



**TOWN OF LOS GATOS
FINANCE COMMISSION AGENDA
MAY 12, 2025
110 EAST MAIN STREET
TOWN COUNCIL CHAMBERS
5:30 PM**

*Linda Reiners, Chair
Ashby Monk, Vice Chair
Adam Fischer, Commissioner
Phil Koen, Commissioner
Joseph Rodgers, Commissioner
Matthew Hudes, Mayor
Rob Moore, Vice Mayor*

IMPORTANT NOTICE

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

HOW TO PARTICIPATE

The public is welcome to provide oral comments in real-time during the meeting in three ways:

Zoom Webinar (Online): Join from a PC, Mac, iPad, iPhone or Android device. Please click this URL to join: [https://losgatosca-](https://losgatosca.gov.zoom.us/j/83324739120?pwd=ROVSrj37YUwahyFb4dlq2e3DLEo4W0.1)

[gov.zoom.us/j/83324739120?pwd=ROVSrj37YUwahyFb4dlq2e3DLEo4W0.1](https://losgatosca.gov.zoom.us/j/83324739120?pwd=ROVSrj37YUwahyFb4dlq2e3DLEo4W0.1)

Passcode: 136033 You can also type in 833 2473 9120 in the “Join a Meeting” page on the Zoom website at and use passcode 136033.

When the Mayor 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.

Telephone: Please dial (877) 3361839 for US Toll-free or (636) 651-0008 for US

Toll. (Conference code: 686100)

If you are participating by calling in, press #2 on your telephone keypad to raise your hand.

In-Person: Please complete a “speaker’s card” located on the back of the chamber benches and return it to the Town Clerk before the meeting or when the Chair announces the item for which you wish to speak.

NOTES: Comments will be limited to three (3) minutes or less at the Chair’s discretion. If you are unable to participate in real-time, you may email to Clerk@losgatosca.gov the subject line “Public Comment Item #__” (insert the item number relevant to your comment). All comments received will become part of the record.

Deadlines to submit written comments are:

- 11:00 a.m. the Thursday before the Commission meeting for inclusion in the agenda packet.
- 11:00 a.m. the Friday before the Commission meeting for inclusion in an addendum.
- 11:00 a.m. on the day of the Commission meeting for inclusion in a desk item.

Persons wishing to make a visual presentation on an item listed under Other Business, must submit the presentation electronically to Clerk@losgatosca.gov no later than 3:00 p.m. on the day of the Commission meeting.

CALL MEETING TO ORDER

ROLL CALL

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

CONSENT ITEMS *(Items appearing on the Consent are considered routine Town business and may be approved by one motion. Members of the public may provide input on any Consent Item(s) when the Chair asks for public comment on the Consent Items.)*

1. Approve the Minutes of the April 14, 2025, Finance Commission Regular Meeting
2. Approve the Minutes of the April 28, 2025, Finance Commission Special Meeting
3. Approve the Minutes of the May 5, 2025, Finance Commission Special Meeting
4. Receive the Monthly Financial and Investment Report for March 2025

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

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

5. Provide Recommendations to the Town Council Regarding the Proposed FY 2025-26 Operating and Capital Budgets, Including Budget Balancing Approaches

ADJOURNMENT

ADA NOTICE In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354-6834. Notification at least two (2) business days prior to the meeting date will enable the Town to make reasonable arrangements to ensure accessibility to this meeting [28 CFR §35.102-35.104].

NOTE: The ADA access ramp to the Town Council Chambers is under construction and will be inaccessible through June 2025. Persons who require the use of that ramp to attend meetings are requested to contact the Clerk's Office at least two (2) business days prior to the meeting date.

Materials related to an item on this agenda submitted to the Commission after initial distribution of the agenda packets are available for public inspection in the Clerk's Office at Town Hall, 110 E. Main Street, Los Gatos and on Town's website at www.losgatosca.gov. Commission agendas and related materials can be viewed online at <https://losgatos-ca.municodem meetings.com/>.



**TOWN OF LOS GATOS
FINANCE COMMISSION
MINUTES**

MEETING DATE: 5/12/2025

ITEM NO: 1

Item 1.

**Minutes of the Finance Commission Regular Meeting
April 14, 2025**

The Finance Commission of the Town of Los Gatos conducted a regular meeting in person and via teleconference.

THE MEETING WAS CALLED TO ORDER AT 5:31 P.M.

ROLL CALL

Present: Chair Linda Reiners, Vice Chair Ashby Monk, Commissioner Adam Fischer, Commissioner Phil Koen, Commissioner Joe Rodgers, Mayor Matthew Hudes, and Vice Mayor Rob Moore

Town Staff Present: Town Manager, Chris Constantin; Finance Director, Gitta Ungvari; Town Clerk, Wendy Wood; and Finance and Accounting Manager, Eric Lemon.

CONSENT ITEMS

1. Approve the Minutes of the March 10, 2025, Finance Commission Regular Meeting.
2. Receive the Monthly Financial and Investment Report for February 2025.

There was no public comment.

MOTION: Motion by Vice Chair Monk to approve the consent items. **Seconded by Commissioner Rodgers.**

VOTE: Motion passed unanimously.

VERBAL COMMUNICATIONS

There was no public comment.

OTHER BUSINESS

3. Review and Provide Recommendations on the Scopes of Services for a Fiscal Impact Analysis for Proposed and Planned Growth and Fiscal Condition Analysis and Five-Year Projection

The Chair opened the item for discussion.

The Commission discussed the item and asked staff questions.

SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of April 14, 2025

DATE: May 7, 2025

Staff addressed the Commissioners' questions.

There was no public comment.

Town Manager Chris Constantin summarized the recommendations of the Commission as follows:

1. Revise the RFP document to include three areas of review: (1) a 5-year breakout of the fiscal impact, (2) the fiscal impact analysis based on the 2040 Plan Housing Element and actual data related to development, and (3) an ALM study for which the bidders would bid on either one, two, three, or all three.
2. Define scenarios instead of assumptions that capture best, worst, and likely scenarios, and define those by quantifying the set of assumptions. The firm should specifically address and test the sensitivity of these scenarios, with example considerations including national impact and recession risk. A risk and opportunities matrix should be part of each scenario to highlight key variables and their potential effects. Additionally, the firm should be asked to modify and/or provide their own scenario suggestions based on their experience or available information.
3. Have the firm use stakeholder interviews from both internal and external partners in determining information relevant to the study.
4. Define the basis of accounting and format to be used as a basis to formulate these reviews, with specific emphasis on the two financial analyses.
5. Have a decision matrix that should include cost as a criterion and factor in the selection criteria of the winning firm or firms.
6. Request that the firm provide information about their use of tools, including AI, methodology, and sources of information that will be used to conduct this review.
7. Provide examples of work that the firms may have performed that are relevant to the studies at hand, so they can be evaluated when making the decision.
8. In the general overview section of the RFP, include specific questions that need to be answered, such as What is our current fiscal condition? What is our condition over the course of the next five years? What is our long-term condition, considering the potential and projected growth based on the 2040 Plan Housing Element and the actual development information that we have at hand?

MOTION: **Motion by Commissioner Koen to approve the summary (recommendations) as read by the Town Manager. Seconded by Commissioner Rodgers**

VOTE: **Motion passed unanimously.**

ADJOURNMENT:

The meeting adjourned at 6:58 p.m.

