

From: Jak Van Nada

Sent: Tuesday, January 17, 2023 10:58 AM

To: Wendy Wood <WWood@losgatosca.gov>; Town Manager <Manager@losgatosca.gov>; Arn Andrews <aandrews@losgatosca.gov>; Gabrielle Whelan <GWhelan@losgatosca.gov>; Maria Ristow <MRistow@losgatosca.gov>; Rob Moore; Rob Rennie <RRennie@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>

Subject: 1-17-23 Council Meeting Item 14

EXTERNAL SENDER

1-17-23

Town Council Meeting Item 14

The purpose of the report requested by the Grand Jury was to increase transparency and give the Council more information upon which to make decisions. This is not what the Staff has proposed to do.

GC section 41004 mandates a monthly report “accounting of **all** receipts, disbursements and **fund balances**”. The investment report does not comply with GC 41004 since **all** fund balances and activity impacting the fund balances is not reported. This is a problem. Simply submitting the investment report monthly will not be sufficient to meet the “**all fund balances**” reporting requirements found in GC section 41004.

The Grand Jury report specifically cited the City of Saratoga’s monthly report as an example of what should be provided to the State. I have attached that report whose tables 1 and 2 fulfill the reporting requirement for GC 41004. Note that Saratoga in the Staff report specifically addresses the difference between a Cash and Investment summary and fund balance. And this is why GC section 41004 exists. That is why this report provides the TRANSPARENCY that the Town states they provide to the Council and to the citizens. The Town Council should instruct Staff to prepare tables 1 and 2 for Los Gatos and incorporate those tables into the investment report. By doing so, the town will be in compliance with all government mandated reporting.

Once again, the problem we have is not what you see, but rather, what you don’t see.

Jak Van Nada

Los Gatos Community Alliance



SARATOGA CITY COUNCIL

MEETING DATE: December 7, 2022

DEPARTMENT: Administrative Services

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

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

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 1st 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
Total Cash	\$ 34,998,784

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.

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

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
General Fund							
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) *
General Fund Total	15,410,458	(3,928,371)	1,162,030	(1,551,359)	-	-	11,092,758
Special Revenue							
Landscape/Lighting Districts	977,231	(57,805)	847	(17,579)	-	-	902,694
ARPA Federal Grants	7,127,589	-	-	-	-	-	7,127,589
Special Revenue Fund Total	8,104,820	(57,805)	847	(17,579)	-	-	8,030,283
Debt Service							
Library Bond	805,311	(710,933)	2,754	-	-	-	97,132
Arrowhead Bond	124,402	(69,541)	-	(767)	-	-	54,094
Debt Service Fund Total	929,714	(780,474)	2,754	(767)	-	-	151,226
Internal Service Fund							
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
Internal Service Fund Total	5,378,407	(433,444)	2,947	(203,197)	-	-	4,744,713
Trust/Agency							
WVCWP Agency Fund	558,655	197,263	-	(47,148)	-	-	708,769
Trust/Agency Fund Total	558,655	197,263	-	(47,148)	-	-	708,769
Capital Project							
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) *
CIP Fund Total	7,545,366	(396,402)	270,354	(1,847,238)	-	-	5,572,079
Total City	37,927,419	(5,399,234)	1,438,931	(3,667,288)	-	-	30,299,828

*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
Street Projects							
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
Total Street Projects	3,381,066	(432,231)	132,561	(86,642)	-	-	2,994,755
Parks & Trails Projects							
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
Total Parks & Trails Projects	849,562	(1,824)	-	(16,720)	-	-	831,019
Facility Projects							
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
Total Facility Projects	623,475	(155,704)	5,029	(2,098)	-	-	470,702
Administrative and Technology Projects							
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
Total Administrative and Technology Projects	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
Tree Fund Projects							
Citywide Tree Planting Program	26,666	-	-	-	-	-	26,666
Tree Dedication Program	25,875	-	-	-	-	-	25,875
Total Tree Fund Projects	52,541	-	-	-	-	-	52,541
Park In-Lieu Projects							
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
Total Park In-Lieu Projects	1,172,555	30,098	-	(62,663)	-	-	1,139,991
CIP Grant Street Projects							
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) *
Total CIP Grant Street Projects	(46,912)	(2,131)	-	(12,228)	-	-	(61,271)
CIP Grant Park & Trail Projects							
Beauchamps Park Playground	-	-	-	(196,841)	-	-	(196,841) *
Park and Trail Fire Mitigation	-	100,000	-	-	-	-	100,000
Total CIP Grant Park & Trail Projects	-	100,000	-	(196,841)	-	-	(96,841)
CIP Grant Administrative Projects							
CDD Software/ADA	(14,574)	-	-	-	-	-	(14,574) *
General Plan Update (LEAP)	(150,000)	-	-	-	-	-	(150,000) *
Total CIP Grant Administrative Projects	(164,574)	-	-	-	-	-	(164,574)
CIP Grant ARPA/SLFRF Projects							
Storm Water Master Plan	-	(88,055)	-	(139,398)	-	-	(227,453) *
Saratoga Village Water Improvement	-	(54,670)	-	(42,707)	-	-	(97,377) *
Total CIP Grant ARPA/SLFRF Projects	-	(142,725)	-	(182,105)	-	-	(324,830)
Gas Tax Fund Projects							
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
Total Gas Tax Fund Projects	247,731	258,409	127,538	(1,273,891)	-	-	(640,213)
Total CIP Funds	7,545,366	(396,402)	270,354	(1,847,238)	-	-	5,572,079

