



**TOWN OF LOS GATOS**  
**FINANCE COMMISSION REPORT**

MEETING DATE: 3/10/2025

ITEM NO: 6

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DATE: March 5, 2025  
TO: Finance Commission  
FROM: Chris Constantin, Town Manager  
SUBJECT: Recommend that the Town Council Receive the Independent Accountants' Report on Agreed-Up On Procedures on Measure G Revenues and Expenditures for the Period July 1, 2023 to June 30, 2024

**RECOMMENDATION:**

Staff recommends that the Finance Commission recommend that the Town Council receive the Independent Accountants' Report on Agreed-Up On Procedures (AUP) on Measure G Revenues and Expenditures for the period July 1, 2023 to June 30, 2024.

**BACKGROUND:**

On June 19, 2018, the Los Gatos Town Council adopted Ordinance No. 2274 establishing a General Transaction and Use Tax ("Ordinance 2274") for a period of twenty years and put forth the required ballot measure for voter consideration. On November 6, 2018, the voters of the Town approved the 1/8 cent sales tax dedicated to Los Gatos (Measure G). Among other items, Ordinance 2274 and Measure G required Citizens Oversight to ensure funds are spent according to the Measure's stated intent.

On November 3, 2020, voters of Los Gatos approved the Measure A ballot initiative establishing a new Finance Commission and disbanding both the Finance Committee and Sales Tax Oversight Committee. Among other responsibilities, the Finance Commission is charged with:

- (7) Issue an annual public report of the expenditures and appropriations of sales tax revenues approved by the Town Council during each fiscal year.

**PREPARED BY:** Eric Lemon  
Finance & Accounting Manager

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

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SUBJECT: Receive Measure G AUP Report

DATE: March 5, 2025

DISCUSSION:

On March 5, 2025, Chavan & Associates, LLP finished the review process and provided the Independent Accountants' Report on Agreed-Upon Procedures on Measure G Revenues and Expenditures for the Period July 1, 2023 to June 30, 2024 (Attachment 1). During this period, there were collection fees, and police safety and capital transfers that utilized Measure G funds consistent with the Town Council's adopted FY 2023/24 Budgets:

**FY 2023/24 Expenditures and Transfers**

State Admin Fees Withheld	July - Sept 2023	\$ 10,570
State Admin Fees Withheld	Oct - Dec 2023	\$ 10,570
State Admin Fees Withheld	Jan - March 2024	\$ 7,180
State Admin Fees Withheld	April - June 2024	\$ 8,290
<b>Total Collection Fees</b>		<b>\$ 36,610</b>
50% to Police Safety		620,044
<b>Total Expenditures</b>		<b>\$ 656,654</b>
Transfer to Capital Improvement Program (50% of prior years and current year collections)		620,044
<b>Total Transfers and Expenditures</b>		<b>\$ 1,276,698</b>

"State Admin Fees Withheld" is the administration fee imposed by the State Department of Tax Fee Administration to Los Gatos that is deducted from collected Measure G sales tax. Chavan & Associates, LLP found that the expenditures were consistent with the voter approved Measure G.

CONCLUSION AND NEXT STEPS:

The Finance Commission should forward a recommendation to the Town Council to receive the Independent Accountants' Report. During the budget process, the Council approves the expenditures and appropriations of the sales tax revenues with consideration of the Finance Commission's recommendation(s).

Attachment:

1. Independent Accountants' Report on Agreed-Upon Procedures for Measure G Revenues and Expenditures For the period July 1, 2023 to June 30, 2024.