PAGE 3 OF 3

SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of April 14, 2025

DATE: May 7, 2025

This is to certify that the foregoing is a true
and correct copy of the minutes of the
April 14, 2025, special meeting as approved by the
Finance Commission.

Eric Lemon, Finance and Accounting Manager



**TOWN OF LOS GATOS
FINANCE COMMISSION
MINUTES**

MEETING DATE: 5/12/2025

ITEM NO: 2

Item 2.

**Minutes of the Finance Commission Special Meeting
April 28, 2025**

The Finance Commission of the Town of Los Gatos conducted a special meeting in person and via teleconference.

THE MEETING WAS CALLED TO ORDER AT 5:31 P.M.

ROLL CALL

Present: Chair Linda Reiners, Vice Chair Ashby Monk, Commissioner Adam Fischer, Commissioner Phil Koen, Commissioner Joe Rodgers, and Vice Mayor Rob Moore

Absent: Mayor Matthew Hudes

Town Staff Present: Town Manager, Chris Constantin; Assistant Town Manager, Katy Nomura; Chief of Police, Jamie Fields; Finance Director, Gitta Ungvari; Parks and Public Works Director, Nicolle Burnham; Community Development Director, Joel Paulson; Town Engineer, Gary Heap; Senior Civil Engineer, Saurabh Nijhawan; and Finance and Accounting Manager, Eric Lemon.

VERBAL COMMUNICATIONS

There was no public comment.

OTHER BUSINESS

1. Review and Discuss the Preliminary Proposed FY 2025-26 Operating Budget. Provide Preliminary Comments and Recommendations Regarding the Proposed Budget, Including Budget Balancing Approaches

Chair Reiners opened the item for discussion.

The Finance Director, Gitta Ungvari, presented the staff report for the FY 2025-26 Operating Budget and the Town Manager, Chris Constantin, presented the deficit reduction strategies.

The Commission discussed the item, asked questions, and provided feedback.

Staff addressed the Commissions' questions.

Chair Reiners called for a recess at 6:58 p.m.

The Commission reconvened at 7:08 p.m.

SUBJECT: Draft Minutes of the Finance Commission Special Meeting of April 28, 2025

DATE: May 5, 2025

After further discussion there was a consensus to add more detail on the revenue side of the presentations for the five-year forecast.

No action was taken.

2. Receive the Fiscal Year 2025-26 Through 2029-30 Capital Improvement Program Budget and Provide Comments and Recommendations

Nicolle Burnham, Parks and Public Works Director, presented the staff report.

The Commission discussed the item, asked questions and provided feedback.

Staff addressed the Commissioners' questions.

No action was taken.

ADJOURNMENT:

The meeting adjourned at 8:20 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the April 28, 2025, special meeting as approved by the Finance Commission.

Eric Lemon, Finance and Accounting Manager



**TOWN OF LOS GATOS
FINANCE COMMISSION
MINUTES**

MEETING DATE: 5/12/2025

ITEM NO: 3

Item 3.

**Minutes of the Finance Commission Special Meeting
May 5, 2025**

The Finance Commission of the Town of Los Gatos conducted a special meeting in person and utilizing teleconferencing means on Monday, May 5, 2025, at 5:30 p.m.

THE MEETING WAS CALLED TO ORDER AT 5:30 P.M.

ROLL CALL

Present: Chair Linda Reiners, Vice Chair Ashby Monk, Commissioner Adam Fischer, Commissioner Phil Koen, Commissioner Joe Rodgers, and Vice Mayor Rob Moore

Absent: Mayor Matthew Hudes

Town Staff Present: Town Manager, Chris Constantin; Assistant Town Manager, Katy Nomura; Town Attorney, Gabrielle Whelan; Chief of Police, Jamie Fields; Finance Director, Gitta Ungvari; Parks and Public Works Director, Nicolle Burnham; Community Development Director, Joel Paulson; Town Engineer, Gary Heap; Senior Civil Engineer, Saurabh Nijhawan; and Finance and Accounting Manager, Eric Lemon.

VERBAL COMMUNICATIONS

There was no public comment.

OTHER BUSINESS

1. Review and Discuss the Preliminary Proposed FY 2025-26 Operating Capital Budgets. Provide Preliminary Comments and Recommendations Regarding the Proposed Budget, Including Budget Balancing Approaches

Chair Reiners opened the item up for discussion.

The Commission discussed the item and provided feedback on revenue increases, cost reductions, and use of reserve funds.

No action was taken.

ADJOURNMENT:

The meeting adjourned at 8:08 p.m.

PAGE 2 OF 2

SUBJECT: Draft Minutes of the Finance Commission Special Meeting of May 5, 2025

DATE: May 6, 2025

This is to certify that the foregoing is a true
and correct copy of the minutes of the
May 5, 2025, special meeting as approved by the
Finance Commission.

Eric Lemon, Finance and Accounting Manager



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 05/12/2025

ITEM NO: 4

Item 4.

DATE: May 5, 2025
TO: Finance Commission
FROM: Chris Constantin, Town Manager
SUBJECT: Receive the Monthly Financial and Investment Report for March 2025

RECOMMENDATION:

Receive the monthly Financial and Investment Report for March 2025.

BACKGROUND:

California Government Code Section 41004 requires that the Town Treasurer submit to the Town Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. The Finance Director assumes the Town Treasurer role. Attachment 1 contains the March 2025 monthly Financial and Investment Report, which fulfills this requirement.

The March 2025 Monthly Financial and Investment Report will be presented to the Town Council at its May 20, 2025, regular meeting.

DISCUSSION:

The March 2025 Monthly Financial and Investment Report includes a Fund Balance Schedule, representing estimated funding available for all funds at the beginning of the fiscal year and at the end of the respective month.

As operations fluctuate month to month, there are differences between balances in one month to balances in another. Such differences may be significant due to the type of activity in those months and the timing of any estimates used in the presentation, based on the information available. This is demonstrated by the attached March 31, 2025, fund balance report.

PREPARED BY: Eric Lemon
Finance and Accounting Manager

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

SUBJECT: Monthly Financial and Investment Report for March 2025

DATE: May 5, 2025

In the case that the differences are extraordinary and unanticipated, we will ensure we present more information to explain the differences.

The March 31, 2025, estimated fund balances differ from the February 28, 2024, estimated fund balances due to the normal day-to-day activity, where revenue and expenditure activity in one month have a larger shift in one month from the other.

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

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

Reconciling Cash to Fund Balance - March 31, 2025		
Total Cash	\$	72,922,188
Plus: Assets	\$	13,223,986
Less: Liabilities	\$	(27,274,223)
Estimated Fund Balance	\$	58,871,951

As of March 31, 2025, the Town's financial position (Cash Plus Other Assets \$86.14M, Liabilities \$27.27M, and Fund Equity \$58.87) remains strong, and the Town has sufficient funds to meet the cash demands for the next six months.