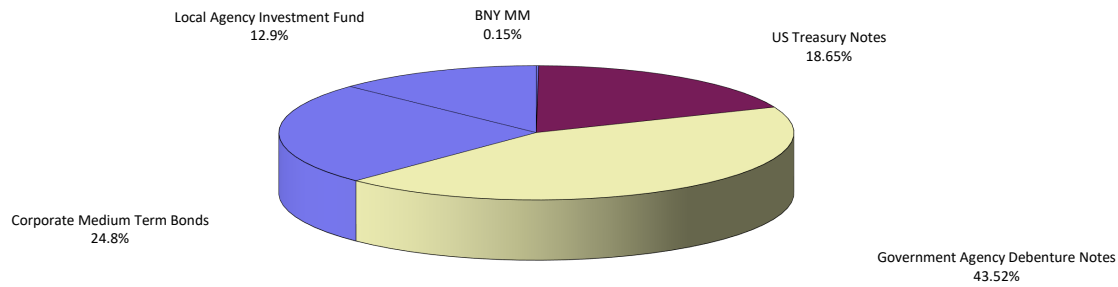
*Negative fund balance due to authorized spending of anticipated revenues

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

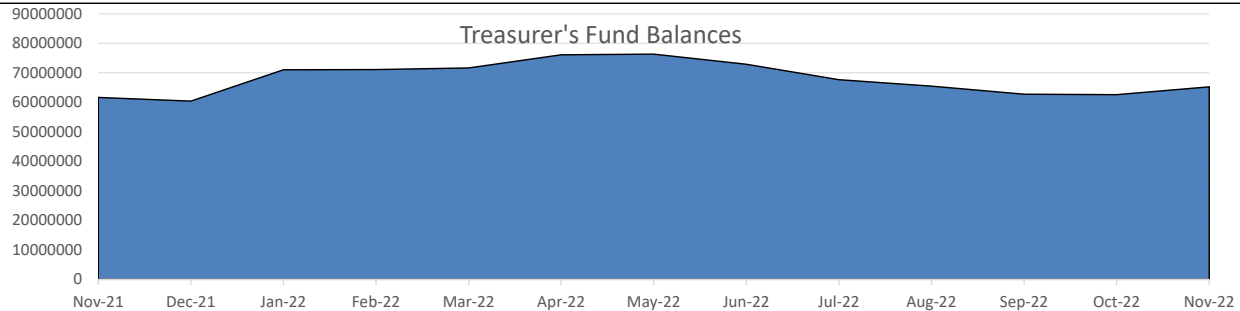
	Month	YTD
Fund Balances - Beginning of Month/Period	\$62,569,239.63	\$72,886,942.83
Receipts	5,801,425.93	20,163,060.09
Disbursements	(3,096,678.62)	(27,776,015.98)
Fund Balances - End of Month/Period	\$65,273,986.94	\$65,273,986.94

<u>Portfolio Allocation:</u>		<u>% of Portfolio</u>	<u>Max. % Or \$ Allowed Per State Law or Policy</u>
BNY MM	\$79,480.09	0.15%	20% of Town Portfolio
US Treasury Notes	\$10,037,973.70	18.65%	No Max. on US Treasuries
Government Agency Debenture Notes	\$23,416,349.00	43.52%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$13,336,173.01	24.78%	30% of Town Portfolio
Local Agency Investment Fund	\$6,941,939.56	12.90%	\$75 M per State Law
Subtotal - Investments	53,811,915.36	100.00%	
Reconciled Demand Deposit Balances	<u>11,462,071.58</u>		
Total Treasurer's Fund	\$65,273,986.94		

Portfolio Investment Allocation



Treasurer's Fund Balances



This Page Intentionally Left Blank

From: Phil Koen
Sent: Monday, January 16, 2023 10:04:43 AM
To: Mary Badame <MBadame@losgatosca.gov>
Subject: Agenda Item #14 - recommendations

EXTERNAL SENDER

Dear Vice Mayor Badame,

I am writing to you in my capacity as your citizen appointee to the Finance Commission. I am also the newly elected Vice Chair of the Finance Commission.

