

From: Rick Van Hoesen

Sent: Monday, December 19, 2022 5:28 PM

To: Gabrielle Whelan <GWhelan@losgatosca.gov>

Cc: Maria Ristow <MRistow@losgatosca.gov>; Rob Moore <RMoore@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>; Rob Rennie <RRennie@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>; James Sutton

Subject: Town Council review of the ACFR must be pulled from the 12/20/2022 TC meeting agenda

EXTERNAL SENDER

Dear Ms. Whelan,

As outlined in the Staff report for the referenced item (attached), the Town Council cannot formally consider the draft Annual Comprehensive Financial Report (ACFR) until the Town Manager has **responded in writing** to the Finance Commission's **written comments**. The Finance Commission has not yet provided the Town Manager written comments, because the Finance Commission has not completed its formal review. This is well known to the Staff since the Finance Commission has scheduled another special meeting to, "review the draft ACFR and provide final comments and recommendations," for the same evening as the Town Council meeting, namely December 20, 2022. Including item #7 on the Town Council agenda is in contravention of Measure A (attached). Any action the Town Council takes on the ACFR at the December 20, 2022 meeting would be inappropriate and in violation of the relevant provisions of Measure A.

The fact that the Finance Commission has not yet submitted written comments to the Town Manager does not mean that such comments will not be submitted to the Town Manager once the Finance Commission completes its review. Subsequent to receiving such written comments, the Town Manager must then respond in writing to the Finance Commission, providing "...her rationale for accepting or rejecting each of the Finance Commission's comments and recommendations prior to presenting the CAFR to the Town Council for formal consideration."

As noted in the Staff report, the information in the ACFR is detailed and is used by the Los Gatos community as well as credit rating agencies and vendors to better understand the fiscal standing of the Town. It is in everyone's best interest to have a complete, accurate and transparent ACFR. The draft ACFR in the Town Council packet has at least one apparent material error. In addition, there are substantive questions regarding the adequacy of the footnote disclosures, and completeness of the Management Discussion and Analysis section. These are all issues the Town Manager likely will have to consider once the Finance Commission completes its review and prepares and delivers its written comments.

Lastly, the current draft has been available to the public for less than one week. This is insufficient time for members of the public to review and comment on such a voluminous and important document. We do not understand the rush to complete such an important document. There are no statutory deadlines for adopting an ACFR. This rush to complete seems totally arbitrary, and creates the appearance of an intent to cut short a thoughtful review process by the Finance Commission and the public.

We respectfully request you to advise the Town Council that Agenda Item #7 must be pulled from the agenda for the December 20, 2022 meeting and reinstated only after all of the conditions outlined in Measure A have been met.

Thank you,

Rick Van Hoesen for the Los Gatos Community Alliance

**TOWN OF LOS GATOS
MEASURE A**

Shall the measure proposing an ordinance replacing the Town's current Finance Committee and Sales Tax Oversight Committee with a Finance Commission that would advise the Town Council on financial, budgetary and investment matters, including but not limited to, the Annual Budget, the Comprehensive Annual Financial Report, capital expenditures, sales tax revenue and expenditures, and other recommendations as the Town Council directs, be adopted?

YES
NO

**TOWN ATTORNEY'S IMPARTIAL ANALYSIS OF
MEASURE A**

Voter approval of Measure "A" would amend the Los Gatos Town Code to disband both the Council Finance Committee and Sales Tax Oversight Committee and establish instead a Finance Commission consisting of seven (7) members—five (5) voting citizen members and two (2) nonvoting Council Members, (one of which would be either the Mayor or Vice Mayor), with each Council Member appointing one Citizen Appointee for a four (4) year term.

The Town of Los Gatos currently has a Council Finance Committee consisting of five (5) members—two (2) Town Council Members as voting members and three (3) citizen members as nonvoting members, appointed by the Town Council. The function of the current Council Finance Committee is to serve as an advisory committee to the Town Council regarding the Town's investment policy, the Comprehensive Annual Financial Report, the unfunded pension employment benefits and new and increased revenue sources. The purpose of the current Council Finance Committee is not to advise on regular or routine financial administration, the Town's budget or spending priorities, nor to become involved in other than the financial impact of the projects/programs they are asked to review.

