



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 3/9/2026

ITEM NO: 3

DATE: March 9, 2026
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, 2024 to June 30, 2025

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, 2024 to June 30, 2025.

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

Reviewed by: Town Manager, Town Attorney, and Administrative Services Director

DISCUSSION:

On February 13, 2026, 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, 2024 to June 30, 2025 (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 2024/25 Budgets:

FY 2024-25 Expenditures and Transfers		
State Admin Fees Withheld	July - Sept 2024	\$ 8,290
State Admin Fees Withheld	Oct - Dec 2024	\$ 8,290
State Admin Fees Withheld	Jan - March 2025	\$ 6,640
State Admin Fees Withheld	April - June 2025	\$ 10,630
Total Collection Fees		\$ 33,850
50% to Police Safety		\$ 652,396
Total Expenditures		\$ 686,246
Transfers to Capital Improvement Program (50% of prior years and current year collections)		\$ 652,396
Total Transfers and Expenditures		\$ 1,338,642

"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, 2024 to June 30, 2025.