



Item No. 5 Town of Atherton

FINANCE COMMITTEE STAFF REPORT

TO: FINANCE COMMITTEE

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: MARCH 9, 2021

**SUBJECT: REPORT ON FY 2021/22 BUDGET KICK-OFF AND OVERVIEW
PRESENTED TO THE CITY COUNCIL**

RECOMMENDATION

Receive and File the report

BACKGROUND

Staff is providing the FY 2021/22 Budget Kick-off and overview that was presented and discussed by City Council. This was the first meeting of the budget cycle as Budget Kick-Off and Overview including a recap of current fiscal year, preliminary budget assumptions, and the 5-year forecast. This was reviewed and discussed by the City Council during a study session held on March 3, 2021. Attached is the FY 2021/22 Budget Kickoff and Overview staff report presented to the Council as we reviewed the five-year forecast revenue and expenditure assumptions and major components of operations.

The City Council will review the FY 2021/22 General Fund operations budget at its April 7, 2020 study session. This is anticipated to be a joint study session meeting with the Finance Committee.

ATTACHMENT

CC March 3, 2021 FY 21/22 budget kick-off and overview



Item No. Town of Atherton

CITY COUNCIL STAFF REPORT – STUDY SESSION

TO: HONORABLE MAYOR AND CITY COUNCIL

**FROM: GEORGE RODERICKS, CITY MANAGER
ROBERT BARRON III, FINANCE DIRECTOR**

DATE: MARCH 3, 2021

SUBJECT: FY 2021/22 BUDGET KICK-OFF AND OVERVIEW

RECOMMENDATION

Review and Discuss.

BACKGROUND

This the first meeting of the FY 2021/22 Budget cycle. The Budget Kick-Off and Overview is not a detailed discussion, it focuses on a recap of the current fiscal year, preliminary budget assumptions and the 5-year forecast.

The Town's Budget serves as one of the foremost policy statement of the City Council. One of the Town's core strategy is financial stability; the budget identifies the needs and priorities of the community; identifies the resources needed to meet those needs and priorities; and budgets for the services to do so.

This staff report provides, in brief:

- An overview of the FY 2020/21 Year-End Projected Fiscal Condition
- An overview of the Town's Major Revenue Sources and 5-Year Forecasts
- An overview of the Town's Major Expenditure Categories and 5-Year Forecasts
- An overview of the Budget Process and Policy Discussions

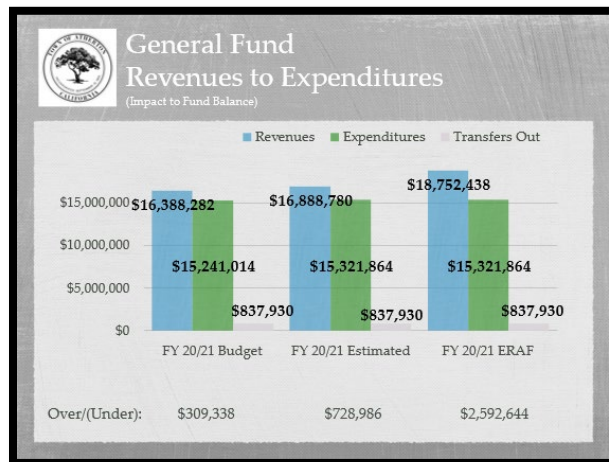
Forecasted revenues and expenditures **do not represent actual budget expectations** year over year. Forecasts serve only as a means to evaluate budget assumptions. Below is the FY 2021/22 Budget Review Calendar.

FY 2021/22 Budget Calendar
City Council Meeting
March 3, 2021 – Meeting #1
An overview of the FY 2020/21 Year-End Projected Fiscal Condition

FY 2021/22 Budget Calendar	
An overview of the Town's Major Revenue Sources and 5-Year Forecasts	
An overview of the Town's Major Expenditure Categories and 5-Year Forecasts	
An overview of the Budget Process and Policy Discussions	
City Council Study Session Meeting April 7, 2021 – Meeting #2	
Presentation of the Operations Budget	
City Council Study Session Meeting May 5, 2021 – Meeting #3	
Presentation of the Special Funds & Capital Projects Budget	
City Council Study Session Meeting June 2, 2021 – Meeting #4	
Presentation of the Final Draft Budget & Special Revenues/Other Funds	
City Council Regular Meeting June 16, 2021 – Meeting #5	
Adoption of the Final FY 2021/22 Budget	

ANALYSIS

FY 2020/21 Year-End Projected Fiscal Condition



As noted during last month's Mid-Year Budget Report, Property Tax revenue for the year *decreased by 0.14%* over the adopted budget. Most of this decrease was due to the shortfall in the *Property Tax in Lieu VLF* for FY 2020/21. There was a shortfall in FY 2020/21 of the In Lieu VLF Countywide in the amount of \$69 million. The Town is estimated to receive \$908,323. There will be a request to the State that the VLF shortfall be appropriated in the State's FY 2022/23 budget as a means of recovery of the loss.

The Educational Revenue Augmentation Fund (ERAF) remains a vital component to reduce long-term liabilities and fund one-time capital project needs. The Town has a policy to treat ERAF as "one time" revenue for specific projects or priorities such as capital projects and contributions toward long-term liabilities and remove it as an operational revenue. ERAF has served as a funding source in support of the Town Center Project. Once construction is completed it is anticipated that ERAF funds will be used as a source of revenue for debt service payments.

At Mid-Year, staff provided the Council with a summary of the Town's fiscal condition and expectation for the rest of the fiscal year. FY 2020/21 General Fund revenues are projected at \$18.75M. FY 2020/21 General Fund expenditures are projected at \$15.32M. The projected year-

end fund balance for FY 2020/21 is \$23,665,384. The Town will meet its reserve requirements for FY 2020/21. The unallocated balance beyond the required reserves is 116% of adjusted expenditures. Total remaining construction costs for the Town portion of the Town Center Project is estimated at \$13,046,536. The majority of the Unallocated Fund Balance and the Capital Facilities Replacement Reserve will be used toward the Town Center Project.

Projected FY 2020/21 Ending Fund Balance	\$23,665,384
Required 15% Emergency Reserve	\$2,298,280
Required 20% Contingency Reserve	\$3,064,373
TOTAL RESERVE REQUIREMENT	\$5,362,653
<i>General Fund Unallocated Balance</i>	<i>\$18,302,731</i>
The above includes the Capital Facilities Replacement Reserve which is allocated to Town Center Project.	\$505,000

Major Revenue Sources and 5-Year Forecasts

The Town's major revenue sources are Property Tax, Building Fees, and ERAF.

Property Tax Revenue

Property taxes comprise about 70% of the total General Fund Revenues. From FY 2011/12 to FY 2020/21, Atherton has seen a growth of assessed property value by approximately 94% - about 7.6% per year.

Tax Year	Assessed Property Value	Growth Year over Year
2011/12	\$6,373,832,577	
2012/13	\$6,949,217,818	9.03%
2013/14	\$7,575,935,532	9.02%
2014/15	\$8,068,565,397	6.50%
2015/16	\$8,791,201,962	9.00%
2016/17	\$9,512,555,665	8.21%
2017/18	\$10,220,091,841	7.44%
2018/19	\$10,941,160,453	7.06%
2019/20	\$11,664,530,505	6.61%
2020/21	\$12,376,059,220	6.10%

The net Assessed Value change from FY 2019/20 to FY 2020/21 is \$7,111,528,715. Atherton's changes in property values are based mainly on CPI growth, residential remodels, and new construction on razed properties. The Town's Property Tax Consultant HdL Companies suggests that the Town use a projected increase of 3 to 4 percent in property tax revenues next fiscal year.

