

**From:** [Phil Koen](#)  
**To:** [Jenna De Long](#)  
**Cc:** [Laurel Prevetti](#); [Gitta Ungvari](#); [Wendy Wood](#); [Gabrielle Whelan](#); [Rick Tinsley](#); [Rob Rennie](#); [Matthew Hudes](#); [Mary Badame](#)  
**Subject:** Re: January 8, 2024 Finance Commission Agenda Packet  
**Date:** Friday, January 5, 2024 8:12:46 AM  
**Attachments:** [image001.jpg](#)  
[image001.jpg](#)

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[EXTERNAL SENDER]

Hello Jenna,

Could you please distribute the FY 22 final version of the Cities Financial Transaction report to the FC as well. It is important to be able to compare the FY 22 vs FY 23 fiscal year results.

Gitta, please be prepared to discuss the major changes between the two years. There were a number of one time revenue events flowing through FY 22. It is important for the FC to understand the normalized functional and general revenue growth from FY 22 to FY 23.

By my calculation, excluding investment income (line item R05) General Revenues increased 9.5% or approximately \$3.4m year over year. The question is should we continue to expect revenue growth in the 9% range? Please note that General Revenues exclude all ARPA grant money. General Revenues on this report are almost 100% tax revenue.

Having a firm understanding of the Cities Financial Transaction Report will aid in helping the FC advise on the development of a 5 year forecast everyone can believe in.

Thank you.

Phil Koen


On Jan 4, 2024, at 5:08 PM, Jenna De Long <[JDeLong@losgatosca.gov](mailto:JDeLong@losgatosca.gov)> wrote:

Good Afternoon Commissioners,

The January 8, 2024 Finance Commission meeting agenda packet is available to view here: <https://losgatos-ca.municodemeetings.com/>

Please let us know if you require anything further at this time.

Thank you,

	<b>Jenna De Long, CMC, CPMC (She/Hers)</b> <b>Deputy Clerk</b> 110 E Main Street, Los Gatos CA 95030 <b>Phone:</b> 408.399.5730 • <b>Fax:</b> 408.399.5786 <a href="http://www.losgatosca.gov">www.losgatosca.gov</a> • <a href="mailto:jdelong@losgatosca.gov">jdelong@losgatosca.gov</a> Please consider the environment before printing this
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email.

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**From:** [Phil Koen](#)  
**To:** [Wendy Wood](#)  
**Cc:** [Gitta Ungvari](#); [Laurel Prevetti](#); [Rick Tinsley](#); [Rob Rennie](#); [Matthew Hudes](#); [Mary Badame](#)  
**Subject:** Aenda Item #7  
**Date:** Friday, January 5, 2024 9:50:15 AM  
**Attachments:** [Pages from Cities Financial Transaction Report - FY 2023.pdf](#)  
[Pages from FY-202223-ACFR.pdf](#)

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[EXTERNAL SENDER]

Hello Wendy,

Would you please include the attached as part of agenda item #7. I intend to ask staff questions about the Cities Financial Transaction report and the ARPA funds expensed as disaster preparedness at the FC meeting.

Thank you,

Phil Koen

City of Los Gatos  
Cities' Financial Transactions Report  
Statement of General and Functional Revenues - Governmental Funds  
Intergovernmental – Federal, County, and Other Taxes In-Lieu

Item 7.

Fiscal Year: 2023

Form #21

	Functional Revenues A	General Revenues B	Total Revenues C
<b>Intergovernmental – Federal</b>			
R13. Community Development Block Grant	<input type="text"/>	<input type="text"/>	<input type="text"/>
R14. Workforce Investment Act (WIA)	<input type="text"/>	<input type="text"/>	<input type="text"/>
R15. Other Federal Grants (Specify)	<input type="text" value="4,211,228"/>	<input type="text"/>	<input type="text" value="4,211,228"/>

R15a. Specify Functional Revenues

Select Expenditure Function

Functional Revenues

CERT/EMPG HOMELAND GRANTS	Disaster Preparedness	▼	<input type="text" value="11,560"/>	<input type="button" value="Delete"/>
Federal ARPA	Disaster Preparedness	▼	<input type="text" value="3,614,872"/>	<input type="button" value="Delete"/>
HAZARD MITIGATION GRANT	Disaster Preparedness	▼	<input type="text" value="60,058"/>	<input type="button" value="Delete"/>
Dept of Justice Grants	Police	▼	<input type="text" value="5,381"/>	<input type="button" value="Delete"/>
MTC OBAG	Streets/Highways/Storm Drains	▼	<input type="text" value="519,357"/>	<input type="button" value="Delete"/>
<input type="text"/>	Select	▼	<input type="text"/>	<input type="button" value="Add"/>
Total:			<input type="text" value="4,211,228"/>	

