



**TOWN OF LOS GATOS  
SPECIAL FINANCE COMMISSION MEETING AGENDA  
JANUARY 10, 2023  
TELECONFERENCE  
4:00 PM**

*Ron Dickel, Chair  
Stacey Dell, Commissioner  
Andrew Howard, Commissioner  
Phil Koen, Commissioner  
Rick Tinsley, Commissioner  
Maria Ristow, Mayor  
Rob Rennie, Council Member*

**IMPORTANT NOTICE**

This meeting is being conducted utilizing teleconferencing and electronic means consistent with Government Code Section 54953, as Amended by Assembly Bill 361, in response to the state of emergency relating to COVID-19 and enabling teleconferencing accommodations by suspending or waiving specified provisions in the Ralph M. Brown Act (Government Code § 54950 et seq.). Consistent with AB 361 and Town of Los Gatos Resolution 2021-044, this meeting will not be physically open to the public and the Council will be teleconferencing from remote locations. Members of the public can only participate in the meeting by joining the Zoom webinar (log in information provided below).

**PARTICIPATION**

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

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/82738399126?pwd=Y0lOMnNhMVpUdFRpL2h4Mlc0eU1nZz09>. Passcode: 308063. You can also type in 827 3839 9126 in the “Join a Meeting” page on the Zoom website at <https://zoom.us/join> and use passcode 308063.
- **Join by Telephone:** Dial: USA 636 651 0008 US Toll-free or 877 336 1839 US Toll. Conference code: 686100.

During the meeting:

- 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. If you are participating by calling in, press #2 on your telephone keypad to raise your hand.
- When called to speak, you will 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 Council meeting.

If you are unable to participate in real-time, you may email to [Clerk@losgatosca.gov](mailto:Clerk@losgatosca.gov) and in the subject line “Finance Commission Public Comment Item #\_\_” (insert the item number relevant to your comment) or “Finance Commission Verbal Communications – Non-Agenda Item.” Comments received by 11:00 a.m. the day of the meeting will be reviewed and distributed before the meeting. All comments received will become part of the record.

## **RULES OF DECORUM AND CIVILITY**

To conduct the business of the community in an effective and efficient manner, please follow the meeting guidelines set forth in the Town Code and State law.

The Town does not tolerate disruptive conduct, which includes but is not limited to:

- Addressing the Commission without first being recognized;
- Interrupting speakers, Commissioners, or Town staff;
- Continuing to speak after the allotted time has expired;
- Failing to relinquish the microphone when directed to do so;
- Repetitiously addressing the same subject.

Town Policy does not allow speakers to cede their commenting time to another speaker. Disruption of the meeting may result in a violation of Penal Code Section 403.

## **MEETING CALLED TO ORDER**

### **ROLL CALL**

**REMOTE LOCATION PARTICIPANTS** The following Commissioners are listed to permit them to appear electronically or telephonically at the Finance Commission meeting: CHAIR RON DICKEL, COMMISSIONER STACEY DELL, COMMISSIONER ANDREW HOWARD, COMMISSIONER PHIL KOEN, COMMISSIONER RICK TINSLEY, COUNCIL MEMBER MARIA RISTOW, and COUNCIL MEMBER ROB RENNIE. All votes during the teleconferencing session will be conducted by roll call vote.

**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 2 of this agenda. If an item is removed, the Chair has the sole discretion to determine when the item will be heard.)*

1. Approve Draft Minutes of the December 12, 2022, Special Finance Commission Meeting
2. Receive Monthly Investment Reports for October and November 2022

**VERBAL COMMUNICATIONS** *(Members of the public are welcome to address the Commission on any matter that is not listed on the agenda, pursuant to the Participation Instructions on Page 1 of this agenda. To ensure all agenda items are heard and unless additional time is authorized by the Chair, this portion of the agenda is limited to 30 minutes and no more than three (3) minutes per speaker. 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.)*

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

- [3.](#) Selection of Finance Commission Chair and Vice Chair
- [4.](#) Approve the Finance Commission Meeting Dates and Times for 2023
- [5.](#) Review the Town's Draft Financial Transactions Report for Submittal to the State Controller.
- [6.](#) Discussion of First Quarter Key Performance Indicators (KPIs)
- [7.](#) Review and Recommend to the Town Council Changes to the Town's Operating Portfolio Investment Policy
- [8.](#) Review the Finance Commission 2022 Workplan and Discuss the 2023 Workplan

**ADJOURNMENT**



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

MEETING DATE: 1/10/2023

ITEM NO: 1

Item 1.

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**DRAFT  
Minutes of the Finance Commission Regular Meeting  
December 12, 2022**

The Finance Commission of the Town of Los Gatos conducted a regular meeting utilizing teleconference and electronic means consistent with Government Code Section 54953, as Amended by Assembly Bill 361, in response to the state of emergency relating to COVID-19 and enabling teleconferencing accommodations by suspending or waiving specified provisions in the Ralph M. Brown Act (Government Code § 54950 et seq.) and Town of Los Gatos Resolution 2021-044 on Monday, December 12, 2022, at 5:00 p.m.

**MEETING CALLED TO ORDER AT 5:03 P.M.**

**ROLL CALL**

Present: Chair Ron Dickel, Vice Chair Kyle Park, Commissioner Stacey Dell, Commissioner Rick Tinsley, and Mayor Rob Rennie, Council Member Matthew Hudes (all participating remotely).

Staff Present: Assistant Town Manager Arn Andrews, Parks and Public Works Director Nicolle Burnham, and Finance Director Gitta Ungvari.

**CONSENT ITEM (TO BE ACTED UPON BY A SINGLE MOTION)**

1. Approve Draft Minutes of the November 17, 2022 Finance Commission Meeting.
2. Receive California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending September 30, 2022.
3. Receive California Employer's Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending September 30, 2022
4. Receive CalPERS 2022 Annual Review of Funding Levels and Risks.

**MOTION:** Motion by Commissioner Dell to approve the consent items. **Seconded by Commissioner Tinsley**

**VOTE:** Motion passed 4-0.

**VERBAL COMMUNICATIONS**

None.



SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of December 12, 2022

DATE: December 13, 2022

## OTHER BUSINESS

5. Review the Draft Annual Comprehensive Financial Report (ACFR) for the Preceding Fiscal Year and Provide Written Comments and Recommendations Prior to Presenting to the Town Council.

Arn Andrews, Assistant Town Manager, introduced the Town Independent Auditor. Sheldon Chavan, the Town Independent Auditor, presented the overview of the Town draft FY 2021/22 ACFR. Staff addressed Commissioners' questions.

Opened Public Comment.

None

Closed Public Comment

6. Receive Update on Internal Service Funds.

Arn Andrews, Assistant Town Manager, introduced the item. Staff addressed Commissioners' questions.

Opened Public Comment.

None

Closed Public Comment

7. Receive Budget Information for Highway 17 Bicycle and Pedestrian Overcrossing and Roadside Vegetation Management Capital Projects.

Nicolle Burnham, Parks and Public Works Director, presented the item. Staff addressed Commissioners' questions.

Opened Public Comment.

None

Closed Public Comment

SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of December 12, 2022

DATE: December 13, 2022

**ADJOURNMENT:**

The meeting adjourned at 6:12 p.m.

This is to certify that the foregoing is a true  
and correct copy of the minutes of the  
December 12, 2022 meeting as approved by the  
Finance Commission.

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Gitta Ungvari, Finance Director



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

MEETING DATE: 01/10/2023

ITEM NO: 2

Item 2.

DATE: January 5, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive Monthly Investment Reports for October and November 2022

**RECOMMENDATION:**

Receive Monthly Investment Reports for October and November 2022.

**DISCUSSION:**

Staff is changing the frequency of the reporting from quarterly to monthly to comply with California Government Code Section 41004.

As of November 30, 2022, the Town's weighted portfolio yield was 2.03% which exceeded by 2 basis points the Local Agency Investment Fund (LAIF) yield of 2.01% as of the same reporting period. Currently the LAIF portfolio weighted average maturity (WAM) is 304 days versus the Town's longer WAM of 435 days. The Town's weighted average rate of return of 2.03% at the close of November was 23 basis points higher when compared to the First quarter return of 1.80% reported as of September 30, 2022.

Since September 30, 2022, LAIF yields had climbed from 151 basis points (1.51%) to 201 basis points (2.01%) through the end of November 2022. Staff in coordination with the Town's investment advisor primarily replaced maturing investments in shorter to medium term maturities in the two- to three-year maturity range. These investments capture current yields that exceed the rates expected to be earned in the State LAIF pool during that same time period. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

At its most recent meeting in December 2022, the Fed indicated it expected to raise interest rates further in 2023 to approximately 5.25% from its current rate of 4.25% to 4.5%, with the Fed anticipating that 5.25% rate to hold steady for the remainder of calendar year 2023.

**PREPARED BY:** Gitta Ungvari  
Finance Director

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

PAGE 2 OF 2

SUBJECT: Receive the Monthly Investment Reports for October and November 2022

DATE: January 5, 2023

CONCLUSION:

Staff recommends that the Finance Commission receive the Monthly Investment Reports for October and November 2022.

Attachments:

1. Monthly Investment Report for October 2022
2. Monthly Investment Report for November 2022

**Town of Los Gatos**  
**Summary Investment Information**  
**October 31, 2022**

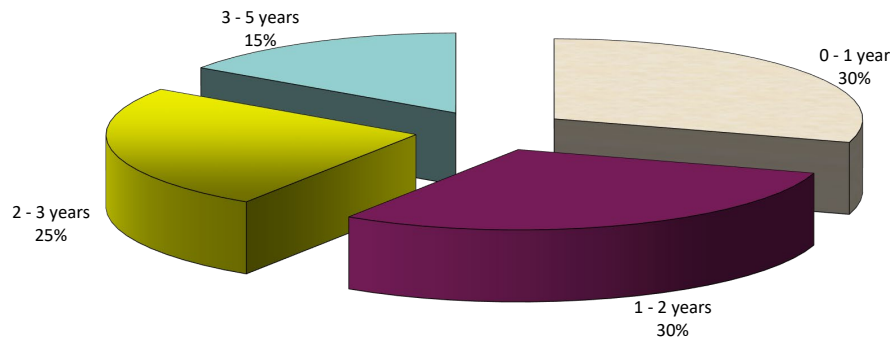
**Weighted Average YTM Portfolio Yield:** **1.82%** **Weighted Average Maturity (days)** **425**

	<u><b>This Month</b></u>	<u><b>Last Month</b></u>	<u><b>One year ago</b></u>
<b>Portfolio Balance</b>	\$62,569,240	\$62,736,952	\$59,763,609

**Benchmarks/ References:**

Town's Average Yield	1.82%	1.80%	1.24%
LAIF Yield for month	1.77%	1.51%	0.20%
3 mo. Treasury	4.09%	3.29%	0.06%
6 mo. Treasury	4.55%	3.97%	0.06%
2 yr. Treasury	4.49%	4.28%	0.50%
5 yr. Treasury (most recent)	4.23%	4.09%	1.19%
10 Yr. Treasury	4.05%	3.84%	1.56%

**Portfolio Maturity Profile**

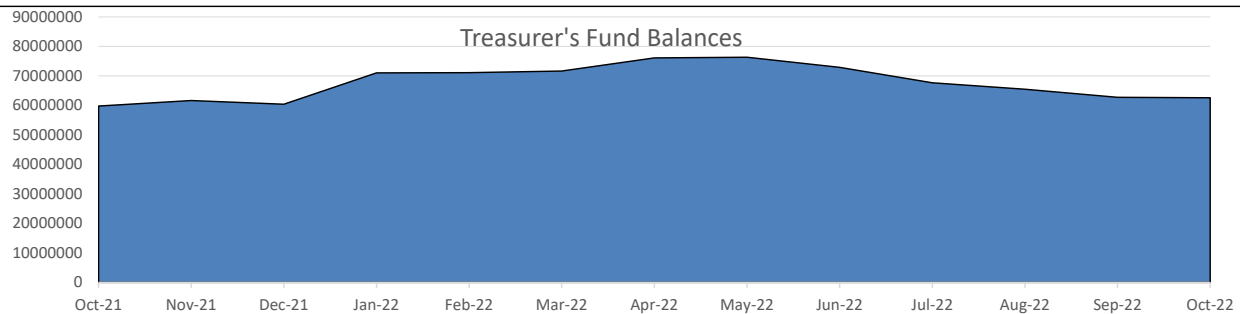
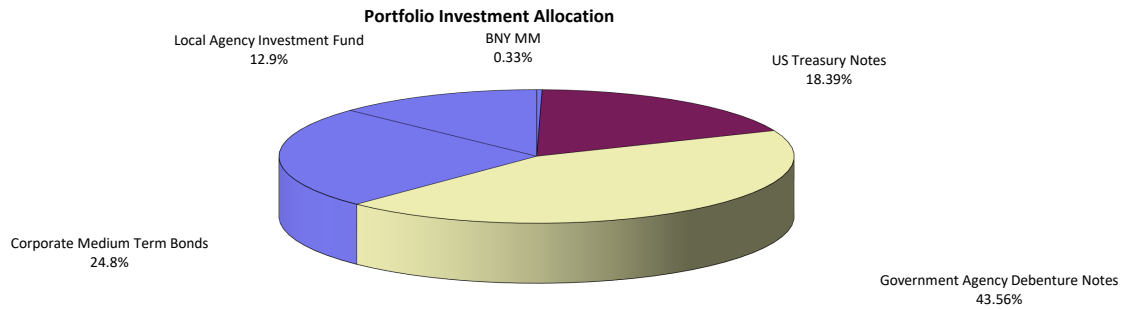


**Compliance:** The Town's investments are in compliance with the Town's investment policy dated September 21, 2021 and also in compliance with the requirements of Section 53601 of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

**Town of Los Gatos**  
**Portfolio Allocation & Treasurer's Fund Balances**  
**October 31, 2022**

	Month	YTD
Fund Balances - Beginning of Month/Period	\$62,736,951.51	\$72,886,942.83
Receipts	2,970,841.52	14,361,634.16
Disbursements	(3,138,553.40)	(24,679,337.36)
Fund Balances - End of Month/Period	<u>\$62,569,239.63</u>	<u>\$62,569,239.63</u>

<u>Portfolio Allocation:</u>	% of Portfolio	<u>Max. % Or \$ Allowed Per State Law or Policy</u>
BNY MM	\$179,619.69 0.33%	20% of Town Portfolio
US Treasury Notes	\$9,883,589.53 18.39%	No Max. on US Treasuries
Government Agency Debenture Notes	\$23,416,349.00 43.56%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$13,336,173.01 24.81%	30% of Town Portfolio
Local Agency Investment Fund	\$6,941,939.56 12.91%	\$75 M per State Law
Subtotal - Investments	<u>53,757,670.79</u> 100.00%	
Reconciled Demand Deposit Balances	<u>8,811,568.84</u>	
Total Treasurer's Fund	<u>\$62,569,239.63</u>	



**Town of Los Gatos**  
**Non-Treasury Restricted Fund Balances**  
**October 31, 2022**

	Beginning Balance	OCT 22 Deposits Realized Gain/Adj.	OCT 22 Interest/ Earnings	OCT 22 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Series A Reserve Fund	688,224.79		\$ 1,029.47	\$ 1,973.79	\$ 687,280.47	Note 1
Cert. Of Participation 2010 Ser A Lease Pymt Fund	132.26		0.27		\$ 132.53	Note 1
Cert. of Participation 2002 Lease Payment Fund	65.79	1,973.79			\$ 2,039.58	Note 1
Cert. of Participation 2010 Series Reserve Fund	1,282,093.98		2,396.58		1,284,490.56	Note 2
Total Restricted Funds:	<u>\$ 1,970,516.82</u>	<u>\$ 1,973.79</u>	<u>\$ 3,426.32</u>	<u>\$ 1,973.79</u>	<u>\$ 1,973,943.14</u>	
CEPPT IRS Section 115 Trust	638,355.08		5,466.39	0.00	\$ 643,821.47	
Grand Total COP's and CEPPT Trust	<u>\$ 2,608,871.90</u>	<u>\$ 1,973.79</u>	<u>\$ 8,892.71</u>	<u>\$ 1,973.79</u>	<u>\$ 2,617,764.61</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  
October 31, 2022**

Interest by Month

July 2022	\$60,107.76
August 2022	61,456.65
September 2022	60,153.38
October 2022	68,965.25
November 2022	
December 2022	
January 2023	
February 2023	
March 2023	
April 20203	
May 2023	
June 2023	
	<hr/>
	<u><u>\$250,683.04</u></u>



# Town of Los Gatos Investment Schedule

October

2022

Item 2.

Institution	CUSIP #	Security	Deposit Date	Par Value	Original Cost	Market Value	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
Treasury	91282CAP6	US Treasury Note	6/30/2021	1,000,000.00	995,390.63	957,734.38		10/15/2023	0.33%	\$ 1,615.44	\$ 3,260.06	\$ 1,098.60	349
Toyota Motor Credit	89236THA6_1	Corporate Bond	04/12/21	500,000.00	510,580.00	485,471.94		8/25/2023	0.45%	\$ 9,243.75	\$ 2,780.30	\$ 770.22	298
Toyota Motor Credit	89236THA6	Corporate Bond	1/11/2022	1,100,000.00	1,107,315.00	1,068,038.27		8/25/2023	0.94%	\$ 9,240.00	\$ 4,812.29	\$ 3,481.84	298
US Treasury	91282CDD0	US Treasury Note	1/13/2022	1,100,000.00	1,090,675.78	1,054,023.43		10/31/2023	0.85%	\$ 3,281.77	\$ 4,286.54	\$ 3,138.36	365
US Treasury	91282CCN9	US Treasury Note	1/13/2022	1,200,000.00	1,188,375.00	1,160,250.00		7/31/2023	0.75%	\$ 823.37	\$ 4,153.18	\$ 3,040.72	273
FFCB	3133EKM1	Gov. Agency Debenture	8/2/2019	1,000,000.00	1,014,400.00	968,808.22		2/23/2024	1.90%	\$ 73,775.83	\$ 55,756.94	\$ 6,451.65	480
FFCB	3133EMIB1	Gov. Agency Debenture	10/8/2020	1,600,000.00	1,598,000.00	1,504,220.59		3/28/2024	0.34%	\$ 9,453.34	\$ 9,279.41	\$ 1,811.69	514
FFCB	3133EMCQ3	Gov. Agency Debenture	10/16/2020	2,000,000.00	1,998,000.00	1,912,165.36		10/13/2024	0.31%	\$ 11,153.33	\$ 10,396.24	\$ 2,055.85	713
BankAmerica Corp	06051GHC6	Corporate Bond	10/9/2020	1,300,000.00	1,366,287.00	1,295,318.96		12/20/2023	0.66%	\$ 66,279.92	\$ 31,569.88	\$ 6,173.44	415
Home Depot	437076BM3	Corporate Bond	8/4/2022	1,000,000.00	991,960.00	939,937.13		1/1/2026	3.04%	\$ 4,750.00	\$ -	\$ 7,800.71	1158
Home Depot	912828ZW3	US Treasury Note	8/9/2022	350,000.00	322,096.88	313,960.94	95.11	6/30/2025	3.16%	\$ (95.11)	\$ -	\$ 2,392.12	973
IBM	459200Y8	Corporate Bond	3/25/2021	1,000,000.00	1,071,040.00	970,339.39		5/15/2024	0.71%	\$ 34,166.67	\$ 9,358.41	\$ 2,491.52	562
US Treasury	912828R28	US Treasury Note	7/2/2019	500,000.00	497,246.09	493,261.72		4/30/2023	1.77%	\$ 27,046.54	\$ 26,507.80	\$ 2,980.31	181
Freddie Mac	3137EAEN5	Gov. Agency Debenture	7/19/2019	2,000,000.00	2,072,358.00	1,976,295.56		6/19/2023	1.79%	\$ 160,416.67	\$ 107,829.55	\$ 12,314.80	231
FFCB	3133EKFV0	Gov. Agency Debenture	7/22/2019	1,000,000.00	999,630.00	994,936.65		1/17/2023	1.89%	\$ 55,989.58	\$ 55,482.90	\$ 6,354.19	78
Treasury	91282CBT7	US Treasury Note	9/30/2022	800,000.00	712,565.18	707,875.00		3/31/2026	4.14%	\$ -	\$ -	\$ 2,630.46	1247
FFCB	3133ENP95	Gov. Agency Debenture	9/30/2022	900,000.00	900,939.60	891,494.81		9/30/2025	4.14%	\$ -	\$ -	\$ 3,222.05	1065
US Treasury	91282CDA6	Gov. Agency Debenture	1/31/2022	1,100,000.00	1,085,222.44	1,057,031.25		9/30/2023	1.07%	\$ 1,820.74	\$ 4,781.92	\$ 3,921.18	334
US Treasury	91282CAW1	Gov. Agency Debenture	7/15/2021	1,200,000.00	1,199,437.50	1,146,796.87		11/15/2023	0.27%	\$ 2,502.72	\$ 3,107.52	\$ 1,092.07	380
American Honda	02665WCZ2	Corporate Bond	11/27/2019	1,000,000.00	1,012,410.01	957,536.74		6/27/2024	2.12%	\$ 72,733.34	\$ 55,189.68	\$ 7,175.82	605
JP Morgan Chase	46625HRS1	Gov. Agency Debenture	9/23/2022	500,000.00	474,660.00	462,877.42	4,355.56	3/15/2026	4.70%	\$ (4,355.56)	\$ -	\$ 2,424.56	1231
Honeywell Int'l.	438516BW5	Corporate Bond	11/20/2019	1,000,000.00	1,014,660.00	957,664.07		7/15/2024	1.64%	\$ 62,483.33	\$ 51,828.99	\$ 6,689.37	623
Caterpillar Financial Serv	14913Q2V0	Corporate Bond	2/23/2021	1,000,000.00	1,077,370.00	970,099.77		5/17/2024	0.44%	\$ 35,150.00	\$ 6,129.72	\$ 1,532.43	564
FNMA	3135G0V75	Gov. Agency Debenture	10/17/2019	1,100,000.00	1,105,833.30	1,050,134.43		7/2/2024	1.63%	\$ 52,456.25	\$ 48,706.74	\$ 6,069.84	610
US Bancorp	91159HHV5	Corporate Bond	12/24/2019	1,000,000.00	1,049,040.00	979,313.57		1/5/2024	2.12%	\$ 88,218.75	\$ 54,380.13	\$ 7,278.30	431
FHLB	3133834G3	Gov. Agency Debenture	3/11/2021	1,400,000.00	1,460,522.00	1,377,991.73		6/9/2023	0.19%	\$ 37,022.22	\$ 3,664.98	\$ 947.04	221
FFCB	3133EKQA7	Gov. Agency Debenture	10/21/2019	1,000,000.00	1,019,780.00	954,400.43		9/10/2024	1.66%	\$ 60,031.11	\$ 45,130.78	\$ 5,647.09	680
PNC Financial	69349LAM0	Corporate Bond	2/7/2022	1,000,000.00	1,033,470.00	989,670.62		6/25/2023	1.49%	\$ 17,733.33	\$ 5,372.34	\$ 4,620.97	237
FHLB	3135G05X7	Gov. Agency Debenture	6/10/2022	1,200,000.00	1,102,952.40	1,069,830.90		8/25/2025	3.04%	\$ 937.50	\$ 1,902.68	\$ 11,701.47	1029
Treasury	912828ZL7	Gov. Agency Debenture	4/12/2022	1,700,000.00	1,583,927.57	1,539,296.88		4/30/2025	2.72%	\$ 3,504.49	\$ 9,611.14	\$ 14,964.18	912
JP Morgan Chase	46625HJT8	Corporate Bond	9/23/2019	1,400,000.00	1,485,414.00	1,382,875.52		2/1/2024	2.39%	\$ 154,913.89	\$ 96,022.89	\$ 11,682.31	458
American Honda	02665WDH1	Corporate Bond	2/14/2020	600,000.00	603,756.00	591,047.52		5/10/2023	1.75%	\$ 28,145.00	\$ 25,034.14	\$ 3,551.56	191
Treasury	912828V23	US Treasury Note	11/29/2021	1,000,000.00	1,032,933.04	972,968.75		12/31/2023	0.66%	\$ 13,206.52	\$ 3,924.44	\$ 2,266.23	426
Treasury	91282CBE0_2	Gov. Agency Debenture	10/7/2021	1,000,000.00	994,768.98	947,070.31		1/15/2024	0.36%	\$ 964.67	\$ 2,587.41	\$ 1,196.43	441
FHLB	3130ALH98	Gov. Agency Debenture	2/26/2021	1,000,000.00	997,610.00	940,126.43		2/26/2024	0.33%	\$ 3,750.00	\$ 4,416.63	\$ 1,110.93	483
Treasury	912828M80	US Treasury Note	7/22/2019	1,000,000.00	1,006,175.23	998,690.43		11/30/2022	1.81%	\$ 57,158.47	\$ 53,444.10	\$ 6,120.69	30
Treasury	912828U57	US Treasury Note	7/31/2019	1,000,000.00	1,011,875.00	973,789.06		11/30/2023	1.84%	\$ 60,208.33	\$ 54,014.24	\$ 6,238.26	395
Treasury	912828X70	US Treasury Note	12/30/2019	1,000,000.00	1,010,589.29	961,679.69		4/30/2024	1.75%	\$ 62,703.30	\$ 48,922.73	\$ 6,590.90	547
Treasury	912828XT2	US Treasury Note	10/31/2019	1,000,000.00	1,015,667.41	960,000.00		5/31/2024	1.64%	\$ 51,639.34	\$ 44,208.50	\$ 5,588.54	578
American Honda	02665WCQ2	Corporate Bond	9/14/2021	950,000.00	1,012,871.00	937,058.14		10/10/2023	0.41%	\$ 36,924.65	\$ 3,232.93	\$ 1,375.95	344
FFCB	3133EJ3Q0	Gov. Agency Debenture	8/28/2019	1,500,000.00	1,587,503.75	1,465,477.95		12/21/2023	2.12%	\$ 121,348.96	\$ 64,945.24	\$ 7,703.24	416
Freddie Mac	3133EKKT2	Gov. Agency Debenture	6/24/2019	1,550,000.00	1,573,188.00	1,542,347.67		2/8/2023	1.82%	\$ 117,606.25	\$ 86,008.42	\$ 9,599.85	100
Treasury	91282CBE0	Gov. Agency Debenture	9/15/2021	650,000.00	647,615.46	615,595.70		1/15/2024	0.28%	\$ 675.62	\$ 1,447.14	\$ 618.05	441

Subtotal				\$ 46,200,000.00	\$ 46,636,111.54	\$ 44,495,504.20	\$ 4,450.67			\$ 1,606,624.32	\$ 1,103,488.93	\$ 205,915.78	
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BNY MM	Money Market				179,619.69	179,619.69			0.00%				1
LAIF	State Investment Pool				6,941,939.56	6,941,939.56			1.77%			33,791.70	1

					\$53,757,670.79	\$51,617,063.45				\$ 1,606,624.32	\$ 1,103,488.93	\$ 239,707.48	
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Matured Assets													
IBM	459200HG9	Corporate Bond	8/8/2019	1,000,000.00	995,010.00			8/1/2022	2.05%	\$ 55,885.42	\$ 59,141.32	\$ 1,790.47	
JP Morgan Chase	46625HUE1	Gov. Agency Debenture	2/11/2020	900,000.00	934,587.00			9/23/2022	1.74%	\$ 76,537.50	\$ 38,210.60	\$ 3,733.22	
Treasury	912828L57	US Treasury Note	7/22/2019	1,200,000.00	1,197,988.40			9/30/2022	2.09%	\$ 67,016.39	\$ 63,644.66	\$ 5,451.87	

Total Investments "Matured"												\$ 10,975.56	
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Total Interest FY 22_23 Matured and Current												\$ 250,683.04	
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Maturity Profile					Amount								
	0-1 year				\$23,358,334.42								
	1-2 years				\$24,310,234.74								
	2-3 years				\$3,909,916.45								
	3-5 years				\$ 2,179,185.18								
					\$53,757,670.79								

## Market to Cost Position Report

Institution				Amortized Cost									
BNY Assets				\$46,636,111.54									
BNY MM				179,619.69									
LAIF				6,941,939.56									
Totals:				\$53,757,670.79									

**Town of Los Gatos**  
**Summary Investment Information**  
**November 30, 2022**

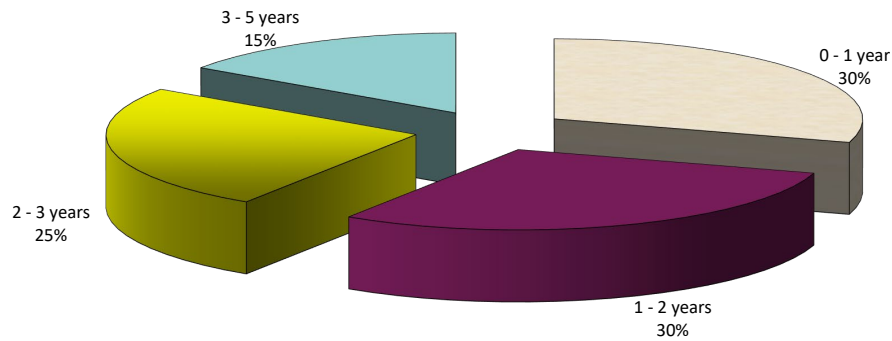
**Weighted Average YTM Portfolio Yield:** **2.03%** **Weighted Average Maturity (days)** **435**

	<u><b>This Month</b></u>	<u><b>Last Month</b></u>	<u><b>One year ago</b></u>
<b>Portfolio Balance</b>	\$65,273,987	\$62,569,240	\$61,676,887

**Benchmarks/ References:**

Town's Average Yield	2.01%	1.82%	1.21%
LAIF Yield for month	1.77%	1.77%	0.20%
3 mo. Treasury	4.38%	4.09%	0.05%
6 mo. Treasury	4.71%	4.55%	0.10%
2 yr. Treasury	4.31%	4.49%	0.52%
5 yr. Treasury (most recent)	3.74%	4.23%	1.15%
10 Yr. Treasury	3.61%	4.05%	1.45%

**Portfolio Maturity Profile**



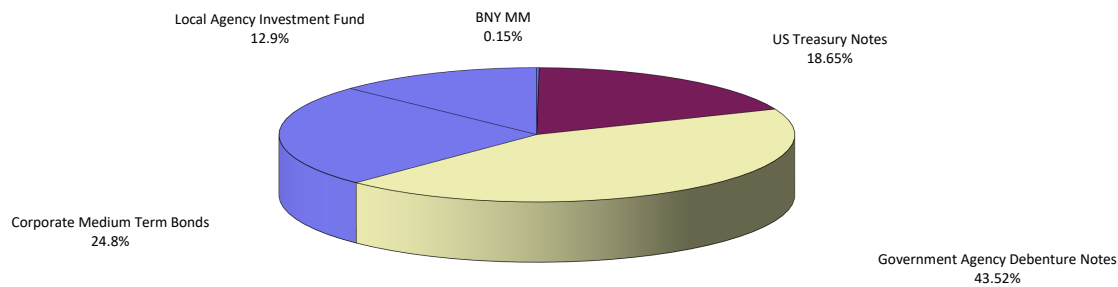
**Compliance:** The Town's investments are in compliance with the Town's investment policy dated September 21, 2021 and also in compliance with the requirements of Section 53601 of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

**Town of Los Gatos**  
**Portfolio Allocation & Treasurer's Fund Balances**  
**November 30, 2022**

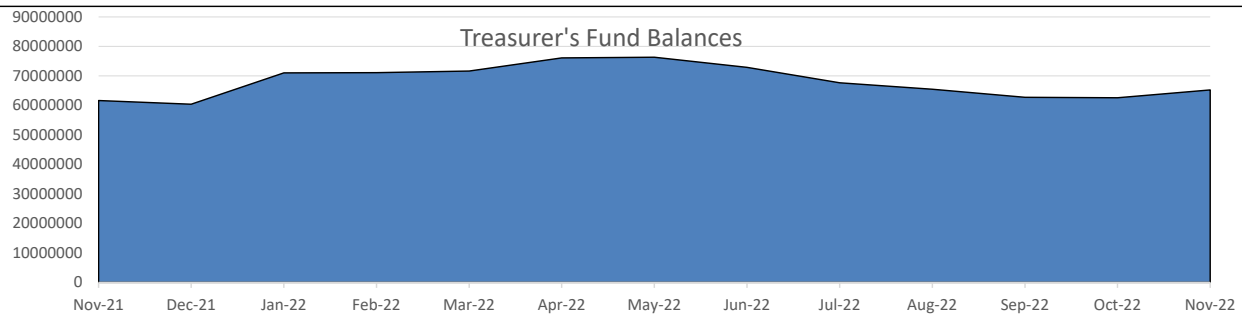
	Month	YTD
Fund Balances - Beginning of Month/Period	\$62,569,239.63	\$72,886,942.83
Receipts	5,801,425.93	20,163,060.09
Disbursements	(3,096,678.62)	(27,776,015.98)
Fund Balances - End of Month/Period	<u>\$65,273,986.94</u>	<u>\$65,273,986.94</u>

