



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 3/13/2023

ITEM NO: 8

DATE: March 6, 2023
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, 2021 to June 30, 2022

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, 2021 to June 30, 2022.

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 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 and Town Attorney

SUBJECT: Receive Measure G AUP Report

DATE: March 6, 2023

DISCUSSION:

On March 3, 2023, 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, 2021 to June 30, 2022 (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 21/22 Budgets:

FY 2021/22 Expenditures and Transfers		
State Admin Fees Withheld	July - Sept 2021	\$ 12,670
State Admin Fees Withheld	Oct - Dec 2021	12,670
State Admin Fees Withheld	Jan - March 2022	9,810
State Admin Fees Withheld	April - June 2022	12,630
Total Collection Fees		\$ 47,780
50% to Police Safety		629,148
Total Expenditures		\$ 676,928
Transfer to Capital Improvement Program (50% of prior years and current year collections)		1,769,057
Total Tranfers and Expenditures		\$ 2,445,985

"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, 2021 to June 30, 2022.