

From: [Phil Koen](#)
To: [Gitta Unqvari](#); [Laurel Prevetti](#)
Cc: [Linda Reiners](#); [Ashby Monk](#); [Andrew Howard](#); [Joseph Rodgers](#); [Rob Rennie](#); [Matthew Hudes](#); [Mary Badame](#); [Gabrielle Whelan](#)
Subject: General Fund Budget - according to GAAP
Date: Wednesday, May 1, 2024 2:20:35 PM
Attachments: [Pages from FY-202223-ACFR\(14\).pdf](#)

[EXTERNAL SENDER]

Hello Gitta,

For the FC to be able to evaluate the reasonableness of the FY 25 budget and make a recommendation to the TC in compliance with the Commission’s mandate, the FC must be able to understand the budget.

We previously requested Staff several months ago to prepare a schedule of revenues, expenditures, and changes in fund balance for the FY 25 GF Budget using the same format as presented in the ACFR. I have attached the relevant schedule from the 2023 ACFR again for your review.

Unfortunately, the budget book does not include such schedule making it impossible for the FC to reasonably understand the FY 25 budget in comparison to historical performance. Since historical performance is an excellent predictor of future performance, understanding the “bridge” from prior years to the FY 25 budget is critical to the FC ability to make a recommendation on the budget

taken as a whole. This can only be done if the historical results and the budget are prepared on a consistent basis.

Furthermore, at Monday's meeting, we learned that "tracking revenues and tracking" expenditures are included in schedule C-8 for FY 24. The inclusion of such "revenues and expenditures" does not conform to GAAP and would not appear in the budget vs actual expenditure analysis as presented in the ACFR.

I again respectfully request Staff to prepare a schedule which would reflect actual results for FY 21, 22 and FY 23 as reported in the ACFR (the numbers must agree to the audited numbers), a forecast for the most likely outcome for FY 24 on the same basis, and a FY 25 general fund budget also prepared on a consistent basis. I would specifically point out there is work to be done to conform FY 21, FY 22, and FY 23 "other sources of revenue" as reported in the ACFR to the other sources of revenue reported on schedule C-8. Additionally, the FY 25 budget for other sources of revenue must be consistent with historical numbers and must conform to GAAP.

Lastly, I would request that you use the same format as the ACFR report, specifically grouping all transfers in an out, as well as gains from sale of assets in a separate section

so the reader can understand how general fund revenues compare to general fund expenditures. All debt payments should also be eliminated, as required by the ACFR.

If the FC does not have access to this basic information, I don't see how it will be possible for the Commission to arrive at a recommendation. The sooner the FC can receive this information, the better.

Please let me know if you have any questions.

Thank you,

Phil Koen

If the FC does not have

**TOWN OF LOS GATOS, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 20,907,894	\$ 22,484,118	\$ 22,743,087	\$ 258,969
Sales Taxes	9,174,944	8,959,134	8,806,477	(152,657)
Transient Occupancy Taxes	1,642,460	2,348,547	2,228,190	(120,357)
Other Taxes	7,000	7,000	6,454	(546)
Licenses & Permits	4,122,529	5,140,684	5,630,362	489,678
Intergovernmental	1,051,814	1,273,910	1,553,396	279,486
Charges for Services	4,257,261	5,540,465	4,646,705	(893,760)
Fines and Forfeitures	201,750	226,750	416,950	190,200
Franchise Fees	2,493,870	2,716,470	3,074,624	358,154
Interest	432,947	670,021	605,789	(64,232)
Use of Property	41,211	41,211	38,126	(3,085)
Other	1,203,657	863,964	859,571	(4,393)
Total Revenues	45,537,337	50,272,274	50,609,731	337,457
EXPENDITURES				
Current:				
General Government:				
Town Council	217,238	217,240	186,337	30,903
Town Attorney	707,555	811,427	699,143	112,284
Administrative Services	5,298,494	5,759,393	5,302,281	457,112
Non-Departmental	3,194,526	3,334,931	2,641,018	693,913
Total General Government	9,417,813	10,122,991	8,828,779	1,294,212
Public Safety	19,225,985	19,331,330	18,446,048	885,282
Parks & Public Works	9,798,967	10,368,194	8,998,088	1,370,106
Community Development	5,772,004	6,543,199	5,065,412	1,477,787
Library Services	3,139,449	3,247,730	3,096,486	151,244
Capital Outlay	-	435,416	300,000	135,416
Debt Service:				
Principal	-	156,034	156,034	-
Total Expenditures	47,354,218	50,204,894	44,890,847	5,314,047
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,816,881)	67,380	5,718,884	5,651,504
OTHER FINANCING SOURCES (USES)				
Gain from sale of assets	600	600	2,162	1,562
Transfers In	2,183,817	3,381,544	4,153,408	771,864
Transfers Out	(3,006,978)	(5,842,011)	(7,242,939)	(1,400,928)
Total Other Financing Sources (Uses)	(822,561)	(2,459,867)	(3,087,369)	(627,502)
NET CHANGES IN FUND BALANCE	\$ (2,639,442)	\$ (2,392,487)	2,631,515	\$ 5,024,002
BEGINNING FUND BALANCE			26,896,789	
ENDING FUND BALANCE			\$ 29,528,304	

