.6	38.0	29.3	23.9	21.0	21.0						

Revenues	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2023-2028)
Property Tax	9.5	9.1	10.1	10.8	11.5	12.5	12.5	13.5	13.5	13.5	16.6	15.7	16.1	2.2%
Sales Tax	8.8	8.0	8.2	7.5	9.2	7.6	7.6	7.5	7.5	8.7	9.2	8.2	8.5	2.4%
Occupancy Tax	1.3	1.5	1.9	1.9	2.3	2.6	2.7	1.9	1.0	1.4	1.6	1.7	1.8	-0.8%
Business License Tax	1.2	1.1	1.8	1.5	1.7	1.7	1.5	1.4	1.4	1.3	1.3	4.0	4.0	24.1%
Total Key Tax Revenues	20.7	19.7	22.0	21.7	24.7	24.4	26.0	25.2	27.8	29.9	29.7	29.6	30.4	3.8%

1	General Fund Projection based on Town Staff 5-Year Forecast and Estimated GF balance at 6/30/2023 contained in the approved budget, including the impact of new labor agreements. Plus the assumption that the business license tax increase is approved	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F
	Beginning Balance			27.2	31.6	38.0	29.3	23.9	22.9	21.0	18.4	15.3	12.8	10.0
	Updated Surplus/Deficit + Business License Tax Increase			4.5	6.3	(8.6)	(5.4)	(1.0)	(2.0)	(2.6)	(3.1)	(2.5)	(2.8)	(2.8)
	Ending Balance		27.2	31.6	38.0	29.3	23.9	22.9	21.0	18.4	15.3	12.8	10.0	7.2

2	LGCA Revised General Fund Forecast: #3 modified to increase payroll costs @ historical CAGR from 2025 forward	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2024-2028)
	Salaries & Wages - forecast using 7.6% 2023 5-year CAGR for 2024 forward								23.2	23.0	24.8	26.7	28.7	30.9	7.6%
	Pension - forecast using 12.4% 2023 5-year CAGR for 2024 forward								7.7	7.9	8.9	10.0	11.2	12.6	12.4%
	All Other Benefits - forecast using 6.9% 2023 5-year CAGR for 2024 forward								4.6	4.4	4.7	5.0	5.4	5.7	6.9%
	Total Salaries, Pension & Wages -forecast using 5-year CAGR through 2023 for 2024 forward								35.5	35.3	38.3	41.6	45.1	48.9	8.5%
	Difference from Town staff forecast								-	-	(2.0)	(5.0)	(7.5)	(10.6)	
	Cumulative difference from Town staff forecast								-	-	(2.0)	(7.0)	(14.5)	(25.1)	
	Revised General Fund Balance Forecast			31.6	38.0	29.3	23.9	22.9	21.0	18.4	13.2	5.7	(4.6)	(18.0)	

Sheet 1 - Without Notes

Compound Annual Growth Rate (CAGR) Calculations	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	5yr CAGR 2017-2022	3yr CAGR 2019-2022	Total 5yr Growth 2016-2022	5yr CAGR 2018-2023	3yr CAGR 2020-2023	Total 5yr Growth 2017-2023
Salaries & Wages	14.5	14.8	16.1	17.9	19.3	20.3	19.2	23.2	5.3%	2.4%	32%	7.6%	6.3%	56.8%
Retirement Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.2	7.7	9.7%	5.4%	72%	12.4%	8.1%	97.4%
Other employee benefits	3.2	3.2	3.3	3.6	3.6	5.6	3.4	4.6	1.2%	-1.9%	6%	6.9%	8.5%	43.8%
Total Salaries, Wages, Benefits	21.3	21.9	23.7	26.8	29.0	32.3	28.8	35.5	5.6%	2.4%	35%	8.5%	7.0%	62.1%
Full Time Equivalent (FTE) Headcount	144	146	148	149	150	150	150	153	0.6%	0.3%	4%	0.7%	0.8%	5.0%
Salaries, Wages & Benefits per FTE Head	148	150	160	180	194	203	192	232	5.0%	2.1%	30%	7.7%	6.1%	54.4%