As a member of the Finance Commission, I am tasked with providing advice to assist the Town Council in making financial decisions and establishing the Town's fiscal policies and priorities. I am writing to you to provide my advice and guidance regarding Agenda Item #14 for the upcoming Town Council meeting. This item is requesting the Town Council to a) review and approve the Town's response to the 2022 Civil Grand Jury Report and b) review and approve changes to the Town's Operating Portfolio Investment Policy.

Since the Finance Commission was not consulted in the preparation of the Staff's memo for agenda item 14, the Commission was unaware of the memo's content. Furthermore, since no Finance Commission meeting was scheduled after the Staff memo was published and prior to the Town Council meeting, the only opportunity for a member of the Finance Commission to provide advice is through direct communication with the Council Member who appointed the citizen. Hence, the reason I am writing to you today.

Please be advised of the following:

Concern #1: Town's Response to the 2022 Civil Grand Jury report entitled "Show me the Money: Financial Transparency Needed"

The Town's response is listed as attachment #3 to agenda item #14. The summary statement in the cover letter to Judge McGowen which states, "In summary, the Town agrees and already implemented the recommendation of monthly reporting," is general enough to appear to be an acceptable response.

A major problem however exists with the "Findings." The issue is: what financial data is included in the report entitled "Portfolio Allocation and Treasurer's Fund Balances" and does the financial data fully comply with the required reporting under State Government Codes Sections 53607, 53646(b) and 41004? I have attached the first page of the November report which was included in the Town Council agenda packet. I will be referring to the area boxed in red.

The first line of the report shows, "fund balances – beginning of month/period." The amount \$72,886,942 supposedly represents the closing fund balances for FY 2022, which also represents the opening balance for FY 2023. However, this amount is NOT the total fund balances for the Town. As of the end of FY 2022 the Town's total fund balances combined was \$59,102,420, which represents the combined fund balances of all governmental funds (\$50,862,138) and all proprietary funds (\$8,240,282). These numbers were taken from the just-published FY 2022 Annual Comprehensive Financial Report (ACFR).

The amount that is reported as "fund balances" appears instead to be the total amount of cash and investments held by the Town. The difference between the two numbers represents the total liabilities

of the Town. Fund balance should represent the actual net funding available for all funds at the end of the reporting period and is computed by taking a fund's total assets (including cash and investments) less all liabilities. That is how a fund balance is calculated. There is no doubt that the "fund balance" as reported in the "Portfolio Allocation and Treasurer's Report Fund Balances" is not fund balance but rather the total amount of the investment portfolio. The two are not the same.

The Grand Jury report only focused on government code Section 41004 which specifically 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." There are other government codes, namely sections 53607 and 53646(b) that require monthly reporting on an investment portfolio, including but not limited to market value information, cost basis of investment, interest rates, weighted average maturity, etc. Apart from the area boxed in red, the Town's report addresses the reporting requirements for an investment portfolio as mandated by sections 53607 and 53646(b). To be clear, the Town's report does not provide the specific information required by section 41004.

Based on a reading of the footnotes of the Grand Jury report, the Town provided a copy of the report, "Portfolio Allocation and Treasurer's Fund Balances," to the Grand Jury. Without having specific knowledge of the source of the numbers being reported, it is only logical that the Grand Jury assumed that the numbers reported as "fund balances" would be the actual fund balances. Any casual reader of the report would naturally assume the same. We now know this is not correct.

Now that we have a correct understanding of what is reported, asserting that the finding, "Los Gatos produced reports that contain the required content... ..as required by California Government Code Section 41004," would be incorrect and inappropriate. I recommend that the Town fully comply with section 41004 and produce the required fund balance information. Furthermore, the Town should disclose to the Grand Jury that the Treasurer's Report does not include fund balances, but rather a total of the investment portfolio. The Grand Jury likely would appreciate this additional disclosure and full transparency.

The Grand Jury Report pointed to the City of Saratoga's "Changes in Total Fund Balance" as an excellent example of a treasurer's report "fully compliant with section 41004." I have attached Saratoga's Treasurer's Report for the month of October 2022 which contains Table 1 referenced by the Grand Jury. Please note that Saratoga's report specifically references that the report complies with section 41004 and is accomplished through Table 1 and Table 2. Table 1 and 2 provide an accounting for all receipts, disbursements, and fund balances for all funds, including CIP funds. To even the most casual observer, it is obvious that Saratoga's reporting is extensive and fully transparent of the net change in fund balances.

It is my recommendation that the Town produce the equivalent of Table 1 and Table 2, which would bring it into compliance with section 41004 while greatly improving financial transparency.