According to HdL, tax revenue is anticipated to level out at 3.5% to 4% over the next couple of years. With respect to the COVID-19 impact, there is the expectation that property value increases will be below the maximum 2% CPI, however, the high value home prices in the Town could continue the increase in property tax revenue in the coming years. For the 5-year forecast, *staff*

projected a 4% increase in year one, a 3.5% increase in years two through three, 4% in year four, and 3.5% in year five. For the purposes of budgeting, these are conservative projections that can be adjusted year to year. Staff anticipates that we will exceed these projections and excess will be used toward Council-identified priorities.

Building Permit Revenues

Building permit revenue is another major revenue source for the Town. Total revenue includes the basic building permit fee (calculated based a valuation per square foot); various flat fees for plumbing, mechanical and electrical permits; grading and drainage permits; and plan check fees.

During Mid-Year, building revenue increased beyond our initial projections. The increase was due to the FY 2020/21 Budget being established with a COVID-19 impact in mind. During the early period of the COVID-19 shelter in place, construction was temporarily halted, and the impact was thought to result in a slow-down in building activity. However, the overall impact was slightly less than anticipated and revenues were slightly higher.

Staff typically projects building fee revenue increases conservatively at 2% per year. Building activity is a function of the economy and is not easily predictable, especially with during a pandemic period. The short-term impact of COVID-19 established building protocols that allow for continued building activity in the community and this should allow building revenue to continue to increase each year.

ERAF

From FYs 2013/14 to FY 2015/16, the Town allocated a total of \$3,211,958 of ERAF funds toward Council priorities related to retiree healthcare and pension liabilities. ERAF revenues received from FYs 2016/17 to FY 2019/20 were directed to the Town Center Project – a total thus far of \$5,859,220.

Fiscal Year	Budget Amount	Actual Amount	Use of Funds
FY 2013/14	\$700,000	\$1,020,000	OPEB Liabilities
FY 2014/15	\$700,000	\$1,125,000	\$680,684 – OPEB Liabilities \$444,316 – Workers' Comp
FY 2015/16	\$1,200,000	\$1,066,958	\$112,998- WC Equity \$548,950- CalPERS UAL \$405,010- Additional CIP
FY 2016/17	\$1,033,000	\$1,103,185	Town Center
FY 2017/18	\$1,066,958	\$1,280,172	Town Center
FY 2018/19	\$1,025,000	\$1,691,772	Town Center
FY 2019/20	\$1,300,000	\$1,784,091	Town Center

FY 2019/20 ERAF revenue was projected at \$1,300,000. Actual revenue for FY 2019/20 was \$1,784,091. The Town's ERAF for FY 2020/21 is \$1,863,658. This is an increase of \$551,158 over budget of \$1,312,500. Since FY 2013/14 ERAF revenues increased 83%. For FY 2021/22 staff projects ERAF at \$1,100,000.

Staff **does not anticipate** that ERAF at the level received in FY 2020/21 will continue as ERAF remains under threat at the State level. In June 2020, the Legislative Analyst's Office and the State Legislature issued an opinion asserting that the five ERAF counties have *miscalculated* the ERAF allocation and the State will pursue a correction. The State Controller's Office (SCO) is working through guidelines that will be used to determine a school district's ERAF entitlement and this correction will affect future ERAF distribution to the Town.

There is a general consensus that even with the new State Guidelines, local agencies, counties, and districts will still receive Excess ERAF. However, the State continues to change the landscape of ERAF on a semi-regular basis. Staff believes that it would be a drastic interpretation to say that the Town will not receive any excess ERAF; but at the current time, the amount to be received is entirely unpredictable. Staff recommends that future ERAF revenue be set at \$1 million and be monitored year to year through the budget process.

Once we understand the full impact of the new State guidelines, we may be able to project ERAF at more reliable levels. ***For purposes of the 5-Year forecast, beginning FY 2022/23 ERAF revenue is projected at \$1 million.***

These three major revenues represent the primary revenues to the Town. Below is a table that reflects 5-year projections for these three revenue sources.

Major Revenues					
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Property Taxes	\$12,512,319	\$12,950,250	\$13,403,509	\$13,939,649	\$14,427,537
Building Fees	\$1,535,100	\$1,565,802	\$1,597,118	\$1,629,060	\$1,661,642
Excess ERAF	\$1,100,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Total Revenues	\$15,147,419	\$15,516,052	\$16,000,627	\$16,568,709	\$17,089,179

As part of the budget process staff reviews and projects other significant revenues to ensure there is adequate funding to meet operational service levels. Except for Planning Revenue (2%), *these revenues are projected at 1% to 2% and/or based on historical amounts received in the 5-year forecast.* Park Program Revenue, it is projected based on current program revenue for next two fiscal years and then FY 2023/24 returns to historical levels.

In FY 2019/20, Park Program Revenues totaled \$182,000 and current FY revenues project it at \$52,000. We do not know what Park Program Revenue will look like post COVID-19 but we anticipate that activities will ramp back up slowly as COVID-19 protocols and guidelines are relaxed.

The following table reflects the projections of other significant revenue sources.

Other Significant Revenues					
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Sales & Use Tax	\$311,100	\$315,767	\$320,503	\$323,708	\$326,945
Franchise Fees	\$963,357	\$977,808	\$992,475	\$1,002,400	\$1,012,424
Business License	\$259,520	\$263,412	\$267,364	\$270,037	\$272,738
Planning Revenue	\$224,706	\$229,200	\$233,784	\$238,460	\$243,229
DPW Revenue	\$622,200	\$630,998	\$639,927	\$645,969	\$652,072
Park					
Program Revenue	\$52,265	\$182,557	\$185,308	\$187,187	\$189,085
Other Revenue	\$722,665	\$734,579	\$746,788	\$765,618	\$775,533
Total Revenues	\$3,155,813	\$3,334,321	\$3,386,149	\$3,433,379	\$3,472,026

Major Expenditure Categories and 5-Year Forecasts

The Town reviews and reduces its operational costs where feasible. With the Town Center projection under construction, it is prudent to manage costs as the General Fund bears the burden of funding for completion of this important milestone project. *With the completion of the Town Center on the horizon, there could also be increases in operation expenses for utilities and maintenance.*

The Town has made significant policy decisions over the years that have reduced the Town's long-term liability and current operational labor costs. These included cost-sharing agreements with employees that provide that non-sworn employees pick up 1% and sworn employees pick up 3% of the *employer costs* related to retirement in addition to their own employee shares. This arrangement will continue to benefit the Town expense more significantly over time.

The Town has a cafeteria-style health benefit plan that places limits on the Town's contribution amounts. Further, the Town has eliminated employer-paid retiree healthcare. The Town has also taken steps to reduce its long-term liabilities by prudently funding its Other Post Employment Benefit (OPEB) Trust. There is currently \$8.1 million in the Trust. These measures have had a direct impact on the Town's current and future year operational costs.

The 5-Year Projections for Salaries and Benefits is shown below.