	Functional Revenues A	General Revenues B	Total Revenues C
R16. Total Intergovernmental – Federal	<input type="text" value="\$4,211,228"/>	<input type="text"/>	<input type="text" value="\$4,211,228"/>

**Intergovernmental – County**

R17. County Grants of State Gasoline Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>
R18. Other County Grants (Specify)	<input type="text" value="2,570,027"/>	<input type="text"/>	<input type="text" value="2,570,027"/>

R18.5a Specify Functional Revenues

Select Expenditure Function

Functional Revenues

VTA/TFCA Grants	Other Transportation 1	▼	<input type="text" value="900"/>	<input type="button" value="Delete"/>
SB2HCD Planning Grant	Planning	▼	<input type="text" value="160,000"/>	<input type="button" value="Delete"/>
SCC ADA Grant	Planning	▼	<input type="text" value="250,000"/>	<input type="button" value="Delete"/>
VTA Measure B	Streets/Highways/Storm Drains	▼	<input type="text" value="2,159,127"/>	<input type="button" value="Delete"/>
<input type="text"/>	Select	▼	<input type="text"/>	<input type="button" value="Add"/>
Total:			<input type="text" value="2,570,027"/>	

R18.5b Specify General Revenues

General Revenues

<input type="text"/>	<input type="text"/>	<input type="button" value="Add"/>
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	Functional Revenues A	General Revenues B	Total Revenues C
R19. Total Intergovernmental – County	<input type="text" value="\$2,570,027"/>	<input type="text" value="\$0"/>	<input type="text" value="\$2,570,027"/>

R20. Other Taxes In-Lieu (Specify)	<input type="text"/>	<input type="text"/>	<input type="text"/>
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R20.5a Specify Functional Revenues

Select Expenditure Function

Functional Revenues

City of Los Gatos  
 Cities' Financial Transactions Report  
Statement of Net Expenditures - Governmental Funds  
 General Government and Public Safety

Item 7.

Fiscal Year: 2023

Form #24

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
<b>General Government</b>			
R01. Legislative	1,360,238	50,966	1,309,272
R02. Management and Support	7,468,541	284,409	7,184,132
R10. Other General Government 1			
R11. Other General Government 2			
R12. <b>Total General Government</b>	\$8,828,779	\$335,375	\$8,493,404
<b>Public Safety</b>			
R13. Police	14,759,558	2,966,545	11,793,013
R24. Fire			
R25. Emergency Medical Service			
R26. Animal Regulation			
R27. Weed Abatement			
R28. Street Lighting			
R29. Disaster Preparedness	3,686,490	3,686,490	
R33. Other Public Safety 1			
R34. Other Public Safety 2			
R35. <b>Total Public Safety</b>	\$18,446,048	\$6,653,035	\$11,793,013

@ ARPA

3,614

**TOWN OF LOS GATOS, CALIFORNIA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General	Appropriated Reserves	ARPA	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 22,743,087	\$ -	\$ -	\$ 38,161	\$ 22,781,248
Sales Taxes	8,806,477	-	-	-	8,806,477
Transient Occupancy Taxes	2,228,190	-	-	-	2,228,190
Other Taxes	6,454	-	-	29,042	35,496
Licenses & Permits	5,630,362	181,533	-	521,780	6,333,675
Intergovernmental	1,553,396	3,358,063	3,614,872	1,619,489	10,145,820
Charges for Services	4,646,705	1,072,009	-	-	5,718,714
Fines and Forfeitures	416,950	-	-	-	416,950
Franchise Fees	3,074,624	-	-	-	3,074,624
Developer Fees	-	614,820	-	-	614,820
Interest	605,789	44,198	-	147,595	797,582
Use of Property	38,126	91,284	-	108,237	237,647
Other	859,571	-	-	125,617	985,188
Total Revenues	50,609,731	5,361,907	3,614,872	2,589,921	62,176,431
<b>EXPENDITURES</b>					
Current:					
General Government	8,828,779	-	-	-	8,828,779
Public Safety	18,446,048	-	-	-	18,446,048
Parks and Public Works	8,998,088	-	-	86,318	9,084,406
Community Development	5,065,412	-	-	-	5,065,412
Library Services	3,096,486	-	-	111,541	3,208,027
Sanitation and Other	-	-	-	204,097	204,097
Capital Outlay	300,000	6,722,633	-	1,894,442	8,917,075
Debt service:					
Principal	156,034	-	-	-	156,034
Total Expenditures	44,890,847	6,722,633	-	2,296,398	53,909,878
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,718,884</b>	(1,360,726)	3,614,872	293,523	<b>8,266,553</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Settlements	-	1,565,000	-	-	1,565,000
Gain from sale of assets	2,162	-	-	-	2,162
Transfers in	4,153,408	7,732,614	-	-	11,886,022
Transfers (out)	(7,242,939)	(427,616)	(3,614,872)	(110,920)	(11,396,347)
Total Other Financing Sources (Uses)	(3,087,369)	8,869,998	(3,614,872)	(110,920)	2,056,837
<b>NET CHANGES IN FUND BALANCES</b>	<b>2,631,515</b>	<b>7,509,272</b>	<b>-</b>	<b>182,603</b>	<b>10,323,390</b>
<b>BEGINNING FUND BALANCES</b>	<b>26,896,789</b>	<b>14,240,753</b>	<b>-</b>	<b>9,724,596</b>	<b>50,862,138</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 29,528,304</b>	<b>\$ 21,750,025</b>	<b>\$ -</b>	<b>\$ 9,907,199</b>	<b>\$ 61,185,528</b>

