

From: [Phil Koen](#)
To: [Wendy Wood](#); [Gitta Ungvari](#)
Cc: [Laurel Prevetti](#); [Rick Tinsley](#); [Mary Badame](#)
Subject: Agenda Item #8
Date: Friday, October 6, 2023 9:14:53 AM
Attachments: [Mid-year report - FY 2023.pdf](#)

[EXTERNAL SENDER]

Hello Wendy,

Would you please include the attached GF Summary of Revenues and Expenditures from the FY 23 mid-year report in the FC package for discussion during agenda item #8.

The difference between the mid-year forecast of FY 23 Total Revenue of \$48,653,148 adjusted for the non-revenue debt service (\$50,546,861 - \$1,893,713) and the current estimate of \$54,746,495 is material. It is \$6.1m or 13% greater. I would respectfully ask staff to be prepared to discuss this variance.

I think this is an important discussion because the TC approved retaining a consultant to research the viability of a parcel tax. This was done because there was a concern the Town needed additional tax revenues based on a 5-year forecast that projected operating expenditures would exceed operating revenues every year over the next 5-year period.

The \$6.1m difference in the mid-year FY 23 total revenue forecast, which was prepared in February 2023, and the current estimate indicates the Town is significantly challenged in its ability to reasonably forecast current year revenues, let alone annual revenues every year over a five year forecast period.

Until there is a clear understanding of the barriers to preparing reasonably accurate annual revenue forecasts, spending money on consultants looking into a parcel tax in my opinion is premature. What is very clear is the five-year revenue forecasts are materially wrong since the jumping off point of FY 23 is materially greater and simply can not be relied upon at all.

