



**TOWN OF LOS GATOS
FINANCE COMMISSION AGENDA
JANUARY 08, 2024
110 EAST MAIN STREET
TOWN COUNCIL CHAMBERS
5:00 PM**

*Rick Tinsley, Chair
Phil Koen, Vice Chair
Andrew Howard, Commissioner
Linda Reiners, Commissioner
Vacant, Commissioner
Matthew Hudes, Vice Mayor
Rob Rennie, Council Member*

IMPORTANT NOTICE

This is a hybrid meeting and will be held in-person at the Town Council Chambers at 110 E. Main Street and virtually through the Zoom webinar application (log-in information provided below). Members of the public may provide public comments for agenda items in-person or virtually through the Zoom webinar by following the instructions listed below. The meeting may be viewed live through the Zoom webinar.

PARTICIPATION

To provide oral comments in real-time during the meeting:

- Zoom webinar: Join from a PC, Mac, iPad, iPhone or Android device: Please click this URL to join: <https://losgatosca.gov.zoom.us/j/87195292751?pwd=sYpgKmAqAz0H1G57SOY53KFmd-l76w.YDyVmNMWYVFKoQM5>
Passcode: 413416. You can also type in 871 9529 2751 in the “Join a Meeting” page on the Zoom website at <https://zoom.us/join> and use passcode: 413416.
 - When the Chair announces the item for which you wish to speak, click the “raise hand” feature in Zoom. If you are participating by phone on the Zoom app, press *9 on your telephone keypad to raise your hand.
- Join by telephone: Join by Telephone: Dial: USA 877 336 1839 US Toll-free or 636 651 0008 US Toll. Conference code: 1052180.
If you are participating by calling in, press #2 on your telephone keypad to raise your hand.
- In-Person: If you wish to speak during the meeting, please complete a “speaker’s card” located on the back of the chamber benches and return it to the Town Clerk. If you wish to speak to an item on the agenda, please list the item number. If you wish to speak on an item NOT on the agenda, please list the subject and you may speak during the “Verbal Communications” period. The time allocated to speakers may change to better facilitate the Finance Commission meeting.

When called to speak, you may be asked to provide your full name and your town/city of residence. This identifying information is optional and not a requirement for participation. Please limit your comments to three (3) minutes, or such other time as the Chair may decide, consistent with the time limit for speakers at a Commission meeting. If you wish to speak to an item or items on the Consent Calendar, please state which item number(s) you are commenting on at the beginning of your time.

CALL MEETING TO ORDER

ROLL CALL

APPROVE REMOTE PARTICIPATION *(This item is listed on the agenda in the event there is an emergency circumstance requiring a Commissioner to participate remotely under AB 2449 (Government Code 54953)).*

CONSENT ITEMS *(Items appearing on the Consent Items are considered routine Town business and may be approved by one motion. Any member of the Commission may request to have an item removed from the Consent Items for comment and action. Members of the public may provide input on any or multiple Consent Item(s) when the Chair asks for public comments on the Consent Items. If you wish to comment, please follow the Participation Instructions contained on Page 1 of this agenda. If an item is removed, the Chair has the sole discretion to determine when the item will be heard.)*

1. Approve the Minutes of the December 11, 2023, Finance Commission Regular Meeting.
2. Receive the Monthly Financial and Investment Report for November 2023.

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Commission on any matter that is not listed on the agenda and is within the subject matter jurisdiction of the Commission. To ensure all agenda items are heard, this portion of the agenda is limited to 30 minutes. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

OTHER BUSINESS *(Up to three minutes may be allotted to each speaker on any of the following items.)*

3. Receive an Overview of the Labor Negotiations Process.
4. Select a Chair and Vice Chair.
5. Discuss and Confirm the Finance Commission Meeting Dates and Times for 2024.
6. Review and Discuss the Finance Commission Draft 2024 Workplan.
7. Review the Town's Draft Financial Transactions Report for Submittal to the State Controller.

ADJOURNMENT

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE CLERK DEPARTMENT AT (408) 354-6834. NOTIFICATION 48 HOURS BEFORE THE MEETING WILL ENABLE THE TOWN TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING [28 CFR §35.102-35.104].



**TOWN OF LOS GATOS
FINANCE COMMISSION
AGENDA REPORT**

MEETING DATE: 01/08/2024

ITEM NO: 1

Item 1.

**DRAFT
Minutes of the Finance Commission Meeting
December 11, 2023**

The Finance Commission of the Town of Los Gatos conducted a meeting in person and utilizing teleconferencing means on Monday, December 11, 2023, at 5:00 p.m.

THE MEETING WAS CALLED TO ORDER AT 5:14 P.M.

ROLL CALL

Present: Chair Rick Tinsley, Vice Chair Phil Koen, Commissioner Stacey Dell, Commissioner Linda Reiners, Mayor Maria Ristow, and Council Member Rob Rennie
Absent: Commissioner Andrew Howard

Town Staff Present: Town Manager Laurel Prevetti, Finance Director Gitta Ungvari, and Town Clerk Wendy Wood.

CONSENT ITEMS

1. Approve Draft Minutes of the October 9, 2023, Finance Commission Regular Meeting
2. Approve Draft Minutes of the December 4, 2023, Finance Commission Special Meeting
3. Receive the Monthly Financial and Investment Report for September 2023 and October 2023
4. Receive the CalPERS Public Employees' Retirement Fund (PERF) Performance Report as of September 30, 2023
5. Receive the California Employer's Pension Prefunding Trust (CEPPT) Strategy 2 Market Value Summary Report for the Period Ending September 30, 2023, and Performance as of October 31, 2023
6. Receive the California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending September 30, 2023, and the Performance Report as of October 31, 2023.
7. Receive a Report of the CalPERS 2023 Annual Review of Funding Levels and Risks

Items 2, 3, 4, 5, and 7 were pulled from consent.

MOTION: Motion by Vice Chair Koen to approve the consent items 1 and 6. **Seconded** by Commissioner Reiners.

VOTE: Motion passed 4-0 (Commissioner Howard was absent).

PAGE 2 OF 4

SUBJECT: Draft Minutes of the Finance Commission Special Meeting of December 11, 2023

DATE: December 21, 2023

VERBAL COMMUNICATIONS

No one spoke.

OTHER BUSINESS

8. Receive the First Quarter Key Performance Indicators (KPIs of FY 2023/24).

Finance Director Ungvari presented the staff report.

The Commission asked questions and discussed the item.

Opened Public Comment.

No one spoke.

Closed Public Comment.

No action was taken.

9. Conclude Recommendation to the Town Council Regarding the Draft Annual Comprehensive Financial Report (ACFR) for the Preceding Fiscal Year

Finance Director Ungvari presented the staff report.

The Commission asked questions and discussed the item.

Staff and the consultant addressed the Commissioners' questions.

Opened Public Comment.

No one spoke.

Closed Public Comment.

MOTION: Motion by **Commissioner Reiners** to make a recommendation to the Town Council to adopt a practice to hire a separate accounting firm who will perform the work and someone else who will do the final preparation of the financial statements.
Seconded by **Vice Chair Keon**.

VOTE: Motion passed 4-0 (Commissioner Howard was absent).

SUBJECT: Draft Minutes of the Finance Commission Special Meeting of December 11, 2023

DATE: December 21, 2023

MOTION: Motion by **Commissioner Reiners** to make a recommendation to the Town Council to restructure of the Management Discussion and Analysis and engage the auditors in the update. **Seconded** by **Vice Chair Keon**.

VOTE: Motion passed 4-0 (Commissioner Howard was absent).

MOTION: Motion by **Vice Chair Keon** that the Finance Commission recommends staff present the FY 2023 Annual Comprehensive Financial Report (ACFR) to the Town Council for formal adoption, incorporating all the changes the Finance Commission has discussed. **Seconded** by **Commissioner Reiners**.

VOTE: Motion passed 4-0 (Commissioner Howard was absent).

2. Approve Draft Minutes of the December 4, 2023, Finance Commission Special Meeting

There was no public comment.

MOTION: Motion by **Commissioner Reiners** amend the draft minutes of the December 4, 2023, Finance Commission Special Meeting to include Commissioner Stacey Dell’s name as present. **Seconded** by **Vice Chair Keon**.

VOTE: Motion passed 3-0-1 (Chair Tinsley abstained and Commissioner Howard was absent).

3. Receive the Monthly Financial and Investment Report for September 2023 and October 2023

Vice Chair Koen asked questions about the item.

Staff addressed the questions.

There was no public comment.

The Commission received the report.

4. Receive the CalPERS Public Employees' Retirement Fund (PERF) Performance Report as of September 30, 2023

Vice Chair Koen asked questions about the item.

Staff addressed the questions.

There was no public comment.

SUBJECT: Draft Minutes of the Finance Commission Special Meeting of December 11, 2023

DATE: December 21, 2023

The Commission received the report.

- 5. Receive the California Employer’s Pension Prefunding Trust (CEPPT) Strategy 2 Market Value Summary Report for the Period Ending September 30, 2023, and Performance as of October 31, 2023

Vice Chair Koen asked questions about the item.

Staff addressed the questions.

There was no public comment.

The Commission received the report.

- 7. Receive a Report of the CalPERS 2023 Annual Review of Funding Levels and Risks

Vice Chair Koen asked questions about the item.

There was no public comment.

MOTION: **Motion by Vice Chair Keon** to schedule at the soonest time available a joint meeting with the Town Pension and OPEB Trust and Oversight Committee and the Finance Commission with the actuary consultant Foster and Foster present to return to the best path forward to reduce the unfunded pension liabilities and schedule a second joint meeting with the Town Council to address strategies to reduce the pension cost. **Seconded by Commissioner Reiners.**

VOTE: **Motion passed 4-0 (Commissioner Howard was absent).**

ADJOURNMENT:

The meeting adjourned at 6:42 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the December 11, 2023, meeting as approved by the Finance Commission.

Wendy Wood, Town Clerk



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 01/08/2024

ITEM NO: 2

Item 2.

DATE: January 3, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Monthly Financial and Investment Report for November 2023

RECOMMENDATION:

Receive the Monthly Financial and Investment Report for November 2023.

BACKGROUND:

California Government Code Section 41004 requires that the Town Treasurer submit to the Town Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. The Finance Director assumes the Town Treasurer role.

Attachment 1 contains the November 2023 Monthly Financial and Investment Report which fulfills this requirement. The November 2023 Monthly Financial and Investment Report will be presented to Town Council on January 16, 2024.

DISCUSSION:

The November 2023 Monthly Financial and Investment Report includes a Fund Balance Schedule, representing estimated funding available for all funds at the end of the respective month. The fund balances were estimated at a point in time and will be finalized at the final close of the fiscal year.

Please note that the amount in the Fund Schedule differs from the Portfolio Allocation and Treasurer's Cash Fund Balances Summary schedule because assets and liabilities are components of the fund balance.

PREPARED BY: Eric Lemon
Finance and Accounting Manager

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

DISCUSSION (continued):

As illustrated in the summary below, Total Cash is adjusted by the addition of Total Assets less the amount of Total Liabilities to arrive at the Ending Fund Balance – which represents the actual amount of funds available.

Reconciling Cash to Fund Balance - November 30, 2023		
Total Cash	\$	65,687,227
Plus: Assets	\$	14,938,190
Less: Liabilities	\$	(27,003,096)
Estimated Fund Balance	\$	53,622,321

As of November 30, 2023, the Town's financial position (Assets \$80.63M, Liabilities \$27.00M, and Fund Equity \$53.62M) remains strong and there are no issues meeting financial obligations in the near future.

As of November 30, 2023, the Town's weighted portfolio yield for investments under management was 4.20% which was 36 basis points above the Local Agency Investment Fund (LAIF) yield of 3.84% for the same reporting period. Currently, the LAIF portfolio's weighted average maturity (WAM) is 244 days versus the Town's longer WAM of 573 days. The longer maturity (WAM) for Town assets under management reflects the Town's strategy to take advantage of higher yields associated with longer maturities balanced with shorter term yields available on investments held with the State's LAIF. The Town's weighted average rate of return on investments under management of 4.20% at the close of November was 8 basis points higher when compared to the prior month's return of 4.12 % reported as of October 31, 2023.

Since November 30, 2022, LAIF yields had climbed from 201 basis points (2.01%) to 384 basis points (3.84%) through the end of November 2023.

Staff, in coordination with the Town's investment advisor, primarily replaced maturing investments with short term maturities in the one- to two-year maturity range. These investments capture current yields that exceed the rates expected to be earned in the LAIF pool during that same time period. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

On March 22, 2023, the Federal Reserve voted to approve a ¼ percentage basis point increase from 4.75% to 5.00%. This action was followed with additional hikes in May 2023 from 5.00% to 5.25% and July from 5.25 % to 5.5 %. Through these actions over time, the Federal Open Market Committee's (FOMC) goal is to bring year to year inflation to its targeted level of 2%. The labor market remained tight overall. The US economy added 150,000 jobs in

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SUBJECT: Monthly Financial and Investment Report for November 2023

DATE: January 3, 2024

DISCUSSION (continued):

October, slightly less than expected. The previous two months were revised down 101,000. The unemployment rate unexpectedly rose to 3.9% from 3.8% despite a decline in the labor force participation rate from 62.8% to 62.7%.

The Town's investments are in compliance with the Town's Investment Policy dated February 21, 2023, and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

CONCLUSION:

Receive Monthly Financial and Investment Report for November 2023.

Attachment:

1. Financial and Investment Report (November 2023)

**Town of Los Gatos
Summary Investment Information
November 30, 2023**

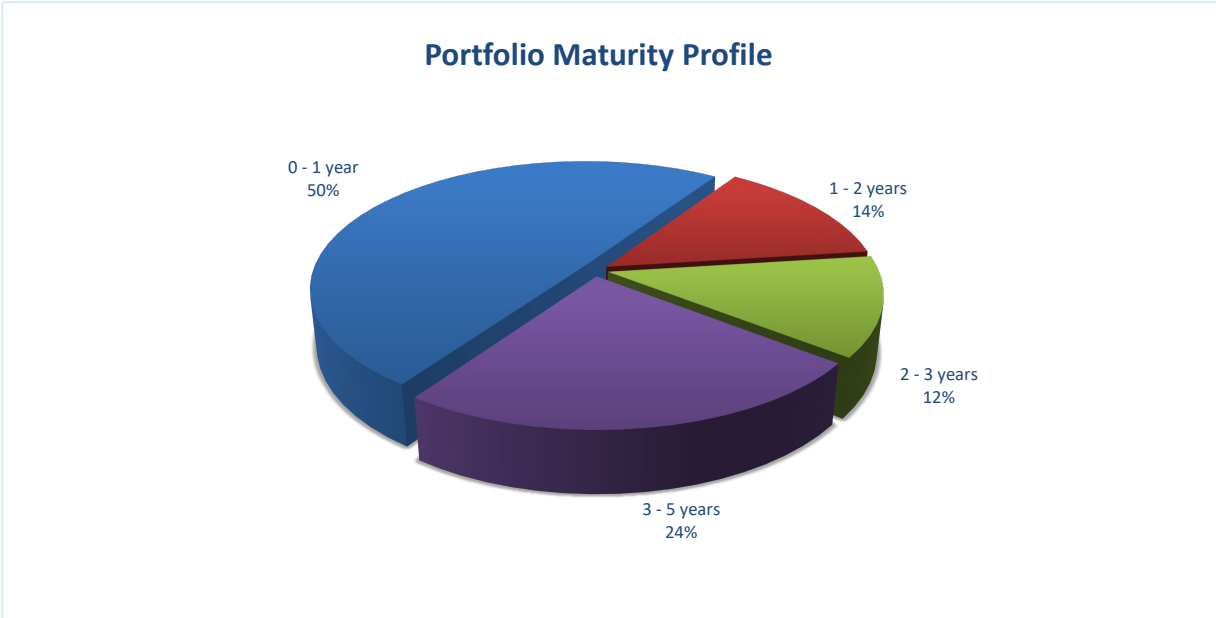
Weighted Average YTM Portfolio Yield on Investments under Management **4.20%**

Weighted Average Maturity (days) **573**

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	\$65,687,227	\$64,959,615	\$65,273,987
Cert. of Participation 2002 Lease Payment Fund			
Managed Investments	\$49,418,729		
Local Agency Investment Fund	\$11,278,106		
Reconciled Demand Deposit Balances	\$4,990,392		
Portfolio Allocation & Treasurer's Cash Balances	\$65,687,227		

Benchmarks/ References:

Town's Average Yield	4.20%	4.12%	2.03%
LAIF Yield for month	3.84%	3.67%	2.01%
3 mo. Treasury	5.40%	5.48%	4.38%
6 mo. Treasury	5.41%	5.57%	4.71%
2 yr. Treasury	4.68%	5.09%	4.31%
5 yr. Treasury (most recent)	4.27%	4.86%	3.74%
10 Yr. Treasury	4.33%	4.93%	3.61%

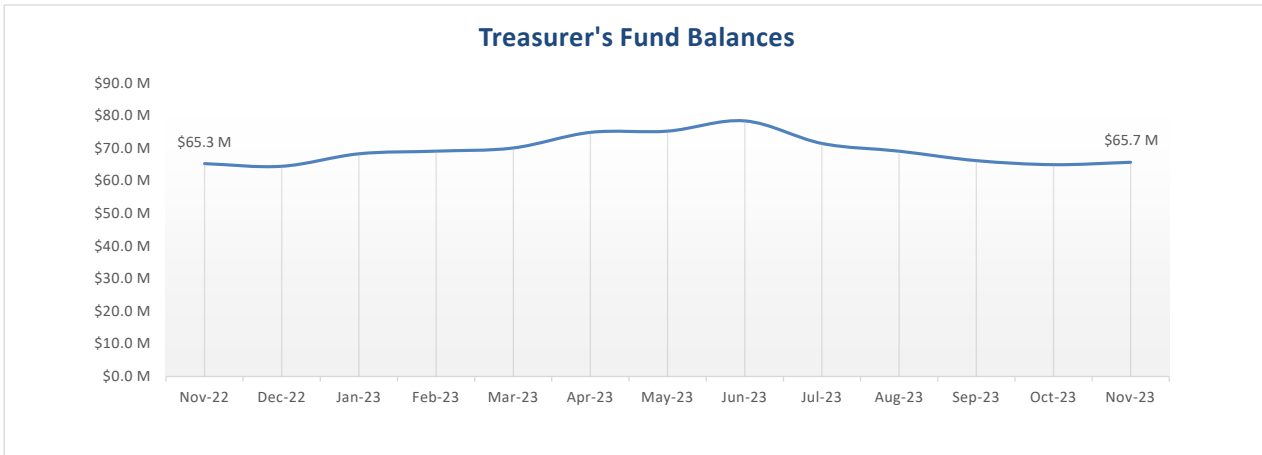
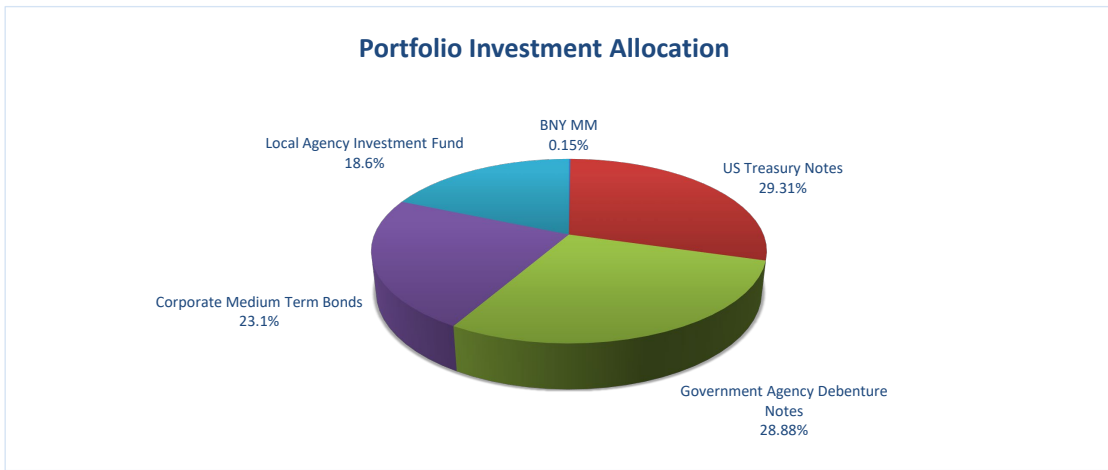


Compliance: The Town's investments are in compliance with the Town's investment policy dated February 21, 2023 and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

**Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
November 30, 2023**

	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	\$ 64,959,615.32	\$ 78,384,947.79
Receipts	5,700,169.78	26,119,904.60
Disbursements	(4,972,558.26)	(38,817,625.55)
Cash & Investment Balances - End of Month/Period	<u>\$65,687,226.84</u>	<u>\$65,687,226.84</u>

Portfolio Allocation	Amount	% of Portfolio	Max. % or \$ Allowed per State Law or Policy
BNY MM	\$93,429.22	0.15%	20% of Town Portfolio
US Treasury Notes	\$17,791,675.69	29.31%	No Max. on US Treasuries
Government Agency Debenture Notes	\$17,528,739.65	28.88%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$14,004,884.01	23.07%	30% of Town Portfolio
Local Agency Investment Fund	\$11,278,106.16	18.58%	\$75 M per State Law
Subtotal - Investments	<u>60,696,834.73</u>	100.00%	
Reconciled Demand Deposit Balances	<u>4,990,392.11</u>		
Total Portfolio Allocation & Treasurer's Cash Balances	<u>\$65,687,226.84</u>		



**Town of Los Gatos
Non-Treasury Restricted Fund Balances
November 30, 2023**

	Beginning Balance	November 2023 Deposits Realized Gain/Adj.	November 2023 Interest/ Earnings	November 2023 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Series A Reserve Fund	\$ 706,795.41		\$ 2,902.45		\$ 709,697.86	Note 1
Cert. Of Participation 2010 Ser A Lease Pymt Fund	787.24		3.45		790.69	Note 1
Cert. of Participation 2002 Lease Payment Fund	434.98		1.86		436.84	Note 1
Cert. of Participation 2010 Series Reserve Fund	1,341,417.55		5,976.81		1,347,394.36	Note 2
Total Restricted Funds:	<u>\$ 2,049,435.18</u>	<u>\$ -</u>	<u>\$ 8,884.57</u>	<u>\$ -</u>	<u>\$ 2,058,319.75</u>	
CEPPT IRS Section 115 Trust	1,322,659.96		77,471.76		\$ 1,400,131.72	
Grand Total COP's and CEPPT Trust	<u>\$ 3,372,095.14</u>	<u>\$ -</u>	<u>\$ 86,356.33</u>	<u>\$ -</u>	<u>\$ 3,458,451.47</u>	

These accounts are not part of the Treasurer's fund balances reported elsewhere in this report, as they are for separate and distinct entities.

Note 1: The three original funds for the Certificates of Participation 2002 Series A consist of construction funds which will be expended over the next few years, reserve funds which will guarantee the payment of lease payments, and a third fund for the disbursement of lease payments and initial delivery costs.

Note 2: The 2010 COP Funds are all for the Library construction, reserves to guarantee lease payments, and a lease payment fund for the life of the COP issue. The COI fund was closed in September 2010.

Note 3: The CEPPT Section IRS Section 115 Trust was established as an irrevocable trust dedicated to accumulate resources to fund the Town's unfunded liabilities related to pension and other p

**Town of Los Gatos
Statement of Interest Earned
November 30, 2023**

Interest by Month

July 2023	\$	133,845.42
August 2023		129,679.93
September 2023		158,361.71
October 2023		151,048.03
November 2023		154,152.18
December 2023		-
January 2024		-
February 2024		-
March 2024		-
April 2024		-
May 2024		-
June 2024		-
	\$	<u>727,087.27</u>

Town of Los Gatos
Investment Schedule
November 30, 2023

Institution	CUSIP #	Security	Coupon	Deposit Date	Par Value	Original Cost	Market Value	Market Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity	
FFCB	3133EKMX1	Gov. Agency Debenture	2.23%	8/2/2019	1,000,000.00	1,014,400.00	992,560.00	(21,840.00)		2/23/2024	1.90%	\$ 96,075.83	\$ 74,902.07	\$ 8,253.22	85	
FFCB	3133EMBE1	Gov. Agency Debenture	0.30%	10/8/2020	1,600,000.00	1,598,000.00	1,572,176.00	(25,824.00)		3/28/2024	0.34%	\$ 14,253.34	\$ 14,655.57	\$ 2,253.57	119	
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	1,223,807.00	(4,784.00)		6/21/2027	4.19%	\$ 27,437.22	\$ 28,170.97	\$ 22,448.74	1299	
Cert. of Participation 2002 Le	437076BM3	Corporate Bond	3.00%	8/4/2022	1,000,000.00	991,960.00	959,110.00	(32,850.00)		1/1/2026	3.04%	\$ 34,750.00	\$ 29,252.66	\$ 13,562.60	763	
US Treasury	912828ZW3	US Treasury Note	0.25%	8/9/2022	350,000.00	322,096.88	325,542.00	3,445.12		6/30/2025	3.16%	\$ 779.89	\$ 9,366.72	\$ 4,409.56	578	
IBM	459200JY8	Corporate Bond	3.00%	3/25/2021	1,000,000.00	1,071,040.00	988,480.00	(82,560.00)		5/15/2024	0.71%	\$ 79,166.67	\$ 16,751.96	\$ 3,099.21	167	
FFCB	3133ENSV8	Gov. Agency Debenture	4.13%	1/17/2023	236,000.00	239,174.20	233,300.16	(5,874.04)		11/1/2027	3.76%	\$ 4,705.25	\$ 4,016.30	\$ 3,746.92	1138	
US Treasury	91282CBT7	US Treasury Note	0.75%	9/30/2022	800,000.00	712,565.18	733,344.00	20,778.82		3/31/2026	4.14%	\$ 6,000.00	\$ 23,165.06	\$ 12,982.62	852	
FFCB	3133ENP95	Gov. Agency Debenture	4.25%	9/30/2022	900,000.00	900,939.60	888,948.00	(11,991.60)		9/30/2025	4.14%	\$ 38,250.00	\$ 28,374.86	\$ 15,902.39	670	
American Honda	02665WCZ2	Corporate Bond	2.40%	11/27/2019	1,000,000.00	1,012,410.01	982,130.00	(30,280.01)		6/27/2024	2.12%	\$ 96,733.34	\$ 76,483.79	\$ 8,926.03	210	
JP Morgan Chase	46625HRS1	Corporate Bond	3.20%	9/23/2022	500,000.00	474,660.00	477,025.00	2,365.00		3/15/2026	4.70%	\$ 11,644.44	\$ 17,865.15	\$ 9,762.03	836	
Honeywell Intl.	438516BW5	Corporate Bond	2.30%	11/20/2019	1,000,000.00	1,014,660.00	978,540.00	(36,120.00)		7/15/2024	1.64%	\$ 85,483.33	\$ 71,679.55	\$ 8,320.92	228	
Caterpillar Financial Serv	14913QZV0	Corporate Bond	2.85%	2/23/2021	1,000,000.00	1,077,370.00	987,470.00	(89,900.00)		5/17/2024	0.44%	\$ 77,900.00	\$ 10,677.18	\$ 1,906.19	219	
FNMA	3135G0V75	Gov. Agency Debenture	1.75%	10/17/2019	1,100,000.00	1,105,833.30	1,077,516.00	(28,317.30)		7/2/2024	1.63%	\$ 71,706.25	\$ 66,718.86	\$ 7,559.219	165	
US Bancorp	91159HIV5	Corporate Bond	3.38%	12/24/2019	1,000,000.00	1,049,040.00	995,500.00	(53,540.00)		1/5/2024	2.12%	\$ 121,968.75	\$ 75,978.33	\$ 9,053.49	36	
FFCB	3133EKQA7	Gov. Agency Debenture	2.08%	10/21/2019	1,000,000.00	1,019,780.00	974,280.00	(45,500.00)		9/10/2024	1.66%	\$ 80,831.11	\$ 61,888.40	\$ 7,024.42	285	
FHLB	3135G0S7	Gov. Agency Debenture	0.38%	6/10/2022	1,200,000.00	1,102,952.40	1,111,860.00	8,907.60		8/25/2025	3.04%	\$ 5,437.50	\$ 36,626.55	\$ 14,555.48	634	
US Treasury	912828ZL7	US Treasury Note	0.38%	4/12/2022	1,700,000.00	1,583,927.57	1,594,090.00	10,162.43		4/30/2025	2.72%	\$ 9,879.49	\$ 54,017.06	\$ 2,818.99	517	
JP Morgan Chase	46625HJ78	Corporate Bond	3.88%	9/23/2019	1,400,000.00	1,485,414.00	1,395,674.00	(89,740.00)		2/1/2024	2.39%	\$ 209,163.89	\$ 130,689.90	\$ 14,531.65	63	
US Treasury	912828V23	US Treasury Note	2.25%	11/29/2021	1,000,000.00	1,032,933.04	997,380.00	(35,553.04)		12/31/2023	0.66%	\$ 35,706.52	\$ 10,649.43	\$ 2,818.97	31	
US Treasury	91282CBEO 2	US Treasury Note	0.13%	10/7/2021	1,000,000.00	994,768.98	993,620.00	(1,148.98)		1/15/2024	0.36%	\$ 2,214.67	\$ 6,137.79	\$ 1,488.24	46	
FHLB	3130ALH98	Gov. Agency Debenture	0.25%	2/26/2021	1,000,000.00	997,610.00	987,860.00	(9,750.00)		2/26/2024	0.33%	\$ 6,250.00	\$ 7,713.30	\$ 1,381.89	88	
FHLB	3130AQF65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	1,179,074.00	18,514.60		12/21/2026	4.15%	\$ 9,070.92	\$ 29,385.32	\$ 21,207.33	1117	
US Treasury	912828X70	US Treasury Note	2.20%	12/30/2019	1,000,000.00	1,010,589.29	986,560.00	(24,029.29)		4/30/2024	1.75%	\$ 84,703.30	\$ 68,481.11	\$ 8,198.44	152	
US Treasury	912828X27	US Treasury Note	2.00%	10/31/2019	1,000,000.00	1,015,667.41	983,520.00	(32,147.41)		5/31/2024	1.64%	\$ 81,639.34	\$ 60,792.37	\$ 6,951.59	183	
FFCB	3133EJ3Q0	Gov. Agency Debenture	2.88%	8/28/2019	1,500,000.00	1,587,503.75	1,497,915.00	(89,588.75)		12/21/2023	2.12%	\$ 164,473.96	\$ 87,804.46	\$ 9,582.08	21	
US Treasury	91282CBEO	US Treasury Note	0.11%	9/15/2021	650,000.00	647,615.46	645,853.00	(1,762.46)		1/15/2024	0.28%	\$ 1,488.12	\$ 3,281.18	\$ 768.79	46	
FHLB	3130AHPH9	Gov. Agency Debenture	0.75%	1/17/2023	1,000,000.00	907,010.00	918,640.00	11,630.00		10/28/2026	4.17%	\$ 5,854.17	\$ 14,420.85	\$ 13,453.60	1063	
FFCB	3133ENSQ6	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	1,667,904.00	(38,828.00)		1/6/2028	3.91%	\$ 27,955.56	\$ 25,921.64	\$ 27,929.66	1498	
Freddie Mac	3137EAE33	Gov. Agency Debenture	0.04%	5/1/2023	750,000.00	689,032.50	692,647.50	3,615.00	156.26	9/23/2025	3.97%	\$ (156.26)	\$ 4,222.09	\$ 10,766.33	663	
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	591,162.00	(17,694.00)		1/12/2028	4.34%	\$ 3,603.61	\$ 3,603.61	\$ 11,027.05	1504	
US Treasury	91282CE44	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	1,411,875.00	(4,751.12)		3/31/2027	4.09%	\$ 11,577.87	\$ 3,416.23	\$ 24,889.71	1217	
US Treasury	91282CGA3	US Treasury Note	4.00%	6/20/2023	2,100,000.00	2,080,558.59	2,071,776.00	(8,782.59)	1,147.54	12/15/2025	4.40%	\$ (1,147.54)	\$ 2,515.25	\$ 38,483.28	746	
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	504,035.00	(620.00)		2/1/2028	4.37%	\$ 3,002.79	\$ -	\$ 3,869.82	1524	
FannieMae	3135G0G33	Gov. Agency Debenture	0.50%	7/14/2023	500,000.00	455,157.00	460,755.00	5,598.00		11/7/2025	4.63%	\$ 784.72	\$ -	\$ 3,311.18	708	
FFCB	3133EPOC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,957.50	500,050.00	(1,907.50)		7/17/2026	4.48%	\$ -	\$ -	\$ 8,373.54	1360	
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	592,074.00	(4,146.00)		8/23/2027	4.29%	\$ 2,681.25	\$ -	\$ 9,775.39	962	
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	918,580.00	(2,910.00)	270.83	12/23/2027	5.23%	\$ (270.83)	\$ -	\$ 17,633.30	1484	
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.00	1,287,819.00	(2,841.00)		10/31/2027	4.31%	\$ 13,406.25	\$ -	\$ 18,657.65	1431	
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,617,168.00	1,631,232.00	14,064.00		11/10/2027	5.16%	\$ 18,166.67	\$ -	\$ 22,090.93	1441	
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	1,258,356.00	20,148.86	8,788.04	8/15/2028	4.76%	\$ (8,788.04)	\$ -	\$ 9,241.32	1720	
Pepsico Inc	713448DF2	Corporate Bond	2.85%	10/16/2023	1,000,000.00	947,570.00	957,590.00	10,020.00		11/24/2025	5.24%	\$ (4,116.67)	\$ -	\$ 6,577.79	725	
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	1,004,720.00	10,382.00		5,541.67	9/1/2026	4.96%	\$ (5,541.67)	\$ -	\$ 6,504.43	1006
Freddie Mac	3137EAE90	Gov. Agency Debenture	1.50%	10/13/2023	1,000,000.00	951,540.00	959,900.00	8,360.00		2/12/2025	5.32%	\$ (2,541.67)	\$ -	\$ 6,739.16	440	
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.06	962,070.00	12,030.94	9,538.04	6/30/2027	4.73%	\$ (9,538.04)	\$ -	\$ 5,668.52	1308	
US Treasury	91282CEN7	US Treasury Note	2.75%	10/31/2023	1,300,000.00	1,214,336.39	1,231,802.00	17,465.61		4/30/2027	4.82%	\$ -	\$ -	\$ 4,950.81	1247	
US Treasury	912828YV6	US Treasury Note	1.50%	11/15/2023	700,000.00	673,667.97	674,982.00	1,314.03		11/30/2024	5.26%	\$ 430.33	\$ -	\$ 1,468.20	366	
US Treasury	91282CAB7	US Treasury Note	0.25%	11/15/2023	675,000.00	623,900.39	625,853.25	1,952.86	490.66	7/31/2025	4.92%	\$ (490.66)	\$ -	\$ 1,297.71	609	
US Treasury	91282CGU9	US Treasury Note	3.88%	11/30/2023	1,000,000.00	983,515.62	985,390.00	1,874.38	6,458.33	3/31/2025	5.17%	\$ (6,458.33)	\$ -	\$ -	487	

Subtotal					\$ 50,061,000.00	\$ 49,325,299.35	\$ 48,672,346.91	\$ (652,952.44)	\$ 39,049.71			\$ 1,507,303.37	\$ 1,159,625.58	\$ 501,280.04	
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BNY MM	Money Market					93,429.22	93,429.22	0.00			0.00%				1
LAIF	State Investment Pool					11,278,106.16	11,123,683.39	(154,422.77)			3.84%			212,100.86	1
					\$60,696,834.73	\$59,889,459.52	\$807,375.21	\$39,049.71				\$ 1,507,303.37	\$ 1,159,625.58	\$ 713,380.90	

Matured Assets															
PNC Financial	69349LAM0	Corporate Bond	3.80%	2/7/2022	1,000,000.00	1,033,470.00				7/25/2023	1.49%	\$ 55,733.33	\$ 20,987.56	\$ 1,032.85	
US Treasury	91282CCN9	US Treasury Note	0.13%	1/13/2022	1,200,000.00	1,188,375.00				7/31/2023	0.75%	\$ 2,323.37	\$ 13,176.45	\$ 766.36	
Toyota Motor Credit	89236THA6_1	Corporate Bond	1.35%	4/12/2021	500,000.00	510,380.00				8/25/2023	0.45%	\$ 15,993.75	\$ 5,965.91	\$ 350.67	
Toyota Motor Credit	89236THA6	Corporate Bond	1.35%	1/11/2022	1,100,000.00	1,107,315.00				8/25/2023	0.94%	\$ 24,090.00	\$ 15,144.57	\$ 1,585.23	
US Treasury	91282CDA6	US Treasury Note	0.25												

**Town of Los Gatos
Investment Transaction Detail
November 30, 2023**

Date	Cusip/Id	Description	Transaction Type	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
11/2/2023	Cash-USD	Cash-USD	S-T INV FUND INCOME	11/2/2023	1,471.57	0.000%		100.00	-	-	1,471.57
11/7/2023	3135G06G3	FANNIE MAE 0.5% 07NOV2025	BOND INTEREST	11/7/2023	500,000	0.500%	11/7/2025	-	-	1,250.00	1,250.00
11/10/2023	89236TKL8	TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	BOND INTEREST	11/10/2023	1,600,000	5.450%	11/10/2027	-	-	43,600.00	43,600.00
11/15/2023	912828YV6	USA TREASURY 1.5% 30NOV2024	PURCHASE	11/15/2023	700,000	1.500%	11/30/2024	96.24	673,667.97	4,819.67	678,487.64
11/15/2023	91282CAB7	USA TREASURY 0.25% 31JUL2025	PURCHASE	11/15/2023	675,000	0.250%	7/31/2025	92.43	623,900.39	490.66	624,391.05
11/15/2023	91282CAW1	USA TREASURY 0.25% 15NOV2023	BOND INTEREST	11/15/2023	1,200,000	0.250%	11/15/2023	-	-	1,500.00	1,500.00
11/15/2023	459200JY8	IBM CORP 3% 15MAY2024	BOND INTEREST	11/15/2023	1,000,000	3.000%	5/15/2024	-	-	15,000.00	15,000.00
11/15/2023	91282CAW1	USA TREASURY 0.25% 15NOV2023	REDEMPTION	11/15/2023	1,200,000	0.250%	11/15/2023	100.00	1,200,000.00	-	1,200,000.00
11/17/2023	14913Q2V0	CATERPILLAR FINL SERVICE 2.85% 17MAY2024	BOND INTEREST	11/17/2023	1,000,000	2.850%	5/17/2024	-	-	14,250.00	14,250.00
11/30/2023	91282CGU9	USA TREASURY 3.875% 31MAR2025	PURCHASE	11/30/2023	1,000,000	3.875%	3/31/2025	98.35	983,515.63	6,458.33	989,973.96
11/30/2023	912828YV6	USA TREASURY 1.5% 30NOV2024	BOND INTEREST	11/30/2023	700,000	1.500%	11/30/2024	-	-	5,250.00	5,250.00
11/30/2023	912828U57	USA TREASURY 2.125% 30NOV2023	BOND INTEREST	11/30/2023	1,000,000	2.125%	11/30/2023	-	-	10,625.00	10,625.00
11/30/2023	912828XT2	USA TREASURY 2% 31MAY2024	BOND INTEREST	11/30/2023	1,000,000	2.000%	5/31/2024	-	-	10,000.00	10,000.00
11/30/2023	912828U57	USA TREASURY 2.125% 30NOV2023	REDEMPTION	11/30/2023	1,000,000	2.125%	11/30/2023	100.00	1,000,000.00	-	1,000,000.00

Town of Los Gatos								
Insight ESG Ratings as of November 30, 2023								
Security Description	Maturity Date	Par/Shares	Moody Rating	S&P Rating	Insight ESG Rating	Environment	Social	Governance
JPMORGAN CHASE & CO 3.875% 01FEB2024	2/1/2024	\$ 1,400,000	A1	A-	3	1	3	4
US BANCORP 3.375% 05FEB2024 (CALLABLE 05JAN24)	2/5/2024	\$ 1,000,000	A3	A	3	3	4	4
IBM CORP 3.0% 15MAY2024	5/15/2024	\$ 1,000,000	A3	A-	2	1	2	3
CATERPILLAR FIN SERVICES 2.85% 17MAY24	5/17/2024	\$ 1,000,000	A2	A	4	4	3	4
AMERICAN HONDA FINANCE 2.4% 27JUN2024	6/27/2024	\$ 1,000,000	A3	A-	2	1	3	3
HONEYWELL INTERNATIONAL 2.3% 15AUG2024 (CALLABLE 15JUL24)	8/15/2024	\$ 1,000,000	A2	A	4	3	4	3
PEPSICO INC 2.85% 24FEB2026 (CALLABLE 24NOV25)	2/24/2026	\$ 1,000,000	A1	A+	2	2	2	2
HOME DEPOT INC. 3% 01APR2026 (CALLABLE 01JAN2026)	4/1/2026	\$ 1,000,000	A2	A	2	2	2	3
JPMORGAN CHASE & CO 3.2 15JUN2026 (CALLABLE 15MAR26)	6/15/2026	\$ 500,000	A1	A-	3	1	3	4
APPLE INC. 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	\$ 1,300,000	Aaa	AA+	4	1	4	5
TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	\$ 1,600,000	A1	A+	3	2	3	4
AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	\$ 600,000	A3	A-	2	1	3	3
PNC BANK NA 3.25% 22JAN2028 (CALLABLE 01 FEB28)	1/22/2028	\$ 1,000,000	A2	A	3	2	3	3
COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	\$ 500,000	Aa3	AA-	3	3	3	3
Total/Average		\$ 13,900,000			2.9	1.9	3.0	3.4

*ESG ratings are from 1 to 5, with 1 as the highest rating and 5 as the lowest. All ratings are weighted by industry rankings, based on the importance of the category within the individual industry.