As of March 31, 2025, the Town's weighted portfolio yield for investments under management was 4.42%, which was 11 basis points above the Local Agency Investment Fund (LAIF) yield of 4.31% for the same reporting period. Currently, the LAIF portfolio's weighted average maturity (WAM) is 244 days versus the Town's longer WAM of 650 days. The Town's assets under management reflect the Town's selection of the 1-3 year benchmark investment strategy through the Town's investment advisor to lock in higher yields at the top of the interest rate cycle. The longer maturities are balanced with shorter-term yields available on investments held with the State's LAIF. The Town's weighted average rate of return on investments under management of 4.42% at the close of March decreased 2 basis points when compared to the February 28, 2025, investment report.

Since March 2024, LAIF yields climbed from 423 basis points (4.23%) to 431 basis points (4.31%) through the end of March 2025. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

PAGE 3 OF 3

SUBJECT: Monthly Financial and Investment Report for March 2025

DATE: May 5, 2025

After the rate change back in July of 2023, the Federal Open Market Committee (FOMC) did not change rates again until their September 18, 2024, meeting, when they approved a 1/2 percentage basis point decrease from 5.5% to 5.0%. Furthermore, on November 7, 2024, the Federal Reserve voted to approve an additional 1/4 basis point decrease from 5.0% to 4.75%. The most recent change was at their December 2024 meeting when the Federal Reserve voted to approve another 1/4 basis point decrease from 4.75% to 4.50%. These changes support the Federal Open Market Committee's goal to support maximum employment and bring year-to-year inflation to its targeted level of 2%.

The US economy added 151,000 jobs in February, just below consensus estimates of 160,000. Most of the gain was in the private sector, with healthcare services the standout, while leisure and hospitality jobs declined, likely related to cold weather. The household survey was weaker, however, with employment falling by 588,000. The unemployment rate rose from 4% to 4.1%, with the participation rate falling from 62.6% to 62.4%.

The Town's investments are in compliance with the Town's Investment Policy dated March 18, 2025, and are also in compliance with the requirements of Section 53600 et seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

CONCLUSION:

Receive the Monthly Financial and Investment Report for March 2025.

Attachments:

1. Financial and Investment Report (March 2025)

Town of Los Gatos
Summary Investment Information
March 31, 2025

Weighted Average YTM Portfolio Yield on Investments under Management

4.42%

Weighted Average Maturity (days)

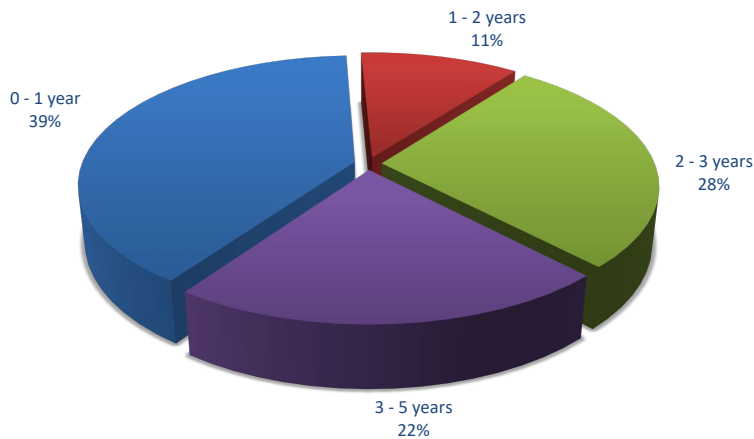
650

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	\$72,922,188	\$69,759,388	\$74,499,958
Managed Investments	\$51,080,720		
Local Agency Investment Fund	\$12,012,090		
Reconciled Demand Deposit Balances	\$9,829,378		
Portfolio Allocation & Treasurer's Cash Balances	<u>\$72,922,188</u>		

Benchmarks/ References:

Town's Average Yield	4.42%	4.44%	4.34%
LAIF Yield for month	4.31%	4.33%	4.23%
3 mo. Treasury	4.29%	4.29%	5.38%
6 mo. Treasury	4.22%	4.27%	5.33%
2 yr. Treasury	3.88%	3.99%	4.62%
5 yr. Treasury	3.95%	4.02%	4.21%
10 Yr. Treasury	4.21%	4.21%	4.20%

Portfolio Maturity Profile



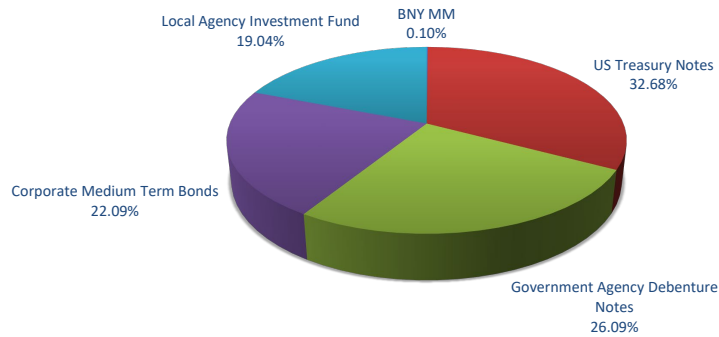
Compliance: The Town's investments are in compliance with the Town's investment policy dated March 18, 2025, and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
March 31, 2025

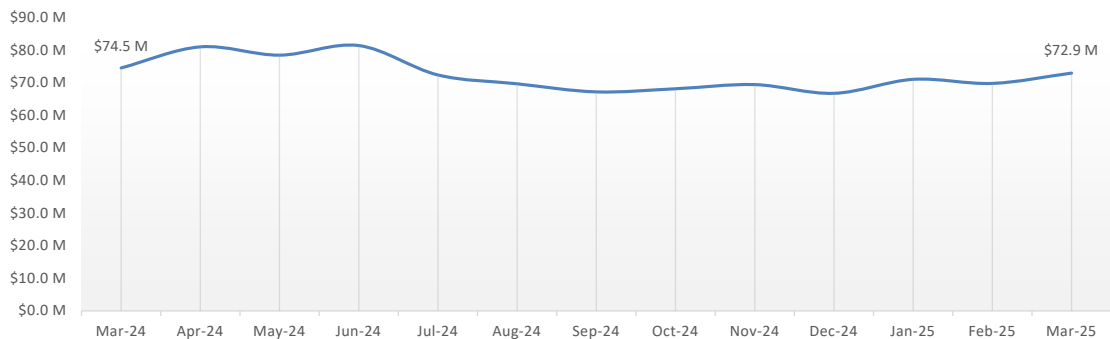
	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	\$ 69,759,388.03	\$ 81,368,409.88
Receipts	8,085,730.95	54,051,692.13
Disbursements	(4,922,931.04)	(62,497,914.07)
Cash & Investment Balances - End of Month/Period	<u>\$72,922,187.94</u>	<u>\$72,922,187.94</u>

Portfolio Allocation	Amount	% of Portfolio	Max. % or \$ Allowed per State Law or Policy
BNY MM	\$65,364.17	0.10%	20% of Town Portfolio
US Treasury Notes	\$20,615,842.24	32.68%	No Max. on US Treasuries
Government Agency Debenture Notes	\$16,459,212.81	26.09%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$13,940,300.50	22.09%	30% of Town Portfolio
Local Agency Investment Fund	\$12,012,090.08	19.04%	\$75 M per State Law
Subtotal - Investments	63,092,809.80	100.00%	
Reconciled Demand Deposit Balances	<u>9,829,378.14</u>		
Total Portfolio Allocation & Treasurer's Cash Balances	<u>\$72,922,187.94</u>		