Actuals (A) Proposed (P) Town Staff Estimate (E) & Forecast (F)	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2023-2028)
Salaries & Wages	14.5	14.8	16.1	17.9	19.3	20.3	19.2	23.2	23.0	23.5	23.9	24.5	25.0	1.5%
Retirement Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.2	7.7	7.9	8.3	8.1	8.4	8.5	2.0%
Other employee benefits	3.2	3.2	3.3	3.6	3.6	3.7	3.4	4.6	4.4	4.5	4.6	4.7	4.8	0.9%
Total Salaries, Wages, Benefits	21.3	21.9	23.7	26.8	29.0	30.4	28.8	35.5	35.3	36.3	36.6	37.6	38.3	1.5%
FTE Headcount	144	146	148	149	150	150	150	153						
Salaries, Wages & Benefits per FTE head (\$k)	148	150	160	180	194	203	192	232						
Original General Fund Inrease (decrease)			4.5	6.3	-8.6	-5.4	-1.0	-2.0						
General Fund balance based on original proposed budget		27.2	31.6	38.0	29.3	23.9	22.9	21.0						

Revenues	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2023-2028)
Property Tax	9.5	9.1	10.1	10.8	11.5	12.5	13.6	14.5	15.8	15.7	16.6	15.7	16.1	2.2%
Sales Tax	8.8	8.0	8.2	7.5	9.2	7.6	8.2	7.5	7.9	8.7	9.2	8.2	8.5	2.4%
Occupancy Tax	1.3	1.5	1.9	1.9	2.3	2.6	2.7	1.9	1.0	1.4	1.6	1.7	1.8	-0.8%
Business License Tax	1.2	1.1	1.8	1.5	1.7	1.7	1.5	1.4	1.4	1.3	1.3	4.0	4.0	24.1%
Total Key Tax Revenues	20.7	19.7	22.0	21.7	24.7	24.4	26.0	25.2	26.2	27.0	28.7	29.6	30.4	3.8%

1	General Fund Projection based on Town Staff 5-Year Forecast and Estimated GF balance at 6/30/2023 contained in the approved budget, including the impact of new labor agreements. Plus the assumption that the business license tax increase is approved													
		2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F
	Beginning Balance			27.2	31.6	38.0	29.3	23.9	22.9	21.0	18.4	15.3	12.8	10.0
	Updated Surplus/Deficit + Business License Tax Increase			4.5	6.3	(8.6)	(5.4)	(1.0)	(2.0)	(2.6)	(3.1)	(2.5)	(2.8)	(2.8)
	Ending Balance		27.2	31.6	38.0	29.3	23.9	22.9	21.0	18.4	15.3	12.8	10.0	7.2

2	LGCA Revised General Fund Forecast: #3 modified to increase payroll costs @ historical CAGR from 2025 forward	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2024-2028)
	Salaries & Wages - forecast using 7.6% 2023 5-year CAGR for 2024 forward								23.2	23.0	24.8	26.7	28.7	30.9	7.6%
	Pension - forecast using 12.4% 2023 5-year CAGR for 2024 forward								7.7	7.9	8.9	10.0	11.2	12.6	12.4%
	All Other Benefits - forecast using 6.9% 2023 5-year CAGR for 2024 forward								4.6	4.4	4.7	5.0	5.4	5.7	6.9%
	Total Salaries, Pension & Wages -forecast using 5-year CAGR through 2023 for 2024 forward								35.5	35.3	38.3	41.6	45.1	48.9	8.5%
	Difference from Town staff forecast								-	-	(2.0)	(5.0)	(7.5)	(10.6)	
	Cumulative difference from Town staff forecast								-	-	(2.0)	(7.0)	(14.5)	(25.1)	
	Revised General Fund Balance Forecast			31.6	38.0	29.3	23.9	22.9	21.0	18.4	13.2	5.7	(4.6)	(18.0)	