<u>Portfolio Allocation:</u>	% of Portfolio	Max. % Or \$ Allowed Per State Law or Policy
BNY MM	\$79,480.09	0.15%
US Treasury Notes	\$10,037,973.70	18.65%
Government Agency Debenture Notes	\$23,416,349.00	43.52%
Corporate Medium Term Bonds	\$13,336,173.01	24.78%
Local Agency Investment Fund	\$6,941,939.56	12.90%
Subtotal - Investments	53,811,915.36	100.00%
Reconciled Demand Deposit Balances	<u>11,462,071.58</u>	
Total Treasurer's Fund	<u>\$65,273,986.94</u>	

**Portfolio Investment Allocation**



**Treasurer's Fund Balances**



**Town of Los Gatos**  
**Non-Treasury Restricted Fund Balances**  
**November 30, 2022**

	Beginning Balance	NOV 22 Deposits Realized Gain/Adj.	NOV 22 Interest/ Earnings	NOV 22 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Series A Reserve Fund	687,280.47		\$ 1,399.90		\$ 688,680.37	Note 1
Cert. Of Participation 2010 Ser A Lease Pymt Fund	132.53		0.31		\$ 132.84	Note 1
Cert. of Participation 2002 Lease Payment Fund	2,039.58		3.78		\$ 2,043.36	Note 1
Cert. of Participation 2010 Series Reserve Fund	1,284,490.56		3,008.68		1,287,499.24	Note 2
Total Restricted Funds:	<u>\$ 1,973,943.14</u>	<u>\$ -</u>	<u>\$ 4,412.67</u>	<u>\$ -</u>	<u>\$ 1,978,355.81</u>	
CEPPT IRS Section 115 Trust	643,821.47		29,920.82	0.00	\$ 673,742.29	
Grand Total COP's and CEPPT Trust	<u>\$ 2,617,764.61</u>	<u>\$ -</u>	<u>\$ 34,333.49</u>	<u>\$ -</u>	<u>\$ 2,652,098.10</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, 2022**

Interest by Month

July 2022	\$60,107.76
August 2022	61,456.65
September 2022	60,153.38
October 2022	68,965.25
November 2022	68,430.71
December 2022	
January 2023	
February 2023	
March 2023	
April 20203	
May 2023	
June 2023	
	<hr/>
	<u><u>\$319,113.75</u></u>

**Town of Los Gatos Investment Schedule November  
2022**

*Item 2.*

Institution	CUSIP #	Security	Deposit Date	Par Value	Original Cost	Market Value	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
Treasury	91282CAP6	US Treasury Note	6/30/2021	1,000,000.00	995,390.63	960,468.75		10/15/2023	0.33%	\$ 1,615.44	\$ 3,260.06	\$ 1,366.55	319
Toyota Motor Credit	89236THA6_1	Corporate Bond	04/12/21	500,000.00	510,580.00	487,892.44		8/25/2023	0.45%	\$ 9,243.75	\$ 2,780.30	\$ 958.08	268
Toyota Motor Credit	<b>89236THA6</b>	Corporate Bond	1/11/2022	1,100,000.00	1,107,315.00	1,073,363.37		8/25/2023	0.94%	\$ 9,240.00	\$ 4,812.29	\$ 4,331.06	268
US Treasury	<b>91282CDD0</b>	US Treasury Note	1/13/2022	1,100,000.00	1,090,675.78	1,056,988.28		10/31/2023	0.85%	\$ 3,281.77	\$ 4,286.54	\$ 3,903.81	335
US Treasury	<b>91282CCN9</b>	US Treasury Note	1/13/2022	1,200,000.00	1,188,375.00	1,163,859.37		7/31/2023	0.75%	\$ 823.37	\$ 4,153.18	\$ 3,782.36	243
FFCB	3133EKMx1	Gov. Agency Debenture	8/2/2019	1,000,000.00	1,014,400.00	970,232.63		2/23/2024	1.90%	\$ 73,775.83	\$ 55,756.94	\$ 8,025.22	450
FFCB	3133EMIB1	Gov. Agency Debenture	10/8/2020	1,600,000.00	1,598,000.00	1,508,219.33		3/28/2024	0.34%	\$ 9,453.34	\$ 9,279.41	\$ 2,253.57	484
FFCB	3133EMCQ3	Gov. Agency Debenture	10/16/2020	2,000,000.00	1,998,000.00	1,917,840.74		10/13/2024	0.31%	\$ 11,153.33	\$ 10,396.24	\$ 2,557.27	683
BankAmerica Corp	06051GHC6	Corporate Bond	10/9/2020	1,300,000.00	1,366,287.00	1,298,477.34		12/20/2023	0.66%	\$ 66,279.92	\$ 31,569.88	\$ 7,679.16	385
Home Depot	437076BM3	Corporate Bond	8/4/2022	1,000,000.00	991,960.00	957,879.31		1/1/2026	3.04%	\$ 4,750.00	\$ -	\$ 10,460.04	1128
Home Depot	912828ZW3	US Treasury Note	8/9/2022	350,000.00	322,096.88	317,269.53	95.11	6/30/2025	3.16%	\$ (95.11)	\$ -	\$ 3,256.74	943
IBM	459200Y8	Corporate Bond	3/25/2021	1,000,000.00	1,071,040.00	975,063.37		5/15/2024	0.71%	\$ 49,166.67	\$ 9,358.41	\$ 3,099.21	532
US Treasury	912828R28	US Treasury Note	7/2/2019	500,000.00	497,246.09	493,847.66		4/30/2023	1.77%	\$ 27,046.54	\$ 26,507.80	\$ 3,707.22	151
Freddie Mac	3137EAE5	Gov. Agency Debenture	7/19/2019	2,000,000.00	2,072,358.00	1,977,773.54		6/19/2023	1.79%	\$ 160,416.67	\$ 107,829.55	\$ 15,318.40	201
FFCB	3133EKFV0	Gov. Agency Debenture	7/22/2019	1,000,000.00	999,630.00	996,621.89		1/17/2023	1.89%	\$ 55,989.58	\$ 55,482.90	\$ 7,903.99	48
Treasury	91282CBT7	US Treasury Note	9/30/2022	800,000.00	712,565.18	719,406.25		3/31/2026	4.14%	\$ -	\$ -	\$ 5,176.08	1217
FFCB	3133ENP95	Gov. Agency Debenture	9/30/2022	900,000.00	900,939.60	898,884.76		9/30/2025	4.14%	\$ -	\$ -	\$ 6,340.17	1035
US Treasury	<b>91282CDA6</b>	Gov. Agency Debenture	1/31/2022	1,100,000.00	1,085,222.44	1,059,867.18		9/30/2023	1.07%	\$ 1,820.74	\$ 4,781.92	\$ 4,877.56	304
US Treasury	91282CAW1	Gov. Agency Debenture	7/15/2021	1,200,000.00	1,199,437.50	1,149,656.26		11/15/2023	0.27%	\$ 4,002.72	\$ 3,107.52	\$ 1,358.43	350
American Honda	02665WCZ2	Corporate Bond	11/27/2019	1,000,000.00	1,012,410.01	962,210.06		6/27/2024	2.12%	\$ 72,733.34	\$ 55,189.68	\$ 8,926.03	575
JP Morgan Chase	46625HRS1	Gov. Agency Debenture	9/23/2022	500,000.00	474,660.00	475,651.94	4,355.56	3/15/2026	4.70%	\$ (4,355.56)	\$ -	\$ 4,338.68	1201
Honeywell Int'l.	438516BW5	Corporate Bond	11/20/2019	1,000,000.00	1,014,660.00	963,960.61		7/15/2024	1.64%	\$ 62,483.33	\$ 51,828.99	\$ 8,320.92	593
Caterpillar Financial Serv	14913Q2V0	Corporate Bond	2/23/2021	1,000,000.00	1,077,370.00	974,035.65		5/17/2024	0.44%	\$ 49,400.00	\$ 6,129.72	\$ 1,906.19	534
FNMA	3135G0V75	Gov. Agency Debenture	10/17/2019	1,100,000.00	1,105,833.30	1,053,545.45		7/2/2024	1.63%	\$ 52,456.25	\$ 48,706.74	\$ 7,550.29	580
US Bancorp	91159HHV5	Corporate Bond	12/24/2019	1,000,000.00	1,049,040.00	984,049.79		1/5/2024	2.12%	\$ 88,218.75	\$ 54,380.13	\$ 9,053.49	401
FHLB	3133834G3	Gov. Agency Debenture	3/11/2021	1,400,000.00	1,460,522.00	1,382,160.43		6/9/2023	0.19%	\$ 37,022.22	\$ 3,664.98	\$ 1,178.03	191
FFCB	3133EKQA7	Gov. Agency Debenture	10/21/2019	1,000,000.00	1,019,780.00	957,952.26		9/10/2023	1.66%	\$ 60,031.11	\$ 45,130.78	\$ 7,024.42	650
PNC Financial	69349LAM0	Corporate Bond	2/7/2022	1,000,000.00	1,033,470.00	993,945.43		6/25/2023	1.49%	\$ 17,733.33	\$ 5,372.34	\$ 5,748.03	207
FHLB	3135G05X7	Gov. Agency Debenture	6/10/2022	1,200,000.00	1,102,952.40	1,083,265.30		8/25/2025	3.04%	\$ 937.50	\$ 1,902.68	\$ 14,555.48	999
Treasury	912828ZL7	Gov. Agency Debenture	4/12/2022	1,700,000.00	1,583,927.57	1,551,914.05		4/30/2025	2.72%	\$ 3,504.49	\$ 9,611.14	\$ 18,613.99	882
JP Morgan Chase	46625HJT8	Corporate Bond	9/23/2019	1,400,000.00	1,485,414.00	1,386,956.65		2/1/2024	2.39%	\$ 154,913.89	\$ 96,022.89	\$ 14,531.65	428
American Honda	02665WDH1	Corporate Bond	2/14/2020	600,000.00	603,756.00	592,837.25		5/10/2023	1.75%	\$ 33,995.00	\$ 25,034.14	\$ 4,417.79	161
Treasury	912828V23	US Treasury Note	11/29/2021	1,000,000.00	1,032,933.04	973,671.88		12/31/2023	0.66%	\$ 13,206.52	\$ 3,924.44	\$ 2,818.97	396
Treasury	91282CBE0_2	Gov. Agency Debenture	10/7/2021	1,000,000.00	994,768.98	950,742.19		1/15/2024	0.36%	\$ 964.67	\$ 2,587.41	\$ 1,488.24	411
FHLB	3130ALH98	Gov. Agency Debenture	2/26/2021	1,000,000.00	997,610.00	943,234.98		2/26/2024	0.33%	\$ 3,750.00	\$ 4,416.63	\$ 1,381.89	453
FHLB	3130AQF65	US Treasury Note	11/30/2022	1,300,000.00	1,160,559.40	1,166,829.33	7,177.08	12/21/2026	4.15%	\$ (7,177.08)	\$ -	\$ -	1482
Treasury	912828U57	US Treasury Note	7/31/2019	1,000,000.00	1,011,875.00	974,335.94		11/30/2023	1.84%	\$ 70,833.33	\$ 54,014.24	\$ 7,759.79	365
Treasury	912828X70	US Treasury Note	12/30/2019	1,000,000.00	1,010,589.29	964,218.75		4/30/2024	1.75%	\$ 62,703.30	\$ 48,922.73	\$ 8,198.44	517
Treasury	912828XT2	US Treasury Note	10/31/2019	1,000,000.00	1,015,667.41	962,734.38		5/31/2024	1.64%	\$ 61,639.34	\$ 44,208.50	\$ 6,951.59	548
American Honda	02665WCQ2	Corporate Bond	9/14/2021	950,000.00	1,012,871.00	936,168.88		10/10/2023	0.41%	\$ 36,924.65	\$ 3,232.93	\$ 1,711.55	314
FFCB	3133EJ3Q0	Gov. Agency Debenture	8/28/2019	1,500,000.00	1,587,503.75	1,466,647.35		12/21/2023	2.12%	\$ 121,348.96	\$ 64,945.24	\$ 9,582.08	386
Freddie Mac	3133EKKT2	Gov. Agency Debenture	6/24/2019	1,550,000.00	1,573,188.00	1,544,142.57		2/8/2023	1.82%	\$ 117,606.25	\$ 86,008.42	\$ 11,941.28	70
Treasury	91282CBE0	Gov. Agency Debenture	9/15/2021	650,000.00	647,615.46	617,982.42		1/15/2024	0.28%	\$ 675.62	\$ 1,447.14	\$ 768.79	411
Subtotal				\$ 46,500,000.00	\$ 46,790,495.71	\$ 44,846,805.54	\$ 11,627.75			\$ 1,599,513.77	\$ 1,050,044.83	\$ 255,122.55	
BNY MM					79,480.09	79,480.09			0.00%				1
LAIF					6,941,939.56	6,941,939.56			2.01%			45,402.09	1
					<b>\$53,811,915.36</b>	<b>\$51,868,225.19</b>				<b>\$ 1,599,513.77</b>	<b>\$ 1,050,044.83</b>	<b>\$ 300,524.64</b>	
<u>Matured Assets</u>													
IBM	459200HG9	Corporate Bond	8/8/2019	1,000,000.00	995,010.00			8/1/2022	2.05%	\$ 55,885.42	\$ 59,141.32	\$ 1,790.47	
JP Morgan Chase	46625HUE1	Gov. Agency Debenture	2/11/2020	900,000.00	934,587.00			9/23/2022	1.74%	\$ 76,537.50	\$ 38,210.60	\$ 3,733.22	
Treasury	912828L57	US Treasury Note	7/22/2019	1,200,000.00	1,197,988.40			9/30/2022	2.09%	\$ 67,016.39	\$ 63,644.66	\$ 5,451.87	
Treasury	912828M80	US Treasury Note	7/22/2019	1,000,000.00	1,006,175.23			11/30/2022	1.81%	\$ 67,158.47	\$ 53,444.10	\$ 7,613.55	
Total Investments "Matured"												<u>\$ 18,589.10</u>	
Total Interest FY 22_23 Matured and Current												<u>\$ 319,113.75</u>	
<b>Maturity Profile</b>					Amount								
0-1 year					\$24,463,332.09								
1-2 years					\$22,098,922.24								
2-3 years					\$3,909,916.45								
3-5 years					<u>\$ 3,339,744.58</u>								
					<u>\$53,811,915.36</u>								
<b>Market to Cost Position Report</b>					Amortized								
<u>Institution</u>					<u>Cost</u>								
BNY Assets					\$46,790,495.71								
BNY MM					79,480.09								
LAIF					<u>6,941,939.56</u>								
Totals:					<u>\$53,811,915.36</u>								



**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 01/10/2023

Item 2.

ITEM NO: 2  
ADDENDUM

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DATE: January 9, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive Monthly Investment Reports for October and November 2022

**REMARKS:**

A commissioner requested documents be distributed to the Commission prior to the meeting. Attachment 3 contains the emails and documents.

**Attachment previously received with the Staff Report:**

1. Monthly Investment Report for October 2022
2. Monthly Investment Report for November 2022

**Attachment received with this Addendum:**

3. Commissioner Emails and Documents

**PREPARED BY:** Gitta Ungvari  
Finance Director

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

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**From:** [Phil Koen](#)  
**To:** [Arn Andrews](#); [Ron Dickel](#)  
**Cc:** [Laurel Prevetti](#)  
**Subject:** Treasurer\_Report\_for\_October\_2022.pdf  
**Date:** Saturday, January 7, 2023 8:44:15 AM  
**Attachments:** [Treasurer\\_Report\\_for\\_October\\_2022.pdf](#)

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EXTERNAL SENDER

Hello Arn and Ron,

Could you please distribute the attached City of Saratoga Treasurer's Report to the FC to discuss during agenda item #2 and #7.

Also I would like to pull agenda item #2 from the consent items because I have a number of questions I would like to ask/discuss.

Thank you.

Phil Koen





## SARATOGA CITY COUNCIL

**MEETING DATE:** December 7, 2022

**DEPARTMENT:** Administrative Services

**PREPARED BY:** Ann Xu, Accountant  
Agnes Pabis, Finance Manager

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**SUBJECT: Treasurer's Report for the Month Ended October 31, 2022**

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### RECOMMENDED ACTION:

Review and accept the Treasurer's Report for the month ended October 31, 2022.

### BACKGROUND:

California government code section 41004 requires that the City Treasurer submits to the City Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. The Municipal Code of the City of Saratoga, Article 2-20, Section 2-20.035 designates the City Manager as the City Treasurer. This report is prepared to fulfill this requirement.

The following attachments provide various financial transaction data for the City of Saratoga's Funds collectively as well as specifically for the City's General (Operating) Fund, including an attachment from the State Treasurer's Office of Quarterly LAIF rates from the 1<sup>st</sup> Quarter of 1977 to the present.

### FISCAL STATEMENT:

#### *Cash and Investments Balance by Fund*

As of October 31, 2022, the City's unaudited cash and investments totaled \$34,998,784. The City Council's adopted policy on the Working Capital Reserve Fund states that effective July 1, 2016: for cash flow purposes and to avoid the occurrence of dry period financing, pooled cash from all funds should not be allowed to fall below \$1,000,000. The total pooled cash balance of \$34.9 million exceeds the minimum amount required.

Cash Summary	
Comerica Bank	\$ 2,366,778
Deposit with LAIF	\$ 32,632,006
<b>Total Cash</b>	<b>\$ 34,998,784</b>

### ***City's Current Financial Position***

In accordance with California government code section 53646 (b) (3), the City is financially well positioned and able to meet its estimated expenditure requirements for the next six months. As of October 31, 2022, the City's financial position (Assets \$35.2M, Liabilities \$4.9M, and Fund Equity \$30.3M) remains very strong and there are no issues in meeting financial obligations now or in the foreseeable future.

The following Fund Balance schedule represents actual funding available for all funds at the end of the monthly period. This amount differs from the above Cash Summary schedule as assets and liabilities are components of the fund balance. 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.

<b>Adjusting Cash to Ending Fund Balance</b>		
Total Cash	\$	34,998,784
Plus: Assets		177,614
Less: Liabilities		(4,876,570)
<b>Ending Fund Balance</b>	<b>\$</b>	<b>30,299,828</b>

### **ATTACHMENTS:**

Table 1 – Change in Total Fund Balances by Fund

Table 2 – Change in Total Fund Balances by CIP Project

Chart 1 – Change in Investment Pool Balance by Month

Chart 2 – Local Agency Investment Fund (LAIF) Quarterly Apportionment Rates

**TABLE 1: CHANGES IN TOTAL FUND BALANCE**

Fund Description	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) Jul - Sep	Current Revenue	Current Expenditure	Transfer In	Transfer Out	Fund Balance 10/31/2022
<b>General Fund</b>							
Committed Fund Balances:							
Hillside Stability Reserve	1,000,000	-	-	-	-	-	1,000,000
Assigned Fund Balances:							
Future Capital Replacement & Efficiency Project Reserve	3,509,000	-	-	-	-	-	3,509,000
Carryforwards Reserve	20,000	-	-	-	-	-	20,000
Facility Reserve	3,700,000	-	-	-	-	-	3,700,000
Unassigned Fund Balances:							
Working Capital Reserve	1,000,000	-	-	-	-	-	1,000,000
Fiscal Stabilization Reserve	3,250,000	-	-	-	-	-	3,250,000
Compensated Absences Reserve	330,000	-	-	-	-	-	330,000
Other Unassigned Fund Balance Reserve (Pre YE distribution)	2,601,458	(3,928,371)	1,162,030	(1,551,359)	-	-	(1,716,242) *
<b>General Fund Total</b>	<b>15,410,458</b>	<b>(3,928,371)</b>	<b>1,162,030</b>	<b>(1,551,359)</b>	<b>-</b>	<b>-</b>	<b>11,092,758</b>
<b>Special Revenue</b>							
Landscape/Lighting Districts	977,231	(57,805)	847	(17,579)	-	-	902,694
ARPA Federal Grants	7,127,589	-	-	-	-	-	7,127,589
<b>Special Revenue Fund Total</b>	<b>8,104,820</b>	<b>(57,805)</b>	<b>847</b>	<b>(17,579)</b>	<b>-</b>	<b>-</b>	<b>8,030,283</b>
<b>Debt Service</b>							
Library Bond	805,311	(710,933)	2,754	-	-	-	97,132
Arowhead Bond	124,402	(69,541)	-	(767)	-	-	54,094
<b>Debt Service Fund Total</b>	<b>929,714</b>	<b>(780,474)</b>	<b>2,754</b>	<b>(767)</b>	<b>-</b>	<b>-</b>	<b>151,226</b>
<b>Internal Service Fund</b>							
Liability/Risk Management	641,403	(588,061)	-	(11,324)	-	-	42,018
Workers Compensation	232,829	(226)	1,535	(55,007)	-	-	179,130
Office Support Fund	155,443	4,072	615	(1,473)	-	-	158,658
Information Technology Services	661,159	(6,254)	797	(50,198)	-	-	605,505
Vehicle & Equipment Maintenance	278,317	17,846	-	(23,027)	-	-	273,136
Building Maintenance	764,302	30,844	-	(62,168)	-	-	732,977
Vehicle & Equipment Replacement	905,217	24,738	-	-	-	-	929,954
Technology Replacement	798,337	37,263	-	-	-	-	835,600
Facility FFE Replacement	941,400	46,334	-	-	-	-	987,735
<b>Internal Service Fund Total</b>	<b>5,378,407</b>	<b>(433,444)</b>	<b>2,947</b>	<b>(203,197)</b>	<b>-</b>	<b>-</b>	<b>4,744,713</b>
<b>Trust/Agency</b>							
WVCWP Agency Fund	558,655	197,263	-	(47,148)	-	-	708,769
<b>Trust/Agency Fund Total</b>	<b>558,655</b>	<b>197,263</b>	<b>-</b>	<b>(47,148)</b>	<b>-</b>	<b>-</b>	<b>708,769</b>
<b>Capital Project</b>							
Street Projects	3,381,066	(432,231)	132,561	(86,642)	-	-	2,994,755
Park and Trail Projects	849,562	(1,824)	-	(16,720)	-	-	831,019
Facility Projects	623,475	(155,704)	5,029	(2,098)	-	-	470,702
Administrative Projects	1,429,921	(50,295)	5,226	(14,050)	-	-	1,370,802
Tree Fund Projects	52,541	-	-	-	-	-	52,541
Park In-Lieu Projects	1,172,555	30,098	-	(62,663)	-	-	1,139,991
CIP Grant Street Projects	(46,912)	(2,131)	-	(12,228)	-	-	(61,271) *
CIP Grant Park & Trail Projects	-	100,000	-	(196,841)	-	-	(96,841) *
CIP Grant Administrative Projects	(164,574)	-	-	-	-	-	(164,574) *
CIP Grant ARPR/SLFRF Projects	-	(142,725)	-	(182,105)	-	-	(324,830) *
Gas Tax Fund Projects	247,731	258,409	127,538	(1,273,891)	-	-	(640,213) *
<b>CIP Fund Total</b>	<b>7,545,366</b>	<b>(396,402)</b>	<b>270,354</b>	<b>(1,847,238)</b>	<b>-</b>	<b>-</b>	<b>5,572,079</b>
<b>Total City</b>	<b>37,927,419</b>	<b>(5,399,234)</b>	<b>1,438,931</b>	<b>(3,667,288)</b>	<b>-</b>	<b>-</b>	<b>30,299,828</b>

\*Negative fund balance due to authorized spending of anticipated revenues

**TABLE 2: FUND BALANCES BY CIP PROJECT**

CIP Funds/Projects	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) Jul - Sep	Current Revenue	Current Expenditure	Transfer In	Transfer Out	Fund Balance 10/31/2022
<b>Street Projects</b>							
Annual Road Improvements	1,009,556	(137,971)	132,561	(37,196)	-	-	966,951
Roadway Safety & Traffic Calming	147,118	-	-	-	-	-	147,118
Citywide Traffic Signal Battery Backup	266,315	-	-	-	-	-	266,315
Portable Radar Feedback Sign	1,548	-	-	-	-	-	1,548
Local Roadway Safety Plan	3,410	(237)	-	(126)	-	-	3,047
Prospect/Saratoga Median Improvement	309,379	-	-	-	-	-	309,379
Village Clock	8,626	(6,066)	-	-	-	-	2,560
Big Basin Way/Blaney Trash Can Replacement	50,802	-	-	-	-	-	50,802
Annual Infrastructure Maintenance & Repairs	41,431	(13,705)	-	-	-	-	27,726
Guava Court Curb & Gutter Replacement	280,000	-	-	-	-	-	280,000
El Camino Grande Storm Drain Pump	104	-	-	-	-	-	104
Saratoga Village Crosswalk & Sidewalk Rehabilitation	49,055	(1,052)	-	-	-	-	48,004
Quito Road Sidewalk Improvements	43,370	-	-	-	-	-	43,370
Saratoga/Sunnyvale Road Sidewalk	92,158	-	-	-	-	-	92,158
Quito Road Sidewalk Rehabilitation and Gap Closure	182,609	-	-	-	-	-	182,609
Fourth Street Bridge Widening	99,837	-	-	(1,438)	-	-	98,399
Quito Road Bridge Replacement	132,197	-	-	(162)	-	-	132,035
Quito Road Bridge - ROW Acquisition	3,662	-	-	-	-	-	3,662
Annual Retaining Wall Maintenance & Repairs	222,450	3,209	-	(333)	-	-	225,327
Mt. Eden Erosion Repair	59,622	(3,209)	-	-	-	-	56,412
Continental Circle Landslide Stabilization	57,447	-	-	-	-	-	57,447
Pierce Road Retainment	300,290	(273,200)	-	(47,389)	-	-	(20,299) *
Mt. Eden Emergency Landslide	20,080	-	-	-	-	-	20,080
<b>Total Street Projects</b>	<b>3,381,066</b>	<b>(432,231)</b>	<b>132,561</b>	<b>(86,642)</b>	<b>-</b>	<b>-</b>	<b>2,994,755</b>
<b>Parks &amp; Trails Projects</b>							
Park/Trail Repairs	32,873	-	-	-	-	-	32,873
Hakone Gardens Infrastructure Improvements	16,599	-	-	-	-	-	16,599
Hakone Pond Reconstruction	300,000	-	-	-	-	-	300,000
Beauchamps Park Playground Replacement	35,131	-	-	(11,418)	-	-	23,713
Guava/Fredericksburg Entrance	235,970	(1,824)	-	(5,302)	-	-	228,844
Saratoga Village to Quarry Park Walkway - Design	228,989	-	-	-	-	-	228,989
<b>Total Parks &amp; Trails Projects</b>	<b>849,562</b>	<b>(1,824)</b>	<b>-</b>	<b>(16,720)</b>	<b>-</b>	<b>-</b>	<b>831,019</b>
<b>Facility Projects</b>							
Open Work Space	80,000	-	-	-	-	-	80,000
Civic Theater Improvements	-	4,458	5,029	-	-	-	9,486
PEG Funded Project	113,650	-	-	-	-	-	113,650
Community Center Improvement	24,513	(3,351)	-	-	-	-	21,162
Community Center Generator and EV Charging Stations	395,312	(156,811)	-	(2,098)	-	-	236,404
Library Building Exterior Maintenance	10,000	-	-	-	-	-	10,000
<b>Total Facility Projects</b>	<b>623,475</b>	<b>(155,704)</b>	<b>5,029</b>	<b>(2,098)</b>	<b>-</b>	<b>-</b>	<b>470,702</b>
<b>Administrative and Technology Projects</b>							
Safe Routes to School	-	(1,245)	-	-	-	-	(1,245) *
City Website/Intranet	16,948	-	-	-	-	-	16,948
Development Technology	20,538	552	13	(9,455)	-	-	11,648
Software Technology Management	118,695	20,916	5,213	-	-	-	144,824
LLD Initiation Match Program	25,000	-	-	-	-	-	25,000
Horseshoe Beautification	13,295	(290)	-	-	-	-	13,005
Business Renewal Program	6,643	-	-	(2,345)	-	-	4,298
Citywide Accessibility Assessment	28,066	-	-	-	-	-	28,066
City Art Program	53,669	-	-	-	-	-	53,669
Safe Routes to School Needs Assessment	15,748	-	-	-	-	-	15,748
El Quito Neighborhood Improvements	284,507	-	-	-	-	-	284,507
Parking District ADA Improvements and Rehabilitation	250,000	-	-	-	-	-	250,000
Storm Drain Master Plan	300,000	-	-	-	-	-	300,000
ADA Self Assessment	-	-	-	(2,250)	-	-	(2,250) *
General Plan Update	238,592	(70,228)	-	-	-	-	168,364
Wildfire Mitigation Program	4,067	-	-	-	-	-	4,067
Risk Management Project Funding	54,153	-	-	-	-	-	54,153
<b>Total Administrative and Technology Projects</b>	<b>1,429,921</b>	<b>(50,295)</b>	<b>5,226</b>	<b>(14,050)</b>	<b>-</b>	<b>-</b>	<b>1,370,802</b>

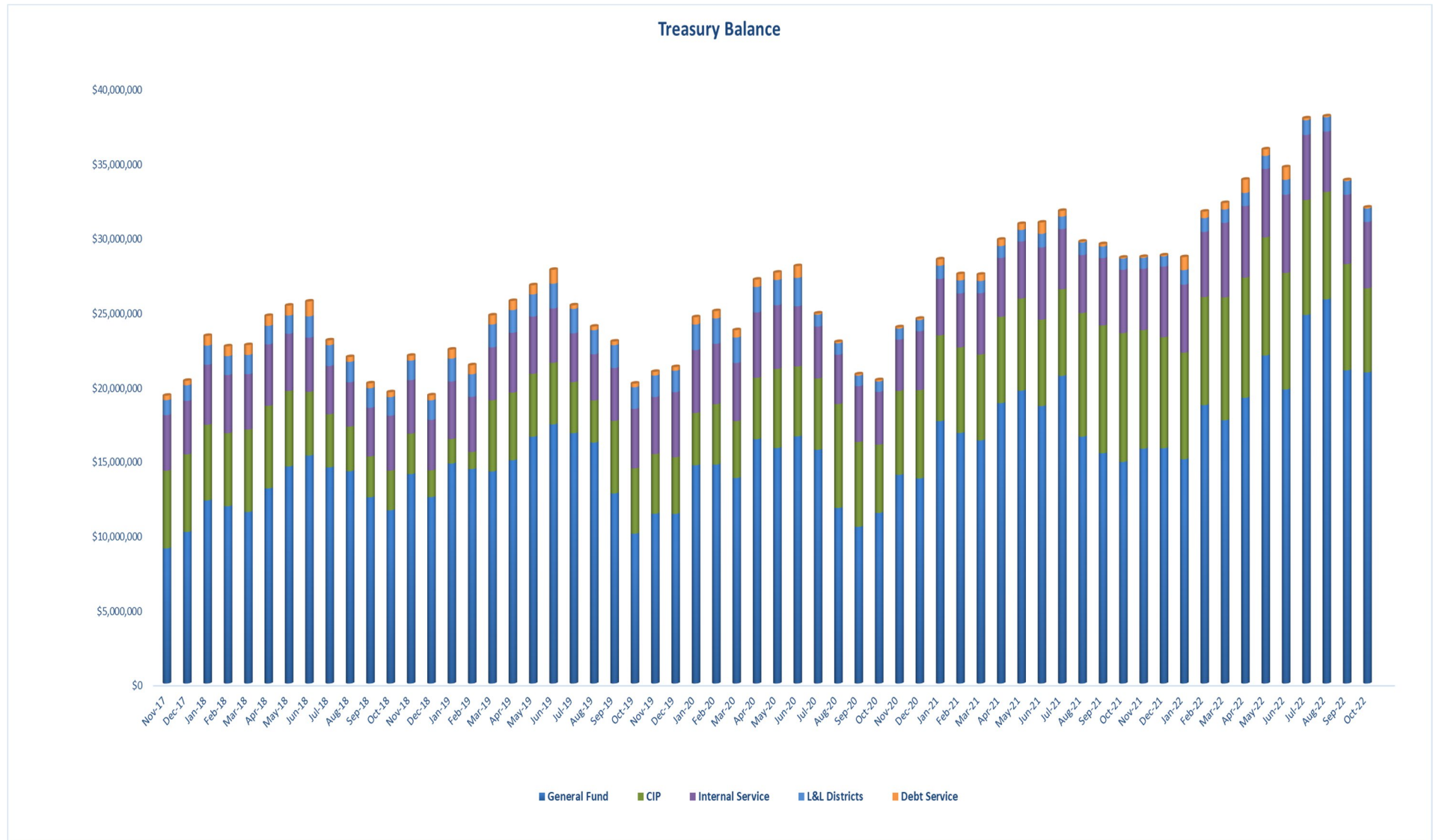
\*Negative fund balance due to authorized spending of anticipated revenues