Portfolio Investment Allocation



Treasurer's Fund Balances



Town of Los Gatos
Non-Treasury Restricted Fund Balances
March 31, 2025

	Beginning Balance	March 2025 Deposits Realized Gain/Adj.	March 2025 Interest/ Earnings	March 2025 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	\$ 688,556.00	\$ -	\$ 2,036.16	\$ -	\$ 690,592.16	Note 1
Cert. of Participation 2010 Ser Lease Payment Fund	50.29	-	21.95	-	72.24	Note 2
Cert. of Participation 2002 Ser A Lease Payment Fund	15,878.19	-	62.62	-	15,940.81	Note 1
Cert. of Participation 2010 Ser Reserve Fund	1,434,316.45	-	4,645.78	-	1,438,962.23	Note 2
Total Restricted Funds:	<u>\$ 2,138,800.93</u>	<u>\$ -</u>	<u>\$ 6,766.51</u>	<u>\$ -</u>	<u>\$ 2,145,567.44</u>	
CEPPT IRS Section 115 Trust	2,316,800.62	690,000.00	(23,554.17)	-	\$ 2,983,246.45	Note 3
Grand Total COP's and CEPPT Trust	<u>\$ 4,455,601.55</u>	<u>\$ 690,000.00</u>	<u>\$ (16,787.66)</u>	<u>\$ -</u>	<u>\$ 5,128,813.89</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 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 post employment benefits.

Town of Los Gatos
Statement of Interest Earned
March 31, 2025

July 2024	\$	247,221.75
August 2024	\$	212,684.25
September 2024	\$	265,151.31
October 2024	\$	234,237.63
November 2024	\$	227,312.31
December 2024	\$	239,396.54
January 2025	\$	234,030.33
February 2025	\$	213,671.29
March 2025	\$	235,515.22
April 2025	\$	-
May 2025	\$	-
June 2025	\$	-
	\$	<u>2,109,220.63</u>