Voter approval of Measure "A" would create a new Finance Commission that would serve in an advisory capacity to the Town Council and increase their duties and responsibilities in regard to the review of Town finances, including but not limited to: the Annual Budget, the Comprehensive Annual Financial Report, capital expenditures, the revenue and expenditure of Measure G Sales Tax, and making recommendations about the Town's financial budgetary and investment matters and operations related thereto to the Town Council and any other Town department, agency, committee, commission or other body as the Town Council directs.

A "yes" vote on Measure "A" will disband both the Council Finance Committee and Sales Tax Oversight Committee and establish a Finance Commission as set forth above.

A "no" vote on Measure "A" will not disband both the Council Finance Committee and Sales Tax Oversight Committee and will not establish a Finance Commission as set forth above.

Measure "A" will be approved if it receives a simple majority of "Yes" votes.

Robert Schultz
Town Attorney

COMPLETE TEXT OF MEASURE A

LOS GATOS TOWN FINANCE COMMISSION INITIATIVE

BE IT ORDAINED by the People of the Town of Los Gatos as follows:

Section 1. Title.

This measure shall be known and may be referred to as the "Town Finance Commission Initiative."

Section 2. Findings and Declarations.

WHEREAS, the Town's financial well-being is essential to ensuring that the Town can effectively provide services and fund all liabilities; and

WHEREAS, many residents of the Town possess substantial financial management experience and are eager to serve their community; and

WHEREAS, a Finance Commission consisting of qualified Town residents can help ensure the financial well-being of the Town and promote greater public understanding of Town financial matters; and

WHEREAS, a Finance Commission can increase citizen participation in Town governance and encourage greater resident engagement in Town financial decisions; and

WHEREAS, the People of Los Gatos wish to establish a Finance Commission to assist the Town Council in ensuring the financial well-being of the Town; and

WHEREAS, the People of Los Gatos do not wish to interfere with the budgetary authority or processes of the Town Council, but instead believe a Finance Commission can function as an advisory body and provide important guidance to the Town Council in carrying out its budgetary duties and establishing the Town's fiscal policies and priorities.

NOW, THEREFORE, the People of the Town of Los Gatos do hereby amend the Los Gatos Town Code as follows:

Section 3. Amendment to the Los Gatos Town Code.

(New language is indicated by underlining, and
deleted language is indicated by ~~strike through~~.)

1) A new Division is added to Article V of Chapter 2 of the Los Gatos Town Code to read in its entirety as follows:

Division 3.—Finance Commission.

Sec. 2.50.200.—Finance Commission established.

(a) The Finance Commission shall be established to serve in an advisory capacity to the Town Council by reviewing Town finances, including but not limited to the annual budget, Comprehensive Annual Financial Report, and capital expenditures, and making recommendations about the Town's financial, budgetary and investment matters and operations related thereto to the Town Council and any other Town department, agency, committee, commission or other body as the Town Council directs.

COMPLETE TEXT OF MEASURE A-Continued

- (b) The Council Finance Committee is disbanded.
- (c) The Sales Tax Oversight Committee established by section 25.60.140 of the Town Code is disbanded and all powers and duties of that Committee are transferred to the Finance Commission.

Sec. 2.50.205.—Composition, appointment, terms.

