



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/18/2025

ITEM NO: 5

---

DATE: February 11, 2025  
TO: Mayor and Town Council  
FROM: Chris Constantin, Town Manager  
SUBJECT: Receive the Monthly Financial and Investment Report for December 2024

**RECOMMENDATION:**

Receive the monthly Financial and Investment Report for December 2024.

**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 December 2024 monthly Financial and Investment Report which fulfills this requirement.

The December 2024 Monthly Financial and Investment Report was received by the Finance Commission at its February 10, 2025, regular meeting.

**DISCUSSION:**

The December 2024 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 December 31, 2024, fund balance report.

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

---

Reviewed by: 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 December 31, 2024, estimated fund balances differ from the November 30, 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.

<b>Reconciling Cash to Fund Balance - December 31, 2024</b>		
Total Cash	\$	66,720,922
Plus: Assets	\$	14,324,485
Less: Liabilities	\$	(26,376,517)
<b>Estimated Fund Balance</b>	<b>\$</b>	<b>54,668,890</b>

As of December 31, 2024, the Town’s financial position (Cash Plus Other Assets \$81.05M, Liabilities \$26.38M, and Fund Equity \$54.67M) remains strong and the Town has sufficient funds to meet the cash demands for the next six months.

As of December 31, 2024, the Town’s weighted portfolio yield for investments under management was 4.44% which was 1 basis point above the Local Agency Investment Fund (LAIF) yield of 4.43% for the same reporting period. As of November 30th, 2024, the LAIF portfolio’s weighted average maturity (WAM) is 257 days versus the Town’s longer WAM of 677 days on December 31, 2024. The longer WAM for Town assets under management reflects the Town’s strategy to take advantage of higher yields associated with longer maturities balanced with shorter-term yields available on investments held with the State’s LAIF. The Town’s weighted average rate of return on investments under management of 4.44% at the close of December decreased 1 basis point when compared to the November 30, 2024, investment report.

Since December 2023, LAIF yields have climbed from 393 basis points (3.93%) to 443 basis points (4.43%) through the end of December 2024. 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 December 2025

DATE: February 11, 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 227,000 jobs in November, close to consensus forecasts. The prior two months were revised up following hurricane and strike related disruptions in the prior month. The unemployment rate edged up from 4.1% to 4.2% while the participation rate fell from 62.6% to 62.5%. Wage growth remained at 4%.

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

CONCLUSION:

Receive the Monthly Financial and Investment Report for December 2024.

Attachments:

1. Financial and Investment Report (December 2024)