Fund Schedule

Item 2.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2023	Increase/ (Decrease) July - Oct	Nov 2023				Estimated Fund Balance 11/30/2023*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	1,400,163	-	-	-	-	-	1,400,163
	Land Held for Resale	44,338	-	-	-	-	-	44,338
	Committed Fund Balances:							
	Budget Stabilization	6,129,774	-	-	-	-	-	6,129,774
	Catastrophic	6,129,775	-	-	-	-	-	6,129,775
	Pension/OPEB	300,000	-	-	-	-	-	300,000
	Measure G District Sales Tax	590,581	-	-	-	-	-	590,581
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	10,359,577	-	-	-	-	-	10,359,577
	Carryover Encumbrances	37,698	-	-	-	-	-	37,698
	Compensated Absences	1,580,623	-	-	-	-	-	1,580,623
	ERAF Risk Reserve	689,608	-	-	-	-	-	689,608
	Council Priorities - Economic Recovery	1,556,614	-	-	-	-	-	1,556,614
	Unassigned Fund Balances:							
111	Other Unassigned Fund Balance Reserve (Pre YE distribution)	-	(3,910,766)	4,282,167	(3,889,899)	-	-	(3,518,498)
	General Fund Total	29,528,304	(3,910,766)	4,282,167	(3,889,899)	-	-	26,009,806.00

* Interfund transfers and ARPA funding allocation to be performed as part of the fiscal year end closing entries.

Fund Schedule

Item 2.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2023	Increase/ (Decrease) July - Oct	Nov 2023				Estimated Fund Balance 11/30/2023*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
SPECIAL REVENUE								
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	629,843	24,035	29,996	(18,452)	-	-	665,422
231-236	Landscape & Lighting Districts	176,964	(8,779)	-	(4,995)	-	-	163,190
241	ARPA	-	-	-	-	-	-	-
251	Los Gatos Theatre	74,991	6,182	2,450	(10,851)	-	-	72,772
711-716	Library Trusts	530,173	69,738	8,750	(2,133)	-	-	606,528
Special Revenue Total		1,578,624	91,176	41,196	(36,431)	-	-	1,674,565
CAPITAL PROJECTS								
411	GFAR - General Fund Appropriated Reserve	21,725,837	(1,140,211)	449,932	(202,777)	-	-	20,832,781
421	Grant Funded Projects	(406,889)	(73,544)	62,884	(87,528)	-	-	(505,077)
461-463	Storm Basin Projects	3,218,331	71,949	-	-	-	-	3,290,280
471	Traffic Mitigation Projects	431,079	-	-	-	-	-	431,079
472	Utility Undergrounding Projects	3,438,996	10,658	-	-	-	-	3,449,654
481	Gas Tax Projects	1,671,245	(754,276)	76,494	(237,315)	-	-	756,148
Capital Projects Total		30,078,599	(1,885,424)	589,310	(527,620)	-	-	28,254,865
INTERNAL SERVICE FUNDS								
611	Town General Liability	212,022	(1,014,660)	514,450	-	-	-	(288,188)
612	Workers Compensation	514,813	(694,730)	418,461	(4,624)	-	-	233,920
621	Information Technology	2,474,618	(273,484)	14,917	(52,927)	-	-	2,163,124
631	Vehicle & Equipment Replacement	2,413,719	232,110	-	-	-	-	2,645,829
633	Facility Maintenance	927,699	(31,627)	6,933	(112,681)	-	-	790,324
Internal Service Funds Total		6,542,871	(1,782,391)	954,761	(170,232)	-	-	5,545,009
Trust/Agency								
942	RDA Successor Agency	(6,187,789)	(1,673,960)	-	(175)	-	-	(7,861,924)
Trust/Agency Fund Total		(6,187,789)	(1,673,960)	-	(175)	-	-	(7,861,924)
Total Town		61,540,609		5,867,434	(4,624,357)	-	-	53,622,321

* Interfund transfers and ARPA funding allocation to be performed as part of the fiscal year end closing entries.

Deposit Accounts of Interest:

- 111-23541 General Plan Update deposit account balance \$1,031,991.79
- 111-23521 BMP Housing deposit account balance \$4,021,280.60



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 1/08/2024

ITEM NO: 3

Item 3.

DATE: January 3, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive an Overview of the Labor Negotiations Process

RECOMMENDATION:

Receive an overview of the labor negotiations process.

BACKGROUND:

The Finance Commission Chair asked several questions pertaining to public sector labor negotiations. The responses to the questions can be found in the Discussion section of this report. The questions, along with other Commissioner comments can be found in Attachment 1. This document provides background on public sector labor negotiations. With this context, the Chair's questions are responded to at the end of this report.

The Finance Commission last considered the topic of labor negotiations in November 2022 and that staff report can be found in Attachment 2. In addition, staff posts two published databases with salary information for all California agencies: <https://www.losgatosca.gov/418/Salaries>. The State Controller's database, or portions, can be downloaded into Excel for analysis.

California's Meyers-Milias-Brown Act (MMBA) is the statute that regulates labor negotiations at Los Gatos and other California public agencies.¹ The Act authorizes local agencies to adopt local rules regarding employer-employee relations to supplement the MMBA. The Town's local rules are set forth in its Employer-Employee Relations Resolution (EERR), Town Resolution 1974-41. Together, the MMBA and the Town's EERR set forth the law that governs labor negotiations at the Town.

The Public Employment Relations Board (PERB) is the state agency that oversees and adjudicates disputes regarding public sector bargaining in California. PERB has jurisdiction to

¹ Gov. Code, § 3500, *et seq.* Note public educational institutions, trial courts and certain other public agencies are governed by other similar state bargaining statutes.

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

PAGE 2 OF 8

SUBJECT: Receive an Overview of the Labor Negotiations Process

DATE: January 3, 2024

BACKGROUND (continued):

hear and rule on unfair labor practice charges from all represented local agency employees except management and confidential employees, and individual peace officers (unless the employee organization represents a mixed bargaining unit).²

Under the MMBA, employees have the right to form and join employee organizations³ that, once recognized by an agency's governing body, represent the employees' interests in the collective bargaining process as to matters within the "scope of representation." The statutory scope of representation is defined in the MMBA as: "all matters relating to employment conditions and employer-employee relations, including, but not limited to, *wages, hours and other terms and conditions of employment.*"⁴ Employees that are members of a recognized employee organization are referred to as "represented employees."

Generally speaking, if an employer wishes to make a change within the "scope of representation" that will affect a represented employee, the employer must meet and confer⁵ in good faith with the union that represents the affected employee(s). The MMBA defines the concept of meet and confer as:

... mutual obligation personally to meet and confer promptly upon request by either party and continue for a reasonable period of time in order to exchange freely information, opinions, and proposals, and to endeavor to reach agreement on the matters within the scope of representation...⁶

Good faith requires a subjective attitude with a genuine desire to reach an agreement, manifested in conduct which indicates "a serious attempt to resolve differences and reach a common ground."⁷ Failing to meet and confer in good faith when required is unlawful under the MMBA and may subject the party in violation to an unfair labor practice charge filed with PERB.

Currently, the Town recognizes three employee organizations: the American Federation of State, County and Municipal Employees Union (AFSCME), the Los Gatos Police Officers Association (POA), and the Town Employees Association (TEA). The labor agreements⁸

² Gov. Code, §§ 3509, subd. (f), 3511.

³ For purposes of bargaining, the terms "employee organization," union, and association may be used interchangeably.

⁴ Gov. Code § 3504.

⁵ For purposes of negotiations, the terms "meet and confer," negotiate, and bargain may be used interchangeably.

⁶ Gov. Code § 3505.

⁷ *Placentia Fire Fighters v. City of Placentia*, 57 Cal.App.3d 9, 25 (1976).

⁸ For purposes of negotiations, the terms "labor agreement," collective bargaining agreement (CBA), memorandum of agreement (MOA), and memorandum of understanding (MOU), may be used interchangeably. Los Gatos refers to its labor agreements as MOUs.

BACKGROUND (continued):

covering each employee organization are posted on the Town’s website at <https://www.losgatosca.gov/1700/Agreements-Memorandums-of-Understanding>. The labor agreement for each organization governs the terms and conditions of employment for the term (i.e., length) of the agreement. When a labor agreement expires, the parties are obligated to meet and confer on a successor labor agreement if one party so requests. Unless the parties agree on new terms, the MMBA requires all operative terms in the MOU to remain status quo.

BARGAINING PROCESS OVERVIEW

A. Preparing for Bargaining

Labor agreements at public agencies typically end at the close of the fiscal year, which for most public agencies is June 30. Well prior to the agreement’s expiration date, each party determines the composition of their respective bargaining teams. Typically, the employee organization’s bargaining team is comprised of various types of employees represented by the employee organization, as well as an outside professional negotiator who may be employed by an outside firm or a larger union affiliate. The Town’s bargaining team is determined by the Town Council through the Town Manager and typically includes the Assistant Town Manager, the Human Resources Director, and an outside professional negotiator who is typically employed by a law firm. Also, well prior to the expiration of the contract, each party sets internal goals for the negotiation and reviews the current MOU to identify areas to change, remove, improve, or otherwise update.

B. Conducting Negotiations

Because each party to a negotiation must bargain in good faith, negotiations typically require many meetings. The obligation to bargain in good faith includes setting bargaining schedules and establishing any other “ground rules” for negotiations.⁹ Although a party need not submit any proposals, both parties must meaningfully respond to the other side’s proposals. Part of the obligation to bargain in good faith involves moving toward the other side’s position where possible. To do otherwise, may be “regressive bargaining,” which may be evidence of bad faith. In this way, the parties will ideally reach a final position that is a compromise between each party’s initial position. Depending on the various dynamics of a negotiation, MOU provisions may remain predominantly the same from contract to contract while others, like salary, typically change with each successor MOU.

⁹ Negotiable ground rules may include “the time and place for bargaining to start, the order of issues to be discussed, the final settlement conditions that may be imposed...and a variety of similar other matters.” (*Anaheim Union High School District* (19821) PERB Decision No. 177.)

PAGE 4 OF 8

SUBJECT: Receive an Overview of the Labor Negotiations Process

DATE: January 3, 2024

BACKGROUND (continued):

Authority for Town proposals comes from the Town Council.¹⁰ The bargaining team will seek direction from Council prior to making corresponding proposals at the table. To secure Council direction, the MMBA authorizes the Town Council to meet in closed session with its negotiations team. All materials and communications shared during closed session are privileged and cannot be disclosed to anyone outside closed session.¹¹ Once the Town's bargaining team has direction from Council, negotiations may proceed.

C. Privacy and Confidentiality

The default rule under the MMBA is that bargaining should be done in private.¹² Given the default rule, to do otherwise would require meeting and conferring with affected employee organizations or risk a PERB charge for unlawful bad faith bargaining. Moreover, because PERB has held that confidentiality is a common "ground rule" during negotiations,¹³ insisting on non-confidentiality may further risk a bad faith bargaining charge. PERB has also held that an agency's unilateral decision to publicize bargaining proposals and other information may constitute bad faith bargaining because it would unilaterally regulate "the bilateral process of negotiations over substantive terms by potentially impeding the flow of negotiations, restricting the authority of the County's bargaining representatives,...preventing any agreement regarding confidentiality of the bargaining process,...inhibiting the free flow of frank discussions, encouraging 'grandstanding' for the benefit of perceived interest groups, and stifling informal exploration of ideas that could lead to mutual agreement."¹⁴

D. Reaching Agreement and Ratifying the Contract

Once the parties have reached agreement on terms of a successor MOU, they arrive at what is called a "tentative agreement." The agreement is referred to as tentative because it is not binding on the parties until it is ratified by the Union and subsequently approved by the Council in open session.

After tentative agreement, the union will meet with its members to review the new terms and will hold a ratification meeting where union members vote on the tentative MOU, usually by secret ballot. A majority of votes determine if the contract is ratified (accepted) or rejected by the union.

¹⁰ Under California law, authority for labor negotiations rests solely with the governing body. (See *Pacifica Firefighters Association v. City of Pacifica*, 76 Cal.App.5th 758 (2022).)

¹¹ Gov. Code § 54963.

¹² *County of Orange* (2018) PERB Decision No. 2594M – decision analyzing whether County ordinance setting rules for bargaining required meeting and conferring with unions.

¹³ *Id.*, pp. 28-32.

¹⁴ *County of Orange*, supra, pp. 28, 30.

PAGE 5 OF 8

SUBJECT: Receive an Overview of the Labor Negotiations Process

DATE: January 3, 2024

BACKGROUND (continued):

After Union ratification, the tentative MOU will go to the Council for approval. The Council vote on the tentative MOU must be properly agendized and approved by Council vote in open session. Once approved by Council, the new MOU is valid and legally binding on the parties for the duration of its term.

E. Impasse Procedures

If the parties truly cannot reach agreement after meeting and conferring in good faith, they are at a point referred to in the law as *impasse*. Once at impasse, the MMBA offers various impasse procedures, such as voluntary mediation and a subsequent option the union can invoke for a fact-finding hearing before a three-person panel.¹⁵ Council must hold a public hearing on the fact-finding panel's report. Once the parties reach impasse, this is also a time when non-essential workers (as that term is defined by the MMBA) may lawfully engage in a work stoppage (i.e., strike).

Although statutory impasse procedures are designed to pressure the parties to move off of their respective positions toward agreement, the parties are not required to agree by law. Indeed, after the exhaustion of impasse procedures, if the parties have not reached agreement, the Council may unilaterally impose terms that were previously proposed, or may decide to take no action and continue the status quo. However, after impasse, the union has the right to request to meet and confer on the contract prior to the end of the fiscal year. The practical effect of this is that the parties will likely commence bargaining shortly after going through the impasse process.

DISCUSSION:

The Finance Commission Chair asked several questions pertaining to public sector labor negotiations. Preliminary responses are provided below.

1. Has the Town routinely performed compensation surveys prior to each round of contract negotiations with our various bargaining units? Provide a list of all such surveys for the past 10 years including:
 - a. the dates of each survey
 - b. who performed each survey
 - c. the cost of the survey if third parties were utilized
 - d. the specific job titles/positions covered in each
 - e. the municipalities or other employers that were used as comparisons in each
 - f. was the survey made public

¹⁵ Gov. Code § 3505.2 and Gov. Code § 3505.4(a).

DISCUSSION (continued):

- g. the specific Staff, Council Members, and/or others who actually received each survey if it was not made public.

Response: Town staff compile a variety of information and analysis that is shared with the Town Council in Closed Session. This information aids the Council in providing direction to its bargaining team. Given that materials provided in Closed Session are confidential, closed session materials cannot be disclosed and were not made public.

In 2018, the Town hired Koff & Associates to complete a compensation survey and classification analyses for select classifications in 2018. The portion of the agreement for the compensation survey was \$22,880.

In 2022, the Town hired Bryce Consulting to complete a compensation survey and classification analyses for select classifications in 2022. The portion of the agreement for the compensation survey was \$15,300. This agreement has now expired. No firms are currently under contract for these services.

2. Has the Town, at any time, entered into either written or verbal agreements or arrangements with bargaining units or other third parties preventing or limiting or discouraging the disclosure of information related to labor negotiations or compensation surveys that would otherwise be legally disclosable?
 - a. If so, provide a list of all such agreements or arrangements for the last 10 years.
 - b. Was each agreement or arrangement explicitly approved by a Town Council vote in a scheduled meeting? Do meeting minutes document this in each case? Are such meeting minutes published?
 - c. What is the rationale for such secrecy arrangements? How exactly does the Town benefit from such arrangements? How can Finance Commissioners or any public citizen verify such benefits?
 - d. Does the Town Manager support a proactive public input and outreach process as recommended by the Finance Commission in November 2022?

Response: Negotiating parties typically determine their own ground rules of engagement that touch on these topics, as described above.

3. Please provide details about any third party consultants or contractors the Town has used for the past 10 years for labor negotiations and/or compensation surveys.
 - a. List of such consultants and the services they have provided.
 - b. Total amounts paid to such consultants by year.
 - c. Which specific Town Staff members interact with or manage such consultants regarding labor negotiations or salary surveys?

DISCUSSION (continued):

- d. Do such consultants interact with Town Council members? Only in Closed Sessions? In any open meetings? Otherwise?
- e. How long has the Town employed each consultant? Do we have a policy or practice of periodically changing consultants as we do with auditors?

Response: The Town typically hires law firms with expertise in public sector labor negotiations as part of its bargaining team. The Town has used two firms in the last ten years, including Renne Sloan Holtzman Sakai and Liebert, Cassidy & Whitmore. As these firms also provide other labor law services, the estimated annual payment is approximately \$70,000 to \$116,000 per year for all services. The Human Resources Director is the lead staff member overseeing these agreements. As members of the bargaining team, the outside labor attorneys, as appropriate, participate in Closed Session and open sessions with Town Council. The Council meetings are the only interaction with Council members as is typical with almost all Town consultants. The Town does competitive requests for proposals as part of the selection process of the firms consistent with the Town's Procurement Policy.

In 2018, the Town hired Koff & Associates to complete a compensation survey and classification analyses for select classifications. The portion of the agreement for the compensation survey was \$22,880. The Human Resources Director oversaw the work of the consultant.

In 2022, the Town hired Bryce Consulting to complete a compensation survey and classification analyses for select classifications. The portion of the agreement for the compensation survey was \$15,300. The Human Resources Director oversaw the work of the consultant. This agreement has now expired. No firms are currently under contract for these services.

CONCLUSION:

This report provides an overview of the labor negotiations process.

In 2022, the Finance Commission passed several motions to recommend that the Town Council create policies similar to the City of Menlo Park regarding the negotiations process. These proposals are with the Council Policy Committee. The items recommended by the Finance Commission remain on the work plan for consideration and prioritization.

The Finance Commission is advisory to the Town Council with regard to budget matters. If the Finance Commission would like to make a recommendation to the Town Council regarding Town salaries, that discussion can be agendized for a future date.

PAGE 8 OF 8

SUBJECT: Receive an Overview of the Labor Negotiations Process

DATE: January 3, 2024

Attachments:

1. Commissioner Comments
2. November 2022 Finance Commission Item Regarding Labor Negotiations

From: [Rick Tinsley](#)
To: [Gitta Ungvari](#)
Cc: [Rick Tinsley](#); [Laurel Prevetti](#); [Wendy Wood](#); [Katy Nomura](#); [Gabrielle Whelan](#); [Council](#)
Subject: Questions for January 8, 2023 FinCom Meeting
Date: Tuesday, December 12, 2023 10:22:42 AM

[EXTERNAL SENDER]

Hello Gitta,

As we discussed last night I would like the Finance Commission (and the public) to fully understand the Town's labor negotiation process and how the Town Council benchmarks our employees' compensation. This is one of the most significant aspects of the Town Council's fiduciary responsibility since personnel costs represent a substantial and growing majority of the Town's total spending and also directly drive our increasing unfunded pension liability. As further described in my Nov 1, 2023 email below, the Finance Commission made specific recommendations to the Town Council regarding labor negotiations but after more than one year it appears the Town Council has not taken any action or even discussed these issues.

As you know, for years the Finance Committee and Finance Commission repeatedly asked for more detail and insight into our labor negotiation practices so that we can make more informed recommendations to the Town Council but have routinely been rebuffed by the Town Manager with various excuses that such disclosure would be "against state law," "inappropriate," "beyond our purview," "contrary to confidentiality arrangements," etc. None of these excuses are convincing or even accurate and no one has even attempted to explain why such secrecy serves the interests of our citizens and taxpayers. Therefore, as Chair, I am making Labor Negotiations Process the primary agenda topic for the January 8, 2023 FinCom meeting and hereby request the Staff answer the following questions in advance of the meeting:

1. Has the Town routinely performed compensation surveys prior to each round of contract negotiations with our various bargaining units? Provide a list of all such surveys for the past 10 years including:
 - a. the dates of each survey
 - b. who performed each survey
 - c. the cost of the survey if third parties were utilized
 - d. the specific job titles/positions covered in each
 - e. the municipalities or other employers that were used as comparisons in each
 - f. was the survey made public
 - f. the specific Staff, Council Members, and/or others who actually received each survey if it was not made public.

2. Has the Town, at any time, entered into either written or verbal agreements or arrangements with bargaining units or other third parties preventing or limiting or discouraging the disclosure of information related to labor negotiations or compensation surveys that would otherwise be legally disclosable?
 - a. If so, provide a list of all such agreements or arrangements for the last 10 years.
 - b. Was each agreement or arrangement explicitly approved by a Town Council

vote in a scheduled meeting? Do meeting minutes document this in each case? Are such meeting minutes published?

c. What is the rationale for such secrecy arrangements? How exactly does the Town benefit from such arrangements? How can Finance Commissioners or any public citizen verify such benefits?

d. Does the Town Manager support a proactive public input and outreach process as recommended by the Finance Commission in November 2022?

3. Please provide details about any third party consultants or contractors the Town has used for the past 10 years for labor negotiations and/or compensation surveys.

a. List of such consultants and the services they have provided.

b. Total amounts paid to such consultants by year.

c. Which specific Town Staff members interact with or manage such consultants regarding labor negotiations or salary surveys?

d. Do such consultants interact with Town Council members? Only in Closed Sessions? In any open meetings? Otherwise?

e. How long has the Town employed each consultant? Do we have a policy or practice of periodically changing consultants as we do with auditors?

Gitta, I will call you on Thursday at our normal time to discuss further.

Thanks,

Rick Tinsley

----- Forwarded Message -----

From: Rick Tinsley

To: Council <council@losgatosca.gov>

Cc: Katy Nomura <knomura@losgatosca.gov>; Laurel Prevetti <lprevetti@losgatosca.gov>; Gitta Ungvari <gungvari@losgatosca.gov>

Sent: Monday, October 30, 2023 at 05:27:35 PM PDT

Subject: Nov 1, 2023 SPECIAL MEETING OF THE TOWN COUNCIL: CLOSED SESSION

Council Members,

Regarding the meeting "with Town Negotiators listed below in closed session pursuant to Government Code §54957.6 regarding negotiations with the Employee Organizations," I would like to remind the Town Council of two important recommendations that were unanimously approved by the Finance Commission in November of 2022:

1. Finance Commission Recommendation to Create a Public Input and Outreach in Labor Negotiations Policy Modeled after Menlo Park.

2. Finance Commission Recommendation for Council Not to Engage in Confidential Agreements with Bargaining Units that Would Prevent Disclosure that Would Otherwise be Properly Disclosed under the Brown Act.

I understand the Council pushed these recommendations to the Council Policy Committee which moved them near the bottom of their work list and, as far as I know, has not yet discussed them. Since labor and personnel constitute a substantial majority of the Town's total spending these issues are highly material to the Town's overall financial well being.

As this meeting is being held pursuant to Government Code §54957.6, I would like to remind the Council that nothing in that code (or any other part of Government Code) conflicts with the above recommendations. Nothing in the Code prevents, for example, the publication of compensation surveys, proposals, or other work products after such closed meetings. The Town historical practice of keeping everything secret and the public in the dark with respect to labor negotiations is purely of its own choosing and the Council can and should change such practices whenever it sees fit. Again I refer you to the far greater levels of disclosure and transparency that Menlo Park citizens enjoy.

I would also point out another section of our Government Code: Subsection (c) of Gov. Code Section 19826 which states:

(c) At least six months before the end of the term of an existing memorandum of understanding or immediately upon the reopening of negotiations under an existing memorandum of understanding, the department shall submit to the parties meeting and conferring pursuant to [Section 3517](#) and to the Legislature, a report containing the department's findings relating to the salaries of employees in comparable occupations in private industry and other governmental agencies.

It is obviously a common-sense best practice to do an honest and objective evaluation of compensation. I have asked many people at many times whether the Town has done such compensation surveys but have never gotten a straight answer - most people seem afraid to even talk about it. It appears that we may have paid consultants to do such surveys at times although they have been kept secret and never published as far as I can tell. If we have done compensation surveys in the past why have they not been published since their contents are, by definition, publicly available data, and the reports are paid for with taxpayer dollars?

If we have not ever done such surveys, it seems like it is high time we started as suggested by the California Gov Code and common sense best practices.

Thank you for your attention to these important matters.

Rick Tinsley

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From: [Phil Koen](#)
To: [Wendy Wood](#)
Cc: [Gitta Ungvari](#); [Laurel Prevetti](#)
Subject: Fwd: Questions for January 8, 2023 FinCom Meeting
Date: Wednesday, December 13, 2023 8:54:49 AM

[EXTERNAL SENDER]

Wendy,

It doesn't appear other members of the FC were copied on the email sent by Rick. For sake of full disclosure, could you please distribute Rick's email to the entire FC. I would do this but I don't want to trigger a Brown Act violation.

For sake of clarity, to the best of my memory, the information requested in addition to the 10 year horizon was not discussed nor voted on at any FC meeting, nor was the decision to make the "labor negotiations process the primary topic for the January 8th 2024 (sic 2023) FinCom meeting". As Chair he of course has the authority to set the agenda. However, since none of this was discussed with the full FC nor voted on, this is surprising to me.

Thank you,

Phil Koen

Begin forwarded message:

From: Rick Tinsley [REDACTED]
Date: December 12, 2023 at 10:38:28 AM PST
To: Phil Koen [REDACTED]
Subject: Fw: Questions for January 8, 2023 FinCom Meeting

FYI

----- Forwarded Message -----

From: Rick Tinsley [REDACTED]
To: Gitta Ungvari <gungvari@losgatosca.gov>
Cc: Rick Tinsley [REDACTED]; Laurel Prevetti <lprevetti@losgatosca.gov>; Wendy Wood <wwood@losgatosca.gov>; Katy Nomura <knomura@losgatosca.gov>; Gabrielle Whelan <gwhelan@losgatosca.gov>; Council <council@losgatosca.gov>
Sent: Tuesday, December 12, 2023 at 10:22:36 AM PST
Subject: Questions for January 8, 2023 FinCom Meeting

Hello Gitta,

As we discussed last night I would like the Finance Commission (and the public) to fully understand the Town's labor negotiation process and how the Town Council benchmarks our employees' compensation. This is one of the most significant aspects of the Town Council's fiduciary

responsibility since personnel costs represent a substantial and growing majority of the Town's total spending and also directly drive our increasing unfunded pension liability. As further described in my Nov 1, 2023 email below, the Finance Commission made specific recommendations to the Town Council regarding labor negotiations but after more than one year it appears the Town Council has not taken any action or even discussed these issues.

As you know, for years the Finance Committee and Finance Commission repeatedly asked for more detail and insight into our labor negotiation practices so that we can make more informed recommendations to the Town Council but have routinely been rebuffed by the Town Manager with various excuses that such disclosure would be "against state law," "inappropriate," "beyond our purview," "contrary to confidentiality arrangements," etc. None of these excuses are convincing or even accurate and no one has even attempted to explain why such secrecy serves the interests of our citizens and taxpayers. Therefore, as Chair, I am making Labor Negotiations Process the primary agenda topic for the January 8, 2023 FinCom meeting and hereby request the Staff answer the following questions in advance of the meeting:

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Gitta, I will call you on Thursday at our normal time to discuss further.

Thanks,

Rick Tinsley



----- Forwarded Message -----

From: Rick Tinsley 
To: Council <council@losgatosca.gov>
Cc: Katy Nomura <knomura@losgatosca.gov>; Laurel Prevetti <lprevetti@losgatosca.gov>; Gitta Ungvari <gungvari@losgatosca.gov>
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Disclosure that Would Otherwise be Properly Disclosed under the Brown Act.

I understand the Council pushed these recommendations to the Council Policy Committee which moved them near the bottom of their work list and, as far as I know, has not yet discussed them. Since labor and personnel constitute a substantial majority of the Town's total spending these issues are highly material to the Town's overall financial well being.

As this meeting is being held pursuant to Government Code §54957.6, I would like to remind the Council that nothing in that code (or any other part of Government Code) conflicts with the above recommendations. Nothing in the Code prevents, for example, the publication of compensation surveys, proposals, or other work products after such closed meetings. The Town historical practice of keeping everything secret and the public in the dark with respect to labor negotiations is purely of its own choosing and the Council can and should change such practices whenever it sees fit. Again I refer you to the far greater levels of disclosure and transparency that Menlo Park citizens enjoy.

I would also point out another section of our Government Code: Subsection (c) of Gov. Code Section 19826 which states:

(c) At least six months before the end of the term of an existing memorandum of understanding or immediately upon the reopening of negotiations under an existing memorandum of understanding, the department shall submit to the parties meeting and conferring pursuant to [Section 3517](#) and to the Legislature, a report containing the department's findings relating to the salaries of employees in comparable occupations in private industry and other governmental agencies.

It is obviously a common-sense best practice to do an honest and objective evaluation of compensation. I have asked many people at many times whether the Town has done such compensation surveys but have never gotten a straight answer - most people seem afraid to even talk about it. It appears that we may have paid consultants to do such surveys at times although they have been kept secret and never published as far as I can tell. If we have done compensation surveys in the past why have they not been published since their contents are, by definition, publicly available data, and the reports are paid for with taxpayer dollars?

If we have not ever done such surveys, it seems like it is high time we started as suggested by the California Gov Code and common sense best practices.

Thank you for your attention to these important matters.

Rick Tinsley

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**TOWN OF LOS GATOS
FINANCE COMMISSION
AGENDA REPORT**

MEETING DATE: November 14, 2022

ITEM NO: 4

Item 3.

DATE: November 7, 2022
TO: Chairperson and Finance Commission Members
FROM: Laurel Prevetti, Town Manager
SUBJECT: Discuss Options for Providing Information to the Finance Commission During Labor Negotiations

RECOMMENDATION:

Discuss options for Providing Information to the Finance Commission during labor negotiations.

BACKGROUND:

At its September meeting, the Finance Commission asked staff to return with options for providing information to the Finance Commission during labor negotiations. The Finance Commission is specifically concerned about impacts to the Town’s budget resulting from financial commitments made during labor negotiations.

Duties of Finance Commission

Town Code Section 2.50.225 (see Attachment 1) sets forth the duties of the Town’s Finance Commission. Subsection (c) of Section 2.50.225 states that one of the duties of the Finance Commission is to “minimize the [Town’s] cost to provide core services and required activities.”

PREPARED BY: Gabrielle Whelan
Town Attorney

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

PAGE 2 OF 3

SUBJECT: Options for Providing Information During Labor Negotiations

DATE: November 7, 2022

BACKGROUND (continued):

State Law

The state Meyers-Milias-Brown Act (MMBA) is the law that governs California public agency labor negotiations.¹ The Act authorizes local agencies to adopt rules regarding employer-employee relations (Gov. Code Section 3507). The Town has adopted an Employer-Employee Relations resolution (see Attachment 2), which provides that the Town Council designates representatives of the Town for the purpose of meeting and conferring and consulting with recognized employee organizations. The MMBA requires that the parties to a negotiation meet and confer with each side's designated bargaining representatives.

DISCUSSION:

To minimize labor costs, the Finance Commission has expressed interest in being involved with labor negotiations. In accordance with the Town's Employer-Employee Resolution, the Town Council has designated the following representatives for purposes of labor negotiations: outside labor counsel, Assistant Town Manager, and Human Resources Director.

To develop options that balance the request of the Finance Commission and the bounds of labor negotiations, staff has consulted with outside labor and employment counsel to discuss best practices and has reviewed information from other jurisdictions. Based on staff's review and analysis, here are some options:

- 1) The Town could post a labor negotiations schedule on its website and provide that information to the Finance Commission.
- 2) The Finance Commission could provide written comments or recommendations to either the Town's designated labor negotiators or the Town Council before negotiations commence.
- 3) The Council always receives verbal communications preceding closed session. The Finance Commission could provide either comments or recommendations during verbal communications prior to any closed session regarding labor negotiations.
- 4) The Commission could invite the Town's negotiator(s) for a Q&A session before negotiations begin.

¹ A recent court decision highlights the degree to which a public agency's governing body has exclusive authority over labor negotiations [Pacifica Firefighters Association v. City of Pacifica, 76 Cal.App.5th 758 (2022)]. In the Pacifica decision, the City's voters adopted a ballot measure to provide that, in the event of an impasse in labor negotiations, salary and benefits would be set at an amount not less than the average for five neighboring cities. The court ruled that the authority for labor negotiations rested solely with the City Council and could not be delegated to the voters. As a result, the ballot measure was overturned.10272546.1 LO007-005

PAGE 3 OF 3

SUBJECT: Options for Providing Information During Labor Negotiations

DATE: November 7, 2022

CONCLUSION:

Staff looks forward to the Commission's discussion of these options and if the Commission has any preference for keeping the Finance Commission informed with regard to aspects of labor negotiations that will impact the Town's budget.

COORDINATION:

This report was coordinated with the Town Manager's Office, Town Attorney's Office, and Human Resources Department.

ATTACHMENTS:

1. Town Code Section 2.50.225
2. Employer-Employee Relations Resolution

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Sec. 2.50.225. Duties.

- (a) The Finance Commission shall:
- (1) Serve as an on-going, substantive and expert advisory body to the Town and Town Council so that the Town and Town Council can make informed decisions about the Town's financial, budgetary and investment matters and operations related thereto.
 - (2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code, and provide written comments and recommendations to the Town Council.
 - a. The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.
 - b. The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.
 - (3) Review the Town Manager's draft Comprehensive Annual Financial Report (CAFR) for the preceding fiscal year and provide written comments and recommendations to the Town Manager.
 - a. The Town Manager shall respond in writing to the Finance Commission providing the Town Manager's rationale for accepting or rejecting each of the Finance Commission's comments and recommendations prior to presenting the CAFR to the Town Council for formal consideration.
 - b. The Town Manager may not present the CAFR to the Town Council for formal consideration unless or until the Town Manager considers and responds in writing to all of the Finance Commission's comments and recommendations.
 - (4) Review the Director of Finance's summary of the Town's financial report required by section 53891 of the California Government Code and prepared in accordance with section 2.50.010(c) of the Town Code, and provide written comments and recommendations to the Director of Finance prior to the publishing of the summary of the report.
 - (5) Review the financial policies and procedures manual developed in accordance with section 2.50.010(f) of the Town Code and provide written comments and recommendations to the Director of Finance.
 - (6) Prior to the Town's expenditure of any revenues from the tax authorized by sections 25.60.010 et seq. of the Town Code, review the proposed expenditures and advise the Town Council on whether such expenditures meet the Town Council's objectives for that tax:
 - a. Maintaining and enhancing neighborhood police patrols and local crime prevention programs;
 - b. Improving traffic flow to reduce congestion;
 - c. Repairing potholes and maintaining the Town's streets, roads, and sidewalks; and
 - d. Maintaining the Town's long-term financial stability.
 - (7) Issue an annual public report of the expenditures and appropriations of sales tax revenues approved by the Town Council during each fiscal year.
 - (8) Make recommendations to the Town Council about policies and programs:
 - a. To maximize the Town's revenues consistent with existing taxation structures and inter-governmental funding opportunities;

-
- b. To maximize fee generation consistent with market rate charges for Town- provided services and market rate fees for utilization of Town-owned assets;
 - c. To minimize the City's cost to provide core services and required activities. Consistent with the desired service level for residents and other internal and external customers;
 - d. To set funding goals for reserves. and review on-going progress related thereto:
 - e. To assess the risk associated with the structure and documentation of any proposed debt financing;
 - f. To fund the Town's long-term compensation and benefit program liabilities in the most responsible and cost-effective way; and
 - g. To monitor investment performance and make recommendations related to the Town's investment policy and performance.
- (9) Provide written comments and recommendations regarding the selection of auditors for the CAFR.
- (10) Participate in pre-audit meetings with auditors. provided that the Finance Commission shall not participate in those portions of any meetings which pertain to confidential employment or attorney-client privileged matters.
- (11) Review and monitor any events or issues which may affect the financial status of the Town.
- (b) The duties of the Finance Commission shall not be altered, abridged or abrogated in any way by any body except by a vote of the majority of the voters of the Town.
- (c) The Town Council shall make changes to the budgetary and all other Town processes and calendars as necessary to allow for consideration of the comments and recommendations of the Finance Commission outlined herein.
- (Ord. No. 2314 , § 3(§ 1), 11-3-20; Ord. No. 2320 , § III, 9-7-21)

RESOLUTION NO. 1974-41

A RESOLUTION OF THE TOWN COUNCIL
OF THE TOWN OF LOS GATOS ESTABLISHING
THE PROCEDURE FOR RECOGNITION OF
EMPLOYEE ORGANIZATIONS AND CONFERRING
WITH SAID ORGANIZATIONS.

WHEREAS, Government Code Section 3507 empowers a city to adopt reasonable rules and regulations after consultation in good faith with representatives of its employee organizations for the administration of employer-employee relations; and

WHEREAS, the Town of Los Gatos desires to adopt such reasonable rules and regulations as authorized by law;

NOW, THEREFORE, the Town Council of the Town of Los Gatos does hereby resolve as follows:

Section 1: DEFINITIONS.

As used in this Resolution the following terms shall have the meanings indicated:

- (A) Appropriate Unit - means a unit of employees established pursuant to Section 4 of this Resolution.
- (B) Town - means the Town of Los Gatos, a municipal corporation, and where appropriate herein, Town refers to the Town Council, the governing body of the Town, or any duly authorized management employee as herein defined.
- (C) Consult or Consultation in Good Faith - means to communicate orally or in writing for the purpose of presenting and obtaining views or advising of intended actions.
- (D) Employee - means any person regularly employed by the Town, except those persons elected by popular vote.

- (E) Employee, Confidential - means an employee who is privy to decisions of Town management affecting employer-employee relations. The incumbents of the following classifications are hereby designated as confidential employees pursuant to the provisions of Section 3507.5 of the Government Code: Secretary to Town Manager, Secretary to Town Attorney, Police Clerk Matron III, Senior Secretary-Stenographer.
- (F) Employee-Management - means:
- (1) Any employee having significant responsibilities for formulating and administering Town policies and programs; and
 - (2) Any employee having authority to exercise independent judgment, including the Town Manager, department heads, assistant department heads, division heads, but excluding the foreman level. The incumbents of the following positions are hereby designated as management employees pursuant to the provisions of Section 3507.5 of the Government Code: Town Manager, Administrative Assistant, Administrative Aide, Town Attorney, Director of Public Works, Assistant Director of Public Works, Maintenance Superintendent, Planning Director, Assistant Planning Director, Chief Building Inspector, Chief of Police, Police Captain, Police Lieutenant, General Services Supervisor, Town Librarian, Superintendent of Parks and Forestry, Parks Supervisor.
- (G) Employee, Professional - means employees engaged in work requiring specialized knowledge and skills normally attained

through completion of a recognized and accredited course of instruction, as well as professional registration or licensing by the State of California.

- (H) Employee Organization - means any organization which meets the basic requirements for recognition, and which has as one of its primary purposes representation of employees in employee relations matters with the Town.
- (I) Impasse - means a deadlock in discussions between the representatives of a recognized employee organization and the Town over any matters concerning which they are required to meet and confer in good faith.
- (J) Majority Representative - means an employee organization, or its duly authorized representative, that has been granted formal recognition by the Town Manager as representing the majority of employees in an appropriate unit.
- (K) Mediation or Conciliation - means the efforts of an impartial third person, or persons, functioning as intermediaries, to assist the parties in reaching a voluntary resolution to an impasse, through interpretation, suggestion, and advice. Mediation and conciliation are interchangeable terms.
- (L) Meet and Confer in Good Faith (sometimes referred to herein as "meet and confer" or "meeting and conferring") - means performance by duly authorized Town representatives and duly authorized representatives of a recognized employee organization of their mutual obligation to meet at reasonable times and confer in good faith regarding matters within the scope

of representation, including wages, hours, and other terms and conditions of employment, in an effort to:

- (1) Reach agreement on those matters within the authority of such representatives; and
- (2) Reach agreement on what will be recommended to the Town Council on those matters within the decision-making authority of the Town Council. This does not require either party to agree to a proposal or to make a concession.

(M) Scope of Representation - means all matters relating to employment conditions and employer-employee relations, including but not limited to, wages, hours, and other terms and conditions of employment.

Section 2: MEETING AND CONFERRING WITH RECOGNIZED EMPLOYEE ORGANIZATIONS.

- (A) The Town Council designates representatives of the Town for the purpose of meeting and conferring and consulting with recognized employee organizations. The Town, through its Town representatives, shall meet and confer in good faith with representatives of recognized employee organizations regarding matters within the scope of representation.
- (B) The meet and confer process between the Town representatives and all recognized employee organizations regarding matters within the scope of representation shall be carried on in the following manner: An initial meeting will be held no later than 120 days prior to the end of the fiscal year or the termination date of any current Memorandum of Understanding, whichever is later.

- (C) The Town shall not be required to meet and confer in good faith on any subject preempted by Federal or State law, nor shall it be required to meet and confer in good faith on Employee or Town rights as defined in (D) and (E) below. Proposed amendments to the regulations in this resolution are excluded from the scope of meeting and conferring.
- (D) Employees of the Town shall have the right to form, join, and participate in the activities of employee organizations of their own choosing for the purpose of representation on appropriate matters of employer-employee relations, including, but not limited to, wages, hours, and other terms and conditions of employment. Employees of the Town also shall have the right to refuse to join or participate in the activities of employee organizations and shall have the right to represent themselves individually in their employment relations with the Town. No employee shall be interfered with, intimidated, restrained, coerced, or discriminated against because of his exercise of these rights.
- (E) The rights of the Town include, but are not limited to, the exclusive right to determine the mission of its constituent departments, commissions and boards; set the standards of selection for employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or for other legitimate reasons; maintain the efficiency of governmental operations; determine the methods, means and personnel by which government operations are to be conducted; determine the content of job classifications; take

-6-

all necessary action to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work.

- (F) Reasonable written notice shall be given to each recognized employee organization affected by any ordinance, rule, resolution, or regulation directly relating to matters within the scope of representation proposed to be adopted by the Town Council or by any board or commission of the Town for the purpose of consulting with them on the proposed action. Each organization shall be given the opportunity to meet with such body prior to adoption.
- (G) If agreement is reached by representatives of the employee organization and the Town, they shall jointly prepare a written memorandum of such understanding, which shall not be binding, and present it to the Town Council for determination.
- (H) The Town of Los Gatos shall allow a reasonable number of the employee organization representatives (maximum of four [4]) reasonable time off without loss of pay or other benefits when formally meeting and conferring with representatives of the Town on matters within the scope of representation.

Section 3: PETITION FOR RECOGNITION OF EMPLOYEE ORGANIZATIONS.

- (A) An employee organization that seeks recognition for purposes of meeting and conferring in good faith as the majority representative of employees in an appropriate unit or units

-7-

shall file a petition with the Town Manager containing the following information and documentation:

- (1) Name and address of the employee organization.
- (2) Names and titles of its officers.
- (3) A statement that the employee organization has, as one of its primary purposes, representing employees in their employment relations with the Town.
- (4) A statement whether the employee organization is a chapter or local of, or is affiliated directly or indirectly in any manner with, a regional, state, national, or international organization, and if so, the name and addresses of each such regional, state, national or international organization.
- (5) A copy of the organization's constitution and by-laws.
- (6) A statement that the employee organization has no restriction on membership based on race, color, creed, sex, or national origin.
- (7) A statement of the job classifications or titles of employees in the unit claimed to be appropriate, and the number of employees therein.
- (8) A statement signed by an appropriate officer certifying that the employee organization has in its possession sufficient employee signatures on a petition or authorization cards, dated within three months of the date upon which the petition is filed, to

-8-

establish that at least 35 percent of employees in the unit claimed to be appropriate have designated the employee organization to represent them in their employment relations with the Town. This statement shall be submitted to the Town Manager and shall accompany the petition for recognition. The Town Manager may require that evidence supporting this statement be submitted to a neutral third party for confirmation.