Salaries & Benefits					
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Administration	\$701,045	\$725,581	\$750,977	\$777,261	\$808,351
Finance	\$572,882	\$592,933	\$613,685	\$635,164	\$660,571
Building	\$251,428	\$260,228	\$269,336	\$278,763	\$289,914
Police	\$6,822,432	\$7,061,217	\$7,308,360	\$7,564,153	\$7,866,719
DPW	\$504,859	\$522,529	\$540,817	\$559,7465	\$582,135
Total	\$8,852,646	\$9,162,488	\$9,483,175	\$9,815,087	\$10,207,690

Major operational expenditure categories within the department budgets are *Professional Services* and *Other Technical Services*. These expenditure categories represent a variety of contract services, software licensing, and basic operational costs. These are built into the projection table below and represent services such as building and safety, maintenance services, park event services, tree maintenance, IT services, legal services, planning services, IT services, and animal control services. Services provided under contract are not Town staff. Some contract and operational costs could increase as we onboard to the new Town Center. The budget assumptions for the General Operations expenditure budgets are 3% to 4.5% year to year in the forecast. *Actual budget requirements may be slightly different as we move through the budget process.*

Operational Expenditures	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Council	67,002	70,017	72,468	74,642	76,881
Administration	143,702	150,169	155,425	160,087	164,890
Attorney	313,500	327,608	339,074	349,246	359,723
Finance	210,531	220,277	227,553	234,379	241,410
Planning	341,926	352,184	362,750	373,632	384,841
Building	944,382	986,879	1,021,420	1,052,063	1,083,625
Inter-department	927,954	969,712	1,003,652	1,029,855	1,054,119
Police	889,639	929,673	962,211	991,077	1,020,0810
DPW	1,916,638	2,002,886	2,072,987	2,135,177	2,192,600
Total Amount	\$5,755,274	\$6,009,405	\$6,217,540	\$6,400,159	\$6,578,900

Pension Liabilities

Over the years the CalPERS pension discount rate reduced from 7.5% to 7.0%. The effect of these changes is a gradual increase in the required contributions. Staff monitors the discount rate and the effects numerous changes over the years implemented by CalPERS that impact our pension liabilities.

The contribution rate set by CalPERS for Miscellaneous Employees (non-sworn) is 11.199% in FY 2020/21. It decreases to 11.06% in FY 2021/22. The contribution rate set by CalPERS for Public Safety Employees (sworn) is 25.54% in FY 2020/21. It will have a slight increase to 25.59% in FY 2021/22. As a result of the cost sharing agreements with staff, non-sworn employees contribute 1% toward the employer rate and sworn employees contribute 3%. These cost sharing payments result in operational savings to the Town of more than \$100,000 going forward.

The Town's estimated Unfunded Actuarial Liability (UAL) payments (minimum annual payments to CalPERS) look as follows:

Unfunded Accrued Liability					
Plans	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Miscellaneous	\$400,641	\$446,000	\$474,000	\$503,000	\$519,000
Public Safety	\$1,029,533	\$1,138,000	\$1,207,000	\$1,277,000	\$1,315,000
Total	\$1,430,174	\$1,584,000	\$1,681,000	\$1,780,000	\$1,834,000

The above UAL's are invoiced to the Town at the beginning of each fiscal year. Paying at the beginning of the year as a lump sum versus monthly results in a savings to the Town.

CalPERS Actuarial Reports are reviewed each year by the Finance Committee to develop an understanding of potential funding mechanisms for the Town pension liability. The Finance Committee had two meetings with CalPERS Actuary, Julian Robinson, to get a better understanding of Town pension liabilities. It was communicated that pension costs will continue to increase in the next several years. At its February 3 Study session, the Council reviewed and discussed a Memorandum from the Town's Audit and Finance Committee regarding CalPERS Actuarial Valuation Reports and funding toward payment of the Town's Pension Obligations. The Town can and will meet its pension obligations. It is recommended that given the funding requirements of the Town Center Project, once funds are available that the Council allocate prudent amounts toward pension obligations. The Finance Committee presented several recommendations for the Council to consider and the Committee will continue to explore options to include pension obligation debt and allocation of excess funds to a pension trust funds.

The FY 2019/20 Financial Reports recorded a net pension liability of \$17,644,864 (local miscellaneous and public safety). This is an increase of \$1,447,753 from the previous year. Staff will continue to present the CalPERS Actuarial Reports to the Finance Committee and work with CalPERS actuary to continue to review and discuss pension liabilities as we explore avenues to pay down unfunded pension liabilities.

Debt Service Lease Payments

The Town issued COP Lease Financing of \$6.78 million for cash flow purposes for the Town Center Project. The COP is a ten (10) year financing tool with a five (5) year call option and average annual debt service of approximately \$861,000. The first semiannual payment began December 2020. The Town anticipates that in June 2025, it will exercise the call option and retire the COP. The call option final estimated payment amount is \$4.7. Through term, the total lease financing payments is \$8,594,771.

Capital Projects

Capital Projects will be addressed in detail at Meeting #3 – May 5. The Town Center Project is the Town's major capital focus. The Town is currently working on Park Circulation Plan design review and basic capital projects (streets, drainage, bicycle-pedestrian).

Funding sources for capital projects are the following:

General Fund	Library Funds
Capital Improvement Fund	Channel Funds
Measure A, Measure W, & Measure M	Surface Transportation Funds
Gas Tax	Donations (Civic Center)
MTC transportation Funds	Remaining Parcel Tax

Fund and Reserve Balances

The Town maintains its reserve balances consistent with Town established policy. The General Fund is the Town's primary operating fund. This Fund maintains reserve balances for emergencies, operating reserves, capital reserves and unallocated reserves. The Town currently has a General Fund Committed Fund Balance *called Emergency Reserves*. The Town Council has committed to set aside 15% of the actual annual General Fund operating expenditures specifically as its Emergency Reserve each year.

The Town also has a *General Fund Operating Reserve* set at 20% of the actual annual General Fund operating expenditures. There is no defined use for the Operating Reserve. With the Town obtaining COP Lease Financing, maintaining of the operational reserve and the emergency reserves helped provide assurance and ability to maintain debt service payments in the event of an emergency.

The Town set up a *Capital Facilities Replacement Fund* in the amount of \$505,000. This was set up as for future replacement of building facilities. The Council has directed that this fund be used toward the Town Center Project. Once the project is complete, staff will return with an annual depreciation allocation of approximately \$500,000 per year that will replenish the fund.

Any remaining fund balance not reserved or committed is designated as *Unallocated Fund Balance*. This Unallocated Fund Balance represents funds that have not yet been assigned. These funds are currently committed to fund the competition of the Town Center.

The Town Center Project's original projected cash need, including the 10% contingency, was \$31.6 million. Funding for the Town Center Project included Atherton Now Donations (\$3.3 million, CIP Funds (\$2.6 million), COP funding of (\$7.516 million), Capital Facilities Reserves (\$505k), General Fund excess over several fiscal years and Unallocated General Fund Balance (\$17.6 million). As was discussed during Mid-Year review, the Town total remaining construction costs estimated amount including contingency & Furniture, Fixtures and Equipment (FF&E) for the Town Center is estimated at \$13,046,536.

Budget Process and Policy Discussions

The budget process is done in stages to allow the City Council and public time to review the General Fund Operations Budget, the Capital Improvement Budget, Special Revenues and Internal Service Funds. The budget process provides staff the opportunity to examine programs, propose changes in current services, outline operational needs and recommend capital outlay items to the City Council.

Budget Goals

As staff prepares the budget, staff will set goals for each department that continue to maintain or enhance the level of service throughout the community, while ensuring that the Town maintains its core strategy of fiscal stability. These goals are based on the overall Council Policy Goals.