TABLE 2 (cont.): FUND BALANCES BY CIP PROJECT

CIP Funds/Projects	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) Jul - Sep	Current Revenue	Current Expenditure	Transfer In	Transfer Out	Fund Balance 10/31/2022
<b>Tree Fund Projects</b>							
Citywide Tree Planting Program	26,666	-	-	-	-	-	26,666
Tree Dedication Program	25,875	-	-	-	-	-	25,875
<b>Total Tree Fund Projects</b>	52,541	-	-	-	-	-	52,541
<b>Park In-Lieu Projects</b>							
Orchard Irrigation & Tree Planting	10,947	-	-	-	-	-	10,947
Hakone Gardens Infrastructure	82,420	-	-	-	-	-	82,420
Trail Pet Stations	25,000	-	-	-	-	-	25,000
Saratoga Village to Quarry Park Walkway - Design	73,810	-	-	-	-	-	73,810
Unallocated Park In-Lieu Funds	970,299	31,343	-	-	-	-	1,001,642
<b>Total Park In-Lieu Projects</b>	1,172,555	30,098	-	(62,663)	-	-	1,139,991
<b>CIP Grant Street Projects</b>							
Local Roadway Safety Plan	(1,619)	(2,131)	-	(1,132)	-	-	(4,882) *
Prospect/Saratoga Median Improvement	(19,217)	-	-	-	-	-	(19,217) *
Citywide Signal Upgrade II	18	-	-	-	-	-	18
Saratoga Ave Sidewalk	(34,146)	-	-	-	-	-	(34,146) *
Village Sidewalk, Curb & Gutter - Phase II Construction	(91)	-	-	-	-	-	(91) *
Saratoga Village Crosswalk & Sidewalk Rehabilitation	(834)	-	-	-	-	-	(834) *
4th Street Bridge	-	-	-	(11,096)	-	-	(11,096) *
Quito Bridge Replacement	18,597	-	-	-	-	-	18,597
Quito Road Bridges - ROW Acquisition	(9,619)	-	-	-	-	-	(9,619) *
<b>Total CIP Grant Street Projects</b>	(46,912)	(2,131)	-	(12,228)	-	-	(61,271)
<b>CIP Grant Park &amp; Trail Projects</b>							
Beauchamps Park Playground	-	-	-	(196,841)	-	-	(196,841) *
Park and Trail Fire Mitigation	-	100,000	-	-	-	-	100,000
<b>Total CIP Grant Park &amp; Trail Projects</b>	-	100,000	-	(196,841)	-	-	(96,841)
<b>CIP Grant Administrative Projects</b>							
CDD Software/ADA	(14,574)	-	-	-	-	-	(14,574) *
General Plan Update (LEAP)	(150,000)	-	-	-	-	-	(150,000) *
<b>Total CIP Grant Administrative Projects</b>	(164,574)	-	-	-	-	-	(164,574)
<b>CIP Grant ARPA/SLFRF Projects</b>							
Storm Water Master Plan	-	(88,055)	-	(139,398)	-	-	(227,453) *
Saratoga Village Water Improvement	-	(54,670)	-	(42,707)	-	-	(97,377) *
<b>Total CIP Grant ARPA/SLFRF Projects</b>	-	(142,725)	-	(182,105)	-	-	(324,830)
<b>Gas Tax Fund Projects</b>							
Annual Roadway Improvements	194,170	258,409	127,538	(1,273,891)	-	-	(693,774) *
Prospect/Saratoga Median Improvements	48,278	-	-	-	-	-	48,278
Big Basin Way Sidewalk Repairs	(1,802)	-	-	-	-	-	(1,802) *
Quito Road Bridges	7,085	-	-	-	-	-	7,085
<b>Total Gas Tax Fund Projects</b>	247,731	258,409	127,538	(1,273,891)	-	-	(640,213)
<b>Total CIP Funds</b>	<b>7,545,366</b>	<b>(396,402)</b>	<b>270,354</b>	<b>(1,847,238)</b>	<b>-</b>	<b>-</b>	<b>5,572,079</b>

\*Negative fund balance due to authorized spending of anticipated revenues

**CHART 1: CHANGE IN INVESTMENT POOL BALANCE BY MONTH**



## CHART 2

### Local Agency Investment Fund Quarterly Apportionment Rates

	March	June	September	December
1977	5.68	5.78	5.84	6.45
1978	6.97	7.35	7.86	8.32
1979	8.81	9.10	9.26	10.06
1980	11.11	11.54	10.01	10.47
1981	11.23	11.68	12.40	11.91
1982	11.82	11.99	11.74	10.71
1983	9.87	9.64	10.04	10.18
1984	10.32	10.88	11.53	11.41
1985	10.32	9.98	9.54	9.43
1986	9.09	8.39	7.81	7.48
1987	7.24	7.21	7.54	7.97
1988	8.01	7.87	8.20	8.45
1989	8.76	9.13	8.87	8.68
1990	8.52	8.50	8.39	8.27
1991	7.97	7.38	7.00	6.52
1992	5.87	5.45	4.97	4.67
1993	4.64	4.51	4.44	4.36
1994	4.25	4.45	4.96	5.37
1995	5.76	5.98	5.89	5.76
1996	5.62	5.52	5.57	5.58
1997	5.56	5.63	5.68	5.71
1998	5.70	5.66	5.64	5.46
1999	5.19	5.08	5.21	5.49
2000	5.80	6.18	6.47	6.52
2001	6.16	5.32	4.47	3.52
2002	2.96	2.75	2.63	2.31
2003	1.98	1.77	1.63	1.56
2004	1.47	1.44	1.67	2.00
2005	2.38	2.85	3.18	3.63
2006	4.03	4.53	4.93	5.11
2007	5.17	5.23	5.24	4.96
2008	4.18	3.11	2.77	2.54
2009	1.91	1.51	0.90	0.60
2010	0.56	0.56	0.51	0.46
2011	0.51	0.48	0.38	0.38
2012	0.38	0.36	0.35	0.32
2013	0.28	0.24	0.26	0.26
2014	0.24	0.22	0.24	0.25
2015	0.26	0.28	0.32	0.37
2016	0.46	0.55	0.60	0.68
2017	0.78	0.92	1.07	1.20
2018	1.51	1.90	2.16	2.40
2019	2.55	2.57	2.45	2.29
2020	2.03	1.36	0.84	0.63
2021	0.44	0.33	0.24	0.23
2022	0.32	0.75	1.35	

**From:** [Phil Koen](#)  
**To:** [Arn Andrews](#); [Ron Dickel](#)  
**Cc:** [Laurel Prevetti](#)  
**Subject:** Pages from FY-202122-ACFR - (2)(1).pdf  
**Date:** Saturday, January 7, 2023 10:19:38 AM  
**Attachments:** [Pages from FY-202122-ACFR - \(2\)\(1\).pdf](#)

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EXTERNAL SENDER

Hello Arn and Ron,

Could you please include the attached in the FC packet to be discussed during agenda item #2.

Thank you,

Phil Koen



**TOWN OF LOS GATOS, CALIFORNIA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2022**

Item 2.

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash & investments	\$ 33,524,572	\$ 17,435,006	\$ 9,419,042	\$ 60,378,620
Restricted cash & investments	690,000	-	-	690,000
Receivables:				
Accounts	1,813,336	396,644	63,244	2,273,224
Interest	193,357	-	-	193,357
Intergovernmental	1,938,789	47	237,941	2,176,777
Other assets	136,908	-	-	136,908
Lease receivable	-	331,696	-	331,696
Long term note receivable	1,359,000	-	78,752	1,437,752
<b>Total Assets</b>	<b>\$ 39,655,962</b>	<b>\$ 18,163,393</b>	<b>\$ 9,798,979</b>	<b>\$ 67,618,334</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,453,060	\$ 982,744	\$ 4,450	\$ 2,440,254
Accrued payroll and benefits	1,109,010	-	5,096	1,114,106
Due to other governments	62,712	100,000	42	162,754
Unearned revenue	3,240,516	2,007,096	64,795	5,312,407
Deposits	6,893,875	-	-	6,893,875
<b>Total Liabilities</b>	<b>12,759,173</b>	<b>3,089,840</b>	<b>74,383</b>	<b>15,923,396</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases	-	327,100	-	327,100
Unavailable revenue	-	505,700	-	505,700
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>832,800</b>	<b>-</b>	<b>832,800</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Loans receivable	159,000	-	-	159,000
Restricted for:				
Library	-	-	555,253	555,253
Capital projects	-	-	8,357,393	8,357,393
Repairs and maintenance	-	-	174,239	174,239
Pensions	690,000	-	-	690,000
VTA	-	296,598	-	296,598
Committed to:				
Budget stabilization	5,991,566	-	-	5,991,566
Catastrophic	5,991,566	-	-	5,991,566
Pensions/OPEB	300,000	-	-	300,000
Special revenue funds	-	-	637,711	637,711
Assigned to:				
Open Space	410,000	152,000	-	562,000
Parking	-	100,000	-	100,000
Sustainability	140,553	-	-	140,553
Capital/Special projects	11,071,231	13,642,155	-	24,713,386
Carryover encumbrances	33,145	-	-	33,145
Comcast PEG	-	50,000	-	50,000
Compensated Absences	1,519,147	-	-	1,519,147
Measure G 2018 district sales tax	590,581	-	-	590,581
<b>Total Fund Balances</b>	<b>26,896,789</b>	<b>14,240,753</b>	<b>9,724,596</b>	<b>50,862,138</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 39,655,962</b>	<b>\$ 18,163,393</b>	<b>\$ 9,798,979</b>	<b>\$ 67,618,334</b>

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



**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 01/10/2022

ITEM NO: 3

Item 3.

---

DATE: January 4, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Selection of Finance Commission Chair and Vice Chair

**RECOMMENDATION:**

Selection of Finance Commission Chair and Vice Chair.

**PREPARED BY:** Arn Andrews  
Assistant Town Manager

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

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**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 01/10/2023

ITEM NO: 4

Item 4.

---

DATE: January 4, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Approve the Finance Commission Meeting Dates and Times for 2023

**RECOMMENDATION:**

Approve the Finance Commission meeting dates and times for 2023.

**DISCUSSION:**

In 2022, the Commission's regular meetings were the second Monday of each month at 5 p.m. The Commission may choose to retain this schedule or consider a different one.

**PREPARED BY:** Arn Andrews  
Assistant Town Manager

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

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**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 01/10/2023

ITEM NO: 5

Item 5.

DATE: January 5, 2023  
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 1<sup>st</sup>). 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 05, 2023

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 2021/22 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 2021/22 Annual City Financial Report



**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 01/10/2023

ITEM NO: 5

ADDENDUM

Item 5.

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DATE: January 8, 2023  
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 1 contains the Draft FY 2021/22 Annual City Financial Report

Attachment received with this Addendum:

1. Draft FY 2021/22 Annual City Financial Report

PREPARED BY: Gitta Ungvari  
Finance Director

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

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City of Los Gatos  
Cities' Financial Transactions Report  
General Information

Item 5.

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	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@cnallp.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

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)

Building maintenance ▼

**Operating Revenues**

R02. Charges for Services 878,128

R03. Other Operating Revenues 178,199

R04. **Total Operating Revenues** \$1,056,327**Operating Expenses**

R05. Personnel Services

R06. Contractual Services 346,284

R07. Materials and Supplies 153,398

R08. General and Administrative Expenses 580,303

R09. Depreciation and Amortization Expenses

R10. Other Operating Expenses 142,794

R11. **Total Operating Expenses** \$1,222,779R12. **Operating Income (Loss)** \$-166,452**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** \$0R21. **Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items** \$-166,452



**Capital Contributions**

R22.	Federal	<input type="text"/>
R23.	State	<input type="text"/>
R24.	Other Capital Contributions	<input type="text"/>
R25.	<b>Total Capital Contributions</b>	<input type="text" value="\$0"/>
R26.	<b>Transfers In</b>	<input type="text" value="251,194"/>
R27.	<b>Transfers Out</b>	<input type="text"/>

**Special and Extraordinary Items**

R27.5	Special Item	<input type="text"/>
R27.6	Extraordinary Item	<input type="text"/>
R27.7	<b>Total Special and Extraordinary Items</b>	<input type="text" value="\$0"/>

R28.	<b>Change in Net Position</b>	<input type="text" value="\$84,742"/>
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R29.	<b>Net Position (Deficit), Beginning of Fiscal Year</b>	<input type="text" value="\$156,340"/>
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R30.	<b>Adjustment</b>	<input type="text" value="687,399"/>
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R31.	Reason for Adjustment	<input type="text" value="GASB 87 Implementation"/>
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R32.	<b>Net Position (Deficit), End of Fiscal Year</b>	<input type="text" value="\$928,481"/>
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**Net Position (Deficit)**

R33.	Net Investment in Capital Assets	<input type="text"/>
R34.	Restricted	<input type="text"/>
R35.	Unrestricted	<input type="text" value="928,481"/>
R36.	<b>Total Net Position (Deficit)</b>	<input type="text" value="\$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.	<b>Internal Service Fund Name (Specify)</b> (2 of 7) (Record Completed)	Equipment replacement ▼
<b>Operating Revenues</b>		
R02.	Charges for Services	540,957
R03.	Other Operating Revenues	3,274
R04.	<b>Total Operating Revenues</b>	\$544,231
<b>Operating Expenses</b>		
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.	<b>Total Operating Expenses</b>	\$161,767
R12.	<b>Operating Income (Loss)</b>	\$382,464
<b>Nonoperating Revenues</b>		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	45,210
R15.	Other Nonoperating Revenues	
R16.	<b>Total Nonoperating Revenues</b>	\$45,210
<b>Nonoperating Expenses</b>		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	<b>Total Nonoperating Expenses</b>	\$0
R21.	<b>Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items</b>	\$427,674

<b>Capital Contributions</b>		
R22.	Federal	<input type="text"/>
R23.	State	<input type="text"/>
R24.	Other Capital Contributions	<input type="text"/>
R25.	<b>Total Capital Contributions</b>	<input type="text" value="\$0"/>
R26.	<b>Transfers In</b>	<input type="text"/>
R27.	<b>Transfers Out</b>	<input type="text" value="-94,816"/>
<b>Special and Extraordinary Items</b>		
R27.5	Special Item	<input type="text"/>
R27.6	Extraordinary Item	<input type="text"/>
R27.7	<b>Total Special and Extraordinary Items</b>	<input type="text" value="\$0"/>
R28.	<b>Change in Net Position</b>	<input type="text" value="\$332,858"/>
R29.	<b>Net Position (Deficit), Beginning of Fiscal Year</b>	<input type="text" value="\$1,889,536"/>
R30.	<b>Adjustment</b>	<input type="text"/>
R31.	Reason for Adjustment	<input type="text"/>
R32.	<b>Net Position (Deficit), End of Fiscal Year</b>	<input type="text" value="\$2,222,394"/>
<b>Net Position (Deficit)</b>		
R33.	Net Investment in Capital Assets	<input type="text"/>
R34.	Restricted	<input type="text"/>
R35.	Unrestricted	<input type="text" value="2,222,394"/>
R36.	<b>Total Net Position (Deficit)</b>	<input type="text" value="\$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.	<b>Internal Service Fund Name (Specify)</b> (3 of 7) (Record Completed)	Information Technology ▼
<b>Operating Revenues</b>		
R02.	Charges for Services	998,157
R03.	Other Operating Revenues	
R04.	<b>Total Operating Revenues</b>	\$998,157
<b>Operating Expenses</b>		
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.	<b>Total Operating Expenses</b>	\$878,049
R12.	<b>Operating Income (Loss)</b>	\$120,108
<b>Nonoperating Revenues</b>		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	
R15.	Other Nonoperating Revenues	
R16.	<b>Total Nonoperating Revenues</b>	\$0
<b>Nonoperating Expenses</b>		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	<b>Total Nonoperating Expenses</b>	\$0
R21.	<b>Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items</b>	\$120,108

<b>Capital Contributions</b>		
R22.	Federal	
R23.	State	
R24.	Other Capital Contributions	
R25.	<b>Total Capital Contributions</b>	\$0
R26.	<b>Transfers In</b>	
R27.	<b>Transfers Out</b>	
<b>Special and Extraordinary Items</b>		
R27.5	Special Item	
R27.6	Extraordinary Item	
R27.7	<b>Total Special and Extraordinary Items</b>	\$0
R28.	<b>Change in Net Position</b>	\$120,108
R29.	<b>Net Position (Deficit), Beginning of Fiscal Year</b>	\$2,870,822
R30.	<b>Adjustment</b>	
R31.	Reason for Adjustment	
R32.	<b>Net Position (Deficit), End of Fiscal Year</b>	\$2,990,930
<b>Net Position (Deficit)</b>		
R33.	Net Investment in Capital Assets	
R34.	Restricted	
R35.	Unrestricted	2,990,930
R36.	<b>Total Net Position (Deficit)</b>	\$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.	<b>Internal Service Fund Name (Specify)</b> (4 of 7) (Record Completed)	Self insurance ▼
<b>Operating Revenues</b>		
R02.	Charges for Services	366,134
R03.	Other Operating Revenues	
R04.	<b>Total Operating Revenues</b>	\$366,134
<b>Operating Expenses</b>		
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.	<b>Total Operating Expenses</b>	\$583,924
R12.	<b>Operating Income (Loss)</b>	\$-217,790
<b>Nonoperating Revenues</b>		
R13.	Investment Income	
R14.	Gain on Disposal of Capital Assets	
R15.	Other Nonoperating Revenues	
R16.	<b>Total Nonoperating Revenues</b>	\$0
<b>Nonoperating Expenses</b>		
R17.	Interest Expense	
R18.	Loss on Disposal of Capital Assets	
R19.	Other Nonoperating Expenses	
R20.	<b>Total Nonoperating Expenses</b>	\$0
R21.	<b>Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items</b>	\$-217,790

**Capital Contributions**

R22.	Federal	<input type="text"/>
R23.	State	<input type="text"/>
R24.	Other Capital Contributions	<input type="text"/>
R25.	<b>Total Capital Contributions</b>	<input type="text" value="\$0"/>
R26.	<b>Transfers In</b>	<input type="text"/>
R27.	<b>Transfers Out</b>	<input type="text"/>

**Special and Extraordinary Items**

R27.5	Special Item	<input type="text"/>
R27.6	Extraordinary Item	<input type="text"/>
R27.7	<b>Total Special and Extraordinary Items</b>	<input type="text" value="\$0"/>
R28.	<b>Change in Net Position</b>	<input type="text" value="\$-217,790"/>
R29.	<b>Net Position (Deficit), Beginning of Fiscal Year</b>	<input type="text" value="\$1,021,083"/>
R30.	<b>Adjustment</b>	<input type="text"/>
R31.	Reason for Adjustment	<input type="text"/>
R32.	<b>Net Position (Deficit), End of Fiscal Year</b>	<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.	<b>Total Net Position (Deficit)</b>	<input type="text" value="\$803,293"/>

DRAFT

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



Capital Contributions

R22. Federal

R23. State

R24. Other Capital Contributions

R25. Total Capital Contributions

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

R28. Change in Net Position

R29. Net Position (Deficit), Beginning of Fiscal Year

R30. Adjustment

R31. Reason for Adjustment

R32. Net Position (Deficit), End of Fiscal Year

Net Position (Deficit)

R33. Net Investment in Capital Assets

R34. Restricted

R35. Unrestricted

R36. Total Net Position (Deficit)

\$0

\$0

\$0

\$0

0

\$0

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.	<b>Internal Service Fund Name (Specify)</b> (6 of 7) (Record Completed)	Vehicle maintenance ▼
<b>Operating Revenues</b>		
R02.	Charges for Services	<input type="text"/>
R03.	Other Operating Revenues	<input type="text"/>
R04.	<b>Total Operating Revenues</b>	<input type="text" value="\$0"/>
<b>Operating Expenses</b>		
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.	<b>Total Operating Expenses</b>	<input type="text" value="\$0"/>
R12.	<b>Operating Income (Loss)</b>	<input type="text" value="\$0"/>
<b>Nonoperating Revenues</b>		
R13.	Investment Income	<input type="text"/>
R14.	Gain on Disposal of Capital Assets	<input type="text"/>
R15.	Other Nonoperating Revenues	<input type="text"/>
R16.	<b>Total Nonoperating Revenues</b>	<input type="text" value="\$0"/>
<b>Nonoperating Expenses</b>		
R17.	Interest Expense	<input type="text"/>
R18.	Loss on Disposal of Capital Assets	<input type="text"/>
R19.	Other Nonoperating Expenses	<input type="text"/>
R20.	<b>Total Nonoperating Expenses</b>	<input type="text" value="\$0"/>
R21.	<b>Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items</b>	<input type="text" value="\$0"/>

Capital Contributions

R22. Federal

R23. State

R24. Other Capital Contributions

R25. Total Capital Contributions

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

R28. Change in Net Position

R29. Net Position (Deficit), Beginning of Fiscal Year

R30. Adjustment

R31. Reason for Adjustment

R32. Net Position (Deficit), End of Fiscal Year

Net Position (Deficit)

R33. Net Investment in Capital Assets

R34. Restricted

R35. Unrestricted

R36. Total Net Position (Deficit)

\$0

\$0

\$0

\$0

\$0

0

\$0

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

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

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

Item 5.

Back to Form: Functional Revenue Details

Fiscal Year: 2022

Form #15

Functional Revenue Detail List:

Revenue Form	Functional Revenue	Expenditure Form	Expenditure Function	Amount
SpecialBenefitAssessments	Lighting	TransportationCommunityDevelopment	Streets – Trees/Landscaping	38,611
			<b>Sub Total:</b>	\$38,611
LicensesPermits	Construction Permits	TransportationCommunityDevelopment	Construction and Engineering Regulation	2,113,120
		TransportationCommunityDevelopment	Planning	537,721
			<b>Sub Total:</b>	\$2,650,841
FinesForfeituresRevenue	Forfeitures and Penalties	TransportationCommunityDevelopment	Construction and Engineering Regulation	18,543
		HealthCultureLeisure	Libraries	7
		GeneralGovernmentPublicSafety	Police	31,924
			<b>Sub Total:</b>	\$50,474
FinesForfeituresRevenue	Investment Income	HealthCultureLeisure	Libraries	6,231
		TransportationCommunityDevelopment	Streets – Trees/Landscaping	1,865
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	117,484
			<b>Sub Total:</b>	\$125,580
FinesForfeituresRevenue	Rents, Leases, and Concessions	GeneralGovernmentPublicSafety	Police	32,400
			<b>Sub Total:</b>	\$32,400
FinesForfeituresRevenue	Vehicle Code Fines	GeneralGovernmentPublicSafety	Police	248,878
			<b>Sub Total:</b>	\$248,878
IntergovernmentalState	Gasoline Tax	TransportationCommunityDevelopment	Streets/Highways/Storm Drains	1,370,786
			<b>Sub Total:</b>	\$1,370,786
IntergovernmentalState	Peace Officers Standards and Training	GeneralGovernmentPublicSafety	Police	63,798
			<b>Sub Total:</b>	\$63,798
IntergovernmentalState	Public Safety – Prop. 172	GeneralGovernmentPublicSafety	Police	526,481
			<b>Sub Total:</b>	\$526,481
ChargesforCurrentServices	Engineering Fees, Inspection and Other Charges	TransportationCommunityDevelopment	Construction and Engineering Regulation	1,470,953
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	69,720
			<b>Sub Total:</b>	\$1,540,673
ChargesforCurrentServices	Parks and Recreation Fees	HealthCultureLeisure	Parks and Recreation	7,495
			<b>Sub Total:</b>	\$7,495
ChargesforCurrentServices	Plan Checking Fees	TransportationCommunityDevelopment	Construction and Engineering Regulation	765,409
		TransportationCommunityDevelopment	Planning	203,329
		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	381,438
			<b>Sub Total:</b>	\$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
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		TransportationCommunityDevelopment	Streets – Trees/Landscaping	29,000
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**Sub Total:** \$267,862

MiscellaneousRevenues	Contributions from Nongovernmental Sources	TransportationCommunityDevelopment	Construction and Engineering Regulation	535,571
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		HealthCultureLeisure	Libraries	73,105
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		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	136,845
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**Sub Total:** \$745,521

MiscellaneousRevenues	Development Impact Fees	TransportationCommunityDevelopment	Housing	1,200,000
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		TransportationCommunityDevelopment	Planning	871,800
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		TransportationCommunityDevelopment	Streets – Trees/Landscaping	49,434
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		TransportationCommunityDevelopment	Streets/Highways/Storm Drains	937,846
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**Sub Total:** \$3,059,080**Functional Revenue Total:** \$13,281,879**Other Functional Revenue Total:** \$16,069,250**Functional Revenue Grand Total:** \$29,351,129

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

Item 5.

Fiscal Year: 2022

Form #16

	Functional Revenues	General Revenues	Total Revenues
	A	B	C
<b>Taxes</b>			
R01. Secured and Unsecured Property Taxes		14,220,876	14,220,876
R02. Supplemental Roll Secured and Unsecured Property Taxes		1,120,427	1,120,427
R03. Property Tax In-Lieu of Vehicle License Fees		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
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
R13. Interest, Penalties, and Delinquent Taxes		18,551	18,551
R14. Sales and Use Taxes		8,483,673	8,483,673
R16. Transportation Taxes – Transit			
R17. Transportation Taxes – Nontransit			
R18. Transient Occupancy Taxes		1,895,064	1,895,064
R19. Franchises		2,822,515	2,822,515
R20. Business License Taxes		1,481,667	1,481,667
R21. Real Property Transfer Taxes		1,025,554	1,025,554
R22. Utility Users Taxes			
R23. Construction Development Taxes		81,134	81,134
<b>Taxes – Other</b>			
R24. Admission Tax			
R25. Parking Tax			



R27. Other Taxes – Other (Specify)

R27a.

Specify Functional Revenues

Select Expenditure Function

Functional Revenues

Select

Add

R27b.

Specify General Revenues

General Revenues

Add

	Functional Revenues	General Revenues	Total Revenues
	A	B	C
R28. Total Taxes	\$0	\$35,848,351	\$35,848,351

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Fiscal Year: 2022

Form #17

	Functional Revenues
<b>Special Benefit Assessments</b>	
R01. Fire	<input type="text"/>
R02. Paramedics	<input type="text"/>
R03. Police	<input type="text"/>
R04. Lighting	<input type="text" value="38,611"/>
R05. Other Special Benefit Assessments (Specify)	<input type="text"/>
R05a.	
<div><div>Specify Functional Revenues</div><div>Select Expenditure Function</div></div>	
	<div><div><input type="text"/></div><div><div>Select</div><div>▼</div></div><div><input type="text"/></div><div>Add</div></div>
R06. <b>Total Special Benefit Assessments</b>	<input type="text" value="\$38,611"/>

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

Item 5.

Fiscal Year: 2022

Form #18

	Functional Revenues A	General Revenues B	Total Revenues C
<b>Licenses and Permits</b>			
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. <b>Total Licenses and Permits</b>	\$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
<b>Fines, Forfeitures, and Penalties</b>			
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**

General fines and penalties	Legislative	794	Delete
Park citations	Parks and Recreation	400	Delete
	Select		Add
Total:		1,194	

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

		Add
--	--	-----

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

**Revenue from Use of Money and Property**

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**

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

		Add
--	--	-----

	Functional Revenues A	General Revenues B	Total Revenues C
R10. <b>Total Revenue from Use of Money and Property</b>	\$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

Item 5.

Fiscal Year: 2022

Form #20

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

R07.5a

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

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

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

R31a.

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

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

	Functional Revenues A	General Revenues B	Total Revenues C
<b>R32. Total Intergovernmental – State</b>	\$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

Item 5.

Fiscal Year: 2022

Form #21

	Functional Revenues A	General Revenues B	Total Revenues C
<b>Intergovernmental – Federal</b>			
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. <b>Total Intergovernmental – Federal</b>	\$859,883		\$859,883

<b>Intergovernmental – County</b>			
R17. County Grants of State Gasoline Tax			
R18. Other County Grants (Specify)	1,504,787		1,504,787

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
VTA Measure B	Streets/Highways/Storm Drains	1,076,727	Delete
	Select		Add
Total:		1,504,787	

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

		Add
--	--	-----

	Functional Revenues A	General Revenues B	Total Revenues C
R19. <b>Total Intergovernmental – County</b>	\$1,504,787	\$0	\$1,504,787

R20. <b>Other Taxes In-Lieu (Specify)</b>			
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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

## Functional Revenues

## Charges for Current Services

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	

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

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

Item 5.

Fiscal Year: 2022

Form #23

	Functional Revenues A	General Revenues B	Total Revenues C
<b>Miscellaneous Revenues</b>			
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	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
<b>General Government</b>			
R01. Legislative	1,231,480	67,643	1,163,837
R02. Management and Support	7,822,488	243,748	7,578,740
R10. Other General Government 1	6,900,000		6,900,000
R11. Other General Government 2			
R12. <b>Total General Government</b>	<b>\$15,953,968</b>	<b>\$311,391</b>	<b>\$15,642,577</b>
<b>Public Safety</b>			
R13. Police	16,451,190	2,812,755	13,638,435
R24. Fire			
R25. Emergency Medical Service			
R26. Animal Regulation			
R27. Weed Abatement			
R28. Street Lighting			
R29. Disaster Preparedness		10,313,961	-10,313,961
R33. Other Public Safety 1			
R34. Other Public Safety 2			
R35. <b>Total Public Safety</b>	<b>\$16,451,190</b>	<b>\$13,126,716</b>	<b>\$3,324,474</b>

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	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
<b>Transportation</b>			
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. <b>Total Transportation</b>	<b>\$4,038,621</b>	<b>\$6,295,801</b>	<b>\$-2,257,180</b>
<b>Community Development</b>			
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. <b>Total Community Development</b>	<b>\$8,639,128</b>	<b>\$8,785,975</b>	<b>\$-146,847</b>

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

Item 5.

Fiscal Year: 2022

Form #26

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
<b>Health</b>			
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. <b>Total Health</b>	\$440,548	\$358,465	\$82,083
<b>Culture and Leisure</b>			
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. <b>Total Culture and Leisure</b>	\$4,856,521	\$472,781	\$4,383,740

Fiscal Year: 2022

Form #27

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
<b>Public Utilities</b>			
R01. Water			
R02. Gas			
R03. Electric			
R04. Other Public Utilities 1			
R05. Other Public Utilities 2			
R06. Total Public Utilities	\$0	\$0	\$0
<b>Other Expenditures</b>			
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 5.

Go to Form: Functional Revenue Details

Fiscal Year: 2022

Form #28

	Current Expenditures	Functional Revenues	Net Expenditures/(Excess Revenues)
	A	B	C
<b>Debt Service</b>			
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. <b>Total Debt Service</b>	\$156,034		\$156,034
<b>Capital Outlay</b>			
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. <b>Total Capital Outlay</b>	\$10,478,670		\$10,478,670
R15. <b>Grand Totals</b>	\$61,014,680	\$29,351,129	\$31,663,551

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

Item 5.