- (a) The Finance Commission shall consist of five (5) voting citizen members ("Citizen Appointees") and two (2) non-voting Council Liaisons.
- (b) Council Liaisons.
 - (1) The Town Council shall appoint two Town Council members as non-voting Council Liaisons.
 - (2) The Council Liaisons shall serve on the Finance Commission until replaced by the Town Council but shall not serve beyond their terms on the Town Council.
 - (3) One Council Liaison shall be the Mayor or Vice-Mayor of the Town.
- (c) Citizen Appointees.
 - (1) Except with respect to initial appointments as provided for in section 2.50.205(c)(5), each member of the Town Council shall appoint one Citizen Appointee, upon expiration of terms described in section 2.50.205(c)(4).
 - (2) Citizen Appointees must be residents and registered voters of the Town.
 - (3) No member of the Town Council may serve as a Citizen Appointee.
 - (4) Citizen Appointees shall serve four-year terms, which shall expire on a staggered basis such that every year one term shall expire, except that once every four years, two terms shall expire. The term of each Citizen Appointee shall commence on the first day of January (or as soon as practicable after the effective date of this Division for initial Citizen Appointees), and shall expire on the thirty-first day of the fourth successive December.
 - (5) As soon as practicable after the effective date of this Division, the initial appointment of the first Citizen Appointees shall be carried out as follows: Town Council members shall draw lots to determine the order of expiration for the terms of the first five Citizen Appointees such that one Citizen Appointee's term shall expire each year for four years after the effective date of this Division, and one additional Citizen Appointee's term shall expire in the fourth year after the effective date of this Division. Following the expiration of each of the first five Citizen Appointees' terms, a Citizen Appointee shall be appointed to serve a four-year term.

COMPLETE TEXT OF MEASURE A-Continued

- (6) Citizen Appointees must be certified public accountants, chartered financial analysts, or have a business, finance, economics or accounting degree, and must have at least five years of experience in at least one of the following:
 - (A) Financial experience in a corporate, business, or government setting;
 - (B) Principal or officer at a financial auditing firm;
 - (C) Investment banking; or
 - (D) Finance or budget management.
- (7) Should a Citizen Appointee resign or otherwise leave office prior to the end of his or her term, the appointing Town Council member for that Citizen Appointee shall, as soon as practicable, appoint a new Citizen Appointee to serve the remainder of the term.
- (d) Section 2.40.030 of the Town Code shall not apply to the Finance Commission.
- (e) Administrative support for the Finance Commission shall be provided by the Town Manager, the Director of Finance and by other Town staff as necessary.

Sec. 2.50.210.—Meetings and Records.

- (a) The Finance Commission shall hold at least one meeting per calendar quarter.
- (b) Meetings shall be held as required by the business needs of the Finance Commission in the Town Council chamber in the Town Hall or such other locations as allowed by the Ralph M. Brown Act, at a time that is convenient for the Finance Commission and the public to encourage public participation.
- (c) Meetings shall be subject to the Ralph M. Brown Act.
- (d) Nothing in this Division shall be construed as excluding any documents from the California Public Records Act.

Sec. 2.50.215.—Chair.

- (a) The Finance Commission shall appoint and prescribe the term of office for its Chair.
- (b) The Chair must be a Citizen Appointee.
- (c) All Finance Commission meetings shall be called by the Chair.
- (d) The Chair shall set all Finance Commission meeting agendas.

Sec. 2.50.220.—Quorum.

A majority of the Citizen Appointees of the Finance Commission shall constitute a quorum. Except as otherwise prescribed by ordinance or State law, a vote by a majority of a quorum shall be sufficient to transact business.

Sec. 2.50.225.—Duties.

COMPLETE TEXT OF MEASURE A-Continued

(a) The Finance Commission shall:

- (1) Serve as an on-going, substantive and expert advisory body to the Town and Town Council so that the Town and Town Council can make informed decisions about the Town's financial, budgetary and investment matters and operations related thereto.
- (2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code, and provide written comments and recommendations to the Town Council.
 - (A) The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.
 - (B) The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.
- (3) Review the Town Manager's draft Comprehensive Annual Financial Report (CAFR) 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 CAFR to the Town Council for formal consideration.
 - (B) The Town Manager may not present the CAFR 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.
- (4) Review the Director of Finance's summary of the Town's financial report required by section 53891 of the California Government Code and prepared in accordance with section 2.50.010(c) of the Town Code, and provide written comments and recommendations to the Director of Finance prior to the publishing of the summary of the report.
- (5) Review the financial policies and procedures manual developed in accordance with section 2.50.010(f) of the Town Code, and provide written comments and recommendations to the Director of Finance.
- (6) Prior to the Town's expenditure of any revenues from the tax authorized by sections 25.60.010 et seq. of the Town Code, review the proposed expenditures and advise the

COMPLETE TEXT OF MEASURE A-Continued

Town Council on whether such expenditures meet the Town Council's objectives for that tax:

