



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 12/13/2021

ITEM NO: 2

DATE: December 9, 2021
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Continue Review of the Town Manager's Draft Annual Comprehensive Financial Report (ACFR) for the Preceding Fiscal Year and Provide Written Comments and Recommendations

RECOMMENDATION:

Continue review of 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, Town Attorney, and Finance Director

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SUBJECT: Continue Review of the ACFR

DATE: December 9, 2021

DISCUSSION:

On November 8, 2021, the Commission provided 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.

On December 6, 2021, the Commission received the Fiscal Year 2020/21 Draft Annual Comprehensive Financial Report (ACFR) for the Commission's consideration per Measure A. The draft presented at the meeting included the initial feedback from the November 8, 2021 meeting. During the meeting the Commission provided initial feedback on the Fiscal Year 2020/21 Draft Annual Comprehensive Financial Report (ACFR). Of note, the Commission requested enhanced language specifying the nonrecurring nature of CARES Act and ARPA revenues and nonrecurring ADP expenses. In addition, the Commission requested enhanced language identifying the amount of CARES Act and ARPA funding recognized and expensed during the period. Commissioners also requested clarifying language regarding fee-based revenues, corrections to the extension period of CARES Act funding, and the addition of a new Note 15 summarizing and expanding on both federal programs.

In addition to the review and input provided by the Commission staff also continues to review and update the Fiscal Year 2020/21 Draft Annual Comprehensive Financial Report (ACFR) accordingly.

CONCLUSION:

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

Attachments:

1. Draft FY 2020/21 ACFR