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

From: Phil Koen [REDACTED]
Sent: Thursday, May 2, 2024 7:56 AM
To: Nicolle Burnham <NBurnham@losgatosca.gov>; Gitta Ungvari <GUngvari@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>
Cc: Linda Reiners [REDACTED]; Andrew Howard [REDACTED]; Ashby Monk [REDACTED]; Joseph Rodgers [REDACTED]; Rob Rennie <RRennie@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>
Subject: GFAR Fund Project Summary

[EXTERNAL SENDER]

Nicole,

I have attached a spreadsheet I created which tracks over time a few major projects that are currently active. The source document for the data is the GRAR Fund Project Summary (B-12) for each fiscal year going back to FY 2021.

Could you explain for these projects why the total budget changes over time? I am unable to prove the total budget for a number of these projects. For example, the Shannon Road Repair total budget is \$5,376,064 yet there is only \$4,128,128 approved over time. When and how did the difference of \$1,247,936 get approved? Why is this happening and how does it impact the accuracy of B-12?

Can you also confirm the remaining funds available to spend can be computed by taking the total budget column and subtracting the expended column.

Thank you,

Phil Koen

GFAR Fund Project Summary		Expended	Carryforward	New Capital Current Year
0803	Hwy 17 Bicycle and Pedestrian Bridge			
	FY 2021	0	0	0
	FY 2022	0	946,210	0
	FY 2023	767,100	179,110	522,314
	FY 2024	107,943	665,926	0
	FY 2025	861,810	606,714	0
008	Shannon Road Repair			
	FY 2021	0	0	1,500,000
	FY 2022	63,073	1,436,927	0
	FY 2023	507,473	992,527	0
	FY 2024	361,121	2,557,449	1,814,064
	FY 2025	701,897	4,174,167	500,000
0235	Downtown Streetscape			
	FY 2021	0	1,972,384	0
	FY 2022	661,772	1,310,622	0
	FY 2023	860,786	1,952,854	0
	FY 2024	1,270,524	787,928	0
	FY 2025	2,289,007	552,633	0
6101	Enterprise Resource Planning Upgrade			
	FY 2021	292,528	77,026	0
	FY 2022	292,529	77,026	0
	FY 2023	292,528	77,026	1,200,000
	FY 2024	254,769	725,076	0
	FY 2025	1,025,736	576,817	0

New Capital Year 2	New Capital Year 3	New Capital Year 4	New Capital Year 5	Total Budgeted
946,210	0	0	0	946,210
0	0	0	0	946,210
0	0	0	0	1,468,524
0	0	0	0	773,869
0	0	0	0	1,468,524
0	0	0	0	1,500,000
0	0	0	0	1,500,000
0	0	0	0	1,075,000
0	0	0	0	4,732,634
0	0	0	0	5,376,064
0	0	0	0	1,972,384
0	0	0	0	1,972,394
0	0	0	0	2,813,640
0	0	0	0	2,058,452
0	0	0	0	2,841,640
0	0	0	0	369,554
0	0	0	0	369,554
0	0	0	0	1,589,554
0	0	0	0	979,845
0	0	0	0	1,602,553

From: Phil Koen [REDACTED]
Sent: Thursday, May 2, 2024 8:06 AM
To: Nicolle Burnham <NBurnham@losgatosca.gov>; Gitta Ungvari <GUngvari@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>
Cc: Linda Reiners [REDACTED]; Ashby Monk [REDACTED]; Andrew Howard [REDACTED]; Joseph Rodgers [REDACTED]; Rob Rennie <RRennie@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>
Subject: GFAR statement of source and use of funds - B-10

[EXTERNAL SENDER]

Hello Nicole,

Could you explain why the beginning FY 24 GFAR fund balance shown on schedule B-10 of \$21,139,281 does not agree with the GFAR fund balance of \$21,750,025 as reported in the FY 23 ACFR? Shouldn't these numbers agree? If they should agree, there is an additional \$610,744 of funds available.

Thank you,

Phil Koen