- (A) Maintaining and enhancing neighborhood police patrols and local crime prevention programs;
 - (B) Improving traffic flow to reduce congestion;
 - (C) Repairing potholes and maintaining the Town's streets, roads, and sidewalks; and
 - (D) Maintaining the Town's long-term financial stability.
- (7) Issue an annual public report of the expenditures and appropriations of sales tax revenues approved by the Town Council during each fiscal year.
 - (8) Make recommendations to the Town Council about policies and programs:
 - (A) To maximize the Town's revenues consistent with existing taxation structures and inter-governmental funding opportunities;
 - (B) To maximize fee generation consistent with market rate charges for Town-provided services and market rate fees for utilization of Town-owned assets;
 - (C) To minimize the City's cost to provide core services and required activities, consistent with the desired service level for residents and other internal and external customers;
 - (D) To set funding goals for reserves, and review on-going progress related thereto;
 - (E) To assess the risk associated with the structure and documentation of any proposed debt financing;
 - (F) To fund the Town's long-term compensation and benefit program liabilities in the most responsible and cost-effective way; and
 - (G) To monitor investment performance, and make recommendations related to the Town's investment policy and performance.
 - (9) Provide written comments and recommendations regarding the selection of auditors for the CAFR.
 - (10) Participate in pre-audit meetings with auditors, provided that the Finance Commission shall not participate in those portions of any meetings which pertain to confidential employment or attorney-client privileged matters.
 - (11) Review and monitor any events or issues which may affect the financial status of the Town.
- (b) The duties of the Finance Commission shall not be altered, abridged or abrogated in any way by any body except by a vote of the majority of the voters of the Town.

COMPLETE TEXT OF MEASURE A-Continued

- (c) The Town Council shall make changes to the budgetary and all other Town processes and calendars as necessary to allow for consideration of the comments and recommendations of the Finance Commission outlined herein.

Sec. 2.50.230.—Conflicting Provisions.

Should any provision of this Division be found to conflict with the Los Gatos Town Code, this Division shall prevail, consistent with the purposes of the Finance Commission as set forth herein.

2) Section 25.60.140 of the Los Gatos Town Code is hereby amended as follows:

Sec. 25.60.140.-Citizens' oversight and annual audit.

- (a) ~~There shall be a committee appointed by the Town Council to The Finance Commission established by sections 2.50.200 et seq. of the Town Code shall review and report on the receipt of revenue and expenditure of funds from the tax authorized by this chapter ("revenues and expenditures"). The number, qualifications and duties of Committee members shall be established by ordinance or resolution of the Town Council.~~
- (b) Beginning with the fiscal year that ends June 30, 2019, the Town's independent auditors shall, as part of their annual audit of the Town's financial statements, review the collection and expenditure of revenue from the tax authorized by this chapter. The auditors' review shall be a public document. The Finance Commission committee shall annually review the auditors' findings and report in writing to the Town Council regarding the auditors' findings regarding the revenues and expenditures. The Finance Commission's committee's statement shall be transmitted to the Town Council for consideration at a public meeting.
- (c) ~~By January 31, 2019, the Town Council shall adopt a resolution establishing the composition of the committee and further defining its responsibilities consistently with this section. Provisions defining the scope of committee responsibilities and reporting requirements shall address bond oversight, in the event that a decision is made at a later time to sell bonds that are in part backed by the revenues referenced in this section. The Town Council shall appoint the initial members of the committee no later than March 1, 2019.~~

Section 4. Earliest Possible Election.

The People of Los Gatos hereby expressly request that, if not adopted by the Town Council, this measure be submitted to the voters of Los Gatos at a regular or special election at the earliest time allowable by law.

Section 5. Severability.

