



1 North San Antonio Road
Los Altos, California 94022-3087

MEMORANDUM

DATE: January 24, 2023

TO: The Honorable Beth McGowen, Presiding Judge, Santa Clara County Superior Court

FROM: Gabe Engeland, City Manager

SUBJECT: RESPONSE TO THE 2022 SANTA CLARA COUNTY CIVIL GRAND JURY REPORT “SHOW ME THE MONEY: FINANCIAL TRANSPARENCY NEEDED”

The City of Los Altos submits the following specific responses as requested on page 15 of the 2022 Santa Clara County Civil Grand Jury Report “Show me the money: Financial transparency needed” related to the Findings and Recommendations set forth in the Report.

Findings and Recommendations

Finding 1:

The City of Los Altos is not submitting monthly treasurer’s reports in compliance with California Government Code Section 41004.

Response 1:

Respondent, City of Los Altos, disagrees with the finding that the City is not in compliance with California Government Code section 41004.

Respondent notes that Government Code Section 41004 does not specify the manner in which the city treasurer is to provide the treasurer’s report. Respondent clarifies that the City does not contend that Government Code Section 37208 indemnifies it from complying with Government Code Section 41004; rather, the City referred to Section 37208 during the investigation as providing alternate means for the City Council to audit and ratify warrants. Respondent also notes that during the Civil Grand Jury’s investigation, the City informed the Grand Jury that while the City believes it is in compliance with Government Code Section 41004, the City is willing to provide the report in the format the Grand Jury recommends.

Finally, respondent notes that while the Grand Jury appears to have been willing to work with another city to produce reports in a form and manner desired by the Grand Jury City of Los Altos was not afforded the same opportunity, which is disappointing given the City's stated willingness to do the same.

Recommendation 1:

The City of Los Altos should comply with Government Code section 41004 by submitting monthly treasurer's reports that include monthly disbursements, receipts, and fund balances and by filing those reports with the City. This recommendation should be implemented by March 15, 2023.

Response 1:

Respondent, City of Los Altos, finds the recommendation is not warranted; however, as stated previously in the City's response to Finding 1 and as indicated by the City to the Grand Jury, City is willing to provide reports in the manner desired by the Grand Jury.

Finding 2:

The City of Los Altos does not produce treasurer's reports in compliance with California Government Code section 41004. The reason for non-compliance was that the City of Los Altos' financial policy does not require the preparation and submission of treasurer's reports. It is an erroneous belief that internal policies excuse compliance with Government Code Section 41004.

Response 2:

Respondent, City of Los Altos, disagrees with the finding that the City is not in compliance with Government Code Section 41004. Respondent further disagrees with the finding that the City believes that internal policies excuse compliance with any State Law.

Recommendation 2:

The City of Los Altos should amend its financial policy to require that monthly treasurer's reports be prepared and submitted in accordance with California Government Code section 41004 by March 15, 2023.

Response 2:

Respondent, City of Los Altos, finds the recommendation is not warranted. The City of Los Altos will not update its financial policy as recommended.