Concern #2: Staff's Report Discussion – "Finance Commission reviewed the proposed changes provided by staff and suggested one additional change to clarify that the monthly report will comply with Government Code Section 41004"

At the January 10, 2023 meeting of the Finance Commission, a discussion commenced concerning the redline changes to the Town's Investment Policy within a few minutes of a "hard stop" 5 pm deadline that had been previously established. I was in the process of making several suggestions of additional changes that should be made to the Investment Policy including but not limited to clarifying the specific Government Codes that apply to investing, managing, and reporting of the Town's investment portfolio,

such as sections 53607 and 53646 (b), and the reporting required to conform to section 41004. In the middle of the discussion, the meeting was terminated. It is inaccurate to suggest that the Commission had completed its review work and that there was only one additional suggested change to the Investment Policy. In fact, there are many changes that should be made.

Furthermore, there was no vote taken by the Commission to approve the redline version that is now before the Town Council. To have the Council “approve” this version of the Investment Policy prior to the Finance Commission completing its work would appear to be ignoring the spirit of Measure A and the Commission’s advice process which previously had been established in making changes to the Town’s financial policies.

My recommendation is to have the Town Council take no action on the Investment Policy at this meeting. Rather the Investment Policy should be sent back to the Finance Commission so the Commission can complete its work and present a revised Investment Policy to the Town Council later.

Concern #3: Staff’s Report Discussion – “Town Council approval of the staff and Commission recommendations will ensure the Town is in compliance with California Government Code Section 41004”

There are 2 separate issues here that need to be addressed. The first is the claim that the proposed redline changes to the Investment Policy are sufficient to “ensure” the Town is fully compliant with section 41004. To be clear, the redline changes only propose to increase the frequency of the reporting, moving from quarterly to monthly reporting. The changes do not address the adequacy of the financial data to be reported. This has been explained above and there is no need to cover this ground again.

The second issue is the implication that the Finance Commission took a formal vote and approved the redline version of the Investment Policy. This did not occur and can be verified by listening to the recording of the meeting.

In conclusion, for the Town to fully comply with section 41004 there are 2 steps that must be taken. First, the Town must implement substantially the same monthly reporting that the City of Saratoga produces in Tables 1 and 2 of their Treasurer’s Report. These reports will provide the Town Council and the residents a level of transparency the Town has never had before, thus ensuring timely financial information is available to all. By reporting for all fund revenues, expenditures, transfers in and out and ending fund balance monthly, the Town Council, Finance Commission, and members of the public will experience the “financial transparency needed” as identified by the Grand Jury. If this level of reporting is not implemented, the Town will not be in compliance with Government Code section 41004. .

The second step is to revise the Investment Policy to, among other items, reflect all government code sections that apply and to make other clarifying revisions. The Finance Commission should be allowed to complete the work that it started. There is no reason for the Town Council to act on this redline version prior to the Commission completing its work.

Thank you for your consideration of these points. Please let me know if you have any questions.

Phil Koen

This Page Intentionally Left Blank

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Arn Andrews](#); ricktinsley1@gmail.com
Subject: Follow up to Investment Report discussed at the FC meeting
Date: Friday, January 13, 2023 3:09:13 PM
Attachments: [Pages from FY-202122-ACFR - \(5\).pdf](#)
[July investment report.pdf](#)

EXTERNAL SENDER

Hello Gitta,

It was great to see you on the FC meeting call this past Tuesday. I appreciate your patience in answering my questions. There is a lot to absorb, and I only learn by asking questions. I'll try to keep them to a minimum going forward.

I would like to circle back to the investment report. I have attached a page from the July Investment Report which shows a "beginning funds balances" totaling \$72,886,942. I have also attached a portion of footnote #2 from the ACFR which shows the total cash and investments held by the Town and Fiduciary Funds totaling \$74,096,537. Can you explain the source of the \$72,886,942 shown on the Investment Report?

Also, could you clarify the description "Fund Balances" on the investment report. What does that exactly mean? As far as I can tell this is not the total of all fund balances for the Town. According to the ACFR, the total fund balance for all Governmental Funds was \$50,862,138 and the fund balance for all Proprietary Funds was \$8,240,282. That would mean the total fund balances for the Town was \$59,102,420, leaving an unexplained gap of \$13,784,522.

I think it is important that we use terminology which is accurate to avoid any confusion for members of the TC and the public. My concern here is the term "funds balances" as used on the Investment report really means the total of all financial assets being invested. Could you please clarify what the term "funds balances" as used on the investment report means.

All the best,

Phil Koen

This Page Intentionally Left Blank

From: [Phil Koen](#)
To: [Arn Andrews](#)
Cc: ricktinsley1@gmail.com
Subject: Follow up to the FC meeting
Date: Thursday, January 12, 2023 4:59:37 PM

EXTERNAL SENDER

Hello Arn,

Just a quick follow up note regarding information requests from the FC meeting last Tuesday evening. Staff was going to provide the FC with the gross amount of the market-to-market adjustment that was netted in the “net” investment income of \$(1,404,563).

