



**FINANCIAL COMMISSION
SPECIAL MEETING MINUTES**

**5:30 P.M., Wednesday, December 5, 2012
Neutra House
181 Hillview Avenue, Los Altos, California**

Call to Order

The meeting was called to order at 5:34 P.M.

Roll Call

Commissioners present: Chair David Byrne, Vice Chair Donald Korn, Robin Dickson, Harold Guthart, Les Poltrack and Kevin Thompson.

Commissioners absent: Roger Sievers with notice

Staff Present: Russell Morreale, Los Altos Finance Director and Staff Liaison
Marcia Somers, Los Altos City Manager
Shraddha Vakharia, Los Altos Financial Services Manager

Pledge of Allegiance

The Pledge to the Flag was conducted

Public Comment

None

Consent Items

1. Approval of Minutes

With a first motion from Commissioner Thompson and a second from Commissioner Poltrack, the minutes of October 15, 2012 were approved, with a minor clerical edit, with unanimous agreement.

Discussion

2. Draft Comprehensive Annual Financial Report (CAFR) for Year Ended June 30, 2012

The City's independent auditors, Burr Pilger Mayer (BPM) presented the audited financial statements with a follow up of financial highlights by Finance Director and Staff Liaison Russell Morreale. No public comment requests were received and the presentation was followed by a discussion of the document and the process. Commissioner Poltrack raised the suggestion that the City consider breaking out Fire service expenditures, distinctly from "Safety", given the materiality of the amount involved. Commission members generally concurred with this suggestion although staff indicated that such a presentation might be best handled in the statistical section rather the face of the core financial statements, a format that was adopted as part of the GASB 34 model several years ago.

With a first motion from Commissioner Thompson and a second from Commissioner Korn, the Commission unanimously approved the CAFR to be presented to City Council on December 11th with the direction to break out 2012 Fire Service expenditures in the statistical section and evaluate its presentation in the body of the statements in the coming year.

3. New Emerging Accounting Standards

BPM discussed two new emerging standards, Government Accounting Standards Board (GASB) 67 and 68 related to pension accounting to be effective FY 2014/15. These emerging standards are significant in that they will require, for the first time, the full recording of pension unfunded liabilities on the City's government-wide balance sheet. Liaison Morreale advised that all indications are that, for Los Altos and many other cities, this valuation number will be substantial requiring new disclosures and actuarial evaluations. Morreale advised that a similar commentary will be made at the Council presentation on December 11th. No action was necessary for this item as it was a discussion item only.

Commission Reports:

None

Adjournment

The meeting was adjourned at approximately 7:05 P.M. with general consensus

Respectfully Submitted,
Russell J. Morreale
Staff Liaison to the Financial Commission