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. <b>Total Operating Expenditures</b>	<b>\$50,379,976</b>

**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. <b>Total Debt Service</b>	<b>\$156,034</b>

**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. <b>Total Capital Outlay</b>	<b>\$10,478,670</b>
R19. <b>Grand Total Expenditures</b>	<b>\$61,014,680</b>

**Supplemental Data**

## Major Project Expenditures

R20. Pursuant to Competitive Bidding	3,219,275
R21. Other than Competitive Bidding	7,259,395
R22. <b>Total Major Project Expenditures</b>	<b>\$10,478,670</b>

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

Item 5.

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 5.

Fiscal Year: 2022

Form #30.5

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
<b>Additions</b>				
Contributions				
R01. Employer				
R02. Plan Members				
R03. Private Contributions				
R04. Contributions to Pooled Investments				
R05. Other Contributions			1,937,791	
R06. <b>Total Contributions</b>	\$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. <b>Net Securities Lending Income (Loss)</b>	\$0	\$0	\$0	\$0
R15. <b>Net Investment Income (Loss)</b>	\$0	\$0	\$15,562	\$0
R15.5 Tax Revenues				
R16. Receipts from Depositors				
R17. Other Additions				
R18. <b>Total Additions</b>	\$0	\$0	\$1,953,353	\$0
<b>Deductions</b>				
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. <b>Total Deductions</b>	\$0	\$0	\$5,899,675	\$0
R26. <b>Change in Net Position</b>	\$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. <b>Net Position (Deficit), End of Fiscal Year</b>	\$0	\$0	\$-7,607,526	\$0

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

Item 5.

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. <b>Principal Outstanding, Beginning of Fiscal Year</b>	\$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. <b>Principal Outstanding, End of Fiscal Year</b>	\$1,352,291
R19. Principal Outstanding, Current Portion	156,034
R20. <b>Principal Outstanding, Noncurrent Portion</b>	\$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

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

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

Item 5.

Go to Report: Debt Summary

Fiscal Year: 2022

Form #35

	Governmental Funds	Internal Service Fund	Enterprise Funds
<b>Debt Payments from Debt Forms</b>			
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. <b>Total Debt Payments from Debt Forms</b>	\$156,034	\$0	\$0
R06. <b>Debt Service</b>	156,034		
R07. <b>Difference</b>	\$0	\$0	\$0
R08. Reason for Difference			

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City of Los Gatos  
Cities' Financial Transactions Report  
Debt Summary

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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
<b>Long-Term Debt</b>				
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. <b>Total Long-Term Debt</b>				
<b>Other Long-Term Debt</b>				
R07. Total Loans	156,034			
R08. Total Notes				
R09. Total Other - Leases (<10 years)				
R10. <b>Total Other Long-Term Debt</b>	156,034			
<b>Construction Financing</b>				
R11. Total Loans				
R12. Total Notes				
R13. Total Other				
R14. <b>Total Construction Financing</b>				
<b>Lease Obligations</b>				
R16. Total Leases				
R18. Total Other Contracts				
R19. <b>Total Lease Obligation</b>				
R20. <b>Total Debt Payments from Debt Forms</b>	156,034			
<b>Debt Service</b>				
	<b>Principal Payments</b>	<b>Interest Payments</b>		
R21. Principal Payments on Long Term Debt	156,034			
R22. Interest Payments on Long-Term Debt				
R23. Lease Obligations (Purchase Agreements)				
R24. <b>Total</b>	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

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Fiscal Year: 2022

Form #36

**Service**

(Please see \* below for codes to enter)

R01. Police	AB
R02. Fire	I
R03. Emergency Medical	J
R04. Street Lighting	J
R05. Public Transit	H
R06. Community Development - Planning	A
R07. Solid Waste	H
R08. Sewers	H
R09. Parks and Recreation	AF
R10. Libraries	A
R11. Water	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 <b>A</b>	Number of Volunteers <b>B</b>	Total Number of Employees <b>C</b>
R12. Police Protection	60	249	309
R13. Police Officers	39	4	43
R14. Fire Protection			
R15. Fire Fighters			
R16. Emergency Medical			

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

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Fiscal Year: 2022

Form #37

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Total Governmental Funds
<b>Assets</b>						
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. <b>Total Assets</b>	\$39,655,962	\$1,441,586	\$0	\$26,520,786	\$0	\$67,618,334
R17. <b>Deferred Outflows of Resources</b>						
R18. <b>Total Assets and Deferred Outflows of Resources</b>	\$39,655,962	\$1,441,586	\$0	\$26,520,786	\$0	\$67,618,334
<b>Liabilities</b>						
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. <b>Total Liabilities</b>	\$12,759,173	\$74,383	\$0	\$3,089,840	\$0	\$15,923,396
R31. <b>Deferred Inflows of Resources</b>				832,800		832,800
R32. <b>Total Liabilities and Deferred Inflows of Resources</b>	\$12,759,173	\$74,383	\$0	\$3,922,640	\$0	\$16,756,196

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<b>Fund Balances (Deficits)</b>						
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. <b>Total Fund Balances (Deficits)</b>	<b>\$26,896,789</b>	<b>\$1,367,203</b>	<b>\$0</b>	<b>\$22,598,146</b>	<b>\$0</b>	<b>\$50,862,138</b>
R39. <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$39,655,962</b>	<b>\$1,441,586</b>	<b>\$0</b>	<b>\$26,520,786</b>	<b>\$0</b>	<b>\$67,618,334</b>

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

Item 5.

Fiscal Year: 2022

Form #38

	Enterprise	Internal Service
<b>Assets</b>		
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 <small>(Report at cost.)</small>		
R18. Equipment <small>(Report at cost.)</small>		
R18.5 Infrastructure <small>(Report at cost.)</small>		
R18.6 Lease Assets (Lessee)		
R19. Other Intangible Assets – Amortizable <small>(Report at cost.)</small>		
R20. Construction in Progress		
R21. Intangible Assets – Nonamortizable		
R22. Other Capital Assets <small>(Report at cost.)</small>		
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. <b>Total Deferred Outflows of Resources</b>	\$0	\$0
R31. <b>Total Assets and Deferred Outflows of Resources</b>	\$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. <b>Total Current Liabilities</b>	\$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. <b>Total Noncurrent Liabilities</b>	\$0	\$1,384,116
R61. <b>Total Liabilities</b>	\$0	\$1,614,284

**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. <b>Total Deferred Inflows of Resources</b>	\$0	\$829,312
R65. <b>Total Liabilities and Deferred Inflows of Resources</b>	\$0	\$2,443,596
R66. <b>Total Net Position (Deficit)</b>	\$0	\$8,240,279
<b>Net Position (Deficit)</b>		
R67. Net Investment in Capital Assets		
R68. Restricted		129,929
R69. Unrestricted		8,110,350
R70. <b>Total Net Position (Deficit)</b>	\$0	\$8,240,279

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

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Fiscal Year: 2022

Form #39

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
<b>Assets</b>				
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

**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. <b>Total Liabilities</b>	\$0	\$0	\$13,322,824	\$0
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 <b>Total Deferred Inflows of Resources</b>	0	0	0	0
R30. <b>Total Liabilities and Deferred Inflows of Resources</b>	\$0	\$0	\$13,322,824	\$0
<b>Net Position Restricted for</b>				
R31. Pension and Other Employee Benefits				
R32. Investment Trusts				
R33. Private-Purpose Trusts			-7,607,526	
R34. Custodial Funds				
R35. <b>Total Net Position</b>	\$0	\$0	\$-7,607,526	\$0

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
<b>Noncurrent Assets</b>			
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.	<b>Total Noncurrent Assets</b>	<b>\$129,596,983</b>	
<b>Deferred Outflows of Resources</b>			
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.	<b>Total Deferred Outflows of Resources</b>	<b>\$13,232,279</b>	
R21.	<b>Total Noncurrent Assets and Deferred Outflows of Resources</b>	<b>\$142,829,262</b>	

**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. <b>Total Noncurrent Liabilities</b>		<b>\$34,368,351</b>

**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. <b>Total Deferred Inflows of Resources</b>		<b>\$28,992,045</b>
R45. <b>Total Noncurrent Liabilities and Deferred Inflows of Resources</b>		<b>\$63,360,396</b>

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

Item 5.

Fiscal Year: 2022

Form #41

## Summary

	Governmental Funds	Proprietary Funds
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R01. Revenues	64,193,293	4,165,265
R02. Expenditures/Expenses	61,014,680	4,379,564
R03. <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$3,178,613	
R04. <b>Income (Loss) Before Capital Contributions, Transfers, and Special and Extraordinary Items</b>		\$-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. <b>Change in Fund Balance/Net Position</b>	\$3,024,386	\$-57,921
R10. <b>Fund Balance/Net Position (Deficit), Beginning of Fiscal Year</b>	\$47,837,752	\$7,610,801
R11. Adjustments (Specify)	0	687,399

## R11a. Specify Governmental Fund Adjustments

		Add
--	--	-----

## R11b. Specify Proprietary Fund Adjustments

GASB 87 implementation	687,399	Delete
		Add
Total:		687,399

R12. <b>Fund Balance/Net Position (Deficit), End of Fiscal Year</b>	\$50,862,138	\$8,240,279
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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	48,186,101
R17. Total Annual Appropriations Subject to the Limit	30,797,977



City of Los Gatos  
Cities Financial Transactions Report  
Footnotes

Item 5.

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.

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



**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 01/10/2023

ITEM NO: 6

Item 6.

DATE: January 6, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Discussion of First Quarter Key Performance Indicators (KPIs)

**RECOMMENDATION:**

Discussion of first quarter (Q1) key performance indicators.

**DISCUSSION:**

Attachment 1 contains the updated KPIs for the first quarter of the fiscal year. In addition, slides with historic data for salary and benefit expenses and staffing remain for additional context. Per prior Commission guidance, staff has identified current potential headwinds to the Town's financial picture.

**Attachment:**

1. KPIs Q1

**PREPARED BY:** Arn Andrews  
Assistant Town Manager

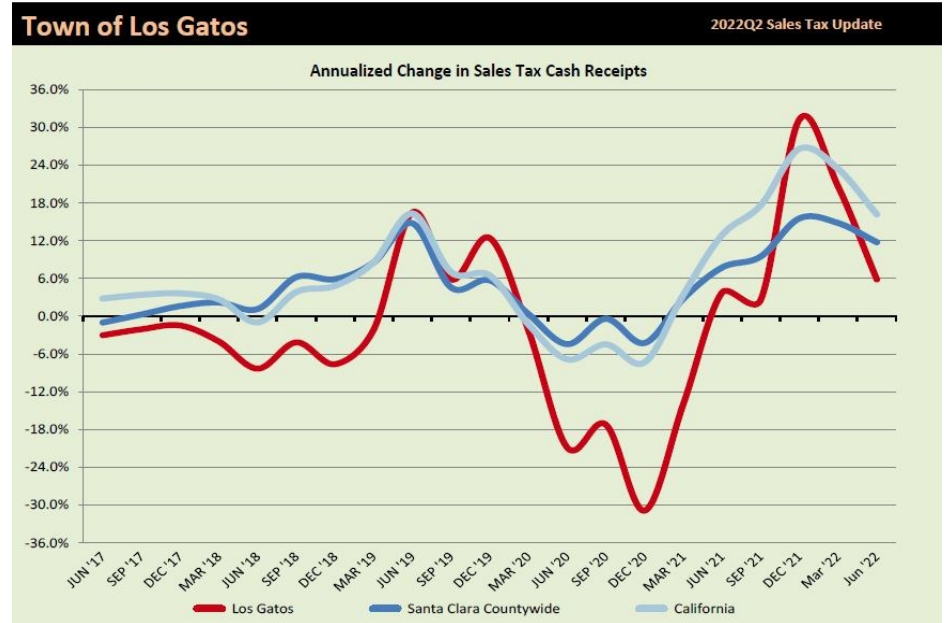
Reviewed by: Town Manager, Town Attorney, and Finance Director

# Town General Fund Revenues

	FY 2020/21 Actual	FY 2021/22 Adjusted Budget	FY 2021/22 Actual	FY 2022/23 Adopted Budget	FY 2022/23 1Q
Property Tax	\$15,826,162	\$15,908,858	\$16,899,618	\$ 16,551,544	\$187,098
VLF Backfill	4,052,672	4,229,462	4,229,462	4,356,350	
Sales & Use Tax	6,794,218	7,430,851	7,177,597	7,860,988	1,877,426
Measure G District Tax	1,139,386	1,240,755	1,306,076	1,313,956	314,614
Franchise Fees	2,499,463	2,514,020	2,822,515	2,493,870	400,815
Transient Occupancy Tax	1,044,820	1,475,000	1,895,064	1,642,460	664,278
Other Taxes	1,386,943	1,425,000	1,481,667	1,387,500	70,480
Licenses & Permits	3,018,786	3,052,907	4,814,650	2,735,029	993,627
Intergovernmental	1,573,697	4,038,378	1,263,352	1,051,814	66,799
Town Services	4,816,887	4,385,547	5,460,613	4,257,261	2,575,189
Fines & Forfeitures	103,467	213,450	319,170	201,750	50,381
Interest	96,061	440,833	(1,404,527)	432,947	145,374
Other Sources	3,576,238	323,898	360,343	3,287,749	78,116
<b>Total Revenues</b>	45,928,800	43,796,574	\$ 46,625,600	47,573,218	7,424,197
Transfers In:	1,833,218	4,047,313	4,047,313	538,536	102,000
<b>Total Revenues &amp; Transfers In</b>	\$47,762,018	\$47,843,887	\$50,672,913	\$48,111,754	\$7,526,197

# Economically Sensitive Revenues

SALES TAX	FY 2020/21 Actual	FY 2021/22 Actual	FY 2022/23 Actual
1Q	\$1,863,996	\$1,726,453	\$1,877,426
2Q	1,135,409	1,758,763	
3Q	1,589,990	1,756,251	
4Q	2,204,823	1,883,504	
<b>Total</b>	<b>\$6,794,218</b>	<b>\$7,124,971</b>	<b>\$1,877,426</b>



MEASURE G TAX	FY 2020/21 Actual	FY 2021/22 Actual	FY 2022/23 Actual
1Q	\$300,599	\$316,317	\$314,614
2Q	261,746	324,525	
3Q	249,733	295,671	
4Q	327,308	204,736	
<b>Total</b>	<b>\$1,139,386</b>	<b>\$1,141,249</b>	<b>\$314,614</b>

TOT	FY 2020/21 Actual	FY 2021/22 Actual	FY 2022/23 Actual
1Q	\$316,515	\$513,536	\$664,278
2Q	203,807	428,880	
3Q	176,030	320,077	
4Q	348,466	\$632,571	
<b>Total</b>	<b>\$1,044,818</b>	<b>\$1,895,064</b>	<b>\$664,278</b>

## Department Expenditures

	FY 2020/21 Actual	FY 2021/22 Adjusted Budget	FY 2021/22 Actual	FY 2022/23 Adopted Budget	FY 2022/23 1Q
<b>Expenditures</b>					
Police Department	\$16,570,836	\$17,390,966	\$16,451,190	\$17,390,969	\$4,271,679
Parks & Public Works	\$8,175,987	\$ 9,080,666	\$8,605,457	\$9,080,662	\$1,965,783
Non-Departmental	\$7,882,762	\$ 3,581,965	\$2,792,859	\$4,255,024	\$627,157
Community Dev	\$4,994,391	\$ 5,461,713	\$6,313,511	\$5,461,716	\$1,138,636
Admin Services	\$4,667,995	\$ 5,965,803	\$5,441,604	\$5,849,527	\$1,179,591
Library Services	\$2,828,873	\$ 3,062,707	\$2,752,397	\$3,062,708	\$684,132
Town Council	\$192,280	\$ 202,890	\$189,569	\$202,891	\$43,270
Town Attorney	\$537,296	\$ 669,733	\$ 629,936	\$669,733	\$158,125
<b>Total General Fund Department Expenditures</b>	<b>\$46,612,586</b>	<b>\$45,416,443</b>	<b>\$43,176,523</b>	<b>\$45,973,230</b>	<b>\$10,068,373</b>

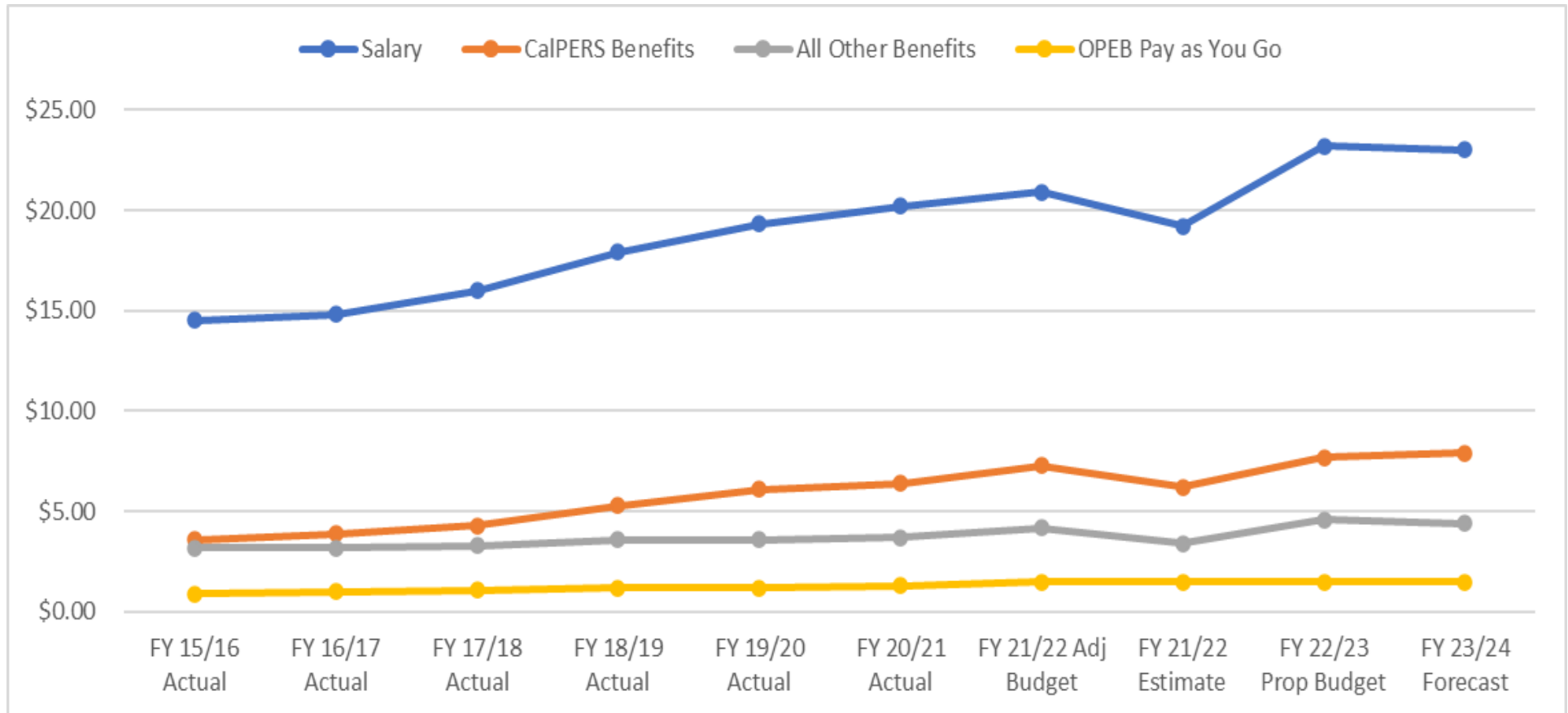
# Salary & Benefit Expenses

	FY 2020/21 Actual	FY 2021/22 Adjusted Budget	FY 2021/22 Actual	FY 2022/23 Adopted Budget	FY 2023/24 Forecast
<b>Expenditures (millions)</b>					
Salary	\$20.2	\$20.2	\$19.8	\$23.2	\$23.0
CalPERS Benefits	\$6.4	\$7.5	\$6.4	\$7.7	\$7.9
All Other Benefits	\$3.7	\$4.1	\$3.7	\$4.6	\$4.4
OPEB Pay as You Go	\$1.3	\$1.5	\$1.4	\$1.5	\$1.5
<b>Salary &amp; Benefit Expenditures</b>	<b>\$31.6</b>	<b>\$33.3</b>	<b>\$31.3</b>	<b>\$37.0</b>	<b>\$36.8</b>

	FY 2015/16 Actual	FY 2016/17 Actual	FY 2017/18 Actual	FY 2018/19 Actual	FY 2019/20 Actual
<b>Expenditures (millions)</b>					
Salary	\$14.5	\$14.8	\$16.0	\$17.9	\$19.3
CalPERS Benefits	\$3.6	\$3.9	\$4.3	\$5.3	\$6.1
All Other Benefits	\$3.2	\$3.2	\$3.3	\$3.6	\$3.6
OPEB Pay as You Go	\$0.9	\$1.0	\$1.1	\$1.2	\$1.2
<b>Salary &amp; Benefit Expenditures</b>	<b>\$22.2</b>	<b>\$22.9</b>	<b>\$24.7</b>	<b>\$28.0</b>	<b>\$30.2</b>

# Salary & Benefit Expenses



Since FY 15/16 Salary has increased 58.6%

Since FY 15/16 CalPERS and other benefits have increased 79.2%



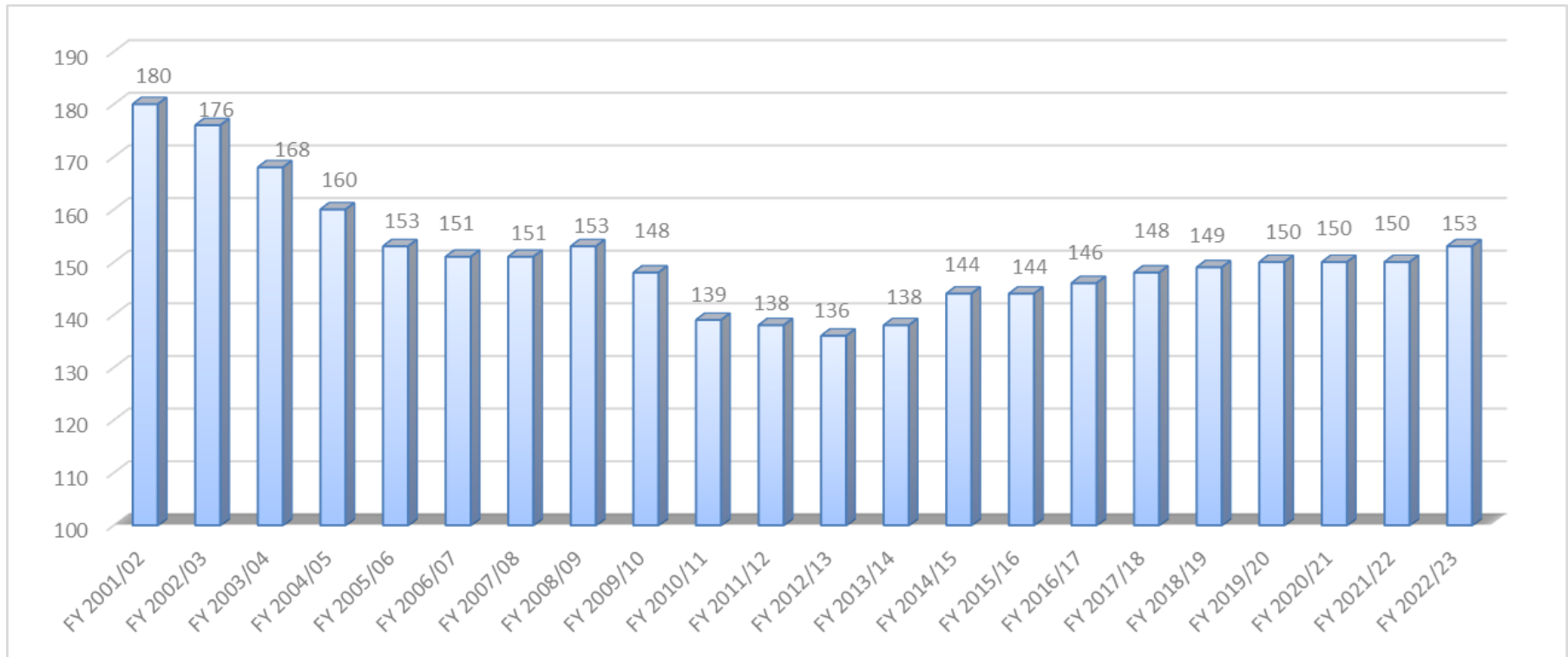
# Organizational Staffing

DEPARTMENTS	FY 2020/21 Authorized/Funded Positions	FY 2021/22 Authorized/Funded Positions	FY 2022/23 Authorized/Funded Positions
Town Council	0.50	0.50	0.50
Town Attorney	1.88	2.13	2.13
Administrative Services	20.18	20.18	20.18
Community Development	20.20	20.20	20.20
Police Department	60.00	60.00	60.00
Parks & Public Works	34.75	35.75	36.75
Library	12.50	12.50	13.50
<b>Total Positions</b>	<b>150.00</b>	<b>151.24</b>	<b>153.25</b>
All Dept Staff Converted to Hourly	11.03	11.09	11.46
<b>Total Positions</b>	<b>161.03</b>	<b>162.33</b>	<b>164.71</b>

NUMBER OF WC

7/1/21—12/31/22 = 23

# Organizational Staffing



# Organizational Staffing

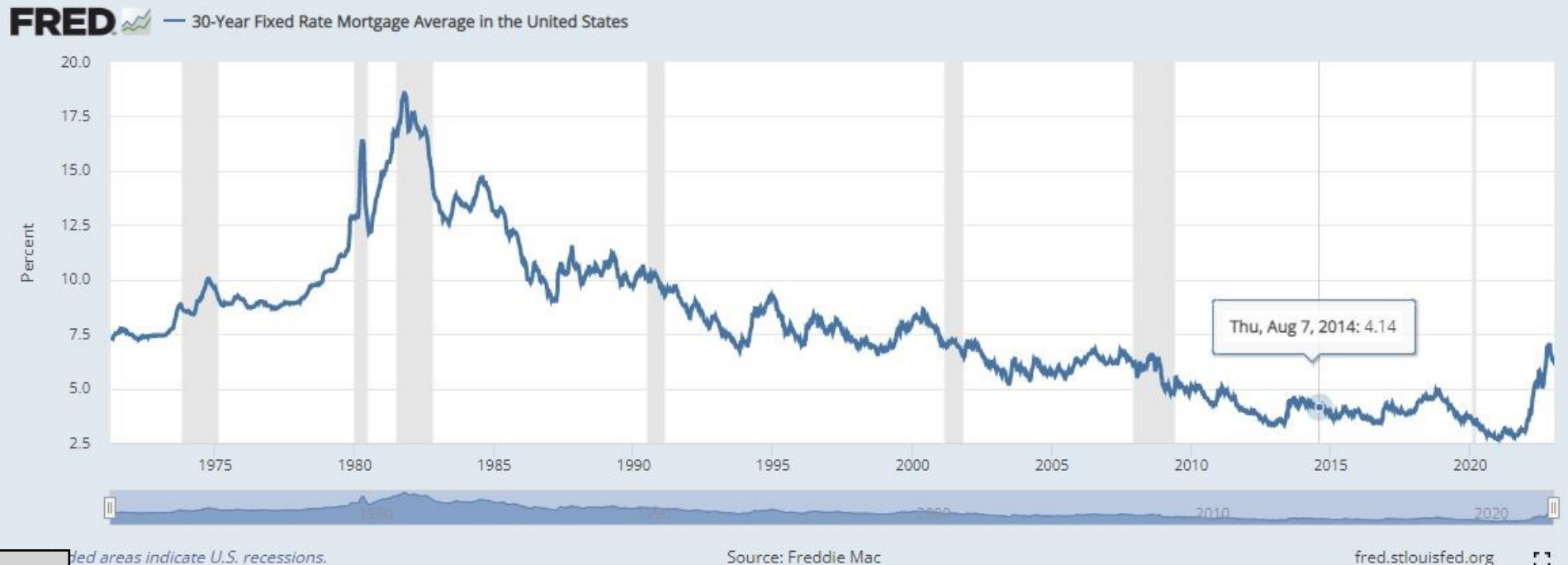
Department	Position		Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Town Attorney	Legal Admin Assistant	Separation	Vacant	Filled - Temp								Filled - Permanent				
Town Attorney	Town Attorney	Retirement		Filled - Temp	Filled - Interim				Filled - Permanent							
Clerk	Town Clerk	Retirement	Filled - Permanent									Filled - Permanent				
Clerk	Administrative Assistant	Separation	Filled - Permanent						Vacant							
Admin Services	Emergency Manager - Temp	Separation	Vacant				Filled - Permanent									Vacant
Admin Services	Administrative Technician	Retirement		Vacant	Filled - Permanent											
Admin Services	Finance Director	Retirement	Filled - Permanent		Filled - Interim									Filled - Permanent		
Admin Services	Finance Manager	Promotion	Filled - Permanent								Vacant					
Admin Services	IT Technician	Separation	Filled - Permanent						Vacant			Filled - Permanent				
Admin Services	Events and Mark Specialist	Separation	Filled - Permanent						Vacant				Filled - Permanent			
Community Development	Planning Manager	Retirement	Filled - Permanent													
Community Development	Assistant Planner	Promotion	Vacant		Filled - Permanent											
Community Development	Senior Planner	Promotion		Vacant	Filled - Permanent											
Community Development	Associate Planner	Separation	Filled - Permanent	Vacant										Filled - Permanent		
Community Development	Permit Technician	Separation	Filled - Permanent			Filled - Temp		Filled - Permanent								
Community Development	Permit Technician	Retirement	Filled - Permanent											Vacant		Filled - Permanent
Police	Police Dispatcher	Separation	Vacant				Filled - Permanent							Vacant		
Police	Police Dispatcher	Separation	Vacant													
Police	Police Dispatcher	Separation	Vacant													
Police	Police Officer	Separation	Vacant													Filled - Permanent
Police	Police Officer	Separation	Vacant													
Police	Police Officer	Separation	Vacant	Filled - Permanent												
Police	Police Officer	Retirement	Filled - Permanent	Vacant	Filled - Permanent							Vacant				Filled
Police	Police Officer	Retirement	Filled - Permanent	Vacant												Filled
Police	Police Officer	Retirement	Filled - Permanent	Vacant												Filled
Police	Police Officer	Separation	Filled - Permanent													
Police	Police Chief	Separation	Vacant			Filled - Permanent								Vacant		
Police	Police Captain	Promotion			Vacant						Filled - Permanent					
Police	Records & Com Manager	Separation	Vacant													
Police	Police Record Specialist	Promotion	Filled - Permanent	Vacant											Filled - Permanent	
Police	Police Record Specialist	Separation	Filled - Permanent											Vacant	Filled - Permanent	
Police	Senior Parking Control Officer	Retirement	Filled - Permanent									Filled - Permanent				
Parks & Public Works	Streets Maintenance Worker	Separation	Filled with Trainee													
Parks & Public Works	Administrative Assistant	Promotion	Filled - Permanent	Vacant				Filled - Permanent								
Parks & Public Works	Parks & Public Works Director	Separation	Filled - Permanent				Filled - Interim					Filled - Permanent				
Parks & Public Works	Senior Civil Engineer	Separation	Filled - Permanent							Vacant					Filled - Permanent	Vacant
Parks & Public Works	Transp and Mob Manager	Separation	Filled - Permanent										Vacant		Filled	
Parks & Public Works	Town Engineer	Separation	Filled - Permanent												Vacant	Interim
Library	Library Specialist	Separation	Filled - Permanent													
Library	Librarian	Separation	Filled - Permanent													
Library	Senior Library Page	Separation	Vacant - Filled with Temp		Filled - Permanent				Vacant - Filled with Temp			Filled - Permanent				
Library	Librarian	Separation	Filled - Permanent							Vacant				Filled - Permanent		

# Potential Headwinds

## NOTE 16 - FRANCHISE FEES

The California Supreme Court recently issued an opinion in a case challenging the franchise fees that the city of Oakland charges to certain waste hauling companies. In *Zolly v. City of Oakland*, the court concluded that it did not have enough evidence to rule as a matter of law that the fees are exempt from the voter approval requirements that apply to taxes under Proposition 26, Article XIII C of the California Constitution.

However, there are several exceptions to the general rule that a tax must be approved by the voters. One exception (Article IIC, section 1 (e)(1)) is for “a charge imposed for a specific benefit conferred or privileged granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.” In the event the Town is unable to utilize one of the exceptions, the potential impact is a loss of approximately \$2.4 million annually.