The notes to the financial statements are an integral part of this statement.

**From:** [Phil Koen](#)  
**To:** [Wendy Wood](#)  
**Cc:** [Gitta Ungvari](#); [Laurel Prevetti](#); [Rick Tinsley](#); [Rob Rennie](#); [Matthew Hudes](#); [Mary Badame](#)  
**Subject:** Agenda Item #7  
**Date:** Friday, January 5, 2024 10:20:25 AM  
**Attachments:** [Pages from Annual City Financial Report Review - FY 22\(1\).pdf](#)  
[Pages from FY-202122-ACFR\(2\).pdf](#)

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[EXTERNAL SENDER]

Hello Wendy,

Would you please include the attached as part of agenda item #7. This information is from the prior year's ACFR and City Financial Transaction report.

Thank you,

Phil Koen

City of Los Gatos  
Cities' Financial Transactions Report  
Statement of General and Functional Revenues - Governmental Funds  
Intergovernmental – State

Fiscal Year: 2022

Form #20

	Functional Revenues A	General Revenues B	Total Revenues C
<b>Intergovernmental – State</b>			
R01. Homeowners Property Tax Relief		44,784	44,784
R03. Gasoline Tax	1,370,786		1,370,786
R04. Peace Officers Standards and Training	63,798		63,798
R05. Off-Highway Motor Vehicle In-Lieu Fee			
R07.5 Other Intergovernmental – State (Specify)		35,624	35,624

R07.5a

**Specify General Revenues****General Revenues**

Vehicle License Fee Collection in Excess	35,624	Delete
		Add
<b>Total:</b>	35,624	

	Functional Revenues A	General Revenues B	Total Revenues C
<b>State Grants – Other</b>			
R08. Mandated Cost		7,170	7,170
R09. Public Safety – Prop. 172	526,481		526,481
R10. Public Safety – 2011			
R31. Other State Grants – Other (Specify)	10,822,032		10,822,032

R31a.

**Specify Functional Revenues****Select Expenditure Function****Functional Revenues**

Cal OES Wildfire Passthrough subgrant	Disaster Preparedness	6,900,000	Delete
Covid-19 ARPA	Disaster Preparedness	3,413,961	Delete
Library	Libraries	9,000	Delete
Tobacco Prevention Grant	Physical and Mental Health	7,000	Delete
Abandoned Vehicles	Police	49,393	Delete
Cal OES	Police	5,463	Delete
CalFire General Plan Preparation	Police	26,749	Delete
SLESF	Police	322,569	Delete
Traffic Safety CVC	Police	41,791	Delete
AB939	Solid Waste	46,106	Delete
	Select		Add
<b>Total:</b>		10,822,032	

10,313,961

	Functional Revenues A	General Revenues B	Total Revenues C
R32. <b>Total Intergovernmental – State</b>	\$12,783,097	\$87,578	\$12,870,675



City of Los Gatos  
Cities' Financial Transactions Report  
**Statement of Net Expenditures - Governmental Funds**  
General Government and Public Safety