**Town of Los Gatos
Investment Schedule
March 31, 2025**

Institution	CUSIP #	Security	Coupon	Deposit Date	Par Value	Original Cost	Original Issue (Discount) Premium	Market Value	Market Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,263,444.00	34,853.00		6/21/2027	4.19%	\$ 83,987.22	\$ 81,871.88	\$ 40,202.32	812
Home Depot	437076BM3	Corporate Bond	3.00%	8/4/2022	1,000,000.00	991,960.00	(8,040.00)	988,160.00	(3,800.00)		1/1/2026	3.04%	\$ 64,750.00	\$ 61,696.52	\$ 24,288.57	276
US Treasury	912828ZW3	US Treasury Note	0.25%	8/9/2022	350,000.00	322,096.88	(27,903.12)	346,510.50	24,413.62		6/30/2025	3.16%	\$ 2,092.39	\$ 19,915.08	\$ 7,896.86	91
FFCB	3133ENSV8	Gov. Agency Debenture	4.13%	1/17/2023	236,000.00	239,174.20	3,174.20	236,476.72	(2,697.48)		1/11/2027	3.76%	\$ 19,307.75	\$ 12,979.52	\$ 6,710.16	651
US Treasury	91282CBT7	US Treasury Note	0.75%	9/30/2022	800,000.00	712,565.18	(87,434.82)	774,288.00	61,722.82		3/31/2026	4.14%	\$ 15,000.00	\$ 54,221.52	\$ 23,249.92	365
FFCB	3133ENP95	Gov. Agency Debenture	4.25%	9/30/2022	900,000.00	900,939.60	939.60	899,730.00	(1,209.60)		9/30/2025	4.14%	\$ 59,625.00	\$ 66,415.88	\$ 28,478.80	183
JP Morgan Chase	4662SHRS1	Corporate Bond	3.20%	9/23/2022	500,000.00	474,660.00	(25,340.00)	493,895.00	19,235.00		3/15/2026	4.70%	\$ 35,644.44	\$ 41,217.45	\$ 17,482.32	349
FHLB	3135G0S7	Gov. Agency Debenture	0.38%	6/10/2022	1,200,000.00	1,102,952.40	(97,047.60)	1,181,544.00	78,591.60		8/25/2025	3.04%	\$ 71,445.55	\$ 26,066.68	\$ 14,735.65	147
US Treasury	91282KZL7	US Treasury Note	0.38%	4/12/2022	1,700,000.00	1,583,927.57	(116,072.43)	1,694,645.00	110,717.43		4/30/2025	2.72%	\$ 16,254.49	\$ 98,544.63	\$ 33,334.85	30
FHLB	3130AQ65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,243,814.00	83,254.60		12/21/2026	4.15%	\$ 33,447.92	\$ 80,116.59	\$ 37,979.15	630
FHLB	3130APIH9	Gov. Agency Debenture	1.00%	1/17/2023	1,000,000.00	907,010.00	(92,990.00)	969,570.00	62,560.00		10/28/2026	4.17%	\$ 18,354.17	\$ 50,234.10	\$ 25,970.08	576
FFCB	3133ENS96	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,700,612.00	(6,120.00)		1/6/2028	3.91%	\$ 129,955.56	\$ 92,733.76	\$ 50,017.81	1011
Freddie Mac	3137EAEX3	Gov. Agency Debenture	0.38%	5/1/2023	750,000.00	689,032.50	(60,967.50)	736,042.50	47,010.00		9/23/2025	3.97%	\$ 5,328.12	\$ 32,931.11	\$ 21,181.04	176
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	8,856.00	602,664.00	(6,192.00)		1/12/2028	4.34%	\$ 47,078.33	\$ 29,982.05	\$ 19,747.79	1017
US Treasury	91282CEF4	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,459,575.00	42,948.88		3/31/2027	4.09%	\$ 67,827.87	\$ 62,956.31	\$ 45,573.72	730
US Treasury	91282CGA3	US Treasury Note	4.00%	6/20/2023	2,100,000.00	2,080,558.59	(19,441.41)	2,098,341.00	17,782.41		12/15/2025	4.40%	\$ 124,852.46	\$ 94,573.28	\$ 68,917.76	259
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	4,655.00	508,750.00	4,095.00		2/1/2028	4.37%	\$ 37,502.79	\$ 21,195.52	\$ 16,498.78	1037
FannieMae	3135G0G63	Gov. Agency Debenture	0.50%	7/14/2023	500,000.00	455,157.00	(44,843.00)	488,645.00	33,488.00		11/7/2025	4.63%	\$ 3,284.72	\$ 21,047.01	\$ 16,383.18	221
FFCB	3133EPQC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,557.50	1,957.50	503,575.00	2,147.50		7/17/2026	4.48%	\$ 34,687.50	\$ 21,487.97	\$ 16,870.21	473
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	(3,780.00)	601,998.00	5,778.00		8/23/2027	4.29%	\$ 39,806.25	\$ 24,754.94	\$ 19,269.47	875
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	(78,510.00)	968,420.00	46,930.00		12/23/2027	5.23%	\$ 48,479.17	\$ 46,970.90	\$ 37,742.01	997
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.60	(9,339.40)	1,306,604.00	15,943.40		10/31/2027	4.31%	\$ 67,031.25	\$ 51,232.08	\$ 41,903.26	944
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,716,68.00	17,168.00	1,644,592.00	27,424.00		11/10/2027	5.16%	\$ 105,366.67	\$ 70,599.88	\$ 62,401.19	954
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,262,112.00	23,904.86		8/15/2028	4.76%	\$ 90,211.96	\$ 43,179.27	\$ 43,657.27	1233
Pepsico Inc	713448DF2	Corporate Bond	2.85%	10/16/2023	1,000,000.00	947,570.00	(52,430.00)	987,620.00	40,050.00		11/24/2025	5.24%	\$ 38,633.33	\$ 37,712.66	\$ 40,051.43	238
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	(5,662.00)	1,009,860.00	15,522.00		9/1/2026	4.96%	\$ 65,708.33	\$ 35,367.82	\$ 37,129.44	519
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.06	(49,960.94)	986,060.00	32,020.94		6/30/2027	4.73%	\$ 39,211.96	\$ 32,499.52	\$ 34,515.00	821
US Treasury	91282CE7	US Treasury Note	2.75%	10/13/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,269,736.00	55,399.61		4/30/2027	4.82%	\$ 35,750.00	\$ 40,101.59	\$ 45,217.43	760
US Treasury	91282CAB7	US Treasury Note	0.25%	11/15/2023	675,000.00	623,909.39	(51,099.61)	665,928.00	42,027.61		7/31/2025	4.92%	\$ 2,040.59	\$ 19,725.12	\$ 23,704.75	122
US Treasury	91282CC2	US Treasury Note	1.25%	12/21/2023	900,000.00	798,647.55	(101,352.45)	827,226.00	28,578.45		6/30/2028	3.99%	\$ 11,555.71	\$ 17,690.14	\$ 25,245.31	1187
FNMA	3135G0Q22	Gov. Agency Debenture	1.88%	12/21/2023	900,000.00	845,676.00	(54,324.00)	872,658.00	26,982.00		9/24/2026	4.22%	\$ 21,234.38	\$ 19,224.14	\$ 27,434.45	542
US Treasury	91282CFB2	US Treasury Note	2.75%	1/2/2024	1,000,000.00	960,354.91	(39,645.09)	974,100.00	13,745.09		7/31/2027	3.95%	\$ 29,667.12	\$ 19,025.75	\$ 28,961.41	852
US Treasury	91282CEH4	US Treasury Note	3.63%	1/17/2024	1,800,000.00	1,715,185.72	(24,814.28)	1,783,836.00	8,650.28		5/31/2028	3.97%	\$ 56,692.63	\$ 32,061.96	\$ 53,242.29	1157
JP Morgan Chase	46647PDG8	Corporate Bond	4.85%	2/1/2024	1,400,000.00	1,396,528.00	(3,472.00)	1,408,344.00	11,816.00		7/25/2027	4.93%	\$ 66,782.10	\$ 28,319.94	\$ 51,731.09	846
US Bancorp	91159HFJ8	Corporate Bond	4.55%	2/5/2024	1,000,000.00	999,200.00	(10,800.00)	999,760.00	10,560.00		7/22/2027	4.89%	\$ 43,837.67	\$ 19,440.46	\$ 36,484.14	843
Treasury	91282CHB0	US Treasury Note	3.63%	2/23/2024	1,175,000.00	1,151,962.92	(23,037.08)	1,169,630.25	17,667.33		5/15/2026	4.56%	\$ 30,892.17	\$ 18,568.45	\$ 39,748.08	410
FHLB	3130AXB31	Gov. Agency Debenture	4.88%	2/27/2024	1,000,000.00	1,003,060.00	3,060.00	1,006,990.00	3,930.00		3/13/2026	4.72%	\$ 51,729.17	\$ 16,052.33	\$ 35,470.47	347
FFCB	3133EPSU5	Gov. Agency Debenture	4.13%	3/28/2024	1,700,000.00	1,687,981.00	(12,019.00)	1,704,522.00	16,541.00		3/20/2029	4.28%	\$ 68,566.67	\$ 18,681.03	\$ 54,453.23	1450
US Treasury	912828SM8	US Treasury Note	3.13%	4/30/2024	1,200,000.00	1,123,832.14	(76,167.86)	1,167,048.00	43,215.86		11/15/2028	4.69%	\$ 20,295.34	\$ 9,066.06	\$ 40,722.97	1325
Cisco Systems	17275RBR2	Corporate Bond	4.85%	5/15/2024	1,000,000.00	999,130.00	(870.00)	1,016,850.00	17,720.00		1/26/2029	4.87%	\$ 37,856.94	\$ 6,135.64	\$ 36,547.05	1397
Home Depot	437076CW0	Corporate Bond	4.90%	5/17/2024	1,000,000.00	1,001,790.00	1,790.00	1,018,300.00	16,510.00		4/15/2029	4.86%	\$ 20,144.44	\$ 5,862.95	\$ 36,510.17	1476
Treasury	91282CJR3	US Treasury Note	3.75%	5/31/2024	1,200,000.00	1,154,629.02	(45,370.98)	1,191,840.00	37,210.98		12/31/2028	4.68%	\$ 26,208.79	\$ 4,511.24	\$ 41,202.70	1371
American Honda	02665WEY3	Corporate Bond	4.95%	6/27/2024	1,000,000.00	995,640.00	(4,360.00)	1,002,890.00	7,250.00		1/9/2026	5.25%	\$ 26,537.50	\$ 430.16	\$ 39,288.39	284
FHLB	3130B1BT3	Gov. Agency Debenture	4.88%	7/2/2024	1,150,000.00	1,150,966.00	966.00	1,160,683.50	9,717.50		6/12/2026	4.82%	\$ 19,310.42	\$ -	\$ 41,408.01	438
Citibank	17325FBK3	Corporate Bond	4.84%	8/15/2024	1,250,000.00	1,263,062.50	13,062.50	1,262,112.50	(950.00)		7/6/2029	4.60%	\$ 28,725.62	\$ -	\$ 36,108.61	1558
FNMA	3135G0S75	Gov. Agency Debenture	0.75%	9/10/2024	1,100,000.00	1,010,724.00	(89,276.00)	1,016,884.00	6,160.00		10/8/2027	3.56%	\$ 641.67	\$ -	\$ 20,624.30	921
US Treasury	91282CFU0	US Treasury Note	3.88%	12/3/2024	1,100,000.00	1,088,144.31	(11,855.69)	1,095,666.00	7,521.69		9/30/2029	4.12%	\$ 13,817.99	\$ -	\$ 14,574.10	1644
FHLB	3130ATU72	Gov. Agency Debenture	4.50%	2/12/2025	505,000.00	508,253.21	3,253.21	514,276.85	6,023.64	3,661.25	12/14/2029	4.35%	\$ (3,661.25)	\$ -	\$ 2,839.65	1719
FFCB	3133ERSX5	Gov. Agency Debenture	3.88%	3/12/2025	1,000,000.00	998,480.00	(1,520.00)	998,740.00	260.00	538.19	3/7/2028	3.93%	\$ (538.19)	\$ -	\$ 2,043.59	1072
Treasury	91282CJF9	US Treasury Note	4.88%	3/31/2025	1,100,000.00	1,130,167.75	30,167.75	1,134,034.00	3,866.25	22,368.44	10/31/2028	4.04%	\$ (22,368.44)	\$ -	\$ -	1310
Subtotal					\$ 52,591,000.00	\$ 51,015,355.55	\$ (1,575,644.45)	\$ 52,219,602.82	\$ 1,204,247.27	\$ 26,567.88			\$ 1,927,336.19	\$ 1,632,779.78	\$ 1,576,081.31	
BNY MM		Money Market				65,364.17		65,364.17	0.00			0.00%				1
LAIF		State Investment Pool				12,022,290.08		12,022,290.64	10,200.56			4.31%			442,016.30	1
						63,092,809.80		\$64,307,257.63	\$1,214,447.83	\$26,567.88			\$ 1,927,336.19	\$ 1,632,779.78	\$ 2,018,097.61	
Matured Assets																
FNMA	3135G0V75	Gov. Agency Debenture	1.75%	10/17/2019	1,100,000.00	1,105,833.30	5,833.30				7/2/2024	1.63%	\$ 90,956.25	\$ 84,780.33	\$ 98.70	
Honeywell Intl.	438516BW5	Corporate Bond	2.30%	11/20/2019	1,000,000.00	1,014,660.00	14,660.00				8/15/2024	1.64%	\$ 108,483.33	\$ 91,844.87	\$ 2,508.83	
FFCB	3133EKQA7	Gov. Agency Debenture	2.08%	10/21/2019	1,000,000.00	1,019,780.00	19,780.00				9/10/2024	1.66%	\$ 101,631.11	\$ 78,691.92	\$ 3,305.61	
US Treasury	912828YV6	US Treasury Note	1.50%	11/15/2023	700,000.00	673,667.97	(26,332.03)									