Sheet 2 - Includes Notes

Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
4100	Property Tax	15.4	15.7	16.6	15.7	16.1	16.6	17.1	17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.4	4.0	4.0	4.0	4.0	4.0
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	3.5	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	3.8	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		48.1	45.8	48.0	49.1	50.2	51.6	53.1	54.2
	Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	0.7	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.6	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		51.0	49.0	52.7	49.9	51.0	52.4	53.9	55.0
Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
5110	Salary	20.9	19.2	23.2	23.0	23.5	23.9	24.5	25.0
5120	CalPERS Benefits	7.3	6.2	7.7	7.9	8.3	8.1	8.4	8.5
5200	All Other Benefits	4.2	3.4	4.6	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		46.6	43.7	46.5	46.8	48.6	50.8	51.6	52.4
	GASB 45 Retiree Medical Actuarial	0.1	0.1	0.1	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.1	0.1	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		47.1	44.4	46.7	47.2	49.4	51.6	52.4	52.8
	Capital Transfers Out to GFAR	2.8	2.8	2.3	2.8	2.8	2.8	2.8	2.8
	Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	-	0.0	0.0	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.0	0.0	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		50.5	48.8	49.0	50.5	52.7	55.3	56.4	56.8
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		0.5	0.2	0.7	0.4	0.3	0.1	0.5	0.2

RVH:  
The data actually add up to 46.5. Had to manually enter 46.6 to jibe with the TS document

RVH:  
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RVH:  
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## Sheet 2 - Without Notes

Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
4100	Property Tax	15.4	15.7	16.6	15.7	16.1	16.6	17.1	17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.4	4.0	4.0	4.0	4.0	4.0
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	3.5	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	3.8	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
<b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>		48.1	45.8	48.0	49.1	50.2	51.6	53.1	54.2
	Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	0.7	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.6	-	-	-	-	-
<b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>		51.0	49.0	52.7	49.9	51.0	52.4	53.9	55.0
Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
5110	Salary	20.9	19.2	23.2	23.0	23.5	23.9	24.5	25.0
5120	CalPERS Benefits	7.3	6.2	7.7	7.9	8.3	8.1	8.4	8.5
5200	All Other Benefits	4.2	3.4	4.6	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
<b>TOTAL OPERATING EXPENDITURES</b>		46.6	43.2	49.3	49.2	50.8	51.6	53.3	54.4
	GASB 45 Retiree Medical Actuarial	0.1	0.1	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
<b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>		47.1	44.0	49.7	49.6	51.2	52.0	53.7	54.8
	Capital Transfers Out to GFAR	2.8	2.8	2.3	0.8	0.8	0.8	0.8	0.8
	Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
<b>AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS</b>									
	Stabilization/Catastrophic	-	0.5	-	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.3	-	-	-	-	-	-
<b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>		50.5	48.3	52.7	51.1	52.7	53.5	55.3	56.4
<b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b>		0.5	0.6	-	(1.2)	(4.3)	(1.1)	(1.4)	(1.4)



Sheet 3 - Includes Notes

Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
4100	Property Tax	15.4	15.7	16.6	15.7	16.1	16.6	17.1	17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.4	4.0	4.0	4.0	4.0	4.0
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	3.5	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	3.8	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		48.1	45.8	48.0	49.1	50.2	51.6	53.1	54.2
	Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	0.7	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.6	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		51.0	49.0	52.7	49.9	51.0	52.4	53.9	55.0
Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
5110	Salary	20.9	19.2	23.2	23.0	23.5	23.9	24.5	25.0
5120	CalPERS Benefits	7.3	6.2	7.7	7.9	8.3	8.1	8.4	8.5
5200	All Other Benefits	4.2	3.4	4.6	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		46.6	43.7	46.5	46.8	48.6	50.8	51.6	52.8
	GASB 45 Retiree Medical Actuarial	0.1	0.1	0.1	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		47.1	44.2	47.0	47.2	49.0	51.2	52.0	53.2
	Capital Transfers Out to GFAR	2.8	2.8	2.3	0.8	0.8	0.8	0.8	0.8
	Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	-	0.0	-	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.0	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		50.5	48.4	50.0	50.5	52.3	53.5	54.0	55.6
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		0.5	0.6	0.7	0.4	0.7	0.9	0.9	0.9