POLICY FOCUS

The policy focus for this item is discussion and overview of the budget process, philosophy and assumptions. There are policy areas for Council discussion and direction. Discussion includes budget revenue and expenditure assumptions, the use of excess ERAF, contributing excess revenue toward the Construction of the Town Center project, reserve policies, and a policy focus on the reduction of long-term liabilities.

FISCAL IMPACT

None.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

The Town maintains a Fiscal Transparency web portal and includes all budget information on its website. Links to these various areas are below:

Fiscal Transparency Web Page: <http://www.ci.atherton.ca.us/index.aspx?NID=269>

Archive of Town Budgets: <http://www.ci.atherton.ca.us/index.aspx?nid=273>

Financial Data Portal (OpenGov): <http://www.ci.atherton.ca.us/index.aspx?nid=361>

Financial Audit Archive: <http://www.ci.atherton.ca.us/Archive.aspx?AMID=39&Type=&ADID=>

Actuarial Valuations Archive:
<http://www.ci.atherton.ca.us/Archive.aspx?AMID=61&Type=&ADID=>

Labor Contracts, Agreements, and Salary/Benefit Information:
<http://www.ci.atherton.ca.us/index.aspx?nid=192>

ATTACHMENTS

FY 2021/22 General Fund Five Year Forecast

								Revised				
Town of Atherton							Factor Table	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
General Fund 101							Factor-Property	0.040	0.035	0.035	0.040	0.035
Revenue & Expenditures 5-Yr Proj							Factor-Building	0.020	0.020	0.020	0.020	0.020
							Factor-Oth-Low	0.020	0.015	0.015	0.010	0.010
							Factor-Oth-High	0.020	0.020	0.020	0.020	0.020
							Salary+Benefits	0.040	0.040	0.040	0.040	0.040
							Other Admin	0.040	0.040	0.040	0.040	0.040
							Planning	0.030	0.030	0.030	0.030	0.030
	Property Tax W/O ERAF						6.25%	4.00%	3.50%	3.50%	4.00%	3.50%
							Revised Budget 2020-2021	5-Year Projection				
Account	Description	Actual	Actual	Actual	Actual	Actual		FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
		2015-2016	2016-2017	2017-2018	2018-2019	2019-20						
	Revenues											
101-00-40001-000	Secured Property Tax	6,923,099	7,515,741	8,080,982	8,662,522	9,269,350	9,828,281	10,221,412	10,579,162	10,949,432	11,387,410	11,785,969
101-00-40002-000	Unsecured	366,872	380,418	434,767	433,425	455,718	486,995	506,475	524,201	542,548	564,250	583,999
101-00-40004-000	SB813 Redemption (Suppl)	257,917	260,285	255,995	299,345	244,902	285,000	296,400	306,774	317,511	330,212	341,769
101-00-40006-000	Prop Tax in Lieu of VLF (motor veh)	943,472	1,020,888	1,096,821	1,174,444	1,196,646	908,323	944,656	977,719	1,011,939	1,052,417	1,089,251
101-00-40008-000	Excess ERAF	-	-	-					0	0	0	
101-00-40010-000	Unsecured SB813 Redemp/Suppl	3,166	9,135	4,246	6,276	565		-	-	-	-	0
101-00-42005-000	Property Transfer Tax	413,241	409,226	447,096	440,871	444,416	522,477	543,376	562,394	582,078	605,361	626,549
	Total Property Taxes	8,907,767	9,595,693	10,319,908	11,016,883	11,611,597	12,031,076	12,512,319	12,950,250	13,403,509	13,939,649	14,427,537
101-00-41001-000	Sales & Use Tax General	174,612	254,793	225,389	250,391	260,617	210,000	214,200	217,413	220,674	222,881	225,110
101-00-41002-040	Prop 172 Sales Tax for Police	83,312	85,258	87,766	92,919	92,773	95,000	96,900	98,354	99,829	100,827	101,835
101-00-41004-000	In Lieu Sales Tax/Trip Flip	165,520	23	-					0	0	0	0
	Total Sales Taxes	423,444	340,074	313,155	343,309	353,389	305,000	311,100	315,767	320,503	323,708	326,945
		61.6%	80.3%	92.1%	109.6%	102.9%	97.4%	102.0%	101.5%	101.5%	101.0%	101.0%
101-00-42001-000	Franchise Taxes-Utilities	218,407	237,035	240,215	237,574	255,629	261,000	266,220	270,213	274,266	277,009	279,779
101-00-42002-000	Franchise Tax-Cal Water	119,054	121,898	142,588	149,310	149,353	157,610	160,762	163,174	165,621	167,277	168,950
101-00-42003-000	Franchise Tax-Garbage	333,132	332,498	309,812	328,957	351,889	347,430	354,379	359,694	365,090	368,741	372,428
101-00-42004-000	Franchise Taxes-Cable	137,021	141,495	140,845	103,702	165,641	178,428	181,997	184,727	187,497	189,372	191,266
	Total Franchise Fees	807,614	832,926	833,461	819,542	922,513	944,468	963,357	977,808	992,475	1,002,400	1,012,424
		99.3%	103.1%	100.1%	98.3%	112.6%	113.3%	102.0%	101.5%	101.5%	101.0%	101.0%
101-00-40005-000	Homeowners Exemption	36,323	35,854	35,227	34,661	34,012	36,836	37,573	38,136	38,708	39,095	39,486
101-00-40007-000	Motor Veh. Lic Fees (MVLF)	4,844	3,203	3,763	3,425	5,596	3,897	3,975	4,035	4,095	4,136	4,177
	Total Intergovernmental	41,167	39,057	38,990	38,086	39,608	40,733	41,548	42,171	42,803	43,231	43,664
		104.6%	94.9%	99.8%	97.7%	104.0%	104.5%	102.0%	101.5%	101.5%	101.0%	101.0%
101-00-43001-000	Business Licenses	175,999	240,700	240,031	227,679	261,350	254,431	259,520	263,412	267,364	270,037	272,738
	Total Business License Tax	175,999	240,700	240,031	227,679	261,350	254,431	259,520	263,412	267,364	270,037	272,738
		68.5%	136.8%	99.7%	94.9%	114.8%	106.0%	102.0%	101.5%	101.5%	101.0%	101.0%
101-00-47001-000	Home Occupation Permit	300	300	600	300	300	300	306	312	318	325	331
101-00-47019-020	Zoning & Planning Fees	245,529	247,897	230,129	191,067	219,237	220,000	224,400	228,888	233,466	238,135	242,898
	Total Planning Revenue	245,829	248,197	230,729	191,367	219,537	220,300	224,706	229,200	233,784	238,460	243,229
		83.7%	101.0%	93.0%	82.9%	114.7%	95.5%	102.0%	102.0%	102.0%	102.0%	102.0%
101-00-47002-025	Building Permit Fee	880,779	1,111,832	1,165,834	1,090,343	832,533	1,000,030	1,020,031	1,040,431	1,061,240	1,082,465	1,104,114
101-00-47004-025	Grading & Drainage	70,699	65,720	67,340	58,936	59,128	64,000	65,280	66,586	67,917	69,276	70,661