**Fiscal Year: 2022**

Form #24

**Current Expenditures   Functional Revenues   Net Expenditures/(Excess Revenues)**

**A****B****C****General Government**

R01. Legislative	1,231,480	67,643	1,163,837
R02. Management and Support	7,822,488	243,748	7,578,740
R10. Other General Government 1	6,900,000		6,900,000
R11. Other General Government 2			
R12. <b>Total General Government</b>	\$15,953,968	\$311,391	\$15,642,577

**Public Safety**

R13. Police	16,451,190	2,812,755	13,638,435
R24. Fire			
R25. Emergency Medical Service			
R26. Animal Regulation			
R27. Weed Abatement			
R28. Street Lighting			
R29. Disaster Preparedness		10,313,961	-10,313,961
R33. Other Public Safety 1			
R34. Other Public Safety 2			
R35. <b>Total Public Safety</b>	\$16,451,190	\$13,126,716	\$3,324,474

W.F. Pass thru

ARRA 3,413,961  
W.F. 6,900,000  
P 23

DRAFT

**TOWN OF LOS GATOS, CALIFORNIA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 21,129,082	\$ -	\$ 38,640	\$ 21,167,722
Sales Taxes	8,483,673	-	-	8,483,673
Other Taxes	1,909,816	-	66,382	1,976,198
Licenses & Permits	5,096,318	420,055	538,667	6,055,040
Intergovernmental	1,263,352	9,400,918	4,828,712	15,492,982
Charges for Services	5,460,613	1,464,746	-	6,925,359
Fines and Forfeitures	319,170	-	-	319,170
Franchise Fees	2,822,515	-	-	2,822,515
Developer Fees	1,200,000	535,571	-	1,735,571
Interest	(1,404,527)	34,805	90,739	(1,278,983)
Use of Property	32,400	93,001	19,500	144,901
Other	311,040	-	38,105	349,145
Total Revenues	46,623,452	11,949,096	5,620,745	64,193,293
<b>EXPENDITURES</b>				
Current:				
General Government	9,053,968	6,900,000	-	15,953,968
Public Safety	16,451,190	-	-	16,451,190
Parks and Public Works	8,605,457	-	33,671	8,639,128
Community Development	6,313,511	-	-	6,313,511
Library Services	2,752,397	-	74,813	2,827,210
Sanitation and Other	-	-	194,969	194,969
Capital Outlay	-	9,570,780	907,890	10,478,670
Debt service:				
Principal	156,034	-	-	156,034
Total Expenditures	43,332,557	16,470,780	1,211,343	61,014,680
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,290,895</b>	<b>(4,521,684)</b>	<b>4,409,402</b>	<b>3,178,613</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain from sale of assets	2,151	-	-	2,151
Transfers in	4,047,313	4,074,141	32,853	8,154,307
Transfers (out)	(4,358,188)	(427,616)	(3,524,881)	(8,310,685)
Total Other Financing Sources (Uses)	(308,724)	3,646,525	(3,492,028)	(154,227)
<b>NET CHANGES IN FUND BALANCES</b>	<b>2,982,171</b>	<b>(875,159)</b>	<b>917,374</b>	<b>3,024,386</b>
<b>BEGINNING FUND BALANCES</b>	<b>23,914,618</b>	<b>15,115,912</b>	<b>8,807,222</b>	<b>47,837,752</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 26,896,789</b>	<b>\$ 14,240,753</b>	<b>\$ 9,724,596</b>	<b>\$ 50,862,138</b>

The notes to the financial statements are an integral part of this statement.

**From:** Phil Koen <[pkoen@monteropartners.com](mailto:pkoen@monteropartners.com)>

**Sent:** Friday, January 5, 2024 10:51:34 AM

**To:** Wendy Wood <[WWood@losgatosca.gov](mailto:WWood@losgatosca.gov)>

**Cc:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>; Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>; Rick Tinsley <[ricktinsley1@gmail.com](mailto:ricktinsley1@gmail.com)>; Rob Rennie <[RRennie@losgatosca.gov](mailto:RRennie@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Mary Badame <[MBadame@losgatosca.gov](mailto:MBadame@losgatosca.gov)>

**Subject:** Agenda Item #7

[EXTERNAL SENDER]

Hello Wendy,

Would you please include the attached as part of agenda item #7.

The question I would like Staff to be prepared to answer is the MD&A explanation regarding the year over year increase in Public Safety Expenditures entirely accurate given \$3.6m of disaster preparedness expenditures (which is primarily ARPA funds) were included in the Public Safety expenditure numbers in FY 23 and there were no like expenditures included in FY 22?

This gives the appearance that the Town increased expenditures for police services when in fact there was a 10% year over year decrease in police services expenditures in FY 23 even taking into consideration salary and benefit increases.