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RVH:  
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RVH:  
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RVH:  
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RVH:  
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RVH:  
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RVH:  
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## Sheet 3 - Without Notes

Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
4100	Property Tax	15.4	15.7	16.6	15.7	16.1	16.6	17.1	17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	3.5	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	3.8	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
<b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>		48.1	45.8	48.0	46.5	47.6	49.0	50.5	51.6
	Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	0.7	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.6	-	-	-	-	-
<b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>		51.0	49.0	52.7	47.3	48.4	49.8	51.3	52.4
Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
5110	Salary	20.9	19.2	23.2	23.0	23.5	23.9	24.5	25.0
5120	CalPERS Benefits	7.3	6.2	7.7	7.9	8.3	8.1	8.4	8.5
5200	All Other Benefits	4.2	3.4	4.6	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
<b>TOTAL OPERATING EXPENDITURES</b>		46.6	43.2	49.3	49.2	50.8	51.6	53.3	54.4
	GASB 45 Retiree Medical Actuarial	0.1	0.1	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
<b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>		47.1	44.0	49.7	49.6	51.2	52.0	53.7	54.8
	Capital Transfers Out to GFAR	2.8	2.8	2.3	0.8	0.8	0.8	0.8	0.8
	Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
<b>AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS</b>									
	Stabilization/Catastrophic	-	0.5	-	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.3	-	-	-	-	-	-
<b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>		50.5	48.3	52.7	51.1	52.7	53.5	55.3	56.4
<b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b>		0.5	0.6	-	(3.8)	(4.3)	(3.7)	(4.0)	(4.0)

\* Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes \$0.1 million.  
General Fund (111) Forecast does not include Pension Trusts activities.



## Sheet 4 - Includes Notes

	2018/19	2019/20	2020/21	2021/22	2022/23 Original Proposed Budget	2022/23 Final Budget	
	Actuals	Actuals	Actuals	Estimated			Added column to give effect to the new labor agreements
<b>REVENUES</b>							
Property Tax	13,636,099	14,454,513	15,826,162	15,684,964	16,551,544	16,551,544	0
VLF Backfill	3,685,247	3,875,914	4,052,672	4,229,462	4,356,350	4,356,350	0
Sales & Use Tax	7,930,021	6,535,034	6,794,218	7,497,873	7,934,189	7,934,189	0
Measure G - District Sales Tax	228,131	996,391	1,139,386	1,173,733	1,240,755	1,240,755	0
Franchise Fees	2,475,916	2,495,792	2,499,463	2,435,800	2,493,870	2,493,870	0
Transient Occupancy Tax	2,692,043	1,869,685	1,044,820	1,400,000	1,642,460	1,642,460	0
Other Taxes	1,526,894	1,357,080	1,386,943	1,250,000	1,287,500	1,287,500	0
Licenses & Permits	3,059,894	2,696,457	2,999,711	3,065,997	2,757,029	2,757,029	0
Intergovernmental	945,191	1,104,075	1,573,697	1,130,125	1,051,814	1,051,814	0
Town Services	4,648,904	4,447,213	4,835,962	4,259,099	4,235,261	3,500,000	-735,261
Internal Svc Reimbursement	0	0	0	0	0	0	0
Fines & Forfeitures	510,266	271,117	103,467	218,120	201,750	201,750	0
Interest	1,682,347	2,266,134	96,061	441,233	432,947	432,947	0
Other Sources	6,093,211	1,381,187	2,217,072	1,140,853	1,760,830	3,800,000	2,039,170
Debt Service Reimbursement	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713	1,893,713	0
Transfers In	1,578,911	599,669	1,833,218	633,352	538,536	538,536	0
<b>TOTAL REVENUES</b>	52,602,148	46,255,285	48,311,346	46,460,461	48,378,548	49,682,457	1,303,909
<b>EXPENDITURES</b>							
Salaries & Benefits	26,803,225	28,933,568	30,297,504	28,866,098	33,227,942	35,500,000	2,272,058
Operating Expenditures	11,955,327	13,397,031	14,276,602	9,849,151	9,318,742	9,318,742	0
Grants & Awards	248,533	274,249	298,303	800,000	241,000	241,000	0
Fixed Assets	38,307	138,384	2,365	0	0	0	0
Interest	0	0	52,011	0	0	0	0
Internal Service Charges	2,527,470	2,188,211	2,314,305	2,619,672	2,650,173	2,650,173	0
Capital Projects	0	0	0	0	0	0	0
Capital Acquisitions	0	0	0	0	0	0	0
Debt Service	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713	1,893,713	0
Transfers Out	2,785,220	8,053,847	4,582,641	3,423,211	3,006,978	3,006,978	0
<b>TOTAL EXPENDITURES</b>	46,267,155	54,890,314	53,732,225	47,457,982	50,338,548	52,610,606	2,272,058
Net Increase (Decrease)	6,334,993	-8,635,029	-5,420,879	-997,521	-1,960,000	-2,928,149	-968,149
Beginning Fund Balance	31,635,533	37,970,526	29,335,497	23,914,618	22,917,097	22,917,097	0
Ending Fund Balance*	37,970,526	29,335,497	23,914,618	22,917,097	20,957,097	19,988,948	-968,149