**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 01/10/2023

ITEM NO: 6

ADDENDUM

Item 6.

DATE: January 9, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Discussion of First Quarter Key Performance Indicators (KPIs)

**REMARKS:**

A commissioner requested a document be distributed to the Commission prior to the meeting. Attachment 2 contains the email and document.

**Attachment previously received with the Staff Report:**

1. KPIs Q1

**Attachment received with this Addendum:**

2. Commissioner Email and Document

**PREPARED BY:** Arn Andrews  
Assistant Town Manager

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

**From:** [Phil Koen](#)  
**To:** [Arn Andrews](#); [Ron Dickel](#)  
**Cc:** [Laurel Prevetti](#)  
**Subject:** Pages from FY-202122-ACFR - (3).pdf  
**Date:** Saturday, January 7, 2023 10:33:07 AM  
**Attachments:** [Pages from FY-202122-ACFR - \(3\).pdf](#)

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EXTERNAL SENDER

Hello Arn and Ron,

Could you please include the attached in the FC packet to be discussed during agenda item #6.

Thank you,

Phil Koen

**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, 2022**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 20,036,156	\$ 20,138,320	\$ 21,129,082	\$ 990,762
Sales Taxes	8,177,859	8,671,606	8,483,673	(187,933)
Other Taxes	927,040	1,482,000	1,909,816	427,816
Licenses & Permits	3,869,779	4,477,907	5,096,318	618,411
Intergovernmental	3,881,836	1,148,993	1,263,352	114,359
Charges for Services	3,882,490	4,385,547	5,460,613	1,075,066
Fines and Forfeitures	203,450	213,450	319,170	105,720
Franchise Fees	2,597,630	2,514,020	2,822,515	308,495
Developer Fees	-	-	1,200,000	1,200,000
Interest	440,833	440,833	(1,404,527)	(1,845,360)
Use of Property	32,400	32,400	32,400	-
Other	290,898	290,898	311,040	20,142
Total Revenues	44,340,371	43,795,974	46,623,452	2,827,478
<b>EXPENDITURES</b>				
Current:				
General Government:				
Town Council	201,499	202,890	189,569	13,321
Town Attorney	660,229	669,733	629,936	39,797
Administrative Services	5,087,207	5,965,803	5,441,604	524,199
Non-Departmental	3,546,680	3,581,965	2,792,859	789,106
Total General Government	9,495,615	10,420,391	9,053,968	1,366,423
Public Safety	17,239,480	17,390,966	16,451,190	939,776
Parks & Public Works	8,494,629	9,080,666	8,605,457	475,209
Community Development	5,395,864	5,461,713	6,313,511	(851,798)
Library Services	3,016,395	3,062,707	2,752,397	310,310
Debt Service:				
Principal	-	-	156,034	(156,034)
Total Expenditures	43,641,983	45,416,443	43,332,557	2,083,886
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	698,388	(1,620,469)	3,290,895	4,911,364
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain from sale of assets	600	600	2,151	1,551
Transfers In	633,352	4,047,313	4,047,313	-
Transfers Out	(2,801,047)	(3,833,094)	(4,358,188)	(525,094)
Total Other Financing Sources (Uses)	(2,167,095)	214,819	(308,724)	(523,543)
<b>NET CHANGES IN FUND BALANCE</b>	\$ (1,468,707)	\$ (1,405,650)	2,982,171	\$ 4,387,821
<b>BEGINNING FUND BALANCE</b>			23,914,618	
<b>ENDING FUND BALANCE</b>			\$ 26,896,789	

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

ad' excess  
Total

4,695,422 @  
3,413,961  
8,109,383

43,355,141  
48,027,979  
\$ 4,672,838

ARRA  
Fund  
P114



**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 1/10/2023

ITEM NO: 7

Item 7.

DATE: January 5, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review and Recommend to the Town Council Changes to the Town's  
Operating Portfolio Investment Policy

**RECOMMENDATION:**

Review and recommend to the Town Council changes to the Town's Operating Portfolio Investment Policy.

**BACKGROUND:**

On December 14, 2022, the 2021-2022 Civil Grand Jury of Santa Clara County released a report entitled, "Show Me the Money: Financial Transparency Needed." The Grand Jury's final report is included as Attachment 1.

General law cities in California are required to comply with California Government Code Section 41004 (Section 41004), which states, "at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. The city treasurer shall file a copy with the legislative body." The benefit of the law is to ensure financial accountability and public transparency as well as to foster better fiscal affairs. Treasurer's reports provide city councils with timely and accurate financial information necessary to make reliable and sound decisions.

The Grand Jury's final report includes the following finding related to the Town of Los Gatos:

**Finding:**

The Town of Los Gatos produced reports that contain the required content but does not produce the treasurer's reports on a monthly basis as required by California Government Code section 41004.

**PREPARED BY:** Gitta Ungvari  
Finance Director

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



PAGE 2 OF 2

SUBJECT: Operating Portfolio Investment Policy Review and Recommendation to Town Council

DATE: January 5, 2023

BACKGROUND (continued):

**Recommendation:**

The Town of Los Gatos should produce its reports on a monthly basis to comply with California Government Code section 41004 by March 15, 2023.

Pursuant to Penal Code sections 933 and 933.05, the Grand Jury requested a response from the Town of Los Gatos and other jurisdictions by March 14, 2023.

DISCUSSION:

The Town's Investment Policy was last reviewed by the Finance Committee in September 2021 and adopted by Council in November of 2021. The Investment Policy establishes the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, State mandated eligible investments, transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the operating funds of the Town. All Town funds are invested and/or will be invested in accordance with the Investment Policy and with applicable sections of the California Government Code.

The Finance Commission is tasked with the review of the Town Investment Policy. At this time, staff recommends changing the frequency of the reporting from quarterly to monthly to comply with California Government Code Section 41004 as redlined in Attachment 2. The Finance Commission should review the recommendation and forward it to the Town Council for its consideration.

Staff is preparing a response to the Civil Grand Jury of Santa Clara County for Town Council consideration consistent with the staff recommendation and any additional comments from the Commission.

FISCAL IMPACT:

There is no fiscal impact of reviewing and modifying the Investment Policy.

Attachments:

1. 2021-22 Civil Grand Jury Report Show Me the Money: Financial Transparency Needed
2. Town Investment Policy - Redlined

# **SHOW ME THE MONEY: FINANCIAL TRANSPARENCY NEEDED**



2022 Santa Clara County  
Civil Grand Jury

*December 14, 2022*

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## GLOSSARY AND ABBREVIATIONS

**Government Code, Section 41004** California Government Code section 41004 states: “Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. The city treasurer shall file a copy with the legislative body.”

**Treasurer’s Reports** The reports required by Government Code section 41004 may have various styles and titles. For purposes of this report, the Civil Grand Jury will refer to these reports throughout as "treasurer's reports."

**Charter City** Article XI, section 3(a) of the California Constitution authorizes the adoption of a city charter and provides that the charter has the force and effect of state law. Article XI, section 5(a), the "home rule" provision, grants to charter cities the ability to govern over "municipal affairs."

There are six charter cities in Santa Clara County: San José, Palo Alto, Santa Clara, Sunnyvale, Gilroy, and Mountain View.

**General Law City** A general law city may only have a form of government authorized by state general law. A city that has not adopted a charter is bound by the state’s general laws even with respect to municipal affairs.

There are nine general law cities and towns in Santa Clara County: Los Altos, Los Altos Hills, Los Gatos, Milpitas, Campbell, Monte Sereno, Cupertino, Saratoga and Morgan Hill. The scope of this investigation is limited to general law cities.

**GAAP** Generally Accepted Accounting Principles: a set of accounting rules and standards established by the accounting industry.

## SUMMARY

General law cities in California are required to comply with California Government Code section 41004 (Section 41004), which states, “at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. The city treasurer shall file a copy with the legislative body.” The benefit of the law is to ensure financial accountability and public transparency as well as to foster better fiscal affairs. Treasurer's reports provide city councils with timely and accurate financial information necessary to make reliable and sound decisions.

The 2022 Santa Clara County Civil Grand Jury (Civil Grand Jury) found that there is widespread noncompliance with this state requirement throughout Santa Clara County (County) by the general law cities. As of the date of this report, six of the nine general law cities<sup>1</sup> in the County are noncompliant with this state law: Los Altos, Los Altos Hills, Los Gatos, Milpitas, Campbell, and Monte Sereno. Additionally, the City of Cupertino was initially noncompliant until the city took corrective action during the Civil Grand Jury's investigation. The City of Saratoga and City of Morgan Hill were the only two cities compliant prior to the investigation.

Based on responses from city officials, the Civil Grand Jury determined that there is a widespread misunderstanding among these general law cities in the County regarding Section 41004 reporting requirements. The Civil Grand Jury recommends that the noncompliant cities – Los Altos, Los Altos Hills, Los Gatos, Milpitas, Campbell, and Monte Sereno – comply with Section 41004.

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<sup>1</sup> The Town of Los Altos Hills and the Town of Los Gatos are general law cities.

## BACKGROUND

The State Legislature established the office of city treasurer by enactment of California Government Code, Title 4 - Government of Cities, Division 3 - Other Officers, Chapter 3 - City Treasurer. The statutory duties for city treasurers may generally be found in the following sections:

Section 41001: The city treasurer shall receive and safely keep all money the treasurer receives.

Section 41002: (a) The city treasurer shall comply with all laws governing the deposit and securing of public funds and the handling of trust funds in their possession; and (b) if the city has issued bonds, the city treasurer shall use a system of accounting and auditing that adheres to generally accepted accounting principles.

Section 41003: The city treasurer shall pay out money only on warrants signed by legally designated persons.

Section 41004: Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. The city treasurer shall file a copy with the legislative body.

Pursuant to California Government Code section 36502, the city treasurer is an elective office. California Government Code section 36508 and California Elections Code section 9222 permit cities to submit to the electors the question of whether the city treasurer position should be an appointive office. In that instance, the financial duties assigned by the state statutes to the city treasurer are transferred from an elected treasurer to an appointed officer if approved by the electorate. Only one general law city in the County, Morgan Hill, continues to have an elected city treasurer, who serves for four years. All other cities in the County have opted to assign city treasurer duties to senior administrative staff.

## METHODOLOGY

Upon receiving a complaint regarding Government Code section 41004 noncompliance in Cupertino, the Civil Grand Jury decided to expand the investigation to review all nine general law cities in the County: Los Altos, Los Altos Hills, Los Gatos, Milpitas, Campbell, Monte Sereno, Cupertino, Saratoga, and Morgan Hill. From March to August 2022, the Civil Grand Jury began the process by polling these Cities to determine if they produced treasurer's reports.

The Civil Grand Jury took the following steps:

- Contacted a total of 22 officials across nine cities who were responsible for tasks relevant to the topic of this report.
- Reviewed relevant sections of the California Government Code, California Elections Code, and examined the ordinances, policies, and memos of each city relevant to their city treasurer duties.
- Reviewed published city council and city committee agendas relevant to Section 41004.
- Reviewed other relevant city documents, including but not limited to financial audits, city organizational charts, and relevant job descriptions.
- Verified the six most recent treasurer's reports of each city, if submitted.

The Civil Grand Jury inspected the contents of each report to verify the inclusion of the required elements: monthly disbursements, receipts, and fund balances. The Civil Grand Jury also determined whether the reports were published at least once each month to be compliant with Section 41004.

It should be noted that most cities do not call their report "Treasurer's Report." [Appendix A](#) provides links to examples of compliant Section 41004 reports, showcasing variations in terms of report name, style, layout, and appearance.

The Civil Grand Jury used the 2011-2012 Solano County Civil Grand Jury report entitled "City Treasurer Functional Review" as a reference for this report.

## INVESTIGATION

All interviews and email correspondence were designed to determine if general law cities complied with Section 41004. To be deemed compliant, a city must produce a financial document at least once each month that details all of the following: monthly disbursements, receipts, and fund balances – and must be filed with the legislative body. Six months of reports were requested to verify an existing track record. Data collection and verification took place from March to July 2022.

The results of this investigation are depicted in Table 1 below.

**Table 1. Section 41004 Compliance Among Nine General Law Cities**

City/Town	Compliant	Noncompliant
Los Altos		X
Los Altos Hills		X
Los Gatos		X
Milpitas		X
Campbell		X
Monte Sereno		X
Cupertino		X*
Saratoga	X	
Morgan Hill	X	

\*During the investigation, Cupertino started complying with Section 41004.

There are a number of reasons for cities' noncompliance:

- Some cities were under the impression that the Section 41004 mandate was a discretionary guideline.
- Others adopted the practice of other cities that did not produce the requisite monthly reports.

However, the primary error among the cities was that they produced abbreviated reports that omitted required information such as receipts, disbursements, and fund balances. Some of the deficient reports lacked substance, with abbreviated information presented without context or details.

The Civil Grand Jury believes there is no fiscal impact involved in complying with Section 41004. Outside resources should not be required since existing staff already make some financial reports, collect this type of data, and should be able to produce treasurer's reports. Therefore, each of the deficient cities can be compliant with minimal effort or burden.



## Noncompliant Cities and Towns

### Los Altos

The City of Los Altos does not have an elected city treasurer. Further, the Los Altos Municipal Code does not specifically state which official performs the duties of a city treasurer. Los Altos Municipal Code Section 2.01.060, however, provides that the city manager is the administrative head of the city and is specifically empowered “keep the council at all times fully advised as to the financial condition and needs of the city.” In the City of Los Altos, monthly treasurer’s reports are not prepared and submitted to the city clerk in accordance with Section 41004.

At the time of the Civil Grand Jury inquiry in June 2022, the City of Los Altos did not submit any treasurer’s reports. According to the City of Los Altos, Government Code section 37208 indemnified them from the Section 41004 mandate. However, the language of Government Code Section 37208 refers to payroll warrants or checks and makes no mention of the reporting required by Section 41004, which requires a report of “receipts, disbursements and general fund balances.” Moreover, the language of Government Code Section 37208 neither excuses a city from complying with Section 41004 nor makes any reference to Section 41004.

Further, the city erroneously noted that its Generally Accepted Accounting Principles (GAAP) policy on financial reporting excused noncompliance with Section 41004 reporting requirements. In 2015, the city adopted a “Financial Policy” that reads in part, “The city’s accounting and financial reports are to be maintained in accordance with GAAP.” GAAP accounting does not address the Section 41004 mandated requirements.

The Civil Grand Jury determined that the City of Los Altos does not produce treasurer's reports and thus is noncompliant.

### **Los Altos Hills**

The Town of Los Altos Hills does not have an elected city treasurer. The town's Municipal Code is silent on who performs the duties of the treasurer; however, the Civil Grand Jury learned that the treasurer responsibilities fall to the director of administrative services.

The Civil Grand Jury received monthly treasurer's reports in June 2022. Upon inspection, however, they contained only disbursements and lacked receipts as well as fund balances; thus the reports are incomplete and noncompliant.

### **Los Gatos**

The Town of Los Gatos does not have an elected city treasurer. The town's Municipal Code Section 2.30.035 delegates the responsibility of the treasurer and the ability to assign those duties to the town manager. The director of finance is responsible for the town's financial matters. The Town of Los Gatos produces quarterly reports, not monthly reports as required by Section 41004. While the disbursements, receipts, and fund balances are in the reports, they must be published at least once each month to comply with Section 41004. Because the production intervals are quarterly, the Town of Los Gatos is not in compliance.

### **Milpitas**

The City of Milpitas does not have an elected city treasurer. Milpitas Municipal Code section VI-1-3.02 vests the duties of a city treasurer with the city manager, who is empowered to appoint a city treasurer pursuant to Section VI-1-3.04. In the City of Milpitas, the finance director produces weekly disbursement reports, quarterly receipt and investment reports for the general and special districts' funds, and annual reports for all other reporting.

At the time of inquiry in June 2022, the Civil Grand Jury noted well-prepared reports. However, the frequency of report submission does not meet Section 41004 criteria, which requires monthly reports. Reports showing all receipts, disbursements, and fund balances must be filed with the city clerk at least once each month. Due to submission infrequency, the City of Milpitas is not in compliance.

### **Campbell**

In November of 2010, voters in the City of Campbell approved Measure O, which changed the office of the city treasurer (and city clerk) from an elected to an appointed office. The City of

Campbell's Municipal Code is silent on who has officially assumed those duties.<sup>2</sup> The Civil Grand Jury learned that the city's finance director has the responsibilities of a treasurer and oversees the preparation of financial reports. The reports are prepared by the accounting clerk, reviewed by the finance manager and the finance director, and approved by the city manager for inclusion in the council packet.

At the time of inquiry in June 2022, 21 reports were submitted. The submitted documents had no payroll records and accounts payable balances with paid or disbursed funds. Additionally, the required information was not published at least once each month.

The City of Campbell's submitted reports do not comply with Section 41004 because disbursements, receipts, and balances are not filed at least once each month.

### **Monte Sereno**

The City of Monte Sereno does not have an elected city treasurer. The Monte Sereno Municipal Code section 2.04.010 designates the city manager as the director of finance and tasks the city manager with "performing all duties of City treasurer as set forth in Government Code sections 41000 et seq." At the time of inquiry in June 2022, six treasurer's reports were received by the Civil Grand Jury. While the reports did contain the required fund balances, the receipts and disbursements were not compliant with the Section 41004 requirement.

### **Compliant Cities**

#### **Cupertino**

The City of Cupertino does not have an elected city treasurer. The City of Cupertino's Municipal Code section 2.24.030 states:

The treasurer shall make monthly reports which conform to the requirements of Government Code Section 41004. Said reports shall be delivered to the City Council, city manager and made available for review by such other persons who may so request.

Until 2022, no staff member for the City of Cupertino had been preparing and delivering a monthly treasurer's report to the Cupertino City council. However, during the Civil Grand Jury's

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<sup>2</sup> The City of Campbell's Municipal Code does not appear to have been updated. The City of Campbell's Municipal Code section 2.08.010 still states that the elected officers shall be those designated by general laws, which includes a city treasurer. Further, the code has other references to an elected city treasurer. (See Sections 2.16.040 [city treasurer compensation] and 2.16.010 [establishment of salaries].)

investigation, the belated monthly treasurer's reports for January and February 2022 were published and placed on the Cupertino Audit Committee agenda.

The Civil Grand Jury recognizes the action taken by the City of Cupertino as soon as it was brought to their attention. The City of Cupertino is now compliant with Section 41004 as of March 2022, despite the stated history of not submitting the required reports.

### **Saratoga**

The City of Saratoga does not have an elected city treasurer. The City of Saratoga Municipal Code section 2-20.035 states that the city manager shall serve as the city treasurer and be responsible for "other duties and responsibilities as required by law to be performed by the City Treasurer." Thus, the city manager is responsible for the preparation and submission of monthly treasurer's reports.

The Civil Grand Jury verified in June 2022 that regular monthly treasurer's reports are filed with the City of Saratoga and are fully compliant with Section 41004. These reports can also be found by the public on the city's website. An example is shown in [Appendix A](#).

### **Morgan Hill**

The City of Morgan Hill has an elected city treasurer. The treasurer, in conjunction with the finance director, prepares the treasurer's reports.

The Civil Grand Jury verified in June 2022 that regular monthly treasurer's reports are produced. The reports contain all the required components of disbursements, receipts, and fund balances. Thus, the City of Morgan Hill is compliant with Section 41004. A compliant Morgan Hill treasurer's report is shown in [Appendix A](#).

## CONCLUSION

Within the County, there is widespread noncompliance with California Government Code section 41004 by the general law cities. The Civil Grand Jury commends the cities of Saratoga and Morgan Hill for being in full compliance and notes the City of Cupertino's quick action to become compliant. The Civil Grand Jury recommends that the noncompliant cities of Los Altos, Los Altos Hills, Los Gatos, Milpitas, Campbell, and Monte Sereno comply with Section 41004. This is to be done by producing treasurer's reports at least once each month containing the required disbursements, receipts, and fund balance information. The benefit of implementing this recommendation overshadows any limited cost impact since existing staff could compile the report. In short, there is great benefit in producing these reports, as they improve financial transparency to the residents of the cities.

## FINDINGS AND RECOMMENDATIONS

It is recommended that noncompliant cities start producing treasurer's reports as required by law. Some cities produce abbreviated information that does not include requisite financial information as defined in state Government Code section 41004. Some cities produce requisite reports, but not on a monthly basis.

### Finding 1

The City of Los Altos is not submitting monthly treasurer's reports in compliance with California Government Code section 41004.

### Recommendation 1

The City of Los Altos should comply with Government Code section 41004 by submitting monthly treasurer's reports that include monthly disbursements, receipts, and fund balances and by filing those reports with the city. This recommendation should be implemented by March 15, 2023.

### Finding 2

The City of Los Altos does not produce treasurer's reports in compliance with California Government Code section 41004. The reason provided for non-compliance was that the City of Los Altos' financial policy does not require the preparation and submission of treasurer's reports. It is an erroneous belief that internal policies excuse compliance with Government Code section 41004.

### Recommendation 2

The City of Los Altos should amend its financial policy to require that monthly treasurer's reports be prepared and submitted in accordance with California Government Code section 41004 by March 15, 2023.

### Finding 3

The Town of Los Altos Hills produces monthly treasurer's reports but the content of those reports lacks monthly disbursements, receipts, and fund balances required by California Government Code section 41004.

### Recommendation 3

The Town of Los Altos Hills should update their existing monthly reports to include monthly disbursements, receipts, and fund balances by March 15, 2023.

### Finding 4

The Town of Los Gatos produced reports that contain the required content but does not produce the treasurer's reports on a monthly basis as required by California Government Code section 41004.

**Recommendation 4**

The Town of Los Gatos should produce its reports on a monthly basis to comply with California Government Code section 41004 by March 15, 2023.

**Finding 5**

The City of Milpitas does not produce monthly treasurer's reports as required by California Government Code section 41004.

**Recommendation 5**

The Civil Grand Jury recommends that the City of Milpitas comply with California Government Code section 41004 by producing monthly treasurer's reports that include monthly disbursements, receipts, and fund balances by March 15, 2023.

**Finding 6**

The City of Campbell does not produce monthly treasurer's reports as required by California Government Code section 41004.

**Recommendation 6**

The City of Campbell should comply with California Government Code section 41004 by producing monthly treasurer's reports that include monthly disbursements, receipts, and fund balances by March 15, 2023.

**Finding 7**

The City of Monte Sereno does not produce monthly treasurer's reports as required by California Government Code section 41004.

**Recommendation 7**

The City of Monte Sereno should comply with California Government Code section 41004 by producing monthly treasurer's reports that include monthly disbursements, receipts, and fund balances by March 15, 2023.

**Finding 8**

When the Civil Grand Jury began this investigation, the City of Cupertino was not in compliance with California Government Code section 41004. However, starting in March 2022, the City of Cupertino began producing treasurer's reports compliant with Section 41004.

**Recommendation 8**

The City of Cupertino should maintain compliance with California Government Code section 41004. Continued compliance is recommended.

**Finding 9**

The Civil Grand Jury commends the City of Saratoga for producing monthly treasurer's reports that include disbursements, receipts, and fund balances. The City of Saratoga is in full compliance with California Government Code section 41004.

**Recommendation 9**

No recommendation.

**Finding 10**

The Civil Grand Jury commends the elected city treasurer for producing monthly treasurer's reports that include monthly disbursements, receipts, and fund balances. The City of Morgan Hill is in full compliance with California Government Code section 41004.

**Recommendation 10**

No recommendation.



## REQUIRED RESPONSES

Pursuant to California Penal Code section 933(b) et seq. and California Penal Code section 933.05, the Civil Grand Jury requests responses from the following governing bodies:

Responding Agency	Findings	Recommendations
City of Los Altos	1, 2	1, 2

Responding Agency	Findings	Recommendations
Town of Los Altos Hills	3	3

Responding Agency	Findings	Recommendations
Town of Los Gatos	4	4

Responding Agency	Findings	Recommendations
City of Milpitas	5	5

Responding Agency	Findings	Recommendations
City of Campbell	6	6

Responding Agency	Findings	Recommendations
City of Monte Sereno	7	7

Responding Agency	Findings	Recommendations
City of Cupertino	8	8

Responding Agency	Findings	Recommendations
City of Saratoga	9	

Responding Agency	Findings	Recommendations
City Treasurer of Morgan Hill	10	

## APPENDIX A: EXAMPLES OF COMPLIANT TREASURER'S REPORTS

On the following pages are two examples of monthly treasurer's reports that contain the required disbursements, receipts, and starting and ending fund balances and are therefore compliant with California Government Code section 41004. They are included to show that there are various names and formats that the reports may take. Following the examples are links to the full reports for ease of access.

## Example 1. Page 3 of 7 from Saratoga August 2022 Treasurer's Report

**TABLE 1: CHANGES IN TOTAL FUND BALANCE**


Fund Description	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) July	Current Revenue	Current Expenditure	Transfer In	Transfer Out	Fund Balance 8/31/2022*
<b>General Fund</b>							
Restricted Fund Balances:							
Environmental Services Reserve	63,182	-	-	-	-	-	63,182
Committed Fund Balances:							
Hillside Stability Reserve	1,000,000	-	-	-	-	-	1,000,000
Assigned Fund Balances:							
Future Capital Replacement & Efficiency Project Reserve	2,796,663	-	-	-	-	-	2,796,663
Carryforwards Reserve	20,850	-	-	-	-	-	20,850
Facility Reserve	3,700,000	-	-	-	-	-	3,700,000
Unassigned Fund Balances:							
Working Capital Reserve	1,000,000	-	-	-	-	-	1,000,000
Fiscal Stabilization Reserve	3,150,000	-	-	-	-	-	3,150,000
Compensated Absences Reserve	331,481	-	-	-	-	-	331,481
Other Unassigned Fund Balance Reserve (Pre YE distribution)	3,348,282	(602,197)	682,632	(1,063,288)	-	-	2,365,429
<b>General Fund Total</b>	<b>15,410,458</b>	<b>(602,197)</b>	<b>682,632</b>	<b>(1,063,288)</b>	<b>-</b>	<b>-</b>	<b>14,427,605</b>
<b>Special Revenue</b>							
Landscape/Lighting Districts	977,231	-	44	(15,943)	-	-	961,331
ARPA Federal Grants	7,127,589	-	-	-	-	-	7,127,589
<b>Special Revenue Fund Total</b>	<b>8,104,820</b>	<b>-</b>	<b>44</b>	<b>(15,943)</b>	<b>-</b>	<b>-</b>	<b>8,088,920</b>
<b>Debt Service</b>							
Library Bond	805,311	(714,893)	3,312	-	-	-	93,730
Arrowhead Bond	481,242	(774)	-	(68,767)	-	-	411,701
<b>Debt Service Fund Total</b>	<b>1,286,554</b>	<b>(715,667)</b>	<b>3,312</b>	<b>(68,767)</b>	<b>-</b>	<b>-</b>	<b>505,431</b>
<b>Internal Service Fund</b>							
Liability/Risk Management	641,403	(759,998)	517	(6,948)	-	-	(125,027)
Workers Compensation	232,829	(2,185)	-	(54,431)	-	-	176,212
Office Support Fund	155,443	149	890	(2,027)	-	-	154,456
Information Technology Services	661,159	(30,693)	-	(98,942)	-	-	531,525
Vehicle & Equipment Maintenance	278,317	(5,541)	-	(20,466)	-	-	252,310
Building Maintenance	764,302	(22,267)	-	(60,637)	-	-	681,398
Vehicle & Equipment Replacement	1,201,979	-	-	-	-	-	1,201,979
Technology Replacement	798,337	-	-	-	-	-	798,337
Facility FFE Replacement	1,012,136	-	-	-	-	-	1,012,136
<b>Internal Service Fund Total</b>	<b>5,745,905</b>	<b>(820,535)</b>	<b>1,407</b>	<b>(243,452)</b>	<b>-</b>	<b>-</b>	<b>4,683,326</b>
<b>Trust/Agency</b>							
WVCWP Agency Fund	558,655	(29,955)	-	(41,044)	-	-	487,656
<b>Trust/Agency Fund Total</b>	<b>558,655</b>	<b>(29,955)</b>	<b>-</b>	<b>(41,044)</b>	<b>-</b>	<b>-</b>	<b>487,656</b>
<b>Capital Project</b>							
Street Projects	3,381,066	(34,069)	50,747	(355,438)	-	-	3,042,306
Park and Trail Projects	849,562	-	-	(4,143)	-	-	845,419
Facility Projects	623,475	4,458	-	(53,643)	-	-	574,289
Administrative Projects	1,429,921	7,042	8,205	(290)	-	-	1,444,879
Tree Fund Projects	52,541	-	-	-	-	-	52,541
Park In-Lieu Projects	1,172,555	-	-	-	-	-	1,172,555
CIP Grant Street Projects	(46,912)	-	-	-	-	-	(46,912)
CIP Grant Park & Trail Projects	-	-	100,000	-	-	-	100,000
CIP Grant Administrative Projects	(164,574)	-	-	-	-	-	(164,574)
CIP Grant ARPR/SLFRF Projects	-	-	-	(142,725)	-	-	(142,725)
Gas Tax Fund Projects	247,731	-	126,140	-	-	-	373,871
<b>CIP Fund Total</b>	<b>7,545,366</b>	<b>(22,570)</b>	<b>285,092</b>	<b>(556,240)</b>	<b>-</b>	<b>-</b>	<b>7,251,649</b>
<b>Total City</b>	<b>38,651,757</b>	<b>(2,190,923)</b>	<b>972,487</b>	<b>(1,988,733)</b>	<b>-</b>	<b>-</b>	<b>35,444,587</b>

\*Fund balances are unaudited, and may not include all necessary adjustments. These figures will be updated in future reports once the FY 2021/22 independent audit is completed.

\*\*Negative fund balance due to authorized spending of anticipated revenues

[https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/1578630/Treasurer\\_Report\\_for\\_August\\_2022.pdf](https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/1578630/Treasurer_Report_for_August_2022.pdf)

## Example 2. Page 12 of 21 from Morgan Hill March 2022 Financial and Investment Report

<div>  <div> <b>CITY OF MORGAN HILL CASH AND INVESTMENT REPORT</b>  <b>FOR THE MONTH OF MARCH 31, 2022</b>  <b>FOR THE FISCAL YEAR OF 2021-22</b> </div> </div>					
	Invested in Fund	Yield	Book Value End of Month	% of Total	Market Value
<b>Investments</b>					
State Treasurer LAIF - City	All Funds Pooled	0.37%	\$ 45,441,165	25.03%	\$ 45,324,795
2015 Wastewater Rev Bonds - CIP	Wastewater Fund	0.37%	16,505,883	9.09%	16,463,614
Federal Issues	All Funds Pooled	0.94%	98,042,404	54.01%	94,770,480
US Treasury Notes	All Funds Pooled	1.73%	6,437,395	3.55%	4,489,470
Certificate of Deposits	All Funds Pooled	0.45%	500,000	0.28%	499,998
Dreyfus Treas Cash Management Acct	All Funds Pooled	0.16%	85,113	0.05%	85,113
	<b>SUBTOTAL</b>		<b>\$ 167,011,960</b>	<b>92.00%</b>	<b>\$ 161,633,469</b>
<b>Bond Reserve Accounts - held by trustees</b>					
Zions Bank - Civic Center/Library Facility					
Blackrock Liq Fund	Debt Service	0.01%	3	0.00%	3
Zions Bank - MH Police Facility Lease Revenue Bonds					
Blackrock Liq Fund	Debt Service	0.01%	4	0.00%	4
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Successor Fund	0.01%	6,262,932	3.45%	6,262,932
Zions Bank - MH Ranch 2015					
Blackrock Liq Funds Fed Fund -DI -2015	Agency Fund	0.01%	614,302	0.34%	614,302
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015					
Blackrock Liquidity Temp Fund-2015	Agency Fund	0.01%	596,450	0.33%	596,450
	<b>SUBTOTAL</b>		<b>7,473,690</b>	<b>4.12%</b>	<b>7,473,690</b>
<b>Other Cash/Deposits</b>					
General Checking	All Funds		1,825,901	1.01%	1,825,901
Workers' Comp Administrators	Workers' Comp		30,000	0.02%	30,000
Petty Cash & Emergency Cash	General Fund		7,112	0.00%	7,112
CALPERS CERBT - OPEB Trust			3,487,404	1.92%	4,194,950
PARS - PENSION Trust			1,700,000	0.94%	1,987,827
	<b>SUBTOTAL</b>		<b>7,050,417</b>	<b>3.88%</b>	<b>8,045,789</b>
<b>Total Cash and Investments</b>			<b>\$ 181,536,067</b>	<b>100.00%</b>	<b>\$ 177,152,949</b>
** As of 02/28/2022					
<b>CASH ACTIVITY SUMMARY</b>					
<b>FY 2021-22</b>					
Fund Type	07/1/21 Balance	Change in Cash Balance	3/31/2022 Balance		
General Fund	\$ 19,007,873	\$ 1,673,604	\$ 20,681,477		
Community Development	1,077,499	74,934	1,152,433		
RDA Successor Agency (except Housing)	508,427	5,755,321	6,263,749		
Housing Successor Agency/ CDBG	4,307,419	334,589	4,642,008		
Water - Operations	2,573,349	431,704	3,005,052		
Water Other	15,405,786	3,097,753	18,503,539		
Sewer - Operations	1,593,140	1,632,205	3,225,345		
Sewer Other	57,221,072	(3,033,264)	54,187,808		
Other Special Revenue	7,425,644	1,105,689	8,531,334		
Streets and Capital Projects (except RDA)	37,931,830	(173,075)	37,758,756		
Debt Service	337,123	(32,855)	304,268		
Internal Service	19,378,242	1,128,766	20,507,008		
Agency Funds (assessment dists./refundable deposits)	3,356,940	(583,651)	2,773,290		
<b>Total</b>	<b>\$ 170,124,346</b>	<b>\$ 11,411,721</b>	<b>\$ 181,536,067</b>		

<https://www.morgan-hill.ca.gov/DocumentCenter/View/40944/March-2022-Financial-and-Investment-Report-PDF>

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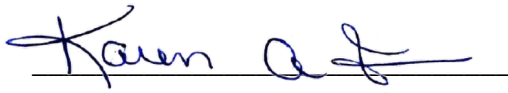
Los Gatos Municipal Code 2.30.035.

