



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 12/09/2024

ITEM NO: 6

DATE: December 5, 2024
TO: Finance Commission
FROM: Chris Constantin, Town Manager
SUBJECT: Consider and Discuss the Draft Annual Comprehensive Financial Report (ACFR) for the Fiscal Year (FY) 2023/24, and Make Recommendations to the Town Council

RECOMMENDATION:

Consider and discuss the Draft Annual Comprehensive Financial Report (ACFR) for Fiscal Year (FY) 2023/24, and recommendations to the Town Council.

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: Gitta Ungvari
Finance Director

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

PAGE 2 OF 2

SUBJECT: Review Draft FY 2023/24 ACFR

DATE: December 5, 2024

DISCUSSION:

On November 25, 2024, the Draft FY 2023/24 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 2nd were compiled into Desk Items for the December 2nd Special Finance Commission meeting.

At the Special Finance Commission meeting on December 2, 2024, the Town's independent auditor and staff addressed the Commissioners' questions and comments. Consequently, the Finance Commission began formulating its comments and recommendations to the Town Council.

The redlined draft ACFR (Attachment 1) includes corrections of typographical errors, clarifying language, additional details in schedules, summaries, graphs, and the consolidation of some graphs, reflecting Commissioners' comments and recommendations. The redlined ACFR strikes a balance between providing additional 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.

While Commissioners requested information related to forecasts and the annual budget, these topics are not addressed in the ACFR. Detailed information regarding Town finances, pensions, other post-employment benefits, financial policies, and forecasts is available in the Town's Adopted Budget and other Town reports.

CONCLUSION AND NEXT STEPS:

At the conclusion of the regular Finance Commission meeting on December 9th, the Finance Commission is expected to provide the Town Manager with its final comments and recommendations to be transmitted to the Town Council for its December 17, 2024 meeting.

Attachments:

1. Redlined Draft FY 2023/24 Annual Comprehensive Financial Report
2. Town Manager's Responses to Commissioners' Questions and Comments