

**From:** [Phil Koen](#)  
**To:** [Gitta Ungvari](#); [Laurel Prevetti](#)  
**Cc:** [Mary Badame](#); [Linda Reiners](#); [Wendy Wood](#)  
**Subject:** Mid - Year report  
**Date:** Tuesday, January 9, 2024 8:20:10 AM  
**Attachments:** [Pages from MEET-Packet-73dd39da048d496eae5e1d18a27745ed\(7\).pdf](#)

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[EXTERNAL SENDER]

Hello Gita and Laurel,

I know staff will shortly begin working on the mid-year review for our next meeting. This will be a critical FC meeting since we will begin to address Staff's concern of a structural deficit and have a first look at a new 5 year forecast.

Last year, see attached, I requested slight changes to the format the Town used in analyzing year to date progress. Those requests were not addressed.

This year I would greatly appreciate Staff preparing these schedules so the public, FC and the TC can more clearly understand the Town's financial position. Using a budget vs actual format which is consistent with the ACFR makes a lot of sense.

The Town's format is not a traditional P&L but rather a sources and uses of funds that focuses on balancing sources and uses. The P&L report will highlight whether there is an operating surplus or deficit projected for FY 24. Both views are needed

I'll be happy to meet with you to discuss, but the request is fairly simple.

Thank you for your help and support.

Phil Koen

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**Subject:** FW: Mid-Year Update Review Request  
**Attachments:** Mid Year revie- General Fund Budget vs Actual.pdf; FY 23 General Fund and Capital Fund - Budget.pdf

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**From:** Phil Koen  
**Sent:** Thursday, January 19, 2023 10:21 PM  
**To:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>  
**Cc:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>; Arn Andrews <[aandrews@losgatosca.gov](mailto:aandrews@losgatosca.gov)>; Rick Tinsley  
**Subject:** Mid-Year Update Review Request

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**EXTERNAL SENDER**

Hello Laurel,

Please find attached two schedules – the first is the mid-year budget vs actual schedule used last year for the budget update discussion in February and the other schedules are the general fund and capital project fund budgets found in the FY 23 budget book.

I would request that the Staff prepare 1 additional schedule for the mid-year budget review which will show FY 22 actuals, FY 23 year to date actuals, a most probable FY 23 year forecast and the adopted FY 23 Budget and variances using the same revenue and expense classifications found in the budget book. This will provide insight into budget vs actual variances for revenue and expense categories (such as salaries and operating expenditure) that were used in preparing the FY 23 budget and the 5-year forecast. Since 67% of the general fund expenditures comprise salary and benefits, being able to gain insight as to how those expenses are tracking would be valuable. This type of analysis has never been presented at a mid-year review.

Additionally, using in the budget book format will highlight the change in fund balances as opposed to the sources and uses format which does not show the impact on fund balances. This will quickly show whether the Town is structurally balanced and will provide the reader with a better understanding of the Town's evolving financial condition.

The information to populate this one additional schedule should not require much effort and the benefits would be significant. I realize you are concerned about staff workload, but I believe this report is well worth the minimal extra effort to prepare it.

Please let me know if you have any questions. Thank you.

