

From: [Ronald Dickel](#)
To: [Stephen Conway](#); [Gitta Ungvari](#)
Cc: [Arn Andrews](#); [Laurel Prevetti](#)
Subject: Finance Meeting Monday
Date: Sunday, December 6, 2020 3:29:54 PM

Steve and Gitta

First, thanks Gitta for printing out the CAFR and agenda items. Much appreciated.

I look forward to the discussion Monday, but want to list out the following various comments and questions for discussion. I would appreciate this being distributed appropriately with the Brown Act to members of the finance committee.

Investment Report

Regarding the Investment Report, you have been extending the portfolio's maturities to a weighted average of 556 days, yielding a return of 1.86%. How do you view the risk of increasing maturities? If it was riskless, you would have always had increased maturities before presumably.

Also, assuming that the current treasury and other bonds yields hold steady, how much will the yield of 1.86% decline by the end of FY 2021?

Finally, \$24,500,000 has been withdrawn YTD compared to \$11,800,000 deposited. How does this compare to prior years and do you anticipate more net withdrawals for the year?

CAFR

It would be very useful for the Town Council to have a standalone paragraph on page 3 discussing the COVID impact on revenue in Q4. You discuss how much sales tax went down, but knowing the actual decline in Q4 revenue for all fees and taxes in Q4 would allow a better forecast of decreased revenue in 2021.

On page 4, it would be very good to note as on page 24 a \$4,000,000 decline in net position in 2020 compared to 2019.

On page 4 in the pension paragraph detailing amounts, add that the liabilities are based on a 7.15% investment return and a change of 1% would result in an increased liability of \$X as shown on page 84 and also that the 2020 Calpers return was 4.7%. Want to give more perspective that the liability is understated.

On page 4, in the third paragraph, delete "from zero in 2019." Duplicative.

On page 18 in the second bullet point paragraph, may want to add the page 29 line of 2020 excess revenues over expenditures of negative \$4,350,379 compared to a positive \$221,363 in 2019. Shows a \$4 mln decline year on year.

On page 25, new operational and capital grants of \$1.3 mln were noted. Are these recurring or one-time?

On page 26, the paragraph on salary increases should note the effective date and the \$ impact in 2020.

On page 35, in the pension paragraph add that the 2020 Calpers return was 4.7%.

On page 48, why was interest under forecast by \$1.6 mln?

On page 48, what was the anticipated sale gain of \$1.2 mln that did not occur?

On page 81, in the discount rate paragraph line 6 delete "adequate and the use of" and insert "used rather than the municipal bond rate" and delete "calculation is not necessary."

On page 95 under Covid, need to have more specific dollar estimates of declines in revenue in 2021, including actual declines in Q4 2020.

Thanks for all the hard work on the CAFR in these trying covid times. See you tomorrow.

Ron