

Town of Los Gatos

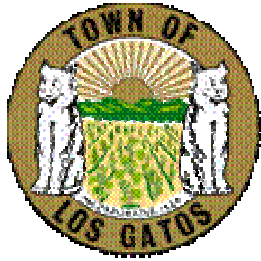
FY 2007/08

**Budget Performance and Status Report
at 1st Quarter End - September 30, 2007**

Pamela Jacobs, Interim Town Manager

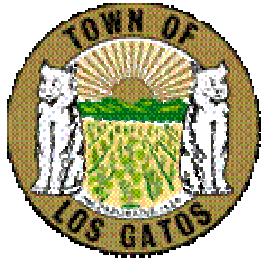
Stephen Conway, Finance Director

October 15, 2007



Prior FY 2006/07 Highlights

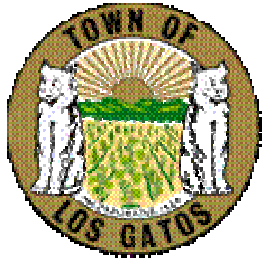
General Fund Operating Revenues Available	\$3,855,616
Less: Capital Program Transfers:	
PD Services Bldg.	(3,613,058)
Annual GFAR Transfer	(150,000)
Other Projects	<u>(566,036)</u>
Net Revenues (Use of Capital Reserves)	<u><u>(\$473,478)</u></u>
Available Operating Revenues Derived From:	
Sales Tax Exceeded Estimates	\$1,100,000
Investment Earnings Exceeded Estimates	935,000
Development Activity Exceeded Estimates	795,000
Expenditure Operating Budget Savings	530,000
Licenses & Permits & Other Revenues	370,616
Property Tax Exceeded Estimates	<u>125,000</u>
	<u><u>\$3,855,616</u></u>