Phil Koen

GENERAL FUND  
SUMMARY OF REVENUES AND EXPENDITURES

*Q1+Q2  
actuals*

*var  
a-b*

	FY 2020/21 Actuals	FY 2020/21 Q2	Q2% of FY 2019/20 Actuals	Q2% of FY 2020/21 Adjusted Budget	FY 2021/22 Q2	FY 2021/22 Adjusted Budget	FY 2021/22 Estimated YE Including Mid-Year Proposed
<b>Revenues</b>							
Property Tax	\$ 15,826,162	\$ 5,481,928	34.6%	36.3%	\$ 5,761,081	\$ 15,881,866	\$ 15,401,391
VLF Backfill Property Tax	4,052,672	-	0.0%	0.0%	-	4,154,320	4,229,462
Sales & Use Tax	6,794,218	2,429,968	35.8%	29.7%	2,143,460	7,213,540	7,069,045
Measure G Sales & Use Tax	1,139,386	383,684	33.7%	42.8%	412,881	964,319	1,173,733
Franchise Fees	2,499,463	807,883	32.3%	37.3%	968,181	2,597,630	2,503,560
Transient Occupancy Tax	1,044,820	399,620	38.2%	77.4%	711,861	920,040	1,400,000
Business License Tax	1,386,943	224,388	16.2%	13.4%	167,942	1,250,000	1,250,000
Licenses & Permits	2,999,711	1,494,487	49.8%	82.5%	2,180,000	2,641,779	3,065,997
Intergovernmental	1,573,697	818,352	52.0%	9.5%	370,615	3,881,836	1,130,125
Town Services	4,835,962	3,691,233	76.3%	100.5%	3,854,415	3,834,579	4,152,549
Fines & Forfeitures	103,467	31,638	30.6%	58.4%	118,809	203,450	218,120
Interest	876,460	(1,485,278)	-169.5%	-15.4%	(85,001)	551,233	551,233
GASB 31 to Market	(780,399)	517,744	-66.3%	114.7%	(126,168)	(110,000)	(110,000)
Use of Property	36,372	-	0.0%	-	-	-	-
Miscellaneous Other	335,906	1,367,206	407.0%	24.4%	153,036	626,631	964,163
Park Construction Tax	14,921	-	-	-	7,680	7,000	8,280
Debt Service - Entry Eliminated for ACFR	1,908,494	-	0.0%	0.0%	-	1,899,850	1,899,850
ARPA Income Replacement - Entry Eliminated for ACFR	79,176	-	-	-	-	-	-
Proceeds for Sales of Assets	1,201,369	-	0.0%	-	-	-	-
Fund Transfer In	652,056	104,659	16.1%	16.5%	104,659	633,352	633,352
<b>Total Revenues &amp; Transfers In</b>	<b>\$ 46,580,856</b>	<b>\$ 16,267,512</b>	<b>35%</b>	<b>36%</b>	<b>\$ 16,743,451</b>	<b>\$ 47,151,425</b>	<b>\$ 45,540,860</b>
<b>Use of Other Funding Sources:</b>							
Use of Reserves - Capital/Special Projects - Capital	\$ 3,401,479	\$ -	0.0%	0.0%	\$ -	\$ 550,000	\$ 550,000
Use of Reserves - Capital/Special Projects - Other	-	-	-	-	-	\$ 250,596	\$ 250,596
Use of Reserve - Pension/OPEB	\$ 4,532,500	-	-	-	-	-	-
Use of Reserve - Accumulated Measure G	-	-	-	-	-	590,581	590,581
Use of Reserves - Surplus Property	-	-	-	-	-	1,200,000	1,200,000