Also, there were a couple of questions regarding the balance of the development deposits for General Plan Revenue (\$698,302 in revenue was recognized) and the balance of the development deposits for the Below Market Housing Program (\$1,200,000 in revenue was recognized). I am assuming that all these various development fee deposits are consolidated and reported in the \$6.8m deposits on the General Fund balance sheet. Is my understanding correct? How many different deposit accounts are consolidated into the \$6.8m?

I had one last question which I forgot to ask last. On page 35 of the transactions report, under the private purpose trust fund column there is a \$5,899,675 deduction. Could you provide some detail about this deduction?

Thank you.

Phil Koen

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

The following table summarizes the Towns policy related to maturities and concentration of investments:

Investment Type	Maximum Maturity	Maximum Portfolio Percentage
US Treasury Obligations	5 years	None
US Agency Obligations	5 years	None
Bankers Acceptances	180 days	30%
Commercial Paper	270 days	25%
Medium Term Notes	5 years	30%
Collateralized CD's	5 years	30%
CA LAIF	NA	\$65 million
Money Market Funds	NA	20%

The following is a summary of the Town's Cash and Investments (stated at fair value) as of June 30, 2022:

Description	Available for Operations	Restricted	Total	Concentration of Credit Risk	Rating	Input Level	Time to Mature (Years)	Weighted Average Maturity
US Treasury Securities	\$ 15,212,639	\$ -	\$ 15,212,639	29.29%	n/a	2	0-3	1.35
Government Agencies	15,995,919	-	15,995,919	30.79%	n/a	2	0-4	1.52
Corporate Bonds	13,664,652	-	13,664,652	26.31%	A3	2	0-3	1.33
Market Mutual Funds	253,599	-	253,599	0.49%	Not Rated	2	n/a	n/a
LAIF	6,816,565	-	6,816,565	13.12%	Not Rated	n/a	n/a	n/a
Total Investments	51,943,374	-	51,943,374	100.00%				
Cash Deposits with Banks	19,349,009	2,094,363	21,443,372					
Money Market Accounts	17,391	-	17,391					
Pension Trust	-	690,000	690,000					
Cash on Hand at Town	2,400	-	2,400					
Total Cash and Investments	\$ 71,312,174	\$ 2,784,363	\$ 74,096,537					

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted by Town debt or Agency agreements.

Description	Total Town	Fiduciary Funds	Totals
Cash and Investments Available for Operations	\$ 69,392,044	\$ 1,920,130	\$ 71,312,174
Restricted Cash and Investments	819,929	1,964,434	2,784,363
Total Cash and Investments	\$ 70,211,973	\$ 3,884,564	\$ 74,096,537

