

Town of Los Gatos

Los Gatos, California

*Independent Accountants' Report
On Agreed-Upon Procedures on Measure G
Revenues and Expenditures
For the period March 1, 2019 to June 30, 2021*



INDEPENDENT ACCOUNTANTS' REPORT

To the Honorable Mayor and Town Council
of the Town of Los Gatos
Los Gatos, California

We have performed the procedures enumerated below on the accompanying Schedule of Measure G Revenues and Expenditures of the Town of Los Gatos (Town) for the period from March 1, 2019, to June 30, 2021. The Town's management is responsible for the Measure G revenues and expenditures.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining whether Measure G sales taxes were used and accounted for in accordance with specified laws, regulations, and recommendations of the Finance Commission for the period from March 1, 2019, to June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and our findings are described below:

1. We obtained and reviewed Town Ordinance 2274, Amending Chapter 2.60 of the Town's Municipal Code, "Transactions and Use Tax' to Extend the One-Eighth Cent Transactions and Use Tax Term for Twenty Years".

Finding: No exceptions were noted as a result of our procedures.

2. We obtained and reviewed Town Ordinance 2314, adding Article 5 to Chapter Two and amending Chapter 25.60.140 of the Town's Municipal Code.

Finding: No exceptions were noted as a result of our procedures.

3. We obtained a schedule of Measure G revenues and expenditures for the period from March 1, 2019 to June 30, 2021 and agreed totals reported on the schedule to the Town's audited trial balance.

Finding: No exceptions were noted as a result of our procedures.

4. We compared Measure G revenues reported to monthly sales tax reports from the California Department of Tax and Fee Administration (CDTFA).

Finding: No exceptions were noted as a result of our procedures.

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5. Inquired if the Finance Commission reviewed and recommended use of Measure G revenues to the Town Council to meet the following objectives.
 - a. Maintaining and enhancing neighborhood police patrols and local crime prevention programs;
 - b. Improving Traffic Flow to Reduce Congestion;
 - c. Repairing potholes and maintaining the Town's streets, roads, and sidewalks; and
 - d. Maintaining the Town's long-term financial stability.

Finding: No exceptions were noted as a result of our procedures.

6. Inquired if the Town Council received the Finance Commission's recommendation and adopted a Council authorized expenditure plan directing the use of Measure G revenues for the period under reported thereupon.

Finding: No exceptions were noted as a result of our procedures.

7. Selected a sample of 25 Measure G expenditures to verify if they were for allowable purposes. Per Measure A Ordinance 2314 eligible expenditures include:
 - a. Maintaining and enhancing neighborhood police patrols and local crime prevention programs;
 - b. Improving traffic flow to reduce congestion;
 - c. Repairing potholes and maintaining the Town's streets, roads, and sidewalks; and
 - d. Maintaining the Town's long-term financial stability.

Finding: Measure G had only 10 expenditures during the period from March 1, 2019 to June 30, 2021. We tested all 10 expenditures and found no exceptions.

8. Agreed amounts held in the General Fund Reserve sub-fund for Measure G agree to Measure G sales tax collections from first receipt of revenues to report date less any amounts reduced for Town Council authorized uses as reported on the auditor's review of tests of expenditures.

Finding: No exceptions were noted as a result of our procedures.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Schedule of Measure G Revenues and Expenditures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Town Council and management of the Town and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
September 16, 2022

**TOWN OF LOS GATOS
MEASURE G
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE PERIOD MARCH 1, 2019 TO JUNE 30, 2021**

	Measure G
REVENUES	
Sales Taxes - Measure G	\$ 2,363,908
Total Revenues	2,363,908
EXPENDITURES	
Public Safety	549,328
Collection Fees	84,090
Total Expenditures	633,418
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,730,490
NET CHANGES IN UNSPENT PROCEEDS	1,730,490
BEGINNING BALANCE OF UNSPENT PROCEEDS	-
ENDING BALANCE OF UNSPENT PROCEEDS	\$ 1,730,490

Town of Los Gatos
Notes to Schedule of Measure G Revenues and Expenditures
For the period from March 1, 2019, to June 30, 2021

1. MEASURE G

Measure G is a 1/8 percent transaction and use tax approved by voters in November 2018 for a twenty-year period. The Town of Los Gatos (Town) received the first taxes in May 2019 which represented sales in March 2019. In November 2020, voters approved a second measure which codified Measure G's objectives:

- a. Maintaining and enhancing neighborhood police patrols and local crime prevention programs
- b. Improve traffic flow to reduce traffic congestion
- c. Repairing potholes and maintaining the Town's streets, roads, and sidewalks
- d. Maintaining the Town's long-term financial stability

2. COLLECTION FEES

Collection fees are fees imposed by the State for collecting the Measure G sales tax and distributing it to the Town. Cash received by the Town is net of these fees. The Town has elected to record the gross sales taxes as revenue and the collection fees as expenditures.