

## **Town Manager Responses to Finance Commissioners' Additional Comments and Questions**

The Town appreciates the thorough and thoughtful review by the Finance Commission as demonstrated in its submitted comments and questions. Staff received additional questions and comments between 11:00 a.m. on December 8, 2023 and before 11:00 a.m. on December 11, 2023.

Below are Town Manager (TM) responses for the additional comments and questions.

Page 29 - please provide the detail that explains the \$18.3m year over year decline in capital grants and contributions.

*TM Response: Additional details provided.*

Page 31 - please add a sentence or two which would compare adjusted FY 23 vs adjusted FY 22 Total expenses as reported in the Statement of Activities removing the impact of the known one time events - \$6.9m fire safety grant in FY 22, pension expense for both years (FY 23 \$5.8m vs FY 22 \$3.3m), OPEB expense for both years (FY 23 \$1m vs FY 22 \$.5m), and \$1.2m BMP loan expense in FY 22. After these adjustments Adjusted Total Expense increased in FY 23. Let's make sure the reader understands the underlying trend. This can be done in a few sentences.

*TM Response: Additional explanation added.*

Page 35 - add total column

*TM Response: Total budget column added.*

Page 37 - add total column

*TM Response: Total budget column added.*

5. Page 38- please add the original adopted revenue budget to the graph and a Total column

*TM Response: Total budget column and Original (Adopted) Budget numbers added.*

Page 39 - please add the original adopted expenses budget to the graph and a Total Column.

*TM Response: Total budget column and Original (Adopted) Budget numbers added.*

Page 41 - please drop the reference to an out dated 5 Year Financial Forecast. We don't know the 5 year outlook until a new plan is adopted leveraging off FY 23 actual. The last 5 Year Forecast has FY 24 Property Tax revenues the same as FY 23 actual when we know a reasonable forecast is for 6.5% increase year over year.

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*TM Response: The updated forecast will be provided to the Finance Commission and the Town Council in February 2024. The reference to the forecast is removed.*

Page 81 - Footnote 10 - please explain the rational for establishing an assigned ERAF fund reserve if there is no risk of future litigation as disclosed in Footnote 14? If this is a real liability, why isn't it recorded as a liability vs an assigned fund reserve?

*TM Response: Reserves are established by the Town Council General Fund Reserve Policy and Council Resolutions. Providing details to only one Reserve would not be consistent. ERAF is not a liability from a financial perspective, but a risk that Santa Clara County has communicated to all its municipalities.*