Town of Los Gatos
Investment Transaction Detail
March 31, 2025

Date	Cusip/Id	Description	Transaction Type	Trade Date	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
3/3/2025	3133EPUW3	FEDERAL FARM CREDIT BANK 4.75% 01SEP2026	BOND INTEREST	3/1/2025	3/1/2025	1,000,000.00	4.750%	9/1/2026	-	-	23,750.00	23,750.00
3/3/2025	194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	BOND INTEREST	3/1/2025	3/1/2025	500,000.00	4.600%	3/1/2028	-	-	11,500.00	11,500.00
3/4/2025	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	3/4/2025	3/4/2025	2,387.56	0.000%		100.00	-	-	2,387.56
3/12/2025	3133ER5X5	FEDERAL FARM CREDIT BANK 3.875% 07MAR2028	PURCHASE	3/11/2025	3/12/2025	1,000,000.00	3.875%	3/7/2028	99.85	998,480.00	538.19	999,018.19
3/12/2025	037833DB3	APPLE INC 2.9% 12SEP2027 (CALLABLE 12JUN27)	BOND INTEREST	3/12/2025	3/12/2025	1,300,000.00	2.900%	9/12/2027	-	-	18,850.00	18,850.00
3/13/2025	3130AXB31	FEDERAL HOME LOAN BANK 4.875% 13MAR2026	BOND INTEREST	3/13/2025	3/13/2025	1,000,000.00	4.875%	3/13/2026	-	-	24,375.00	24,375.00
3/20/2025	3133EP5U5	FEDERAL FARM CREDIT BANK 4.125% 20MAR2029	BOND INTEREST	3/20/2025	3/20/2025	1,700,000.00	4.125%	3/20/2029	-	-	35,062.50	35,062.50
3/24/2025	3137EAEX3	FREDDIE MAC 0.375% 23SEP2025	BOND INTEREST	3/23/2025	3/23/2025	750,000.00	0.375%	9/23/2025	-	-	1,406.25	1,406.25
3/24/2025	3135G0Q22	FANNIE MAE 1.875% 24SEP2026	BOND INTEREST	3/24/2025	3/24/2025	900,000.00	1.875%	9/24/2026	-	-	8,437.50	8,437.50
3/31/2025	91282CJF9	USA TREASURY 4.875% 31OCT2028	PURCHASE	3/27/2025	3/31/2025	1,100,000.00	4.875%	10/31/2028	102.74	1,130,167.75	22,368.44	1,152,536.19
3/31/2025	3133ENP95	FEDERAL FARM CREDIT BANK 4.25% 30SEP2025	BOND INTEREST	3/30/2025	3/30/2025	900,000.00	4.250%	9/30/2025	-	-	19,125.00	19,125.00
3/31/2025	91282CEF4	USA TREASURY 2.5% 31MAR2027	BOND INTEREST	3/31/2025	3/31/2025	1,500,000.00	2.500%	3/31/2027	-	-	18,750.00	18,750.00
3/31/2025	91282CBT7	USA TREASURY 0.75% 31MAR2026	BOND INTEREST	3/31/2025	3/31/2025	800,000.00	0.750%	3/31/2026	-	-	3,000.00	3,000.00
3/31/2025	91282CFL0	USA TREASURY 3.875% 30SEP2029	BOND INTEREST	3/31/2025	3/31/2025	1,100,000.00	3.875%	9/30/2029	-	-	21,312.50	21,312.50
3/31/2025	91282CGU9	USA TREASURY 3.875% 31MAR2025	REDEMPTION	3/31/2025	3/31/2025	1,000,000.00	3.875%	3/31/2025	100.00	1,000,000.00	-	1,000,000.00
3/31/2025	91282CGU9	USA TREASURY 3.875% 31MAR2025	BOND INTEREST	3/31/2025	3/31/2025	1,000,000.00	3.875%	3/31/2025	-	-	19,375.00	19,375.00

Town of Los Gatos								
Insight ESG Ratings as of March 31, 2025								
Security Description	Maturity Date	Par/Shares	S&P Rating	Moody Rating	Insight ESG Rating	Environment	Social	Governance
AMERICAN HONDA FINANCE 4.95% 09JAN2026	1/9/2026	\$ 1,000,000	A-	A3	3	3	3	3
PEPSICO INC 2.85% 24FEB2026 (CALLABLE 24NOV25)	2/24/2026	\$ 1,000,000	A+	A1	2	2	3	3
HOME DEPOT INC. 3% 01APR2026 (CALLABLE 01JAN2026)	46113	\$ 1,000,000	A	A2	3	3	3	3
JPMORGAN CHASE & CO 3.2 15JUN2026 (CALLABLE 15MAR26)	46188	\$ 500,000	A	A1	3	2	3	4
APPLE INC. 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	\$ 1,300,000	AA+	Aaa	5	1	4	5
TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	\$ 1,600,000	A+	A1	3	2	3	4
AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	\$ 600,000	A-	A3	3	3	3	3
PNC BANK NA 3.25% 22JAN2028 (CALLABLE 01 FEB28)	1/22/2028	\$ 1,000,000	A	A2	3	2	3	3
COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	\$ 500,000	A+	Aa3	3	2	3	3
US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	\$ 1,000,000	A	A3	4	3	4	4
JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL28)	7/25/2028	\$ 1,400,000	A	A1	3	2	3	4
CISCO INC. 4.85% 26FEB2029 (CALLABLE 26JAN2029)	2/26/2029	\$ 1,000,000	AA-	A1	3	1	4	3
HOME DEPOT INC. 4.9% 15APR2029 (CALLABLE 15MAR2029)	47223	\$ 1,000,000	A	A2	3	3	3	3
CITIBANK 4.838% 06AUG2029 (CALLABLE 06JUL2029)	8/6/2029	\$ 1,250,000	A+	Aa3	3	1	3	3
Total/Average		\$ 14,150,000			3.1	2.1	3.2	3.4