- (9) A request that the Town Manager recognize the employee organization as the majority representative of the employees in the unit claimed to be appropriate for the purpose of meeting and conferring in good faith on all matters within the scope of representation.

Section 4: APPROPRIATE UNIT.

(A) The Town Manager, after reviewing a petition filed by an employee organization seeking formal recognition as a majority representative, shall first determine whether the proposed unit qualifies as an appropriate unit. The following standards shall be applied in determining the appropriate unit:

- (1) The unit shall be the broadest feasible group of employees who share a community of interest. Factors to be considered include the extent to which employees have similar working conditions, supervision, educational and training requirements, skills, and related occupations or job classifications and duties.
- (2) Consideration shall be given to the effect of the unit on the efficient operation of Town services and

sound employer-employee relations.

- (3) Consideration may be given to the history of employee relations: (a) in the unit; (b) among other employees in the Town; and (c) in similar public employment, provided, however, that no unit shall be established solely on the basis of the extent to which employees in the proposed unit have organized.
- (B) In the establishment of appropriate units:
- (1) No job classification shall be included in more than one representation unit;
 - (2) Confidential employees who are included in the same unit with non-management or non-confidential employees may not represent such employees on matters within the scope of representation.
 - (3) Management employees shall not be included in the same unit as non-management employees.
 - (4) Professional employees shall not be denied the right to be represented separately from non-professional employees.
- (C) In the event of disagreement with the Town Manager's decision on the appropriate unit, the dispute shall be resolved by a Hearing Officer. This person shall be mutually selected by both parties. In the event the parties are unable mutually to agree on a hearing officer, either party may request the State Conciliation Service to submit a panel of no less than five (5) persons experienced in the arbitration process. The parties shall then select the Hearing Officer by alternately striking names until the one remaining shall be the Hearing Officer.

The party entitled to strike the first name shall be determined by drawing lots. The decision of the Hearing Officer as to what constitutes the appropriate unit(s) shall be binding on all parties involved.

Section 5: RECOGNITION OF EMPLOYEE ORGANIZATIONS AS MAJORITY REPRESENTATIVE.

The Town Manager shall determine the majority representative of Town employees of an appropriate unit by arranging for a secret ballot election, or by any other reasonable method which is based upon written proof, and is designed to ascertain the free choice of a majority of such employees. The employee organization found by the Town Manager to represent a majority of the employees in each appropriate unit shall be granted formal recognition and shall be the only employee organization entitled to meet and confer with the Town on matters within the scope of representation for employees in such unit. Formal recognition of an organization shall not preclude other employee organizations, if any, or an individual employee, from consulting with management representatives on employer-employee relations matters of concern to him or them.

Section 6: DECERTIFICATION OR MODIFICATION OF AN ESTABLISHED UNIT.

A group of employees or an employee organization may petition for decertification or modification of an established unit, challenging the right of the recognized employee organization as the majority representative. Such petitions shall be filed only during the period January 1 through January 15, only when more than eighteen (18) months have elapsed from the date of certification of the recognized employee organization, and only during the final twelve (12) months of the term of any memorandum of understanding with the recognized

employee organization then in effect.

(A) A Petition for Decertification, including all accompanying documents, shall be verified and may be accompanied by Petition for Recognition by a challenging organization. The Petition for Decertification shall contain the following information:

- (1) The name of the recognized employee organization.
- (2) An allegation that the recognized employee organization no longer represents a majority of the employees in the appropriate unit, and other relevant and material facts.
- (3) A statement signed by an appropriate officer certifying that at least 40 percent of the employees in the organization do not desire to be represented by the recognized employee organization. The Town Manager may require that written evidence supporting this statement, dated within three months of the date upon which the Petition is filed, be submitted to a neutral third party for confirmation. The Town Manager shall arrange for a secret ballot election to determine if the recognized employee organization shall retain its recognition rights. The recognized employee organization shall be decertified if a majority of those casting valid ballots vote for decertification, provided that a majority of all the employees eligible to vote in the unit voted. There shall be no more than one decertification election in the same unit in any twelve-month period.

- (B) A Petition for Modification shall contain all the information set forth in Sections 3 and 4, together with a statement of all relevant facts in support of the proposed modified unit. It shall be accompanied by a statement signed by an appropriate officer certifying that a majority of the employees within the proposed modified unit have designated the employee organization to represent them in their employment relations with the Town. The Town Manager may require that written evidence supporting this statement, dated within three months of the date upon which the Petition is filed, be submitted to a neutral third party for confirmation. The Town Manager shall hold a hearing on the Petition, at which time all affected employee organizations shall be heard. Thereafter, the Town Manager shall determine the appropriate unit as between the existing unit and the proposed modified unit. If the Town Manager determines that the proposed modified unit is the appropriate unit, then he shall follow the procedures set forth in Sections 3-5, inclusive, for determining the recognition rights in such unit.
- (C) In the event of disagreement with the Town Manager's decision on the modified unit, the dispute shall be resolved by the Hearing Officer chosen in the manner provided in Section 4(C).

Section 7: RESOLUTION OF IMPASSES.

Impasse procedures may be invoked in the meet and confer process only after the possibility of settlement by direct discussion has been exhausted. Any party may initiate the impasse procedure by filing with the other party (or parties) affected a written request for an impasse meeting, together with a statement of its position on all disputed issues. An impasse meeting shall then be scheduled

by the Town Manager forthwith after the date of filing of the written request for such a meeting, with written notice to all parties affected. The purpose of such impasse meeting is to permit a review of the positions of all parties, in a final effort to reach agreement on the disputed issues. If agreement is not concluded, the parties shall pursue the impasse procedures in the order set forth in this section.

- (A) Mediation (or conciliation) (defined in Section 1[K]). A conciliator shall be mutually selected by the Town and the employee organization or organizations directly involved in the impasse from the State Conciliation Service of the State of California. All conciliation proceedings shall be private. The conciliator shall make no public recommendations, nor take any public position concerning the issues.
- (B) Any other dispute-resolving procedure to which the parties mutually agree, or the Town Council may order.
- (C) In the absence of agreement between the parties on point (B), the matter shall be referred to the Town Council which, after a hearing on the merits of the dispute, shall make the final determination.

The fees and expenses, if any, of mediators or of any other impasse procedure, shall be payable one-half by the Town and one-half by the employee organization or employee organizations. Fees and/or expenses of attorneys representing an employee or employee organization shall be borne by the employee or employee organization alone.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 15th day of April, 1974, by the following vote:

AYES:	COUNCILMEN	Ruth Cannon
		Mark B. DiDuca
		Egon Jensen
		Albert B. Smith
		John B. Lochner
NOES:	COUNCILMEN	None
ABSENT:	COUNCILMEN	None

SIGNED: *John B. Lochner*
MAYOR OF THE TOWN OF LOS GATOS

ATTEST:

Rose Aldag, Deputy
CLERK OF THE TOWN OF LOS GATOS



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 1/08/2024

Item 3.

ITEM NO: 3

DESK ITEM

DATE: January 8, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive an Overview of the Labor Negotiations Process

REMARKS:

Attachment 3 contains Commissioner comments received between 11:01 a.m., Friday, January 5, 2024, and 11:00 a.m. Monday, January 8, 2024.

Attachment Previously Received with the Staff Report:

1. Commissioner Comments
2. November 2022 Finance Commission Item Regarding Labor Negotiations

Attachment Received with this Desk item:

3. Commissioner Comments

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

From: [Rob Rennie](#)
To: [Phil Koen](#); [Jenna De Long](#)
Cc: [Laurel Prevetti](#); [Gitta Ungvari](#); [Wendy Wood](#); [Gabrielle Whelan](#)
Subject: Re: January 8, 2024 Finance Commission Agenda Packet
Date: Friday, January 5, 2024 6:07:51 PM

Gitta,

In answering Phil's question about revenue growth from last year to this I think it would be helpful to have a table of the past few years growth and some comments on what was special in each year to make it more or less than average. And then apply those type of thoughts to this year.

Thank You,
 Rob Rennie
 Los Gatos Town Council Member

Help me prevent brown act violations. Please do not forward this email

From: Phil Koen [REDACTED]
Sent: Friday, January 5, 2024 8:12 AM
To: Jenna De Long <JDeLong@losgatosca.gov>
Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>; Gitta Ungvari <GUngvari@losgatosca.gov>; Wendy Wood <WWood@losgatosca.gov>; Gabrielle Whelan <GWhelan@losgatosca.gov>; Rick Tinsley [REDACTED]; Rob Rennie <RRennie@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>
Subject: Re: January 8, 2024 Finance Commission Agenda Packet

[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> 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,



The information contained in this email pertains to Town business and is intended solely for the use of the individual or entity to whom it is addressed. If the reader of this message is not an intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, and you have received this message in error, please advise the sender by reply email or phone and delete the message. Please note that email correspondence with the Town of Los Gatos, along with attachments, may be subject to the California Public Records Act, and therefore may be subject to disclosure unless otherwise exempt by law.

From: [Rick Tinsley](#)
To: [Laurel Prevetti](#); [Jenna De Long](#)
Cc: [Wendy Wood](#); [Gitta Ungvari](#); [Council](#)
Subject: Jan 8 Finance Commission Staff Report and Addendum
Date: Sunday, January 7, 2024 6:12:36 PM

[EXTERNAL SENDER]

Please find comments and questions below related to Item 3 in the Jan 8, 2024 FinCom Packet. Please add this as a desk item. I look forward to discussing tomorrow.

Comment 1. From Item 3 Staff Memo page 4/7 paragraph B:

*“To secure Council direction, the MMBA authorizes the Town Council to meet in closed session with its negotiations team. **All materials and communications shared during closed session are privileged and cannot be disclosed to anyone outside closed session.**”¹¹”*

This assertion is false and is clearly contradicted by the very Gov. Code § 54963 cited as footnote 11 (see **bold** portions of the entire Code § 54963 below). In particular, the legislative body (LG Town Council in this case) **has the authority to authorize disclosure of any such information.** It also states there is no restriction on information that is “not confidential” – such as publicly available compensation information for public employees in various jurisdictions in California which, by law, are always public domain.

Furthermore, despite footnote 11, Gov. Code § 54963 says absolutely nothing about “privilege” and it is questionable whether such compensation surveys meet the legal definition of “privileged” since they are just a compilation of publicly available information. Even if they could be construed as privileged, the client in an attorney-client privilege situation “owns” the privilege and can choose to disclose information so designated at will. The use of the term privilege seems like a total red herring meant to confuse and mislead the Town Council. Attorney-client privilege exists to protect the client (in this case the Town) from harm. I would like to hear how treating Compensation Surveys as privileged and/or confidential is in the best interests of the Town as opposed to the groups we are bargaining with. In any case, regardless of the Staff’s questionable use of the “privilege” label, the **Town Council can decide to publish compensation surveys whenever it sees fit.**

CA Gov Code 54963. (a) A person may not disclose

confidential information that has been acquired by being present in a closed session authorized by Section 54956.7, 54956.8, 54956.86, 54956.87, 54956.9, 54957, 54957.6, 54957.8, or 54957.10 **to a person not entitled to receive it, unless the legislative body authorizes disclosure of that confidential information.**

(b) For purposes of this section, "confidential information" means a communication made in a closed session that is specifically related to the basis for the legislative body of a local agency to meet lawfully in closed session under this chapter.

(c) Violation of this section may be addressed by the use of such remedies as are currently available by law, including, but not limited to:

(1) Injunctive relief to prevent the disclosure of confidential information prohibited by this section.

(2) Disciplinary action against an employee who has willfully disclosed confidential information in violation of this section.

(3) Referral of a member of a legislative body who has willfully disclosed confidential information in violation of this section to the grandjury.

(d) Disciplinary action pursuant to paragraph (2) of subdivision (c) shall require that the employee in question has either received training as to the requirements of this section or otherwise has been given notice of the requirements of this section.

(e) A local agency may not take any action authorized by subdivision (c) against a person, nor shall it be deemed a violation of this section, for doing any of the following:

(1) Making a confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the illegality of an action taken by a legislative body of a local agency or the potential illegality of an action that has been the subject of deliberation at a closed session if that action were to be

taken by a legislative body of a local agency.

(2) Expressing an opinion concerning the propriety or legality of actions taken by a legislative body of a local agency in closed session, including disclosure of the nature and extent of the illegal or potentially illegal action.

(3) Disclosing information acquired by being present in a closed session under this chapter that is not confidential information.

(f) Nothing in this section shall be construed to prohibit disclosures under the whistleblower statutes contained in Section 1102.5 of the Labor Code or Article 4.5 (commencing with Section 53296) of Chapter 2 of this code.

Comment 2. From Item 3 Staff Memo page 4/7 paragraph C:

"Moreover, because PERB has held that confidentiality is a common "ground rule" during negotiations,13 insisting on nonconfidentiality may further risk a bad faith bargaining charge."

By the same reasoning, insisting on confidentiality may also risk a bad faith bargaining charge. If our bargaining units insist on this and are unwilling to confer and negotiate this ground rule in good faith, then they are in violation of MMBA. Indeed, the PERB Decision No 2594M cited in footnotes 12, 13, 14 makes it clear that neither party can unilaterally impose such ground rules on the other. (Incidentally I did not see the word "common" on any of the cited pages. PERB basically ruled that the parties can set up whatever ground rules they want as long as they are negotiated in good faith and not dictated by one side.)

It is worth noting in the same ruling, the PERB did **not** challenge the County's right to **prepare and publish** economic analysis of current costs and opening proposals. PERB only rejected the 30-day holding period as being too long and said the time should be negotiated.

Whereas the Staff Memo states "The default rule under the MMBA is that bargaining should be done in private.12" The ruling you cited also makes it clear the default rule is also **"the parties are permitted to report to the public or the press regarding what occurred in negotiations,**

absent an agreement to the contrary.”

See **bold** sections below from the ruling you cited:

12, 13, 14 County of Orange (2018) PERB Decision No. 2594M – decision analyzing whether County ordinance setting rules for bargaining required meeting and conferring with unions. P 29:

“As we noted above, parties sometimes propose a confidentiality arrangement, and other times propose inviting observers to bargaining. (See, e.g., King City Joint Union High School District, supra, PERB Decision No. 1777, adopting proposed decision, p. 5; San Ysidro School District (1980) PERB Decision No. 134, pp. 7, 15; Muroc Unified School District, supra, PERB Decision No. 80, p. 3.) Because one party cannot unilaterally insist on either of these arrangements, the default is that observers are not permitted, but the parties are permitted to report to the public or the press regarding what occurred in negotiations, absent an agreement to the contrary.”

12 County of Orange (2018) PERB Decision No. 2594M – decision analyzing whether County ordinance setting rules for bargaining required meeting and conferring with unions. P 30:

“While nothing in our holding prevents a party from reporting to the public what occurs in negotiations if there is no applicable confidentiality agreement, in this case the County unilaterally tied its own hands before bargaining, thereby preventing the parties from ever discussing confidentiality.”

As a practical matter it is easy to find many local and state public employers that routinely publish compensation surveys for their employees, so it is clearly not illegal or otherwise impossible. It is a choice by the Town Council. Clearly the Staff is fighting this with some very questionable excuses that do not stand up to careful scrutiny. It is easy to see why some employees and their unions might prefer this communication blackout but can anyone make an honest case for why this secrecy is in the best interests of our citizens and taxpayers?

Thanks,

Rick Tinsley

On Friday, January 5, 2024 at 03:14:37 PM PST, Jenna De Long <jdelong@losgatosca.gov> wrote:

Good Afternoon Commissioners,


Please find attached for the January 8, 2024 Finance Commission meeting:

- The Staff Report for Item #3 – Labor Negotiations Process Overview
- An Addendum for Item #7 - Review the Town's Draft Financial Transactions Report for Submittal to the State Controller

The packet is also available to view here: <https://losgatos-ca.municodemeetings.com/>

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

Thank you,

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

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From: [Phil Koen](#)
To: [Wendy Wood](#)
Cc: [Laurel Prevetti](#); [Gitta Ungvari](#); [Rick Tinsley](#)
Subject: City of Menlo Park Council Policy - Agenda Item #3
Date: Sunday, January 7, 2024 7:16:39 PM
Attachments: [Pages from H7-Waive%20CC%20procedure%20cc-11-0001.pdf](#)

[EXTERNAL SENDER]

Hello Wendy,

Would you please distribute this to the FC. Thank you.

Phil Koen

City of Menlo Park

City Council Policy

Department City Council	Page 1 of 1	Effective Date 03/02/2011
Subject Public Input and Outreach regarding Labor Negotiations	Approved by City Council 03/01/2011	Procedure # CC-11-0001

PURPOSE

To incorporate public input into the labor negotiations process.

BACKGROUND

The City Council has expressed a desire to improve public communication and outreach on labor relations to the extent reasonably possible.

POLICY

A regular business item shall be placed on a Council agenda in advance of formal labor negotiations that includes an opportunity for the public to comment. At least seven days prior to this meeting, staff shall post a report that contains relevant information on employee salaries and benefits, as well as the methodology used to determine a competitive and appropriate compensation package. As part of this process, a concerted effort shall be made to request public comment on the negotiations parameters.

As a general rule, staff shall engage the services of a labor attorney to participate in formal labor negotiations with bargaining units representing permanent employees.

During labor negotiations, public comment will be provided prior to the entry into closed session to discuss labor negotiations, in accordance with State law. At the conclusion of the closed session, the Council shall report out any action taken, including in the record the individual votes taken and the characterization of the deliberations. In addition, at some point in the negotiations process, staff shall submit a public report to Council that provides a general status of labor negotiations and that allows for public input prior to concluding negotiations.

Staff shall prepare and make public a staff report, at least fifteen calendar days prior to Council consideration of a tentative agreement or implementation resolution for any bargaining unit, that provides full details and costing associated with the recommended action, shall schedule the matter as a regular business item and shall provide an opportunity for the public to comment.

From: [Phil Koen](#)
To: [Wendy Wood](#)
Cc: [Laurel Prevetti](#); [Gitta Ungvari](#); [Rick Tinsley](#)
Subject: An example of labor negotiation report from Menlo Park - Agenda Item #3
Date: Sunday, January 7, 2024 7:30:44 PM
Attachments: [H4%20-%20PSA%20Negotiations_201902212103415203.pdf](#)

[EXTERNAL SENDER]

Hello Wendy,

Could you please distribute the attached to the FC for the meeting tomorrow.

Thank you,

Phil Koen



STAFF REPORT

City Council Meeting Date: 2/26/2019
Staff Report Number: 19-026-CC

Regular Business: Receive a report and hear public comment on upcoming negotiations with the Menlo Park Police Sergeants Association on a successor agreement to the current agreement expiring June 30, 2019

Recommendation

Receive a report from staff and hear public comment on upcoming negotiations with the Menlo Park Police Sergeants Association (PSA) on a successor agreement to the current agreement expiring June 30, 2019.

Policy Issues

This report is prepared in accordance with City Council policy and procedure CC-11-001, public input and outreach regarding labor negotiations.

Background

The current memorandum of understanding (MOU) with the Menlo Park PSA is due to expire June 30, 2019. Pursuant to best labor-management practices, it is time to open negotiations on a successor agreement. The PSA represents the single classification of police sergeant, with nine (9) full-time positions funded in the fiscal year 2018-19 budget.

Analysis

This report is submitted to the City Council, members of the PSA, and members of the public in order to provide relevant information on the PSA salaries and benefits in preparation for the upcoming negotiations of a successor labor agreement or MOU between the PSA and the City. This information is provided to all interested parties 15 days in advance of the City Council's meeting February 26 at which time the public will have an opportunity to provide comment on this matter in accordance with City Council policy and procedure #CC-11-001 (Attachment A.)

After receiving public input, a staff representative of the City's bargaining team will request a closed session with City Council to receive direction on the City's initial bargaining position. The City's bargaining team typically includes a labor attorney, who serves as the City's chief negotiator, supported by human resources and management staff. Upon receiving direction from City Council, the City's negotiating team will begin meeting with the PSA negotiating team in a good faith effort to reach a successor agreement. Under California Government Code, matters of wage, hours and other terms and conditions of employment are within the mandatory scope of bargaining. Staff anticipates the labor negotiations process will continue through June, and will strive for a successor agreement in place before June 30, 2019. Attachment B further describes the roles, process and requirements of labor negotiations.

Bargaining principles

As in prior years, the tenets that are used to determine the City's bargaining principles will assist with aligning the bargaining efforts with the service and financial priorities established by both the City Council. The following principles will be considered in preparation for and throughout labor negotiations with the PSA on a successor agreement:

- *Service to the community* – Negotiations shall strive to achieve agreements that maintain and enhance services to the community provided by the bargaining unit members in their various roles and in concert with City Council adopted policies and goals.
 - Police sergeants are the front line supervisors for police officers, police corporals and certain non-sworn police personnel. Four of the nine sergeants are assigned to the patrol division, leading day-to-day 24/7 operations. Patrol sergeants ensure appropriate staffing levels, customer relations, and law enforcement activities for crime prevention, problem-solving and crime suppression. Five sergeants are assigned to units requiring specialized training and skills. These specialty units include administration/internal affairs, traffic, detective, County narcotics task force, and the newly created community response unit. This new unit also includes five officers, and is fully funded by a development agreement for five years. The community response unit will focus on responding to active assailants and other large-scale emergencies.
- *Fiscal sustainability* – Negotiations shall strive to achieve successor agreements that achieve continued fiscal sustainability in accordance with the City's 10-year financial forecast for the general fund.
 - The 10-year forecast is developed as part of the budget development process. The goal is to understand prevailing trends to help long-term decision-making. The most recent 10-year forecast was updated to incorporate feedback from the Finance and Audit Committee and introduce a stochastic model. This model uses individual trials to build out the entire forecast. It runs a trial with a range of values, then runs another with another range, and so on to create a distribution of outcomes. The midpoint of these outcomes is the most likely scenario, and therefore representative of the 10-year forecast.
 - Total expenditure requirements, including salary, CalPERS, equipment, etc. for one police sergeant are covered through a five year development agreement, expiring June 2023.
- *Recruitment and retention* – Negotiations shall strive to develop terms that promote to the recruitment and retention of high quality employees.
 - All nine of the current police sergeants were promoted from within the City of Menlo Park. Two were promoted from the position of police corporal, a job classification created in 2014. Seven sergeants were promoted from the police officer rank. All nine sergeants represent 130 years of service to the City of Menlo Park as law enforcement officers, 58 of those years as police sergeants. Four employees have one to three years in the rank of sergeant, three have approximately seven years, one has 11 years, and one has 17 years in the rank of sergeant. While the last position became available through new funding, the other sergeants were promoted as a result of retirements or promotions.

Total compensation

Annualized total compensation for the bargaining unit using January 11, 2019 data is shown below, along with a breakdown of salary, pension and other benefit costs. The City conducted a comprehensive analysis of the labor market for police sergeants as provided in Attachment C.

Table 1: City of Menlo Park annual PSA personnel costs as of January 11, 2019 - 9.0 authorized full-time equivalent (FTE) employees	
Base salaries	\$1,279,500
Other pensionable pays	\$213,000
Retirement (CalPERS)	\$756,500
Medical premiums	\$182,500
Dental and vision premiums	\$19,800
Other fringe benefits	\$18,000
Total	\$2,469,300

Salaries – As the largest component of compensation, salaries have the most significant impact on the City’s long-term fiscal sustainability as well as the City’s ability to recruit and retain high quality employees to deliver exemplary service to the community. Members of the PSA last received a 3 percent salary adjustment October 29, 2017 and again July 8, 2018. A clause in the current PSA MOU ensures sergeants will maintain the same base pay differential when compared to police officers and police corporals. Those differentials are 12 percent above a police corporal and 20.6 percent above a police officer. In December 2018, the City conducted a comprehensive total compensation survey which found that Menlo Park continues to pay above the market median among comparable agencies (8.52 percent) (Attachment B.)

In addition to base salary, all police sergeants receive an annual uniform allowance of \$1,040, which is pensionable. If certain conditions exist or they meet eligibility requirements police sergeants may receive other forms of pensionable pay, including:

- Longevity pay: Four tiers of additional pay dependent on years of service; the current sergeants are distributed as follows:
 - 2 percent of base pay since completing seven years of service – 3 sergeants
 - 4 percent of base pay since completing 11 years of service – 3 sergeants
 - 6 percent of base pay since completing 15 years of service – 1 sergeant
 - 8 percent of base pay since completing 20 years of service – 2 sergeants
- Police officers and standards training (POST) incentive pay: Two tiers of additional pay upon receiving POST certificates requiring a combination of work experience, training and education; the current sergeants are distributed as follows:
 - 5 percent of base pay since earning a POST intermediate certificate – 1 sergeant
 - 10 percent of base pay since earning a POST advanced certificate – 8 sergeants
- Night shift differential: 2 percent of base pay which automatically applies to the two patrol sergeants regularly assigned to the night shift
- Holiday: With a 24/7 patrol operation and 13 City recognized holidays, holiday overtime is certain.
- On-call pay: \$50 per 24 hour period; applicable only to sergeants assigned to the detective unit
- Bilingual differential: \$75 per pay period, if approved and upon passing an exam; currently one sergeant receives bilingual pay
- Out of class pay: 5 percent of base pay, upon specific written assignment by the police chief; currently no sergeants receive out of class pay

Benefits - Similar to salaries, benefits are also negotiated with labor groups and ultimately set by the City Council through approval of labor contracts. Unlike salaries, however, the cost of benefits tend to be governed by a third party and are correlated to actual experience either for the City or for a pool of cities. Most recently, the labor agreement with PSA provided for minor adjustments to the City's contribution for medical insurance through a Section 125 cafeteria plan. When reviewing benefit costs, the following components are important considerations:

1. *Retirement (CalPERS)* – On July 1, 2018, CalPERS decreased its targeted assumed rate of investment earnings, called the “discount rate,” from 7.5 percent to 7.0 percent, net of expenses. This decrease was in response to recent investment gains/losses. The impact of a more conservative investment earnings assumption is that the long-term liability increases thereby resulting in higher unfunded liabilities and, consequently, higher employer contributions. CalPERS has elected to phase in the impact of the lower assumption on employee contributions over a period of time with the final adjustment required as a result of the lower assumption beginning July 1, 2020. CalPERS estimates that the reduction to 7.0 percent will result in an increase in costs as high as 5 percent of payroll for safety employees. While this increase is phased in over three years, by fiscal year 2020-21, the City's annual PERS expense for safety employees is expected to increase by an estimated \$1 million per year above previous anticipated cost increases. In addition to the reduction in the discount rate from 7.5 percent to 7.0 percent, other factors that affect CalPERS costs are actual investment earnings, changes in demographics such as average life expectancies, and changes in actuarial assumptions that smooth the effects of significant deviations from assumptions over several years. All current PSA employees are classified as “public safety tier 1” CalPERS classic members. Police sergeants in this benefit plan pay a fixed 12 percent of salary toward their retirement benefit. The City's contribution is 43.7320 percent, and anticipated to rise to 50.92 percent in fiscal year 2019-20. A link to the most recent CalPERS actuarial report for this benefit plan is available as Attachment D.
2. *Medical* – The City contracts with CalPERS under the Public Employee Members' Medical and Hospital Care Act (PEMHCA) to provide medical insurance to all eligible employees. PEMHCA premiums are impacted by the experience of covered members in the PEMHCA pool, demographics, and laws such as the Affordable Care Act (ACA.) To the extent that the pool experiences changes in any of those factors or if the number of dependents covered by the City changes, rates may increase. The City contributes an annual fixed amount to a cafeteria plan that includes health plan premium costs and flexible savings account options. The 2019 CalPERS health plan costs for the Bay Area Region and the offset of costs with the City contribution is detailed in Attachment E. The 2019 premiums cost of the current health plan choices (including cash in lieu) for police sergeants is \$183,800, with the City contributing \$164,500 toward those choices and an additional \$17,800 to flexible savings accounts for health and child care reimbursement programs.

Impact on City Resources

There are no impacts on City resources as a result of receiving input on negotiations. It is anticipated that the City Council will meet in closed session to provide direction to the City's negotiating team. The negotiators will meet and confer with the PSA's negotiation team, and once tentative agreement is reached on a successor agreement, the fiscal impact of that tentative agreement will be released 15 days before the City Council's vote to ratify the successor agreement at a public meeting. The estimated cost for negotiation of an agreement, inclusive of release time for labor representatives paid by the City, is between \$8,000 and \$35,000 depending on the complexity of negotiations.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA)

Guidelines §§ 15378 and 15061(b)(3) as it is a minor change that will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the report 15 days prior to the City Council meeting of February 26, 2019.

Attachments

- A. Public input and outreach regarding labor negotiations policy
- B. Understanding the Labor Negotiations Process produced by the Institute for Local Government
- C. Total compensation labor market survey, December 2018
- D. CalPERS annual valuation report as of June 30, 2017, for the safety plan of the City of Menlo Park (classic tier 1 members) – hyperlink: calpers.ca.gov/docs/actuarial-reports/2017/menlo-park-city-safety-2017.pdf
- E. 2019 Police Sergeants' Association health plan choices and City contributions

Report prepared by:
Lenka Diaz, Administrative Services Director

City of Menlo Park

City Council Policy

Department City Council	Page 1 of 1	Effective Date 03/02/2011
Subject Public Input and Outreach regarding Labor Negotiations	Approved by City Council 03/01/2011	Procedure # CC-11-0001

PURPOSE

To incorporate public input into the labor negotiations process.

BACKGROUND

The City Council has expressed a desire to improve public communication and outreach on labor relations to the extent reasonably possible.

POLICY

A regular business item shall be placed on a Council agenda in advance of formal labor negotiations that includes an opportunity for the public to comment. At least seven days prior to this meeting, staff shall post a report that contains relevant information on employee salaries and benefits, as well as the methodology used to determine a competitive and appropriate compensation package. As part of this process, a concerted effort shall be made to request public comment on the negotiations parameters.

As a general rule, staff shall engage the services of a labor attorney to participate in formal labor negotiations with bargaining units representing permanent employees.

During labor negotiations, public comment will be provided prior to the entry into closed session to discuss labor negotiations, in accordance with State law. At the conclusion of the closed session, the Council shall report out any action taken, including in the record the individual votes taken and the characterization of the deliberations. In addition, at some point in the negotiations process, staff shall submit a public report to Council that provides a general status of labor negotiations and that allows for public input prior to concluding negotiations.

Staff shall prepare and make public a staff report, at least fifteen calendar days prior to Council consideration of a tentative agreement or implementation resolution for any bargaining unit, that provides full details and costing associated with the recommended action, shall schedule the matter as a regular business item and shall provide an opportunity for the public to comment.

Understanding the Labor Negotiations Process

August 17, 2012

Under California law,¹ when county or city employees are represented by a union, the agency must negotiate with that union regarding their pay and benefits, working hours, and working conditions. This paper explains the key elements of that process.

Roles

Elected officials determine the agency's bargaining position and consult with staff throughout the negotiation process. Agency staff report back to decision-makers about the face-to-face negotiations' progress and any impediments to reaching agreement.

Before Bargaining

Prior to meeting with the union, the agency's negotiators will meet with elected officials to discuss how to proceed. Having this meeting well in advance of negotiations gives elected officials time to consider relevant issues and develop a set of questions.

Early conversations also give staff time to compile necessary information for decision-makers. Examples of such information may include:

- Anticipated increases in current employee expenditures
- Money available for salaries and benefits
- Cost of salary and benefit enhancements
- What comparable employers are paying
- Turnover statistics

Just as elected officials need time and information to make well-informed decisions, staff will need time to prepare and provide accurate information. As with any issue, limited staff resources may make it advisable to prioritize information requests.

Conversations about the agency's initial bargaining position typically take place in closed session.² The agency's negotiators will share their understanding of what it will take to

Additional Resources

The Institute has two glossaries to assist local officials as they engage with constituents, bargaining representatives and each other about labor relations and public pension issues:

- Labor Relations Terminology:
<http://www.ca-ilg.org/post/labor-relations-terminology>
- Public Pension Terminology:
<http://www.ca-ilg.org/post/public-pension-terminology>

The Institute is grateful to Dr. Rhonda Albey for preparing this piece. Dr. Albey has worked in labor relations for Los Angeles County since 1990.

reach agreement with the union. The agency’s governing body will then give negotiators an initial bargaining position.

During Bargaining

No matter how reasonable the agency’s initial bargaining position is, it is unlikely that the union will immediately accept it.

The Process Can Be Rough

During the negotiations process, the union may organize demonstrations and/or phone and e-mail campaigns. Discourse may become bullying and emotional.

Don’t take it personally – it’s all part of the process. Both sides may need to show they are doing their job. Union negotiators need to show their members that they are fighting for them and elected officials need to show they are working hard for the community.

The negotiation process is unpredictable. The agency’s negotiators may have misread the union’s priorities and goals. Union representatives may have misread the employees’ mood. New issues may arise. There may be internal divisions within the union. These challenges may make it impossible to get agreement within the original parameters authorized.

Working with the Agency’s Negotiators. As challenges arise, the agency’s negotiators may ask for modifications in the bargaining position. This is normal in the course of any type of negotiation, as each party learns more about the interests of the other. Multiple meetings with the negotiating team may be necessary.

Modifications may not involve increases in total expense. An example is moving money from benefits to salaries (or vice-versa). Another example is if decision-makers have authorized higher increases for some position classifications than others, employee representatives may ask to even increases out.

Meeting with Union Officials. As negotiations continue, the union may seek meetings with individual elected official(s) to discuss the agency’s bargaining position. As with any group of constituents, an elected official can choose to meet with them or not. If an elected official does meet with union officials, the official should be clear that the official is not speaking on behalf of the governing body.

A word of caution about meeting with employees *without* their union representative during labor

Expect to be Misquoted

People tend to hear what they want to hear.

Someone may say something like “I’ll speak to the negotiating team,” and mean exactly that – they’ll speak to them.

The employees may hear “He/she will speak to the negotiating team and tell them to give us what we want.”

Some strategies for minimizing miscommunication are to take notes during the discussion and not to meet with union representatives alone.

negotiations: such meetings can lead to an unfair labor practice accusation of “direct dealing.”³ Avoid any action that makes it appear that the agency is interfering in the union’s relationship with the employees it represents.

If the elected official meets with union representatives, it is helpful to share the conversation with the agency’s bargaining representatives. The conversation may provide insights that will help the agency’s negotiators move the process forward.

If Agreement Is Reached

The agreement still has to be ratified by the rank and file. The union may feel it needs to sell the agreement as a victory for its members. The union may post flyers or e-mails trumpeting their win over management.

For their part, elected officials may hear concerns from constituents that the agency is spending too much on employee salaries and benefits. Agency officials are well-advised to be moderate in their public discourse relating to the agreement. Anything that might be construed as bragging about the agency’s victory in the bargaining process may jeopardize the agreement. The employees won’t ratify the agreement if they think it is a

Post Agreement Issues

While the agency will not have to negotiate during the term of the agreement, issues may arise between negotiations that may require changes.

bad deal or their representatives weren’t sufficiently aggressive on their behalf.

A helpful practice can be a public statement that does not validate either extreme, but says something to the effect that “We reached a deal to provide adequate public services at reasonable cost.”

If Agreement Cannot Be Reached

What happens if the agency can’t reach an agreement? There are procedures under state law for resolving impasse. A local labor relations resolution may provide further guidance on procedures.

Mediation

A mediator may be brought in to try and resolve differences between the agency and the union. Mediators have no authority to impose a settlement, but can be useful in helping the parties look at the problem from a new perspective and to move past personal differences. The state Division of Mediation and Conciliation can provide a mediator.

Fact-finding. Whether or not mediation occurs, the union may request fact-finding as a next step. With the assistance of the

An Expired Contract is not the Same as No Contract

If the contract has expired and agreement has not been reached on a new one, the agency must maintain the status quo until there is a new agreement.

Public Employee Relations Board (PERB), a fact-finding panel is appointed which reviews both parties' proposals, holds hearings and ultimately recommends a settlement.

Unilateral implementation. After exhausting the impasse procedure and holding a public hearing, the agency may impose its final financial offer upon the employees. Management cannot force the union to accept a whole new contract.

Unilateral implementation cannot be used to impose work rule or operational changes and can only be implemented for one year. After that year, or during the year, if the union indicates it has a significant change in its position, the agency must bargain again with the union to try and reach a mutual agreement.

This resource is a service of the Institute for Local Government (ILG) whose mission is to promote good government at the local level with practical, impartial, and easy-to-use resources for California communities. ILG is the nonprofit 501(c)(3) research and education affiliate of the League of California Cities and the California State Association of Counties. For more information and to access the Institute's resources on Local Government 101 go to <http://www.ca-ilg.org/localgovt101>.

The Institute thanks the following individuals for their review and input into this resource:

- Holly Brock-Cohn, Human Resources Director, City of Alameda
- Casey Echarte, Assistant Human Resources Director, City of San Mateo
- Eraina Ortega, Legislative Representative, Employee Relations & Human Resources, California State Association of Counties
- Delores Turner, Assistant City Manager, Administrative Services Department, City of Emeryville

The Institute welcomes feedback on this resource:

- *Email:* rstephens@ca-ilg.org *Subject:* *Understanding the Labor Negotiations Process*
- *Fax:* 916.444.7535
- *Mail:* 1400 K Street, Suite 205 ▪ Sacramento, CA ▪ 95814

References and Resources

¹ California Government Code 3500, known as the Meyers-Milias-Brown Act, (MMB) requires negotiation in good faith with the recognized employee representative on specified subjects. It also permits local agencies to adopt their own rules and regulations for the governance of labor relations.

² See Cal. Gov't Code § 54957.6, which provides:

54957.6. (a) Notwithstanding any other provision of law, a legislative body of a local agency may hold closed sessions with the local agency's designated representatives regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits of its represented and unrepresented employees, and, for represented employees, any other matter within the statutorily provided scope of representation.

However, prior to the closed session, the legislative body of the local agency shall hold an open and public session in which it identifies its designated representatives.

Closed sessions of a legislative body of a local agency, as permitted in this section, shall be for the purpose of reviewing its position and instructing the local agency's designated representatives.

Closed sessions, as permitted in this section, may take place prior to and during consultations and discussions with representatives of employee organizations and unrepresented employees.

Closed sessions with the local agency's designated representative regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits may include discussion of an agency's available funds and funding priorities, but only insofar as these discussions relate to providing instructions to the local agency's designated representative.

Closed sessions held pursuant to this section shall not include final action on the proposed compensation of one or more unrepresented employees.

For the purposes enumerated in this section, a legislative body of a local agency may also meet with a state conciliator who has intervened in the proceedings.

(b) For the purposes of this section, the term "employee" shall include an officer or an independent contractor who functions as an officer or an employee, but shall not include any elected official, member of a legislative body, or other independent contractors.

³ See Cal. Lab. Code § 1156; *Ruline Nursery Co. v. Agricultural Labor Relations Bd.*, 169 Cal. App. 3d 247, 266, 216 Cal. Rptr. 162, 172 (1985)

Menlo Park
 Title: Police Sergeant
 Analysis Date: December 2018

Survey Agency	Comparable Classification	Top Step Base	POST Pay	Holiday Pay	Uniform Allowance	Longevity (20 YOS)	"Classic" EE Contribution			Wages + EE Pension	Insurance Benefits (highest ER contribution)				Total Comp	Rank
							Cash Only	(%)	(\$)		Medical	Dental	Vision	Benefits Total		
Belmont	Police Sergeant	\$11,691	\$587	\$629	\$75	\$0	\$12,982	13.0%	-\$1,688	\$11,294	\$2,028	\$183	\$19	\$2,230	\$13,524	9
Burlingame	Police Sergeant	\$10,500	\$469	\$565	\$88	\$0	\$11,622	13.0%	-\$1,511	\$10,111	\$2,028	\$139	\$12	\$2,179	\$12,290	11
Campbell	Police Sergeant	\$12,341	\$926	\$666	\$92	\$0	\$14,025	9.0%	-\$1,262	\$12,763	\$1,200	\$168	\$29	\$1,397	\$14,160	7
Cupertino	No Match															
Foster City	Police Sergeant	\$11,981	\$500	\$647	\$75	\$0	\$13,203	9.0%	-\$1,188	\$12,015	\$1,833	\$0	\$0	\$1,833	\$13,848	8
Los Altos	Police Sergeant	\$11,737	\$1,174	\$587	\$0	\$0	\$13,498	9.0%	-\$1,215	\$12,283	\$2,028	\$108	\$0	\$2,136	\$14,419	5
Los Gatos	Police Sergeant	\$13,066	\$980	\$503	\$115	\$0	\$14,663	9.0%	-\$1,320	\$13,344	\$1,903	\$125	\$11	\$2,038	\$15,382	1
Millbrae	No Match															
Pacifica	Police Sergeant	\$10,355	\$750	\$518	\$67	\$418	\$12,108	14.0%	-\$1,695	\$10,413	\$2,084	\$119	\$48	\$2,250	\$12,663	10
Palo Alto	Police Sergeant	\$12,749	\$976	\$552	\$0	\$0	\$14,276	12.0%	-\$1,713	\$12,563	\$2,088	\$190	\$15	\$2,293	\$14,856	3
Redwood City	Police Sergeant	\$13,760	\$688	\$860	\$0	\$0	\$15,308	16.0%	-\$2,449	\$12,859	\$1,675	\$111	\$12	\$1,798	\$14,657	4
San Bruno	Police Sergeant	\$11,609	\$987	\$647	\$79	\$0	\$13,322	9.0%	-\$1,199	\$12,123	\$2,057	\$0	\$0	\$2,057	\$14,181	6
San Carlos	No Match															
Saratoga	No Match															
Menlo Park	Police Sergeant	\$11,970	\$1,197	\$599	\$87	\$958	\$14,810	12.0%	-\$1,777	\$13,033	\$2,128	\$182	\$35	\$2,345	\$15,378	2
Median (Excluding Menlo Park)		\$11,859					\$13,410			\$12,203				\$14,170		
Variance from Median		0.94%					10.44%			6.80%				8.52%		
Average (Excluding Menlo Park)		\$11,979					\$13,501			\$11,977				\$13,998		
Variance From Average		-0.07%					9.70%			8.82%				9.86%		

Notes:

Menlo Park: Calculations assume 50% of holidays are worked.
 Los Altos: Dental value reflects monthly average cost of combined city dental and vision plans.
 Los Gatos: Reflects wage for Police Sergeants appointed before March 1, 2015.
 Pacifica: Reflects wage for Police Sergeants hired on or before June 30, 2010.



