



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

MEETING DATE: 12/08/2025

ITEM NO: 6

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DATE: December 3, 2025  
TO: Finance Commission  
FROM: Chris Constantin, Town Manager  
SUBJECT: **Complete Reviewing the Fiscal Year 2024-25 Draft Annual Comprehensive Financial Report (ACFR) and Make Recommendations to the Town Council**

RECOMMENDATION: Complete reviewing the Fiscal Year 2024-25 Draft Annual Comprehensive Financial Report (ACFR) and make recommendations to the Town Council

FISCAL IMPACT:

There is no fiscal impact of reviewing the Draft FY 2024-25 ACFR.

BACKGROUND:

In accordance with the provisions of Measure A, the Finance Commission has been tasked with several mandated duties as described in Section 2.50.225 of the Town Code. These duties are outlined below.

(a) The Finance Commission shall:

- (3) Review the Town Manager's draft Annual Comprehensive Financial Report (ACFR) for the preceding fiscal year and provide written comments and recommendations to the Town Manager.
  - (A) The Town Manager shall respond in writing to the Finance Commission providing his or her rationale for accepting or rejecting each of the Finance Commission's comments and recommendations prior to presenting the ACFR to the Town Council for formal consideration.

PREPARED BY: Gitta Ungvari  
Finance Director

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

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(B) The Town Manager may not present the ACFR to the Town Council for formal consideration unless or until he or she considers and responds in writing to all of the Finance Commission's comments and recommendations.

DISCUSSION:

On November 25, 2025, the Draft FY 2024-25 Annual Comprehensive Financial Report (ACFR) was posted to the Town's website, and a link was provided to the Finance Commission.

Finance Commissioners were given the opportunity to submit written questions to staff. Questions and comments received from Commissioners by 11:00 a.m. on December 1, 2025, were compiled into Desk Items for the December 1 Special Finance Commission meeting.

At the December 1, 2025, meeting, the Town's independent auditor and staff addressed the Commissioners' questions and comments. Subsequently, the Finance Commission began formulating its comments and recommendations to the Town Council.

The redlined draft ACFR (Attachment 1) includes corrections to typographical errors, clarifying language, and additional details in schedules and summaries that reflect Commissioners' comments and recommendations. The redlined ACFR strikes a balance between providing supplementary information and maintaining brevity. Staff will update the Table of Contents once the document is finalized.

The Town Manager's responses to Commissioners' questions and comments are included in Attachment 2.

Staff identified additional updates to the draft ACFR to ensure consistency across the document. These including updating the 2024–25 Contractually Required Contribution on page 98 to \$3,929,739, updating the Market Fluctuation Reserve to \$1,201,824, and reserving \$300,000 to the Pension/OPEB Reserve per General Fund Reserve Policy from year-end surpluses. This will change the Unassigned Fund Balance to \$10,211,049, the Pension/OPEB Reserve to \$1,300,000 on the Government Funds Balance Sheet (page 41), Note 10, Fund Balance, Governmental Funds Statistical Schedule (page 131), and related graphs and references in the MD&A. All of these updates are redlined in the attached ACFR.

Commissioners have requested information on topics that are not directly related to the ACFR. These items will be addressed when they are formally agendaized for discussion. In the meantime, detailed information on Town finances, pensions, other post-employment benefits (OPEB), financial policies, and long-term forecasts is available in the Town's Adopted Budget and other published reports.

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SUBJECT: Review Draft FY 2024-25 ACFR

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CONCLUSION AND NEXT STEPS:

At the conclusion of the regular Finance Commission meeting on December 8, the Finance Commission is expected to provide the Town Manager with its final comments and recommendations to be transmitted to the Town Council at the December 16, 2025, meeting.

Attachment:

1. Redlined Draft FY 2024-25 Annual Comprehensive Financial Report
2. Town Manager's Responses to the Finance Commissioners' Questions and Comments