Milpitas Municipal Code VI-1-3.04.

## Interviews



Interviews were conducted with 16 individuals between April 25, 2022, and June 16, 2022.

This report was **ADOPTED** by the 2022 Santa Clara County Civil Grand Jury on this 14th day of December, 2022.



Karen Enzensperger  
Foreperson



		<h1>COUNCIL POLICY MANUAL</h1> <p><i>Small Town Service    Community Stewardship    Future Focus</i></p>	
TITLE: Investment Policy		POLICY NUMBER: 4-02	
EFFECTIVE DATE: 11/1/16		PAGES: 8	
ENABLING ACTIONS: 2016-063		REVISED DATES: 5/16/17;5/15/2018; 9/3/2019; 11/03/2020, 1/17/2023	
APPROVED:			

## PURPOSE

The Town of Los Gatos (the “Town”), incorporated in 1887, is located approximately 60 miles south of San Francisco, in the southwestern portion of Santa Clara County. The Town operates under the Council/Manager form of government. The Town Council is the legislative body for the Town. It has five members elected to serve staggered four year terms. The Town Manager is appointed by the Town Council.

The Town Council has adopted this Investment Policy in order to establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the funds of the Town. All Town funds will be invested in accordance with this Investment Policy and with applicable sections of the California Government Code.

This Investment Policy was originally adopted by the Town Council of the Town of Los Gatos November 1, 2016. Town Council adopted revisions replace any previous investment policy or investment procedures of the Town.

## SCOPE

This Investment Policy applies to all of the Town's short-term operating funds. These funds are described in the Town's annual financial report and include, but are not limited to:

General Fund

### Special Revenue Funds

Capital Project Funds  
 Debt Service Funds  
 Enterprise Fund  
 Internal Service Funds  
 Fiduciary Funds

ATTACHMENT 2

<b>TITLE: Investment Policy</b>	<b>PAGE:</b> 2 of 10	<b>POLICY NUMBER:</b> 4-02
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Specifically excluded from this Investment Policy are amounts which are held by a trustee or fiscal agent and pledged as payment or security for bonds or other indebtedness, obligations under a lease, or obligations under certificates of participation. Such funds are invested in accordance with statutory provisions, ordinance, resolution, or indenture governing the issuance of the obligations. In addition, this Investment Policy is not applicable to the Town's Deferred Compensation Plan. These investments are directed by each employee participant in accordance with the rules of the Deferred Compensation Plan.

## POLICY

### OBJECTIVES

The Town's funds shall be invested in accordance with all applicable Town policies and codes, State statutes, and Federal regulations, and in a manner designed to accomplish the following objectives, which are listed in priority order:

1. Preservation of capital and protection of investment principal.
2. Maintenance of sufficient liquidity to meet anticipated cash flows.
3. Attainment of a market value rate of return.
4. Diversification to avoid incurring unreasonable market risks.

### DELEGATION OF AUTHORITY

Management responsibility for the Town's investment program is delegated annually by the Town Manager to the Town Treasurer/Finance Director (the "Treasurer") pursuant to California Government Code Section 36510. The Treasurer may delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to other specifically authorized staff members. The Treasurer shall maintain a list of persons authorized to transact securities business for the Town. No person may engage in an investment transaction except as expressly provided under the terms of this Investment Policy.

The Treasurer shall develop written administrative procedures and internal controls, consistent with this Investment Policy, for the operation of the Town's investment program. Such procedures shall be designed to prevent losses arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees.

The Town may engage the support services of outside investment advisors in regard to its investment program, so long as it can be demonstrated that these services produce a net financial advantage or necessary financial protection of the Town's financial resources.

### PRUDENCE

The standard of prudence to be used for managing the Town's investments shall be California Government Code Section 53600.3, the prudent investor standard which states, "When

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investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

The Town's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The Town recognizes that no investment is totally without risk and that the investment activities of the Town are a matter of public record. Accordingly, the Town recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the Town.

The Treasurer and authorized investment personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the Town Council and appropriate action is taken to control adverse developments.

### **ETHICS AND CONFLICTS OF INTEREST**

Elected officials and Town employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Elected officials and Town employees shall disclose to the Town Council any business interests they have in financial institutions that conduct business with the Town and they shall subordinate their personal investment transactions to those of the Town. In addition, the Town Manager and the Treasurer shall file a Statement of Economic Interests each year pursuant to California Government Code Section 87203 and regulations of the Fair Political Practices Commission.

### **SOCIALLY RESPONSIBLE INVESTING**

In addition to and subordinate to the objectives set forth above, investment of funds should be guided by the following socially responsible investment goals when investing in corporate securities and depository institutions. Investments shall be made in compliance with the responsible investment goals to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to other investments permitted by state law.

**(1) Environmental, Social Responsibility and Governance Concerns**

Investments are encouraged in entities that support community well-being through safe and environmentally sound practices and fair labor practices. Investments are encouraged in entities that support equality of rights regardless of sex, race, age, disability or sexual orientation. All corporate securities within the portfolio will be monitored by an independent third-party who will provide the Town with an ESG (Environmental, Social Responsibility, and Governance) rating. The Town will prefer companies when appropriate that maintain a higher ESG rating as opposed to those companies that have a lower ESG Rating.

**(2) Community Investments**

Investments are encouraged in entities that promote community economic development, and investments are discouraged in entities that finance high-cost check-cashing and deferred deposit (payday-lending) businesses. Investments are encouraged in entities that have a demonstrated involvement in the development or rehabilitation of low-income affordable housing and have a demonstrated commitment to reducing predatory mortgage lending and increasing the responsible servicing of mortgage loans. Securities investments are encouraged in financial institutions that have a Community Reinvestment Act (CRA) rating of either Satisfactory or Outstanding, as well as financial institutions that are designated as a Community Development Financial Institution (CDFI) by the United States Treasury Department, or otherwise demonstrate commitment to community economic development.

**AUTHORIZED SECURITIES AND TRANSACTIONS**

All investments and deposits of the Town shall be made in accordance with California Government Code Sections 16429.1, 53600-53609 and 53630-53686, except that pursuant to California Government Code Section 5903(e), proceeds of bonds and any moneys set aside or pledged to secure payment of the bonds may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement, or other instrument providing for the issuance of the bonds. Any revisions or extensions of these code sections will be assumed to be part of this Investment Policy immediately upon being enacted. However, in the event that amendments to these sections conflict with this Investment Policy and past Town investment practices, the Town may delay adherence to the new requirements when it is deemed in the best interest of the Town to do so. In such instances, after consultation with the Town's attorney, the Treasurer will present a recommended course of action to the Town Council for approval. All investment limits specified in the Policy are calculated at the time of investment.

The Town has further restricted the eligible types of securities and transactions as follows:

1. United States Treasury bills, notes, bonds, or certificates with a final maturity not exceeding five years from the date of trade settlement.
2. Federal Agency Obligations for which the faith and credit of the United States are pledged for the payment of principal and interest and which have a final maturity not exceeding five years from the date of trade settlement. There is no limit on the percentage of the

portfolio that can be invested in this category, however, no more than 20% of the town's total portfolio shall be invested in the combination of Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) mortgage-backed securities.

3. Federal Instrumentality (government sponsored enterprise) debentures, discount notes, callable securities, step-up securities, and mortgage-backed securities (including FNMA and FHLMC) with a final maturity not exceeding five years from the date of trade settlement. There is no limit on the percentage of the portfolio that can be invested in this category, however, no more than 20% of the town's total portfolio shall be invested in the combination of GNMA, FNMA, and FHLMC mortgage-backed securities.
4. Prime Commercial Paper with a maturity not exceeding 270 days from the date of trade settlement with the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either sub-paragraph A. or sub-paragraph B. below:

A. The entity shall (1) be organized and operating in the United States as a general corporation, (2) have total assets in excess of five hundred million dollars (\$500,000,000) and (3) Have debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.

B. The entity shall (1) be organized within the United States as a special purpose corporation, trust, or limited liability company, (2) have program wide credit enhancements, including, but not limited to, over collateralization, letters of credit or surety bond and (3) have commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Purchases of eligible commercial paper shall not exceed:

- 10% of the outstanding commercial paper of any single corporate issuer,
- 5% of the Town's total portfolio in the commercial paper of any one issuer, and
- 25% of the Town's total portfolio.

5. Eligible Bankers Acceptances with a maturity not exceeding 180 days from the date of trade settlement, issued by a state or national bank with combined capital and surplus of at least \$250 million, whose deposits are insured by the FDIC, and whose senior long-term debt is rated at least A or the equivalent by a NRSRO at the time of purchase. No more than 5% of the Town's total portfolio shall be invested in banker's acceptances of any one issuer, and the aggregate investment in banker's acceptances shall not exceed 30% of the Town's total portfolio.

6. Medium Term Notes (Corporate Notes) issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, with a final maturity not exceeding five years from the date of trade settlement and rated at least "A" or the equivalent by a NRSRO. No more than 5% of the Town's total portfolio shall be invested in the medium-term notes of any one issuer and the aggregate investment in medium term notes shall not exceed 30% of the Town's total portfolio.
7. Municipal & State Obligations:
- A. Municipal bonds including registered notes or bonds of any of the 50 states, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the 50 states.
  - B. In addition, bonds, notes, warrants, or other evidences of indebtedness of any local agency in California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, operated by the local agency, or by a department, board, agency, or authority of the local agency.

Municipal bonds must be rated at least "A" or the equivalent by a NRSRO with maturities not exceeding five years from the date of the trade settlement. No more than 5% of the Town's total portfolio shall be invested in "A" rated bonds or in the bonds of any one municipality. In addition, the aggregate investment in municipal bonds may not exceed 30% of the total portfolio.

8. Certificates of Deposit with a final maturity not exceeding five years from the date of trade settlement. The aggregate investment in certificates of deposit shall not exceed 30% of the Town's portfolio, and no more than 5% of the portfolio shall be held in any one deposit or allocated to any one issuer. Certificates of Deposit shall be issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank or by a federally licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated at least "A" or the equivalent by a NRSRO.

Negotiable certificates of deposit issued by a nationally or state-chartered bank, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposits are subject to the limitations of Section 53601(i), shall be fully insured by the FDIC with a corresponding FDIC certification number, and shall be delivered through the Depository Trust Company.

Non-Negotiable certificates of deposit issued by a nationally or state-chartered bank, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of non-negotiable certificates of deposit are subject to the limitations of Sections 53601(n) and 53638 and shall be fully insured by the FDIC with a corresponding FDIC certification number.

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Private sector entities may be used to place certificates of deposit subject to the limitations of Section 53601.8.

9. State of California's Local Agency Investment Fund (LAIF), pursuant to California Government Code Section 16429.1. The aggregate amount invested in LAIF shall not exceed the maximum allowed by the fund.
10. Money Market Funds registered under the Investment Company Act of 1940 that (1) are "no-load" (meaning no commission or fee shall be charged on purchases or sales of shares); (2) have a constant net asset value per share of \$1.00; (3) invest only in government securities, and (4) have a rating of at least AAA or the equivalent by at least two NRSROs. No more than 10% of the Town's total portfolio shall be invested in money market funds of any one issuer, and the aggregate investment in money market funds shall not exceed 20% of the Town's total portfolio.

Securities that have been downgraded to a level that is below the minimum ratings described herein may be sold or held at the Town's discretion. The portfolio will be brought back into compliance with Investment Policy guidelines as soon as is practical.

The foregoing list of authorized securities and transactions shall be strictly interpreted. Any deviation from it must be preapproved by resolution of the Town Council.

### **PORTFOLIO MATURITIES AND LIQUIDITY**

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. The Town will not invest in securities maturing more than five years from the date of trade settlement, unless the Town Council has by resolution granted authority to make such an investment at least three months prior to the date of investment.

### **SELECTION OF BROKER/DEALERS**

The Treasurer shall maintain a list of broker/dealers approved for investment purposes, and it shall be the policy of the Town to purchase securities only from those authorized firms. To be eligible, a firm must meet at least one of the following criteria:

- Be recognized as a Primary Dealer by the Federal Reserve Bank of New York or have a primary dealer within their holding company structure; or
- Report voluntarily to the Federal Reserve Bank of New York; or
- Qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule).

In addition, authorized broker/dealers must be licensed by the State of California as a broker/dealer as defined in Section 25004 of the California Corporations Code.

The Town may engage the services of investment advisory firms to assist in the management of the portfolio and investment advisors may utilize their own list of approved broker/dealers.

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Such broker/dealers will comply with the selection criteria above and the list of approved firms shall be provided to the Town on an annual basis or upon request.

In the event that an external investment advisor is not used in the process of recommending a particular transaction in the Town's portfolio, authorized broker/dealers shall attest in writing that they have received and reviewed a copy of the this Investment Policy and shall be required to submit and annually update a Town approved Broker/Dealer Information request form, which includes the firm's most recent financial statements.

The Town may purchase commercial paper from direct issuers even though they are not on the approved broker/dealer list as long as they meet the criteria outlined in Item 4 of the Authorized Securities and Transactions section of this Investment Policy.

### **COMPETITIVE TRANSACTIONS**

Each investment transaction shall be competitively transacted with authorized broker/dealers. At least three broker/dealers shall be contacted for each transaction and their bid and offering prices shall be recorded.

If the Town is offered a security for which there is no other readily available competitive offering, the Treasurer will document quotations for comparable or alternative securities.

### **SELECTION OF BANKS**

The Treasurer shall maintain a list of banks and savings banks approved to provide banking services for the Town. To be eligible, a bank must be a member of the Federal Deposit Insurance Corporation, must qualify as a depository of public funds in the State of California as defined in California Government Code Section 53630.5 and shall secure deposits in excess of FDIC coverage in accordance with California Government Code Section 53652.

Authorized banks that accept deposits from the Town shall meet high standards with regard to liquidity, asset quality, profitability and capital adequacy. The Treasurer shall utilize a commercial bank rating service to perform credit analysis on banks seeking authorization. Banks that in the judgment of the Treasurer no longer offer adequate safety to the Town shall be removed from the Town's list of authorized banks.

### **SAFEKEEPING AND CUSTODY**

The Treasurer shall select one or more financial institutions to provide safekeeping and custodial services for the Town. A Safekeeping Agreement shall be executed with each custodian bank prior to utilizing that bank's safekeeping services.

Custodian banks will be selected on the basis of their ability to provide services for the Town's account and the competitive pricing of their safekeeping related services.



The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. All securities shall be perfected in the name of the Town. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities, purchased by the Town, will be delivered by book entry and will be held in third-party safekeeping by a Town approved custodian bank or its Depository Trust Company (DTC) participant account.

All Fed wireable book entry securities owned by the Town shall be held in the Federal Reserve System in a customer account for the custodian bank which will name the Town as "customer."

All DTC eligible securities shall be held in the custodian bank's DTC participant account and the custodian bank shall provide evidence that the securities are held for the Town as "customer."

### **PORTFOLIO PERFORMANCE**

The investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of the Town's investments shall be compared to the average yield on the U.S. Treasury security that most closely corresponds to the portfolio's weighted average effective maturity. When comparing the performance of the Town's portfolio, its rate of return will be computed net of all fees and expenses.

### **REPORTING**

~~No less than quarterly~~ Every month, the Treasurer shall prepare a report of the investment earnings and performance results of the Town's investment portfolio. The report shall be submitted to the Town Clerk within 45 days after the end of each month ~~quarter~~ for inclusion as an agenda item at the next scheduled Town Council meeting. The report shall include the following information:

1. Investment type, issuer, date of maturity, par value and dollar amount invested in all securities, and investments and monies held by the Town;
2. A market value as of the date of the report (or the most recent valuation as to assets not valued monthly) and the source of the valuation;
3. Realized and unrealized gains or losses calculated by amortized cost and by fair value;
4. The weighted average maturity of the portfolio and a percentage breakdown of the total portfolio by maturity;
5. A description of the funds, investments and programs that are under the management of contracted parties;
6. The Town of Los Gatos Environmental, Social and Governance (ESG) scores;

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Item 7.

7. A statement of compliance with this Investment Policy or an explanation for non-compliance; and
8. A statement of the ability to meet expenditure requirements for the next six months, and an explanation of why money will not be available if that is the case.

## PROCEDURES

This Investment Policy shall be adopted by resolution of the Town Council. Annually the Town Manger shall present this Investment Policy to the Town Council and the Finance Commission for review to ensure its consistency with the Town's investment objectives, current law and economic trends. Any amendments to this Investment Policy shall be approved by the Town Council.

APPROVED AS TO FORM:

\_\_\_\_\_  
Gabrielle Wheelan, Town Attorney



**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 1/10/2023

ITEM NO: 7

ADDENDUM

Item 7.

DATE: January 9, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review and Recommend to the Town Council Changes to the Town's  
Operating Portfolio Investment Policy

**REMARKS:**

In response to a Commissioner question regarding Item #7, the Town Attorney has opined that Government Code Section 41004 requires that the Town file a document showing the Town's "disbursements, receipts, and fund balances" with the Town Clerk monthly. The Town Attorney reviewed the Town's investment report and it includes this information. The Grand Jury Report also states that the investment report satisfies the criteria of Government Code Section 41004. For these reasons, while there may be additional documents that would satisfy the requirement, staff proposes to use the Town's investment report to comply with Government Code Section 41004.

In addition, a Commissioner requested documents be distributed to the Commission prior to the meeting. Attachment 3 contains the emails and documents.

**Attachment previously received with the Staff Report:**

1. 2021-22 Civil Grand Jury Report Show Me the Money: Financial Transparency Needed
2. Town Investment Policy - Redlined

**Attachment received with this Addendum:**

3. Commissioner Emails and Documents

**PREPARED BY:** Gitta Ungvari  
Finance Director

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

**From:** [Phil Koen](#)  
**To:** [Arn Andrews](#); [Ron Dickel](#)  
**Cc:** [Laurel Prevetti](#)  
**Subject:** Treasurer\_Report\_for\_October\_2022.pdf  
**Date:** Saturday, January 7, 2023 8:44:15 AM  
**Attachments:** [Treasurer\\_Report\\_for\\_October\\_2022.pdf](#)

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EXTERNAL SENDER

Hello Arn and Ron,

Could you please distribute the attached City of Saratoga Treasurer's Report to the FC to discuss during agenda item #2 and #7.

Also I would like to pull agenda item #2 from the consent items because I have a number of questions I would like to ask/discuss.

Thank you.

Phil Koen



## SARATOGA CITY COUNCIL

**MEETING DATE:** December 7, 2022

**DEPARTMENT:** Administrative Services

**PREPARED BY:** Ann Xu, Accountant  
Agnes Pabis, Finance Manager

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**SUBJECT:** Treasurer's Report for the Month Ended October 31, 2022

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### RECOMMENDED ACTION:

Review and accept the Treasurer's Report for the month ended October 31, 2022.

### BACKGROUND:

California government code section 41004 requires that the City Treasurer submits to the City Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. The Municipal Code of the City of Saratoga, Article 2-20, Section 2-20.035 designates the City Manager as the City Treasurer. This report is prepared to fulfill this requirement.

The following attachments provide various financial transaction data for the City of Saratoga's Funds collectively as well as specifically for the City's General (Operating) Fund, including an attachment from the State Treasurer's Office of Quarterly LAIF rates from the 1<sup>st</sup> Quarter of 1977 to the present.

### FISCAL STATEMENT:

#### *Cash and Investments Balance by Fund*

As of October 31, 2022, the City's unaudited cash and investments totaled \$34,998,784. The City Council's adopted policy on the Working Capital Reserve Fund states that effective July 1, 2016: for cash flow purposes and to avoid the occurrence of dry period financing, pooled cash from all funds should not be allowed to fall below \$1,000,000. The total pooled cash balance of \$34.9 million exceeds the minimum amount required.

Cash Summary	
Comerica Bank	\$ 2,366,778
Deposit with LAIF	\$ 32,632,006
<b>Total Cash</b>	<b>\$ 34,998,784</b>

### ***City's Current Financial Position***

In accordance with California government code section 53646 (b) (3), the City is financially well positioned and able to meet its estimated expenditure requirements for the next six months. As of October 31, 2022, the City's financial position (Assets \$35.2M, Liabilities \$4.9M, and Fund Equity \$30.3M) remains very strong and there are no issues in meeting financial obligations now or in the foreseeable future.

The following Fund Balance schedule represents actual funding available for all funds at the end of the monthly period. This amount differs from the above Cash Summary schedule as assets and liabilities are components of the fund balance. 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.

<b>Adjusting Cash to Ending Fund Balance</b>		
Total Cash	\$	34,998,784
Plus: Assets		177,614
Less: Liabilities		(4,876,570)
<b>Ending Fund Balance</b>	<b>\$</b>	<b>30,299,828</b>

### **ATTACHMENTS:**

Table 1 – Change in Total Fund Balances by Fund

Table 2 – Change in Total Fund Balances by CIP Project

Chart 1 – Change in Investment Pool Balance by Month

Chart 2 – Local Agency Investment Fund (LAIF) Quarterly Apportionment Rates

**TABLE 1: CHANGES IN TOTAL FUND BALANCE**

Fund Description	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) Jul - Sep	Current Revenue	Current Expenditure	Transfer In	Transfer Out	Fund Balance 10/31/2022
<b>General Fund</b>							
Committed Fund Balances:							
Hillside Stability Reserve	1,000,000	-	-	-	-	-	1,000,000
Assigned Fund Balances:							
Future Capital Replacement & Efficiency Project Reserve	3,509,000	-	-	-	-	-	3,509,000
Carryforwards Reserve	20,000	-	-	-	-	-	20,000
Facility Reserve	3,700,000	-	-	-	-	-	3,700,000
Unassigned Fund Balances:							
Working Capital Reserve	1,000,000	-	-	-	-	-	1,000,000
Fiscal Stabilization Reserve	3,250,000	-	-	-	-	-	3,250,000
Compensated Absences Reserve	330,000	-	-	-	-	-	330,000
Other Unassigned Fund Balance Reserve (Pre YE distribution)	2,601,458	(3,928,371)	1,162,030	(1,551,359)	-	-	(1,716,242) *
<b>General Fund Total</b>	<b>15,410,458</b>	<b>(3,928,371)</b>	<b>1,162,030</b>	<b>(1,551,359)</b>	<b>-</b>	<b>-</b>	<b>11,092,758</b>
<b>Special Revenue</b>							
Landscape/Lighting Districts	977,231	(57,805)	847	(17,579)	-	-	902,694
ARPA Federal Grants	7,127,589	-	-	-	-	-	7,127,589
<b>Special Revenue Fund Total</b>	<b>8,104,820</b>	<b>(57,805)</b>	<b>847</b>	<b>(17,579)</b>	<b>-</b>	<b>-</b>	<b>8,030,283</b>
<b>Debt Service</b>							
Library Bond	805,311	(710,933)	2,754	-	-	-	97,132
Arrowhead Bond	124,402	(69,541)	-	(767)	-	-	54,094
<b>Debt Service Fund Total</b>	<b>929,714</b>	<b>(780,474)</b>	<b>2,754</b>	<b>(767)</b>	<b>-</b>	<b>-</b>	<b>151,226</b>
<b>Internal Service Fund</b>							
Liability/Risk Management	641,403	(588,061)	-	(11,324)	-	-	42,018
Workers Compensation	232,829	(226)	1,535	(55,007)	-	-	179,130
Office Support Fund	155,443	4,072	615	(1,473)	-	-	158,658
Information Technology Services	661,159	(6,254)	797	(50,198)	-	-	605,505
Vehicle & Equipment Maintenance	278,317	17,846	-	(23,027)	-	-	273,136
Building Maintenance	764,302	30,844	-	(62,168)	-	-	732,977
Vehicle & Equipment Replacement	905,217	24,738	-	-	-	-	929,954
Technology Replacement	798,337	37,263	-	-	-	-	835,600
Facility FFE Replacement	941,400	46,334	-	-	-	-	987,735
<b>Internal Service Fund Total</b>	<b>5,378,407</b>	<b>(433,444)</b>	<b>2,947</b>	<b>(203,197)</b>	<b>-</b>	<b>-</b>	<b>4,744,713</b>
<b>Trust/Agency</b>							
WVCWP Agency Fund	558,655	197,263	-	(47,148)	-	-	708,769
<b>Trust/Agency Fund Total</b>	<b>558,655</b>	<b>197,263</b>	<b>-</b>	<b>(47,148)</b>	<b>-</b>	<b>-</b>	<b>708,769</b>
<b>Capital Project</b>							
Street Projects	3,381,066	(432,231)	132,561	(86,642)	-	-	2,994,755
Park and Trail Projects	849,562	(1,824)	-	(16,720)	-	-	831,019
Facility Projects	623,475	(155,704)	5,029	(2,098)	-	-	470,702
Administrative Projects	1,429,921	(50,295)	5,226	(14,050)	-	-	1,370,802
Tree Fund Projects	52,541	-	-	-	-	-	52,541
Park In-Lieu Projects	1,172,555	30,098	-	(62,663)	-	-	1,139,991
CIP Grant Street Projects	(46,912)	(2,131)	-	(12,228)	-	-	(61,271) *
CIP Grant Park & Trail Projects	-	100,000	-	(196,841)	-	-	(96,841) *
CIP Grant Administrative Projects	(164,574)	-	-	-	-	-	(164,574) *
CIP Grant ARPR/SLFRF Projects	-	(142,725)	-	(182,105)	-	-	(324,830) *
Gas Tax Fund Projects	247,731	258,409	127,538	(1,273,891)	-	-	(640,213) *
<b>CIP Fund Total</b>	<b>7,545,366</b>	<b>(396,402)</b>	<b>270,354</b>	<b>(1,847,238)</b>	<b>-</b>	<b>-</b>	<b>5,572,079</b>
<b>Total City</b>	<b>37,927,419</b>	<b>(5,399,234)</b>	<b>1,438,931</b>	<b>(3,667,288)</b>	<b>-</b>	<b>-</b>	<b>30,299,828</b>

\*Negative fund balance due to authorized spending of anticipated revenues

TABLE 2: FUND BALANCES BY CIP PROJECT

CIP Funds/Projects	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) Jul - Sep	Current Revenue	Current Expenditure	Transfer In	Transfer Out	Fund Balance 10/31/2022
<b>Street Projects</b>							
Annual Road Improvements	1,009,556	(137,971)	132,561	(37,196)	-	-	966,951
Roadway Safety & Traffic Calming	147,118	-	-	-	-	-	147,118
Citywide Traffic Signal Battery Backup	266,315	-	-	-	-	-	266,315
Portable Radar Feedback Sign	1,548	-	-	-	-	-	1,548
Local Roadway Safety Plan	3,410	(237)	-	(126)	-	-	3,047
Prospect/Saratoga Median Improvement	309,379	-	-	-	-	-	309,379
Village Clock	8,626	(6,066)	-	-	-	-	2,560
Big Basin Way/Blaney Trash Can Replacement	50,802	-	-	-	-	-	50,802
Annual Infrastructure Maintenance & Repairs	41,431	(13,705)	-	-	-	-	27,726
Guava Court Curb & Gutter Replacement	280,000	-	-	-	-	-	280,000
El Camino Grande Storm Drain Pump	104	-	-	-	-	-	104
Saratoga Village Crosswalk & Sidewalk Rehabilitation	49,055	(1,052)	-	-	-	-	48,004
Quito Road Sidewalk Improvements	43,370	-	-	-	-	-	43,370
Saratoga/Sunnyvale Road Sidewalk	92,158	-	-	-	-	-	92,158
Quito Road Sidewalk Rehabilitation and Gap Closure	182,609	-	-	-	-	-	182,609
Fourth Street Bridge Widening	99,837	-	-	(1,438)	-	-	98,399
Quito Road Bridge Replacement	132,197	-	-	(162)	-	-	132,035
Quito Road Bridge - ROW Acquisition	3,662	-	-	-	-	-	3,662
Annual Retaining Wall Maintenance & Repairs	222,450	3,209	-	(333)	-	-	225,327
Mt. Eden Erosion Repair	59,622	(3,209)	-	-	-	-	56,412
Continental Circle Landslide Stabilization	57,447	-	-	-	-	-	57,447
Pierce Road Retainment	300,290	(273,200)	-	(47,389)	-	-	(20,299) *
Mt. Eden Emergency Landslide	20,080	-	-	-	-	-	20,080
<b>Total Street Projects</b>	3,381,066	(432,231)	132,561	(86,642)	-	-	2,994,755
<b>Parks &amp; Trails Projects</b>							
Park/Trail Repairs	32,873	-	-	-	-	-	32,873
Hakone Gardens Infrastructure Improvements	16,599	-	-	-	-	-	16,599
Hakone Pond Reconstruction	300,000	-	-	-	-	-	300,000
Beauchamps Park Playground Replacement	35,131	-	-	(11,418)	-	-	23,713
Guava/Fredericksburg Entrance	235,970	(1,824)	-	(5,302)	-	-	228,844
Saratoga Village to Quarry Park Walkway - Design	228,989	-	-	-	-	-	228,989
<b>Total Parks &amp; Trails Projects</b>	849,562	(1,824)	-	(16,720)	-	-	831,019
<b>Facility Projects</b>							
Open Work Space	80,000	-	-	-	-	-	80,000
Civic Theater Improvements	-	4,458	5,029	-	-	-	9,486
PEG Funded Project	113,650	-	-	-	-	-	113,650
Community Center Improvement	24,513	(3,351)	-	-	-	-	21,162
Community Center Generator and EV Charging Stations	395,312	(156,811)	-	(2,098)	-	-	236,404
Library Building Exterior Maintenance	10,000	-	-	-	-	-	10,000
<b>Total Facility Projects</b>	623,475	(155,704)	5,029	(2,098)	-	-	470,702
<b>Administrative and Technology Projects</b>							
Safe Routes to School	-	(1,245)	-	-	-	-	(1,245) *
City Website/Intranet	16,948	-	-	-	-	-	16,948
Development Technology	20,538	552	13	(9,455)	-	-	11,648
Software Technology Management	118,695	20,916	5,213	-	-	-	144,824
LLD Initiation Match Program	25,000	-	-	-	-	-	25,000
Horseshoe Beautification	13,295	(290)	-	-	-	-	13,005
Business Renewal Program	6,643	-	-	(2,345)	-	-	4,298
Citywide Accessibility Assessment	28,066	-	-	-	-	-	28,066
City Art Program	53,669	-	-	-	-	-	53,669
Safe Routes to School Needs Assessment	15,748	-	-	-	-	-	15,748
El Quito Neighborhood Improvements	284,507	-	-	-	-	-	284,507
Parking District ADA Improvements and Rehabilitation	250,000	-	-	-	-	-	250,000
Storm Drain Master Plan	300,000	-	-	-	-	-	300,000
ADA Self Assessment	-	-	-	(2,250)	-	-	(2,250) *
General Plan Update	238,592	(70,228)	-	-	-	-	168,364
Wildfire Mitigation Program	4,067	-	-	-	-	-	4,067
Risk Management Project Funding	54,153	-	-	-	-	-	54,153
<b>Total Administrative and Technology Projects</b>	1,429,921	(50,295)	5,226	(14,050)	-	-	1,370,802