## Sheet 4 - Without Notes

					2022/23 Original Proposed	2022/23 Final Budget	
	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimated	Budget	Budget	Delta
<b>REVENUES</b>							
Property Tax	13,636,099	14,454,513	15,826,162	15,684,964	16,551,544	16,551,544	0
VLF Backfill	3,685,247	3,875,914	4,052,672	4,229,462	4,356,350	4,356,350	0
Sales & Use Tax	7,930,021	6,535,034	6,794,218	7,497,873	7,934,189	7,934,189	0
Measure G - District Sales Tax	228,131	996,391	1,139,386	1,173,733	1,240,755	1,240,755	0
Franchise Fees	2,475,916	2,495,792	2,499,463	2,435,800	2,493,870	2,493,870	0
Transient Occupancy Tax	2,692,043	1,869,685	1,044,820	1,400,000	1,642,460	1,642,460	0
Other Taxes	1,526,894	1,357,080	1,386,943	1,250,000	1,287,500	1,287,500	0
Licenses & Permits	3,059,894	2,696,457	2,999,711	3,065,997	2,757,029	2,757,029	0
Intergovernmental	945,191	1,104,075	1,573,697	1,130,125	1,051,814	1,051,814	0
Town Services	4,648,904	4,447,213	4,835,962	4,259,099	4,235,261	3,500,000	-735,261
Internal Svc Reimbursement	0	0	0	0	0	0	0
Fines & Forfeitures	510,266	271,117	103,467	218,120	201,750	201,750	0
Interest	1,682,347	2,266,134	96,061	441,233	432,947	432,947	0
Other Sources	6,093,211	1,381,187	2,217,072	1,140,853	1,760,830	3,800,000	2,039,170
Debt Service Reimbursement	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713	1,893,713	0
Transfers In	1,578,911	599,669	1,833,218	633,352	538,536	538,536	0
<b>TOTAL REVENUES</b>	<b>52,602,148</b>	<b>46,255,285</b>	<b>48,311,346</b>	<b>46,460,461</b>	<b>48,378,548</b>	<b>49,682,457</b>	<b>1,303,909</b>
<b>EXPENDITURES</b>							
Salaries & Benefits	26,803,225	28,933,568	30,297,504	28,866,098	33,227,942	35,500,000	2,272,058
Operating Expenditures	11,955,327	13,397,031	14,276,602	9,849,151	9,318,742	9,318,742	0
Grants & Awards	248,533	274,249	298,303	800,000	241,000	241,000	0
Fixed Assets	38,307	138,384	2,365	0	0	0	0
Interest	0	0	52,011	0	0	0	0
Internal Service Charges	2,527,470	2,188,211	2,314,305	2,619,672	2,650,173	2,650,173	0
Capital Projects	0	0	0	0	0	0	0
Capital Acquisitions	0	0	0	0	0	0	0
Debt Service	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713	1,893,713	0
Transfers Out	2,785,220	8,053,847	4,582,641	3,423,211	3,006,978	3,006,978	0
<b>TOTAL EXPENDITURES</b>	<b>46,267,155</b>	<b>54,890,314</b>	<b>53,732,225</b>	<b>47,457,982</b>	<b>50,338,548</b>	<b>52,610,606</b>	<b>2,272,058</b>
Net Increase (Decrease)	6,334,993	-8,635,029	-5,420,879	-997,521	-1,960,000	-2,928,149	-968,149
Beginning Fund Balance	31,635,533	37,970,526	29,335,497	23,914,618	22,917,097	22,917,097	0
Ending Fund Balance*	37,970,526	29,335,497	23,914,618	22,917,097	20,957,097	19,988,948	-968,149

