



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 12/06/2021

ITEM NO: 5

DATE: November 30, 2021
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review the Town Manager's Draft Annual Comprehensive Financial Report (ACFR) for the Preceding Fiscal Year and Provide Written Comments and Recommendations

RECOMMENDATION:

Review the Town Manager's draft Annual Comprehensive Financial Report (ACFR) for the preceding fiscal year and provide written comments and recommendations.

BACKGROUND:

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties states that:

(a) The Finance Commission shall:

- (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.
 - (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.

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager and Finance Director

PAGE 2 OF 2

SUBJECT: Review FY 2020/21 Draft ACFR

DATE: November 30, 2021

DISCUSSION:

Attachment 1 contains the Fiscal Year 2020/21 Draft Annual Comprehensive Financial Report (ACFR) for the Commission's consideration per Measure A. In addition, on November 8, 2021, the Commission provided initial feedback on elements of the Management Discussion & Analysis (MD&A) that should be addressed for the FY 2020/21 ACFR. Of note, the Commission requested a third year of data where appropriate for comparison given the unique nature of reporting during the pandemic. Other areas identified were acknowledgment of American Rescue Plan Act (ARPA) funds, additional pension obligation reporting, and reporting expenditures as a percentage of taxable revenues along with total revenues. The draft ACFR addresses the Commission's guidance.

It is important to note that due to the truncated timeframe to comply with Measure A, the current draft MD&A has yet to be reviewed by the Town's Auditor. The Auditor review of the MD&A will be completed prior to the Commission's meeting on December 13, 2021.

CONCLUSION:

Review the Town Manager's draft Annual Comprehensive Financial Report (ACFR) for the preceding fiscal year and provide written comments and recommendations.

Attachment:

1. Draft FY 2020/21 ACFR