Thank you,

Phil Koen

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GENERAL FUND
SUMMARY OF REVENUES AND EXPENDITURES

	FY 2021/22 Actuals	FY 2021/22 Q2	2Q % of FY 2021/22 Actuals	2Q % of FY 2022/23 Adjusted Budget as of 12/31/2022	FY 2022/23 Q2	FY 2022/23 Adjusted Budget	FY 2022/23 Year End Estimates Including Proposed Mid-Year Adjustments
Revenues							
Property Tax	\$ 16,899,618	\$ 5,761,081	34.1%	37.1%	\$ 6,141,998	\$ 16,551,544	\$ 16,969,226
VLF Backfill Property Tax	4,229,462	-	0.0%	0.0%	-	4,356,350	4,556,000
Sales & Use Tax	7,177,597	2,143,460	29.9%	30.5%	2,398,925	7,860,988	7,559,566
Measure G Sales & Use Tax	1,306,076	412,881	31.6%	32.5%	426,496	1,313,956	1,287,690
Franchise Fees	2,822,515	968,181	34.3%	41.9%	1,044,055	2,493,870	2,716,470
Transient Occupancy Tax	1,895,064	711,861	37.6%	52.2%	857,715	1,642,460	2,000,000
Business License Tax	1,481,667	167,942	11.3%	7.1%	97,974	1,387,500	2,444,000
Licenses & Permits	4,814,650	3,373,287	70.1%	58.6%	1,602,633	2,735,029	2,841,374
Intergovernmental	1,263,352	370,615	29.3%	33.8%	379,739	1,124,093	1,250,731
Town Services	5,460,608	3,906,577	71.5%	73.9%	3,284,766	4,445,635	5,105,701
Fines & Forfeitures	319,170	118,809	37.2%	75.1%	151,615	201,750	232,129
Interest	(1,404,526)	(211,169)	15.0%	33.5%	145,003	432,947	517,379
Use of Property	32,400	-	0.0%	-	-	-	-
Miscellaneous Other	311,040	150,622	48.4%	14.0%	457,906	3,280,749	626,066
Park Construction Tax	14,752	-	-	-	7,680	7,000	8,280
Debt Service - Entry Eliminated for ACFR	1,899,850	-	0.0%	0.0%	-	1,893,713	1,893,713
ARPA Income Replacement - Entry Eliminated for ACFR	556,316	-	-	-	-	-	-
Pension Trust Income - Entry Eliminated for ACFR	690,000	-	-	-	-	-	-
Measure G for Operations - Entry Eliminated for ACFR	629,147	-	-	-	-	-	-
Proceeds for Sales of Assets	2,151	-	0.0%	-	-	-	-
Fund Transfer In	4,047,313	104,659	2.6%	18.9%	102,000	538,536	538,536
Total Revenues & Transfers In	\$ 54,448,222	\$ 17,978,806	33%	34%	\$ 17,098,505	\$ 50,266,120	\$ 50,546,861
Use of Other Funding Sources:							
Use of Reserves - Capital/Special Projects - Capital	\$ 550,000	\$ -	0.0%	0.0%	\$ -	\$ 2,350,000	\$ 2,350,000
Use of Reserves - Surplus Property	1,200,000	-	-	-	-	-	-
Use of Reserve - Pension/OPEB	300,000	-	-	-	-	-	300,000
Use of Reserve - Accumulated Measure G	1,100,000	-	-	-	-	679,443	-
Total Other Funding Sources	\$ 3,150,000	\$ -	0%	0%	\$ -	\$ 3,029,443	\$ 2,650,000
Total Revenues and Use of Reserves	\$ 57,598,222	\$ 17,978,806	31%	32%	\$ 17,098,505	\$ 53,295,563	\$ 53,196,861
Expenditures							
Town Council	\$ 189,569	\$ 91,800	48.4%	42.3%	91,822	\$ 217,238	\$ 216,231
Attorney	629,935	226,377	35.9%	46.7%	332,183	711,426	685,473
Administrative Services	5,441,605	2,583,281	47.5%	45.9%	2,438,472	5,310,119	4,983,530
Non- Departmental	2,792,857	1,160,520	41.6%	33.8%	1,222,789	3,617,671	3,823,598
Community Development	6,313,505	3,460,301	54.8%	40.2%	2,394,537	5,960,379	5,990,576
Police	16,451,189	8,266,432	50.2%	46.6%	8,957,541	19,225,986	18,695,679
Parks & Public Works	8,605,455	4,010,181	46.6%	43.1%	4,226,049	9,798,966	9,221,597
Library	2,752,401	1,356,415	49.3%	45.9%	1,442,555	3,144,450	3,097,584
Principal	156,034	-	-	-	-	-	156,034
Total Department Expenditures	\$ 43,332,550	\$ 21,155,307	49%	44%	\$ 21,105,948	\$ 47,986,235	\$ 46,870,302
Debt Service - Entry Eliminated for ACFR	\$ 1,899,850	\$ -	0.0%	0.0%	\$ -	\$ 1,893,713	\$ 1,899,850
ARPA Income Replacement - Entry Eliminated for ACFR	556,316	-	-	-	-	-	-
Transfer to Pension Trust Fund - Entry Eliminated for ACFR	690,000	-	-	-	-	-	-
Measure G Transfer - Entry Eliminated for ACFR	629,148	-	-	-	-	-	-
Transfers Out	4,358,188	-	0.0%	0.0%	-	3,006,978	3,006,978
Total Additional Non-Departmental Expenditures	\$ 8,133,502	\$ -	0%	0%	\$ -	\$ 4,900,691	\$ 4,906,828
Total Operating Expenditures	\$ 51,466,052	\$ 21,155,307	41%	40%	\$ 21,105,948	\$ 52,886,926	\$ 51,777,130
Allocate to Budget Stabilization/Catastrophis Reserve	1,062,162	-	-	-	-	-	-
Allocate to Carryover Encumbrances	33,145	-	-	-	-	-	-
Allocate to Pension/OPEB Reserve	300,000	-	-	-	-	-	-
Allocate to Restricted Pension Trust	-	-	-	-	-	390,000	690,000
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,736,863 **	\$ (3,176,501) *			\$ (4,007,443) *	\$ 18,637	\$ 729,731

*FY 2021/22 and FY 2022/23 2Q 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.

** This schedule includes fund balance uses. Total Revenues and Transfers In (\$54,448,222) minus Total Operating Expenditures (\$51,466,052) equals \$2,982,171 with rounding.