Use of ARPA - Income Replacement	-	-	-	-	-	-	1,444,021
Use of ARPA - Community Grants	-	-	-	-	-	550,000	-
<b>Total Other Funding Sources</b>	<b>\$ 7,933,979</b>	<b>\$ -</b>	<b>0%</b>	<b>0%</b>	<b>\$ -</b>	<b>\$ 3,141,177</b>	<b>\$ 4,035,198</b>
<b>Total Revenues and Use of Reserves</b>	<b>\$ 54,514,835</b>	<b>\$ 16,267,512</b>	<b>30%</b>	<b>33%</b>	<b>\$ 16,743,451</b>	<b>\$ 50,292,602</b>	<b>\$ 49,576,058</b>
<b>Expenditures</b>							
Town Council	\$ 192,280	\$ 99,787	51.9%	45.2%	91,800	\$ 202,891	\$ 193,559
Attorney	537,296	311,520	58.0%	33.8%	226,341	669,733	554,137
Administrative Services	4,667,995	2,467,813	52.9%	45.3%	2,584,905	5,701,385	5,501,110
Non- Departmental	8,642,563	4,437,554	51.3%	32.0%	1,159,874	3,628,466	4,046,008
Community Development	4,994,391	2,589,502	51.8%	63.4%	3,460,301	5,461,716	5,094,473
Police	16,570,836	9,041,998	54.6%	47.6%	8,266,574	17,376,333	17,289,979
Parks & Public Works	8,175,987	4,185,306	51.2%	46.7%	4,020,953	8,605,418	8,332,422
Library	2,828,873	1,445,899	51.1%	44.4%	1,356,415	3,053,708	2,886,606
Capital Outlay	2,365	-	-	-	-	-	-
<b>Total Department Expenditures</b>	<b>\$ 46,612,586</b>	<b>\$ 24,579,379</b>	<b>53%</b>	<b>47%</b>	<b>\$ 21,167,163</b>	<b>\$ 44,699,650</b>	<b>\$ 43,898,294</b>
Debt Service - Entry Eliminated for ACFR	\$ 1,908,494	\$ -	0.0%	0.0%	\$ -	\$ 1,899,850	\$ 1,899,850
ARPA Income Replacement - Entry Eliminated for ACFR	\$ 79,176	-	-	-	-	-	-
Transfers Out	3,401,479	-	0.0%	0.0%	-	2,801,047	2,801,047
<b>Total Additional Non-Departmental Expenditures</b>	<b>\$ 5,389,149</b>	<b>\$ -</b>	<b>0%</b>	<b>0%</b>	<b>\$ -</b>	<b>\$ 4,700,897</b>	<b>\$ 4,700,897</b>
<b>Total Operating Expenditures</b>	<b>\$ 52,001,735</b>	<b>\$ 24,579,379</b>	<b>47%</b>	<b>43%</b>	<b>\$ 21,167,163</b>	<b>\$ 49,400,547</b>	<b>\$ 48,599,191</b>
Allocate to Budget Stabilization/Catastrophis Reserve	65,764	-	-	-	-	-	-
Allocate to Compensated Absences	110,509	-	-	-	-	-	-
Allocate to Surplus Property Reserve	1,200,000	-	-	-	-	-	-
Allocate to Sale of Property Reserve	5,302	-	-	-	-	-	-
Allocate to Pension/OPEB Reserve	300,000	-	-	-	-	-	-
Allocate to Measure G - Capital	-	-	-	-	-	482,160	586,867
Allocate to Restricted Pension Trust	-	-	-	-	-	390,000	390,000
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 831,525</b>	<b>\$ (8,311,867) *</b>			<b>\$ (4,423,712) *</b>	<b>\$ 19,895</b>	<b>\$ -</b>