Health Plan Premiums: Bay Area Region

2019 PSA

Health plan	Employee only		Employee + 1		Employee +2 or more	
	Monthly premium	After \$889 City contribution	Monthly premium	After \$1715 City contribution	Monthly premium	After \$2262 City contribution
Anthem Blue Cross Select HMO	\$ 831.44	\$ 57.56	\$ 1,662.88	\$ 52.12	\$ 2,161.74	\$ 100.26
Anthem Blue Cross Traditional HMO	\$ 1,111.13	\$ (222.13)	\$ 2,222.26	\$ (507.26)	\$ 2,888.94	\$ (626.94)
Blue Shield Access+	\$ 970.90	\$ (81.90)	\$ 1,941.80	\$ (226.80)	\$ 2,524.34	\$ (262.34)
Health Net SmartCare	\$ 901.55	\$ (12.55)	\$ 1,803.10	\$ (88.10)	\$ 2,344.03	\$ (82.03)
Kaiser Permanente California	\$ 768.25	\$ 120.75	\$ 1,536.50	\$ 178.50	\$ 1,997.45	\$ 264.55
Western Health Advantage	\$ 767.01	\$ 121.99	\$ 1,534.02	\$ 180.98	\$ 1,994.23	\$ 267.77
PERS Choice	\$ 866.27	\$ 22.73	\$ 1,732.54	\$ (17.54)	\$ 2,252.30	\$ 9.70
PERS Select	\$ 543.19	\$ 345.81	\$ 1,086.38	\$ 628.62	\$ 1,412.29	\$ 849.71
PERSCare	\$ 1,131.68	\$ (242.68)	\$ 2,263.36	\$ (548.36)	\$ 2,942.37	\$ (680.37)
PORAC	\$ 774.00	\$ 115.00	\$ 1,623.00	\$ 92.00	\$ 2,076.00	\$ 186.00

Amounts in **green** = additional amount available to you to put toward cafeteria options
 Amounts in **(red)** = your out-of-pocket expense



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 01/08/2024

ITEM NO: 4

Item 4.

DATE: January 4, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Select a Chair and Vice Chair

RECOMMENDATION:

Select a Chair and Vice Chair.

REMARKS:

Annually, at its first meeting in January, the Finance Commission appoints its Chair and Vice Chair for the upcoming year.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager and Finance Director



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 01/08/2024

ITEM NO: 5

Item 5.

DATE: January 3, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Discuss and Confirm the Finance Commission Meeting Dates and Times for 2024

RECOMMENDATION:

Staff recommends that the Finance Commission discuss and confirm the Finance Commission meeting dates and times for 2024.

REMARKS:

On January 10, 2023, the Commission approved regular meetings on the second Monday of each month at 5 p.m. The Finance Commission reconfirmed the day and time of the regular meetings at its October 18, 2024 meeting. The Finance Commission is required to meet quarterly. Attachment 1 contains a tentative schedule for 2024.

State law requires a quorum of voting members to be in attendance in person. For the Finance Commission, the quorum is three resident member Commissioners.

The Finance Commission is required to review the Annual Proposed Budget and the Annual Comprehensive Financial Report (ACFR) each year and provide comments and recommendations. To meet the deadlines for reviewing these documents, additional meetings are typically scheduled for the months of April, May, and December.

Regular meetings for July and August were removed in 2023. Commissioners should confirm if this practice should be continued in 2024.

Attachment:

1. Tentative Finance Commission Schedule for 2024

PREPARED BY: Gitta Ungvari
Finance Director

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



FINANCE COMMISSION TENTATIVE MEETING SCHEDULE 2024

January 8, 2024 5 p.m.	Regular Finance Commission Meeting
February 12, 2024 5 p.m.	Regular Finance Commission Meeting
March 11, 2024 5 p.m.	Regular Finance Commission Meeting
April 8, 2024 5 p.m.	Regular Finance Commission Meeting
April 22, 2024 5 p.m.	Special Finance Commission Meeting
April 29, 2024 5 p.m.	Special Finance Commission Meeting
May 6 2024 5 p.m.	Special Finance Commission Meeting
May 13, 2024 5 p.m.	Regular Finance Commission Meeting
June 10, 2024 5 p.m.	Regular Finance Commission Meeting
July 8, 2024	Regular Finance Commission Meeting CANCELLED
August 12, 2024	Regular Finance Commission Meeting CANCELLED
September 9, 2024 5 p.m.	Regular Finance Commission Meeting
October 14, 2024 5 p.m.	Regular Finance Commission Meeting
November 11, 2024 5 p.m.	Regular Finance Commission Meeting
December 2, 2024 5 p.m.	Special Finance Commission Meeting
December 9, 2024 5 p.m.	Regular Finance Commission Meeting



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 01/08/2024

ITEM NO: 6

Item 6.

DATE: January 3, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review and Discuss the Finance Commission Draft 2024 Workplan

RECOMMENDATION:

Review and discuss the Finance Commission Draft 2024 Workplan.

REMARKS:

Per Measure A, the Finance Commission has mandatory actions and other financial related areas for Commission consideration and review throughout the year (Attachment 1).

Attachment 2 provides a draft 2024 Finance Commission workplan for Commission consideration and discussion. The draft workplan focuses on the requisite Measure A requirements. This item affords Commissioners an opportunity to discuss other areas of potential interest in the coming year given staff capacity.

Attachment 3 contains Commissioners' correspondence regarding potential workplan items.

Attachments:

1. Measure A
2. Draft 2024 Commission Workplan
3. Commissioners Communications Received Before Publishing the Staff Report

PREPARED BY: Gitta Ungvari
Finance Director

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

DIVISION 3. - FINANCE COMMISSION.

Sec. 2.50.200. - Finance Commission established.

- (a) The Finance Commission shall be established to serve in an advisory capacity to the Town Council by reviewing Town finances, including but not limited to the annual budget, Comprehensive Annual Financial Report, and capital expenditures, and making recommendations about the Town's financial, budgetary and investment matters and operations related thereto to the Town Council and any other Town department, agency, committee, commission or other body as the Town Council directs.
- (b) The Council Finance Committee is disbanded.
- (c) The Sales Tax Oversight Committee established by section 25.60.140 of the Town Code is disbanded and all powers and duties of that Committee are transferred to the Finance Commission.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.205. - Composition, appointment, terms.

- (a) The Finance Commission shall consist of five (5) voting citizen members ("Citizen Appointees") and two (2) non-voting Council Liaisons.
- (b) Council Liaisons.
 - (1) The Town Council shall appoint two (2) Town Council members as non-voting Council Liaisons.
 - (2) The Council Liaisons shall serve on the Finance Commission until replaced by the Town Council but shall not serve beyond their terms on the Town Council.
 - (3) One Council Liaison shall be the Mayor or Vice-Mayor of the Town.
- (c) Citizen Appointees.
 - (1) Except with respect to initial appointments as provided for in section 2.50.25(c)(5), each member of the Town Council shall appoint one Citizen Appointee, upon expiration of terms described in section 2.50.205(c)(4).
 - (2) Citizen Appointees must be residents and registered voters of the Town.
 - (3) No member of the Town Council may serve as a Citizen Appointee.
 - (4) Citizen Appointees shall serve four-year terms. which shall expire on a staggered basis such that every year one (1) term shall expire, except that once every four (4) years. Two (2) terms shall expire. The term of each Citizen Appointee shall commence on the first day of January (or as soon as practicable after the effective date of this Division for initial Citizen Appointees) and shall expire on the thirty-first day of the fourth successive December.
 - (5) As soon as practicable after the effective date of this Division, the initial appointment of the first Citizen Appointees shall be carried out as follows: Town Council members shall draw lots to determine the order of expiration for the terms of the first five (5) Citizen Appointees such that one (1) Citizen Appointee's term shall expire each year for four (4) years after the effective date of this Division, and one (1) additional Citizen Appointee's term shall expire in the fourth year after the effective date of this Division. Following the expiration of each of the first five (5) Citizen Appointees' terms. a Citizen Appointee shall be appointed to serve a four-year term.
 - (6) Citizen Appointees must be certified public accountants, chartered financial analysts, or have a business, finance, economics or accounting degree. and must have at least five (5) years of experience in at least one (1) of the following:
 - a. Financial experience in a corporate. business, or government setting;
 - b. Principal or officer at a financial auditing firm;

- c. Investment banking; or
- d. Finance or budget management.

(7) Should a Citizen Appointee resign or otherwise leave office prior to the end of his or her term, the appointing Town Council member for that Citizen Appointee shall, as soon as practicable, appoint a new Citizen Appointee to serve the remainder of the term.

- (d) Section 2.40.030 of the Town Code shall not apply to the Finance Commission.
- (e) Administrative support for the Finance Commission shall be provided by the Town Manager, the Director of Finance and by other Town staff as necessary.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.210. - Meetings and records.

- (a) The Finance Commission shall hold at least one (1) meeting per calendar quarter.
- (b) Meetings shall be held as required by the business needs of the Finance Commission in the Town Council chamber in the Town Hall or such other locations as allowed by the Ralph M. Brown Act, at a time that is convenient for the Finance Commission and the public to encourage public participation.
- (c) Meetings shall be subject to the Ralph M. Brown Act.
- (d) Nothing in this Division shall be construed as excluding any documents from the California Public Records Act.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.215. - Chair.

- (a) The Finance Commission shall appoint and prescribe the term of office for its Chair.
- (b) The Chair must be a Citizen Appointee.
- (c) All Finance Commission meetings shall be called by the Chair.
- (d) The Chair shall set all Finance Commission meeting agendas.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.220. - Quorum.

A majority of the Citizen Appointees of the Finance Commission shall constitute a quorum. Except as otherwise prescribed by ordinance or State law, a vote by a majority of a quorum shall be sufficient to transact business.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.225. - Duties.

- (a) The Finance Commission shall:
 - (1) Serve as an on-going, substantive and expert advisory body to the Town and Town Council so that the Town and Town Council can make informed decisions about the Town's financial, budgetary and investment matters and operations related thereto.

- (2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code. and provide written comments and recommendations to the Town Council.
 - a. The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.
 - b. The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.
- (3) Review the Town Manager's draft Comprehensive Annual Financial Report (CAFR) for the preceding fiscal year and provide written comments and recommendations to the Town Manager.
 - a. The Town Manager shall respond in writing to the Finance Commission providing his or her rationale for accepting or rejecting each of the Finance Commission's comments and recommendations prior to presenting the CAFR to the Town Council for formal consideration.
 - b. The Town Manager may not present the CAFR to the Town Council for formal consideration unless or until he or she considers and responds in writing to all of the Finance Commission's comments and recommendations.
- (4) Review the Director of Finance's summary of the Town's financial report required by section 53891 of the California Government Code and prepared in accordance with section 2.50.010(c) of the Town Code. and provide written comments and recommendations to the Director of Finance prior to the publishing of the summary of the report.
- (5) Review the financial policies and procedures manual developed in accordance with section 2.50.010(f) of the Town Code and provide written comments and recommendations to the Director of Finance.
- (6) Prior to the Town's expenditure of any revenues from the tax authorized by sections 25.60.010 et seq. of the Town Code, review the proposed expenditures and advise the Town Council on whether such expenditures meet the Town Council's objectives for that tax:
 - a. Maintaining and enhancing neighborhood police patrols and local crime prevention programs;
 - b. Improving traffic flow to reduce congestion;
 - c. Repairing potholes and maintaining the Town's streets, roads, and sidewalks; and
 - d. Maintaining the Town's long-term financial stability.
- (7) Issue an annual public report of the expenditures and appropriations of sales tax revenues approved by the Town Council during each fiscal year.
- (8) Make recommendations to the Town Council about policies and programs:
 - a. To maximize the Town's revenues consistent with existing taxation structures and inter-governmental funding opportunities;
 - b. To maximize fee generation consistent with market rate charges for Town- provided services and market rate fees for utilization of Town-owned assets;
 - c. To minimize the City's cost to provide core services and required activities. Consistent with the desired service level for residents and other internal and external customers;
 - d. To set funding goals for reserves. and review on-going progress related thereto;
 - e. To assess the risk associated with the structure and documentation of any proposed debt financing;

- f. To fund the Town's long-term compensation and benefit program liabilities in the most responsible and cost-effective way; and
 - g. To monitor investment performance and make recommendations related to the Town's investment policy and performance.
- (9) Provide written comments and recommendations regarding the selection of auditors for the CAFR.
- (10) Participate in pre-audit meetings with auditors. provided that the Finance Commission shall not participate in those portions of any meetings which pertain to confidential employment or attorney client privileged matters.
- (11) Review and monitor any events or issues which may affect the financial status of the Town.
- (b) The duties of the Finance Commission shall not be altered, abridged or abrogated in any way by any body except by a vote of the majority of the voters of the Town.
- (c) The Town Council shall make changes to the budgetary and all other Town processes and calendars as necessary to allow for consideration of the comments and recommendations of the Finance Commission outlined herein.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

Sec. 2.50.230. - Conflicting provisions.

Should any provision of this Division be found to conflict with the Los Gatos Town Code, this Division shall prevail, consistent with the purposes of the Finance Commission as set forth herein.

([Ord. No. 2314](#), § 3(§ 1), 11-3-20)

FINANCE COMMISSION DRAFT WORKPLAN 2024

	OTHER BUSINESS	CONSENT ITEMS
JANUARY 8, 2024	<ul style="list-style-type: none">• Labor Negotiations Process• Selection of Chair and Vice Chair• Approval of meeting dates and time• Determine 2024 workplan• State Controller Financial Transactions Report (FTR)	<ul style="list-style-type: none">• Receive November 2023 Monthly Financial and Investment Report
FEBRUARY 12, 2024	<ul style="list-style-type: none">• Mid-Year and Five-Year Forecast Review• Review Investment Policy	<ul style="list-style-type: none">• Receive December 2023 Monthly Financial and Investment Report• Key Performance Indicators
MARCH 11, 2024	<ul style="list-style-type: none">• Review Capital Improvement Program and funding.• Review Measure G Sales Tax Revenue/Expenditure Draft Report	<ul style="list-style-type: none">• Receive January 2024 Monthly Financial and Investment Report• Receive Performance & Account Summary Reports for CERBT and CEPPT
APRIL 8, 2024	<ul style="list-style-type: none">• Management Discussion & Analysis (MD&A) Discussion	Receive February 2024 Monthly Financial and Investment Report
APRIL 22, 2024	<ul style="list-style-type: none">• Initiate review regarding Proposed FY 2024/25 Operating and Capital Budgets	
APRIL 29, 2024	<ul style="list-style-type: none">• Continue Proposed FY 2024/25 Operating and Capital Budgets Discussion	

FINANCE COMMISSION DRAFT WORKPLAN 2024

	OTHER BUSINESS	CONSENT ITEMS
MAY 6, 2024	<ul style="list-style-type: none">• Conclude Proposed Operating and Capital Budgets Discussion and Recommendations to Council	<ul style="list-style-type: none">•
MAY 13, 2024	<ul style="list-style-type: none">•	<ul style="list-style-type: none">• Receive March 2024 Monthly Financial and Investment Reports• Receive FY 2022/23 Federal Single Audit Report
JUNE 10, 2024	<ul style="list-style-type: none">•	<ul style="list-style-type: none">• Receive April 2024 Monthly Financial and Investment Report
JULY 8, 2024	<ul style="list-style-type: none">•	
AUGUST 12, 2024	<ul style="list-style-type: none">•	
SEPTEMBER 9, 2024	<ul style="list-style-type: none">• Pre-Audit Meeting• Key Performance Indicators	<ul style="list-style-type: none">• Receive May, June, and July 2024 Monthly Financial and Investment Reports

FINANCE COMMISSION DRAFT WORKPLAN 2024

	OTHER BUSINESS	CONSENT ITEMS
OCTOBER 14, 2024	<ul style="list-style-type: none">•	<ul style="list-style-type: none">• Receive Performance & Account Summary Reports for CERBT and CEPPT• Receive CalPERS Public Employees' Retirement Fund (PERF) Preliminary Performance Report.• Receive August 2024 Monthly Financial and Investment Report• Receive the Town of Los Gatos Retiree Healthcare Plan Actuarial Valuation (every two years)
NOVEMBER 11, 2024	<ul style="list-style-type: none">• Key Performance Indicators	<ul style="list-style-type: none">• Receive September 2024 Investment and Treasury Report
DECEMBER 2, 2023	<ul style="list-style-type: none">• Review the draft Annual Comprehensive Financial Report (ACFR)	<ul style="list-style-type: none">•
DECEMBER 9, 2023	<ul style="list-style-type: none">• Conclude ACFR Discussion and Recommendations to Council•	<ul style="list-style-type: none">• Receive October 2024 Investment and Treasury Report• Receive Performance & Account Summary Reports for CERBT and CEPPT.

From: [Phil Koen](#)
To: [Wendy Wood](#); [Rick Tinsley](#)
Cc: [Rob Rennie](#); [Matthew Hudes](#); [Gitta Ungvari](#); [Laurel Prevetti](#)
Subject: Distribute to FC as background reading for Jan FC meeting
Date: Wednesday, December 20, 2023 7:13:12 AM
Attachments: [May 2022 - FY 23 Budget Memo's .pdf](#)

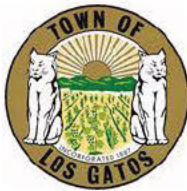
[EXTERNAL SENDER]

Wendy,

Please distribute this to the FC as background reading for the Jan FC meeting. I would like to revisit the “structural deficit” issue that was identified with the development of the FY 23 budget given the TC discussion on increasing taxes.

Thank you,

Phil Koen



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 05/17/2022

ITEM NO: 7

DATE: May 9, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Consider the Recommendations of the Finance Commission and Staff, and Provide Direction on the Town of Los Gatos Proposed Operating and Capital Budget for Fiscal Year (FY) 2022/23 and on the Proposed Capital Improvement Program for FY 2022/23 – FY 2026/27; Including but Not Limited to:

- a. Provide direction to Balance the FY 2022/23 Proposed Budget;
- b. Provide Direction on the Proposed Operating Budget;
- c. Provide Direction on the Proposed Capital Budget; and
- d. Consider the FY 2022/23 List of Potential Donations Consistent with the Town’s Donation Policy

RECOMMENDATION:

Staff recommends the Town Council consider the recommendations of the Finance Commission and staff, and provide direction on the Town of Los Gatos Proposed Operating and Capital Budgets for Fiscal Year 2022/23 and the Town of Los Gatos Proposed Capital Improvement Program for Fiscal Years 2022/23 - 2026/27, including but not limited to:

- a. Provide direction balancing the FY 2022/23 Proposed Budget;
- b. Provide direction on the Proposed Operating Budget;
- c. Provide direction on the Proposed Capital Budget; and
- d. Consider the FY 2022/23 List of Potential Donations consistent with the Town’s Donation Policy.

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Finance Director

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SUBJECT: FY 2022/23 Proposed Operating and Capital Budgets

DATE: May 10, 2022

BACKGROUND:

On April 18, 2022, the Town Manager's Proposed FY 2022/23 Operating and Capital Budgets were posted on the Town's website for the public's review and comment (see Attachments 1 and 2). Per Measure A, the Finance Commission received the Proposed Budgets 21 business days before May 17, 2022, which is the first meeting at which the Proposed Budgets will be considered by the Town Council. The transmittal letter in the Proposed FY 2022/23 Operating Budget provides an executive summary of the budget, including the fiscal outlook, key budget assumptions, and other information.

The Proposed Operating and Capital Budget for FY 2022/23 (Attachment 1) is the Town Manager's recommended comprehensive financial plan to provide services to the Town of Los Gatos and address the priorities set by the Town Council. The Proposed FY 2022/23 – 2026/27 Capital Improvement Program (Attachment 2) is a five-year capital improvement plan which identifies projects to construct and maintain the Town's infrastructure. Please see the transmittal letters contained in each Budget document for a detailed overview and summary.

Both budget documents were prepared with contributions from all Town Departments. Of particular note, the Finance Department took the lead in developing revenue and expenditure forecasts, ensuring that the most current information was used in the preparation of the proposed budgets. In addition, the Department of Parks and Public Works identified high priority projects for inclusion in the Capital Budget based on its familiarity with the Town's facilities, equipment, and infrastructure, and its work with various Town Commissions on these assets.

The FY 2022/23 Budget endeavored to maintain essential public services while controlling operational costs in light of the Five-Year Financial Forecast, which predicts operating shortfalls in subsequent fiscal years. The loss of previously projected future growth in revenues in conjunction with increasing expenses continues to illustrate persistent deficits in future years. The deficits are on the order of approximately \$2.0 to \$3.0 million per year and can currently be resolved through a combination of expenditure controls, revenues reverting to pre-pandemic trends, and the use of one-time funds.

Even with areas of continued uncertainty, this Budget positions the organization well for continued excellence in service delivery to the community. However, in the event pre-pandemic revenue growth projections do not return and/or new revenue sources are not identified, the current projected deficits may need to be addressed through service delivery reductions or service outsourcing. If this occurs, the Council will need continued input from the community to identify acceptable organizational changes and service levels. The recently completed community survey provide useful insight into community prioritization of service delivery.

PAGE 3 OF 10

SUBJECT: FY 2022/23 Proposed Operating and Capital Budgets

DATE: May 10, 2022

BACKGROUND (continued):

In addition to the Town Manager's Proposed Budget, the Town Council is being asked to consider the Finance Commission recommendations contained in Attachment 3. The Town Council is also being asked to consider corrections based on additional review and analysis since publication (Attachment 5). Any recommended changes and additional direction to the Proposed Operating and/or Capital Budgets provided by Council at the May 17, 2022 budget hearing will be incorporated into the implementing resolution to be presented for final Council approval on June 7, 2022. Finally, the Council is asked to review the annual list of donations (Attachment 8).

To help the Council work through all of this material, staff recommends that the Council discuss and make individual motions as appropriate on the items in the following order as presented in this staff report:

- Five-Year Forecast (motions are welcome to change any of the assumptions in the Forecast)
- Direction to Balance the Proposed FY 2022/23 Operating Budget
- Finance Commission's four recommendations
- Consideration of any funding requests (as of the date of this report, the Town has not received any)
- Any other direction on the Proposed FY 2022/23 Operating Budget
- Any other direction on the Proposed FY 2022/23 – 2026/27 Capital Budget
- Consideration the Proposed Donation List

DISCUSSION:

Overview of Proposed Operating Budget and Five-Year Forecast

The FY 2022/23 General Fund Budget programs total revenues and reserve transfers of \$50.4 million, and expenditures and allocations of \$50.4 million. The Budget currently anticipates no significant new programming and does maintain existing service levels with modest staffing additions. Even with the budgetary challenges of the last several years associated with the COVID-19 pandemic, many of Council's primary goals and priorities have been programmed in the FY 2022/23 Operating and Capital Budgets. Specifically, the Council would like continued progress on wildfire protection safety; emergency preparedness; semi-permanent parklets; diversity, equity, and inclusion; community policing; parking study implementation; and the General Plan and Housing Element updates.

The Five-Year Forecast takes a forward look at the Town's General Fund revenues and expenditures and is updated regularly. Its purpose is to identify financial trends, potential shortfalls, and other issues so the Town can proactively address them and budget accordingly. It does so by projecting out into the future the fiscal results of continuing the Town's current

PAGE 4 OF 10

SUBJECT: FY 2022/23 Proposed Operating and Capital Budgets

DATE: May 10, 2022

DISCUSSION (continued):

service levels and policies. This process helps to provide a snapshot of what the future may look like as a result of the decisions made to date. The economic ramifications of the pandemic have created lower revenue bases than in prior years which reverberate throughout the forecast period as future revenue growth is extrapolated from the lower initial base revenues. Revenue forecasts for the current Budget (Attachment 4) have been developed in close consultation with the Santa Clara County Assessor, Town Sales Tax consultant MuniServices, and a review of national and regional hospitality research.

In addition to revenue growth projections, the Proposed Budget also forecasts anticipated increases in the Town's pension obligation payments and salaries as well as other expenditures (Attachment 4). As a service delivery enterprise, the cost of salaries and benefits are a significant portion of the budget. The delivery of Town services is highly dependent on recruiting and retaining talent which comprises 66% of budgeted General Fund expenditures for FY 2022/23. Given the high dependence on labor for service delivery, the Town has helped manage salary escalation (and benefits) through the maintenance of lower staffing levels. However, even with the Town reducing its full-time employees by 15.0% to 153 FTE employees since 2001, pension benefit costs per employee continue to escalate as evidenced by an average 11.9% increase per year versus a 3.3% average increase for regular salaries per year in the past seven years.

Balancing the Proposed FY 2022/23 Operating Budget

For FY 2022/23 the Proposed Operating Budget was balanced utilizing two primary budget balancing strategies. The first was direction to all Departments to develop a status quo budget. To that end most Departments programmed existing resources by either maintaining current structures or realigning operations to remain effective while staying within prior year budgets. In addition, Departments were provided guidance to enhance capacity where necessary through limit-dated, non-benefited personnel options and increases to temporary staffing when possible.

The second strategy is the use of \$1.0 million of the Town's \$7.2 million allocation from the American Rescue Plan Act (ARPA) to replace lost revenue anticipated in FY 2022/23. This is consistent with prior Council direction for the use of ARPA in FY 2020/21 (\$1.4 million) and FY 2021/22 (\$1.9 million). It's important to note, that as the economically sensitive revenues of sales tax and transient occupancy tax continue to revert toward pre-pandemic levels, no ARPA funding was ultimately expensed for revenue loss replacement in FY 2020/21. At this time, staff estimates that no ARPA funding will be needed at the close of FY 2021/22. The actual surplus/shortfall will be determined upon the final close and audit of the fiscal year.

PAGE 5 OF 10

SUBJECT: FY 2022/23 Proposed Operating and Capital Budgets

DATE: May 10, 2022

DISCUSSION (continued):

Overview of Proposed Capital Budget

The FY 2022/23 – FY 2026/27 Capital Improvement Program (CIP) sets forth a five-year plan for proposed streets, parks, and public facility projects. The transmittal letter contained in the CIP provides a summary of the program including funding sources, recently completed projects, and the proposed projects for FY 2022/23. The proposed \$32.5 million in the first year of the CIP is comprised of approximately \$20.0 million in carryover funds from FY 2021/22 and approximately \$12.5 million in new funding. The \$12.5 million of new funding is comprised of \$6.0 million in General Fund Appropriated Reserve (GFAR), \$5.0 million in Grants and \$1.5 million from other sources. Only the first year of the plan is formally adopted with funds appropriated by the Town Council as part of the budget process.

The first year of the five-year CIP (FY 2022/23) continues funding for the Town Council Strategic Priorities, including basic infrastructure needs. In January 2022, the Town Council established the 2022-24 Strategic Priorities. In terms of capital projects, the Town Council stated its priorities to begin phased implementation of the recommendations in the Comprehensive Parking Study, continue mobility improvements for all transportation modes, manage the vegetation on Town lands to protect against wildfire, and advance other needed improvements.

Street maintenance remains a high Council priority as the Town is making efforts to improve its Pavement Condition Index (PCI), a standard rating of street conditions. The Town utilizes funding from the Metropolitan Transportation Commission (MTC) to hire a consultant to conduct a regular assessment of pavement condition with a full assessment occurring every three years. The recent assessment concluded that after completion of FY 2021/22 street pavement projects, PCI is anticipated to jump to 75 or 76. The assessment indicated that the Town can maintain a PCI of 75 with an annual funding of \$3.3M for the next five years. While this is welcome news, the Town will need to identify dedicated ongoing sources of revenue for future deferred and routine capital maintenance.

Town staff go through a rigorous process to evaluate all previously funded projects and potential new projects when preparing the CIP. There are more needs than available funding, and staff recommends high priority projects that are consistent with the Strategic Priorities. This year, due to limited available funds, the proposed CIP concentrates on funding key ongoing maintenance commitments (e.g., street paving), projects that have grant funding and a FY 2022/23 schedule obligation, and supplementing projects that are underway to ensure they are completed. These funding priorities leave funds for only one additional project. As a result, the CIP documents several unfunded projects within the respective programs. On April 27, 2022, the Planning Commission reviewed the proposed CIP, found it consistent with the General Plan, and recommended its adoption by the Town Council.

PAGE 6 OF 10

SUBJECT: FY 2022/23 Proposed Operating and Capital Budgets

DATE: May 10, 2022

DISCUSSION (continued):

Finance Commission Recommendations

As previously mentioned, the newly constituted Finance Commission is tasked with a thorough review of the FY 2022/23 Proposed Operating and Capital Budgets. The Finance Commission recommended approval of the Proposed Budgets predicated on four recommended changes to the Proposed Budget (see Attachment 3).

The Commission's deliberations coalesced around the following goals and observations:

- The Commission's interest for continued enhancement of transparency in budget development, budget assumptions, and budget presentation.
- The Proposed Budget continues to restrict capital expenditures relative to historic allocations.
- The Proposed Capital Improvement Program (CIP) continues to be challenged by a lack of dedicated funding.
- The higher percentage increases in the primary expenditures of Salary and Benefits relative to revenues is constraining other investments.
- The Forecast projects deficits throughout the forecast period.
- The Commission's continued review of the Town's Internal Service Funds.

The Finance Commission (FC) made two recommendations for additional funding allocations to the General Fund Appropriated Reserve (GFAR). The Council should consider the recommendations in relation to other budgetary priorities. For each FC recommendation, potential impacts are identified.

FC Recommendation: Recommend to Council the allocation of \$3.77 million to the General Fund Appropriated Reserve (GFAR) for FY 2022/23 for capital budgeting purposes as determined by the Town Council's priorities. (This amount is based on an historic average of 8.28% from 2005/06 through 2022/23 of operating revenues transferred to the Capital program.)

Potential Impacts: The recommendation would increase the FY 2022/23 operating deficit by approximately \$700k. The Finance Commission did not make a recommendation as to how to close this new deficit. If the Council moves forward with this recommendation, the Town Council would need to identify modifications to the Operating Budget to maintain a balanced budget. For example, the Council may wish to allocate \$700,000 from the unallocated American Rescue Plan Act (ARPA) monies.

FC Recommendation: Recommend to Council the allocation of approximately \$3.7 million of unallocated ARPA funds to the General Fund Appropriated Reserve (GFAR) for FY 2022/23 for capital budgeting purposes as determined by the Town Council's priorities.

PAGE 7 OF 10

SUBJECT: FY 2022/23 Proposed Operating and Capital Budgets

DATE: May 10, 2022

DISCUSSION (continued):

Potential Impacts: ARPA funds would become unavailable for other uses.

If Council wishes to proceed with one or both of these recommendations, staff suggests that the Council consider potential modifications to the CIP and specific projects in August. At that time, staff will be prepared to identify priority improvements within existing staff limitations that constrain the Town's ability to deliver a large Capital program.

The Finance Commission (FC) made one recommendation regarding the Town's existing Internal Service Fund structure.

FC Recommendation: Recommend to Council the dissolution of the Workers Compensation and Self-Insurance Internal Service Funds starting in FY 2022/23 with remaining balances being transferred to the General Fund.

Potential Impacts:

Workers Compensation and Self-Insurance are considered "risk financing" due to their associated liabilities. The use of the Internal Service funds (ISFs) is one of the only two types of funds permitted by the Governmental Accounting Standards Board (GASB) to be used for the accounting for risk financing, the other being the General Fund. The pros and cons of closing the Workers Compensation and Self-Insurance Internal Service Funds are discussed below.

Pros of Closing Internal Service Funds and Merging into the General Fund

- Because of the fees charged to the user Departments, there is an unavoidable doubling of costs in the budget which increases the total expenditures when looking at a financial summary of expenditures for all Town funds. This occurs because allocated costs for Workers Compensation is budgeted in the front-line program receiving workers compensation services such as public safety and the full cost of workers compensation is also budgeted in the home base Internal Service Fund where the costs are centralized leading to a "doubling up" of expenses. This "doubling up" leads to what some critics describe as an unnecessary artificial increase of revenue and expenditure budget totals. Recognizing this anomaly, GASB requires that for the Annual Comprehensive Annual Financial Report, the "doubling up" of expenses is eliminated.
- Frees up current ISF balances for any General Fund purpose desired by the Council.
- Operating Departments often desire to be informed and educated to fully understand the rationale for the internal service costs being allocated to their Departments and absorbed in their budgets in the form of user charges. Staff time required for users of the service and administrators of the Internal Service funds to provide the required analysis for rate setting of user charges including the development of sustainable

PAGE 8 OF 10

SUBJECT: FY 2022/23 Proposed Operating and Capital Budgets

DATE: May 10, 2022

DISCUSSION (continued):

ongoing user fee charges that can be absorbed in future operating budgets may be better allocated to other activities.

- Net position balances can be viewed by some as excessive if believed to be above the amounts necessary to achieve a balance of revenues and expenses over the long term. Because of the unpredictability of claims, it is difficult to be definitive over the adequacy of net position at a given point in time

Cons of Closing Internal Service Funds and Merging into the General Fund

- Loss of the ability to assess reasonable user charges to increase/decrease the net position of the fund to provide resources for unanticipated catastrophic losses, the estimation of future anticipated losses and known hazards, or amounts derived from actuarial studies.
- Less disruption to the adopted budget process. ISF balances allow for the smoothing of variability associated with these risk-financing expense categories.
- Use of these funds allows for full accrual accounting and full cost of providing risk financing services as provided in the Internal Service Fund.
- Long term Self-Insurance/General Liability and Workers Compensation claims liabilities not paid from “expendable and available resources” (short term) will not be reported on the General Fund balance sheet. Instead, they will be reported as a long-term liability in Government Wide Statement of Net Position.

If the Council wishes to eliminate these two ISFs, staff recommends that full implementation occur with the Council’s consideration of the Mid-Year Review of the FY 2022/23 Budget (February 2023). Staff needs time to close the ISFs, recalculate the user fees for each Department, distribute the funds to the General Fund, and ensure all accounts are properly managed. All of this work is not feasible prior to the July 1, 2022 start of the fiscal year.

The Finance Commission (FC) made one recommendation regarding projected deficits in the current Five-Year Forecast.

FC Recommendation: Recommend to Council that the Commission believes that a “Structural Financial Deficit” currently exists and for Council to acknowledge the Commission’s finding and direct the Commission to work with Town management to confirm the actual amount of the

PAGE 9 OF 10

SUBJECT: FY 2022/23 Proposed Operating and Capital Budgets

DATE: May 10, 2022

DISCUSSION (continued):

deficits that the Town is facing and come back to the Council with suggestions/ideas on how we can fix this “Structural Financial Deficit” and fund capital projects.

Potential Impacts: The recommendation has no direct impact on the Proposed Operating Budget for this fiscal year.

If the Council agrees with this recommendation, then staff would work with the Commission on refined projections of revenues and costs; identification of potential revenue enhancements and cost cutting strategies; and determination of other balancing mechanisms that would ultimately be forwarded to the Town Council for its consideration.

Consideration of Any Funding Requests

If there are individual requests for new spending, the Council should consider these requests in the context of the Proposed Operating Budget and identify the source(s) of funding for the(se) item(s). At the time of the preparation of this report, no requests have been submitted to the Town. On May 4, 2021, the Council approved “Principles for Considering Future Funding Requests” (Attachment 6), which the Council may find helpful.

Donation Opportunities - FY 2022/23 List of Town Needs

As part of the budget development process, the List of Town Needs is updated annually per Town Council Donation Policy (Attachment 7) to reflect goods, services, and other contributions that would help enhance Town services, programs, and events (Attachment 8).

CONCLUSION AND NEXT STEPS:

At its May 17, 2022 meeting, the Council will have an opportunity to listen to public testimony, ask questions, consider the Finance Commission’s recommendations, deliberate, and direct changes to the Proposed Operating and/or Capital Improvement Program Budgets. Any changes to the Proposed Operating and/or Capital Budgets directed by Council or identified by staff (see Attachment 5.) will be included for Council consideration in the resolution formally adopting the Budgets to be considered by Council on June 7.

During and after the Budget adoption, staff continues to monitor revenues and expenditures closely and will report to the Town Council actual revenues and expenditures later in the year as the data become available. Any modifications needed will be brought back to the Council as Budget Adjustments.

Public comment received after the Finance Commission meetings and before 11 a.m. on May 12, 2022 is contained in Attachment 9.

PAGE 10 OF 10

SUBJECT: FY 2022/23 Proposed Operating and Capital Budgets

DATE: May 10, 2022

COORDINATION:

The preparation of the budget documents involved the participation of all Town Departments. The Finance Commission deliberated and provided its recommendations to the Council as discussed in this report.

FISCAL IMPACT:

Under State law, the Town Council is required to enact a balanced budget. The Proposed Operating and Capital Budgets are balanced and as the Council directs changes, the outcome must be a balanced fiscal plan.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments Provided to the Council Prior to the Distribution of this Report:

1. FY 2022/23 Proposed Operating and Capital Budget
<https://www.losgatosca.gov/DocumentCenter/View/30442/FY-2022-23-Proposed-Budget>
2. FY 2022/23 – 2026/27 Proposed Capital Improvement Program Budget
<https://www.losgatosca.gov/DocumentCenter/View/30428/FY-2022-23-Capital-Budget>

Attachments Provided with this Report:

3. FY 2022/23 Finance Commission Operating and Capital Budget Recommendations
4. Revenue and Expense Forecast Assumptions
5. List of proposed changes related to corrections and adding clarifications
6. Council's Principles for Considering Funding Requests (Approved May 4, 2021)
7. Town of Los Gatos Donation Policy
8. Town of Los Gatos Donation Opportunities: FY 2022/23
9. Public Comment Received Before 11 a.m. on May 12, 2022

The FY 2022/23 Proposed Operating and Capital Budget can be found here:

<https://www.losgatosca.gov/DocumentCenter/View/30442/FY-2022-23-Proposed-Budget>

The FY 2022/23 – 2026/27 Proposed Capital Improvement Program Budget can be found here:

<https://www.losgatosca.gov/DocumentCenter/View/30428/FY-2022-23-Capital-Budget>



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 05/17/2022

Item 6.

ITEM NO:

DATE: May 10, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager on behalf of the Finance Commission
SUBJECT: Receive Fiscal Year (FY) 2022/23 Proposed Operating and Capital Budget Recommendations from the Town Finance Commission per Measure A

RECOMMENDATION:

Receive Fiscal Year (FY) 2022/23 Proposed Operating and Capital Budget recommendations from the Town Finance Commission per Measure A.

BACKGROUND:

On April 18, 2022, the Town Manager’s Proposed FY 2022/23 Operating and Capital Budgets were posted on the Town’s website for the public’s review and comment. The Proposed Budgets were published 21 business days before May 17, 2022 (Council’s public hearing on the Budgets), in accordance with Measure A.

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties states that:

- (a) The Finance Commission shall:
 - (2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code. and provide written comments and recommendations to the Town Council.
 - (A) The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Finance Director

PAGE 2 OF 4

SUBJECT: Finance Commission FY 2022/23 Budget Recommendations

DATE: May 10, 2022

approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.

- (B) The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.

The Finance Commission established the following schedule to discuss and provide comments on the Proposed Budgets and Measure G allocation (meeting Agenda and Minutes link provided):

- April 25, 2022 – Special Finance Commission meeting
- May 2, 2022 – Special Finance Commission meeting
- May 9, 2022 – Regular Finance Commission meeting

<https://logatos-ca.municodemeetings.com/>

In addition, the meeting schedule provided ample opportunities for the public to engage in the process either through written comment or verbal comment through Zoom.

The discussion section of this report details the deliberations of the Finance Commission and its recommendations to the Town Council.

DISCUSSION:

Finance Commission Current Budget Cycle Deliberations

Over the course of the Commission's budget proceedings, the Commission received presentations on the Proposed Operating and Capital Budgets, evolution of forecasted budget deficits, allocated/unallocated American Rescue Plan Act (ARPA) funding, historic base salary, and benefit expenditures, historic Capital Improvement Program (CIP) expenditures, employee vacancies, and a summary of the Community Survey results. In addition, staff provided responses to Commission and public inquiries throughout the process.

The Commission's deliberations coalesced around the following goals and observations:

- The Commission's interest for continued enhancement of transparency in budget development, budget assumptions, and budget presentation.
- The Proposed Budget continues to restrict capital expenditures relative to historic allocations.
- The Proposed Capital Improvement Program (CIP) continues to be challenged by a lack of dedicated funding.

PAGE 3 OF 4

SUBJECT: Finance Commission FY 2022/23 Budget Recommendations

DATE: May 10, 2022

- The higher percentage increases in the primary expenditures of Salary and Benefits relative to revenues is constraining other investments.
- The Forecast projects deficits throughout the forecast period.
- The Commission's continued review of the Town's Internal Service Funds.

Based on the aforementioned areas of emphasis, the Commission ultimately made four recommendations to the Town Council. In addition, the Commission made a recommendation to approve both the Proposed Operating and Capital Budgets based on acceptance of the following four recommendations:

Capital Improvement Program Recommendations

As previously mentioned, Commissioners expressed that the Town needed to plan and budget proactively for its capital needs and find reliable funding source(s). The Commission agreed that the previous approach that created year-end surpluses was inadequate. As such, the Commission recommended that additional funding be programmed to ensure continued investment in critical Town infrastructure.

Motion by Commissioner Rick Tinsley to recommend to Council the allocation of \$3.77 million to the General Fund Appropriated Reserve (GFAR) for FY 2022/23.

Seconded by Chair Ron Dickel.

Motion passed unanimously

Motion by Chair Ron Dickel to recommend to Council the allocation of approximately \$3.7 million of unallocated ARPA funds to the GFAR for FY 2022/23. **Seconded by Vice Chair Kyle Park.**

Motion passed unanimously

Operating Budget Recommendations

As previously mentioned, Commissioners expressed interest in the Town's current use of Internal Service Funds and concerns about projected deficits.

Motion by Chair Ron Dickel to recommend to Council the dissolution of the Workers Compensation and Self Insurance Internal Service Funds starting in FY 2022/23 with remaining balances being transferred to the General Fund. **Seconded by**

Commissioner Loreen Huddleston.