Should any provision of this measure, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable, or otherwise void, voidable, or invalid, that determination shall have no effect on any other provision, or the application of this measure to any other person or circumstance and, to that end, the provisions hereof are severable. By approving this measure, the voters express their intent that each section and subsection would

COMPLETE TEXT OF MEASURE A-Continued

have been adopted irrespective of whether any one or more sections or subsections are found to be invalid or unconstitutional, and that each section and subsection is therefore explicitly severable, part-by-part, phrase-by-phrase, and word-by-word, and that if any portion is determined by a court of competent jurisdiction to be unlawful, unenforceable, or otherwise void, voidable, or invalid, that the least amount of language be severed from the ordinance. When possible, if any duty granted to the Finance Commission by this measure is found to conflict with powers specifically granted to the Town Council by the Legislature, or found to be otherwise unlawful, the offending section or subsection shall be amended or interpreted to allow the Finance Commission the maximum allowable duties under the law.

Section 6. Competing Initiatives/Measures.

This measure is intended to be comprehensive. It is the intent of the People of Los Gatos that, in the event this measure and one or more measures relating to the same subject shall appear on the same ballot, the provisions of the other measure or measures shall be deemed in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and all provisions of the other measure or measures shall be null and void. If this measure is approved by a majority of the voters but does not receive a greater number of affirmative votes than any other measure or measures appearing on the same ballot regarding the same subject, then this measure shall take effect to the extent not in conflict with said other measure or measures.

Section 7. Effective Date.

This measure shall be considered adopted and become effective upon the date of the election which it was approved by the voters.

Section 8. Liberal Construction.

This measure is an exercise of the initiative power of the People of Los Gatos regarding the establishment of a Finance Commission and shall be liberally construed to effectuate its purposes.

Section 9. Legal Defense.

The People of Los Gatos desire that this measure, if approved by a simple majority of voters and thereafter challenged in court, be defended by the Town of Los Gatos. The People of Los Gatos, by approving this measure by a simple majority of voters, hereby declare that the proponent(s) of this measure have a direct and personal stake in defending this measure from constitutional or statutory challenges to the measure's validity or implementation. In the event the Town fails to defend this measure, or the Town fails to appeal an adverse judgment against the constitutionality, statutory permissibility or implementation of this measure, in whole or in part, in any court of law, the measure's proponent(s) or the voters the Town of Los Gatos shall be entitled to assert his, her or their direct personal stake by defending the measure's validity and implementation in any court of law and shall be empowered by the People through this measure to act as agents of the People of Los Gatos, and the Town of Los Gatos shall indemnify the proponent(s) for reasonable expenses and other losses incurred by the proponent(s), as agent(s), in defending the validity and/or implementation of the challenged measure. The rate of indemnification shall be no more than the amount it would cost the Town to perform the defense itself.



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/20/2022

ITEM NO: 7

DATE: December 13, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Annual Comprehensive Financial Report (ACFR):
a. Receive the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2022, and
b. Adopt a Resolution Confirming June 30, 2022 Fund Balances in Accordance Fiscal Year 2021/22 Final Audit and Town Council General Fund Reserve Policy

RECOMMENDATION:

Annual Comprehensive Financial Report (ACFR):

- a. Receive the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2022 (Attachment 1) as recommended by the Finance Commission, and
- b. Adopt a Resolution Confirming June 30, 2022 Fund Balances in Accordance with Fiscal Year 2021/22 Final Audit and Town Council General Fund Reserve Policy.(Attachment 2)

BACKGROUND:

The Town contracts with an independent certified public accountant to examine the books, records, inventories, and reports of all officers and employees who receive, handle, or disburse public funds each fiscal year (FY). The FY 2021/22 audit was performed by Chavan and Associates, LLP an experienced firm specializing in audit services for California public agencies. The firm also compiled the Draft ACFR for the Town of Los Gatos.

The information contained in the ACFR provides detailed financial information which the Los Gatos community and others can use to better understand the fiscal standing of the Town. In addition, the financial information contained in the document is one element that the credit rating agencies review annually to affix a credit rating for the Town's outstanding debt obligations.

PREPARED BY: Gitta Ungvari
Finance Director

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

BACKGROUND (continued):

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.