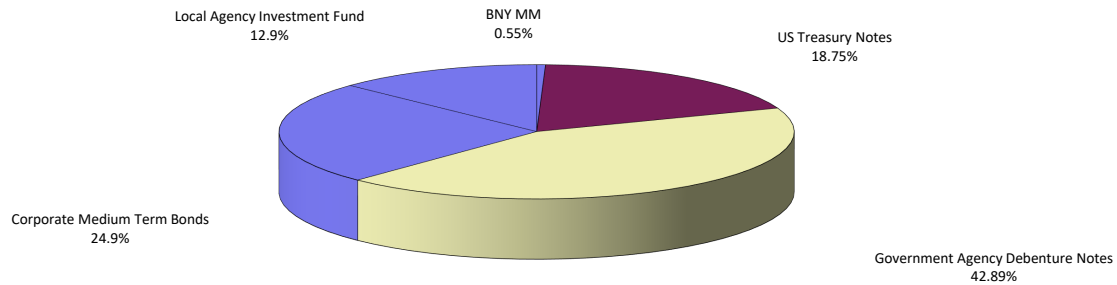
$$70,211,973 + 1,920,130 = 72,132,103$$

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

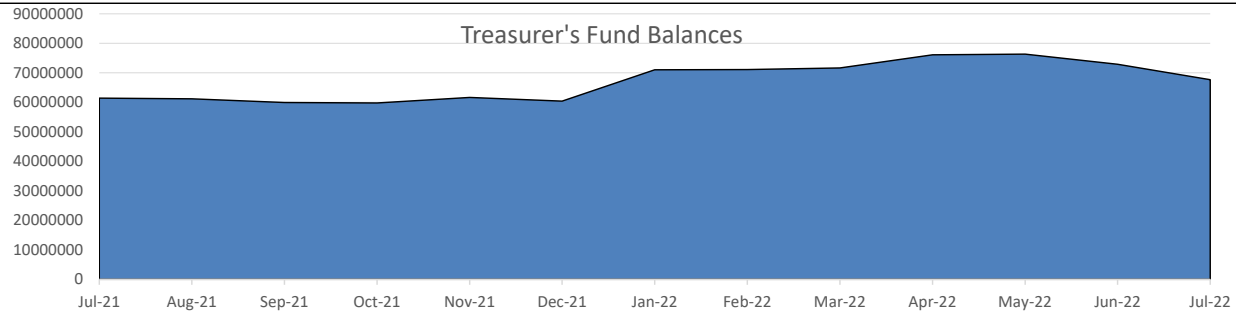
	Month	YTD
Fund Balances - Beginning of Month/Period	\$72,886,942.83	\$72,886,942.83
Receipts	6,045,229.86	6,045,229.86
Disbursements	(11,248,320.72)	(11,248,320.72)
Fund Balances - End of Month/Period	<u>\$67,683,851.97</u>	<u>\$67,683,851.97</u>

<u>Portfolio Allocation:</u>		% of Portfolio	<u>Max. % Or \$ Allowed Per State Law or Policy</u>
BNY MM	\$292,775.99	0.55%	20% of Town Portfolio
US Treasury Notes	\$10,046,915.87	18.75%	No Max. on US Treasuries
Government Agency Debenture Notes	\$22,975,336.40	42.89%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$13,339,223.01	24.90%	30% of Town Portfolio
Local Agency Investment Fund	<u>\$6,918,398.79</u>	<u>12.91%</u>	<u>\$75 M per State Law</u>
Subtotal - Investments	53,572,650.06	100.00%	
Reconciled Demand Deposit Balances	<u>14,111,201.91</u>		
Total Treasurer's Fund	<u>\$67,683,851.97</u>		

Portfolio Investment Allocation



Treasurer's Fund Balances



This Page Intentionally Left Blank

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](#)

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
GENERAL FUND							
Unreserved Fund Balances							
<i>Undesignated Reserves</i>							
Available to be Appropriated	\$ -	\$ 49,466,931	\$ 538,536	\$ 49,637,932	\$ 3,006,978	\$ 2,639,443	\$ -
Restricted Fund Balances							
Pension Trust	690,000	-	-	-	-	390,000	1,080,000
Committed to:							
Budget Stabilization Reserve	5,991,566	-	-	-	-	-	5,991,566
Catastrophic Reserves	5,991,566	-	-	-	-	-	5,991,566
Pension/OPEB Reserve	300,000	-	-	-	-	-	300,000
Assigned to:							
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
Total General Fund Reserves	\$ 22,132,830	\$ 49,466,931	\$ 538,536	\$ 49,637,932	\$ 3,006,978	\$ -	\$ 19,493,387
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.							
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. 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. General Fund Reserve Policy requires a minimum of 25% of General Fund operating expenditures equally divided between the Budget Stabilization Reserve and Catastrophic Reserve. 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. 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.							
SPECIAL REVENUE FUNDS							
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
Total Special Revenue Funds Reserves	\$ 1,306,765	\$ 1,775,576	\$ -	\$ 1,712,504	\$ 4,920	\$ -	\$ 1,364,917

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		
INTERNAL SERVICE FUNDS								
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	
Total Internal Service Funds Reserves	\$ 6,011,065	\$ 4,125,957	\$ -	\$ 5,727,499	\$ 700,000	\$ -	\$ 3,709,523	
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.								
CAPITAL PROJECTS FUNDS								
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	
Total Capital Projects Funds Reserves	\$ 19,192,746	\$ 11,946,597	\$ 3,706,978	\$ 15,447,669	\$ 533,616	\$ -	\$ 18,865,036	
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.								
Successor Agency of the Los Gatos RDA Fund								
SA- Trust Fund	\$ 4,080,130	\$ 3,799,926	\$ -	\$ 3,799,877	\$ -	\$ -	\$ 4,080,179	
Total SA of the Los Gatos RDA Funds Reserves	\$ 4,080,130	\$ 3,799,926	\$ -	\$ 3,799,877	\$ -	\$ -	\$ 4,080,179	
TOTAL RESERVES								
	\$ 52,723,536	\$ 71,114,987	\$ 4,245,514	\$ 76,325,481	\$ 4,245,514	\$ -	\$ 47,513,042	

This Page Intentionally Left Blank

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](#)