Motion passed unanimously

Motion by Commissioner Kyle Park to inform Council the Commission believes that a "Structural Financial Deficit" currently exists and for Council to acknowledge the Commission's finding and direct the Commission to work with Town management to

PAGE 4 OF 4

SUBJECT: Finance Commission FY 2022/23 Budget Recommendations

DATE: May 10, 2022

confirm the actual amount of the deficits that the Town is facing and come back to the Council with suggestions/ideas on how we can fix this "Structural Financial Deficit" and fund capital projects. **Seconded by Chair Ron Dickel.**

Motion passed unanimously

CONCLUSION:

Per Measure A, this report provides written comments and recommendations to the Town Council regarding the Commission's review of the Proposed FY 2022/23 Operating and Capital Budgets.

COORDINATION:

This staff report was coordinated with the Town Manager, Town Attorney, Director of Finance, and Finance Commission Chair.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

FORECAST ASSUMPTIONS

REVENUE BASELINE AND PROJECTION FACTORS

Type of Revenue Base Line Estimate	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Property Tax/VLF Backfill SCC Assessor Office January 2022 report.	3%	3%	3%	3%	3%	3%
North 40 Property Sales Starting in FY 2021/22	North 40 Sales	3%	3%	3%	3%	3%
ERAF SCC Assessor Office March 2022 report	SCCA recommend 70% of FY 2021/22 anticipated proceeds	\$400K	\$400K	\$400K	\$400K	\$400K
Sales Tax	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates
Sales Tax - Measure G	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates
Franchise Fee Current baseline set by FY 2021/22 Year End Estimates	Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax Current baseline set by FY 2021/22 Year End Estimates	Current baseline set by FY 2021/22 Year End Estimates	5%	5%	3%	3%	3%

FORECAST ASSUMPTIONS

REVENUE BASELINE AND PROJECTION FACTORS

Type of Revenue Base Line Estimates	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Business License Tax Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	0%	0%	0%
License & Permits Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2021/22 Year End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2021/22 Year End Estimates	3%	Varies	Varies	Varies	Varies	Varies
Interest Current baseline set by FY 2021/22 Year End Estimates	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio
Other Sources Current baseline set by FY 2021/22 Year End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

FORECAST ASSUMPTIONS

EXPENDITURE BASELINE AND PROJECTION FACTORS

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of April 1, 2022 and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Salaries*	2%	2%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units.

**Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA).

***Based on historical trends.

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2022/23 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2023/24 and subsequent years are based on the most recent CalPERS actuarial valuation reports and staff assumptions regarding staff's current estimate of returns for FY 2021/22 which are presently expected to be below the 6.8% discount rate.

FORECAST ASSUMPTIONS

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21. Employer contribution rate projections also include small percentage increases reflecting the anticipation of CalPERS gradually lowering its discount rate over the Five-Year Forecast period in accordance with the CalPERS adopted risk mitigation strategy, and the lowering of the discount rate to the present rate of 6.8% as of 6/30/2022. Estimates were also informed by recent rate estimates developed by the Town's actuary using the most recent actuarial valuation updated with current year projections of covered payrolls by plan type.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Safety POA	69.44%	72.01%	74.61%	75.68%	76.69%	76.66%
Safety Management POA	72.44%	75.01%	77.61%	78.68%	79.69%	79.66%
Safety POA - PEPRA	14.62%	14.65%	13.78%	13.75%	13.76%	13.76%
Miscellaneous TEA/Confidential/Management	29.92%	30.04%	30.64%	28.45%	28.73%	28.42%
Miscellaneous TEA/Confidential/Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	29.92%	30.04%	30.64%	28.45%	28.73%	28.42%

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.*

From: [Phil Koen](#)
To: [Wendy Wood](#); [Rick Tinsley](#)
Cc: [Rob Rennie](#); [Matthew Hudes](#); [Gitta Ungvari](#); [Laurel Prevetti](#)
Subject: Staff memo
Date: Wednesday, December 20, 2023 7:17:24 AM
Attachments: [Aug 2022 staff memo - FY 23 budget.pdf](#)

[EXTERNAL SENDER]

Hi Wendy,

Would you please distribute this memo to the FC as background reading regarding the structural deficit discussion for the Jan FC.

Thank you,

Phil Koen



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 09/12/2022

ITEM NO: 7

DATE: August 26, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review of the Town's Structural Deficit per Town Council Directive.

RECOMMENDATION:

Review of the Town's Structural Deficit per Town Council Directive.

BACKGROUND:

On May 17, 2022, the Town Council considered recommendations from the Finance Commission regarding the development of the Fiscal Year (FY) 2022/23 Proposed Operating and Capital budgets. Among the Finance Commission recommendations was the communication to Council that the Commission believes that a "Structural Financial Deficit" currently exists, for Council to acknowledge the Commission's finding and direct the Commission to work with Town management to confirm the actual amount of the deficits that the Town is facing and come back to the Council with suggestions/ideas on how we can fix the "Structural Financial Deficit" and fund capital projects. At the conclusion of the May 17th meeting, Town Council approved the Finance Commission recommendation including the following excerpt from the motion:

"...acknowledge Finance Commission finding and direct the Commission to work with Town management to confirm the actual amount of the deficit and request recommendations on how to cure the deficit."

DISCUSSION:

On August 8, 2022, the Finance Commission held initial discussions regarding the process and inputs for analyzing the projected deficits in the Five-Year Forecast (Attachment 1).

Commissioners determined that the review of the forecast should consist of three primary components which include:

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Finance Director

PAGE 2 OF 2

SUBJECT: Structural Deficit Review

DATE: August 30, 2022

DISCUSSION (continued):

- Analysis of current and previous Forecasts – This will entail reviewing elements of previous adopted budgets versus final actual results. Of note, the Commission is seeking to develop a reasonable vacancy factor based on a five-year review of past vacancy savings (Attachment 2). The Commission also expressed an interest in staff developing a dataset of comparator agency metrics. Staff anticipates providing potential metrics/comparators at the October meeting.
- Development of potential cost containment/reduction packages – This will entail staff developing packages of potential expense reduction/containment strategies around varying service areas. Attachment 3 contains a recent staff report highlighting operational efficiencies achieved throughout the organization since the start of the pandemic.
- Align findings and any subsequent recommendations with the Town's established budget process (Attachment 4).

The Commission may find the recent staff presentation to Council on Police Department staffing and service delivery of interest (Attachment 5).

Attachments:

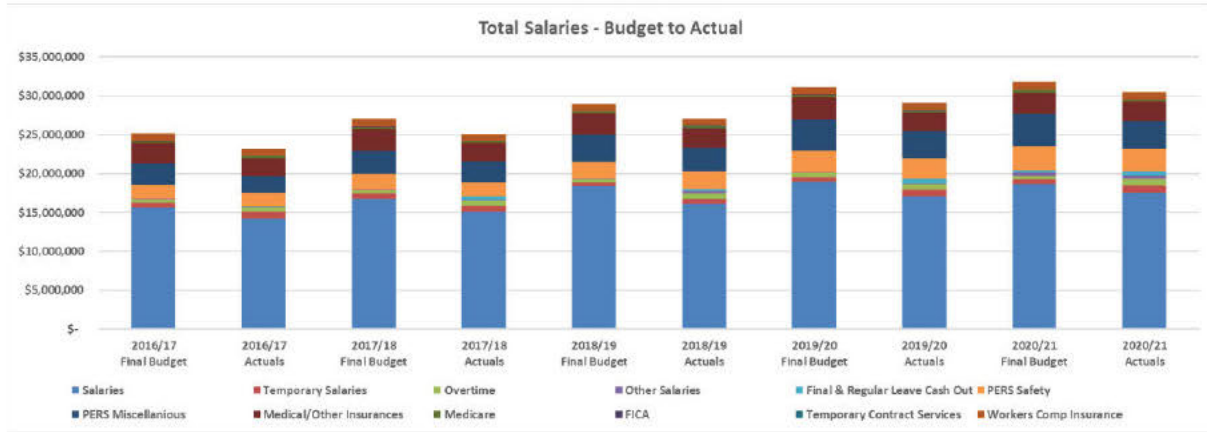
1. Five-Year Forecast
2. Vacancy Factor Analysis
3. August 16, 2022, Operational Efficiencies Staff Report
4. Town Budget Process
5. August 16, 2022, Police Department Staff Report

Town of Los Gatos General Fund 5-Year Forecast
(in \$ million)

Account	Revenue Category	2021/22 Adjusted Budget	2021/22 Estimates	2022/23 Proposed Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
4100	Property Tax	\$ 15.4	\$ 15.7	\$ 16.6	\$ 15.7	\$ 16.1	\$ 16.6	\$ 17.1	\$ 17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	3.5	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	3.8	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 48.1	\$ 45.8	\$ 48.0	\$ 46.5	\$ 47.6	\$ 49.0	\$ 50.5	\$ 51.6
	Use of Capital/Special Project Reserve - Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	0.7	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.6	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 51.0	\$ 49.0	\$ 52.7	\$ 47.3	\$ 48.4	\$ 49.8	\$ 51.3	\$ 52.4
Account	Expenditure Category	2021/22 Adjusted Budget	2021/22 Estimates	2022/23 Proposed Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
5110	Salary	20.9	19.2	23.2	23.0	23.5	23.9	24.5	25.0
5120	CalPERS Benefits	7.3	6.2	7.7	7.9	8.3	8.1	8.4	8.5
5200	All Other Benefits	4.2	3.4	4.6	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		\$ 46.6	\$ 43.3	\$ 49.3	\$ 49.2	\$ 50.8	\$ 51.6	\$ 53.3	\$ 54.4
	GASB 45 Retiree Medical Actuarial	0.1	0.1	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 47.1	\$ 44.1	\$ 49.7	\$ 49.6	\$ 51.2	\$ 52.0	\$ 53.7	\$ 54.8
	Capital Transfers Out to GFAR	2.8	2.8	2.3	0.8	0.8	0.8	0.8	0.8
	Capital Transfer Out - 1/2 of Measure G Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Allocate to Budget Stabilization/Catastrophic	-	0.5	-	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.3	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 50.5	\$ 48.3	\$ 52.7	\$ 51.1	\$ 52.7	\$ 53.5	\$ 55.3	\$ 56.4
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ 0.5	\$ 0.6	\$ -	\$ (3.8)	\$ (4.3)	\$ (3.7)	\$ (4.0)	\$ (4.0)
* Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes \$0.1 million. General Fund (111) Forecast does not include Pension Trusts activities.									

Vacancy Information

The following chart compares actual salaries and benefits to budgeted salaries and benefits.



	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Salary & Benefit Savings Actuals to Budget	8%	7%	7%	7%	4%*

* The Town traditionally budgeted miscellaneous employees at the top step, and sworn and management employees one step above their actual steps to anticipate merit increases. Beginning in FY 2020/21 consistent with Council direction, the Town is budgeting salaries at the actual salary plus a one-step increase for all classifications.

From: [Phil Koen](#)
To: [Wendy Wood](#); [Gitta Ungvari](#); [Laurel Prevetti](#); [Rick Tinsley](#)
Cc: [Rob Rennie](#); [Matthew Hudes](#)
Subject: Budget vs actual
Date: Wednesday, December 20, 2023 7:19:29 AM
Attachments: [FY 23 Budget vs Actual .pdf](#)

[EXTERNAL SENDER]

Hi Wendy,

Would you please distribute this schedule to the FC as background reading for the Jan FC meeting.

Phil

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](#)
To: [Wendy Wood](#)
Cc: [Gitta Ungvari](#); [Laurel Prevetti](#); [Rick Tinsley](#); [Mary Badame](#)
Subject: RE: Budget vs Actual
Date: Friday, December 22, 2023 10:23:27 AM
Attachments: [image001.jpg](#)

[EXTERNAL SENDER]

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Thank you.

From: Wendy Wood <WWood@losgatosca.gov>
Sent: Thursday, December 21, 2023 12:20 PM
To: Phil Koen <pkoen@monteropartners.com>
Cc: Gitta Ungvari <GUngvari@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>
Subject: RE: Budget vs Actual

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Thank you,



Wendy Wood, CMC • Town Clerk

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Ph: 408.354.6888 • Fax: 408.399.5786 • WWood@losgatosca.gov

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From: Phil Koen <pkoen@monteropartners.com>

Sent: Wednesday, December 20, 2023 7:21 AM

To: Wendy Wood <WWood@losgatosca.gov>

Subject: Budget vs Actual

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Hi Wendy,

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From: [Phil Koen](#)
To: [Wendy Wood](#)
Cc: [Gitta Ungvari](#); [Laurel Prevetti](#); [Rick Tinsley](#); [Mary Badame](#)
Subject: Fwd: Budget vs Actual
Date: Wednesday, January 3, 2024 8:24:01 AM
Attachments: [image001.jpg](#)

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Date: December 22, 2023 at 10:23:00 AM PST
To: Wendy Wood <WWood@losgatosca.gov>
Cc: Gitta Ungvari <GUngvari@losgatosca.gov>, Laurel Prevetti <LPrevetti@losgatosca.gov>, Rick Tinsley <[REDACTED]>, Mary Badame <MBadame@losgatosca.gov>
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To: [Gitta Ungvari](#)
Cc: [Laurel Prevetti](#); [Rick Tinsley](#); [Mary Badame](#); [Wendy Wood](#)
Subject: Re: Budget vs Actual
Date: Wednesday, January 3, 2024 12:58:41 PM
Attachments: [image001.jpg](#)
[image001.jpg](#)

[EXTERNAL SENDER]

Thanks Gitta. To confirm, there will be an agenda item “2024 WorkPlan” on the Jan 9 agenda or are you saying this will fall under “Commissioner Comments” on the Jan 9 agenda? Please advise. I have not heard anything about what will be on the Jan 9 agenda.

To me this is an important and timely topic since we currently have one TC member putting out a public email stating the Town is facing a structural deficit and there is a need to raise taxes via a ballot measure. There is no discussion of how large a structural deficit or the specific use of new taxes. A similar message is being put forth by Staff.

The only document I am aware of that supports this view was the 5 year forecast prepared at the time the FY 24 budget was prepared which is stale and does not build from FY 23 actual results.

And then on the other hand, we have a TC member who has publicly expressed concerns over the usefulness of the 5 year forecast as a financial planning tool given the historical inability to reasonably predict on even an annual basis an operating surplus or deficit, coupled with the fact the Town had a GF operating surplus in 2023 and in 2022 totaling approximately \$9m. And this surplus did not include the \$7.2m in ARPA grant funds received.

Taken as a whole, this has to be confusing to the public. This is not a good position for the Town to be in.

The sooner we can rally around a 5 year forecast everyone believes in, the better off we will be. I really hope the FC can dig into this issue with the objective of providing useful advice to the TC prior to any priority setting for the coming year. Without a reasonable understanding of the Town’s most likely financial landscape over the next 3 - 5 years, it is going to be very difficult for the TC to set actionable priorities.

Thanks,

Phil

On Jan 3, 2024, at 11:34 AM, Gitta Ungvari <GUngvari@losgatosca.gov> wrote:

Good morning Phil,

Thank you for your inquiry. Per the voter approved ordinance, the Chair of the Finance

Commission determines the agenda. As staff liaison to the Commission, I will discuss your request with the Chair for his consideration for the January 8, 2024 meeting. If the Chair chooses not to place this topic on the January agenda, we will include your email and related correspondence as Commissioner comments for the 2024 Work Plan item. In this way, the entire Commission can decide whether or not to add this topic to its work plan.

Thank you,

Gitta

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Cc: Gitta Ungvari <GUngvari@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>; Rick Tinsley <[REDACTED]>; Mary Badame <MBadame@losgatosca.gov>
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Subject: RE: Budget vs Actual

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To: [Gitta Ungvari](#)
Cc: [Laurel Prevetti](#); [Rick Tinsley](#); [Mary Badame](#); [Wendy Wood](#)
Subject: Re: Budget vs Actual
Date: Wednesday, January 3, 2024 1:27:45 PM
Attachments: [image001.jpg](#)
[image001.jpg](#)

[EXTERNAL SENDER]

Gitta,

One other question.....when will the FC approve the required sales tax report for FY 23 that was mandated by the sales tax initiative? That is a required duty of the FC since the Sales Tax Oversight Committee’s duties were assigned to the FC.

Thank you,

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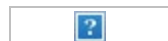
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**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 01/08/2024

Item 6.

ITEM NO: 6

DESK ITEM

DATE: January 8, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review and Discuss the Finance Commission Draft 2024 Workplan

RECOMMENDATION:

Attachment 4 contains Commissioner comments received between 11:01 a.m., Friday, January 5, 2024, and 11:00 a.m. Monday, January 8, 2024.

Attachment Previously Received with the Staff Report:

1. Measure A
2. Draft 2024 Commission Workplan
3. Commissioners Communications Received Before Publishing the Staff Report

Attachment Received with this Desk item:

4. Commissioner Comments

PREPARED BY: Gitta Ungvari
Finance Director

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

From: [Phil Koen](#)
To: [Wendy Wood](#)
Cc: [Gitta Ungvari](#); [Laurel Prevetti](#)
Subject: Los Altos Work Plan - agenda item #5
Date: Saturday, January 6, 2024 12:15:52 PM
Attachments: [MEET-Packet-8e4d30c57abf45c5b8fccdf8d77c7140.pdf](#)

[EXTERNAL SENDER]

Hello Wendy,

Would you please distribute the attached to the FC to be discussed as part of agenda item #5.

Thank you,

Phil Koen

Draft Financial Commission 2023/24 Work Plan

Goal	Projects	Assignments	Frequency	Target Date(s)	Status
Recurring Goals					
#1	Investment Performance	Review Investment Performance	Quarterly	Ended Sep 30, 2023– Nov 2023 Ended Dec 31, 2023 – Feb 2024 Ended Mar 3, 2024– Apr 2024 Ended Jun 30, 2024– Sep 2024	
#2	Operating Budget	Current year Mid- Year Review and Annual Budget Review for the next fiscal year	Annually	FY24 Mid- Year Review – January 2024 FY25 Annual Budget-May 2024	
#3	Annual Audit	Review the Audit planning and priorities with auditors.	Annually	Audit Premeeting- May 2024	New
#4	Annual Comprehensive Financial Report	Review draft ACFR	Annually	ACFR draft- December 2024	
#5	PERS Unfunded Liability	Evaluate PERS Unfunded Liability; re-evaluate prepay only or investment plan	Annually	April 2023	
#6	Five- Year Capital Improvement and Major Maintenance Program Budget	Review Capital Spending	Annually	FY24 Mid-Year Review- January/ Feb 2024	New
#7	Five- Year Capital Improvement and Major Maintenance Program Budget	Annual Budget Review for the next fiscal year	Annually	FY25 Project review- May/June 2024	
#8	Community Center Debt (commenced 6/30/21, 2.29%)	Review if payoff feasible Full payoff: Yrs 1-5 a 102%, Yrs 6-10 at 101%, Yrs 11 on at 100% on any pmt date Partial payoff annually of no more than \$500,000 on any pmt date, applied to end of pmt schedule Both require 30 day notice	Annually	February 2024	

#9	Financial Policies	Review/update City's Financial Policy	Annually	Jan 2024	
#10	Investment Policy	Review/update City's Investment Policy	Annually	January 2024	
#11	Cross Commission Collaboration	Finance Commission responds to requests from other commissions	Ad hoc	As needed	N/A
Non-recurring Goals					

Financial Commission 2022/2023 Work Plan

Goal	Projects	Assignments	Frequency	Target Date(s)	Status
Recurring Goals					
#1	Investment Performance	Review Investment Performance	Quarterly	Q4 – Aug 2022 Q1 – Nov 2022 Q2 – Feb 2023 Q3 – May 2023	Last reviewed Q4 (6/30) 2022 on 08/21/23
#2	Operating Budget	Midyear review and review of Recommended Budget	Annual	May 2023	Last Reviewed 5/30/2023
#3	Financial Communication	Review the new Financial System Plan. Finance Staff to provide FC with status updates. To analyze and create a financial dashboard for the City to provide additional oversight on Financial Resources.	as needed		Last reviewed 03/25/22
#4	Annual Comprehensive Financial Report	Review draft ACFR	Annually	January 2023	Last reviewed 03/20/2023
#5	PERS Unfunded Liability	Evaluate PERS Unfunded Liability; re-evaluate prepay only or investment plan	Annually	March 2023	Last reviewed 09/20/2021
#6	Capital Improvement Budget	Review 5-Year CIP Budget	Annually	April /May 2023	Last reviewed 05/30/2023
#7	Community Center Debt (commenced 6/30/21, 2.29%)	Review if payoff feasible Full payoff: Yrs 1-5 a 102%, Yrs 6-10 at 101%, Yrs 11 on at 100% on any pmt date Partial payoff annually of no more than \$500,000 on any pmt date, applied to end of pmt schedule Both require 30 day notice	Annually	February 2023	Last Reviewed 5/15 and 02/27/2023
#8	Financial Policies	Review/update City's Financial Policy	Annually	Jan 2023	Last Reviewed 5/15 and 5/30/2023
#9	Investment Policy	Review/update City's Investment Policy	Annually	January 2023	Last updated 02/27/2023
#10	Cross Commission Collaboration	Finance Commission responds to requests from other commissions	Ad hoc	As needed	N/A

Financial Commission 2022/23 Work Plan – **Updated for November 21, 2022**

Non-recurring Goals					
#11	Park in Lieu Financing	Analyzing Park in Lieu funds policy and providing Council with recommendations on use of funds on infrastructure.	Non-recurring	Feb/March 2023	Last reviewed 03/25/2022

Finance Committee Calendar for 2024

January 15, 2024	February 19, 2024	March 18, 2024	April 22, 2024	May 20, 2024
June 17, 2024	August 19, 2024	September 16, 2024	October 21, 2024	November 18, 2024

- 1. Jan 15 Martin Luther King Day and Feb 21 Presidents Day, move to ??
- 2. We need to reduce the regular meeting dates from 10 to 8. Eliminate March and September?

Proposed Meeting Dates with Meeting Items

Item#	Item Description	Goal	Frequency	Meeting Date
#1	Investment Performance	Review Investment Performance-Ended Sep 30, 2023	Quarterly	Nov-23
#10	Investment Policy	Review/update City's Investment Policy	Annually	Jan-24
#9	Financial Policies	Review/update City's Financial Policy	Annually	Jan-24
#2	Operating Budget	Current year Mid- Year Review and Annual Budget Review for the next fiscal year	Annually	Jan-24
#8	Community Center Debt (commenced 6/30/21, 2.29%)	Review if payoff feasible Full payoff: Yrs 1-5 a 102%, Yrs 6-10 at 101%, Yrs 11 on at 100% on any pmt date Partial payoff annually of no more than \$500,000 on any pmt date, applied to end of pmt schedule Both require 30 day notice	Annually	Feb-24
#1	Investment Performance	Review Investment Performance-Ended Dec 31, 2023	Quarterly	Feb-24
#6	Five- Year Capital Improvement and Major Maintenance Program Budget	Review Capital Spending	Annually	Feb-24
#5	PERS Unfunded Liability	Evaluate PERS Unfunded Liability; re-evaluate prepay only or investment plan	Annually	Apr-24
#1	Investment Performance	Review Investment Performance- Ended Mar 31, 2024	Quarterly	April-24
#3	Annual Audit	Review the Audit planning and priorities with auditors.	Annually	May-24
#2	Operating Budget	Current year Mid- Year Review and Annual Budget Review for the next fiscal year	Annually	May-24
#7	Five- Year Capital Improvement and Major Maintenance Program Budget	Annual Budget Review for the next fiscal year	Annually	May-24
#1	Investment Performance	Review Investment Performance-Ended Jun 30, 2024	Quarterly	Sep-2024
#4	Annual Comprehensive Financial Report	Review draft ACFR	Annually	Dec-24
#11	Cross Commission Collaboration	Finance Commission responds to requests from other commissions	Ad hoc	As needed

From: [Phil Koen](#)
To: [Wendy Wood](#)
Cc: [Laurel Prevetti](#); [Gitta Ungvari](#); [Mary Badame](#)
Subject: Agenda Item #6 - work plan
Date: Sunday, January 7, 2024 7:27:34 AM

[EXTERNAL SENDER]

Hello Wendy,

It would be very helpful if you provided the FC with a report showing every motion which was passed by the FC in 2023 that required follow up action to be implement. I would like the FC to review the list as we discuss the 2024 work plan. I don't believe the list is very long.

My concern is there have been a number of motions adopted which required follow up action by the either the FC, Staff or the TC. A good example was the motion adopted in December about scheduling a joint FC/TC meeting as soon as possible to address unfunded pension liabilities. I am not aware of a formal process which tracks the disposition of these motions, which raises the question how does the FC know the outcome of the motion? This is the issue I am trying to address, namely to make sure all motions adopted are fully and properly addressed.

For sake of clarity, please do not include motions which were purely administrative in nature such as approving meeting minutes, approving consent items, approving budgets or ACFR. Please use your judgment in compiling the list. Hopefully you understand the objective.

During agenda item #6, I want to determine the outcome of the motions you have identified. If there is follow up action required by the FC, then we should discuss this as we finalize on the 2024 work plan.

Thank you,

Phil Koen

From: [Phil Koen](#)
To: [Laurel Prevetti](#); [Wendy Wood](#)
Cc: [Mary Badame](#)
Subject: Status of open position on FC
Date: Sunday, January 7, 2024 8:02:34 AM

[EXTERNAL SENDER]

Hello Laurel,

I am not sure where on the FC agenda this would fall, but would you be able to provide an update to the FC on the status of Council Member Moore's progress in appointing a qualified resident to the FC.

At the December FC meeting, Council Member Ristow shared that Mr. Moore was interviewing a number of potential candidates. I had written to him offering my help in recruiting but he never responded. I am concerned that the FC is not fully staffed as required by the ballot initiative and want to avoid the very extended period of time it took to another Council Member to appoint a representative.

Going forward until the position is filled, there should be a regular update provided by Staff on the recruiting effort so the public is fully informed since the FC was created by the vote of residents. They should be aware of the efforts being put forth to comply with the ballot initiative and are deserving of a fully staffed FC. It would be good if you could keep the FC informed.

Thank you for your help,

Phil Koen

Wendy Wood

Subject: FW: Project and expenditure report for SLFRF

-----Original Message-----

From: Phil Koen [REDACTED]
Sent: Sunday, January 7, 2024 9:40 AM
To: Gitta Ungvari <GUngvari@losgatosca.gov>
Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>
Subject: Project and expenditure report for SLFRF

[EXTERNAL SENDER]

Hello Gitta,

Has the Town filed a project and expenditure report with the Treasury Dept as required by SLFRF? If we have, can the FC obtain a copy of the report.

Thank you,

Phil Koen



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 01/08/2024

ITEM NO: 7

Item 7.

DATE: January 3, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review the Town's Draft Financial Transactions Report for Submittal to the State Controller

RECOMMENDATION:

Review the Town's draft Financial Transactions Report (FTR) for submittal to the State Controller.

BACKGROUND:

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties states that:

(a) The Finance Commission shall:

- (4) Review the Director of Finance's summary of the Town's financial report required by section 53891 of the California Government Code and prepared in accordance with section 2.50.010(c) of the Town Code, and provide written comments and recommendations to the Director of Finance prior to the publishing of the summary of the report.

California Government Code Section 53891 requires financial transactions of each local agency to be submitted to the State Controller's Office (SCO) within seven months after the close of the fiscal year (February 1st). This State mandated report is referred to as the Cities "Financial Transactions Report" (FTR).

PREPARED BY: Gitta Ungvari
Finance Director

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

PAGE 2 OF 2

SUBJECT: Review the Town's Draft Financial Transactions Report

DATE: January 03, 2024

BACKGROUND (continued):

The FTR must contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles. The purpose of the FTR is to provide financial and statistical data about California cities on as uniform a basis as possible. Following the completion and publication of the Annual Comprehensive Financial Report (ACFR), the underlying financial transactions included therein are translated into the format specified by the SCO and transmitted by the statutory annual deadline.

DISCUSSION:

Attachment 1 contains the Fiscal Year 2022/23 Draft FTR for the Commission's consideration per Measure A.

CONCLUSION:

Review the Town's draft Financial Transactions Report for submittal to the State Controller.

Attachment:

1. Draft FY 2022/23 Annual City Financial Transaction Report

City of Los Gatos
Cities' Financial Transactions Report
General Information

Item 7.

Fiscal Year: 2023

Form #1

Members of the Governing Body

	First Name	M. I.	Last Name
Mayor	Maria		Ristow
Member 1	Mary		Badame
Member 2	Matthew		Hudes
Member 3	Rob		Rennie
Member 4	Marico		Sayoc
Member 5	Rob		Moore
Member			

City Fiscal Officer

First Name	Gitta	M. I.	Last Name	Ungvari
Title	Finance Director	Telephone	(408) 354-6805	
Email	GUngvari@losgatosca.gov	Fax No.		

City Mailing Address

Street 1	110 E. Main Street	<input type="checkbox"/> Has Address Changed?
Street 2		
City	Los Gatos	State CA Zip 95030

Report Prepared By

Firm Name	Chavan & Associates, LLP		
First Name	Sheldon	M. I.	Last Name Chavan
Title	Managing Partner	Telephone	(408) 217-8749
Email	Sheldon@cnaalp.com	Fax No.	(408) 872-4159

1. Does the report contain data from audited financial statements? Yes No

2. Does this city have blended component unit(s) (BCU(s))? Refer to the Cities' Financial Transactions Report (FTR) instructions for the definition of this term. If "Yes", answer questions 3 and 4.

Yes No

3. Is financial data of the BCU(s) included in this city's financial statements or Annual Comprehensive Financial Report (ACFR)?

Yes No

4. Is financial data of the BCU(s) included in this city's FTR? If "Yes", answer question 5. Yes No

5. Specify the name(s) of the BCU(s).

BCU

6. Is this city a charter city or a general law city?

Law City

City of Los Gatos
 Cities' Financial Transactions Report
 Internal Service Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 7.

Fiscal Year: 2023

Form #3

R01.	Internal Service Fund Name (Specify) (1 of 7) (Record Completed)	Building maintenance ▼
	Operating Revenues	
R02.	Charges for Services	938,492
R03.	Other Operating Revenues	151,627
R04.	Total Operating Revenues	\$1,090,119
	Operating Expenses	
R05.	Personnel Services	
R06.	Contractual Services	414,459
R07.	Materials and Supplies	104,177
R08.	General and Administrative Expenses	663,241
R09.	Depreciation and Amortization Expenses	
R10.	Other Operating Expenses	152,348
R11.	Total Operating Expenses	\$1,334,225
R12.	Operating Income (Loss)	\$-244,106
	Nonoperating Revenues	
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	
R15.	Other Nonoperating Revenues	
R16.	Total Nonoperating Revenues	\$0
	Nonoperating Expenses	
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	Total Nonoperating Expenses	\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$-244,106

Capital Contributions	
R22. Federal	
R23. State	
R24. Other Capital Contributions	
R25. Total Capital Contributions	\$0
R26. Transfers In	243,325
R27. Transfers Out	0
Special and Extraordinary Items	
R27.5 Special Item	
R27.6 Extraordinary Item	
R27.7 Total Special and Extraordinary Items	\$0
R28. Change in Net Position	\$-781
R29. Net Position (Deficit), Beginning of Fiscal Year	\$928,481
R30. Adjustment	
R31. Reason for Adjustment	
R32. Net Position (Deficit), End of Fiscal Year	\$927,700
Net Position (Deficit)	
R33. Net Investment in Capital Assets	
R34. Restricted	
R35. Unrestricted	927,700
R36. Total Net Position (Deficit)	\$927,700

City of Los Gatos
 Cities' Financial Transactions Report
 Internal Service Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 7.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (2 of 7) (Record Completed)	Equipment replacement	▼
Operating Revenues		
R02. Charges for Services	639,367	
R03. Other Operating Revenues	52,939	
R04. Total Operating Revenues	\$692,306	
Operating Expenses		
R05. Personnel Services		
R06. Contractual Services		
R07. Materials and Supplies	526,961	
R08. General and Administrative Expenses		
R09. Depreciation and Amortization Expenses		
R10. Other Operating Expenses		
R11. Total Operating Expenses	\$526,961	
R12. Operating Income (Loss)	\$165,345	
Nonoperating Revenues		
R13. Investment Income		
R14. Gain on Disposal of Capital Assets		
R15. Other Nonoperating Revenues	25,978	
R16. Total Nonoperating Revenues	\$25,978	
Nonoperating Expenses		
R17. Interest Expense		
R18. Loss on Disposal of Capital Assets		
R19. Other Nonoperating Expenses		
R20. Total Nonoperating Expenses	\$0	
R21. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$191,323	

Capital Contributions	
R22. Federal	
R23. State	
R24. Other Capital Contributions	
R25. Total Capital Contributions	\$0
R26. Transfers In	
R27. Transfers Out	
Special and Extraordinary Items	
R27.5 Special Item	
R27.6 Extraordinary Item	
R27.7 Total Special and Extraordinary Items	\$0
R28. Change in Net Position	\$191,323
R29. Net Position (Deficit), Beginning of Fiscal Year	\$2,222,394
R30. Adjustment	
R31. Reason for Adjustment	
R32. Net Position (Deficit), End of Fiscal Year	\$2,413,717
Net Position (Deficit)	
R33. Net Investment in Capital Assets	
R34. Restricted	
R35. Unrestricted	2,413,717
R36. Total Net Position (Deficit)	\$2,413,717

City of Los Gatos
 Cities' Financial Transactions Report
 Internal Service Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 7.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (3 of 7) (Record Completed)	Information Technology	▼
Operating Revenues		
R02. Charges for Services	753,353	
R03. Other Operating Revenues	1,745	
R04. Total Operating Revenues	\$755,098	
Operating Expenses		
R05. Personnel Services		
R06. Contractual Services	121,172	
R07. Materials and Supplies	162,678	
R08. General and Administrative Expenses	22,921	
R09. Depreciation and Amortization Expenses	202,422	
R10. Other Operating Expenses		
R11. Total Operating Expenses	\$509,193	
R12. Operating Income (Loss)	\$245,905	
Nonoperating Revenues		
R13. Investment Income		
R14. Gain on Disposal of Capital Assets		
R15. Other Nonoperating Revenues		
R16. Total Nonoperating Revenues	\$0	
Nonoperating Expenses		
R17. Interest Expense	29,221	
R18. Loss on Disposal of Capital Assets		
R19. Other Nonoperating Expenses		
R20. Total Nonoperating Expenses	\$29,221	
R21. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$216,684	

Capital Contributions	
R22. Federal	
R23. State	
R24. Other Capital Contributions	
R25. Total Capital Contributions	\$0
R26. Transfers In	
R27. Transfers Out	-733,000
Special and Extraordinary Items	
R27.5 Special Item	
R27.6 Extraordinary Item	
R27.7 Total Special and Extraordinary Items	\$0
R28. Change in Net Position	\$-516,316
R29. Net Position (Deficit), Beginning of Fiscal Year	\$2,990,930
R30. Adjustment	
R31. Reason for Adjustment	
R32. Net Position (Deficit), End of Fiscal Year	\$2,474,614
Net Position (Deficit)	
R33. Net Investment in Capital Assets	118,503
R34. Restricted	
R35. Unrestricted	2,356,111
R36. Total Net Position (Deficit)	\$2,474,614

City of Los Gatos
 Cities' Financial Transactions Report
 Internal Service Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 7.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (4 of 7) (Record Completed)	Self insurance	▼
Operating Revenues		
R02. Charges for Services	397,216	
R03. Other Operating Revenues		
R04. Total Operating Revenues	\$397,216	
Operating Expenses		
R05. Personnel Services		
R06. Contractual Services		
R07. Materials and Supplies		
R08. General and Administrative Expenses	988,485	
R09. Depreciation and Amortization Expenses		
R10. Other Operating Expenses		
R11. Total Operating Expenses	\$988,485	
R12. Operating Income (Loss)	\$-591,269	
Nonoperating Revenues		
R13. Investment Income		
R14. Gain on Disposal of Capital Assets		
R15. Other Nonoperating Revenues		
R16. Total Nonoperating Revenues	\$0	
Nonoperating Expenses		
R17. Interest Expense		
R18. Loss on Disposal of Capital Assets		
R19. Other Nonoperating Expenses		
R20. Total Nonoperating Expenses	\$0	
R21. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$-591,269	

Capital Contributions	
R22. Federal	
R23. State	
R24. Other Capital Contributions	
R25. Total Capital Contributions	\$0
R26. Transfers In	
R27. Transfers Out	
Special and Extraordinary Items	
R27.5 Special Item	
R27.6 Extraordinary Item	
R27.7 Total Special and Extraordinary Items	\$0
R28. Change in Net Position	\$-591,269
R29. Net Position (Deficit), Beginning of Fiscal Year	\$803,293
R30. Adjustment	
R31. Reason for Adjustment	
R32. Net Position (Deficit), End of Fiscal Year	\$212,024
Net Position (Deficit)	
R33. Net Investment in Capital Assets	
R34. Restricted	
R35. Unrestricted	212,024
R36. Total Net Position (Deficit)	\$212,024

City of Los Gatos
 Cities' Financial Transactions Report
 Internal Service Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 7.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (5 of 7) (Record Completed)	Stores ▼
Operating Revenues	
R02. Charges for Services	
R03. Other Operating Revenues	
R04. Total Operating Revenues	\$0
Operating Expenses	
R05. Personnel Services	
R06. Contractual Services	
R07. Materials and Supplies	
R08. General and Administrative Expenses	
R09. Depreciation and Amortization Expenses	
R10. Other Operating Expenses	
R11. Total Operating Expenses	\$0
R12. Operating Income (Loss)	\$0
Nonoperating Revenues	
R13. Investment Income	
R14. Gain on Disposal of Capital Assets	
R15. Other Nonoperating Revenues	
R16. Total Nonoperating Revenues	\$0
Nonoperating Expenses	
R17. Interest Expense	
R18. Loss on Disposal of Capital Assets	
R19. Other Nonoperating Expenses	
R20. Total Nonoperating Expenses	\$0
R21. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$0

Capital Contributions	
R22. Federal	<input type="text"/>
R23. State	<input type="text"/>
R24. Other Capital Contributions	<input type="text"/>
R25. Total Capital Contributions	<input type="text" value="\$0"/>
R26. Transfers In	<input type="text"/>
R27. Transfers Out	<input type="text"/>
Special and Extraordinary Items	
R27.5 Special Item	<input type="text"/>
R27.6 Extraordinary Item	<input type="text"/>
R27.7 Total Special and Extraordinary Items	<input type="text" value="\$0"/>
R28. Change in Net Position	<input type="text" value="\$0"/>
R29. Net Position (Deficit), Beginning of Fiscal Year	<input type="text" value="\$0"/>
R30. Adjustment	<input type="text"/>
R31. Reason for Adjustment	<input type="text"/>
R32. Net Position (Deficit), End of Fiscal Year	<input type="text" value="\$0"/>
Net Position (Deficit)	
R33. Net Investment in Capital Assets	<input type="text"/>
R34. Restricted	<input type="text"/>
R35. Unrestricted	<input type="text" value="0"/>
R36. Total Net Position (Deficit)	<input type="text" value="\$0"/>

City of Los Gatos
 Cities' Financial Transactions Report
 Internal Service Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 7.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (6 of 7) (Record Completed)	Vehicle maintenance ▼
Operating Revenues	
R02. Charges for Services	
R03. Other Operating Revenues	
R04. Total Operating Revenues	\$0
Operating Expenses	
R05. Personnel Services	
R06. Contractual Services	
R07. Materials and Supplies	
R08. General and Administrative Expenses	
R09. Depreciation and Amortization Expenses	
R10. Other Operating Expenses	
R11. Total Operating Expenses	\$0
R12. Operating Income (Loss)	\$0
Nonoperating Revenues	
R13. Investment Income	
R14. Gain on Disposal of Capital Assets	
R15. Other Nonoperating Revenues	
R16. Total Nonoperating Revenues	\$0
Nonoperating Expenses	
R17. Interest Expense	
R18. Loss on Disposal of Capital Assets	
R19. Other Nonoperating Expenses	
R20. Total Nonoperating Expenses	\$0
R21. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$0

Capital Contributions	
R22. Federal	<input type="text"/>
R23. State	<input type="text"/>
R24. Other Capital Contributions	<input type="text"/>
R25. Total Capital Contributions	<input type="text" value="\$0"/>
R26. Transfers In	<input type="text"/>
R27. Transfers Out	<input type="text"/>
Special and Extraordinary Items	
R27.5 Special Item	<input type="text"/>
R27.6 Extraordinary Item	<input type="text"/>
R27.7 Total Special and Extraordinary Items	<input type="text" value="\$0"/>
R28. Change in Net Position	<input type="text" value="\$0"/>
R29. Net Position (Deficit), Beginning of Fiscal Year	<input type="text" value="\$0"/>
R30. Adjustment	<input type="text"/>
R31. Reason for Adjustment	<input type="text"/>
R32. Net Position (Deficit), End of Fiscal Year	<input type="text" value="\$0"/>
Net Position (Deficit)	
R33. Net Investment in Capital Assets	<input type="text"/>
R34. Restricted	<input type="text"/>
R35. Unrestricted	<input type="text" value="0"/>
R36. Total Net Position (Deficit)	<input type="text" value="\$0"/>

City of Los Gatos
 Cities' Financial Transactions Report
 Internal Service Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Position

Item 7.

Fiscal Year: 2023

Form #3

R01. Internal Service Fund Name (Specify) (7 of 7) (Record Completed)	Workers Compensation	▼
Operating Revenues		
R02. Charges for Services	967,013	
R03. Other Operating Revenues	165,755	
R04. Total Operating Revenues	\$1,132,768	
Operating Expenses		
R05. Personnel Services		
R06. Contractual Services	41,707	
R07. Materials and Supplies		
R08. General and Administrative Expenses	1,871,439	
R09. Depreciation and Amortization Expenses		
R10. Other Operating Expenses		
R11. Total Operating Expenses	\$1,913,146	
R12. Operating Income (Loss)	\$-780,378	
Nonoperating Revenues		
R13. Investment Income	5	
R14. Gain on Disposal of Capital Assets		
R15. Other Nonoperating Revenues		
R16. Total Nonoperating Revenues	\$5	
Nonoperating Expenses		
R17. Interest Expense		
R18. Loss on Disposal of Capital Assets		
R19. Other Nonoperating Expenses		
R20. Total Nonoperating Expenses	\$0	
R21. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$-780,373	

Capital Contributions	
R22. Federal	
R23. State	
R24. Other Capital Contributions	
R25. Total Capital Contributions	\$0
R26. Transfers In	
R27. Transfers Out	
Special and Extraordinary Items	
R27.5 Special Item	
R27.6 Extraordinary Item	
R27.7 Total Special and Extraordinary Items	\$0
R28. Change in Net Position	\$-780,373
R29. Net Position (Deficit), Beginning of Fiscal Year	\$1,295,181
R30. Adjustment	
R31. Reason for Adjustment	
R32. Net Position (Deficit), End of Fiscal Year	\$514,808
Net Position (Deficit)	
R33. Net Investment in Capital Assets	
R34. Restricted	115,981
R35. Unrestricted	398,827
R36. Total Net Position (Deficit)	\$514,808

City of Los Gatos
 Cities' Financial Transactions Report
 Functional Revenue Details Report
 Governmental Funds

Item 7.

