



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 06/17/2025

ITEM NO: 7

---

DATE: June 6, 2025  
TO: Mayor and Town Council  
FROM: Chris Constantin, Town Manager  
SUBJECT: Receive the Monthly Financial and Investment Report for April 2025

**RECOMMENDATION:**

Receive the monthly Financial and Investment Report for April 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 April 2025 monthly Financial and Investment Report, which fulfills this requirement.

The April 2025 Monthly Financial and Investment Report will be received by the Finance Commission at its August 11, 2025, regular meeting.

**DISCUSSION:**

The April 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 and 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 April 30, 2025, fund balance report.

**PREPARED BY:** Eric Lemon  
Finance and Accounting Manager

---

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

---

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

The April 30, 2025, estimated fund balances differ from the March 31, 2025, 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, Ending Fund Balance = Cash + Assets - Liabilities, which represents the actual amount of funds available.

<b>Reconciling Cash to Fund Balance - April 30, 2025</b>		
Total Cash	\$	75,736,441
Plus: Assets	\$	12,730,311
Less: Liabilities	\$	(27,881,574)
<b>Estimated Fund Balance</b>	<b>\$</b>	<b>60,585,178</b>

As of April 30, 2025, the Town's financial position (Cash Plus Other Assets \$88.47M, Liabilities \$27.88M, and Fund Equity \$60.59) remains strong, and the Town has sufficient funds to meet the cash demands for the next six months.

As of April 30, 2025, the Town's weighted portfolio yield for investments under management was 4.41%, which was 13 basis points above the Local Agency Investment Fund (LAIF) yield of 4.28% for the same reporting period. Currently, the LAIF portfolio's weighted average maturity (WAM) is 238 days versus the Town's longer WAM of 617 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 4.41% at the close of April decreased by one basis point when compared to the March 31, 2025, investment report.

Since April 2024, LAIF yields increased from 427 basis points (4.27%) to 428 basis points (4.28%) through the end of April 2025. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

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

PAGE 3 OF 3

SUBJECT: Monthly Financial and Investment Report for April 2025

DATE: June 6, 2025

percentage basis point decrease from 5.5% to 5.0%. Furthermore, on November 7, 2024, the Federal Reserve voted to approve an additional 25 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 25 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%.

Payroll employment rose by 228,000 jobs in March. The unemployment rate rose slightly from 4.1% to 4.2%, with the participation rate rising from 62.4% to 62.5%. Wage growth fell from 4% to 3.8%. Jobless claims did rise at the end of the month, however, with continuing claims reaching a cycle high of 1.9 million.

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 April 2025.

Attachments:

1. Financial and Investment Report (April 2025)