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

Fund Schedule

Item 4.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2024*	Increase/ (Decrease) July - February	March 2025				Estimated Fund Balance 3/31/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
111	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	2,188,659	-	-	-	-	-	2,188,659
	Land Held for Resale	344,338	-	-	-	-	-	344,338
	Committed Fund Balances:							
	Budget Stabilization	6,736,781	-	-	-	-	-	6,736,781
	Catastrophic	6,736,781	-	-	-	-	-	6,736,781
	Pension/OPEB	300,000	-	-	-	-	-	300,000
	Measure G District Sales Tax	590,581	-	-	-	-	-	590,581
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	8,651,059	-	-	-	-	-	8,651,059
	Carryover Encumbrances	85,861	-	-	-	-	-	85,861
	Compensated Absences	1,555,478	-	-	-	-	-	1,555,478
	ERAF Risk Reserve	1,430,054	-	-	-	-	-	1,430,054
	Market Fluctuations	1,712,246	-	-	-	-	-	1,712,246
	Council Priorities - Economic Recovery	20,684	-	-	-	-	-	20,684
	Unassigned Fund Balances:							
	Other Unassigned Fund Balance Reserve (Pre YE distribution)	-	(607,494)	4,702,502	(4,624,335)	690,000	(690,000)	(529,327)
	General Fund Total	31,062,075	(607,494)	4,702,502	(4,624,335)	690,000	(690,000)	30,532,748

* Interfund transfers and Council Priorities/Economic Recovery funding allocation to be performed as part of the fiscal year end closing entries.

Fund Schedule

Item 4.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2024*	Increase/ (Decrease) July - February	March 2025				Estimated Fund Balance 3/31/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	SPECIAL REVENUE							
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	754,134	(88,483)	13,641	(20,128)	-	-	659,164
231-236	Landscape & Lighting Districts	182,625	4,471	-	(2,364)	-	-	184,732
251	Los Gatos Theatre	171,035	183,083	29,950	(15,484)	-	-	368,584
711-716	Library Trusts	556,849	36,763	-	(11,186)	-	-	582,426
	Special Revenue Total	1,831,296	135,834	43,591	(49,162)	-	-	1,961,559
	CAPITAL PROJECTS							
411	GFAR - General Fund Appropriated Reserve	20,253,300	(2,656,029)	106,541	(373,307)	-	-	17,330,505
412	Community Center Development	866,281	-	-	(976)	-	-	865,305
421	Grant Funded Projects	(2,563,503)	(752,038)	2,450,805	(185,294)	-	-	(1,050,030)
461-463	Storm Basin Projects	3,531,248	(196,345)	-	(137,447)	-	-	3,197,456
471	Traffic Mitigation Projects	509,491	-	-	-	-	-	509,491
472	Utility Undergrounding Projects	3,584,251	11,594	-	-	-	-	3,595,845
481	Gas Tax Projects	1,928,167	(565,133)	130,448	-	-	-	1,493,482
	Capital Projects Total	28,109,235	(4,157,951)	2,687,794	(697,024)	-	-	25,942,054
	INTERNAL SERVICE FUNDS							
611	Town General Liability	177,876	(695,987)	-	-	-	-	(518,111)
612	Workers Compensation	586,246	(114,158)	62,663	(324,160)	-	-	210,591
621	Information Technology	2,523,347	(251,415)	165,300	(35,770)	-	-	2,401,462
631	Vehicle & Equipment Replacement	3,286,552	70,867	280,915	-	-	-	3,638,334
633	Facility Maintenance	960,526	(82,120)	314,657	(148,902)	-	-	1,044,161
	Internal Service Funds Total	7,534,547	(1,072,813)	823,535	(508,832)	-	-	6,776,437
	Trust/Agency							
942	RDA Successor Agency	(4,632,040)	(1,708,677)	-	(130)	-	-	(6,340,847)
	Trust/Agency Fund Total	(4,632,040)	(1,708,677)	-	(130)	-	-	(6,340,847)
	Total Town	63,905,113	(7,411,101)	8,257,422	(5,879,483)	690,000	(690,000)	58,871,951

* Interfund transfers and Council Priorities/Economic Recovery funding allocation to be performed as part of the fiscal year end closing entries.

Deposit Accounts of Interest:

111-23541 General Plan Update deposit account balance \$473,848.98
 111-23521 BMP Housing deposit account balance \$4,039,055.78



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 05/12/2025

ITEM NO: 5

Item 5.

DATE: May 8, 2025
TO: Finance Commission
FROM: Chris Constantin, Town Manager
SUBJECT: Provide Recommendations to the Town Council Regarding the Proposed FY 2025-26 Operating and Capital Budgets, Including Budget Balancing Approaches

RECOMMENDATION:

Staff recommend the Finance Commission:

- Provide recommendations to the Town Council regarding the Proposed FY 2025-26 Operating and Capital Budgets, including budget balancing approaches and changes to the five-year forecast.
- Recommend use of all 2025-26 Measure G funding for Public Safety operations.

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:

(2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code and provide written comments and recommendations to the Town Council.

(A) The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager and Town Attorney

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SUBJECT: Proposed FY 2025-26 Operating and Capital Budgets

DATE: May 8, 2025

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.

DISCUSSION:

On April 21, 2025, the Proposed FY 2025-26 Operating and Capital Budgets were posted to the Town's website, and the links (listed below) were provided to the Finance Commission. Per Measure A, the Finance Commission received the Proposed Budgets 21 business days before May 20, 2025, the first meeting at which the Town Council will consider the Proposed Budgets.

Proposed Operating Budget:

<https://www.losgatosca.gov/2987/Proposed-FY-2025-26-Operating-Budget>

CIP Budget:

<https://www.losgatosca.gov/2988/Proposed-FY-2025-26-Capital-Budget>

On April 22, 2025, a Town Budget Study session was held where the Town Council discussed direction on the preparation of the budget and potential direction to the Finance Commission for their review of the Proposed Budget, including the budget-balancing approaches. One of the budget-balancing strategies proposed is to use the entire Measure G Proceeds for public safety operations rather than a split between 50% operations and 50% being reserved for future capital, as well as tiered reductions prepared by the Town's executive team.

The Council discussed how prior-year financial projections vary from actual revenues and expenditures at year-end closure and the desire to understand the Town's shorter-term and longer-range financial condition. Staff recommended hiring an independent outside consultant and started discussing the scope of such a study with the Finance Commission earlier this month. Council members also commented on the different tiers of the budget-balancing solutions that were presented to them.