It would be helpful if Staff would be prepared to discuss.

Thank you,

Phil Koen

Major Governmental Funds results for the year included the following:

**TOWN OF LOS GATOS**  
**TOTAL GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>REVENUES</b>	<b>2023</b>	<b>2022</b>
Property Taxes	\$ 22,781,248	\$ 21,167,722
Sales Taxes	8,806,477	8,483,673
Other Taxes	2,263,686	1,976,198
Licenses & Permits	6,333,675	6,055,040
Intergovernmental	10,145,820	15,492,982
Charges for Services	5,718,714	6,925,359
Fines and Forfeitures	416,950	319,170
Franchise Fees	3,074,624	2,822,515
Developer Fees	614,820	1,735,571
Interest	797,582	(1,278,983)
Use of Property	237,647	144,901
Other	985,188	349,145
Total Revenues	\$ 62,176,431	\$ 64,193,293
<b>EXPENDITURES</b>		
Current:		
Public Safety	\$ 18,446,048	\$ 16,451,190
General Government	8,828,779	15,953,968
Parks and Public Works	9,084,406	8,639,128
Community Development	5,065,412	6,313,511
Library Services	3,208,027	2,827,210
Sanitation and Other	204,097	194,969
Capital Outlay	8,917,075	10,478,670
Debt Service		
Principal	156,034	156,034
Total Expenditures	\$ 53,909,878	\$ 61,014,680
Excess Revenues over Expenditures	\$ 8,266,553	\$ 3,178,613
Settlement -Shannon Road	1,565,000	-
Proceeds from sales of assets	2,162	2,151
Proceeds from issuance of debt	-	-
Transfers in	11,886,022	8,154,307
Tranfers out	(11,396,347)	(8,310,685)
Total Other Financing Sources (Uses)	\$ 2,056,837	\$ (154,227)
Net Changes in Fund Balances	10,323,390	3,024,386
Beginning/Ending Fund Balances As Restated	\$ 50,862,138	\$ 47,837,752
Ending Fund Balances	\$ 61,185,528	\$ 50,862,138

Overall, total Governmental Funds revenues finished \$2.0 million or 3.1% lower than the prior year, while total expenditures finished \$7.1 million or 11.6% lower than the prior year. One of the main reasons for the decreases are because prior year revenues and expenses included the one-time State pass-through wildfire grant in the amount of \$6.9 million. The approximate \$10.3 million increase in Total Governmental Fund balance is the net result.

General Fund revenues totaled \$50.6 million or nearly 81.4% of the total \$62.2 million in Total Governmental Fund revenues.

Total Governmental Funds revenues decreased by \$2.0 million.

Governmental Funds expenditures decreased by \$7.1 million. General Fund expenditures represent approximately \$44.9 million or 83.3% of the Total Governmental Fund expenditures of \$53.9 million compared to \$43.3 million of General Fund expenditures and total Governmental Funds expenditures of \$61.0 million in the prior year.

Increases in Public Safety expenditures from the prior year of approximately \$2.0 million were primarily due to salary and benefit cost increases resulting from labor negotiations and mandated increases in employer pension contribution rates.

Increases in Parks and Public Works and Library services expenditures from prior year of approximately \$0.8 million were primarily due to salary and benefit cost increases resulting from labor negotiations and mandated increases in employer pension contribution rates.

Decreases in Community Development were primarily due to fact that prior year expensed the \$1.2 million affordable housing loan through the Below Market Housing program.

The \$7.1 million decrease in general governmental expenditures was mainly attributable to the fact that prior year included the one-time \$6.9 million State pass-through wildfire safety grant.

Appropriated Reserves Fund capital projects fund balances increased \$7.5 million from the prior year, reflecting increased capital activity during the fiscal year. The \$1.4 million of general government and capital outlay expenditures above operating revenues was offset by \$8.9 million from other financing sources, including \$1.6 million in settlement, and \$7.3 million net transfers.

### **Proprietary Funds**

The Town's Proprietary Funds (Internal Service Funds) presented in the Fund Financial Statements section provide similar information to the Government-Wide Financial Statements and include individual segment information.

Total net position in the Internal Service Funds decreased by \$1.7 million, a combined effect of GASB 96 expense increase adjustment of \$0.2 million, a \$0.2 million increase in equipment replacement net position, a \$1.7 million decrease in FY 2022/23 due to excess expenses over revenues for workers' compensation, information technology, and general liability costs including administration, insurance premiums, and claims expense.