Town of Atherton							Factor Table	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
General Fund 101							Factor-Property	0.040	0.035	0.035	0.040	0.035
Revenue & Expenditures 5-Yr Proj							Factor-Building	0.020	0.020	0.020	0.020	0.020
							Factor-Oth-Low	0.020	0.015	0.015	0.010	0.010
							Factor-Oth-High	0.020	0.020	0.020	0.020	0.020
							Salary+Benefits	0.040	0.040	0.040	0.040	0.040
							Other Admin	0.040	0.040	0.040	0.040	0.040
							Planning	0.030	0.030	0.030	0.030	0.030
	Property Tax W/O ERAF						6.25%	4.00%	3.50%	3.50%	4.00%	3.50%
							Revised Budget 2020-2021	5-Year Projection				
Account	Description	Actual	Actual	Actual	Actual	Actual		FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
		2015-2016	2016-2017	2017-2018	2018-2019	2019-20						
101-00-47009-025	Photocopy Fee	-						-	-	-	-	-
101-00-47021-025	Plan Check Fee	390,266	477,931	553,541	391,289	386,144	380,000	387,600	395,352	403,259	411,324	419,551
101-00-47030-025	Tree Removal Plan Check	88,212	92,625	66,079	55,503	47,129	60,970	62,189	63,433	64,702	65,996	67,316
101-00-47034-025	Contract Plan Review Services	-	-	-				-	-	-	-	-
101-00-47050-025	Penalty No Building Permit					5,509	30,000					
101-00-48502-025	Miscellaneous Income	472	366	-				-	-	-	-	-
	Total Building Revenue	1,430,428	1,748,474	1,852,795	1,596,071	1,330,443	1,535,000	1,535,100	1,565,802	1,597,118	1,629,060	1,661,642
		86.7%	122.2%	106.0%	86.1%	83.4%	# 82.8%	100.0%	102.0%	102.0%	102.0%	102.0%
101-00-44001-040	Municipal & Vehicle Code Fines	10,987	9,802	16,779	11,289	4,335	8,474	8,643	8,773	8,905	8,994	9,084
101-00-44002-040	Other Fines & Forfeiture (County)	67,068	37,036	38,354	48,280	30,459	31,238	31,863	32,341	32,826	33,154	33,486
101-00-45007-040	POST Reimb	12,625	3,376	12,218	16,750	32,571	18,060	18,421	18,698	18,978	19,168	19,359
101-00-45009-040	CALNENA Reimb	1,123	-	-				-	-	-	-	-
101-00-45011-040	DOJ Grant (vests)	-	-	-	4,999			-	-	-	-	-
101-00-45012-040	DUI Grant	3,973	1,910					-	-	-	-	-
101-00-45013-040	React Task Force Reimb	-	-	-				-	-	-	-	-
101-00-45017-040	ABAG Grant	4,117	8,296	-				-	-	-	-	-
101-00-47005-040	Other Licenses & Permit	2,527	3,151	5,246	5,480	6,297	4,014	4,094	4,156	4,218	4,260	4,303
101-00-47009-040	Photocopy Fee	241	38	362	178	212	150	153	155	158	159	161
101-00-47011-040	Alarm Sign Fees	1,227	842	1,363	3,917	1,400	1,900	1,938	1,967	1,997	2,017	2,037
101-00-47012-040	Vehicle Release	925	1,052	1,240	1,075	741	800	816	828	841	849	858
101-00-47013-040	Police Report	166	-	1		1		-	-	-	-	-
101-00-47014-040	Fingerprinting Fee	96	128	75	-			-	-	-	-	-
101-00-47015-040	Affidavit of Cost	-	-	-				-	-	-	-	-
101-00-47016-040	Special Service Fee	20,735	4,481	10,712	7,058	2,742	8,400	8,568	8,697	8,827	8,915	9,004
101-00-47017-040	Solicitor's Permit	168	124	124	31			-	-	-	-	-
101-00-47018-040	Disaster Assistance Reimb	-	-	-				-	-	-	-	-
101-00-47046-040	Alarm Permit Fee					20,141	18,300	18,666	18,946	19,230	19,422	19,617
101-00-48004-040	Sale of Property	1,419	-	760	965			-	-	-	-	-
101-00-48501-040	Donation/Contribution	-	-	-				-	-	-	-	-
101-00-48502-040	Miscellaneous Income	2,189	1,076	117	1,961	2,620	1,800	1,836	1,864	1,891	1,910	1,930
101-00-48503-040	Property Damage Reimbursement	-	-	-				-	-	-	-	-
101-00-48505-040	SRO Reimbursement				80,000	75,000		80,000	80,000	80,000	80,000	80,000
	Total Police Revenue	129,586	71,312	87,350	181,983	176,519	93,136	174,999	176,424	177,870	178,849	179,837
		#	113.3%	55.0%	122.5%	208.3%	106.6%	187.9%	100.8%	100.8%	100.6%	100.6%
101-00-45005-050	C/CAG AB 1546-vehicle regst fee	-	-	-		7,859		-	-	-	-	-
101-00-45016-058	DOC-Cal Recylce Grant						5,000					

