



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/20/2024

ITEM NO: 13

DESK ITEM

DATE: February 20, 2024
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Mid-Year Budget Report - July 1 - December 31, 2023:
a. Receive the FY 2023/24 Mid-Year Budget Report; and
b. Authorize Budget Adjustments as Recommended in the Mid-Year Budget Report

REMARKS:

In response to a Council Member's questions, staff has provided the following responses in Italics.

Does the FY 2023/24 Year End Estimates indicate that the GF balance is projected to increase by \$1,737,063 year over year?

The estimated General Fund surplus is not an indication of the changes of the current fiscal year end General Fund balance because the projected uses of reserves have to be considered as well. For example, there might be a scenario in which there is an estimated surplus; however, year end reserves are decreasing because of a planned use of a reserve. The FY 2023/24 Estimated General Fund Year End balance is illustrated in the table below.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Town Attorney, and Assistant Town Manager

REMARKS (continued):

	7/1/23 Actual Fund Balance	Fiscal Year 2023/24 Adjusted Budget						6/30/24 Estimated Fund Balance
		Plus		Less		Use of Reserves		
		Revenues & Carryforwards	Transfers In	Expenditures & Carryforwards	Transfers Out			
GENERAL FUND								
Unreserved Fund Balances								
<i>Undesignated Reserves</i>								
Available to be Appropriated	\$ -	\$ 56,014,683	\$ 562,411	\$ 55,245,312	\$ 1,615,000	\$ 2,020,281	\$ 1,737,063	
Restricted Fund Balances								
Reserve for Encumbrances	-	-	-	-	-	-	-	
Pension Trust	1,400,163	-	-	-	-	690,000	2,090,163	
Advance to RDA	-	-	-	-	-	-	-	
Actuarial	-	-	-	-	-	-	-	
Committed to:								
Budget Stabilization Reserve	6,129,774	-	-	-	-	-	6,129,774	
Catastrophic Reserves	6,129,774	-	-	-	-	-	6,129,774	
Pension/OPEB Reserve	300,000	-	-	-	-	(300,000)	-	
Measure G District Sales Tax - Operating	590,581	-	-	-	-	-	590,581	
Assigned to:								
Open Space Reserve	410,000	-	-	-	-	-	410,000	
Sustainability	140,553	-	-	-	-	-	140,553	
Strategy Reserve	-	-	-	-	-	-	-	
Capital/Special Projects	10,359,577	-	-	-	-	(1,615,000)	8,744,577	
Authorized Carryforwards	37,698	-	-	-	-	-	37,698	
Compensated Absences*	1,580,623	-	-	-	-	-	1,580,623	
Land Held for Sale	44,338	-	-	-	-	-	44,338	
Market Fluctuations	-	-	-	-	-	-	-	
Measure G District Sales Tax - Op/Cap	-	-	-	-	-	-	-	
To Workers Comp	-	-	-	-	-	-	-	
Vehicle Maintenance & Stores Residual	-	-	-	-	-	-	-	
ERAF Risk	689,608	-	-	-	-	750,000	1,439,608	
Rehab Loan (Nonspendable)	159,000	-	-	-	-	-	159,000	
Council Priorities - Economic Recovery	1,556,614	-	-	-	-	(1,545,281)	11,333	
Total General Fund Reserves	\$ 29,528,303	\$ 56,014,683	\$ 562,411	\$ 55,245,312	\$ 1,615,000	\$ -	\$ 29,245,085	

Does \$1,545,281 in “Economic Recovery” refer to American Rescue Plan Act (ARPA) funds? If so, where are they being used? Where is the Community Center Development Fund which was supposed to have \$866k? Is that related to the “Economic Recovery” funds in the report? Or to the \$1,615,000 in Capital/Special Projects Reserves?

The Council Priorities – Economic Recovery Reserve has been established to track General Fund revenues freed up from recognizing all ARPA “replacement” revenues to the General Fund for essential government services, for economic recovery and business support, enhanced senior services, capital program augmentations, and other one-time uses as directed by the Town Council. The FY 2023/24 uses are listed in the following table. The Community Center Development is part of the \$1,545,281. The staff established a capital project for the Community Center based on the Council’s action on August 15, 2023.

REMARKS (continued):

General Fund Council Priorities – Economic Recovery Reserve Tracking	FY 2023/24 Estimated
One-Time Community Grant (Council Action 2-21-2023)	150,000
One-Time to LGS REC 55+ Program (Council Action 2-21-2023)	225,000
One-Time Unhoused Residents Efforts (Council Action 2-21-2023)	25,000
One-Time Rent Forgiveness LGS REC (Council Action 3-21-2023)	200,000
One-Time Rent Forgiveness NUMU (Council Action 3-21-2023)	21,000
One-Time Unhoused Residents Efforts (Council Action 4-4-2023)	25,000
One-Time - Additional Chambers of Commerce (Council Action 5-2-2023)	33,000
One-time - Adult Recreation Facility Space Improvements (Council Action 8-15-2023)	866,281
Total	\$ 1,545,281

Is all \$2,500,000 in projected FY 24 Excess Education Revenue Augmentation Fund (ERAF) revenues included in the \$18,997,898 of property taxes? If not, how much is included?

The full \$2,500,000 ERAF is included in the FY 2023/24 Estimated Revenues. Staff also reserved 30% or \$750,000 of the estimated proceeds to the ERAF Risk Reserve per prior Council direction.

Attachments previously distributed with the Staff Report:

1. Mid-Year Budget Report - July 1 - December 31, 2023
2. Public Comments Received before 11:00 a.m. on February 15, 2024