Back to Form: Functional Revenue Details

Fiscal Year: 2023

Form #15

Functional Revenue Detail List:

Revenue Form	Functional Revenue	Expenditure Form	Expenditure Function	Amount
SpecialBenefitAssessments	Lighting	TransportationCommunityDevelopment	Streets – Trees/Landscaping	38,161
			Sub Total:	\$38,161
LicensesPermits	Construction Permits	TransportationCommunityDevelopment	Construction and Engineering Regulation	1,996,095
		TransportationCommunityDevelopment	Planning	522,837
			Sub Total:	\$2,518,932
FinesForfeituresRevenue	Forfeitures and Penalties	TransportationCommunityDevelopment	Construction and Engineering Regulation	16,400
		GeneralGovernmentPublicSafety	Police	25,789
			Sub Total:	\$42,189
FinesForfeituresRevenue	Investment Income	HealthCultureLeisure	Libraries	9,842
		TransportationCommunityDevelopment	Streets – Trees/Landscaping	3,058
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	211,470
			Sub Total:	\$224,370
FinesForfeituresRevenue	Rents, Leases, and Concessions	GeneralGovernmentPublicSafety	Police	32,400
			Sub Total:	\$32,400
FinesForfeituresRevenue	Vehicle Code Fines	GeneralGovernmentPublicSafety	Police	374,761
			Sub Total:	\$374,761
IntergovernmentalState	Gasoline Tax	TransportationCommunityDevelopment	Streets/Highways/Storm Drains	1,597,057
			Sub Total:	\$1,597,057
IntergovernmentalState	Peace Officers Standards and Training	GeneralGovernmentPublicSafety	Police	14,475
			Sub Total:	\$14,475
IntergovernmentalState	Public Safety – Prop. 172	GeneralGovernmentPublicSafety	Police	510,783
			Sub Total:	\$510,783
ChargesforCurrentServices	Engineering Fees, Inspection and Other Charges	TransportationCommunityDevelopment	Construction and Engineering Regulation	1,179,525
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	103,223
			Sub Total:	\$1,282,748
ChargesforCurrentServices	Parks and Recreation Fees	HealthCultureLeisure	Parks and Recreation	38,986
			Sub Total:	\$38,986
ChargesforCurrentServices	Plan Checking Fees	TransportationCommunityDevelopment	Construction and Engineering Regulation	684,201
		TransportationCommunityDevelopment	Planning	155,282
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	242,219
			Sub Total:	\$1,081,702
ChargesforCurrentServices	Special Police Department Services	GeneralGovernmentPublicSafety	Police	1,350,001
			Sub Total:	\$1,350,001
ChargesforCurrentServices	Street, Sidewalk, and Curb Repairs Charges	TransportationCommunityDevelopment	Construction and Engineering Regulation	244,437

		TransportationCommunityDevelopment	Streets – Trees/Landscaping	Item 7.
			Sub Total:	\$202,957
MiscellaneousRevenues	Contributions from Nongovernmental Sources	TransportationCommunityDevelopment	Construction and Engineering Regulation	14,820
		HealthCultureLeisure	Libraries	106,502
		GeneralGovernmentPublicSafety	Management and Support	22,721
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	138,621
			Sub Total:	\$282,664
MiscellaneousRevenues	Development Impact Fees	TransportationCommunityDevelopment	Planning	878,381
		TransportationCommunityDevelopment	Streets – Trees/Landscaping	23,282
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	930,621
			Sub Total:	\$1,832,284
Functional Revenue Total:				\$11,474,450
Other Functional Revenue Total:				\$10,431,159
Functional Revenue Grand Total:				\$21,905,609

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

Item 7.

Fiscal Year: 2023

Form #16

	Functional Revenues A	General Revenues B	Total Revenues C
Taxes			
R01. Secured and Unsecured Property Taxes	15,631,259	15,631,259	15,631,259
R02. Supplemental Roll Secured and Unsecured Property Taxes	1,415,817	1,415,817	1,415,817
R03. Property Tax In-Lieu of Vehicle License Fees	4,555,700	4,555,700	4,555,700
R04. Voter-Approved Indebtedness Property Taxes			
R05. Supplemental Roll Voter-Approved Indebtedness Property Taxes			
R06. Property Taxes – Prior	78,735	78,735	78,735
R07. Supplemental Roll Property Taxes – Prior			
R08. Pass-through Property Taxes (ABX1 26)			
R09. Residual Property Taxes (ABX1 26)			
R11. Parcel Tax			
R12. Other Property Taxes	363,346	363,346	363,346
R13. Interest, Penalties, and Delinquent Taxes	16,405	16,405	16,405
R14. Sales and Use Taxes	8,806,477	8,806,477	8,806,477
R16. Transportation Taxes – Transit			
R17. Transportation Taxes – Nontransit			
R18. Transient Occupancy Taxes	2,228,190	2,228,190	2,228,190
R19. Franchises	3,074,624	3,074,624	3,074,624
R20. Business License Taxes	2,361,862	2,361,862	2,361,862
R21. Real Property Transfer Taxes	637,667	637,667	637,667
R22. Utility Users Taxes			
R23. Construction Development Taxes	35,496	35,496	35,496
Taxes – Other			
R24. Admission Tax			
R25. Parking Tax			

R27. Other Taxes – Other (Specify)

Item 7.

R27a. Specify Functional Revenues

Select Expenditure Function

Functional Revenues

<input type="text"/>	Select <input type="text"/>	<input type="text"/>	Add
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R27b. Specify General Revenues

General Revenues

<input type="text"/>	<input type="text"/>	Add
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	Functional Revenues	General Revenues	Total Revenues
	A	B	C
R28. Total Taxes	\$0	\$39,205,578	\$39,205,578

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Special Benefit Assessments

Item 7.

Fiscal Year: 2023

Form #17

	Functional Revenues
Special Benefit Assessments	
R01. Fire	<input style="width: 100%;" type="text"/>
R02. Paramedics	<input style="width: 100%;" type="text"/>
R03. Police	<input style="width: 100%;" type="text"/>
R04. Lighting	<input style="width: 100%;" type="text" value="38,161"/>
R05. Other Special Benefit Assessments (Specify)	<input style="width: 100%;" type="text"/>
R05a.	
Specify Functional Revenues	Select Expenditure Function
<div style="display: flex; align-items: center; gap: 10px;"> <input style="width: 200px; height: 20px;" type="text"/> Select ▼ <input style="width: 100px; height: 20px;" type="text"/> Add </div>	
R06. Total Special Benefit Assessments	<input style="width: 100%;" type="text" value="\$38,161"/>

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Licenses and Permits

Item 7.

Fiscal Year: 2023

Form #18

	Functional Revenues A	General Revenues B	Total Revenues C
Licenses and Permits			
R01. Animal Licenses	<input type="text"/>	<input type="text"/>	<input type="text"/>
R02. Bicycle Licenses	<input type="text"/>	<input type="text"/>	<input type="text"/>
R03. Construction Permits	2,518,932	<input type="text"/>	2,518,932
R04. Street and Curb Permits	<input type="text"/>	<input type="text"/>	<input type="text"/>
R05. Other Licenses and Permits (Specify)	1,296,839	<input type="text"/>	1,296,839

R05a. **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

Title 24 Under Utility Fee	Construction and Engineering Regulati <input type="button" value="v"/>	114,595	<input type="button" value="Delete"/>
Reservations and tree removal	Parks and Recreation <input type="button" value="v"/>	192,093	<input type="button" value="Delete"/>
Alarm special event firearms parking fees	Police <input type="button" value="v"/>	77,260	<input type="button" value="Delete"/>
Solid Waste Fees	Solid Waste <input type="button" value="v"/>	258,507	<input type="button" value="Delete"/>
Street sweeping and storm drainage	Streets/Highways/Storm Drains <input type="button" value="v"/>	654,384	<input type="button" value="Delete"/>
<input type="text"/>	Select <input type="button" value="v"/>		<input type="button" value="Add"/>
Total:		1,296,839	

R05b. **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
R06. Total Licenses and Permits	\$3,815,771	\$0	\$3,815,771

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Fines, Forfeitures, Penalties, and Revenue from Use of Money and Property

Item 7.

Fiscal Year: 2023

Form #19

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
Fines, Forfeitures, and Penalties				
R01.	Vehicle Code Fines	374,761		374,761
R03.	Forfeitures and Penalties	42,189		42,189
R03.5	Other Fines (Specify)			

R03.5a **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

Select
▼

Add

R03.5b **Specify General Revenues** **General Revenues**

Add

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
R04.	Total Fines, Forfeitures, and Penalties	\$416,950		\$416,950

Revenue from Use of Money and Property				
R05.	Investment Income	224,370	584,171	808,541
R06.	Rents, Leases, and Concessions	32,400	188,561	220,961
R07.	Royalties			
R09.5	Other Revenue from Use of Money and Property (Specify)			

R09.5a **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

Select
▼

Add

R09.5b **Specify General Revenues** **General Revenues**

Add

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
R10.	Total Revenue from Use of Money and Property	\$256,770	\$772,732	\$1,029,502

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

Item 7.

Fiscal Year: 2023

Form #20

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
Intergovernmental – State				
R01.	Homeowners Property Tax Relief	<input type="text"/>	44,158	44,158
R03.	Gasoline Tax	1,597,057	<input type="text"/>	1,597,057
R04.	Peace Officers Standards and Training	14,475	<input type="text"/>	14,475
R05.	Off-Highway Motor Vehicle In-Lieu Fee	<input type="text"/>	<input type="text"/>	<input type="text"/>
R07.5	Other Intergovernmental – State (Specify)	<input type="text"/>	34,406	34,406
R07.5a	Specify General Revenues	General Revenues		

Vehicle License Fee Collection in Excess	34,406	<input type="button" value="Delete"/>	
<input type="text"/>	<input type="text"/>	<input type="button" value="Add"/>	
Total:		<input type="text" value="34,406"/>	

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
State Grants – Other				
R08.	Mandated Cost	<input type="text"/>	4,871	4,871
R09.	Public Safety – Prop. 172	510,783	<input type="text"/>	510,783
R10.	Public Safety – 2011	<input type="text"/>	<input type="text"/>	<input type="text"/>
R31.	Other State Grants – Other (Specify)	933,388	<input type="text"/>	933,388

Specify Functional Revenues		Select Expenditure Function	Functional Revenues	
PUBLIC LIBRARY FUND	Libraries	▼	63,046	<input type="button" value="Delete"/>
TOBACCO PREVENTON GRANT	Physical and Mental Health	▼	6,500	<input type="button" value="Delete"/>
ABAG-REAP GRANT	Planning	▼	34,167	<input type="button" value="Delete"/>
STATE HCD LEAP GRANT	Planning	▼	150,000	<input type="button" value="Delete"/>
ABANDON VEHICLES	Police	▼	28,477	<input type="button" value="Delete"/>
Cal OES	Police	▼	35,062	<input type="button" value="Delete"/>
SLESF	Police	▼	313,876	<input type="button" value="Delete"/>
TRAFF SAFETY (CVC) B&F	Police	▼	29,024	<input type="button" value="Delete"/>
AB939	Solid Waste	▼	43,236	<input type="button" value="Delete"/>
CALRECYCLE ORGANIC WASTE	Solid Waste	▼	230,000	<input type="button" value="Delete"/>
<input type="text"/>	Select	▼	<input type="text"/>	<input type="button" value="Add"/>
Total:			<input type="text" value="933,388"/>	

		Functional Revenues	General Revenues	Total Revenues
		A	B	C
R32.	Total Intergovernmental – State	\$3,055,703	\$83,435	\$3,139,138

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
Intergovernmental – Federal			
R13. Community Development Block Grant			
R14. Workforce Investment Act (WIA)			
R15. Other Federal Grants (Specify)	4,211,228		4,211,228

R15a. Specify Functional Revenues	Select Expenditure Function	Functional Revenues	
CERT/EMPG HOMELAND GRANTS	Disaster Preparedness ▼	11,560	Delete
Federal ARPA	Disaster Preparedness ▼	3,614,872	Delete
HAZARD MITIGATION GRANT	Disaster Preparedness ▼	60,058	Delete
Dept of Justice Grants	Police ▼	5,381	Delete
MTC OBAG	Streets/Highways/Storm Drains ▼	519,357	Delete
	Select ▼		Add
Total:		4,211,228	

	Functional Revenues A	General Revenues B	Total Revenues C
R16. Total Intergovernmental – Federal	\$4,211,228		\$4,211,228

Intergovernmental – County			
R17. County Grants of State Gasoline Tax			
R18. Other County Grants (Specify)	2,570,027		2,570,027

R18.5a Specify Functional Revenues	Select Expenditure Function	Functional Revenues	
VTA/TFCA Grants	Other Transportation 1 ▼	900	Delete
SB2HCD Planning Grant	Planning ▼	160,000	Delete
SCC ADA Grant	Planning ▼	250,000	Delete
VTA Measure B	Streets/Highways/Storm Drains ▼	2,159,127	Delete
	Select ▼		Add
Total:		2,570,027	

R18.5b Specify General Revenues	General Revenues
	Add

	Functional Revenues A	General Revenues B	Total Revenues C
R19. Total Intergovernmental – County	\$2,570,027	\$0	\$2,570,027

R20. Other Taxes In-Lieu (Specify)			
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R20.5a Specify Functional Revenues	Select Expenditure Function	Functional Revenues
------------------------------------	-----------------------------	---------------------

Select

Item 7.

R20.5b

Specify General Revenues

General Revenues

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Charges for Current Services

Item 7.

Go to Form: Functional Revenue Detail

Fiscal Year: 2023

Form #22

Functional Revenues

Charges for Current Services

R01. Zoning Fees and Subdivision Fees	1,350,001
R04. Special Police Department Services	1,081,702
R06. Special Fire Department Services	
R07. Plan Checking Fees	1,282,748
R09. Animal Shelter Fees and Charges	
R10. Engineering Fees, Inspection and Other Charges	252,937
R11. Street, Sidewalk, and Curb Repairs Charges	
R12. Weed and Lot Cleaning Charges	
R13. Sewer Service Charges	
R14. Sewer Connection Fees	
R15. Solid Waste Revenues	
R16. Sales of Refuse	
R17. First Aid and Ambulance Charges	
R20. Library Fines and Fees	
R23. Parking Facility Charges	
R24. Parks and Recreation Fees	38,986
R25. Golf Course Fees	
R26. Water Service Charges	
R27. Water Connection Fees	
R28. Electric Revenues	
R29. Gas Revenues	
R30. Airport Revenues	
R31. Cemetery Revenues	
R32. Housing Revenues	
R33. Ports and Harbor Revenues	
R34. Hospital Revenues	
R35. Transit Revenues	
R36. Stadium Revenues	
R40. Quasi-External Transactions	

R41. Other Charges for Current Services (Specify)

720,835

Item 7.

R41a.

Specify Functional Revenues

Select Expenditure Function

BMP housing fees	Housing	▼	38,575	Delete
Mediation Fees	Legislative	▼	50,966	Delete
Research and Copies	Libraries	▼	2,082	Delete
Other Management Support	Management and Support	▼	50,561	Delete
Processing Fees	Management and Support	▼	169,975	Delete
General Plan	Planning	▼	397,708	Delete
Other Police	Police	▼	1,890	Delete
Slurry seal and traffic mitigation fees	Streets/Highways/Storm Drains	▼	9,078	Delete
	Select	▼		Add
			Total:	720,835

R42. **Total Charges for Current Services**

\$4,727,209

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Miscellaneous Revenues and Grand Totals

Item 7.

Fiscal Year: 2023

Form #23

	Functional Revenues A	General Revenues B	Total Revenues C
Miscellaneous Revenues			
R01. Development Impact Fees	1,832,284		1,832,284
R04. Contributions from Nongovernmental Sources	282,664		282,664
R05. Other Miscellaneous Revenues (Specify)	698,842	209,083	907,925

R05a. **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

ADA training	Construction and Engineering Regulati	5,186	Delete
Affordable Housing Reimb	Housing	300,000	Delete
Credit card fees	Management and Support	41,152	Delete
Reimbursements and Claims	Parks and Recreation	179,476	Delete
Misc Donations	Police	167,366	Delete
Street trees fees	Streets – Trees/Landscaping	5,662	Delete
	Select		Add
Total:		698,842	

R05b. **Specify General Revenues** **General Revenues**

Garbage JPA revenue	130,270	Delete
Insurance Claims	2,751	Delete
Non-point Source Equity Disbursement	22,431	Delete
Other revenue	53,631	Delete
		Add
Total:		209,083

	Functional Revenues A	General Revenues B	Total Revenues C
R10. Total Miscellaneous Revenues	\$2,813,790	\$209,083	\$3,022,873
R11. Grand Totals	\$21,905,609	\$40,270,828	\$62,176,437

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 A	Functional Revenues B	Net Expenditures/(Excess Revenues) C
General Government			
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. Total General Government	\$8,828,779	\$335,375	\$8,493,404
Public Safety			
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. Total Public Safety	\$18,446,048	\$6,653,035	\$11,793,013

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Net Expenditures - Governmental Funds
 Transportation and Community Development

Item 7.

Go to Form: Functional Revenue Details

Fiscal Year: 2023

Form #25

	Current Expenditures A	Functional Revenues B	Net Expenditures/(Excess Revenues) C
Transportation			
R01. Streets/Highways/Storm Drains	4,247,021	6,565,157	-2,318,136
R02. Streets – Trees/Landscaping	33,572	78,663	-45,091
R03. Parking Facility			
R04. Public Transit			
R05. Airports			
R06. Ports and Harbor			
R07. Other Transportation 1		900	-900
R08. Other Transportation 2			
R09. Total Transportation	\$4,280,593	\$6,644,720	\$-2,364,127
Community Development			
R10. Planning	2,538,262	2,548,375	-10,113
R11. Construction and Engineering Regulation	4,784,885	4,255,259	529,626
R12. Redevelopment			
R13. Housing		338,575	-338,575
R14. Employment			
R15. Community Promotion			
R16. Other Community Development 1			
R17. Other Community Development 2			
R18. Total Community Development	\$7,323,147	\$7,142,209	\$180,938

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Net Expenditures - Governmental Funds
 Health and Culture and Leisure

Item 7.

Fiscal Year: 2023

Form #26

	A	B	C
	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
Health			
R01. Physical and Mental Health	[]	6,500	-6,500
R06. Hospitals and Sanitariums	[]	[]	[]
R07. Solid Waste	393,119	531,743	-138,624
R08. Sewers	[]	[]	[]
R09. Cemeteries	[]	[]	[]
R17. Other Health 1	[]	[]	[]
R18. Other Health 2	[]	[]	[]
R19. Total Health	\$393,119	\$538,243	\$-145,124
Culture and Leisure			
R20. Parks and Recreation	2,304,310	410,555	1,893,755
R21. Marina and Wharfs	[]	[]	[]
R22. Libraries	3,208,027	181,472	3,026,555
R23. Museums	[]	[]	[]
R24. Golf Courses	[]	[]	[]
R25. Sports Arenas and Stadiums	[]	[]	[]
R26. Community Centers and Auditoriums	[]	[]	[]
R27. Other Culture and Leisure 1	52,746	[]	52,746
R28. Other Culture and Leisure 2	[]	[]	[]
R29. Total Culture and Leisure	\$5,565,083	\$592,027	\$4,973,056

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Net Expenditures - Governmental Funds
 Public Utilities and Other Expenditures

Item 7.

Fiscal Year: 2023

Form #27

	Current Expenditures A	Functional Revenues B	Net Expenditures/(Excess Revenues) C
Public Utilities			
R01. Water			
R02. Gas			
R03. Electric			
R04. Other Public Utilities 1			
R05. Other Public Utilities 2			
R06. Total Public Utilities	\$0	\$0	\$0
Other Expenditures			
R07. Other Expenditures 1			
R08. Other Expenditures 2			
R09. Total Other Expenditures	\$0	\$0	\$0

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Net Expenditures - Governmental Funds
 Debt Service, Capital Outlay, and Grand Totals

Item 7.

Go to Form: Functional Revenue Details

Fiscal Year: 2023

F

	Current Expenditures A	Functional Revenues B	Net Expenditures/(Excess Re' C
Debt Service			
R01. Principal Payments on Long-Term Debt	156,034		156,034
R02. Interest Payments on Long-Term Debt			
R02.5 Principal Payments on Lease Obligations (Purchase Agreements)			
R03. Principal and Interest on Short-Term Notes and Warrants			
R04. Other Debt Service Payments			
R05. Total Debt Service	\$156,034		\$156,034
Capital Outlay			
R06. General Government			0
R07. Public Safety	377,096		377,096
R08. Transportation	8,539,979		8,539,979
R09. Community Development			
R10. Health			
R11. Culture and Leisure			
R12. Public Utilities			
R13. Other Expenditures			
R14. Total Capital Outlay	\$8,917,075		\$8,917,075
R15. Grand Totals	\$53,909,878	\$21,905,609	\$32,004,269

City of Los Gatos
 Cities' Financial Transactions Report
 Governmental Funds
 Major Object Classification

Item 7.

Fiscal Year: 2023

Form #29

Operating Expenditures	
R01. Salaries and Wages	21,903,136
R02. Retirement Benefits	7,117,548
R03. Other Employee Benefits	3,857,599
Contract Services	
R04. Private	2,104,850
R05. Governmental Agencies	735,640
R06. Materials and Supplies	1,364,561
R07. Other Operating Expenditures	7,753,435
R08. Total Operating Expenditures	\$44,836,769
Debt Service	
R09. Principal Payments on Long-Term Debt	156,034
R10. Interest Payments on Long-Term Debt	
R11. Principal Payments on Lease Obligations (Purchase Agreements)	
R11.5 Principal and Interest on Short-Term Notes and Warrants	
R12. Other Debt Service Payments	
R13. Total Debt Service	\$156,034
Capital Outlay	
R14. Land	300,000
R15. Buildings and Improvements	7,896,254
R16. Equipment	
R17. Other Capital Outlay	720,821
R18. Total Capital Outlay	\$8,917,075
R19. Grand Total Expenditures	\$53,909,878
Supplemental Data	
Major Project Expenditures	
R20. Pursuant to Competitive Bidding	8,539,979
R21. Other than Competitive Bidding	377,096
R22. Total Major Project Expenditures	\$8,917,075

City of Los Gatos
 Cities' Financial Transactions Report
 Other Financing Sources (Uses) and Changes in Fund Balance - Governmental Funds

Item 7.

Fiscal Year: 2023

Form #30

R01. Excess (Deficiency) of Revenues Over (Under) Expenditures	8,266,559
Other Financing Sources (Uses)	
R01.5 Lease Financing	
R02. Long-Term Debt - Bonds, COP, and Other Agency Debt	
R03. Construction Financing and Other Long-Term Debt	
R03.6 Proceeds from Refinancing on Loans, Notes, and Other	
R03.7 Payments to Refinanced Loans, Notes, and Other	
R04. Refunding Bonds Proceeds	
R05. Premium on Bonds Issued	
R06. Discount on Bonds Issued	
R07. Payment to Refunded Bond Escrow Agent	
R08. Demand Bonds	
R09. Proceeds from Sale of Capital Assets	2,162
R11. Insurance Recoveries	1,565,000
R12. Transfers In	11,886,022
R13. Transfers Out	-11,396,347
R13.5 Other Financing Sources (Uses) – Other	
R14. Total Other Financing Sources (Uses)	\$2,056,837
Special and Extraordinary Items	
R15. Special Item	
R16. Extraordinary Item	
R17. Total Special and Extraordinary Items	\$0
R18. Net Change in Fund Balance	\$10,323,396
R19. Fund Balance (Deficit), Beginning of Fiscal Year	\$50,862,138
R20. Adjustment	-6
R21. Reason for Adjustment	Rounding
R22. Fund Balance (Deficit), End of Fiscal Year	\$61,185,528

Note:

(R21) Reason for Adjustment: Rounding

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds

Item 7.

Fiscal Year: 2023

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
Additions				
Contributions				
R01. Employer				
R02. Plan Members				
R03. Private Contributions				
R04. Contributions to Pooled Investments				
R05. Other Contributions				
R06. Total Contributions	\$0	\$0	\$0	\$0
Investment Income (Loss)				
R07. Net Appreciation (Depreciation) in Fair Value of Investments				
R08. Interest			80,795	
R09. Dividends				
R10. Other Investment Income				
R11. (Investment Expense)				
Securities Lending Income (Loss)				
R12. Securities Lending Income				
R13. (Securities Lending Expense)				
R14. Net Securities Lending Income (Loss)	\$0	\$0	\$0	\$0
R15. Net Investment Income (Loss)	\$0	\$0	\$80,795	\$0
R15.5 Tax Revenues			1,942,119	
R16. Receipts from Depositors				
R17. Other Additions				
R18. Total Additions	\$0	\$0	\$2,022,914	\$0
Deductions				
R19. Benefit Payments				
R20. Refunds of Contributions				
R21. Administrative Expenses			5,640	
R22. Payments to and for Depositors				
R23. Distributions from Pooled Investments				
R24. Other Deductions			597,536	
R25. Total Deductions	\$0	\$0	\$603,176	\$0
R26. Change in Net Position	\$0	\$0	\$1,419,738	\$0
R27. Net Position (Deficit), Beginning of Fiscal Year	\$0	\$0	\$-7,607,526	\$0
R28. Adjustment				
R29. Reason for Adjustment				
R30. Net Position (Deficit), End of Fiscal Year	\$0	\$0	\$-6,187,788	\$0

City of Los Gatos
 Cities' Financial Transactions Report
 Other Long-Term Debt
 Loans, Notes, and Other

Item 7.

Go to Report: Detail Summary of Other Long-Term Debt

Fiscal Year: 2023

Form #32

R01. Purpose of Debt (1 of 2) (Record Completed)	Energy Efficiency Loan	▼
R02. Nature of Revenue Pledged	Savings on utility bills	
R03. Debt Type	Loans	▼
R04. Fund Type	Governmental	▼
R06. Year of Issue	2021	
R07. Beginning Maturity Year	2021	
R08. Ending Maturity Year	2031	
R09. Principal Authorized	1,560,336	
R10. Principal Received to Date	1,560,336	
R11. Principal Unspent		
R12. Principal Outstanding, Beginning of Fiscal Year	\$1,352,291	
R13. Adjustment to Principal in Current Fiscal Year		
R14. Reason for Adjustment to Principal in Current Fiscal Year		
R15. Principal Received in Current Fiscal Year		
R16. Principal Paid in Current Fiscal Year	156,034	
R17. Principal Refinanced in Current Fiscal Year		
R18. Principal Outstanding, End of Fiscal Year	\$1,196,257	
R19. Principal Outstanding, Current Portion	156,034	
R20. Principal Outstanding, Noncurrent Portion	\$1,040,223	
R21. Interest Paid in Current Fiscal Year		
R22. Principal Delinquent, End of Fiscal Year		
R23. Interest Delinquent, End of Fiscal Year		

City of Los Gatos
 Cities' Financial Transactions Report
 Other Long-Term Debt
 Loans, Notes, and Other

Item 7.

Go to Report: Detail Summary of Other Long-Term Debt

Fiscal Year: 2023

Form #32

R01. Purpose of Debt (2 of 2) (Record Completed)	Subscription Liabilities	▼
R02. Nature of Revenue Pledged	None	
R03. Debt Type	Other	▼
R04. Fund Type	Internal Service	▼
R06. Year of Issue		2023
R07. Beginning Maturity Year		2023
R08. Ending Maturity Year		2028
R09. Principal Authorized		653,681
R10. Principal Received to Date		653,681
R11. Principal Unspent		
R12. Principal Outstanding, Beginning of Fiscal Year		
R13. Adjustment to Principal in Current Fiscal Year		
R14. Reason for Adjustment to Principal in Current Fiscal Year		
R15. Principal Received in Current Fiscal Year		653,681
R16. Principal Paid in Current Fiscal Year		58,747
R17. Principal Refinanced in Current Fiscal Year		
R18. Principal Outstanding, End of Fiscal Year		\$594,934
R19. Principal Outstanding, Current Portion		149,154
R20. Principal Outstanding, Noncurrent Portion		\$445,780
R21. Interest Paid in Current Fiscal Year		29,221
R22. Principal Delinquent, End of Fiscal Year		
R23. Interest Delinquent, End of Fiscal Year		

City of Los Gatos
 Cities' Financial Transactions Report
 Detail Summary of Other Long-Term Debt

Item 7.

Back to Form: Other Long-Term Debt

Fiscal Year: 2023

Summary Form #32

	Year of Issue	Principal Outstanding, Beginning of Fiscal Year	Principal Received in Current Fiscal Year	Principal Paid in Current Fiscal Year	Principal Outstanding, End of Fiscal Year	Principal Outstanding, Current Portion	Principal Outstanding, Noncurrent Portion
Governmental							
Loans							
Energy Efficiency Loan	2021	1,352,291	0	156,034	1,196,257	156,034	1,040,223
Total Governmental Debt:		\$1,352,291	\$0	\$156,034	\$1,196,257	\$156,034	\$1,040,223
Internal Service							
Other							
Subscription Liabilities	2023	0	653,681	58,747	594,934	149,154	445,780
Total Internal Service Debt:		\$0	\$653,681	\$58,747	\$594,934	\$149,154	\$445,780

City of Los Gatos
 Cities' Financial Transactions Report
 Debt Service Reconciliation

Item 7.

Go to Report: Debt Summary

Fiscal Year: 2023

Form #35

	Governmental Funds	Internal Service Fund	Enterprise Funds
Debt Payments from Debt Forms			
R01. Long-Term Debt (Bonds, COP, and Other Agency Debt)	[]	[]	[]
R02. Other Long-Term Debt	156,034	29,221	[]
R03. Construction Financing	[]	[]	[]
R04. Lease Obligations (Purchase Agreements)	[]	[]	[]
R05. Total Debt Payments from Debt Forms	\$156,034	\$29,221	\$0
R06. Debt Service	156,034	29,221	[]
R07. Difference	\$0	\$0	\$0
R08. Reason for Difference	[]	[]	[]

City of Los Gatos
 Cities' Financial Transactions Report
 Debt Summary

Item 7.

Fiscal Year: 2023

Summary Form #31-34

	Governmental Funds		Proprietary Funds	
	Principal Paid in CY	Interest Paid in CY	Internal Service Interest Paid in CY	Enterprise Interest Paid in CY
Long-Term Debt				
R01. Total Certificates of Participation				
R02. Total General Obligation Bonds				
R03. Total Pension Obligation Bonds				
R04. Total Revenue Bonds				
R05. Total Other Agency Debt				
R06. Total Long-Term Debt				
Other Long-Term Debt				
R07. Total Loans	156,034			
R08. Total Notes				
R09. Total Other - Leases (<10 years)			29,221	
R10. Total Other Long-Term Debt	156,034		29,221	
Construction Financing				
R11. Total Loans				
R12. Total Notes				
R13. Total Other				
R14. Total Construction Financing				
Lease Obligations				
R16. Total Leases				
R18. Total Other Contracts				
R19. Total Lease Obligation				
R20. Total Debt Payments from Debt Forms	156,034		29,221	
	Principal Payments	Interest Payments		
R21. Principal Payments on Long Term Debt	156,034			
R22. Interest Payments on Long-Term Debt				
R23. Lease Obligations (Purchase Agreements)				
R24. Total	156,034			

Note: The debt service section (R21:R23) is used to reconcile with the following forms:

Form 28: Statement of Net Expenditures - Governmental Funds - Debt Service, Capital Outlay, and Grand Totals (R01:R02.5)

Form 29: Major Object Classification - Governmental Funds (R09:R11)

City of Los Gatos
 Cities' Financial Transactions Report
 Check List of Services Provided
 Service

Item 7.

Fiscal Year: 2023

Form #36

Service

(Please see * below for codes to enter)

R01. Police	<input type="text" value="AB"/>
R02. Fire	<input type="text" value="I"/>
R03. Emergency Medical	<input type="text" value="J"/>
R04. Street Lighting	<input type="text" value="J"/>
R05. Public Transit	<input type="text" value="H"/>
R06. Community Development - Planning	<input type="text" value="A"/>
R07. Solid Waste	<input type="text" value="H"/>
R08. Sewers	<input type="text" value="H"/>
R09. Parks and Recreation	<input type="text" value="AF"/>
R10. Libraries	<input type="text" value="A"/>
R11. Water	<input type="text" value="J"/>

*** Service Codes**

<p>A = Provided by Paid City Employees Provided wholly or in part through contract with: C = Another City D = County E = Private Sector F = Special District or Other Public Agency</p>	<p>B = Provided by City Volunteers Provided wholly or in part without contract with: G = Another City H = Special District or Other Public Agency I = County J = Private Sector K = Service not provided within city</p>
--	---

	Number of Paid City Employees A	Number of Volunteers B	Total Number of Employees C
R12. Police Protection	<input type="text" value="60"/>	<input type="text" value="367"/>	<input type="text" value="427"/>
R13. Police Officers	<input type="text" value="39"/>	<input type="text" value="5"/>	<input type="text" value="44"/>
R14. Fire Protection	<input type="text"/>	<input type="text"/>	<input type="text"/>
R15. Fire Fighters	<input type="text"/>	<input type="text"/>	<input type="text"/>
R16. Emergency Medical	<input type="text"/>	<input type="text"/>	<input type="text"/>

City of Los Gatos
 Cities' Financial Transactions Report
 Balance Sheet
 Governmental Funds

Item 7.

Fiscal Year: 2023

Form #:

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Total Governmental Funds
Assets						
R01. Cash and Investments	33,591,832	1,391,601		31,875,218		66,858
R02. Investments	1,400,163	58,344				1,458
R03. Accounts Receivable (net)	1,482,426	85,151		1,078,834		2,646
R04. Taxes Receivable						
R05. Interest Receivable (net)	349,806					349
R05.5 Leases Receivable		319,957		241,506		561
R07. Due from Other Funds	1,832					1
R08. Due from Other Governments	1,885,545	171		552,684		2,438
R09. Advances to Other Funds						
R10. Inventories						
R11. Prepaid Items	153,868					153
R12. Loans, Notes, and Contracts Receivable	1,059,000	78,752				1,137
R13. Other Assets 1	344,338					344
R14. Other Assets 2						
R15. Other Assets 3						
R16. Total Assets	\$40,268,810	\$1,933,976	\$0	\$33,748,242	\$0	\$75,951
R17. Deferred Outflows of Resources						
R18. Total Assets and Deferred Outflows of Resources	\$40,268,810	\$1,933,976	\$0	\$33,748,242	\$0	\$75,951
Liabilities						
R19. Accounts Payable	1,061,762	19,052		1,257,903		2,338
R20. Contracts and Retainage Payable						
R21. Interest Payable						
R22. Due to Other Funds		1,832				1
R23. Due to Other Governments	69,836					69
R24. Advances from Other Funds						
R25. Deposits and Advances	6,849,378					6,849
R26. Loans and Notes Payable						
R27. Other Liabilities 1	2,759,530	64,795		1,377,226		4,201
R28. Other Liabilities 2						
R29. Other Liabilities 3						
R30. Total Liabilities	\$10,740,506	\$85,679	\$0	\$2,635,129	\$0	\$13,461
R31. Deferred Inflows of Resources		269,670		1,034,516		1,304
R32. Total Liabilities and Deferred Inflows of Resources	\$10,740,506	\$355,349	\$0	\$3,669,645	\$0	\$14,765

Item 7.

Fund Balances (Deficits)							
R33. Nonspendable	159,000	50,287		5,690		214	
R34. Restricted	1,444,501	707,140		8,823,398		10,975	
R35. Committed	13,150,130	821,200		1,769,057		15,740	
R36. Assigned	14,774,673			19,480,452		34,255	
R37. Unassigned							
R38. Total Fund Balances (Deficits)	\$29,528,304	\$1,578,627	\$0	\$30,078,597	\$0	\$61,185	
R39. Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$40,268,810	\$1,933,976	\$0	\$33,748,242	\$0	\$75,951	

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Net Position
 Proprietary Funds

Item 7.

Fiscal Year: 2023

Form #38

	Enterprise	Internal Service
Assets		
Current Assets		
Cash and Investments		
R01. Unrestricted	8,000,397	
R02. Restricted		115,981
R03. Accounts Receivable (net)		75,438
R04. Taxes Receivable		
R05. Interest Receivable (net)		
R05.5 Leases Receivable		
R06. Due from Other Funds		
R07. Due from Other Governments		
R08. Inventories		
R09. Prepaid Items		
R10. Other Current Assets 1		
R11. Other Current Assets 2		
R12. Total Current Assets	\$0	\$8,191,816
Noncurrent Assets		
R13. Cash and Investments, Restricted		
R14. Investments		
R14.5 Leases Receivable		1,348,155
R15. Other Loans, Notes, and Contracts Receivable		
Capital Assets		
R16. Land		
R17. Buildings and Improvements <i>(Report at cost.)</i>		
R18. Equipment <i>(Report at cost.)</i>		
R18.5 Infrastructure <i>(Report at cost.)</i>		
R18.6 Lease Assets (Lessee)		
R19. Other Intangible Assets – Amortizable <i>(Report at cost.)</i>		
R20. Construction in Progress		
R21. Intangible Assets – Nonamortizable		
R22. Other Capital Assets <i>(Report at cost.)</i>		
R23. Less: Accumulated Depreciation/Amortization		
R23.5 Net Pension Asset		
R23.6 Net OPEB Asset		
R24. Other Noncurrent Assets 1		713,438
R25. Other Noncurrent Assets 2		
R26. Total Noncurrent Assets	\$0	\$2,061,593
R27. Total Assets	\$0	\$10,253,409

Deferred Outflows of Resources

R28.	Related to Pensions		
R28.5	Related to OPEB		
R28.6	Related to Debt Refunding		
R29.	Other Deferred Outflows of Resources		
R30.	Total Deferred Outflows of Resources	\$0	\$0
R31.	Total Assets and Deferred Outflows of Resources	\$0	\$10,253,409

Liabilities

Current Liabilities

R32.	Accounts Payable		243,435
R33.	Contracts and Retainage Payable		
R34.	Interest Payable		27,915
R35.	Due to Other Funds		
R36.	Due to Other Governments		59
R37.	Deposits and Advances		
R38.	Accrued Compensated Absences		
R39.	Long-Term Debt, Due Within One Year	0	149,154
R40.	Other Long-Term Liabilities, Due Within One Year		
R41.	Other Current Liabilities 1		
R42.	Other Current Liabilities 2		
R43.	Total Current Liabilities	\$0	\$420,563

Noncurrent Liabilities

R44.	Deposits and Advances		
R45.	Compensated Absences		
R46.	General Obligation Bonds		
R47.	Revenue Bonds		
R48.	Certificates of Participation		
R49.	Other Bonds		
R50.	Loans (Other Long-Term Debt)		
R51.	Notes (Other Long-Term Debt)		
R52.	Other (Other Long-Term Debt)		445,780
R53.	Construction Financing – Federal		
R54.	Construction Financing – State		
R54.5	Lease Liability		
R55.	Lease-Obligations (Purchase Agreements)		
R56.	Net Pension Liability		
R57.	Net OPEB Liability		
R58.	Other Noncurrent Liabilities 1		2,126,708
R59.	Other Noncurrent Liabilities 2		
R60.	Total Noncurrent Liabilities	\$0	\$2,572,488
R61.	Total Liabilities	\$0	\$2,993,051

Deferred Inflows of Resources

R62. Related to Pensions		
R62.5 Related to OPEB		
R62.6 Related to Debt Refunding		
R62.7 Related to Leases		717,495
R63. Other Deferred Inflows of Resources		
R64. Total Deferred Inflows of Resources	\$0	\$717,495
R65. Total Liabilities and Deferred Inflows of Resources	\$0	\$3,710,546
R66. Total Net Position (Deficit)	\$0	\$6,542,863
Net Position (Deficit)		
R67. Net Investment in Capital Assets		118,503
R68. Restricted		115,981
R69. Unrestricted		6,308,379
R70. Total Net Position (Deficit)	\$0	\$6,542,863

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Fiduciary Net Position
 Fiduciary Funds

Item 7.

Fiscal Year: 2023

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
Assets				
R01. Cash and Investments			3,977,517	
Investments, at Fair Value				
R02. Short-Term Investments				
R03. U.S. Government Obligations				
R04. Municipal Bonds				
R05. Domestic Corporate Bonds				
R06. International Bonds				
R07. Domestic Stocks				
R08. International Stocks				
R09. Real Estate				
R10. Private Equity				
R11. Hedge Funds				
R12. Other Investments				
R13. Total Investments	\$0	\$0	\$0	\$0
R14. Receivables (net)				
R14.5 Other Current Assets				
R15. Due from Other Governments				
Capital Assets				
R15.5 Capital Assets, Not Being Depreciated				
R15.6 Other Capital Assets, Net of Depreciation			1,118,623	
R15.7 Net Pension Asset				
R15.8 Net OPEB Asset				
R15.9 Other Noncurrent Assets			622,082	
R19. Total Assets	\$0	\$0	\$5,718,222	\$0
Deferred Outflows of Resources				
R20. Related to Pensions				
R20.5 Related to OPEB				
R20.6 Related to Debt Refunding				
R20.7 Other Deferred Outflows of Resources				
R20.8 Total Deferred Outflows of Resources	0	0	0	0
R21. Total Assets and Deferred Outflows of Resources	\$0	\$0	\$5,718,222	\$0

Liabilities			
R22. Accounts Payable			24
R23. Deposits and Advances			
R23.5 Other Current Liabilities			212,406
R24. Due to Other Governments			
R24.5 Net Pension Liability			
R24.6 Net OPEB Liability			
R24.7 Other Long-Term Liabilities			11,693,580
R28. Total Liabilities	\$0	\$0	\$11,906,010
Deferred Inflows of Resources			
R29. Related to Pensions			
R29.5 Related to OPEB			
R29.6 Related to Debt Refunding			
R29.7 Other Deferred Inflows of Resources			
R29.8 Total Deferred Inflows of Resources	0	0	0
R30. Total Liabilities and Deferred Inflows of Resources	\$0	\$0	\$11,906,010
Net Position Restricted for			
R31. Pension and Other Employee Benefits			
R32. Investment Trusts			
R33. Private-Purpose Trusts			-6,187,788
R34. Custodial Funds			
R35. Total Net Position	\$0	\$0	\$-6,187,788

City of Los Gatos
 Cities' Financial Transactions Report
 Noncurrent Assets, Deferred Outflows of Resources,
 Noncurrent Liabilities, and Deferred Inflows of Resources
 Governmental Funds

Item 7.