Town of Atherton							Factor Table	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
General Fund 101							Factor-Property	0.040	0.035	0.035	0.040	0.035
Revenue & Expenditures 5-Yr Proj							Factor-Building	0.020	0.020	0.020	0.020	0.020
							Factor-Oth-Low	0.020	0.015	0.015	0.010	0.010
							Factor-Oth-High	0.020	0.020	0.020	0.020	0.020
							Salary+Benefits	0.040	0.040	0.040	0.040	0.040
							Other Admin	0.040	0.040	0.040	0.040	0.040
							Planning	0.030	0.030	0.030	0.030	0.030
	Property Tax W/O ERAF						6.25%	4.00%	3.50%	3.50%	4.00%	3.50%
							Revised Budget 2020-2021	5-Year Projection				
Account	Description	Actual	Actual	Actual	Actual	Actual		FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
		2015-2016	2016-2017	2017-2018	2018-2019	2019-20						
101-00-45019-050	ABAG Grant	-	-	-				-	-	-	-	-
101-00-45021-053	Highway Maint Reimbursement	-	71,400	35,700	35,700		35,700	35,700	35,700	35,700	35,700	35,700
101-00-47003-050	Encroachment	289,293	331,656	437,971	622,526	424,393	575,000	586,500	595,298	604,227	610,269	616,372
101-00-47009-050	Photocopy Fee	-	-					-	-	-	-	-
101-00-48503-053	Property Damage Reimb	-	-					-	-	-	-	-
	Total DPW Revenue	289,293	403,056	473,671	658,226	432,252	615,700	622,200	630,998	639,927	645,969	652,072
		102.8%	139.3%	117.5%	139.0%	65.7%	# 130.0%	101.1%	101.4%	101.4%	100.9%	100.9%
101-00-47022-058	Social Fees	60,948	102,005	84,298	93,275	85,074	4,390	4,478	85,073	86,349	87,213	88,085
101-00-47023-058	Meeting Fees	37,300	23,550	36,854	21,677	7,830	2,800	2,856	7,830	7,947	8,027	8,107
101-00-47024-058	Misc. Use Fee	-	-	-				-	-	-	-	-
101-00-47025-058	Class Fees	28,828	18,740	26,860	19,995	20,166	3,500	3,570	20,166	20,468	20,673	20,880
101-00-47028-058	Weddings	11,900	30,200	27,000	29,487	30,500	11,600	11,832	30,500	30,958	31,267	31,580
101-00-47029-058	Park Day Use Fee	10,900	12,575	10,375	12,375	6,280	15,400	15,708	6,280	6,374	6,438	6,502
101-00-47039-058	Park Rev-Admin 30% Non-Resident	25,455	33,225	28,944	33,120	30,182	11,500	11,730	30,182	30,635	30,941	31,250
101-00-47040-058	Park Rev-Admin 15% Resident	3,199	4,470	6,705	2,925	2,526	2,050	2,091	2,526	2,577	2,628	2,681
101-00-48501-058	Donation/Contribution		-				-	-	-	-	-	-
	Total Park Program Revenue	178,530	224,765	221,036	212,854	182,558	51,240	52,265	182,557	185,308	187,187	189,085
		100.3%	125.9%	98.3%	96.3%	85.8%	23.2%	102.0%	349.3%	101.5%	101.0%	101.0%
101-00-44003-000	Heritage Tree Damage Fee	-	16,800	6,400	48,870	95,820	20,000	20,400	20,706	21,017	21,227	21,439
101-00-40004-000	C & D Deposit Forfeited	4,200	104,600	268,113	601,547	27,600	265,000	70,300	71,355	72,425	82,401	83,225
101-00-45008-000	SB 90 Reimbursement	20,215	-	-				-	-	-	-	-
101-00-45016-025	DOC Grant		10,000	5,000		5,000		5,000	5,000	5,000	5,000	5,000
101-00-45017-000	ABAG Grant	-	-	-				-	-	-	-	-
101-00-45020-000	Other Reimbursements	2,452	4,683		17	5,006	2,599	2,651	2,691	2,731	2,758	2,786
101-00-47005-000	Other Licenses & Permit	3,600	-	-				-	-	-	-	-
101-00-47005-012	Other Licenses & Permit		1,875	2,100	1,950	2,325	2,100					
101-00-47008-000	Document/Research Fee	-	-	-				-	-	-	-	-
101-00-47009-000	Photocopy Fee	29	455	-				-	-	-	-	-
101-00-47031-030	Tree Inspection Fee	25,419	30,457	26,532	28,396	36,541	41,782	42,618	43,257	43,906	44,345	44,788
101-00-47036-030	Admin Citation (code enforcement)	28,600	31,700	44,900	84,200	76,700	75,000	76,500	77,648	78,812	79,600	80,396
101-00-47038-000	Banner Permit Fee	1,350	1,800	2,663	1,875	2,400	975	995	1,009	1,025	1,035	1,045
101-00-47045-000	Drone Application Fee			5,550	150		750	765	776	788	796	804
101-00-48001-000	Interest Income	105,469	48,009	190,679	726,088	570,793	135,000	115,700	117,436	119,197	120,389	121,593
101-00-48002-000	Cell Antenna Lease	50,665	53,198	55,858	58,651	56,390	63,920	67,116	70,472	73,995	77,695	81,580
101-00-48003-000	Property Rental - Playschool	78,118	79,810	82,153	85,512	73,303	87,897	87,897	89,215	90,554	91,459	92,374
101-00-48004-000	Sale of Property	-	-	350				-	-	-	-	-

Town of Atherton							Factor Table	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
General Fund 101							Factor-Property	0.040	0.035	0.035	0.040	0.035
Revenue & Expenditures 5-Yr Proj							Factor-Building	0.020	0.020	0.020	0.020	0.020
							Factor-Oth-Low	0.020	0.015	0.015	0.010	0.010
							Factor-Oth-High	0.020	0.020	0.020	0.020	0.020
							Salary+Benefits	0.040	0.040	0.040	0.040	0.040
							Other Admin	0.040	0.040	0.040	0.040	0.040
							Planning	0.030	0.030	0.030	0.030	0.030
	Property Tax W/O ERAF						6.25%	4.00%	3.50%	3.50%	4.00%	3.50%
							Revised Budget 2020-2021	5-Year Projection				
Account	Description	Actual	Actual	Actual	Actual	Actual		FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
		2015-2016	2016-2017	2017-2018	2018-2019	2019-20						
101-00-48005-000	Post Office	7,869	7,550	7,207	6,751	2,127	2,800	2,856	2,899	2,942	2,972	3,001
101-00-48501-000	Donations/Contributions			3,377		100		-	-	-	-	-
101-00-48502-000	Miscellaneous Income	1,572	8,691	5,786	10,104		2,300	2,346	2,381	2,417	2,441	2,465
101-00-48505-000	Escheated Unclaimed Property	-	-	-					-	-	-	-
101-00-48507-000	Settlement/Claims	-	7,328	-	6,638	4,619	10,760	10,975	11,140	11,307	11,420	11,534
101-00-48508-000	COVID-19 RELIEF FUND			297			86,813					
101-00-48510-000	Atherton 2020 Lease COP					7,680,000		-	-	-	-	-
	Total Misc. Revenues	329,558	406,956	706,965	1,660,748	8,638,723	797,696	506,118	515,984	526,115	543,538	552,032
		42.8%	123.5%	173.7%	234.9%	520.2%	112.8%	63.4%	101.9%	102.0%	103.3%	101.6%
	Total Operating Revenues	12,959,215	14,151,210	15,318,089	16,946,749	24,168,488	16,888,780	17,203,232	17,850,372	18,386,776	19,002,089	19,561,203
							-					
	Expenditures	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
	City Council Department	37,660	39,105	111,327	43,638	27,116	64,117	67,002	70,017	72,468	74,642	76,881
	Administration Department	683,315	794,667	774,241	795,819	875,808	873,638	844,747	875,750	906,401	937,348	973,241
	City Attorney Department	163,798	157,334	167,712	225,011	388,662	300,000	313,500	327,608	339,074	349,246	359,723
	Finance Department	578,114	654,304	666,077	701,754	768,780	790,189	783,413	813,209	841,238	869,543	901,981
	Planning Department	208,655	228,549	281,801	266,525	296,502	353,383	341,926	352,184	362,750	373,632	384,841
	Building Department	1,054,429	1,200,876	1,275,633	1,191,448	1,095,558	1,226,800	1,195,811	1,247,108	1,290,757	1,330,826	1,373,538
	Inter-dept	343,635	341,674	461,119	624,018	892,801	887,994	1,328,595	1,415,712	1,477,652	1,532,855	1,573,119
	Police Department	6,027,820	6,521,887	6,796,760	7,494,480	7,621,569	8,383,779	8,741,604	9,128,890	9,477,571	9,832,230	10,202,528
	Public Works Department (adj)	1,480,198	1,488,839	1,518,890	1,649,833	1,666,529	2,441,964	2,421,496	2,525,415	2,613,804	2,694,923	2,774,736
	Total Operating Expenditures	10,577,624	11,427,235	12,053,559	12,992,527	13,633,325	15,321,864	16,038,094	16,755,893	17,381,714	17,995,246	18,620,590
		91.1%	108.0%	0.0%	0.0%	0.0%	127.1%	104.7%	104.5%	103.7%	103.5%	103.5%
	Excess (Deficiency) of Revenues Over Expenditures	2,381,590	2,723,974	3,264,530	3,954,222	10,535,163	1,566,916	1,165,138	1,094,479	1,005,062	1,006,843	940,613
	Other Financing Sources/(Uses)											
	Special Parcel Tax Fund Support Sat	372,000	372,000	372,000				-	-	-	-	-
	Trsfr in/(out) Tennis Fund	-	-	-				-	-	-	-	-
	Trsfr in/(out) CIP	(2,309,041)	(4,423,138)	(165,000)	(2,532)							
	Trsfr in/(out) Road Impact Fee Fund	-	-	-								