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*
General Fund							
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
General Fund Total	15,410,458	(602,197)	682,632	(1,063,288)	-	-	14,427,605
Special Revenue							
Landscape/Lighting Districts	977,231	-	44	(15,943)	-	-	961,331
ARPA Federal Grants	7,127,589	-	-	-	-	-	7,127,589
Special Revenue Fund Total	8,104,820	-	44	(15,943)	-	-	8,088,920
Debt Service							
Library Bond	805,311	(714,893)	3,312	-	-	-	93,730
Arrowhead Bond	481,242	(774)	-	(68,767)	-	-	411,701
Debt Service Fund Total	1,286,554	(715,667)	3,312	(68,767)	-	-	505,431
Internal Service Fund							
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
Internal Service Fund Total	5,745,905	(820,535)	1,407	(243,452)	-	-	4,683,326
Trust/Agency							
WVCWP Agency Fund	558,655	(29,955)	-	(41,044)	-	-	487,656
Trust/Agency Fund Total	558,655	(29,955)	-	(41,044)	-	-	487,656
Capital Project							
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
CIP Fund Total	7,545,366	(22,570)	285,092	(556,240)	-	-	7,251,649
Total City	38,651,757	(2,190,923)	972,487	(1,988,733)	-	-	35,444,587

*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


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

TITLE: Investment Policy	PAGE: 2 of 10	POLICY NUMBER: 4-02
---------------------------------	-------------------------	-------------------------------

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

TITLE: Investment Policy	PAGE: 3 of 10	POLICY NUMBER: 4-02
---------------------------------	-------------------------	-------------------------------

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.

TITLE: Investment Policy	PAGE: 4 of 10	POLICY NUMBER: 4-02
---------------------------------	-------------------------	-------------------------------

(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

TITLE: Investment Policy	PAGE: 5 of 10	POLICY NUMBER: 4-02
---------------------------------	-------------------------	-------------------------------

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.

TITLE: Investment Policy	PAGE: 7 of 10	POLICY NUMBER: 4-02
---------------------------------	-------------------------	-------------------------------

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.

TITLE: Investment Policy	PAGE: 8 of 10	POLICY NUMBER: 4-02
---------------------------------	-------------------------	-------------------------------

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;

TITLE: Investment Policy	PAGE: 10 of 10	POLICY NUMBER: 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

This Page Intentionally Left Blank

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](#)

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

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

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 1st 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
Total Cash	\$ 34,998,784

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.

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

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
General Fund							
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) *
General Fund Total	15,410,458	(3,928,371)	1,162,030	(1,551,359)	-	-	11,092,758
Special Revenue							
Landscape/Lighting Districts	977,231	(57,805)	847	(17,579)	-	-	902,694
ARPA Federal Grants	7,127,589	-	-	-	-	-	7,127,589
Special Revenue Fund Total	8,104,820	(57,805)	847	(17,579)	-	-	8,030,283
Debt Service							
Library Bond	805,311	(710,933)	2,754	-	-	-	97,132
Arowhead Bond	124,402	(69,541)	-	(767)	-	-	54,094
Debt Service Fund Total	929,714	(780,474)	2,754	(767)	-	-	151,226
Internal Service Fund							
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
Internal Service Fund Total	5,378,407	(433,444)	2,947	(203,197)	-	-	4,744,713
Trust/Agency							
WVCWP Agency Fund	558,655	197,263	-	(47,148)	-	-	708,769
Trust/Agency Fund Total	558,655	197,263	-	(47,148)	-	-	708,769
Capital Project							
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) *
CIP Fund Total	7,545,366	(396,402)	270,354	(1,847,238)	-	-	5,572,079
Total City	37,927,419	(5,399,234)	1,438,931	(3,667,288)	-	-	30,299,828

*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
Street Projects							
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
Total Street Projects	3,381,066	(432,231)	132,561	(86,642)	-	-	2,994,755
Parks & Trails Projects							
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
Total Parks & Trails Projects	849,562	(1,824)	-	(16,720)	-	-	831,019
Facility Projects							
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
Total Facility Projects	623,475	(155,704)	5,029	(2,098)	-	-	470,702
Administrative and Technology Projects							
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
Total Administrative and Technology Projects	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
Tree Fund Projects							
Citywide Tree Planting Program	26,666	-	-	-	-	-	26,666
Tree Dedication Program	25,875	-	-	-	-	-	25,875
Total Tree Fund Projects	52,541	-	-	-	-	-	52,541
Park In-Lieu Projects							
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
Total Park In-Lieu Projects	1,172,555	30,098	-	(62,663)	-	-	1,139,991
CIP Grant Street Projects							
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) *
Total CIP Grant Street Projects	(46,912)	(2,131)	-	(12,228)	-	-	(61,271)
CIP Grant Park & Trail Projects							
Beauchamps Park Playground	-	-	-	(196,841)	-	-	(196,841) *
Park and Trail Fire Mitigation	-	100,000	-	-	-	-	100,000
Total CIP Grant Park & Trail Projects	-	100,000	-	(196,841)	-	-	(96,841)
CIP Grant Administrative Projects							
CDD Software/ADA	(14,574)	-	-	-	-	-	(14,574) *
General Plan Update (LEAP)	(150,000)	-	-	-	-	-	(150,000) *
Total CIP Grant Administrative Projects	(164,574)	-	-	-	-	-	(164,574)
CIP Grant ARPA/SLFRF Projects							
Storm Water Master Plan	-	(88,055)	-	(139,398)	-	-	(227,453) *
Saratoga Village Water Improvement	-	(54,670)	-	(42,707)	-	-	(97,377) *
Total CIP Grant ARPA/SLFRF Projects	-	(142,725)	-	(182,105)	-	-	(324,830)
Gas Tax Fund Projects							
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
Total Gas Tax Fund Projects	247,731	258,409	127,538	(1,273,891)	-	-	(640,213)
Total CIP Funds	7,545,366	(396,402)	270,354	(1,847,238)	-	-	5,572,079