Fiscal Year: 2023

Form #40

	Noncurrent Assets/Deferred Outflows of Resources	Noncurrent Liabilities/Deferred Inflows of Resources
Noncurrent Assets		
R00.5 Leases Receivable	1,909,618	
Capital Assets		
R01. Land	26,066,103	
R02. Buildings and Improvements <i>(Report at cost.)</i>	39,902,775	
R03. Equipment <i>(Report at cost.)</i>	12,952,294	
R04. Infrastructure <i>(Report at cost.)</i>	116,299,958	
R05. Intangible Assets – Amortizable <i>(Report at cost.)</i>	915,860	
R05.5 Lease Assets (Lessee)		
R06. Construction in Progress	7,513,148	
R07. Intangible Assets – Nonamortizable		
R08. Other Capital Assets <i>(Report at cost.)</i>		
R09. Less: Accumulated Depreciation/Amortization	-70,970,365	
R10. Net Pension Asset		
R11. Net OPEB Asset		
R12. Other Noncurrent Assets 1		
R13. Other Noncurrent Assets 2		
R14. Other Noncurrent Assets 3		
R15. Total Noncurrent Assets	\$134,589,391	
Deferred Outflows of Resources		
R16. Related to Pensions	25,220,232	
R17. Related to OPEB	4,306,030	
R18. Related to Debt Refunding		
R19. Other Deferred Outflows of Resources		
R20. Total Deferred Outflows of Resources	\$29,526,262	
R21. Total Noncurrent Assets and Deferred Outflows of Resources	\$164,115,653	

Noncurrent Liabilities		
R22. Deposits and Advances		
R23. Compensated Absences		3,161,247
R24. General Obligation Bonds		
R25. Revenue Bonds		
R26. Certificates of Participation		
R27. Other Bonds		
R28. Loans (Other Long-Term Debt)		1,196,257
R29. Notes (Other Long-Term Debt)		
R30. Other (Other Long-Term Debt)		
R31. Construction Financing – Federal		
R32. Construction Financing – State		
R32.5 Lease Liability		
R33. Lease Obligations (Purchase Agreements)		
R34. Net Pension Liability		59,866,665
R35. Net OPEB Liability		7,028,633
R36. Other Noncurrent Liabilities 1		
R37. Other Noncurrent Liabilities 2		
R38. Other Noncurrent Liabilities 3		
R39. Total Noncurrent Liabilities		\$71,252,802
Deferred Inflows of Resources		
R40. Related to Pensions		3,126,711
R41. Related to OPEB		2,117,922
R42. Related to Debt Refunding		
R42.5 Related to Leases		2,021,681
R43. Other Deferred Inflows of Resources		
R44. Total Deferred Inflows of Resources		\$7,266,314
R45. Total Noncurrent Liabilities and Deferred Inflows of Resources		\$78,519,116

City of Los Gatos
 Cities' Financial Transactions Report
 Summary and Statistics

Item 7.

Fiscal Year: 2023

Form #41

Summary

	Governmental Funds	Proprietary Funds
R01. Revenues	62,176,437	4,093,490
R02. Expenditures/Expenses	53,909,878	5,301,231
R03. Excess (Deficiency) of Revenues Over (Under) Expenditures	\$8,266,559	
R04. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items		\$-1,207,741
R05. Other Financing Sources (Uses)	2,056,837	
R06. Capital Contributions		
R07. Proprietary Fund Transfers In (Out)		-489,675
R08. Special and Extraordinary Items		
R09. Change in Fund Balance/Net Position	\$10,323,396	\$-1,697,416
R10. Fund Balance/Net Position (Deficit), Beginning of Fiscal Year	\$50,862,138	\$8,240,279
R11. Adjustments (Specify)	-6	0

R11a. **Specify Governmental Fund Adjustments**

Rounding	-6	Delete
<input style="width: 90%;" type="text"/>		Add
Total:	-6	

R11b. **Specify Proprietary Fund Adjustments**

<input style="width: 90%;" type="text"/>		Add
--	--	-----

R12. Fund Balance/Net Position (Deficit), End of Fiscal Year	\$61,185,528	\$6,542,863
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Statistics

R13. Current Transient Occupancy Tax Rate		10
R14. Effective Date of Current Transient Occupancy Tax Rate		02/03/1993
R15. Current Utility User Tax Rate		
R16. Appropriations Limit		51,622,037
R17. Total Annual Appropriations Subject to the Limit		33,766,598

City of Los Gatos
Cities Financial Transactions Report
Footnotes

Item 7.

Fiscal Year: 2023		
FORM DESC	FIELD NAME	FOOTNOTES
InternalServiceFund	(R03)OtherOperatingRevenues	(Building maintenance) Lease revenue, construction taxes and rebates
InternalServiceFund	(R10)OtherOperatingExpenses	(Building maintenance) Rent forgiven and rental expenses
InternalServiceFund	(R26)TransfersIn	(Building maintenance) Transferred from the general fund for COVID-19 income replacement reimbursements.
InternalServiceFund	(R27)TransfersOut	(Building maintenance) None
InternalServiceFund	(R03)OtherOperatingRevenues	(Equipment replacement) Insurance reimbursements
InternalServiceFund	(R04)TotalOperatingRevenues	(Equipment replacement) Charges to the general fund for police vehicle replacement
InternalServiceFund	(R11)TotalOperatingExpenses	(Equipment replacement) Charges to the general fund to pay for budgeted equipment replacement for patrol vehicles and street vehicles that were not needed in the prior year.
InternalServiceFund	(R15)OtherNonoperatingRevenues	(Equipment replacement) Proceeds from the sale of vehicles
InternalServiceFund	(R03)OtherOperatingRevenues	(Information Technology) Misc reimbursements
InternalServiceFund	(R04)TotalOperatingRevenues	(Information Technology) Increased permit fees
InternalServiceFund	(R09)DepreciationandAmortizationExpenses	(Information Technology) GASB 96
InternalServiceFund	(R11)TotalOperatingExpenses	(Information Technology) GASB 96
InternalServiceFund	(R27)TransfersOut	(Information Technology) Budgeted transfers to the governmental funds for technology upgrades included with capital projects
InternalServiceFund	(R11)TotalOperatingExpenses	(Self insurance) Increased claims and adjustments related to claims and insurance premiums.
InternalServiceFund	(R03)OtherOperatingRevenues	(Workers Compensation) Insurance claim reimbursements
InternalServiceFund	(R11)TotalOperatingExpenses	(Workers Compensation) Increase to claims and premiums
Taxes	(R02)Gen-SupplementalRollSecuredandUnsecuredPropertyTaxes	SB813 taxes doubled
Taxes	(R12)Gen-OtherPropertyTaxes	Town election amounts and AB454
Taxes	(R20)Gen-BusinessLicenseTaxes	Impact from COVID 19 and the end of the pandemic
Taxes	(R21)Gen-RealPropertyTransferTaxes	This tax varies from year to year based on property transactions.
FinesForfeituresRevenue	(R01)Func-VehicleCodeFines	Mostly from online parking tickets
FinesForfeituresRevenue	(R05)Func-InvestmentIncome	Market fluctuations
FinesForfeituresRevenue	(R05)Gen-InvestmentIncome	Market fluctuations
FinesForfeituresRevenue	(R06)Gen-RentsLeasesandConcessions	GASB 96
ChargesforCurrentServices	(R07)PlanCheckingFees	Fluctuates based on local construction which declined
MiscellaneousRevenues	(R01)Func-DevelopmentImpactFees	Prior year had one-time fees for new development
MiscellaneousRevenues	(R04)Func-ContributionsfromNongovernmentalSources	One-time developer contributions collected in the prior fiscal year
TransportationCommunityDevelopment	(R13)CurrExp-Housing	Prior year included one-time housing fees for special project
HealthCultureLeisure	(R27)CurrExp-OtherCultureLeisure1	LG Theatre donated in prior year. First year of operations.
DebtServiceCapitalOutlayGrandTotals	(R06)CurrExp-GeneralGovernment	There were no outlay projects attributed to general government in the current fiscal year
DebtServiceCapitalOutlayGrandTotals	(R07)CurrExp-PublicSafety	Vehicle replacement
MajorObjectClassification	(R03)OtherEmployeeBenefits	Health benefits and insurance.
MajorObjectClassification	(R07)OtherOperatingExpenditures	Retiree medical contributions and administrative expenditures.
MajorObjectClassification	(R17)OtherCapitalOutlay	Third party consultation and contract services.
OtherFinancingSourcesChangeinFundBalance	(R09)ProceedsfromSaleofCapitalAssets	Vehicle disposals
OtherFinancingSourcesChangeinFundBalance	(R12)TransfersIn	From General Fund, Nonmajor funds, ARPA fund, Appropriated Reserves Funds for capital projects, admin support, revenue loss, engineering support and software upgrades
OtherFinancingSourcesChangeinFundBalance	(R13)TransfersOut	To General Fund, Nonmajor funds, ARPA fund, Appropriated Reserves Funds for capital projects, admin support, revenue loss, engineering support and software upgrades
ChangesNetPositionFiduciaryFund	(R24)Pri-OtherDeductions	Interest and depreciation
ChangesNetPositionFiduciaryFund	(R30)Pri-NetPosition(Deficit)EndofFiscalYear	Deficit balance successor agency fund. Debt is owed by SA while Town owns the assets securing the debt.

OtherLongTermDebt	(R16)PrincipalPaidinCurrentFiscalYear	(1_Energy Efficiency Loan) Same as last year	<i>Item 7.</i>
OtherLongTermDebt	(R19)PrincipalOutstandingCurrentPortion	(1_Energy Efficiency Loan) No change	
OtherLongTermDebt	(R21)InterestPaidinCurrentFiscalYear	(1_Energy Efficiency Loan) no interest	
Service	(R01)Police	Both city employees and volunteers	
Service	(R07)SolidWaste	Contract expenditures	
BalanceSheetGovernmentalFunds	(R01)CapProj-CashInvestments	Cash was transferred to capital projects for future projects	
BalanceSheetGovernmentalFunds	(R02)Gen-Investments	Restricted cash in pension accounts	
BalanceSheetGovernmentalFunds	(R02)SpRev-Investments	Restricted cash with fiscal agent	
BalanceSheetGovernmentalFunds	(R13)Gen-OtherAssets1	Land held for resale	
BalanceSheetGovernmentalFunds	(R27)CapProj-OtherLiabilities1	Unearned revenue	
BalanceSheetGovernmentalFunds	(R27)Gen-OtherLiabilities1	unearned revenue	
BalanceSheetGovernmentalFunds	(R27)SpRev-OtherLiabilities1	Unearned revenue	
BalanceSheetGovernmentalFunds	(R31)CapProj-DeferredInflowsofResources	Leases	
BalanceSheetGovernmentalFunds	(R31)SpRev-DeferredInflowsofResources	Leases	
ProprietaryFunds	(R24)IntrnServ-OtherNoncurrentAssets1	SBITAs, GASB 96	
ProprietaryFunds	(R56)IntrnServ-NetPensionLiability	Not applicable	
ProprietaryFunds	(R57)IntrnServ-NetOPEBLiability	Not applicable	
ProprietaryFunds	(R58)IntrnServ-OtherNoncurrentLiabilities1	Claims payable	
FiduciaryFunds	(R15.6)PriTrust-OtherCapitalAssetsNetofDepreciation	Buildings and improvements	
FiduciaryFunds	(R15.9)PriTrust-OtherNoncurrentAssets	Loans receivable	
FiduciaryFunds	(R23.5)PriTrust-OtherCurrentLiabilities	Interest payable	
FiduciaryFunds	(R24.7)PriTrust-OtherLongTermLiabilities	COP Debt	
FiduciaryFunds	(R35)PriTrust-TotalNetPosition	Deficit successor agency net position	
NoncurrentAssetsLiabilities	(R01)CapAsst-Land	No change	

Total Footnote: 63



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 01/08/2024

Item 7.

ITEM NO: 7

ADDENDUM

DATE: January 5, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review the Town's Draft Financial Transactions Report for Submittal to the State Controller

REMARKS:

Attachment 2 contains the 2022 Annual City Financial Transaction Report as requested by a Commissioner. Attachment 3 contains Commissioner comments.

Attachment Previously Received with the Staff Report:

1. Draft FY 2022/23 Annual City Financial Transaction Report

Attachments Received with this Addendum:

2. 2022 Annual City Financial Transaction Report
3. Commissioner comments

PREPARED BY: Gitta Ungvari
Finance Director

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

City of Los Gatos
Cities' Financial Transactions Report
General Information

Fiscal Year: 2022

Form #1

Members of the Governing Body

	First Name	M. I.	Last Name
Mayor	Rob		Rennie
Member 1	Maria		Ristow
Member 2	Mary		Badame
Member 3	Matthew		Hudes
Member 4	Marico		Sayoc
Member			

City Fiscal Officer

First Name M. I. Last Name

Title Telephone

Email Fax No.

City Mailing Address

Street 1 Has Address Changed?

Street 2

City State Zip

Report Prepared By

Firm Name

First Name M. I. Last Name

Title Telephone

Email Fax No.

1. Does the report contain data from audited financial statements? Yes No

2. Does this city have blended component unit(s) (BCU(s))? Refer to the Cities' Financial Transactions Report (FTR) instructions for the definition of this term. If "Yes", answer questions 3 and 4.

Yes No

3. Is financial data of the BCU(s) included in this city's financial statements or Annual Comprehensive Financial Report (ACFR)?

Yes No

4. Is financial data of the BCU(s) included in this city's FTR? If "Yes", answer question 5. Yes No

5. Specify the name(s) of the BCU(s).

BCU

City of Los Gatos
 Cities' Financial Transactions Report
 Internal Service Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Position

Fiscal Year: 2022

Form #3

R01. Internal Service Fund Name (Specify) (1 of 7) (Record Completed)	<input type="text" value="Building maintenance"/>
Operating Revenues	
R02. Charges for Services	<input type="text" value="878,128"/>
R03. Other Operating Revenues	<input type="text" value="178,199"/>
R04. Total Operating Revenues	<input type="text" value="\$1,056,327"/>
Operating Expenses	
R05. Personnel Services	<input type="text"/>
R06. Contractual Services	<input type="text" value="346,284"/>
R07. Materials and Supplies	<input type="text" value="153,398"/>
R08. General and Administrative Expenses	<input type="text" value="580,303"/>
R09. Depreciation and Amortization Expenses	<input type="text"/>
R10. Other Operating Expenses	<input type="text" value="142,794"/>
R11. Total Operating Expenses	<input type="text" value="\$1,222,779"/>
R12. Operating Income (Loss)	<input type="text" value="\$-166,452"/>
Nonoperating Revenues	
R13. Investment Income	<input type="text"/>
R14. Gain on Disposal of Capital Assets	<input type="text"/>
R15. Other Nonoperating Revenues	<input type="text"/>
R16. Total Nonoperating Revenues	<input type="text" value="\$0"/>
Nonoperating Expenses	
R17. Interest Expense	<input type="text"/>
R18. Loss on Disposal of Capital Assets	<input type="text"/>
R19. Other Nonoperating Expenses	<input type="text"/>
R20. Total Nonoperating Expenses	<input type="text" value="\$0"/>
R21. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	<input type="text" value="\$-166,452"/>

Item 7.

Capital Contributions	
R22. Federal	<input type="text"/>
R23. State	<input type="text"/>
R24. Other Capital Contributions	<input type="text"/>
R25. Total Capital Contributions	\$0
R26. Transfers In	251,194
R27. Transfers Out	<input type="text"/>
Special and Extraordinary Items	
R27.5 Special Item	<input type="text"/>
R27.6 Extraordinary Item	<input type="text"/>
R27.7 Total Special and Extraordinary Items	\$0
R28. Change in Net Position	\$84,742
R29. Net Position (Deficit), Beginning of Fiscal Year	\$156,340
R30. Adjustment	687,399
R31. Reason for Adjustment	<input type="text" value="GASB 87 Implementation"/>
R32. Net Position (Deficit), End of Fiscal Year	\$928,481
Net Position (Deficit)	
R33. Net Investment in Capital Assets	<input type="text"/>
R34. Restricted	<input type="text"/>
R35. Unrestricted	928,481
R36. Total Net Position (Deficit)	\$928,481

Note:

(R31) Reason for Adjustment: GASB 87 Implementation

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Fiscal Year: 2022

Form #3

R01.	Internal Service Fund Name (Specify) (2 of 7) (Record Completed)	Equipment replacement
Operating Revenues		
R02.	Charges for Services	540,957
R03.	Other Operating Revenues	3,274
R04.	Total Operating Revenues	\$544,231
Operating Expenses		
R05.	Personnel Services	
R06.	Contractual Services	4,005
R07.	Materials and Supplies	157,762
R08.	General and Administrative Expenses	
R09.	Depreciation and Amortization Expenses	
R10.	Other Operating Expenses	
R11.	Total Operating Expenses	\$161,767
R12.	Operating Income (Loss)	\$382,464
Nonoperating Revenues		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	45,210
R15.	Other Nonoperating Revenues	
R16.	Total Nonoperating Revenues	\$45,210
Nonoperating Expenses		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	Total Nonoperating Expenses	\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$427,674

Item 7.

Capital Contributions	
R22. Federal	
R23. State	
R24. Other Capital Contributions	
R25. Total Capital Contributions	\$0
R26. Transfers In	
R27. Transfers Out	-94,816
Special and Extraordinary Items	
R27.5 Special Item	
R27.6 Extraordinary Item	
R27.7 Total Special and Extraordinary Items	\$0
R28. Change in Net Position	\$332,858
R29. Net Position (Deficit), Beginning of Fiscal Year	\$1,889,536
R30. Adjustment	
R31. Reason for Adjustment	
R32. Net Position (Deficit), End of Fiscal Year	\$2,222,394
Net Position (Deficit)	
R33. Net Investment in Capital Assets	
R34. Restricted	
R35. Unrestricted	2,222,394
R36. Total Net Position (Deficit)	\$2,222,394

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Fiscal Year: 2022

Form #3

R01.	Internal Service Fund Name (Specify) (3 of 7) (Record Completed)	Information Technology
Operating Revenues		
R02.	Charges for Services	998,157
R03.	Other Operating Revenues	
R04.	Total Operating Revenues	\$998,157
Operating Expenses		
R05.	Personnel Services	
R06.	Contractual Services	702,623
R07.	Materials and Supplies	163,660
R08.	General and Administrative Expenses	11,766
R09.	Depreciation and Amortization Expenses	
R10.	Other Operating Expenses	
R11.	Total Operating Expenses	\$878,049
R12.	Operating Income (Loss)	\$120,108
Nonoperating Revenues		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	
R15.	Other Nonoperating Revenues	
R16.	Total Nonoperating Revenues	\$0
Nonoperating Expenses		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	Total Nonoperating Expenses	\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$120,108

Item 7.

Capital Contributions	
R22. Federal	<input type="text"/>
R23. State	<input type="text"/>
R24. Other Capital Contributions	<input type="text"/>
R25. Total Capital Contributions	<input type="text" value="\$0"/>
R26. Transfers In	<input type="text"/>
R27. Transfers Out	<input type="text"/>
Special and Extraordinary Items	
R27.5 Special Item	<input type="text"/>
R27.6 Extraordinary Item	<input type="text"/>
R27.7 Total Special and Extraordinary Items	<input type="text" value="\$0"/>
R28. Change in Net Position	<input type="text" value="\$120,108"/>
R29. Net Position (Deficit), Beginning of Fiscal Year	<input type="text" value="\$2,870,822"/>
R30. Adjustment	<input type="text"/>
R31. Reason for Adjustment	<input type="text"/>
R32. Net Position (Deficit), End of Fiscal Year	<input type="text" value="\$2,990,930"/>
Net Position (Deficit)	
R33. Net Investment in Capital Assets	<input type="text"/>
R34. Restricted	<input type="text"/>
R35. Unrestricted	<input type="text" value="2,990,930"/>
R36. Total Net Position (Deficit)	<input type="text" value="\$2,990,930"/>

City of Los Gatos
 Cities' Financial Transactions Report
 Internal Service Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Position

Fiscal Year: 2022

Form #3

R01. Internal Service Fund Name (Specify) (4 of 7) (Record Completed)	Self insurance ▼
Operating Revenues	
R02. Charges for Services	366,134
R03. Other Operating Revenues	
R04. Total Operating Revenues	\$366,134
Operating Expenses	
R05. Personnel Services	
R06. Contractual Services	
R07. Materials and Supplies	
R08. General and Administrative Expenses	583,924
R09. Depreciation and Amortization Expenses	
R10. Other Operating Expenses	
R11. Total Operating Expenses	\$583,924
R12. Operating Income (Loss)	\$-217,790
Nonoperating Revenues	
R13. Investment Income	
R14. Gain on Disposal of Capital Assets	
R15. Other Nonoperating Revenues	
R16. Total Nonoperating Revenues	\$0
Nonoperating Expenses	
R17. Interest Expense	
R18. Loss on Disposal of Capital Assets	
R19. Other Nonoperating Expenses	
R20. Total Nonoperating Expenses	\$0
R21. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$-217,790

Item 7.

Capital Contributions	
R22. Federal	<input type="text"/>
R23. State	<input type="text"/>
R24. Other Capital Contributions	<input type="text"/>
R25. Total Capital Contributions	<input type="text" value="\$0"/>
R26. Transfers In	<input type="text"/>
R27. Transfers Out	<input type="text"/>
Special and Extraordinary Items	
R27.5 Special Item	<input type="text"/>
R27.6 Extraordinary Item	<input type="text"/>
R27.7 Total Special and Extraordinary Items	<input type="text" value="\$0"/>
R28. Change in Net Position	<input type="text" value="\$-217,790"/>
R29. Net Position (Deficit), Beginning of Fiscal Year	<input type="text" value="\$1,021,083"/>
R30. Adjustment	<input type="text"/>
R31. Reason for Adjustment	<input type="text"/>
R32. Net Position (Deficit), End of Fiscal Year	<input type="text" value="\$803,293"/>
Net Position (Deficit)	
R33. Net Investment in Capital Assets	<input type="text"/>
R34. Restricted	<input type="text"/>
R35. Unrestricted	<input type="text" value="803,293"/>
R36. Total Net Position (Deficit)	<input type="text" value="\$803,293"/>

City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Fiscal Year: 2022

Form #3

R01. Internal Service Fund Name (Specify) (5 of 7) (Record Completed)	<input type="text" value="Stores"/>
Operating Revenues	
R02. Charges for Services	<input type="text"/>
R03. Other Operating Revenues	<input type="text"/>
R04. Total Operating Revenues	<input type="text" value="\$0"/>
Operating Expenses	
R05. Personnel Services	<input type="text"/>
R06. Contractual Services	<input type="text"/>
R07. Materials and Supplies	<input type="text"/>
R08. General and Administrative Expenses	<input type="text"/>
R09. Depreciation and Amortization Expenses	<input type="text"/>
R10. Other Operating Expenses	<input type="text"/>
R11. Total Operating Expenses	<input type="text" value="\$0"/>
R12. Operating Income (Loss)	<input type="text" value="\$0"/>
Nonoperating Revenues	
R13. Investment Income	<input type="text"/>
R14. Gain on Disposal of Capital Assets	<input type="text"/>
R15. Other Nonoperating Revenues	<input type="text"/>
R16. Total Nonoperating Revenues	<input type="text" value="\$0"/>
Nonoperating Expenses	
R17. Interest Expense	<input type="text"/>
R18. Loss on Disposal of Capital Assets	<input type="text"/>
R19. Other Nonoperating Expenses	<input type="text"/>
R20. Total Nonoperating Expenses	<input type="text" value="\$0"/>
R21. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	<input type="text" value="\$0"/>

Item 7.

Capital Contributions

R22. Federal	
R23. State	
R24. Other Capital Contributions	
R25. Total Capital Contributions	\$0
R26. Transfers In	
R27. Transfers Out	

Special and Extraordinary Items

R27.5 Special Item	
R27.6 Extraordinary Item	
R27.7 Total Special and Extraordinary Items	\$0

R28. Change in Net Position	\$0
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R29. Net Position (Deficit), Beginning of Fiscal Year	\$0
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R30. Adjustment	
------------------------	--

R31. Reason for Adjustment	
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R32. Net Position (Deficit), End of Fiscal Year	\$0
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Net Position (Deficit)

R33. Net Investment in Capital Assets	
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R34. Restricted	
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R35. Unrestricted	0
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R36. Total Net Position (Deficit)	\$0
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City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Fiscal Year: 2022

Form #3

R01. Internal Service Fund Name (Specify) (6 of 7) (Record Completed)	<input type="text" value="Vehicle maintenance"/>
Operating Revenues	
R02. Charges for Services	<input type="text"/>
R03. Other Operating Revenues	<input type="text"/>
R04. Total Operating Revenues	<input type="text" value="\$0"/>
Operating Expenses	
R05. Personnel Services	<input type="text"/>
R06. Contractual Services	<input type="text"/>
R07. Materials and Supplies	<input type="text"/>
R08. General and Administrative Expenses	<input type="text"/>
R09. Depreciation and Amortization Expenses	<input type="text"/>
R10. Other Operating Expenses	<input type="text"/>
R11. Total Operating Expenses	<input type="text" value="\$0"/>
R12. Operating Income (Loss)	<input type="text" value="\$0"/>
Nonoperating Revenues	
R13. Investment Income	<input type="text"/>
R14. Gain on Disposal of Capital Assets	<input type="text"/>
R15. Other Nonoperating Revenues	<input type="text"/>
R16. Total Nonoperating Revenues	<input type="text" value="\$0"/>
Nonoperating Expenses	
R17. Interest Expense	<input type="text"/>
R18. Loss on Disposal of Capital Assets	<input type="text"/>
R19. Other Nonoperating Expenses	<input type="text"/>
R20. Total Nonoperating Expenses	<input type="text" value="\$0"/>
R21. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	<input type="text" value="\$0"/>

Item 7.

Capital Contributions

R22. Federal	
R23. State	
R24. Other Capital Contributions	
R25. Total Capital Contributions	\$0
R26. Transfers In	
R27. Transfers Out	

Special and Extraordinary Items

R27.5 Special Item	
R27.6 Extraordinary Item	
R27.7 Total Special and Extraordinary Items	\$0

R28. Change in Net Position	\$0
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R29. Net Position (Deficit), Beginning of Fiscal Year	\$0
--	-----

R30. Adjustment	
------------------------	--

R31. Reason for Adjustment	
----------------------------	--

R32. Net Position (Deficit), End of Fiscal Year	\$0
--	-----

Net Position (Deficit)

R33. Net Investment in Capital Assets	
---------------------------------------	--

R34. Restricted	
-----------------	--

R35. Unrestricted	0
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R36. Total Net Position (Deficit)	\$0
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City of Los Gatos
Cities' Financial Transactions Report
Internal Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position

Fiscal Year: 2022

Form #3

R01.	Internal Service Fund Name (Specify) (7 of 7) (Record Completed)	Workers Compensation
Operating Revenues		
R02.	Charges for Services	896,732
R03.	Other Operating Revenues	258,474
R04.	Total Operating Revenues	\$1,155,206
Operating Expenses		
R05.	Personnel Services	
R06.	Contractual Services	53,129
R07.	Materials and Supplies	
R08.	General and Administrative Expenses	1,479,916
R09.	Depreciation and Amortization Expenses	
R10.	Other Operating Expenses	
R11.	Total Operating Expenses	\$1,533,045
R12.	Operating Income (Loss)	\$-377,839
Nonoperating Revenues		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	
R15.	Other Nonoperating Revenues	
R16.	Total Nonoperating Revenues	\$0
Nonoperating Expenses		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	Total Nonoperating Expenses	\$0
R21.	Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items	\$-377,839

Item 7.

Capital Contributions		
R22. Federal		
R23. State		
R24. Other Capital Contributions		
R25. Total Capital Contributions		\$0
R26. Transfers In		
R27. Transfers Out		
Special and Extraordinary Items		
R27.5 Special Item		
R27.6 Extraordinary Item		
R27.7 Total Special and Extraordinary Items		\$0
R28. Change in Net Position		\$-377,839
R29. Net Position (Deficit), Beginning of Fiscal Year		\$1,673,020
R30. Adjustment		
R31. Reason for Adjustment		
R32. Net Position (Deficit), End of Fiscal Year		\$1,295,181
Net Position (Deficit)		
R33. Net Investment in Capital Assets		
R34. Restricted		129,929
R35. Unrestricted		1,165,252
R36. Total Net Position (Deficit)		\$1,295,181

City of Los Gatos
 Cities' Financial Transactions Report
 Functional Revenue Details Report
 Governmental Funds

Back to Form: Functional Revenue Details

Fiscal Year: 2022

Form #15

Functional Revenue Detail List:

Revenue Form	Functional Revenue	Expenditure Form	Expenditure Function	Amount
Taxes	Sales and Use Taxes	TransportationCommunityDevelopment	Streets/Highways/Storm Drains	1,076,727
				Sub Total:
				\$1,076,727
SpecialBenefitAssessments	Lighting	TransportationCommunityDevelopment	Streets – Trees/Landscaping	38,611
				Sub Total:
				\$38,611
LicensesPermits	Construction Permits	TransportationCommunityDevelopment	Construction and Engineering Regulation	2,113,120
		TransportationCommunityDevelopment	Planning	537,721
				Sub Total:
				\$2,650,841
FinesForfeituresRevenue	Forfeitures and Penalties	TransportationCommunityDevelopment	Construction and Engineering Regulation	18,543
		HealthCultureLeisure	Libraries	7
		GeneralGovernmentPublicSafety	Police	31,924
				Sub Total:
				\$50,474
FinesForfeituresRevenue	Investment Income	HealthCultureLeisure	Libraries	6,231
		TransportationCommunityDevelopment	Streets – Trees/Landscaping	1,865
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	117,484
				Sub Total:
				\$125,580
FinesForfeituresRevenue	Rents, Leases, and Concessions	GeneralGovernmentPublicSafety	Police	32,400
				Sub Total:
				\$32,400
FinesForfeituresRevenue	Vehicle Code Fines	GeneralGovernmentPublicSafety	Police	248,878
				Sub Total:
				\$248,878
IntergovernmentalState	Gasoline Tax	TransportationCommunityDevelopment	Streets/Highways/Storm Drains	1,370,786
				Sub Total:
				\$1,370,786
IntergovernmentalState	Peace Officers Standards and Training	GeneralGovernmentPublicSafety	Police	63,798
				Sub Total:
				\$63,798
IntergovernmentalState	Public Safety – Prop. 172	GeneralGovernmentPublicSafety	Police	526,481
				Sub Total:
				\$526,481
ChargesforCurrentServices	Engineering Fees, Inspection and Other Charges	TransportationCommunityDevelopment	Construction and Engineering Regulation	1,470,953
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	69,720
				Sub Total:
				\$1,540,673
ChargesforCurrentServices	Parks and Recreation Fees	HealthCultureLeisure	Parks and Recreation	7,495
				Sub Total:
				\$7,495
ChargesforCurrentServices	Plan Checking Fees	TransportationCommunityDevelopment	Construction and Engineering Regulation	765,409
		TransportationCommunityDevelopment	Planning	203,329
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	381,438

Item 7.

				Sub Total:	\$1,350,176
ChargesforCurrentServices	Special Police Department Services	GeneralGovernmentPublicSafety	Police		1,203,223
				Sub Total:	\$1,203,223
ChargesforCurrentServices	Street, Sidewalk, and Curb Repairs Charges	TransportationCommunityDevelopment	Construction and Engineering Regulation		238,862
		TransportationCommunityDevelopment	Streets – Trees/Landscaping		29,000
				Sub Total:	\$267,862
MiscellaneousRevenues	Contributions from Nongovernmental Sources	TransportationCommunityDevelopment	Construction and Engineering Regulation		535,571
		HealthCultureLeisure	Libraries		73,105
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains		136,845
				Sub Total:	\$745,521
MiscellaneousRevenues	Development Impact Fees	TransportationCommunityDevelopment	Housing		1,200,000
		TransportationCommunityDevelopment	Planning		871,800
		TransportationCommunityDevelopment	Streets – Trees/Landscaping		49,434
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains		937,846
				Sub Total:	\$3,059,080
				Functional Revenue Total:	\$14,358,606
				Other Functional Revenue Total:	\$14,992,523
				Functional Revenue Grand Total:	\$29,351,129

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

Fiscal Year: 2022

Form #16

	Functional Revenues A	General Revenues B	Total Revenues C
Taxes			
R01. Secured and Unsecured Property Taxes	14,220,876	14,220,876	14,220,876
R02. Supplemental Roll Secured and Unsecured Property Taxes	1,120,427	1,120,427	1,120,427
R03. Property Tax In-Lieu of Vehicle License Fees	4,229,462	4,229,462	4,229,462
R04. Voter-Approved Indebtedness Property Taxes			
R05. Supplemental Roll Voter-Approved Indebtedness Property Taxes			
R06. Property Taxes – Prior	97,677	97,677	97,677
R07. Supplemental Roll Property Taxes – Prior			
R08. Pass-through Property Taxes (ABX1 26)			
R09. Residual Property Taxes (ABX1 26)			
R11. Parcel Tax			
R12. Other Property Taxes	371,751	371,751	371,751
R13. Interest, Penalties, and Delinquent Taxes	18,551	18,551	18,551
R14. Sales and Use Taxes	1,076,727	8,483,673	9,560,400
R16. Transportation Taxes – Transit			
R17. Transportation Taxes – Nontransit			
R18. Transient Occupancy Taxes	1,895,064	1,895,064	1,895,064
R19. Franchises	2,822,515	2,822,515	2,822,515
R20. Business License Taxes	1,481,667	1,481,667	1,481,667
R21. Real Property Transfer Taxes	1,025,554	1,025,554	1,025,554
R22. Utility Users Taxes			
R23. Construction Development Taxes	81,134	81,134	81,134
Taxes – Other			
R24. Admission Tax			
R25. Parking Tax			

Item 7.

R27. Other Taxes – Other (Specify)

R27a. **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

<input type="text"/>	Select ▼	<input type="text"/>	Add
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R27b. **Specify General Revenues** **General Revenues**

<input type="text"/>	<input type="text"/>	Add
----------------------	----------------------	-----

	Functional Revenues	General Revenues	Total Revenues
	A	B	C
R28. Total Taxes	\$1,076,727	\$35,848,351	\$36,925,078

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Special Benefit Assessments

Fiscal Year: 2022

Form #17

Special Benefit Assessments		Functional Revenues				
R01. Fire						
R02. Paramedics						
R03. Police						
R04. Lighting		38,611				
R05. Other Special Benefit Assessments (Specify)						
R05a.	<table border="1"> <thead> <tr> <th>Specify Functional Revenues</th> <th>Select Expenditure Function</th> </tr> </thead> <tbody> <tr> <td><input type="text"/></td> <td>Select <input type="text"/> <input type="button" value="Add"/></td> </tr> </tbody> </table>	Specify Functional Revenues	Select Expenditure Function	<input type="text"/>	Select <input type="text"/> <input type="button" value="Add"/>	
Specify Functional Revenues	Select Expenditure Function					
<input type="text"/>	Select <input type="text"/> <input type="button" value="Add"/>					
R06. Total Special Benefit Assessments		\$38,611				

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Licenses and Permits

Fiscal Year: 2022

Form #18

	Functional Revenues A	General Revenues B	Total Revenues C
Licenses and Permits			
R01. Animal Licenses			
R02. Bicycle Licenses			
R03. Construction Permits	2,650,841		2,650,841
R04. Street and Curb Permits			
R05. Other Licenses and Permits (Specify)	1,524,261		1,524,261

R05a. **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

Title 24 under utility fee	Construction and Engineering Regulatic	126,267	Delete
Reservations and tree removal	Parks and Recreation	208,128	Delete
Alarm special event firearms parking fees	Police	112,288	Delete
Solid Waste Fees	Solid Waste	305,359	Delete
Street sweeping and storm drainage	Streets/Highways/Storm Drains	772,219	Delete
	Select		Add
Total:		1,524,261	

R05b. **Specify General Revenues** **General Revenues**

		Add
--	--	-----

	Functional Revenues A	General Revenues B	Total Revenues C
R06. Total Licenses and Permits	\$4,175,102	\$0	\$4,175,102

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Fines, Forfeitures, Penalties, and Revenue from Use of Money and Property

Fiscal Year: 2022

Form #19

	Functional Revenues A	General Revenues B	Total Revenues C
Fines, Forfeitures, and Penalties			
R01. Vehicle Code Fines	248,878		248,878
R03. Forfeitures and Penalties	50,474		50,474
R03.5 Other Fines (Specify)	1,194		1,194

R03.5a

Specify Functional Revenues	Select Expenditure Function	Functional Revenues	
<input type="text" value="General fines and penalties"/>	Legislative	794	Delete
<input type="text" value="Park citations"/>	Parks and Recreation	400	Delete
<input type="text"/>	Select		Add
Total:		1,194	

R03.5b

Specify General Revenues	General Revenues
<input type="text"/>	<input type="text"/> Add

	Functional Revenues A	General Revenues B	Total Revenues C
R04. Total Fines, Forfeitures, and Penalties	\$300,546	\$0	\$300,546

Revenue from Use of Money and Property			
	Functional Revenues A	General Revenues B	Total Revenues C
R05. Investment Income	125,580	-1,404,563	-1,278,983
R06. Rents, Leases, and Concessions	32,400	112,501	144,901
R07. Royalties			
R09.5 Other Revenue from Use of Money and Property (Specify)			

R09.5a

Specify Functional Revenues	Select Expenditure Function	Functional Revenues	
<input type="text"/>	Select		Add

R09.5b

Specify General Revenues	General Revenues
<input type="text"/>	<input type="text"/> Add

	Functional Revenues A	General Revenues B	Total Revenues C
R10. Total Revenue from Use of Money and Property	\$157,980	\$-1,292,062	\$-1,134,082

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
Intergovernmental – State			
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
Total:	35,624	

	Functional Revenues A	General Revenues B	Total Revenues C
State Grants – Other			
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
Total:		10,822,032	

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

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

Fiscal Year: 2022

Form #21

	Functional Revenues A	General Revenues B	Total Revenues C
Intergovernmental – Federal			
R13. Community Development Block Grant			
R14. Workforce Investment Act (WIA)			
R15. Other Federal Grants (Specify)	859,883		859,883

R15a. **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

CalTrans - Federal Funding	Other Transportation 1	4,496	Delete
Dept of Justice Grants	Police	6,060	Delete
HSIP	Streets/Highways/Storm Drains	766,051	Delete
MTC OBAG	Streets/Highways/Storm Drains	83,276	Delete
	Select		Add
Total:		859,883	

	Functional Revenues A	General Revenues B	Total Revenues C
R16. Total Intergovernmental – Federal	\$859,883		\$859,883

Intergovernmental – County			
R17. County Grants of State Gasoline Tax			
R18. Other County Grants (Specify)	428,060		428,060

R18.5a **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

TDA Article 3 Funds	Other Transportation 1	140,446	Delete
VTA/TFCA Grants	Other Transportation 1	287,614	Delete
	Select		Add
Total:		428,060	

R18.5b **Specify General Revenues** **General Revenues**

		Add
--	--	-----

	Functional Revenues A	General Revenues B	Total Revenues C
R19. Total Intergovernmental – County	\$428,060	\$0	\$428,060

R20. Other Taxes In-Lieu (Specify)			
---	--	--	--

R20.5a **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

	Select		Add
--	--------	--	-----

R20.5b **Specify General Revenues** **General Revenues**

		Add
--	--	-----

City of Los Gatos
Cities' Financial Transactions Report
Statement of General and Functional Revenues - Governmental Funds
Charges for Current Services

Go to Form: Functional Revenue Detail

Fiscal Year: 2022

Form #22

Charges for Current Services	Functional Revenues
R01. Zoning Fees and Subdivision Fees	
R04. Special Police Department Services	1,203,223
R06. Special Fire Department Services	
R07. Plan Checking Fees	1,350,176
R09. Animal Shelter Fees and Charges	
R10. Engineering Fees, Inspection and Other Charges	1,540,673
R11. Street, Sidewalk, and Curb Repairs Charges	267,862
R12. Weed and Lot Cleaning Charges	
R13. Sewer Service Charges	
R14. Sewer Connection Fees	
R15. Solid Waste Revenues	
R16. Sales of Refuse	
R17. First Aid and Ambulance Charges	
R20. Library Fines and Fees	
R23. Parking Facility Charges	
R24. Parks and Recreation Fees	7,495
R25. Golf Course Fees	
R26. Water Service Charges	
R27. Water Connection Fees	
R28. Electric Revenues	
R29. Gas Revenues	
R30. Airport Revenues	
R31. Cemetery Revenues	
R32. Housing Revenues	
R33. Ports and Harbor Revenues	
R34. Hospital Revenues	
R35. Transit Revenues	
R36. Stadium Revenues	
R40. Quasi-External Transactions	

Item 7.