Town of Atherton							Factor Table	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
General Fund 101							Factor-Property	0.040	0.035	0.035	0.040	0.035
Revenue & Expenditures 5-Yr Proj							Factor-Building	0.020	0.020	0.020	0.020	0.020
							Factor-Oth-Low	0.020	0.015	0.015	0.010	0.010
							Factor-Oth-High	0.020	0.020	0.020	0.020	0.020
							Salary+Benefits	0.040	0.040	0.040	0.040	0.040
							Other Admin	0.040	0.040	0.040	0.040	0.040
							Planning	0.030	0.030	0.030	0.030	0.030
	Property Tax W/O ERAF						6.25%	4.00%	3.50%	3.50%	4.00%	3.50%
							Revised Budget 2020-2021	5-Year Projection				
Account	Description	Actual	Actual	Actual	Actual	Actual		FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
	ERAF	1,066,958	1,103,185	1,280,172	1,691,772	1,784,091	1,863,658	1,100,000	1,000,000	1,000,000	1,000,000	1,000,000
	Trsfr in/(out) COP DEBT SERVICE	(680,684)		(92,118)			(837,930)	(861,000)	(861,000)	(861,000)		
	Trsfr in/(out) Workers Compensation	(631,243)	(112,998)	(357,140)	(235,397)	(110,000)						
	Transfer out Const.406-COP Funds					(1,551,164)	(5,965,635)	(9,249,160)			(4,738,202)	
	Trsfr in/(out) Facilities Construction F	(614,000)	-	-		(6,192,783)		(3,797,376)				
	Total Transfers In/(Out)	(2,796,010)	(3,060,951)	1,037,914	1,453,844	(6,069,856)	(4,939,907)	(12,807,536)	139,000	139,000	(3,738,202)	1,000,000
		-186.7%	109.5%	-33.9%	140.1%	-417.5%	-475.9%	259.3%	-1.1%	100.0%	-2689.4%	-26.8%
	Incr/(Decr) of Bldg Dept Operating Reserve						-	-	-	-	-	-
	Incr/(Decr) of General Fund Reserve	(414,420)	(336,977)	4,302,444	5,408,066	4,465,308	(3,372,991)	(11,642,398)	1,233,479	1,144,062	(2,731,359)	1,940,614
	Net Change in Fund Balance	(414,420)	(336,977)	4,302,444	5,408,066	4,465,308	(3,372,991)	(11,642,398)	1,233,479	1,144,062	(2,731,359)	1,940,614
	Beginning Fund Balance	13,613,957	13,199,537	12,862,560	17,165,004	22,573,069	27,038,377	23,665,386	12,022,988	13,256,467	14,400,529	11,669,170
	Ending Fund Balance	13,199,537	12,862,560	17,165,004	22,573,069	27,038,377	23,665,386	12,022,988	13,256,467	14,400,529	11,669,170	13,609,784
							137.9%	50.8%	110.3%	108.6%	81.0%	116.6%
	Fund Balance Schedule											
	Building Reserve	505,000	505,000	505,000	505,000	505,000	505,000	505,000	505,000	505,000	505,000	505,000
	15% Emergency Reserve	1,586,644	1,714,085	1,808,034	1,948,879	2,044,999	2,298,280	2,405,714	2,513,384	2,607,257	2,699,287	2,793,088
	Reserve to pay off side funds											
	20% Reserve	2,115,525	2,285,447	2,410,712	2,598,505	2,726,665	3,064,373	3,207,619	3,351,179	3,476,343	3,599,049	3,724,118
	Reserved for OPEB											
	Available Fund Balance	8,992,369	8,358,028	12,441,258	17,520,685	21,761,713	17,797,734	5,904,655	6,886,904	7,811,929	4,865,834	6,587,577
	Ending Fund Balance	13,199,537	12,862,560	17,165,004	22,573,069	27,038,377	23,665,386	12,022,988	13,256,467	14,400,529	11,669,170	13,609,784
							137.9%	50.8%	110.3%	108.6%	81.0%	116.6%



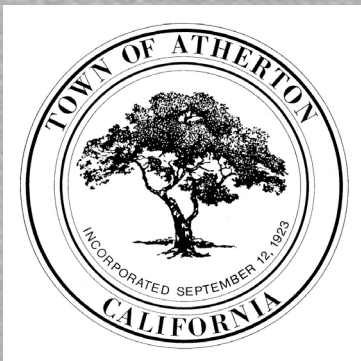
Town of Atherton

2021/2022

Budget Study Session

Budget Kick-Off & Overview

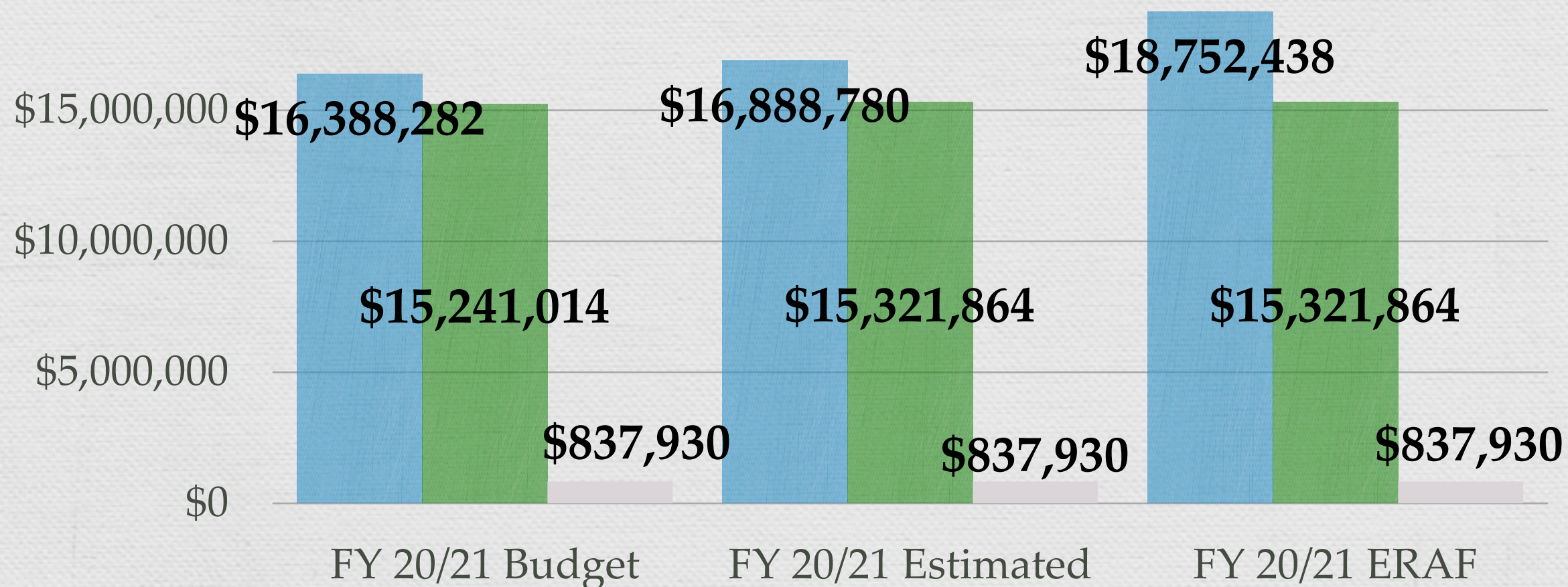
- FY 2020/21 Year-End Projected Fiscal Condition
- Major Revenue Sources & 5-Year Forecasts
- Major Expenditure Categories & 5-Year Forecasts
- Budget Process & Discussion
- Budget Calendar