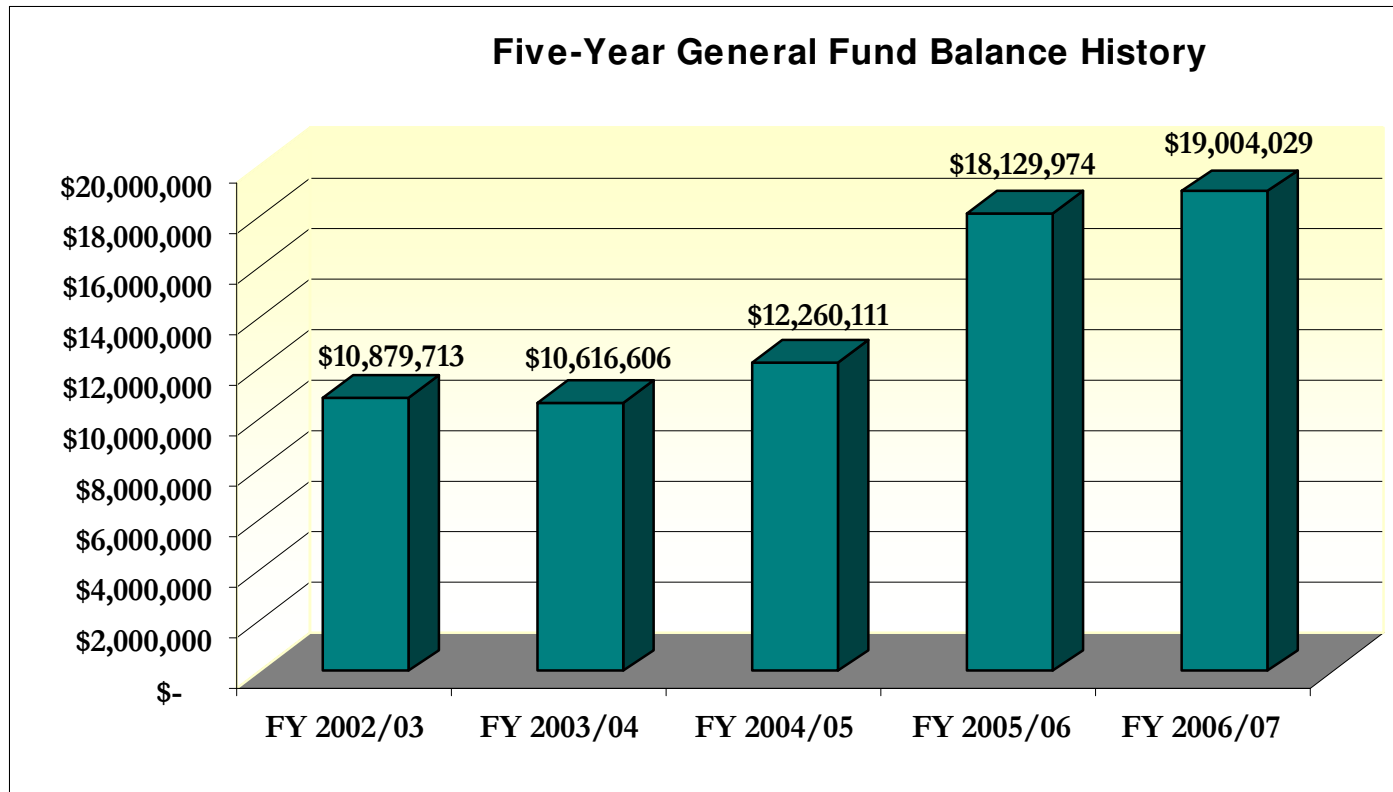
General Fund Reserve Balances

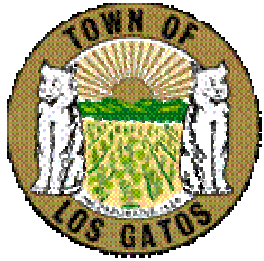
July 1, 2007

	July 1, 2007 Actual Balance
<i>Restricted Fund Balance:</i>	
Reserved for RDA Loan	\$ 4,220,000
Reserve for Long Term Notes	512,394
Grant Funds and Carryovers	(5,818)
Total Restricted Fund Balance	\$ 4,726,576
<i>Designated Reserves:</i>	
Revenue Stabilization Reserve	\$ 4,817,445
Capital / Special Projects	4,325,011
Economic Uncertainty Reserve	3,678,001
Civic Center Improvements	663,086
Open Space Reserve	562,000
Manager's Contingency / Designated Productivity	200,000
Designated for Authorized Carryforwards	31,910
Designated for Parking	-
Total Designated Reserves	\$ 14,277,453
Total Restricted and Designated Reserves	\$ 19,004,029



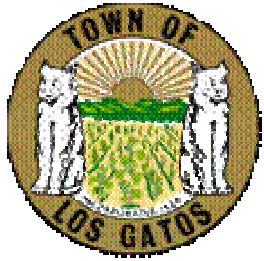
Total General Fund Balances Five-Year History





1st Quarter Budget Performance

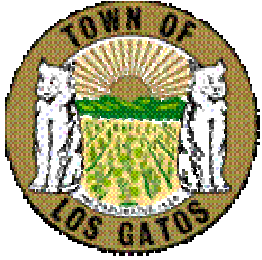
- **State FY 2007/08 Budget Impacts**
 - \$297,000 of Prop 42 (Local Transportation) Not Funded But Expected in FY 2008/09
 - \$200,000 Community Policing “COPS” Grant Funded
 - Funding for State Mandates Delayed One Year
 - Booking Fee Charges By County Suspended



1st Quarter Budget Performance

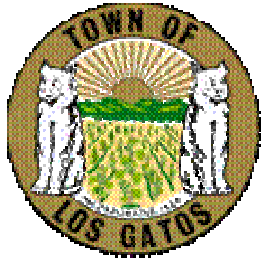
FY 2007/08 Budget Status:

- Revenue Tracking Update
 - Economically Sensitive Revenues
 - Property Tax \$8.8Million
 - Sales Tax Slightly Ahead of \$8.2 Million Estimate
 - Franchise Fees \$1.6 Million
 - Interest Income \$1.3 Million
 - Business Licenses \$1.0 Million
 - Transient Occupancy Tax (TOT) \$1.0 Million
 - Other Revenues



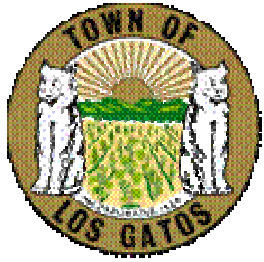
Revenue Vulnerabilities

- **Town Sales Tax Growth 4.3% at 2nd Qtr 2007**
 - Santa Clara County Growth - 3.1%
 - State Wide Average Growth - 0.7%
- **Sales Tax Mix**
 - One Business is Contributing Approximately 22% of Sales Tax Revenue



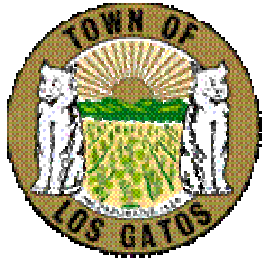
FY 2007/08 Expenditure Budget Status

- **Expenditures:**
 - Prior Year Experienced \$530K Budget Savings
 - 1st Quarter Status
 - Department Expenditures Running Below the 25% Benchmark at 1st Quarter End (21% Expended)



Issues for Mid -Year 2007/08

- Review of Current Fiscal Year Trends
- Update of Five-Year Forecast
- GASB 45 Implementation



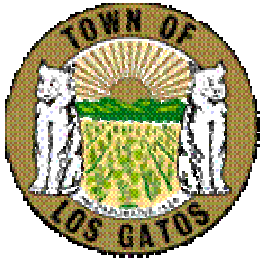
1st Quarter Budget Adjustments

General Fund Expenditures:

- **Financial Systems Upgrade Project**
 - \$50,000 Transfer of Available Fund Balance in the Town's MIS Fund
 - Temporary Labor - \$10,000 Transfer from General Fund

Grants Fund Revenues:

- **Additional Homeland Security Funds**
 - \$4,444 Available to the Town



Update to Five-Year Forecast

- **Indicates Revenue Shortfalls:**
 - \$574K in FY 2010/11 (1.7%)
 - \$1.0 M in FY 2011/12 (2.9%)

- **Staff Continues to Update the Five-Year Forecast**
 - Monitor Current Budget Developments
 - Proactively Align Service Deliveries with Anticipated Operating Revenues
 - Inform Budget Development