\*Negative fund balance due to authorized spending of anticipated revenues

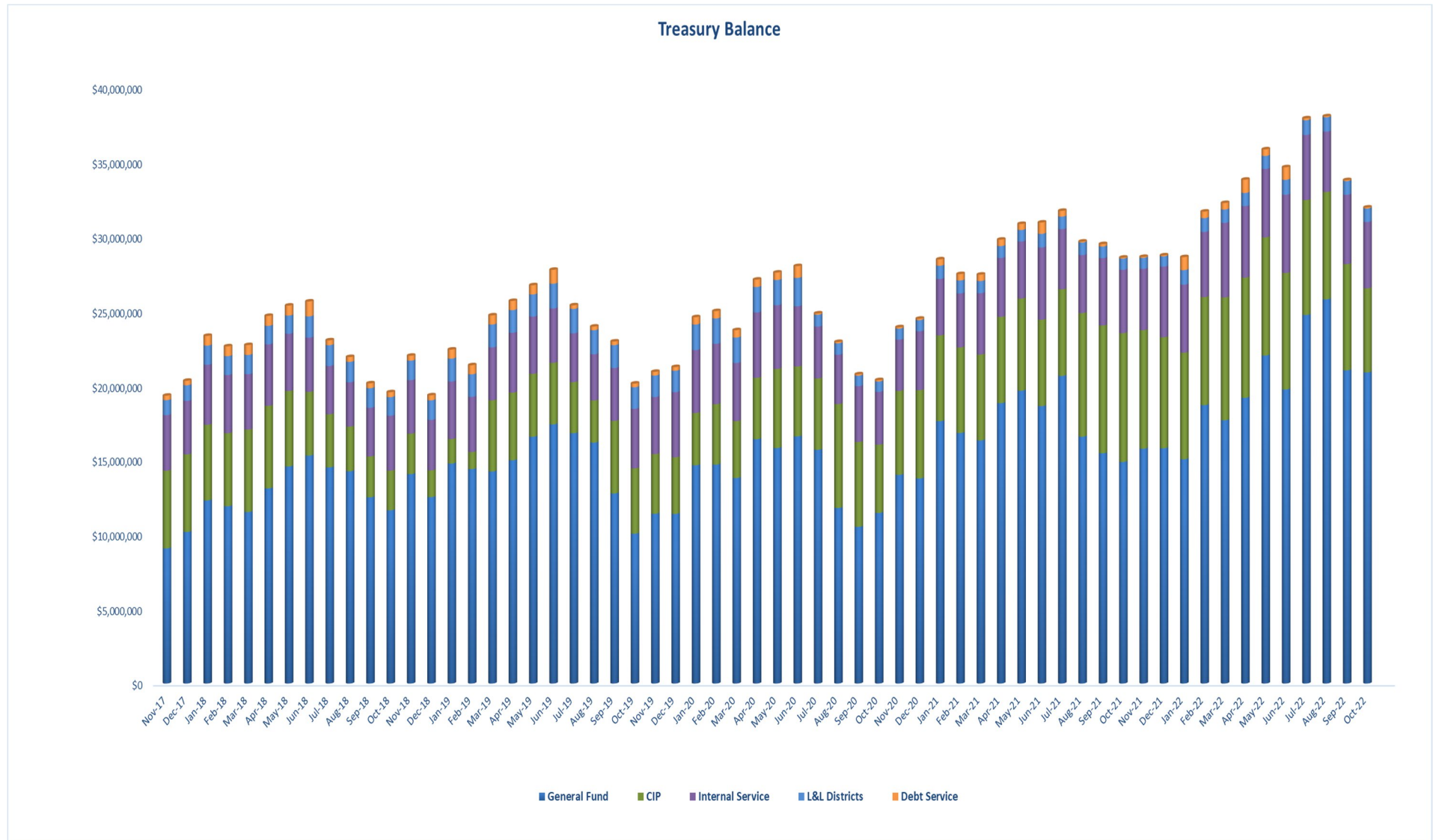


TABLE 2 (cont.): FUND BALANCES BY CIP PROJECT

CIP Funds/Projects	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) Jul - Sep	Current Revenue	Current Expenditure	Transfer In	Transfer Out	Fund Balance 10/31/2022
<b>Tree Fund Projects</b>							
Citywide Tree Planting Program	26,666	-	-	-	-	-	26,666
Tree Dedication Program	25,875	-	-	-	-	-	25,875
<b>Total Tree Fund Projects</b>	52,541	-	-	-	-	-	52,541
<b>Park In-Lieu Projects</b>							
Orchard Irrigation & Tree Planting	10,947	-	-	-	-	-	10,947
Hakone Gardens Infrastructure	82,420	-	-	-	-	-	82,420
Trail Pet Stations	25,000	-	-	-	-	-	25,000
Saratoga Village to Quarry Park Walkway - Design	73,810	-	-	-	-	-	73,810
Unallocated Park In-Lieu Funds	970,299	31,343	-	-	-	-	1,001,642
<b>Total Park In-Lieu Projects</b>	1,172,555	30,098	-	(62,663)	-	-	1,139,991
<b>CIP Grant Street Projects</b>							
Local Roadway Safety Plan	(1,619)	(2,131)	-	(1,132)	-	-	(4,882) *
Prospect/Saratoga Median Improvement	(19,217)	-	-	-	-	-	(19,217) *
Citywide Signal Upgrade II	18	-	-	-	-	-	18
Saratoga Ave Sidewalk	(34,146)	-	-	-	-	-	(34,146) *
Village Sidewalk, Curb & Gutter - Phase II Construction	(91)	-	-	-	-	-	(91) *
Saratoga Village Crosswalk & Sidewalk Rehabilitation	(834)	-	-	-	-	-	(834) *
4th Street Bridge	-	-	-	(11,096)	-	-	(11,096) *
Quito Bridge Replacement	18,597	-	-	-	-	-	18,597
Quito Road Bridges - ROW Acquisition	(9,619)	-	-	-	-	-	(9,619) *
<b>Total CIP Grant Street Projects</b>	(46,912)	(2,131)	-	(12,228)	-	-	(61,271)
<b>CIP Grant Park &amp; Trail Projects</b>							
Beauchamps Park Playground	-	-	-	(196,841)	-	-	(196,841) *
Park and Trail Fire Mitigation	-	100,000	-	-	-	-	100,000
<b>Total CIP Grant Park &amp; Trail Projects</b>	-	100,000	-	(196,841)	-	-	(96,841)
<b>CIP Grant Administrative Projects</b>							
CDD Software/ADA	(14,574)	-	-	-	-	-	(14,574) *
General Plan Update (LEAP)	(150,000)	-	-	-	-	-	(150,000) *
<b>Total CIP Grant Administrative Projects</b>	(164,574)	-	-	-	-	-	(164,574)
<b>CIP Grant ARPA/SLFRF Projects</b>							
Storm Water Master Plan	-	(88,055)	-	(139,398)	-	-	(227,453) *
Saratoga Village Water Improvement	-	(54,670)	-	(42,707)	-	-	(97,377) *
<b>Total CIP Grant ARPA/SLFRF Projects</b>	-	(142,725)	-	(182,105)	-	-	(324,830)
<b>Gas Tax Fund Projects</b>							
Annual Roadway Improvements	194,170	258,409	127,538	(1,273,891)	-	-	(693,774) *
Prospect/Saratoga Median Improvements	48,278	-	-	-	-	-	48,278
Big Basin Way Sidewalk Repairs	(1,802)	-	-	-	-	-	(1,802) *
Quito Road Bridges	7,085	-	-	-	-	-	7,085
<b>Total Gas Tax Fund Projects</b>	247,731	258,409	127,538	(1,273,891)	-	-	(640,213)
<b>Total CIP Funds</b>	<b>7,545,366</b>	<b>(396,402)</b>	<b>270,354</b>	<b>(1,847,238)</b>	<b>-</b>	<b>-</b>	<b>5,572,079</b>

\*Negative fund balance due to authorized spending of anticipated revenues

**CHART 1: CHANGE IN INVESTMENT POOL BALANCE BY MONTH**



## CHART 2

### Local Agency Investment Fund Quarterly Apportionment Rates

	March	June	September	December
1977	5.68	5.78	5.84	6.45
1978	6.97	7.35	7.86	8.32
1979	8.81	9.10	9.26	10.06
1980	11.11	11.54	10.01	10.47
1981	11.23	11.68	12.40	11.91
1982	11.82	11.99	11.74	10.71
1983	9.87	9.64	10.04	10.18
1984	10.32	10.88	11.53	11.41
1985	10.32	9.98	9.54	9.43
1986	9.09	8.39	7.81	7.48
1987	7.24	7.21	7.54	7.97
1988	8.01	7.87	8.20	8.45
1989	8.76	9.13	8.87	8.68
1990	8.52	8.50	8.39	8.27
1991	7.97	7.38	7.00	6.52
1992	5.87	5.45	4.97	4.67
1993	4.64	4.51	4.44	4.36
1994	4.25	4.45	4.96	5.37
1995	5.76	5.98	5.89	5.76
1996	5.62	5.52	5.57	5.58
1997	5.56	5.63	5.68	5.71
1998	5.70	5.66	5.64	5.46
1999	5.19	5.08	5.21	5.49
2000	5.80	6.18	6.47	6.52
2001	6.16	5.32	4.47	3.52
2002	2.96	2.75	2.63	2.31
2003	1.98	1.77	1.63	1.56
2004	1.47	1.44	1.67	2.00
2005	2.38	2.85	3.18	3.63
2006	4.03	4.53	4.93	5.11
2007	5.17	5.23	5.24	4.96
2008	4.18	3.11	2.77	2.54
2009	1.91	1.51	0.90	0.60
2010	0.56	0.56	0.51	0.46
2011	0.51	0.48	0.38	0.38
2012	0.38	0.36	0.35	0.32
2013	0.28	0.24	0.26	0.26
2014	0.24	0.22	0.24	0.25
2015	0.26	0.28	0.32	0.37
2016	0.46	0.55	0.60	0.68
2017	0.78	0.92	1.07	1.20
2018	1.51	1.90	2.16	2.40
2019	2.55	2.57	2.45	2.29
2020	2.03	1.36	0.84	0.63
2021	0.44	0.33	0.24	0.23
2022	0.32	0.75	1.35	

**From:** [Phil Koen](#)  
**To:** [Arn Andrews](#); [Ron Dickel](#)  
**Cc:** [Laurel Prevetti](#)  
**Subject:** Footnote 9 - FY 2022 ACFR.pdf  
**Date:** Saturday, January 7, 2023 10:12:01 AM  
**Attachments:** [Footnote 9 - FY 2022 ACFR.pdf](#)

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EXTERNAL SENDER

Hello Arn and Ron,

Could you please include the attached in the FC packet to be discussed during agenda item 7.

Thank you,

Phil Koen

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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Item 7.

Future debt service requirements of the Certificates of Participation were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,355,000	\$ 538,713	\$ 1,893,713
2024	1,415,000	479,550	1,894,550
2025	1,485,000	417,300	1,902,300
2026	1,550,000	351,850	1,901,850
2027	1,625,000	283,375	1,908,375
2028-2032	5,355,000	486,475	5,841,475
Total Debt Service	\$ 12,785,000	\$ 2,557,263	\$ 15,342,263

The Successor Agency must maintain a required amount of cash and investments with the trustee under the terms of the COPs issues. These funds are pledged as reserves to be used if the Successor Agency fails to meet its obligations under the COPs issue and totaled 1,964,434 as of June 30, 2022. The California Government Code requires these funds to be invested in accordance with Town ordinance, bond indentures or State statutes. All these funds have been invested as permitted under the Code.

**NOTE 8 - SPECIAL ASSESSMENT DISTRICT DEBT WITHOUT COMMITMENT**

Special assessment districts are established in various parts of the Town to provide improvements to properties located in those districts. Properties are assessed for the cost of the improvements. These assessments are payable over the term of the debt issued to finance the improvements and are used to pay debt service on debt issued to fund the improvements.

The Town is acting only as an agent and has no legal liability with respect to the payment of any indebtedness of the Downtown Parking Assessment District. There was no non-obligated debt outstanding as of June 30, 2022.

**NOTE 9 - FUND BALANCES**

Fund balance for governmental funds is reported in classifications (nonspendable, restricted, committed, assigned, and unassigned) that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

Item 7.

As of June 30, 2022, fund balances were classified as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Nonspendable</b>				
Loans Receivable	\$ 159,000	\$ -	\$ -	\$ 159,000
<b>Restricted:</b>				
Library	552,877	77,189	(74,813)	555,253
Capital projects	7,544,097	1,827,186	(1,013,890)	8,357,393
Repairs and maintenance	172,356	40,476	(38,593)	174,239
Pensions	-	690,000	-	690,000
VTA	293,323	3,275	-	296,598
<b>Total Restricted</b>	<b>8,562,653</b>	<b>2,638,126</b>	<b>(1,127,296)</b>	<b>10,073,483</b>
<b>Committed:</b>				
Budget stabilization and catastrophes	5,460,485	531,081	-	5,991,566
Catastrophic	5,460,485	531,081	-	5,991,566
Pension/OPEB Reserve	300,000	300,000	(300,000)	300,000
Special revenue funds	537,892	294,788	(194,969)	637,711
<b>Total Committed</b>	<b>11,758,862</b>	<b>1,656,950</b>	<b>(494,969)</b>	<b>12,920,843</b>
<b>Assigned:</b>				
Open Space	562,000	-	-	562,000
Parking	1,460,210	100,000	(1,460,210)	100,000
Sustainability	140,553	-	-	140,553
Capital/Special projects	20,125,734	6,347,187	(1,759,535)	24,713,386
Carryover encumbrances	-	33,145	-	33,145
Comcast PEG	50,000	-	-	50,000
Sale of property	1,200,000	-	(1,200,000)	-
<b>Market Fluctuations</b>	<b>438,333</b>	<b>-</b>	<b>(438,333)</b>	<b>-</b>
Compensated Absences	1,649,917	-	(130,770)	1,519,147
Measure G 2018 District Sales Tax - Residual	590,581	-	-	590,581
Measure G 2018 District Sales Tax - Capital	1,139,909	1,306,076	(2,445,985)	-
<b>Total Assigned</b>	<b>27,357,237</b>	<b>7,786,408</b>	<b>(7,434,833)</b>	<b>27,708,812</b>
<b>Total Fund Balance - Gov't Funds</b>	<b>\$ 47,837,752</b>	<b>\$ 12,081,484</b>	<b>\$ (9,057,098)</b>	<b>\$ 50,862,138</b>

**Restricted**

*Library* reflects fund balance from donations and bequests held in trust for the benefit of the Town's library.

*Capital Outlay* funded from storm drain fees, construction taxes and debt proceeds are legally restricted for major capital projects.

*Repairs and Maintenance* reflects legally restricted balances for repairs and maintenance of lighting and landscape property and open space property that are financed with special tax assessments on the benefiting property.

*VTA* are funds provided by the Valley Transportation Authority's Measure B restricted for the pavement/crack seal rehabilitation project.

*Pension* restricted are amounts paid into a separate legal trust for the Town's Miscellaneous and Safety pension plans administered by CALPERS.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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Item 7.

**Committed**

*Budget Stabilization and Catastrophic* fund balance has been committed per Town Council resolution. The Town Council has established by resolution the budget stabilization arrangement and the catastrophe arrangement. The total balances in these arrangements are to be maintained at 25% of annual General Fund ongoing, operating expenditures, excluding one-time expenditures, divided equally between both arrangements. When either arrangement is used, Town Council will develop a 1 to 5-year reserve replenishment plan to meet the minimum threshold of 25% of General Fund ongoing, operating expenditures, excluding onetime expenditures.

The arrangements can be used when:

- Unforeseen emergencies, such as a disaster or catastrophic event occur.
- Significant decrease in property or sales tax, or other economically sensitive revenues.
- Loss of businesses considered to be significant sales tax generators.
- Reductions in revenue due to actions by the state /federal government.
- Workflow/technical system improvements to reduce ongoing personnel costs and enhance customer service.
- One-time maintenance of service levels due to significant economic budget constraints
- One-time transitional costs associated with organizational restructuring to secure long-term personnel cost savings.

Should any of the events listed above occur that require the expenditure of Town resources beyond those provided for in the annual budget, the Town Manager or designee shall have authority to approve catastrophic or budget stabilization arrangement appropriations. The Town Manager or designee shall then present to the Town Council a budget amendment confirming the nature of the event and authorizing the appropriation of reserve funds.

*Pension/OPEB Reserve* committed fund balance will be used to fund net pension liabilities for the Town's Miscellaneous and Safety pension plans administered by CALPERS. Town policy provides, to the extent possible, that additional annual deposits be calculated committed with the goal of moving the payment of the unfunded pension liability from a 29-year to a 20-year amortization period.

*Special Revenue Fund* committed fund balance will be used for the activities of the respective special revenue funds.

**Assigned**

*Open Space* assigned fund balance will be used to make selective open space acquisitions.

*Parking* assigned fund balance will be used to mitigate parking issues within the Town.

*Sustainability* assigned fund balance will be used to fund ongoing sustainability initiatives and programs.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

Item 7.

*Capital/Special Projects* assigned fund balance will be used for the acquisition and construction of capital facilities as well as special projects or activities as directed by the Town Council.

*Comcast PEG* assigned fund balance will be used to fund capital improvements linked to the televising of council and planning commission meetings.

*Sale of Property* is intended to be spent on capital projects.

*Market Fluctuations* assigned fund balance is used to represent fund balance amounts for unrealized investment gains that have been recorded as investment income in the financial statements in accordance with the requirements of GASB 31.

*Compensated Absences* assigned fund balance will be used for vacation and sick-pay benefits owed to employees as of June 30, 2022 that were not an obligation of the General Fund because of their long-term nature.

*Measure G 2018 District Sales Tax* assigned fund balances for operational and capital will be used to track receipt and use of the 1/8 cents District tax funds collected by the Town for operational and capital expenditures.

#### **NOTE 10 - EMPLOYEES' RETIREMENT PLAN**

The following summarizes the pension balances as of year-end:

	Defined Benefit Plans		Total
	Misc	Safety	
Deferred outflows of resources	\$ 3,663,900	\$ 6,934,592	\$ 10,598,492
Deferred inflows of resources	\$ 10,235,294	\$ 11,897,661	\$ 22,132,955
Net pension liabilities	\$ 10,723,589	\$ 16,762,598	\$ 27,486,187
Pension expense (credit)	\$ 703,247	\$ 2,686,293	\$ 3,389,540

#### **Plan Descriptions**

All qualified employees are eligible to participate in the Town's pooled Safety Plan, a cost-sharing multiple-employer defined benefit pension plan and the Town's Miscellaneous (all other) Plan, an agent Multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Audited financial statements of CalPERS can be obtained from its website <https://www.calpers.ca.gov/page/formspublications>. The Town relies upon actuarial and investment data provided by CalPERS for inclusion and analysis in this report.



**From:** [Phil Koen](#)  
**To:** [Gabrielle Whelan](#); [Arn Andrews](#); [Ron Dickel](#)  
**Cc:** [Laurel Prevetti](#)  
**Subject:** Update of Investment Policy - Agenda Item #7  
**Date:** Sunday, January 8, 2023 8:00:29 AM  
**Attachments:** [Update of Investment Policy.pdf](#)  
[Pages from FY-2022-23-Operating-Budget\(2\).pdf](#)

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**EXTERNAL SENDER**

Hello Gabrielle,

In reading the Staff report for agenda item #7, the purpose of the proposed changes to the Town's Investment Policy is to bring the policy into compliance with Government Code Section 41004. Additionally the Staff attached a report from the Civil Grand Jury entitled "Show Me the Money; Financial Transparency Needed" as supporting material.

Section 41004 states "at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements and fund balances". Please note that the code explicitly states the requirement is to provide a report and accounting of "fund balances". There is no mention in the code about reporting the Town's investment portfolio.

The Civil Grand Jury report included the City of Saratoga's Treasurer's Report which the Grand Jury found to be an excellent example of an acceptable report. In reviewing the report, which is attached, all of the Saratoga's fund balances are listed with columns showing current period revenues, expenditures, transfers in and out and ending balances for every fund. To be clear, this report does not discuss in any way the performance of the City's investment portfolio.

My question is how does the document described in the proposed Investment Policy comply with Government Code Section 41004 if the report only shows the performance results of the Town's investment portfolio? The monthly results of the Town's investment portfolio is not the same as a monthly accounting of the change in all fund balances. The ability of the Town to produce on a monthly basis a Treasurer's report similar to Saratoga's would be a "game changer" in improving financial transparency, which is the ultimate goal.

In addition to the question of periodicity of reporting, there appears to be a more fundamental question as to what is actually required to be reported. Based on my reading of Section 41004 and the report issued by the Grand Jury, in addition to the Treasurer's Report issued by Saratoga, I don't see how any reasonable reading of the Town's Investment Report one can conclude the report (see agenda item 1 for an example) remotely complies with the requirements of Section 41004.

I would appreciate you reviewing this matter prior the Finance Commission's meeting so the Commission can be fully informed regarding the legal reporting requirement of Section 41004. I have also attached a copy of a change in fund balance report published by the Town which is substantially the same as the Treasurer's report produced by Saratoga.

Thank you for your assistance,

Phil Koen

## Example 1. Page 3 of 7 from Saratoga August 2022 Treasurer's Report

TABLE 1: CHANGES IN TOTAL FUND BALANCE

Fund Description	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) July	Current Revenue	Current Expenditure	Transfer In	Transfer Out	Fund Balance 8/31/2022*
<b>General Fund</b>							
Restricted Fund Balances:							
Environmental Services Reserve	63,182	-	-	-	-	-	63,182
Committed Fund Balances:							
Hillside Stability Reserve	1,000,000	-	-	-	-	-	1,000,000
Assigned Fund Balances:							
Future Capital Replacement & Efficiency Project Reserve	2,796,663	-	-	-	-	-	2,796,663
Carryforwards Reserve	20,850	-	-	-	-	-	20,850
Facility Reserve	3,700,000	-	-	-	-	-	3,700,000
Unassigned Fund Balances:							
Working Capital Reserve	1,000,000	-	-	-	-	-	1,000,000
Fiscal Stabilization Reserve	3,150,000	-	-	-	-	-	3,150,000
Compensated Absences Reserve	331,481	-	-	-	-	-	331,481
Other Unassigned Fund Balance Reserve (Pre YE distribution)	3,348,282	(602,197)	682,632	(1,063,288)	-	-	2,365,429
<b>General Fund Total</b>	<b>15,410,458</b>	<b>(602,197)</b>	<b>682,632</b>	<b>(1,063,288)</b>	<b>-</b>	<b>-</b>	<b>14,427,605</b>
<b>Special Revenue</b>							
Landscape/Lighting Districts	977,231	-	44	(15,943)	-	-	961,331
ARPA Federal Grants	7,127,589	-	-	-	-	-	7,127,589
<b>Special Revenue Fund Total</b>	<b>8,104,820</b>	<b>-</b>	<b>44</b>	<b>(15,943)</b>	<b>-</b>	<b>-</b>	<b>8,088,920</b>
<b>Debt Service</b>							
Library Bond	805,311	(714,893)	3,312	-	-	-	93,730
Arrowhead Bond	481,242	(774)	-	(68,767)	-	-	411,701
<b>Debt Service Fund Total</b>	<b>1,286,554</b>	<b>(715,667)</b>	<b>3,312</b>	<b>(68,767)</b>	<b>-</b>	<b>-</b>	<b>505,431</b>
<b>Internal Service Fund</b>							
Liability/Risk Management	641,403	(759,998)	517	(6,948)	-	-	(125,027)
Workers Compensation	232,829	(2,185)	-	(54,431)	-	-	176,212
Office Support Fund	155,443	149	890	(2,027)	-	-	154,456
Information Technology Services	661,159	(30,693)	-	(98,942)	-	-	531,525
Vehicle & Equipment Maintenance	278,317	(5,541)	-	(20,466)	-	-	252,310
Building Maintenance	764,302	(22,267)	-	(60,637)	-	-	681,398
Vehicle & Equipment Replacement	1,201,979	-	-	-	-	-	1,201,979
Technology Replacement	798,337	-	-	-	-	-	798,337
Facility FFE Replacement	1,012,136	-	-	-	-	-	1,012,136
<b>Internal Service Fund Total</b>	<b>5,745,905</b>	<b>(820,535)</b>	<b>1,407</b>	<b>(243,452)</b>	<b>-</b>	<b>-</b>	<b>4,683,326</b>
<b>Trust/Agency</b>							
WVCWP Agency Fund	558,655	(29,955)	-	(41,044)	-	-	487,656
<b>Trust/Agency Fund Total</b>	<b>558,655</b>	<b>(29,955)</b>	<b>-</b>	<b>(41,044)</b>	<b>-</b>	<b>-</b>	<b>487,656</b>
<b>Capital Project</b>							
Street Projects	3,381,066	(34,069)	50,747	(355,438)	-	-	3,042,306
Park and Trail Projects	849,562	-	-	(4,143)	-	-	845,419
Facility Projects	623,475	4,458	-	(53,643)	-	-	574,289
Administrative Projects	1,429,921	7,042	8,205	(290)	-	-	1,444,879
Tree Fund Projects	52,541	-	-	-	-	-	52,541
Park In-Lieu Projects	1,172,555	-	-	-	-	-	1,172,555
CIP Grant Street Projects	(46,912)	-	-	-	-	-	(46,912)
CIP Grant Park & Trail Projects	-	-	100,000	-	-	-	100,000
CIP Grant Administrative Projects	(164,574)	-	-	-	-	-	(164,574)
CIP Grant ARPR/SLFRF Projects	-	-	-	(142,725)	-	-	(142,725)
Gas Tax Fund Projects	247,731	-	126,140	-	-	-	373,871
<b>CIP Fund Total</b>	<b>7,545,366</b>	<b>(22,570)</b>	<b>285,092</b>	<b>(556,240)</b>	<b>-</b>	<b>-</b>	<b>7,251,649</b>
<b>Total City</b>	<b>38,651,757</b>	<b>(2,190,923)</b>	<b>972,487</b>	<b>(1,988,733)</b>	<b>-</b>	<b>-</b>	<b>35,444,587</b>

\*Fund balances are unaudited, and may not include all necessary adjustments. These figures will be updated in future reports once the FY 2021/22 independent audit is completed.

\*\*Negative fund balance due to authorized spending of anticipated revenues

[https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/1578630/Treasurer\\_Report\\_for\\_August\\_2022.pdf](https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/1578630/Treasurer_Report_for_August_2022.pdf)


**TITLE: Investment Policy**
**POLICY NUMBER: 4-02**
**EFFECTIVE DATE: 11/1/16**
**PAGES: 8**
**ENABLING ACTIONS: 2016-063**
**REVISED DATES: 5/16/17; 5/15/2018;  
9/3/2019; 11/03/2020, 1/17/2023**
**APPROVED:**

## PURPOSE

The Town of Los Gatos (the "Town"), incorporated in 1887, is located approximately 60 miles south of San Francisco, in the southwestern portion of Santa Clara County. The Town operates under the Council/Manager form of government. The Town Council is the legislative body for the Town. It has five members elected to serve staggered four year terms. The Town Manager is appointed by the Town Council.

The Town Council has adopted this Investment Policy in order to establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the funds of the Town. All Town funds will be invested in accordance with this Investment Policy and with applicable sections of the California Government Code.

This Investment Policy was originally adopted by the Town Council of the Town of Los Gatos November 1, 2016. Town Council adopted revisions replace any previous investment policy or investment procedures of the Town.

## SCOPE

This Investment Policy applies to all of the Town's short-term operating funds. These funds are described in the Town's annual financial report and include, but are not limited to:

General Fund

### Special Revenue Funds

Capital Project Funds

Debt Service Funds

Enterprise Fund

Internal Service Funds

Fiduciary Funds

ATTACHMENT 2

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Specifically excluded from this Investment Policy are amounts which are held by a trustee or fiscal agent and pledged as payment or security for bonds or other indebtedness, obligations under a lease, or obligations under certificates of participation. Such funds are invested in accordance with statutory provisions, ordinance, resolution, or indenture governing the issuance of the obligations. In addition, this Investment Policy is not applicable to the Town's Deferred Compensation Plan. These investments are directed by each employee participant in accordance with the rules of the Deferred Compensation Plan.

## **POLICY**

### **OBJECTIVES**

The Town's funds shall be invested in accordance with all applicable Town policies and codes, State statutes, and Federal regulations, and in a manner designed to accomplish the following objectives, which are listed in priority order:

1. Preservation of capital and protection of investment principal.
2. Maintenance of sufficient liquidity to meet anticipated cash flows.
3. Attainment of a market value rate of return.
4. Diversification to avoid incurring unreasonable market risks.

### **DELEGATION OF AUTHORITY**

Management responsibility for the Town's investment program is delegated annually by the Town Manager to the Town Treasurer/Finance Director (the "Treasurer") pursuant to California Government Code Section 36510. The Treasurer may delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to other specifically authorized staff members. The Treasurer shall maintain a list of persons authorized to transact securities business for the Town. No person may engage in an investment transaction except as expressly provided under the terms of this Investment Policy.

The Treasurer shall develop written administrative procedures and internal controls, consistent with this Investment Policy, for the operation of the Town's investment program. Such procedures shall be designed to prevent losses arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees.

The Town may engage the support services of outside investment advisors in regard to its investment program, so long as it can be demonstrated that these services produce a net financial advantage or necessary financial protection of the Town's financial resources.

### **PRUDENCE**

The standard of prudence to be used for managing the Town's investments shall be California Government Code Section 53600.3, the prudent investor standard which states, "When

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investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

The Town's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The Town recognizes that no investment is totally without risk and that the investment activities of the Town are a matter of public record. Accordingly, the Town recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the Town.

The Treasurer and authorized investment personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the Town Council and appropriate action is taken to control adverse developments.

### **ETHICS AND CONFLICTS OF INTEREST**

Elected officials and Town employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Elected officials and Town employees shall disclose to the Town Council any business interests they have in financial institutions that conduct business with the Town and they shall subordinate their personal investment transactions to those of the Town. In addition, the Town Manager and the Treasurer shall file a Statement of Economic Interests each year pursuant to California Government Code Section 87203 and regulations of the Fair Political Practices Commission.

### **SOCIALLY RESPONSIBLE INVESTING**

In addition to and subordinate to the objectives set forth above, investment of funds should be guided by the following socially responsible investment goals when investing in corporate securities and depository institutions. Investments shall be made in compliance with the responsible investment goals to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to other investments permitted by state law.

**(1) Environmental, Social Responsibility and Governance Concerns**

Investments are encouraged in entities that support community well-being through safe and environmentally sound practices and fair labor practices. Investments are encouraged in entities that support equality of rights regardless of sex, race, age, disability or sexual orientation. All corporate securities within the portfolio will be monitored by an independent third-party who will provide the Town with an ESG (Environmental, Social Responsibility, and Governance) rating. The Town will prefer companies when appropriate that maintain a higher ESG rating as opposed to those companies that have a lower ESG Rating.

**(2) Community Investments**

Investments are encouraged in entities that promote community economic development, and investments are discouraged in entities that finance high-cost check-cashing and deferred deposit (payday-lending) businesses. Investments are encouraged in entities that have a demonstrated involvement in the development or rehabilitation of low-income affordable housing and have a demonstrated commitment to reducing predatory mortgage lending and increasing the responsible servicing of mortgage loans. Securities investments are encouraged in financial institutions that have a Community Reinvestment Act (CRA) rating of either Satisfactory or Outstanding, as well as financial institutions that are designated as a Community Development Financial Institution (CDFI) by the United States Treasury Department, or otherwise demonstrate commitment to community economic development.