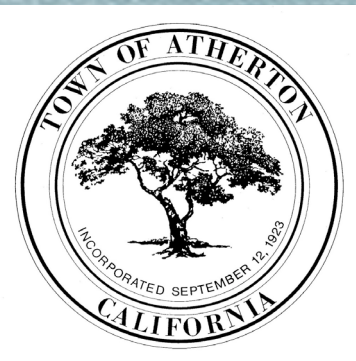
General Fund Revenues to Expenditures

(Impact to Fund Balance)

■ Revenues ■ Expenditures ■ Transfers Out



Over/(Under): \$309,338 \$728,986 \$2,592,644



Fund Balance and Reserves

FY 2020/21 Expenditures (Adjusted)	\$15,321,864
Projected FY 20/21 Ending Fund Balance	\$23,665,384
15% Emergency Reserve	\$2,298,280
20% Contingency Reserve	\$3,064,373
TOTAL RESERVE REQUIREMENT	\$5,362,653
Less Above Reserve Requirement = General Fund Unallocated Reserves Balance	\$18,302,731
Capital Facilities Replacement Reserve included above Unallocated	\$505,000

GF Major Revenue Sources

5-Year Forecasts

- Property Tax (~70% of GF Revenue)
- Building Fees (~9% of GF Revenue)
- ERAF (~7% - below the line- of GF revenue)

GF Major Revenue Sources

5-Year Forecasts

Major Revenues	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Property Taxes	\$12,512,319	\$12,950,250	\$13,403,509	\$13,939,649	\$14,427,537
Building Fees	\$1,535,100	\$1,565,802	\$1,597,118	\$1,629,060	\$1,661,642
Excess ERAF	\$1,100,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Total Revenues	\$15,147,419	\$15,516,052	\$16,000,627	\$16,568,709	\$17,089,179

Property Taxes are projected at 3.5% to 4% (4% in 21/22)

Building Fees are projected at 2%

ERAF projected approx. \$1.1 to 1 M as "below the line" revenue

GF Other Revenue Sources

5-Year Forecasts

Major Revenues	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Sales/Use Tax	\$311,100	\$315,767	\$320,503	\$323,798	\$326,945
Franchise Fees	\$963,357	\$977,808	\$992,475	\$1,002,400	\$1,012,424
Business License	\$259,520	\$263,412	\$267,364	\$270,037	\$272,738
Planning	\$224,706	\$229,200	\$233,784	\$238,460	\$243,229
DPW	\$622,200	\$630,998	\$639,927	\$645,969	\$652,072
Park	\$52,265	\$182,557	\$185,308	\$187,187	\$189,085
Other	\$722,665	\$734,579	\$746,788	\$765,618	\$775,533
Total	\$3,155,813	\$3,334,321	\$3,386,149	\$3,433,379	\$3,472,026

Above Revenues are projected conservatively at 1%-2%

GF Major Expenditures 5-Year Forecasts

- Operations (~% of budget)
 - Admin – ~5.7%
 - Finance - ~ 5.1%
 - Building - ~ 8%; Planning ~ 2.3%
 - Inter/OPEB - ~5.7%
 - Police – ~54.7%
 - DPW - ~15.9%

Major Components of Operational Expenses

- Labor Costs (forecasting forward @ 3.5%; 4% last two years)
- Pension Costs
 - 2021/22 Local Miscellaneous – 11.06%
 - 2021/22 Local Safety – 25.54%

Actual Amount is 1% less for Miscellaneous & 3% Less for Public Safety

- OPEB ARC – There is currently \$8.1 Million in the Trust on a Town allocation of \$5 Million.
- Operational Expenses (forecasting forward 4.5% to 3.5%)
- CalPERS UAL – Misc. \$400K; Public Safety \$1.029M

Major Components of Operational Costs

- Significant Professional Service Contracts
 - Building Contract & IT Services
 - MCE
 - Contract Custodial Services
 - Park Event Services
 - Planning Services
 - Legal Services

Unfunded Accrued Liability

	Unfunded Accrued Liability				
PLANS	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Miscellaneous	\$400,641	\$446,000	\$474,000	\$503,000	\$519,000
Public Safety	\$1,029,533	\$1,138,000	\$1,207,000	\$1,277,000	\$1,315,000
Total	\$1,430,174	\$1,584,000	\$1,681,000	\$1,780,000	\$1,834,000

- UAL amounts invoiced at beginning of each FY
- FY 2020/21 UAL Payments:
 - Miscellaneous - \$333K
 - Public Safety - \$860K

Reserve Balances

- General Fund (GF) Committed Fund Balance –
 - Emergency Reserve - 15% of *actual* GF op. expenditures
 - Operating Reserve - 20% of *actual* GF op. expenditures
- Unallocated Fund Balance –
 - Any remaining balance not reserved, committed, or specifically assigned.
 - Currently, the Unallocated Fund Balance is being used for Town Center although not budgetarily assigned.

Summary & Forecast

General Fund	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Major Revenue	\$15,147,419	\$15,516,052	\$16,000,627	\$16,568,709	\$17,089,179
Other Revenue	\$3,155,813	\$3,334,321	\$3,386,149	\$3,433,379	\$3,472,026
Total Revenue	\$18,303,232	\$18,850,373	\$19,386,776	\$20,002,088	\$20,561,205
Salaries/Benefits	(\$8,852,646)	(\$9,162,488)	(\$9,483,175)	(\$9,815,087)	(\$10,207,690)
Op Ex	(\$5,755,274)	(\$6,009,405)	(\$6,217,540)	(\$6,400,159)	(\$6,578,900)
CalPERS UAL	(\$1,430,174)	(\$1,584,000)	(\$1,681,000)	(\$1,780,000)	(\$1,834,000)
Debt Service	(\$861,000)	(\$861,000)	(\$861,000)		
Town Center	(\$13,046,536)				
COP Call Option				(\$4,738,202)	
Net to Fund Balance Over/(Under)	(\$11,642,398)	\$1,233,479	\$1,144,062	(\$2,731,359)	\$1,940,614

ERAF is included as Major Revenue

The above does not represent **actual** budgeted expectations year over year.
Annual requirements will be different as we go through the budget process.

Fund Balance Projections

General Fund	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Beginning Balance	\$23,665,386	\$12,022,988	\$13,256,467	\$14,400,529	\$11,669,170
Projected Over/(Under)	(\$11,642,398)	\$1,233,479	\$1,144,062	(\$2,731,359)	\$1,940,614
Est. Ending Fund Balance (including Reserves)	\$12,022,988	\$13,256,467	\$14,400,528	\$11,669,170	\$13,609,784
Remaining Unallocated Fund Balance	\$5,904,655	\$6,886,904	\$7,811,929	\$4,865,834	\$6,587,577

➤ **Does Not Include:**

General Fund allocations to Capital Projects beyond the Town Center Project in FY 2021/22
One-Time Payoff of the Bayfront Canal Debt Service
(Est \$135K annual reductions are part of the Property Tax Revenue)

➤ **Does Include:**

Additional allocations to the Building Facilities Capital Reserve of \$505,000 per year

> Remaining Unallocated Fund Balance is a Rolling Balance <

Process/Discussion/Calendar

- Operations Budget – April 7
- Capital Improvement Budget – May 5
- Budget Study Session – June 2
- Budget Adoption – June 16



Town of Atherton

Questions?