R41. Other Charges for Current Services (Specify)

963,631

R41a. Specify Functional Revenues Select Expenditure Function

BMP housing fees	Housing	▼	575	Delete
election fees appeal fees mediation fees	Legislative	▼	66,849	Delete
Research and copies	Libraries	▼	514	Delete
Copies processing fees other service fees	Management and Support	▼	172,541	Delete
General Plan revenue recognition	Planning	▼	698,302	Delete
slurry seal and traffic mitigation fees	Streets/Highways/Storm Drains	▼	24,850	Delete
	Select	▼		Add
Total:			963,631	

R42. Total Charges for Current Services

\$5,333,060

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of General and Functional Revenues - Governmental Funds
 Miscellaneous Revenues and Grand Totals

Fiscal Year: 2022

Form #23

	Functional Revenues A	General Revenues B	Total Revenues C
Miscellaneous Revenues			
R01. Development Impact Fees	3,059,080		3,059,080
R04. Contributions from Nongovernmental Sources	745,521		745,521
R05. Other Miscellaneous Revenues (Specify)	393,462	198,297	591,759

R05a. **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

ADA training	Construction and Engineering Regulatic	5,523	Delete
Credit card fees returned check fees misc operating rev etc.	Management and Support	71,207	Delete
Construction reimbursement donations insurance claims etc	Parks and Recreation	167,901	Delete
Taskforce and police donations	Police	141,738	Delete
Street trees fees	Streets – Trees/Landscaping	7,093	Delete
	Select		Add
Total:		393,462	

R05b. **Specify General Revenues** **General Revenues**

Garbage JPA revenue	130,572	Delete
Insurance claim reimbursements	4,631	Delete
Misc Operating Rev	1,179	Delete
Miscellaneous rebates	17,948	Delete
Non-Point source equity disbursement	43,967	Delete
		Add
Total:		198,297

	Functional Revenues A	General Revenues B	Total Revenues C
R10. Total Miscellaneous Revenues	\$4,198,063	\$198,297	\$4,396,360
R11. Grand Totals	\$29,351,129	\$34,842,164	\$64,193,293

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 A	Functional Revenues B	Net Expenditures/(Excess Revenues) 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. Total General Government	\$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. Total Public Safety	\$16,451,190	\$13,126,716	\$3,324,474

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Net Expenditures - Governmental Funds
 Transportation and Community Development

Go to Form: Functional Revenue Details

Fiscal Year: 2022

Form #25

	Current Expenditures A	Functional Revenues B	Net Expenditures/(Excess Revenues) C
Transportation			
R01. Streets/Highways/Storm Drains	4,004,950	5,737,242	-1,732,292
R02. Streets – Trees/Landscaping	33,671	126,003	-92,332
R03. Parking Facility			
R04. Public Transit			
R05. Airports			
R06. Ports and Harbor			
R07. Other Transportation 1		432,556	-432,556
R08. Other Transportation 2			
R09. Total Transportation	\$4,038,621	\$6,295,801	\$-2,257,180
Community Development			
R10. Planning	2,549,655	2,311,152	238,503
R11. Construction and Engineering Regulation	6,063,366	5,274,248	789,118
R12. Redevelopment			
R13. Housing		1,200,575	-1,200,575
R14. Employment			
R15. Community Promotion			
R16. Other Community Development 1	26,107		26,107
R17. Other Community Development 2			
R18. Total Community Development	\$8,639,128	\$8,785,975	\$-146,847

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Net Expenditures - Governmental Funds
 Health and Culture and Leisure

Fiscal Year: 2022

Form #26

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
Health			
R01. Physical and Mental Health		7,000	-7,000
R06. Hospitals and Sanitariums			
R07. Solid Waste	440,548	351,465	89,083
R08. Sewers			
R09. Cemeteries			
R17. Other Health 1			
R18. Other Health 2			
R19. Total Health	\$440,548	\$358,465	\$82,083
Culture and Leisure			
R20. Parks and Recreation	2,029,311	383,924	1,645,387
R21. Marina and Wharfs			
R22. Libraries	2,827,210	88,857	2,738,353
R23. Museums			
R24. Golf Courses			
R25. Sports Arenas and Stadiums			
R26. Community Centers and Auditoriums			
R27. Other Culture and Leisure 1			
R28. Other Culture and Leisure 2			
R29. Total Culture and Leisure	\$4,856,521	\$472,781	\$4,383,740

City of Los Gatos
Cities' Financial Transactions Report
Statement of Net Expenditures - Governmental Funds
Public Utilities and Other Expenditures

Fiscal Year: 2022

Form #27

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
Public Utilities			
R01. Water	<input type="text"/>	<input type="text"/>	<input type="text"/>
R02. Gas	<input type="text"/>	<input type="text"/>	<input type="text"/>
R03. Electric	<input type="text"/>	<input type="text"/>	<input type="text"/>
R04. Other Public Utilities 1	<input type="text"/>	<input type="text"/>	<input type="text"/>
R05. Other Public Utilities 2	<input type="text"/>	<input type="text"/>	<input type="text"/>
R06. Total Public Utilities	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
Other Expenditures			
R07. Other Expenditures 1	<input type="text"/>	<input type="text"/>	<input type="text"/>
R08. Other Expenditures 2	<input type="text"/>	<input type="text"/>	<input type="text"/>
R09. Total Other Expenditures	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Net Expenditures - Governmental Funds
 Debt Service, Capital Outlay, and Grand Totals

Go to Form: Functional Revenue Details

Fiscal Year: 2022

Form #28

	Current Expenditures A	Functional Revenues B	Net Expenditures/(Excess Revenues) C
Debt Service			
R01. Principal Payments on Long-Term Debt	156,034		156,034
R02. Interest Payments on Long-Term Debt			
R02.5 Principal Payments on Lease Obligations (Purchase Agreements)			
R03. Principal and Interest on Short-Term Notes and Warrants			
R04. Other Debt Service Payments			
R05. Total Debt Service	\$156,034		\$156,034
Capital Outlay			
R06. General Government	1,472,952		1,472,952
R07. Public Safety	157,761		157,761
R08. Transportation	8,829,756		8,829,756
R09. Community Development	18,201		18,201
R10. Health			
R11. Culture and Leisure			
R12. Public Utilities			
R13. Other Expenditures			
R14. Total Capital Outlay	\$10,478,670		\$10,478,670
R15. Grand Totals	\$61,014,680	\$29,351,129	\$31,663,551

City of Los Gatos
 Cities' Financial Transactions Report
 Governmental Funds
 Major Object Classification

Fiscal Year: 2022

Form #29

Operating Expenditures		
R01.	Salaries and Wages	20,081,299
R02.	Retirement Benefits	6,561,090
R03.	Other Employee Benefits	3,704,716
Contract Services		
R04.	Private	2,462,700
R05.	Governmental Agencies	553,700
R06.	Materials and Supplies	1,221,188
R07.	Other Operating Expenditures	15,795,283
R08.	Total Operating Expenditures	\$50,379,976
Debt Service		
R09.	Principal Payments on Long-Term Debt	156,034
R10.	Interest Payments on Long-Term Debt	
R11.	Principal Payments on Lease Obligations (Purchase Agreements)	
R11.5	Principal and Interest on Short-Term Notes and Warrants	
R12.	Other Debt Service Payments	
R13.	Total Debt Service	\$156,034
Capital Outlay		
R14.	Land	1,491,153
R15.	Buildings and Improvements	17,000
R16.	Equipment	140,761
R17.	Other Capital Outlay	8,829,756
R18.	Total Capital Outlay	\$10,478,670
R19.	Grand Total Expenditures	\$61,014,680
Supplemental Data		
Major Project Expenditures		
R20.	Pursuant to Competitive Bidding	3,219,275
R21.	Other than Competitive Bidding	7,259,395
R22.	Total Major Project Expenditures	\$10,478,670

City of Los Gatos
 Cities' Financial Transactions Report
 Other Financing Sources (Uses) and Changes in Fund Balance - Governmental Funds

Fiscal Year: 2022

Form #30

R01. Excess (Deficiency) of Revenues Over (Under) Expenditures		3,178,613
Other Financing Sources (Uses)		
R01.5 Lease Financing		
R02. Long-Term Debt - Bonds, COP, and Other Agency Debt		
R03. Construction Financing and Other Long-Term Debt		
R03.6 Proceeds from Refinancing on Loans, Notes, and Other		
R03.7 Payments to Refinanced Loans, Notes, and Other		
R04. Refunding Bonds Proceeds		
R05. Premium on Bonds Issued		
R06. Discount on Bonds Issued		
R07. Payment to Refunded Bond Escrow Agent		
R08. Demand Bonds		
R09. Proceeds from Sale of Capital Assets		2,151
R11. Insurance Recoveries		
R12. Transfers In		8,154,307
R13. Transfers Out		-8,310,685
R13.5 Other Financing Sources (Uses) – Other		
R14. Total Other Financing Sources (Uses)		\$-154,227
Special and Extraordinary Items		
R15. Special Item		
R16. Extraordinary Item		
R17. Total Special and Extraordinary Items		\$0
R18. Net Change in Fund Balance		\$3,024,386
R19. Fund Balance (Deficit), Beginning of Fiscal Year		\$47,837,752
R20. Adjustment		
R21. Reason for Adjustment		
R22. Fund Balance (Deficit), End of Fiscal Year		\$50,862,138

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds

Item 7.

Fiscal Year: 2022

Form #30.5

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
Additions				
Contributions				
R01. Employer				
R02. Plan Members				
R03. Private Contributions				
R04. Contributions to Pooled Investments				
R05. Other Contributions			1,937,791	
R06. Total Contributions	\$0	\$0	\$1,937,791	\$0
Investment Income (Loss)				
R07. Net Appreciation (Depreciation) in Fair Value of Investments				
R08. Interest			15,562	
R09. Dividends				
R10. Other Investment Income				
R11. (Investment Expense)				
Securities Lending Income (Loss)				
R12. Securities Lending Income				
R13. (Securities Lending Expense)				
R14. Net Securities Lending Income (Loss)	\$0	\$0	\$0	\$0
R15. Net Investment Income (Loss)	\$0	\$0	\$15,562	\$0
R15.5 Tax Revenues				
R16. Receipts from Depositors				
R17. Other Additions				
R18. Total Additions	\$0	\$0	\$1,953,353	\$0
Deductions				
R19. Benefit Payments				
R20. Refunds of Contributions				
R21. Administrative Expenses				
R22. Payments to and for Depositors				
R23. Distributions from Pooled Investments				
R24. Other Deductions			5,899,675	
R25. Total Deductions	\$0	\$0	\$5,899,675	\$0
R26. Change in Net Position	\$0	\$0	\$-3,946,322	\$0
R27. Net Position (Deficit), Beginning of Fiscal Year	\$0	\$0	\$-3,661,204	\$0
R28. Adjustment				
R29. Reason for Adjustment				
R30. Net Position (Deficit), End of Fiscal Year	\$0	\$0	\$-7,607,526	\$0

City of Los Gatos
 Cities' Financial Transactions Report
 Other Long-Term Debt
 Loans, Notes, and Other

Go to Report: Detail Summary of Other Long-Term Debt

Fiscal Year: 2022

Form #32

R01. Purpose of Debt (1 of 1) (Record Completed)	Energy Efficiency Loan
R02. Nature of Revenue Pledged	Savings on utility bills
R03. Debt Type	Loans
R04. Fund Type	Governmental
R06. Year of Issue	2021
R07. Beginning Maturity Year	2021
R08. Ending Maturity Year	2031
R09. Principal Authorized	1,560,336
R10. Principal Received to Date	1,560,336
R11. Principal Unspent	
R12. Principal Outstanding, Beginning of Fiscal Year	\$1,521,328
R13. Adjustment to Principal in Current Fiscal Year	-13,003
R14. Reason for Adjustment to Principal in Current Fiscal Year	To correct the beginning balance
R15. Principal Received in Current Fiscal Year	
R16. Principal Paid in Current Fiscal Year	156,034
R17. Principal Refinanced in Current Fiscal Year	
R18. Principal Outstanding, End of Fiscal Year	\$1,352,291
R19. Principal Outstanding, Current Portion	156,034
R20. Principal Outstanding, Noncurrent Portion	\$1,196,257
R21. Interest Paid in Current Fiscal Year	0
R22. Principal Delinquent, End of Fiscal Year	
R23. Interest Delinquent, End of Fiscal Year	

Note:

(R14) Reason for Adjustment to Principal in Current Fiscal Year: To correct the beginning balance

City of Los Gatos
 Cities' Financial Transactions Report
 Detail Summary of Other Long-Term Debt

Back to Form: Other Long-Term Debt

Fiscal Year: 2022

Summary Form #32

	Year of Issue	Principal Outstanding, Beginning of Fiscal Year	Principal Received in Current Fiscal Year	Principal Paid in Current Fiscal Year	Principal Outstanding, End of Fiscal Year	Principal Outstanding, Current Portion	Principal Outstanding, Noncurrent Portion
Governmental							
Loans							
Energy Efficiency Loan	2021	1,521,328	0	156,034	1,352,291	156,034	1,196,257
Total Governmental Debt:		\$1,521,328	\$0	\$156,034	\$1,352,291	\$156,034	\$1,196,257

City of Los Gatos
Cities' Financial Transactions Report
Debt Service Reconciliation

Go to Report: Debt Summary

Fiscal Year: 2022

Form #35

	Governmental Funds	Internal Service Fund	Enterprise Funds
Debt Payments from Debt Forms			
R01. Long-Term Debt (Bonds, COP, and Other Agency Debt)			
R02. Other Long-Term Debt	156,034		
R03. Construction Financing			
R04. Lease Obligations (Purchase Agreements)			
R05. Total Debt Payments from Debt Forms	\$156,034	\$0	\$0
R06. Debt Service	156,034		
R07. Difference	\$0	\$0	\$0
R08. Reason for Difference			

City of Los Gatos
 Cities' Financial Transactions Report
 Debt Summary

Item 7.

Fiscal Year: 2022

Summary Form #31-34

	Governmental Funds		Proprietary Funds	
	Principal Paid in CY	Interest Paid in CY	Internal Service Interest Paid in CY	Enterprise Interest Paid in CY
Long-Term Debt				
R01. Total Certificates of Participation				
R02. Total General Obligation Bonds				
R03. Total Pension Obligation Bonds				
R04. Total Revenue Bonds				
R05. Total Other Agency Debt				
R06. Total Long-Term Debt				
Other Long-Term Debt				
R07. Total Loans	156,034			
R08. Total Notes				
R09. Total Other - Leases (<10 years)				
R10. Total Other Long-Term Debt	156,034			
Construction Financing				
R11. Total Loans				
R12. Total Notes				
R13. Total Other				
R14. Total Construction Financing				
Lease Obligations				
R16. Total Leases				
R18. Total Other Contracts				
R19. Total Lease Obligation				
R20. Total Debt Payments from Debt Forms	156,034			
Debt Service				
	Principal Payments	Interest Payments		
R21. Principal Payments on Long Term Debt	156,034			
R22. Interest Payments on Long-Term Debt				
R23. Lease Obligations (Purchase Agreements)				
R24. Total	156,034			

Note: The debt service section (R21:R23) is used to reconcile with the following forms:

Form 28: Statement of Net Expenditures - Governmental Funds - Debt Service, Capital Outlay, and Grand Totals (R01:R02.5)

Form 29: Major Object Classification - Governmental Funds (R09:R11)

City of Los Gatos
 Cities' Financial Transactions Report
 Check List of Services Provided
 Service

Fiscal Year: 2022

Form #36

Service

(Please see * below for codes to enter)

R01. Police	<input type="text" value="AB"/>
R02. Fire	<input type="text" value="I"/>
R03. Emergency Medical	<input type="text" value="J"/>
R04. Street Lighting	<input type="text" value="J"/>
R05. Public Transit	<input type="text" value="H"/>
R06. Community Development - Planning	<input type="text" value="A"/>
R07. Solid Waste	<input type="text" value="H"/>
R08. Sewers	<input type="text" value="H"/>
R09. Parks and Recreation	<input type="text" value="AF"/>
R10. Libraries	<input type="text" value="A"/>
R11. Water	<input type="text" value="J"/>

* Service Codes

A = Provided by Paid City Employees	B = Provided by City Volunteers
Provided wholly or in part through contract with:	Provided wholly or in part without contract with:
C = Another City	G = Another City
D = County	H = Special District or Other Public Agency
E = Private Sector	I = County
F = Special District or Other Public Agency	J = Private Sector
	K = Service not provided within city

	Number of Paid City Employees A	Number of Volunteers B	Total Number of Employees C
R12. Police Protection	<input type="text" value="60"/>	<input type="text" value="249"/>	<input type="text" value="309"/>
R13. Police Officers	<input type="text" value="39"/>	<input type="text" value="4"/>	<input type="text" value="43"/>
R14. Fire Protection	<input type="text"/>	<input type="text"/>	<input type="text"/>
R15. Fire Fighters	<input type="text"/>	<input type="text"/>	<input type="text"/>
R16. Emergency Medical	<input type="text"/>	<input type="text"/>	<input type="text"/>

City of Los Gatos
 Cities' Financial Transactions Report
 Balance Sheet
 Governmental Funds

Item 7.

Fiscal Year: 2022

Form #37

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Total Governmental Funds
Assets						
R01. Cash and Investments	33,524,572	1,241,005		25,613,043		60,378,620
R02. Investments	690,000					690,000
R03. Accounts Receivable (net)	1,813,336	63,244		396,644		2,273,224
R04. Taxes Receivable						
R05. Interest Receivable (net)	193,357					193,357
R07. Due from Other Funds						
R08. Due from Other Governments	1,938,789	58,585		179,403		2,176,777
R09. Advances to Other Funds						
R10. Inventories						
R11. Prepaid Items	97,946					97,946
R12. Loans, Notes, and Contracts Receivable	1,359,000	78,752				1,437,752
R13. Other Assets 1	38,962			331,696		370,658
R14. Other Assets 2						
R15. Other Assets 3						
R16. Total Assets	\$39,655,962	\$1,441,586	\$0	\$26,520,786	\$0	\$67,618,334
R17. Deferred Outflows of Resources						
R18. Total Assets and Deferred Outflows of Resources	\$39,655,962	\$1,441,586	\$0	\$26,520,786	\$0	\$67,618,334
Liabilities						
R19. Accounts Payable	1,453,060	4,450		982,744		2,440,254
R20. Contracts and Retainage Payable						
R21. Interest Payable						
R22. Due to Other Funds						
R23. Due to Other Governments	62,712	42		100,000		162,754
R24. Advances from Other Funds						
R25. Deposits and Advances	6,893,875					6,893,875
R26. Loans and Notes Payable						
R27. Other Liabilities 1	1,109,010	5,096				1,114,106
R28. Other Liabilities 2	3,240,516	64,795		2,007,096		5,312,407
R29. Other Liabilities 3						
R30. Total Liabilities	\$12,759,173	\$74,383	\$0	\$3,089,840	\$0	\$15,923,396
R31. Deferred Inflows of Resources				832,800		832,800
R32. Total Liabilities and Deferred Inflows of Resources	\$12,759,173	\$74,383	\$0	\$3,922,640	\$0	\$16,756,196

Item 7.

Fund Balances (Deficits)

R33. Nonspendable	159,000					159,000
R34. Restricted	690,000	729,492		8,653,991		10,073,483
R35. Committed	12,283,132	637,711				12,920,843
R36. Assigned	13,764,657			13,944,155		27,708,812
R37. Unassigned						
R38. Total Fund Balances (Deficits)	\$26,896,789	\$1,367,203	\$0	\$22,598,146	\$0	\$50,862,138
R39. Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$39,655,962	\$1,441,586	\$0	\$26,520,786	\$0	\$67,618,334

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Net Position
 Proprietary Funds

Fiscal Year: 2022

Form #38

	Enterprise	Internal Service
Assets		
Current Assets		
Cash and Investments		
R01. Unrestricted		9,013,424
R02. Restricted		129,928
R03. Accounts Receivable (net)		45,802
R04. Taxes Receivable		
R05. Interest Receivable (net)		
R06. Due from Other Funds		
R07. Due from Other Governments		
R08. Inventories		
R09. Prepaid Items		
R10. Other Current Assets 1		
R11. Other Current Assets 2		
R12. Total Current Assets	\$0	\$9,189,154
Noncurrent Assets		
R13. Cash and Investments, Restricted		
R14. Investments		
R14.5 Lease Receivable		1,494,721
R15. Other Loans, Notes, and Contracts Receivable		
Capital Assets		
R16. Land		
R17. Buildings and Improvements <i>(Report at cost.)</i>		
R18. Equipment <i>(Report at cost.)</i>		
R18.5 Infrastructure <i>(Report at cost.)</i>		
R18.6 Lease Assets (Lessee)		
R19. Other Intangible Assets – Amortizable <i>(Report at cost.)</i>		
R20. Construction in Progress		
R21. Intangible Assets – Nonamortizable		
R22. Other Capital Assets <i>(Report at cost.)</i>		
R23. Less: Accumulated Depreciation/Amortization		
R23.5 Net Pension Asset		
R23.6 Net OPEB Asset		
R24. Other Noncurrent Assets 1		
R25. Other Noncurrent Assets 2		
R26. Total Noncurrent Assets	\$0	\$1,494,721
R27. Total Assets	\$0	\$10,683,875

Deferred Outflows of Resources

R28.	Related to Pensions		
R28.5	Related to OPEB		
R28.6	Related to Debt Refunding		
R29.	Other Deferred Outflows of Resources		
R30.	Total Deferred Outflows of Resources	\$0	\$0
R31.	Total Assets and Deferred Outflows of Resources	\$0	\$10,683,875

Liabilities

Current Liabilities

R32.	Accounts Payable		230,118
R33.	Contracts and Retainage Payable		
R34.	Interest Payable		
R35.	Due to Other Funds		
R36.	Due to Other Governments		50
R37.	Deposits and Advances		
R38.	Accrued Compensated Absences		
R39.	Long-Term Debt, Due Within One Year	0	0
R40.	Other Long-Term Liabilities, Due Within One Year		
R41.	Other Current Liabilities 1		
R42.	Other Current Liabilities 2		
R43.	Total Current Liabilities	\$0	\$230,168

Noncurrent Liabilities

R44.	Deposits and Advances		
R45.	Compensated Absences		
R46.	General Obligation Bonds		
R47.	Revenue Bonds		
R48.	Certificates of Participation		
R49.	Other Bonds		
R50.	Loans (Other Long-Term Debt)		
R51.	Notes (Other Long-Term Debt)		
R52.	Other (Other Long-Term Debt)		
R53.	Construction Financing – Federal		
R54.	Construction Financing – State		
R54.5	Lease Liability		
R55.	Lease Obligations (Purchase Agreements)		
R56.	Net Pension Liability		
R57.	Net OPEB Liability		
R58.	Other Noncurrent Liabilities 1		1,384,116
R59.	Other Noncurrent Liabilities 2		
R60.	Total Noncurrent Liabilities	\$0	\$1,384,116
R61.	Total Liabilities	\$0	\$1,614,284

Item 7.

Deferred Inflows of Resources		
R62. Related to Pensions		
R62.5 Related to OPEB		
R62.6 Related to Debt Refunding		
R62.7 Related to Leases		829,312
R63. Other Deferred Inflows of Resources		
R64. Total Deferred Inflows of Resources	\$0	\$829,312
R65. Total Liabilities and Deferred Inflows of Resources	\$0	\$2,443,596
R66. Total Net Position (Deficit)	\$0	\$8,240,279
Net Position (Deficit)		
R67. Net Investment in Capital Assets		
R68. Restricted		129,929
R69. Unrestricted		8,110,350
R70. Total Net Position (Deficit)	\$0	\$8,240,279

City of Los Gatos
 Cities' Financial Transactions Report
 Statement of Fiduciary Net Position
 Fiduciary Funds

Item 7.

Fiscal Year: 2022

Form #39

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
Assets				
R01. Cash and Investments			3,884,564	
Investments, at Fair Value				
R02. Short-Term Investments				
R03. U.S. Government Obligations				
R04. Municipal Bonds				
R05. Domestic Corporate Bonds				
R06. International Bonds				
R07. Domestic Stocks				
R08. International Stocks				
R09. Real Estate				
R10. Private Equity				
R11. Hedge Funds				
R12. Other Investments				
R13. Total Investments	\$0	\$0	\$0	\$0
R14. Receivables (net)				
R14.5 Other Current Assets				
R15. Due from Other Governments				
Capital Assets				
R15.5 Capital Assets, Not Being Depreciated				
R15.6 Other Capital Assets, Net of Depreciation			1,220,316	
R15.7 Net Pension Asset				
R15.8 Net OPEB Asset				
R15.9 Other Noncurrent Assets			610,418	
R19. Total Assets	\$0	\$0	\$5,715,298	\$0
Deferred Outflows of Resources				
R20. Related to Pensions				
R20.5 Related to OPEB				
R20.6 Related to Debt Refunding				
R20.7 Other Deferred Outflows of Resources				
R20.8 Total Deferred Outflows of Resources	0	0	0	0
R21. Total Assets and Deferred Outflows of Resources	\$0	\$0	\$5,715,298	\$0

Item 7.

Liabilities			
R22. Accounts Payable			68
R23. Deposits and Advances			
R23.5 Other Current Liabilities			236,521
R24. Due to Other Governments			
R24.5 Net Pension Liability			
R24.6 Net OPEB Liability			
R24.7 Other Long-Term Liabilities			13,086,235
R28. Total Liabilities	\$0	\$0	\$13,322,824
Deferred Inflows of Resources			
R29. Related to Pensions			
R29.5 Related to OPEB			
R29.6 Related to Debt Refunding			
R29.7 Other Deferred Inflows of Resources			
R29.8 Total Deferred Inflows of Resources	0	0	0
R30. Total Liabilities and Deferred Inflows of Resources	\$0	\$0	\$13,322,824
Net Position Restricted for			
R31. Pension and Other Employee Benefits			
R32. Investment Trusts			
R33. Private-Purpose Trusts			-7,607,526
R34. Custodial Funds			
R35. Total Net Position	\$0	\$0	\$-7,607,526

City of Los Gatos
 Cities' Financial Transactions Report
 Noncurrent Assets, Deferred Outflows of Resources,
 Noncurrent Liabilities, and Deferred Inflows of Resources
 Governmental Funds

Fiscal Year: 2022

Form #40

	Noncurrent Assets/Deferred Outflows of Resources	Noncurrent Liabilities/Deferred Inflows of Resources
Noncurrent Assets		
R00.5 Lease Receivable	1,826,417	
Capital Assets		
R01. Land	26,066,103	
R02. Buildings and Improvements <i>(Report at cost.)</i>	39,613,623	
R03. Equipment <i>(Report at cost.)</i>	12,555,617	
R04. Infrastructure <i>(Report at cost.)</i>	108,726,852	
R05. Intangible Assets – Amortizable <i>(Report at cost.)</i>		
R05.5 Lease Assets (Lessee)		
R06. Construction in Progress	7,778,075	
R07. Intangible Assets – Nonamortizable		
R08. Other Capital Assets <i>(Report at cost.)</i>		
R09. Less: Accumulated Depreciation/Amortization	-66,969,704	
R10. Net Pension Asset		
R11. Net OPEB Asset		
R12. Other Noncurrent Assets 1		
R13. Other Noncurrent Assets 2		
R14. Other Noncurrent Assets 3		
R15. Total Noncurrent Assets	\$129,596,983	
Deferred Outflows of Resources		
R16. Related to Pensions	10,598,492	
R17. Related to OPEB	2,633,787	
R18. Related to Debt Refunding		
R19. Other Deferred Outflows of Resources		
R20. Total Deferred Outflows of Resources	\$13,232,279	
R21. Total Noncurrent Assets and Deferred Outflows of Resources	\$142,829,262	

Noncurrent Liabilities

R22. Deposits and Advances		
R23. Compensated Absences		3,038,293
R24. General Obligation Bonds		
R25. Revenue Bonds		
R26. Certificates of Participation		
R27. Other Bonds		
R28. Loans (Other Long-Term Debt)		1,352,291
R29. Notes (Other Long-Term Debt)		
R30. Other (Other Long-Term Debt)		
R31. Construction Financing – Federal		
R32. Construction Financing – State		
R32.5 Lease Liability		
R33. Lease Obligations (Purchase Agreements)		
R34. Net Pension Liability		27,486,187
R35. Net OPEB Liability		2,491,580
R36. Other Noncurrent Liabilities 1		
R37. Other Noncurrent Liabilities 2		
R38. Other Noncurrent Liabilities 3		
R39. Total Noncurrent Liabilities		\$34,368,351

Deferred Inflows of Resources

R40. Related to Pensions		22,132,955
R41. Related to OPEB		5,702,678
R42. Related to Debt Refunding		
R42.5 Related to Leases		1,156,412
R43. Other Deferred Inflows of Resources		
R44. Total Deferred Inflows of Resources		\$28,992,045
R45. Total Noncurrent Liabilities and Deferred Inflows of Resources		\$63,360,396

City of Los Gatos
 Cities' Financial Transactions Report
 Summary and Statistics

Item 7.

Fiscal Year: 2022

Form #41

Summary

	Governmental Funds	Proprietary Funds
R01. Revenues	64,193,293	4,165,265
R02. Expenditures/Expenses	61,014,680	4,379,564
R03. Excess (Deficiency) of Revenues Over (Under) Expenditures	\$3,178,613	
R04. Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items		\$-214,299
R05. Other Financing Sources (Uses)	-154,227	
R06. Capital Contributions		
R07. Proprietary Fund Transfers In (Out)		156,378
R08. Special and Extraordinary Items		
R09. Change in Fund Balance/Net Position	\$3,024,386	\$-57,921
R10. Fund Balance/Net Position (Deficit), Beginning of Fiscal Year	\$47,837,752	\$7,610,801
R11. Adjustments (Specify)	0	687,399

R11a. Specify Governmental Fund Adjustments

<input type="text"/>	<input type="text"/>	Add
----------------------	----------------------	-----

R11b. Specify Proprietary Fund Adjustments

GASB 87 implementation	687,399	Delete
<input type="text"/>	<input type="text"/>	Add
Total:		687,399

R12. Fund Balance/Net Position (Deficit), End of Fiscal Year	\$50,862,138	\$8,240,279
---	--------------	-------------

Statistics

R13. Current Transient Occupancy Tax Rate	10
R14. Effective Date of Current Transient Occupancy Tax Rate	02/03/1993
R15. Current Utility User Tax Rate	
R16. Appropriations Limit	48,186,101
R17. Total Annual Appropriations Subject to the Limit	30,797,977

City of Los Gatos
 Cities Financial Transactions Report
 Footnotes

Fiscal Year: 2022		
FORM DESC	FIELD NAME	FOOTNOTES
InternalServiceFund	(R03)OtherOperatingRevenues	(Building maintenance) GASB 87 Lease Revenue
InternalServiceFund	(R10)OtherOperatingExpenses	(Building maintenance) Rent/Loan Forgiveness
InternalServiceFund	(R26)TransfersIn	(Building maintenance) Covid-19 Income Replacement
InternalServiceFund	(R03)OtherOperatingRevenues	(Equipment replacement) Equipment sharing revenue
InternalServiceFund	(R04)TotalOperatingRevenues	(Equipment replacement) Increase in General Fund I/S reimbursements.
InternalServiceFund	(R11)TotalOperatingExpenses	(Equipment replacement) Less vehicle costs for patrol, streets, and parks.
InternalServiceFund	(R27)TransfersOut	(Equipment replacement) For equipment replacement from the General Fund.
InternalServiceFund	(R11)TotalOperatingExpenses	(Information Technology) Increase in Software Licenses & Maintenance, and laptop purchases.
InternalServiceFund	(R03)OtherOperatingRevenues	(Workers Compensation) Insurance claims reimbursement.
Taxes	(R12)Gen-OtherPropertyTaxes	town election, AB454 County Utility
Taxes	(R14)Func-SaleandUseTaxes	VTA Measure B Sales Tax
Taxes	(R18)Gen-TransientOccupancyTaxes	increase economy and hotel stay due to recovery from Covid
FinesForfeituresRevenue	(R01)Func-VehicleCodeFines	increase in parking tickets
FinesForfeituresRevenue	(R05)Func-InvestmentIncome	lower returns on investment and large unrealized investment loss due to market volatility.
FinesForfeituresRevenue	(R05)Gen-InvestmentIncome	Large unrealized investment loss due to market volatility.
FinesForfeituresRevenue	(R06)Gen-RentsLeasesandConcessions	New GASB 87 implementation
IntergovernmentalState	(R04)Func-PeaceOfficersStandardsandTraining	New POST Innovation Grant
ChargesforCurrentServices	(R10)EngineeringFeesInspectionandOtherCharges	increase in construction-related fees
ChargesforCurrentServices	(R11)StreetSidewalkandCurbRepairsCharges	increase in Construction cost reimbursements from Monte Sereno.
ChargesforCurrentServices	(R24)ParksandRecreationFees	Decrease in facility maintenance fees, annual park use fees, and PPW Misc services.
MiscellaneousRevenues	(R01)Func-DevelopmentImpactFees	From Contra BMP Housing program
MiscellaneousRevenues	(R04)Func-ContributionsfromNongovernmentalSources	Large increase in developer contributions
GeneralGovernmentPublicSafety	(R10)CurrExp-OtherGeneralGovernment1	Expenditures charged to the Cal OES wildfire subgrant program
TransportationCommunityDevelopment	(R11)CurrExp-ConstructionEngineeringRegulation	increases in salaries, building inspection costs, and below market housing loan.
TransportationCommunityDevelopment	(R16)CurrExp-OtherCommunityDevelopment1	Covid-19 expenditures
HealthCultureLeisure	(R07)CurrExp-SolidWaste	Increase in waste disposal costs, recycling, and EV charging stations
DebtServiceCapitalOutlayGrandTotals	(R07)CurrExp-PublicSafety	PY had more purchases.
DebtServiceCapitalOutlayGrandTotals	(R08)CurrExp-Transportation	CY had large infrastructure projects.
DebtServiceCapitalOutlayGrandTotals	(R09)CurrExp-CommunityDevelopment	CY saw minimal activity.
DebtServiceCapitalOutlayGrandTotals	(R11)CurrExp-CultureLeisure	No capital outlay was incurred this year
DebtServiceCapitalOutlayGrandTotals	(R12)CurrExp-PublicUtilities	No capital outlay was incurred this year
MajorObjectClassification	(R03)OtherEmployeeBenefits	This included a one-time \$6.9M Cal OES wildfire passthrough subgrant
MajorObjectClassification	(R07)OtherOperatingExpenditures	This includes a one-time \$6.9M passthrough Cal OES subgrant.
MajorObjectClassification	(R17)OtherCapitalOutlay	This included infrastructure capital outlay.
OtherFinancingSourcesChangeinFundBalance	(R09)ProceedsfromSaleofCapitalAssets	Gain from sale of assets
OtherFinancingSourcesChangeinFundBalance	(R12)TransfersIn	operating transfers
OtherFinancingSourcesChangeinFundBalance	(R13)TransfersOut	operating transfers
ChangesNetPositionFiduciaryFund	(R05)Pri-OtherContributions	Successor Agency property taxes
ChangesNetPositionFiduciaryFund	(R24)Pri-OtherDeductions	Interest and fiscal agency expenses, depreciation expense, and loss on sale of property.
ChangesNetPositionFiduciaryFund	(R30)Pri-NetPosition(Deficit)EndofFiscalYear	Due to the Successor Agency having more liabilities (mostly bonds) than assets. Deficit due to 2002 Certificates of Participation: \$5,280,000 remaining; and 2010 Certificates of Participation: \$7,505,000 remaining
OtherLongTermDebt	(R19)PrincipalOutstandingCurrentPortion	(1_Energy Efficiency Loan) This is an interest only loan so the principle payment is the same each year
OtherLongTermDebt	(R21)InterestPaidinCurrentFiscalYear	(1_Energy Efficiency Loan) This is an interest only loan
Service	(R01)Police	service is provided by both town employees and volunteers
Service	(R07)SolidWaste	Solid waste activities are performed by a special district which the Town pays These expenditures were for the Town's employees and expenses in the department related to solid waste, not directly related to the solid waste hauler.

Item 7.

BalanceSheetGovernmentalFunds	(R02)Gen-Investments	new pension trust account
BalanceSheetGovernmentalFunds	(R13)CapProj-OtherAssets1	Lease receivable
BalanceSheetGovernmentalFunds	(R13)Gen-OtherAssets1	Supplies (postage, supplies, gas and oil)
BalanceSheetGovernmentalFunds	(R27)Gen-OtherLiabilities1	Accrued payroll
BalanceSheetGovernmentalFunds	(R27)SpRev-OtherLiabilities1	Accrued payroll
BalanceSheetGovernmentalFunds	(R28)CapProj-OtherLiabilities2	Unearned revenue
BalanceSheetGovernmentalFunds	(R28)Gen-OtherLiabilities2	Unearned revenue
BalanceSheetGovernmentalFunds	(R28)SpRev-OtherLiabilities2	unearned revenue
BalanceSheetGovernmentalFunds	(R31)CapProj-DeferredInflowsofResources	Deferred for leases (GASB 87) and Unavailable revenues.
ProprietaryFunds	(R14.5)IntrnServ-LeaseReceivable	GASB 87 implementation
ProprietaryFunds	(R56)IntrnServ-NetPensionLiability	Pension liability is accounted for in the General Fund
ProprietaryFunds	(R57)IntrnServ-NetOPEBLiability	OPEB liability is accounted for in the General Fund
ProprietaryFunds	(R58)IntrnServ-OtherNoncurrentLiabilities1	Claims payable
FiduciaryFunds	(R15.6)PriTrust-OtherCapitalAssetsNetofDepreciation	building and improvements
FiduciaryFunds	(R15.9)PriTrust-OtherNoncurrentAssets	Loans receivable
FiduciaryFunds	(R23.5)PriTrust-OtherCurrentLiabilities	Interest payable
FiduciaryFunds	(R24.7)PriTrust-OtherLongTermLiabilities	COP Debt
FiduciaryFunds	(R35)PriTrust-TotalNetPosition	Due to the Successor Agency having more liabilities (mostly bonds) than assets. Deficit due to 2002 Certificates of Participation: \$5,280,000 remaining; and 2010 Certificates of Participation: \$7,505,000 remaining
SummaryStatistics	(R11b)ProprietaryFundAdjustments-Amount	This amount is already reflected in Form #3, not sure why it does not roll to this form

Total Footnote: 63

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](#)

[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> 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,

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

The information contained in this email pertains to Town business and is intended solely for the use of the individual or entity to whom it is addressed. If the reader of this message is not an intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, and you have received this message in error, please advise the sender by reply email or phone and delete the message. Please note that email correspondence with the Town of Los Gatos, along with attachments, may be subject to the California Public Records Act, and therefore may be subject to disclosure unless otherwise exempt by law.

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](#)

[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
Intergovernmental – Federal			
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)	4,211,228	<input type="text"/>	4,211,228

R15a. **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

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

	Functional Revenues A	General Revenues B	Total Revenues C
R16. Total Intergovernmental – Federal	\$4,211,228	<input type="text"/>	\$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)	2,570,027	<input type="text"/>	2,570,027

R18.5a **Specify Functional Revenues** **Select Expenditure Function** **Functional Revenues**

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

R18.5b **Specify General Revenues** **General Revenues**

<input type="text"/>	<input type="text"/>	Add
----------------------	----------------------	-----

	Functional Revenues A	General Revenues B	Total Revenues C
R19. Total Intergovernmental – County	\$2,570,027	\$0	\$2,570,027

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

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

	A	B	C
	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
General Government			
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. Total General Government	\$8,828,779	\$335,375	\$8,493,404
Public Safety			
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. Total Public Safety	\$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
REVENUES					
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
EXPENDITURES					
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
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,718,884	(1,360,726)	3,614,872	293,523	8,266,553
OTHER FINANCING SOURCES (USES)					
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
NET CHANGES IN FUND BALANCES	2,631,515	7,509,272	-	182,603	10,323,390
BEGINNING FUND BALANCES	26,896,789	14,240,753	-	9,724,596	50,862,138
ENDING FUND BALANCES	\$ 29,528,304	\$ 21,750,025	\$ -	\$ 9,907,199	\$ 61,185,528

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](#)

[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
Intergovernmental - State			
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
Total:	35,624	

	Functional Revenues A	General Revenues B	Total Revenues C
State Grants - Other			
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
Total:		10,822,032	

10,313,961

	Functional Revenues A	General Revenues B	Total Revenues C
R32. Total Intergovernmental - State	\$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 A	Functional Revenues B	Net Expenditures/(Excess Revenues) 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. Total General Government	\$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. Total Public Safety	\$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
REVENUES				
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
EXPENDITURES				
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
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,290,895	(4,521,684)	4,409,402	3,178,613
OTHER FINANCING SOURCES (USES)				
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)
NET CHANGES IN FUND BALANCES	2,982,171	(875,159)	917,374	3,024,386
BEGINNING FUND BALANCES	23,914,618	15,115,912	8,807,222	47,837,752
ENDING FUND BALANCES	\$ 26,896,789	\$ 14,240,753	\$ 9,724,596	\$ 50,862,138

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

From: Phil Koen <pkoen@monteropartners.com>
Sent: Friday, January 5, 2024 10:51:34 AM
To: Wendy Wood <WWood@losgatosca.gov>
Cc: Gitta Ungvari <GUngvari@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>; Rick Tinsley <ricktinsley1@gmail.com>; Rob Rennie <RRennie@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>; Mary Badame <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

REVENUES	2023	2022
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
 EXPENDITURES		
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
Transfers 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.



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 01/08/2024

Item 7.

ITEM NO: 7

DESK ITEM

DATE: January 8, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review the Town's Draft Financial Transactions Report for Submittal to the State Controller

REMARKS:

Attachment 4 contains Commissioner comments received between 11:01 a.m., Friday, January 5, 2024, and 11:00 a.m. Monday, January 8, 2024.

Attachment Previously Received with the Staff Report:

1. Draft FY 2022/23 Annual City Financial Transaction Report

Attachments Previously Received with the Addendum:

2. 2022 Annual City Financial Transaction Report
3. Commissioner Comments

Attachment Received with this Desk item:

4. Commissioner Comments

PREPARED BY: Gitta Ungvari
Finance Director

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

From: [Rob Rennie](#)
To: [Phil Koen](#); [Jenna De Long](#)
Cc: [Laurel Prevetti](#); [Gitta Ungvari](#); [Wendy Wood](#); [Gabrielle Whelan](#)
Subject: Re: January 8, 2024 Finance Commission Agenda Packet
Date: Friday, January 5, 2024 6:07:51 PM

Gitta,

In answering Phil's question about revenue growth from last year to this I think it would be helpful to have a table of the past few years growth and some comments on what was special in each year to make it more or less than average. And then apply those type of thoughts to this year.

Thank You,
 Rob Rennie
 Los Gatos Town Council Member

Help me prevent brown act violations. Please do not forward this email

From: Phil Koen [REDACTED]
Sent: Friday, January 5, 2024 8:12 AM
To: Jenna De Long <JDeLong@losgatosca.gov>
Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>; Gitta Ungvari <GUngvari@losgatosca.gov>; Wendy Wood <WWood@losgatosca.gov>; Gabrielle Whelan <GWhelan@losgatosca.gov>; Rick Tinsley [REDACTED] Rob Rennie <RRennie@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>
Subject: Re: January 8, 2024 Finance Commission Agenda Packet

[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> 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,

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