\*FY 2020/21 and FY 2021/22 Q2 Net Operating Revenues are negative because some revenues budgeted for the entire fiscal year are received in the third or fourth quarters and fund expended in the first or second quarters.

\*\* FY 2021/22 General Fund Budget included the ARPA revenue receipt, now the ARPA revenue is budgeted in a Special Revenue Fund.

# **TOTAL TOWN** **REVENUES AND EXPENDITURES**

## **GENERAL FUND**

	GENERAL FUND				
	2018/19	2019/20	2020/21	2021/22	2022/23
	Actuals	Actuals	Actuals	Estimated	Adopted
<b>REVENUES</b>					
Property Tax	\$ 13,636,099	\$ 14,454,513	\$ 15,826,162	\$ 15,908,858	\$ 16,551,544
VLF Backfill	3,685,247	3,875,914	4,052,672	4,229,462	4,356,350
Sales & Use Tax	7,930,021	6,535,034	6,794,218	7,497,873	7,934,189
Measure G - District Sales Tax	228,131	996,391	1,139,386	1,173,733	1,240,755
Franchise Fees	2,475,916	2,495,792	2,499,463	2,435,800	2,493,870
Transient Occupancy Tax	2,692,043	1,869,685	1,044,820	1,475,000	1,642,460
Other Taxes	1,526,894	1,357,080	1,386,943	1,425,000	1,387,500
Licenses & Permits	3,059,894	2,696,457	2,999,711	3,065,997	2,757,029
Intergovernmental	945,191	1,104,075	1,573,697	1,130,125	1,051,814
Town Services	4,648,904	4,447,213	4,835,962	4,295,407	4,235,261
Internal Svc Reimbursement	-	-	-	-	-
Fines & Forfeitures	510,266	271,117	103,467	218,120	201,750
Interest	1,682,347	2,266,134	96,061	441,233	432,947
Other Sources	6,093,211	1,381,187	2,217,072	1,140,853	3,287,749
Debt Service Reimbursement	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713
Transfers In	1,578,911	599,669	1,833,218	633,352	538,536
<b>TOTAL REVENUES</b>	<b>\$ 52,602,148</b>	<b>\$ 46,255,285</b>	<b>\$ 48,311,346</b>	<b>\$ 46,970,663</b>	<b>\$ 50,005,467</b>
<b>EXPENDITURES</b>					
Salaries & Benefits	\$ 26,803,225	\$ 28,933,568	\$ 30,297,504	\$ 30,160,568	\$ 35,472,825
Operating Expenditures	11,955,327	13,397,031	14,276,602	9,849,151	9,318,742
Grants & Awards	248,533	274,249	298,303	800,000	241,000
Fixed Assets	38,307	138,384	2,365	-	-
Interest	-	-	52,011	-	-
Internal Service Charges	2,527,470	2,188,211	2,314,305	2,619,672	2,711,652
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713
Transfers Out	2,785,220	8,053,847	4,582,641	3,423,211	3,006,978
<b>TOTAL EXPENDITURES</b>	<b>\$ 46,267,155</b>	<b>\$ 54,890,314</b>	<b>\$ 53,732,225</b>	<b>\$ 48,752,452</b>	<b>\$ 52,644,910</b>
<b>Net Increase (Decrease)</b>	<b>6,334,993</b>	<b>(8,635,029)</b>	<b>(5,420,879)</b>	<b>(1,781,789)</b>	<b>(2,639,443)</b>
<b>Beginning Fund Balance</b>	<b>31,635,533</b>	<b>37,970,526</b>	<b>29,335,497</b>	<b>23,914,618</b>	<b>22,132,829</b>
<b>Ending Fund Balance</b>	<b>\$ 37,970,526</b>	<b>\$ 29,335,497</b>	<b>\$ 23,914,618</b>	<b>\$ 22,132,829</b>	<b>\$ 19,493,386</b>

\* Year End Fund Balance represents General Fund 111 (Long Term Compensated Absences were accounted in Fund 961 prior to FY 2018/19, Pension Trust Fund 731 was incorporated in FY 2018/19).

**TOTAL TOWN**  
**REVENUES AND EXPENDITURES**

**CAPITAL PROJECT FUNDS**

	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimated	2022/23 Adopted
<b>REVENUES</b>					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	28,390	34,437	67,146	34,562	30,000
Licenses & Permits	844,064	1,153,364	1,340,530	764,465	1,074,300
Intergovernmental	1,641,511	3,161,010	1,818,494	3,153,295	7,789,892
Town Services	52,094	223,318	34,417	306,210	-
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	127,251	158,756	122,705	35,801	36,405
Other Sources	784,085	325,607	2,239,342	1,198,207	3,016,000
CIP Proj Reimbursement	-	-	-	-	-
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	2,685,220	8,325,591	3,401,479	3,421,424	3,706,978
<b>TOTAL REVENUES</b>	<b>\$ 6,162,615</b>	<b>\$ 13,382,083</b>	<b>\$ 9,024,113</b>	<b>\$ 8,913,964</b>	<b>\$ 15,653,575</b>
<b>EXPENDITURES</b>					
Salaries & Benefits	\$ -	\$ -	\$ 31,085	\$ -	\$ -
Operating Expenditures	-	-	496	-	-
Grants & Awards	-	-	-	-	-
Fixed Assets	-	-	-	-	-
Interest	-	-	-	-	-
Internal Service Charges	-	-	-	-	-
Capital Projects	8,987,510	7,907,339	5,833,758	11,847,615	15,447,668
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	533,616	569,952	533,616	533,616	533,616
<b>TOTAL EXPENDITURES</b>	<b>\$ 9,521,126</b>	<b>\$ 8,477,291</b>	<b>\$ 6,398,955</b>	<b>\$ 12,381,231</b>	<b>\$ 15,981,284</b>
<b>Net Increase (Decrease)</b>	<b>(3,358,511)</b>	<b>4,904,792</b>	<b>2,625,158</b>	<b>(3,467,267)</b>	<b>(327,709)</b>
<b>Beginning Fund Balance</b>	<b>18,488,574</b>	<b>15,130,063</b>	<b>20,034,855</b>	<b>22,660,013</b>	<b>19,192,746</b>
<b>Ending Fund Balance</b>	<b>\$ 15,130,063</b>	<b>\$ 20,034,855</b>	<b>\$ 22,660,013</b>	<b>\$ 19,192,746</b>	<b>\$ 18,865,037</b>