*Negative fund balance due to authorized spending of anticipated revenues

CHART 1: CHANGE IN INVESTMENT POOL BALANCE BY MONTH

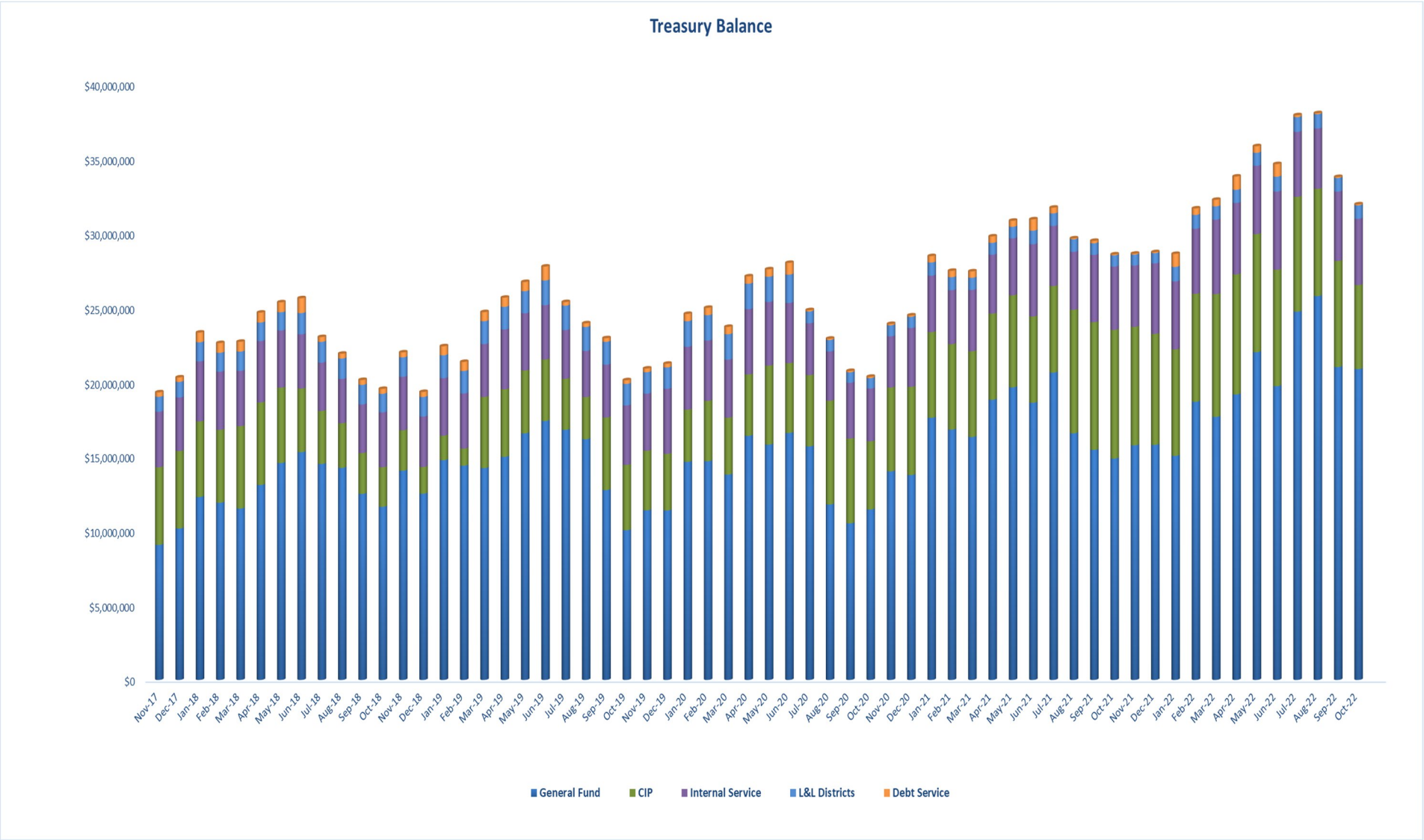


CHART 2

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	