**AUTHORIZED SECURITIES AND TRANSACTIONS**

All investments and deposits of the Town shall be made in accordance with California Government Code Sections 16429.1, 53600-53609 and 53630-53686, except that pursuant to California Government Code Section 5903(e), proceeds of bonds and any moneys set aside or pledged to secure payment of the bonds may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement, or other instrument providing for the issuance of the bonds. Any revisions or extensions of these code sections will be assumed to be part of this Investment Policy immediately upon being enacted. However, in the event that amendments to these sections conflict with this Investment Policy and past Town investment practices, the Town may delay adherence to the new requirements when it is deemed in the best interest of the Town to do so. In such instances, after consultation with the Town's attorney, the Treasurer will present a recommended course of action to the Town Council for approval. All investment limits specified in the Policy are calculated at the time of investment.

The Town has further restricted the eligible types of securities and transactions as follows:

1. United States Treasury bills, notes, bonds, or certificates with a final maturity not exceeding five years from the date of trade settlement.
2. Federal Agency Obligations for which the faith and credit of the United States are pledged for the payment of principal and interest and which have a final maturity not exceeding five years from the date of trade settlement. There is no limit on the percentage of the

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portfolio that can be invested in this category, however, no more than 20% of the town's total portfolio shall be invested in the combination of Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) mortgage-backed securities.

3. Federal Instrumentality (government sponsored enterprise) debentures, discount notes, callable securities, step-up securities, and mortgage-backed securities (including FNMA and FHLMC) with a final maturity not exceeding five years from the date of trade settlement. There is no limit on the percentage of the portfolio that can be invested in this category, however, no more than 20% of the town's total portfolio shall be invested in the combination of GNMA, FNMA, and FHLMC mortgage-backed securities.
4. Prime Commercial Paper with a maturity not exceeding 270 days from the date of trade settlement with the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either sub-paragraph A. or sub-paragraph B. below:

A. The entity shall (1) be organized and operating in the United States as a general corporation, (2) have total assets in excess of five hundred million dollars (\$500,000,000) and (3) Have debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.

B. The entity shall (1) be organized within the United States as a special purpose corporation, trust, or limited liability company, (2) have program wide credit enhancements, including, but not limited to, over collateralization, letters of credit or surety bond and (3) have commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Purchases of eligible commercial paper shall not exceed:

- 10% of the outstanding commercial paper of any single corporate issuer,
- 5% of the Town's total portfolio in the commercial paper of any one issuer, and
- 25% of the Town's total portfolio.

5. Eligible Bankers Acceptances with a maturity not exceeding 180 days from the date of trade settlement, issued by a state or national bank with combined capital and surplus of at least \$250 million, whose deposits are insured by the FDIC, and whose senior long-term debt is rated at least A or the equivalent by a NRSRO at the time of purchase. No more than 5% of the Town's total portfolio shall be invested in banker's acceptances of any one issuer, and the aggregate investment in banker's acceptances shall not exceed 30% of the Town's total portfolio.



6. Medium Term Notes (Corporate Notes) issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, with a final maturity not exceeding five years from the date of trade settlement and rated at least "A" or the equivalent by a NRSRO. No more than 5% of the Town's total portfolio shall be invested in the medium-term notes of any one issuer and the aggregate investment in medium term notes shall not exceed 30% of the Town's total portfolio.
7. Municipal & State Obligations:
- A. Municipal bonds including registered notes or bonds of any of the 50 states, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the 50 states.
  - B. In addition, bonds, notes, warrants, or other evidences of indebtedness of any local agency in California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, operated by the local agency, or by a department, board, agency, or authority of the local agency.

Municipal bonds must be rated at least "A" or the equivalent by a NRSRO with maturities not exceeding five years from the date of the trade settlement. No more than 5% of the Town's total portfolio shall be invested in "A" rated bonds or in the bonds of any one municipality. In addition, the aggregate investment in municipal bonds may not exceed 30% of the total portfolio.

8. Certificates of Deposit with a final maturity not exceeding five years from the date of trade settlement. The aggregate investment in certificates of deposit shall not exceed 30% of the Town's portfolio, and no more than 5% of the portfolio shall be held in any one deposit or allocated to any one issuer. Certificates of Deposit shall be issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank or by a federally licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated at least "A" or the equivalent by a NRSRO.

Negotiable certificates of deposit issued by a nationally or state-chartered bank, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposits are subject to the limitations of Section 53601(i), shall be fully insured by the FDIC with a corresponding FDIC certification number, and shall be delivered through the Depository Trust Company.

Non-Negotiable certificates of deposit issued by a nationally or state-chartered bank, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of non-negotiable certificates of deposit are subject to the limitations of Sections 53601(n) and 53638 and shall be fully insured by the FDIC with a corresponding FDIC certification number.

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Private sector entities may be used to place certificates of deposit subject to the limitations of Section 53601.8.

9. State of California's Local Agency Investment Fund (LAIF), pursuant to California Government Code Section 16429.1. The aggregate amount invested in LAIF shall not exceed the maximum allowed by the fund.
10. Money Market Funds registered under the Investment Company Act of 1940 that (1) are "no-load" (meaning no commission or fee shall be charged on purchases or sales of shares); (2) have a constant net asset value per share of \$1.00; (3) invest only in government securities, and (4) have a rating of at least AAA or the equivalent by at least two NRSROs. No more than 10% of the Town's total portfolio shall be invested in money market funds of any one issuer, and the aggregate investment in money market funds shall not exceed 20% of the Town's total portfolio.

Securities that have been downgraded to a level that is below the minimum ratings described herein may be sold or held at the Town's discretion. The portfolio will be brought back into compliance with Investment Policy guidelines as soon as is practical.

The foregoing list of authorized securities and transactions shall be strictly interpreted. Any deviation from it must be preapproved by resolution of the Town Council.

### **PORTFOLIO MATURITIES AND LIQUIDITY**

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. The Town will not invest in securities maturing more than five years from the date of trade settlement, unless the Town Council has by resolution granted authority to make such an investment at least three months prior to the date of investment.

### **SELECTION OF BROKER/DEALERS**

The Treasurer shall maintain a list of broker/dealers approved for investment purposes, and it shall be the policy of the Town to purchase securities only from those authorized firms. To be eligible, a firm must meet at least one of the following criteria:

- Be recognized as a Primary Dealer by the Federal Reserve Bank of New York or have a primary dealer within their holding company structure; or
- Report voluntarily to the Federal Reserve Bank of New York; or
- Qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule).

In addition, authorized broker/dealers must be licensed by the State of California as a broker/dealer as defined in Section 25004 of the California Corporations Code.

The Town may engage the services of investment advisory firms to assist in the management of the portfolio and investment advisors may utilize their own list of approved broker/dealers.

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Such broker/dealers will comply with the selection criteria above and the list of approved firms shall be provided to the Town on an annual basis or upon request.

In the event that an external investment advisor is not used in the process of recommending a particular transaction in the Town's portfolio, authorized broker/dealers shall attest in writing that they have received and reviewed a copy of the this Investment Policy and shall be required to submit and annually update a Town approved Broker/Dealer Information request form, which includes the firm's most recent financial statements.

The Town may purchase commercial paper from direct issuers even though they are not on the approved broker/dealer list as long as they meet the criteria outlined in Item 4 of the Authorized Securities and Transactions section of this Investment Policy.

### **COMPETITIVE TRANSACTIONS**

Each investment transaction shall be competitively transacted with authorized broker/dealers. At least three broker/dealers shall be contacted for each transaction and their bid and offering prices shall be recorded.

If the Town is offered a security for which there is no other readily available competitive offering, the Treasurer will document quotations for comparable or alternative securities.

### **SELECTION OF BANKS**

The Treasurer shall maintain a list of banks and savings banks approved to provide banking services for the Town. To be eligible, a bank must be a member of the Federal Deposit Insurance Corporation, must qualify as a depository of public funds in the State of California as defined in California Government Code Section 53630.5 and shall secure deposits in excess of FDIC coverage in accordance with California Government Code Section 53652.

Authorized banks that accept deposits from the Town shall meet high standards with regard to liquidity, asset quality, profitability and capital adequacy. The Treasurer shall utilize a commercial bank rating service to perform credit analysis on banks seeking authorization. Banks that in the judgment of the Treasurer no longer offer adequate safety to the Town shall be removed from the Town's list of authorized banks.

### **SAFEKEEPING AND CUSTODY**

The Treasurer shall select one or more financial institutions to provide safekeeping and custodial services for the Town. A Safekeeping Agreement shall be executed with each custodian bank prior to utilizing that bank's safekeeping services.

Custodian banks will be selected on the basis of their ability to provide services for the Town's account and the competitive pricing of their safekeeping related services.

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. All securities shall be perfected in the name of the Town. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities, purchased by the Town, will be delivered by book entry and will be held in third-party safekeeping by a Town approved custodian bank or its Depository Trust Company (DTC) participant account.

All Fed wireable book entry securities owned by the Town shall be held in the Federal Reserve System in a customer account for the custodian bank which will name the Town as "customer."

All DTC eligible securities shall be held in the custodian bank's DTC participant account and the custodian bank shall provide evidence that the securities are held for the Town as "customer."

### **PORTFOLIO PERFORMANCE**

The investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of the Town's investments shall be compared to the average yield on the U.S. Treasury security that most closely corresponds to the portfolio's weighted average effective maturity. When comparing the performance of the Town's portfolio, its rate of return will be computed net of all fees and expenses.

### **REPORTING**

~~No less than quarterly~~ Every month, the Treasurer shall prepare a report of the investment earnings and performance results of the Town's investment portfolio. The report shall be submitted to the Town Clerk within 45 days after the end of each month quarter for inclusion as an agenda item at the next scheduled Town Council meeting. The report shall include the following information:

1. Investment type, issuer, date of maturity, par value and dollar amount invested in all securities, and investments and monies held by the Town;
2. A market value as of the date of the report (or the most recent valuation as to assets not valued monthly) and the source of the valuation;
3. Realized and unrealized gains or losses calculated by amortized cost and by fair value;
4. The weighted average maturity of the portfolio and a percentage breakdown of the total portfolio by maturity;
5. A description of the funds, investments and programs that are under the management of contracted parties;
6. The Town of Los Gatos Environmental, Social and Governance (ESG) scores;

<b>TITLE: Investment Policy</b>	<b>PAGE:</b> 10 of 10	<b>POLICY NUMBER:</b> 4-02
---------------------------------	--------------------------	-------------------------------

Item 7.

7. A statement of compliance with this Investment Policy or an explanation for non-compliance; and
8. A statement of the ability to meet expenditure requirements for the next six months, and an explanation of why money will not be available if that is the case.

## PROCEDURES

This Investment Policy shall be adopted by resolution of the Town Council. Annually the Town Manger shall present this Investment Policy to the Town Council and the Finance Commission for review to ensure its consistency with the Town's investment objectives, current law and economic trends. Any amendments to this Investment Policy shall be approved by the Town Council.

APPROVED AS TO FORM:

\_\_\_\_\_  
Gabrielle Wheelan, Town Attorney

**From:** [Phil Koen](#)  
**To:** [Gabrielle Whelan](#); [Arn Andrews](#); [Ron Dickel](#)  
**Cc:** [Laurel Prevetti](#)  
**Subject:** FY 23 Fund Balances Activity and Net Change.pdf  
**Date:** Sunday, January 8, 2023 8:05:41 AM  
**Attachments:** [FY 23 Fund Balances Activity and Net Change.pdf](#)

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EXTERNAL SENDER

Hello Gabrielle,

Here is the Town's report of change in fund balances that I referenced in my earlier email. For some reason the attachment did not properly attach.

Thank you,

Phil Koen

## FUND BALANCE ACTIVITY SUMMARY

### FISCAL YEAR 2022/23

	7/1/22	Fiscal Year 2022/23 Proposed Budget						6/30/23
	Estimated	Plus	Transfers	Less	Transfers	Use of	Estimated	
	Fund Balance	Revenues & Carryforwards	In	Expenditures & Carryforwards	Out	Reserves	Fund Balance	
<b>GENERAL FUND</b>								
<b>Unreserved Fund Balances</b>								
<i>Undesignated Reserves</i>								
Available to be Appropriated	\$ -	\$ 49,466,931	\$ 538,536	\$ 49,637,932	\$ 3,006,978	\$ 2,639,443	\$ -	
<b>Restricted Fund Balances</b>								
Pension Trust	690,000	-	-	-	-	390,000	1,080,000	
<b>Committed to:</b>								
Budget Stabilization Reserve	5,991,566	-	-	-	-	-	5,991,566	
Catastrophic Reserves	5,991,566	-	-	-	-	-	5,991,566	
Pension/OPEB Reserve	300,000	-	-	-	-	-	300,000	
<b>Assigned to:</b>								
Open Space Reserve	410,000	-	-	-	-	-	410,000	
Sustainability	140,553	-	-	-	-	-	140,553	
Capital/Special Projects	5,682,452	-	-	-	-	(2,350,000)	3,332,452	
Compensated Absences*	1,649,917	-	-	-	-	-	1,649,917	
Market Fluctuations	438,333	-	-	-	-	-	438,333	
Measure G District Sales Tax	679,443	-	-	-	-	(679,443)	-	
Rehab Loan (Nonspendable)	159,000	-	-	-	-	-	159,000	
<b>Total General Fund Reserves</b>	<b>\$ 22,132,830</b>	<b>\$ 49,466,931</b>	<b>\$ 538,536</b>	<b>\$ 49,637,932</b>	<b>\$ 3,006,978</b>	<b>\$ -</b>	<b>\$ 19,493,387</b>	
<b>General Fund Undesignated Reserves reflect ongoing revenue, carryforward, transfer, expenditures, the net effect of the change in Designated Reserves, and the use of Undesignated Reserves.</b>								
<ul style="list-style-type: none"><li><b>FY2022/23 Budgeted revenue (include \$1.6 million ARPA revenue replacements and \$0.9 OPEB 115 Trust reimbursement) and expenditure appropriations, and transfers to and from the General Fund.</b></li><li><b>Authorized carryforwards reflect operating appropriations that were brought forward as a funding source. The actual carryforward amount will be determined at FY 2022/23 year-end, with funding offset by undesignated reserves.</b></li><li><b>General Fund Reserve Policy requires a minimum of 25% of General Fund operating expenditures equally divided between the Budget Stabilization Reserve and Catastrophic Reserve.</b></li><li><b>In FY 2015/16, Council established a General Fund Pension/Other Post Employment Benefits (OPEB) Reserve Account. At the same time, the Council revised the General Fund Reserve Policy to provide for a maximum of \$300,000 in General Fund Year End Savings upon year-end close to be deposited in the Pension/OPEB Reserve Account and used as authorized by Town Council.</b></li><li><b>Undesignated Fund Balance is a year-end fund balance not yet identified by the Town Council for a specific purpose. The Town General Fund Reserve Policy requires full funding of the Catastrophic and Budget Stabilization Reserves, distribution to the Pension/OPEB Reserve, and any remaining balance to the Capital/Special Projects Reserve.</b></li></ul>								
<b>SPECIAL REVENUE FUNDS</b>								
Housing Conservation Program	\$ 177,241	\$ -	\$ -	\$ -	\$ -	\$ -	177,241	
Community Dev Block Grant	(10,587)	-	-	-	-	-	(10,587)	
Urban Run-Off Source Fund	416,611	359,950	-	190,911	-	-	585,650	
Blackwell Assessment District	13,657	3,210	-	10,678	460	-	5,729	
Kennedy Assessment District	22,101	10,605	-	17,410	1,510	-	13,786	
Gemini Assessment District	36,407	4,750	-	12,148	610	-	28,399	
Santa Rosa Assessment District	35,352	-	-	19,957	660	-	14,735	
Vasona Assessment District	37,652	10,075	-	15,720	1,430	-	30,577	
Hillbrook Assessment District	23,804	6,040	-	19,729	250	-	9,865	
ARPA	-	1,304,696	-	1,304,696	-	-	-	
Library Trust	82,598	70,500	-	95,000	-	-	58,098	
Ness Trust Bequest	22,189	250	-	20,755	-	-	1,684	
Betty McClendon Trust	88,005	1,000	-	1,000	-	-	88,005	
Barbara J Cassin Trust	361,735	4,500	-	4,500	-	-	361,735	
<b>Total Special Revenue Funds Reserves</b>	<b>\$ 1,306,765</b>	<b>\$ 1,775,576</b>	<b>\$ -</b>	<b>\$ 1,712,504</b>	<b>\$ 4,920</b>	<b>\$ -</b>	<b>\$ 1,364,917</b>	

## FUND BALANCE ACTIVITY SUMMARY

### FISCAL YEAR 2022/23

	Fiscal Year 2022/23 Proposed Budget						
	7/1/22 Estimated Fund Balance	Plus		Less			6/30/23 Estimated Fund Balance
		Revenues & Carryforwards	Transfers In	Expenditures & Carryforwards	Transfers Out	Use of Reserves	
<b>INTERNAL SERVICE FUNDS</b>							
Liability Self-Insurance	\$ 638,860	\$ 429,249	\$ -	\$ 846,940	\$ -	\$ -	\$ 221,169
Worker's Comp Self-Insurance	818,420	1,033,315	-	1,840,000	-	-	11,735
Information Technology	2,793,817	714,309	-	983,975	700,000	-	1,824,151
Equipment Replacement	1,657,006	686,837	-	816,240	-	-	1,527,603
Facilities Maintenance	102,962	1,262,247	-	1,240,344	-	-	124,865
<b>Total Internal Service Funds Reserves</b>	<b>\$ 6,011,065</b>	<b>\$ 4,125,957</b>	<b>\$ -</b>	<b>\$ 5,727,499</b>	<b>\$ 700,000</b>	<b>\$ -</b>	<b>\$ 3,709,523</b>
<b>Equipment Replacement Fund Balance is the accumulation of replacement funding-to-date for assets. Revenues are the pro-rated annual charges to departments for asset replacement, and expenditures reflect the cost of equipment up for replacement in this fiscal year. The Fund will continue to reallocate Fund Balance as a transfer to the General Fund for assets that have accumulated replacement costs and have been identified as no longer being part of the Replacement Schedule.</b>							
<b>CAPITAL PROJECTS FUNDS</b>							
GFAR	\$ 14,273,601	\$ 4,748,297	\$ 3,706,978	\$ 8,982,939	\$ 417,616	\$ -	\$ 13,328,321
Grant Funded CIP Projects	(3,689,292)	5,437,041	-	4,967,041	-	-	(3,219,292)
Storm Drain #1	1,135,466	49,680	-	-	-	-	1,185,146
Storm Drain #2	2,090,579	54,520	-	-	-	-	2,145,099
Storm Drain #3	(155,453)	880	-	-	-	-	(154,573)
Traffic Mitigation	381,319	-	-	-	10,000	-	371,319
Construction Tax-Undergrounding	3,257,936	52,490	-	-	-	-	3,310,426
Gas Tax	1,898,590	1,603,689	-	1,497,689	106,000	-	1,898,590
<b>Total Capital Projects Funds Reserves</b>	<b>\$ 19,192,746</b>	<b>\$ 11,946,597</b>	<b>\$ 3,706,978</b>	<b>\$ 15,447,669</b>	<b>\$ 533,616</b>	<b>\$ -</b>	<b>\$ 18,865,036</b>
<b>GFAR, Grant Fund, Storm Drain Funds, and Gas Tax Fund Balances reflect the spending down of available funds in FY 2022/23 in line with the planned Capital Improvement Program. The GFAR and Grant Funds also include transfers-in to fund these planned projects. Traffic Mitigation Fund reflects a transfer out of \$10,000 for estimated annual administration fees. Grant Funded Projects Fund Balance reflects appropriations for incoming revenues and prior year carryforwards, which will result in either positive or negative fund balance depending on timing of receipts and budget. All grant projects net to zero at completion.</b>							
<b>Successor Agency of the Los Gatos RDA Fund</b>							
SA- Trust Fund	\$ 4,080,130	\$ 3,799,926	\$ -	\$ 3,799,877	\$ -	\$ -	\$ 4,080,179
<b>Total SA of the Los Gatos RDA Funds Reserves</b>	<b>\$ 4,080,130</b>	<b>\$ 3,799,926</b>	<b>\$ -</b>	<b>\$ 3,799,877</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,080,179</b>
<b>TOTAL RESERVES</b>	<b>\$ 52,723,536</b>	<b>\$ 71,114,987</b>	<b>\$ 4,245,514</b>	<b>\$ 76,325,481</b>	<b>\$ 4,245,514</b>	<b>\$ -</b>	<b>\$ 47,513,042</b>





**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 1/10/2023

ITEM NO: 7

DESK ITEM

Item 7.

DATE: January 10, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review and Recommend to the Town Council Changes to the Town's Operating Portfolio Investment Policy

**REMARKS:**

A commissioner requested an email be distributed to the Commission prior to the meeting. Attachment 4 contains the email.

**Attachment previously received with the Staff Report:**

1. 2021-22 Civil Grand Jury Report Show Me the Money: Financial Transparency Needed
2. Town Investment Policy - Redlined

**Attachment previously received with the Addendum:**

3. Commissioner Emails and Documents

**Attachment received with this Desk Item:**

4. Commissioner Email

**PREPARED BY:** Gitta Ungvari  
Finance Director

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

**Wendy Wood**

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**Subject:** FW: Update of Investment Policy - Agenda Item #7

Begin forwarded message:

**From:** Phil Koen [REDACTED]  
**Date:** January 9, 2023 at 11:00:42 AM PST  
**To:** Gabrielle Whelan <[GWhelan@losgatosca.gov](mailto:GWhelan@losgatosca.gov)>  
**Cc:** Arn Andrews <[aandrews@losgatosca.gov](mailto:aandrews@losgatosca.gov)>, Ron Dickel [REDACTED], Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>, Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>  
**Subject:** Re: Update of Investment Policy - Agenda Item #7

Hello Gabrielle,

Thank you for your quick reply.

In an effort to fully understand, could you please show me where on the report there is an "accounting of all.....fund balances"? Perhaps I don't understand the report, but I can't find where that is shown. Perhaps you could provide the FC with a markup which identifies where that is so we are adequately informed and don't waste anyone's time.

Also, is it possible there is some confusion between Govt Code section 41004 and Govt Code section 53646 subsection b. The latter code speaks to the portfolio reporting while the former speaks to fund balances. The two reports are very different as you know.

Lastly, with all due respect to the Grand Jury Report, are they the ultimate determinant of compliance with the government code? What makes this confusing is the two examples that were identified by the Grand Jury as reports that comply are different from the Town's. How are we to reconcile that?

Thanks.

Phil Koen



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

MEETING DATE: 01/10/2023

ITEM NO: 8

Item 8.

DATE: January 4, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review the Finance Commission 2022 Workplan and Discuss the 2023 Workplan

RECOMMENDATION:

Review the Finance Commission 2022 Workplan and discuss the 2023 Workplan.

DISCUSSION:

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 illustrates the Commission's actual work items, including engagement on requisite Measure A items and other financial areas of Commission focus during 2022.

In addition, Attachment 3 provides a draft 2023 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.

Attachments:

1. Measure A
2. Actual 2022 Commission Workplan
3. Draft 2023 Commission Workplan

PREPARED BY: Arn Andrews  
Assistant Town Manager

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

### 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 WORKPLAN PROGRESS 2022

Item 8.

	AGENDA TOPICS	CONSENT ITEMS	CONSENT ITEMS
<b>JANUARY 10, 2022</b>	Received Staff Report for the Annual City Financial Report.  Commission reviewed 2021 performance and discussed 2022 agenda topics.		
<b>FEBRUARY 14, 2022</b>	Received Staff Report for ARPA update.  Performed Mid-Year budget review.  Performed Five-Year Forecast review.  Discussed future agenda topics.	Received 2nd Qtr Investment Report	Revised 2022 Commission Workplan



# FINANCE COMMISSION WORKPLAN PROGRESS 2022

<p><b>MARCH 14, 2022</b></p>	<p>Received preliminary FY 2022/23 – 2026/27 Capital Improvement Program information.</p> <p>Discussed KPIs</p> <p>Received information and discussed prior Internal Service Fund deliberations.</p> <p>Received report on disposition/leasing of Town owned properties.</p> <p>Received an update on Business License Modernization and Cannabis Consultants onboarding.</p>	<p>Received Performance &amp; Account Summary Reports for CERBT and CEPPT</p>	<p>Received PERF Performance</p>
<p><b>APRIL 25, 2022 (SPECIAL)</b></p>	<p>Initiated review and recommendations regarding Proposed FY 2022/23</p>		

# FINANCE COMMISSION WORKPLAN PROGRESS 2022

Item 8.

	Operating and Capital Budgets.		
<b>MAY 2, 2022 (SPECIAL)</b>	Continued Proposed FY 2022/23 Operating and Capital Budgets Discussion Received the results of the Community Survey		
<b>MAY 9, 2022</b>	Concluded Proposed Operating and Capital Budgets Discussion and Council Recommendations. Received FY 2021/22 Federal Single Audit Report	Received the Third Quarter Investment Report	
<b>JUNE 13, 2022</b>	Received Report Out on Council Budget Actions Received the Business License analysis and Ordinance review.		

# FINANCE COMMISSION WORKPLAN PROGRESS 2022

Item 8.

	Receive the FY 202/21 Federal Single Audit Corrective Action Plan.		
<b>JULY 28, 2022 (SPECIAL)</b>	Received Business License analysis and business outreach update and recommended model options to the Town Council.		
<b>AUGUST 8, 2022</b>	<p>Discussed Annual Audit and Provided Feedback to Town's Independent Auditor</p> <p>Received the Town of Los Gatos Retiree Healthcare Plan June 30, 2021, Actuarial Valuation.</p> <p>Discussed of Key Performance Indicators.</p> <p>Received Financial Information and Initiated</p>	Received the Fourth Quarter Investment Report	

# FINANCE COMMISSION WORKPLAN PROGRESS 2022

Item 8.

	Review of the Town's Structural Deficit per Town Council Directive.		
<b>SEPTEMBER 12, 2022</b>	<p>Received CalPERS Actuarial Valuation Reports</p> <p>Reviewed the Town's Structural Deficit including a vacancy savings analysis, review of Town operational efficiencies, and information regarding Town Police services.</p>	Received Performance & Account Summary Reports for CERBT and CEPPT.	Received CalPERS Public Employees' Retirement Fund (PERF) Preliminary Performance Report.
<b>OCTOBER 10, 2022</b>	Continued review of structural deficit and received information on updated forecast projections, historic General Fund Reserves, historic revenue and expenditure growth rates, Departmental expense		

# FINANCE COMMISSION WORKPLAN PROGRESS 2022

Item 8.

	growth rates, and a summary of municipal revenues.  Received Independent Auditor Report on agreed-upon procedures for Measure G revenues and expenditures.		
<b>NOVEMBER 17, 2022 (SPECIAL)</b>	Continued review of the Five-Year Forecast and received information on discretionary non-essential General Fund supported services costing scenarios for generic full-time equivalent positions.  Received information from the Town Attorney regarding options for Finance Commission input during labor negotiations.  Received recommendations for Town IRS 115 Trust Investment Policy	Received the First Quarter Investment Report	

# FINANCE COMMISSION WORKPLAN PROGRESS 2022

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	amendments regarding the use of OPEB assets.		
<b>DECEMBER 12, 2022 (SPECIAL)</b>	<p>Reviewed the draft Annual Comprehensive Financial Report (ACFR)</p> <p>Received an update on internal service funds</p> <p>Received budget information on Hwy 17 bike ped project and roadside vegetation management project</p>	<p>Received Performance &amp; Account Summary Reports for CERBT and CEPPT.</p>	<p>Received CalPERS 2022 Annual Review of Funding Levels and Risks.</p>

# FINANCE COMMISSION WORKPLAN 2023

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	AGENDA TOPICS	CONSENT ITEMS	CONSENT ITEMS
<b>JANUARY 10, 2023</b>	Review 2022 workplan and discuss 2023 workplan <a href="#">Selection of Chair and Vice Chair</a> Approval of meeting dates and time <a href="#">Review updated KPIs</a> State Controller Financial Transactions Report (FTR)	Monthly Investment Report	
<b>FEBRUARY, 2023</b>	Mid-Year and Five-Year Forecast Review	Monthly Investment Report	

# FINANCE COMMISSION WORKPLAN 2023

<b>MARCH, 2023</b>	Review Capital Improvement Program and funding. <a href="#">Review Measure G Sales Tax Rev/Exp Draft Report</a>	Monthly Investment Report	Received Performance & Account Summary Reports for CERBT and CEPPT
<b>APRIL, 2023</b>	Initiate review regarding Proposed FY 2023/24 Operating and Capital Budgets. <a href="#">Key Performance Indicators</a>	Monthly Investment Report	
<b>MAY, 2023</b>	Continued Proposed FY 2023/24 Operating and Capital Budgets Discussion	Monthly Investment Report	
<b>MAY, 2023 (TENTATIVE)</b>	Conclude Proposed Operating and Capital Budgets Discussion and Council Recommendations.		



# FINANCE COMMISSION WORKPLAN

## 2023

	Receive FY 2022/23 Federal Single Audit Report		
<b>JUNE, 2023</b>	Receive Report Out on Council Budget Actions Review Investment Policy	Monthly Investment Report	Received Performance & Account Summary Reports for CERBT and CEPPT
<b>JULY, 2023 (TENTATIVE)</b>			
<b>AUGUST, 2023</b>	Pre-Audit Meeting Receive the Town of Los Gatos Retiree Healthcare Plan Actuarial Valuation. Key Performance Indicators	Monthly Investment Report	
<b>SEPTEMBER, 2023</b>	Receive CalPERS Actuarial Valuation Reports	Receive Performance & Account Summary Reports for CERBT and CEPPT.	Receive CalPERS Public Employees' Retirement Fund

# FINANCE COMMISSION WORKPLAN 2023

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		Monthly Investment Report	(PERF) Preliminary Performance Report.
<b>OCTOBER, 2023</b>		Monthly Investment Report	
<b>NOVEMBER, 2023</b>	Review the draft Annual Comprehensive Financial Report (ACFR) <a href="#">Key Performance Indicators</a>	Monthly Investment Report	
<b>DECEMBER, 2023</b>	Review the draft Annual Comprehensive Financial Report (ACFR)	Receive Performance & Account Summary Reports for CERBT and CEPPT. Monthly Investment Report	



**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 01/10/2023

ITEM NO: 8

ADDENDUM

Item 8.

DATE: January 9, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review the Finance Commission 2022 Workplan and Discuss the 2023 Workplan

**REMARKS:**

A commissioner requested a document be distributed to the Commission prior to the meeting. Attachment 4 contains the email and document.

**Attachment previously received with the Staff Report:**

1. Measure A
2. Actual 2022 Commission Workplan
3. Draft 2023 Commission Workplan

**Attachment received with this Addendum:**

4. Commissioner Email and Document

**PREPARED BY:** Arn Andrews  
Assistant Town Manager

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

**From:** [Phil Koen](#)  
**To:** [Arn Andrews](#); [Ron Dickel](#)  
**Cc:** [Laurel Prevetti](#)  
**Subject:** FY 23 FC workplan.pdf  
**Date:** Saturday, January 7, 2023 10:04:42 PM  
**Attachments:** [FY 23 FC workplan.pdf](#)

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EXTERNAL SENDER

Help Arn and Ron,

Could you please include the attached document in the FC packet to be discussed during agenda item #8.

Thank you,

Phil Koen

**Draft Financial Commission 2022/2023 Work Plan**

Goal	Projects	Assignments	Frequency	Target Date(s)	Status
<b>Recurring Goals</b>					
#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 09/19/22
#2	Operating Budget	Quarterly Budget Review [suggest Midyear review and review of Recommended Budget]	Quarterly	Q1 – Jan 2023 Q2 – Feb 2023 Q3 – May 2023 Q4 – Aug 2023	Last Reviewed 03/25/22
#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.	Quarterly [suggest as needed]	Q2 – Jan 2023 Q3 – April 2023 Q4 – Aug 2022 Q1 – Oct 2022	Last reviewed 03/25/22
#4	Annual Comprehensive Financial Report	Review draft ACFR	Annually	January 2023	Last reviewed 12/20/2021
#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 03/25/2022
#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	New project
#8	Financial Policies	Review/update City's Financial Policy	Annually	Jan 2023	Purch Policy Last reviewed 11/15/2021 (updated 12/14/2021)
#9	Investment Policy	Review/update City's Investment Policy	Annually	January 2023	Last updated 01/24/2022
#10	Cross Commission Collaboration	Finance Commission responds to requests from other commissions	Ad hoc	As needed	N/A