**From:** [Phil Koen](#)  
**To:** [Gitta Ungvari](#)  
**Cc:** [Laurel Prevetti](#)  
**Subject:** Historical Headcount  
**Date:** Thursday, January 18, 2024 11:26:24 PM  
**Attachments:** [Historical headcount trend report.pdf](#)

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[EXTERNAL SENDER]

Gitta,

I had sent this schedule to you a number of weeks ago asking about it. This report shows an “actual” headcount for FY 2001 through FY 2004 which differs from the trend graph that is always published in the budget book. Frankly I am not sure if the Actual number reported in the attached is truly the actual number of employees on board that year. Do you know?

I also am questioning if the trend graph which was included in the budget book is plotting the trend in “funded” FTE positions or Actual FTE that were on board for each year? I believe the trend line is “funded” positions (which is different from approved and also different from actual). Can you clarify for me?

This is important since the staff has claimed the Town has managed salary escalation through lower the maintenance of lower staffing levels. This would only be true if the trend report reflected actual FTE as opposed to funded.

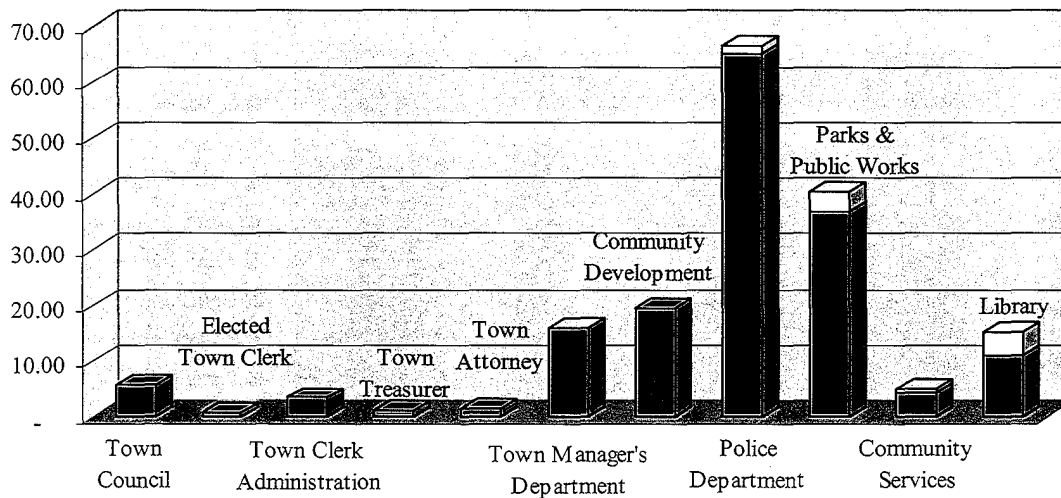
Thoughts?

Thanks,

Phil

## SUMMARY of POSITIONS

### Budgeted FTEs by Department



### FY 2004/05 Budgeted FTEs by Department (Includes Converted Temporary Hours)

Departments	Authorized Positions	Funded Staff Positions	Temporary Staff Hours converted to FTEs	Total Budgeted Positions
Town Council	5.85	5.85	0.18	6.03
Office of the Town Clerk	1.00	1.00	-	1.00
Town Clerk Administration	4.00	3.50	-	3.50
Town Treasurer	1.25	1.25	-	1.25
Town Attorney	2.75	1.50	-	1.50
Town Manager's Department	18.45	16.05	0.18	16.23
Community Development	21.00	19.60	-	19.60
Police Department	73.00	65.30	1.25	66.55
Parks & Public Works	45.00	37.00	3.27	40.27
Community Services	5.45	4.45	0.80	5.25
Library	11.75	11.10	4.70	15.80
<b>Total Positions</b>	<b>189.50</b>	<b>166.60</b>	<b>10.38</b>	<b>176.98</b>