# Sheet 5

5 Year Forecast	2024	2025	2026	2027	2028
Original Surplus/Deficit	(2.2)	(2.9)	(2.3)	(2.5)	(2.6)
Updated Surplus/Deficit	(3.8)	(4.3)	(3.7)	(4.0)	(4.0)
Plus: Business License Tax Additional Revenues	1.2	1.2	1.2	1.2	1.2
Updated Surplus/Deficit + Business License Tax In	(2.6)	(3.1)	(2.5)	(2.8)	(2.8)

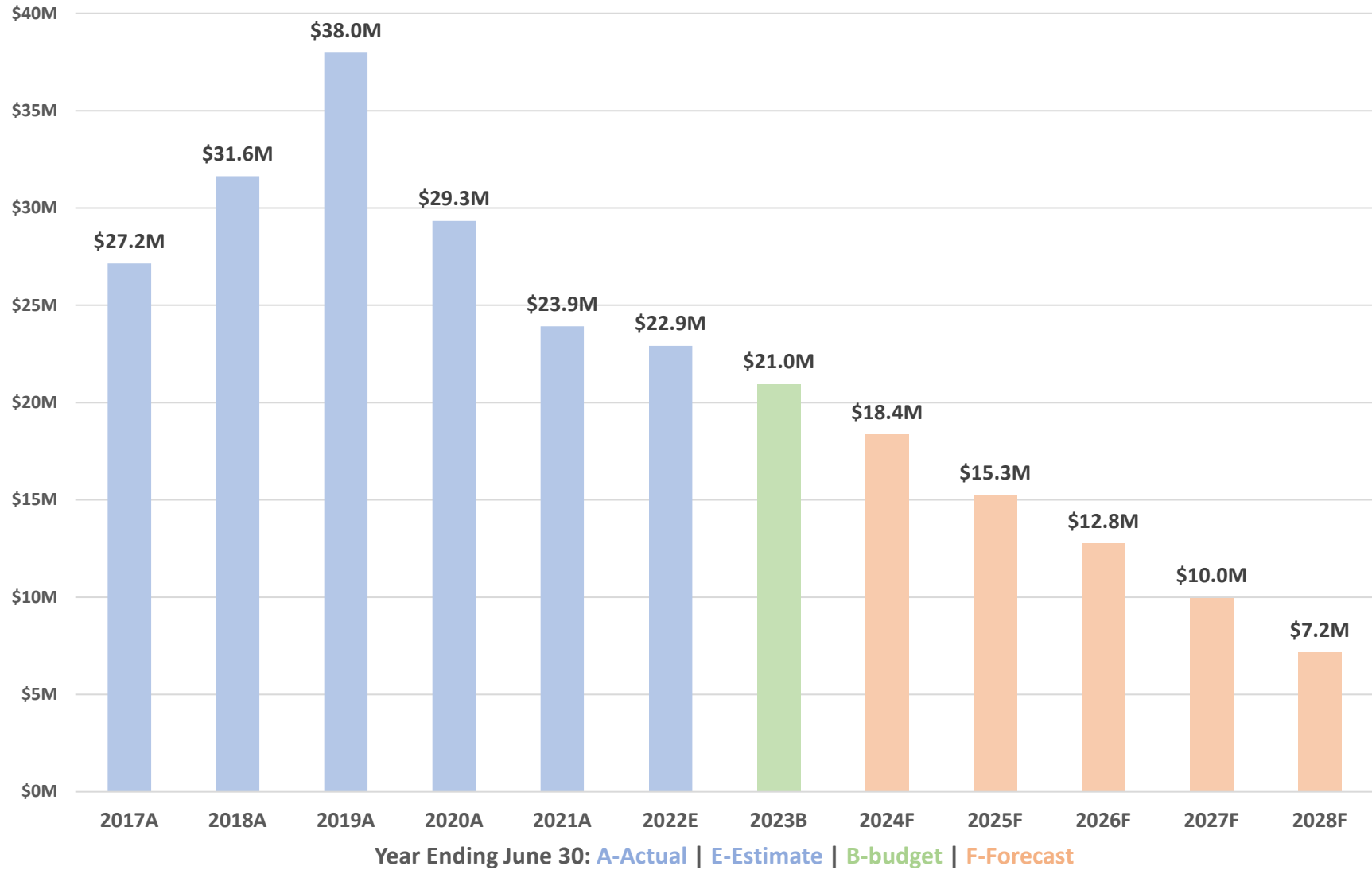
Sheet 6

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Property Tax	9,477,043	9,054,908	10,113,287	10,779,434	11,518,257	12,510,822	13,636,099	14,454,513	15,826,162	15,684,964	16,551,544	15,700,000	16,100,000	16,600,000	17,100,000	17,600,000
Sales Tax	8,757,428	8,029,571	8,202,678	7,501,175	9,171,373	7,592,206	8,158,152	7,531,425	7,933,604	8,671,606	9,174,944	8,200,000	8,500,000	8,800,000	9,100,000	9,300,000
Occupancy Tax	1,295,887	1,512,846	1,896,721	1,943,166	2,322,910	2,628,927	2,692,043	1,869,685	1,044,820	1,400,000	1,642,460	1,700,000	1,800,000	1,900,000	1,900,000	2,000,000