All the information presented in the Council Budget Study Session was included in the April 28, 2025, Finance Commission Reports. The Finance Commission also received additional materials. The April 28, 2025, meeting information can be found using the following link:

<https://www.losgatosca.gov/DocumentCenter/View/42076/April-28-Finance-Commission-Agenda-Packet-with-Addendum-and-Desk-Items>

At its special meeting on April 28, 2025, the Finance Commission started discussing and identifying comments and recommendations to the Town Council regarding the Proposed

SUBJECT: Proposed FY 2025-26 Operating and Capital Budgets

DATE: May 8, 2025

Budgets. During the meeting, staff presented the Operating and Capital budgets and answered the Commissioners' questions.

At its special meeting on May 5, 2025, the Finance Commission recommended increasing certain revenues and decreasing certain expenditures in the FY 2025-26 Proposed Budget and Forecast. Staff provided preliminary feedback and responded to the Commissioners' questions. The Commission discussed the cost savings and budget impacts associated with Tiers 1 through 4 of the proposed expenditure reductions. It also discussed the potential budget impacts of the three revenue recovery categories: revenue Audit, Subsidy Reduction, and New Revenue.

The May 5, 2025, meeting information can be found using the following link:

<https://www.losgatosca.gov/DocumentCenter/View/42151/May-5-Finance-Commission-Agenda-Packet-with-Desk-Item>

Attachment 1 includes staff's evaluation of the Finance Commission identified areas for review of the Five-Year Forecast.

Based on the Commission's and staff recommendations on the 2025-26 proposed budget, staff estimate \$1,454,650 million in additional revenues and \$255,000 expenditure savings, reducing the projected deficit from \$3.7 million to \$2 million. At the April 28, 2025 Finance Commission meeting, the chair identified a number of potential reductions that were provide as options which based on the potential of achieving identified savings would amount to a potential \$851,000 in additional reduction of the no \$2 million deficit. If this is taken as is, the Town would project utilizing about \$1.2 million from unassigned fund balance to close the 2025-26 budget.

Staff is seeking input from the Finance Commission on how much to rely on reserves versus other budget-balancing solutions in the FY 2025–26 budget. It would be beneficial for the Finance Commission to review the financial foundation of the budget, including the revenue and expenditure assumptions, and evaluate them with respect to the prior year's actuals and current estimates.

Pursuant to Municipal Code Section 2.50.225(6), the Finance Commission shall review proposed expenditures and advise the Town Council whether such expenditures meet the Town Council's objective for the Measure G tax. One proposed budget-balancing strategy is allocating all Measure G proceeds to support public safety operations. This approach supports the following Measure G objectives: (a) maintaining and enhancing neighborhood police patrols and local crime prevention programs, and (d) maintaining the Town's long-term financial stability. Staff requests the Finance Commission's review and recommendation regarding the proposed allocation of Measure G funds.

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SUBJECT: Proposed FY 2025-26 Operating and Capital Budgets

DATE: May 8, 2025

The Finance Commission is scheduled to complete its recommendations on the Budget at its regular meeting on May 12, 2025. The Commission's final comments and recommendations will be transmitted the Town Council for its May 20, 2025 public hearing on the FY 2025-26 Proposed Operating and Capital Budgets.

A Council and Finance Commission Joint Study Session meeting, led by the Government Finance Officers Association (GFOA) experts, is scheduled for May 19, 2025, to provide Local Government Financial Management Training in budgeting and financial reporting.

CONCLUSION:

Staff looks forward to the Commission's questions, discussion, comments, and recommendations.

Attachments:

1. Finance Commission Identified Areas for Review in Five-Year Forecast

Finance Commission Identified Areas for Review in Five-Year Forecast

Item	Finance Commission Recommendation	Staff Comments	Change from Proposed Budget
Revenue			
Property Tax Adjustment	Increased property tax projected for 2025-26 by \$200,000.	Staff accept the recommendation.	The Property Tax increases by \$200,000.
Sales Tax Adjustment	N/A	Increase sales & use tax projected for 2025-26 by \$162,759 as proposed by the Town's Sales Tax consultant. Change occurred after publishing of the proposed budget.	Sales & Use Tax increases by \$162,759.
Planning and Building Permit Fees	Review planning and building fees to understand the drop-off of approximately \$600,000.	Planning Department recommends a \$15,000 addition.	Planning Permit Revenue increases by \$15,000.
Engineering Permit	N/A	The Engineering Department is recommending a \$358,891 increase to this revenue source due to approval of new fees by the Town Council on 5/6/2025.	Engineering permit fee increases by \$358,891.
Business License Tax	Increase business license tax by \$200,000 to reflect historical trends.	Staff recommend using HdL, the Town's current business license and property tax consultant, to conduct a business license audit. Staff estimate recovery could reach \$50,000.	Business license revenue increases by \$50,000 for FY 2025-26 Proposed Budget.
Intergovernmental	Review Intergovernmental-State drop and increase where the 2025-26 amount does not appear aligned with the trend.	Staff identified that SLESF Intergovernmental Revenue was overstated by \$200,000 from the beginning of FY 2026-27.	There are no changes to the FY 2025-26 Proposed Budget.

Investment Income	Remove the GASB 31 adjustment of (\$500,000) for mark to market as it is a balance sheet item.	Staff are consolidating the line items. Consolidating accomplishes the intent to lower future interest expense projections, as this value was intended to demonstrate volatility.	Lines consolidated into Investment income.
License and Permits – Waste Hauler Encroachment Permit	N/A	Staff increased license and permits by \$668,000 to reflect encroachment fees assessed by solid waste joint powers authority. Change occurred after publishing the proposed budget.	License and Permits increase by \$668,000.
Expenditures			
CalPERS Benefits	Projection for 2025-26 appears to be \$1 million higher than shown in consultant Foster & Foster's June 30, 2023 report.	Staff reviewed the projections with Foster & Foster. The unfunded liability amount which represents 63.5% of the projection was verified. Additionally, the normal cost percentages applied to pensionable pay were verified. Projected payroll was the variable which determined the pension expense projection. Based on more review, staff can take a more aggressive position which may result in up to a reduction of \$255,000 in pension expense.	Reduces CalPERS benefits expenditure by \$255,000.
Internal Service Charges	Internal Service Charges appear \$1 million higher than reasonable. Assess and determine what it is, why we have it, and can it be reduced.	General Fund Internal Service Charges are increasing significantly in the General Liability and Workers' Compensation Internal Services Funds to ensure that General Fund charges cover cost. The insurance premium is the primary driver of the increases in the General Liability Insurance Fund expenses. The primary drivers in the Workers' Comp Internal Service Fund	There is no anticipated saving in FY 2025-26. Review of ISF methodology may result in a change in the 2025-26 mid-year budget.

		<p>expenses are the claim experience and the insurance premium. While no change appears warranted, staff will be conducting a review of the ISF in 2025-26 to verify its allocation methodology.</p> <p>Staff are evaluating the possibility of switching to a different insurance provider to reduce the premium cost. Potential savings will be utilized in FY 2026-27.</p>	
Reserves			
Pension Trust Reserve	Utilize some of the pension trust to cover shortfall in order to not utilize unassigned fund balance.	Staff disagree with utilizing the pension reserve in lieu of the unassigned fund balance.	There is no change to the FY 2025-26 Proposed Budget.
Other			
General Fund Policy	Update criteria defining contribution to the Town's catastrophic and uncertainty reserves to reflect total expenditures in the General Fund and not just the Operating Expenditures Line item.	Staff agree with this correction.	No change to financials.