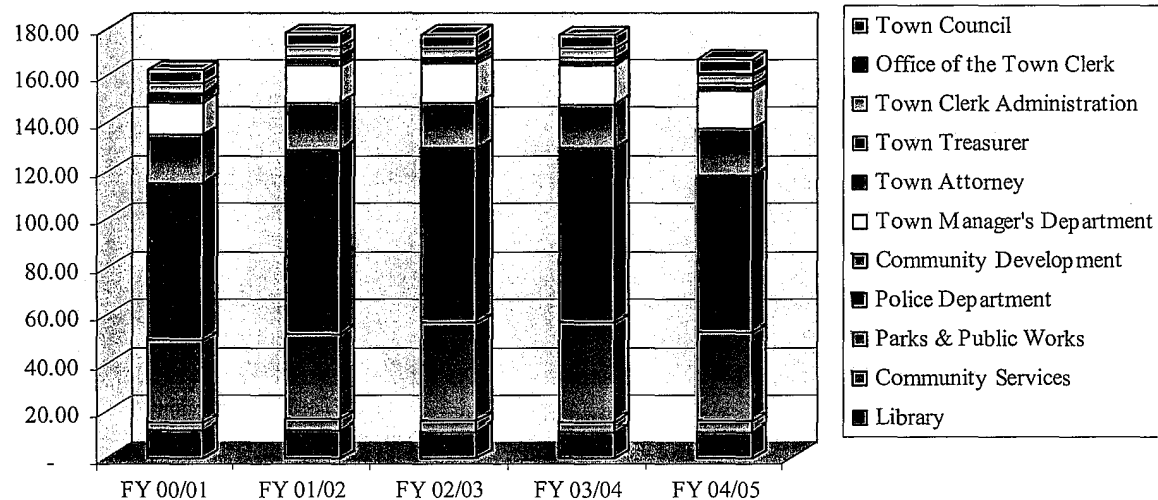
*Town Manager's Department staffing numbers include: Town Manager's Office; Human Resources; Finance & Administrative Services; and Management Information Services.*

*Temporary positions result from seasonal, temporary, and part-time labor needs.*

## SUMMARY of POSITIONS

### Funded FTEs by Department

#### Five Year Staffing Trend



Departments	FY 00/01 Actuals	FY 01/02 Actuals	FY 02/03 Actuals	FY 03/04 Actuals	FY 04/05 Proposed
Town Council	5.35	5.85	5.85	5.85	5.85
Office of the Town Clerk	-	-	-	-	1.00
Town Clerk Administration	4.00	4.00	4.00	4.00	3.50
Town Treasurer	1.25	1.25	1.25	1.25	1.25
Town Attorney	2.75	2.75	1.75	1.75	1.50
Town Manager's Department	13.50	15.20	16.30	16.30	16.05
Community Development	20.00	19.75	18.60	18.60	19.60
Police Department	66.00	77.00	73.00	73.00	65.30
Parks & Public Works	34.30	35.70	41.00	41.00	37.00
Community Services	3.25	4.70	4.45	4.45	4.45
Library	11.50	11.50	11.00	10.75	11.10
<b>Total Budgeted FTEs</b>	<b>161.90</b>	<b>177.70</b>	<b>177.20</b>	<b>176.95</b>	<b>166.60</b>

*Note - FTEs represent Town staff positions funded in annual budgets. Numbers do not reflect temporary hours or the filled or unfilled status of the positions.*



## Wendy Wood

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**From:** Phil Koen  
**Sent:** Friday, January 26, 2024 11:29 AM  
**To:** Gitta Ungvari; Laurel Prevetti  
**Subject:** Budget Monitoring

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

[EXTERNAL SENDER]

Gitta,

I thought you might find this instructive as you think about the mid-year budget review.

Phil Koen

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.gfoa.org%2Fmaterials%2Fbudget-monitoring&data=05%7C02%7CGUngvari%40osgatosca.gov%7Cb45087b62e484b6a369408dc1ea514cc%7C6d38cb6747eb4d139e7c523cd7cceed5%7C0%7C0%7C638418941576084851%7CUnknown%7CTWFpbGZsb3d8eyJWlloiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6IklhaWwiLCJXVCi6Mn0%3D%7C0%7C%7C%7C&sdata=auRirYSC06Qb%2FXXZmocd9Dp1V8ZHwLafek1H1NpXNFY%3D&reserved=0>

Sent from my iPhone