



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 3/11/2024

ITEM NO: 3

DATE: February 26, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Recommend that the Town Council Receive the Independent Accountants' Report on Agreed-Upon Procedures on Measure G Revenues and Expenditures for the Period July 1, 2022 to June 30, 2023

RECOMMENDATION:

Staff recommends that the Finance Commission recommend that the Town Council receive the Independent Accountants' Report on Agreed-Upon Procedures (AUP) on Measure G Revenues and Expenditures for the period July 1, 2022 to June 30, 2023.

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: Gitta Ungvari
Finance Director

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

SUBJECT: Receive Measure G AUP Report

DATE: February 26, 2024

DISCUSSION:

On January 23, 2024, 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, 2022 to June 30, 2023 (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 2022/23 Budgets:

FY 2022/23 Expenditures and Transfers		
State Admin Fees Withheld	July - Sept 2022	\$ 12,630
State Admin Fees Withheld	Oct - Dec 2021	\$ 12,630
State Admin Fees Withheld	Jan - March 2022	\$ 5,450
State Admin Fees Withheld	April - June 2022	\$ 10,570
Total Collection Fees		\$ 41,280
50% to Police Safety		629,065
Total Expenditures		\$ 670,345
Transfer to Capital Improvement Program (50% of prior years and current year collections)		629,064
Total Transfers and Expenditures		\$ 1,299,409

"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, 2022 to June 30, 2023.