Business License Tax	1,151,579	1,130,020	1,779,407	1,465,546	1,720,980	1,686,251	1,526,894	1,357,080	1,386,943	1,250,000	1,287,500	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Key Tax Revenues	20,681,937	19,727,345	21,992,093	21,689,321	24,733,520	24,418,206	26,013,188	25,212,703	26,191,529	27,006,570	28,656,448	29,600,000	30,400,000	31,300,000	32,100,000	32,900,000
Change from Prior Year	13.7%	-4.6%	11.5%	-1.4%	14.0%	-1.3%	6.5%	-3.1%	3.9%	3.1%	6.1%	3.3%	2.7%	3.0%	2.6%	2.5%

YoY change	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property Tax		-4.5%	11.7%	6.6%	6.9%	8.6%	9.0%	6.0%	9.5%	-0.9%	5.5%
Sales Tax		-8.3%	2.2%	-8.6%	22.3%	-17.2%	7.5%	-7.7%	5.3%	9.3%	5.8%
Occupancy Tax		16.7%	25.4%	2.4%	19.5%	13.2%	2.4%	-30.5%	-44.1%	34.0%	17.3%
Business License Tax		-1.9%	57.5%	-17.6%	17.4%	-2.0%	-9.5%	-11.1%	2.2%	-9.9%	3.0%
Sum of Key Revenues		-4.6%	11.5%	-1.4%	14.0%	-1.3%	6.5%	-3.1%	3.9%	3.1%	6.1%

## Sheet 7

General Fund Ending Balance Projection  
Based on Forecast Included in 2023 Budget



# Sheet 8

General Fund Ending Balance Projection  
Based on Forecast Included in 2023 Budget, with Future Payroll Cost Growth Set to Historical  
Average





## Sheet 9



Sheet 10