DISCUSSION:

On December 12, 2022, the Commission received the Fiscal Year 2021/22 Draft Annual Comprehensive Financial Report (ACFR) for the Commission's consideration per Measure A including a presentation from the Town's auditor Chavan and Associates, LLP (Attachment 3). During the meeting, the Commission provided feedback on the Fiscal Year 2021/22 Draft Annual Comprehensive Financial Report (Attachment 1). Of note the Commission requested that given recent inflationary trends, staff should provide language that illustrates the effect long-term inflation could have on the Town's pension liabilities (pg. 4). In addition, the Commission requested that staff expand Note 15 to include the FY 2020/21 ARPA expenditures of \$200,000 (pg. 97). Commissioners also requested that Note 16 make it clear that the potential waste hauler revenue loss is an annual number (pg. 98).

On December 15, 2022, the Finance Commission will conclude its review of the Fiscal Year 2021/22 Draft Annual Comprehensive Financial Report (ACFR). Any additional recommendations received from the Commission at the December 15th meeting will be communicated to the Town Council through the addendum process.

In addition to the review and input provided by the Finance Commission, staff also provided continuous review and updates to the Fiscal Year 2021/22 Draft Annual Comprehensive Financial Report (ACFR) accordingly (pages 4, 19, 31, 83, and 85).

DISCUSSION (continued):

The redline version of the attached ACFR represents the culmination of recommended enhancements and changes based on Finance Commission comments, continued staff analysis, and continued auditor review while maintaining appropriate ACFR presentation based on governmental accounting and municipal standards.

Highlights of the draft audited financial results include:

Independent Auditor's Report

The auditor has given the Town's financial statements a "clean" audit opinion for the year ended June 30, 2022 giving reasonable assurance that the financial statements are "free of material misstatement." (Attachment 3)

Management's Discussion and Analysis (MD&A)

The MD&A section of the report summarizes for the Town on an entity-wide basis and fund type basis. Information is provided in this section with a year-to-year view, explaining how fund balances have changed between fiscal years ending June 30, 2020, June 30, 2021, and June 30, 2022. Information is also presented on the adopted General Fund budget to actuals and any significant budget adjustments made during FY 2021/22.

Statement of Net Position

The Statement of Net Position serves as a useful indicator of a government's financial position. The Town had net assets of \$138.4 million at fiscal year-end as compared to \$113.5 million the prior year, an overall increase of \$24.9 million over the prior fiscal year. The increase was largely attributed to the combined net result of an approximate \$37 million decrease in total long-term liabilities outstanding, a \$16 million dollar increase in capitalized assets including a \$12.2 million historic Los Gatos Theatre contribution and a \$3.7 million addition to non-capitalized capital outlay expenses from the prior year.

The largest portion of the net assets, \$127.8 million, represents the Town's investment in its capital assets and infrastructure. Restricted assets of \$10.2 million are resources that are subject to external restrictions on how they may be used. As of June 30, 2022, unrestricted net position is \$1.8 million compared to a negative (\$4.7 million) the prior year.

Basic Financial Statements

This section contains basic financial statements, including the "entity-wide" Statement of Net Position and Statement of Activities, financial statements for the fund types including Governmental Funds (such as the General Fund), Proprietary Funds, and the Private Purpose Trust Funds (Redevelopment Successor Agency). The footnotes section provides details on significant items such as the Town's cash and investments (Note 2), Note 4 which illustrates the new implementation of GASB 87 for leases, its long term obligations (Certificates of Participation) related to bonded debt (Note 7), the net pension liability for both the Town's

DISCUSSION (continued):

miscellaneous and safety pension plans (Note 10), and a discussion of the Town's other post-employment benefit plan (Note 11).

Required Supplementary Information

The Schedules of Pension Plan Contributions are provided in this section.

Supplementary Information

This section provides budget to actual information for "non-major" funds which represent less than 10% of the Town's total assets/liabilities/revenues or expenditures.

Statistical Section

This section presents demographic statistics and ten-year historical financial data for the Town, including information on assessed valuations, fund balances, debt, property tax rates, personnel (full-time equivalent) history, principle employers, and other financial and demographic disclosures.

CONCLUSION:

As noted in the auditor's opinion, the ACFR fairly presents the fiscal year ending June 30, 2022 financial activity for the Town of Los Gatos.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

Attachments:

1. Draft Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2022.
2. Fund Balance Resolution Establishing June 30, 2022 Fund Balances
3. Independent Auditor Presentation to the Council Finance Commission