



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

MEETING DATE: 10/10/2022

ITEM NO: 2

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DATE: October 4, 2022  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Recommend that the Town Council Receive Independent Accountants' Report on Agreed-Upon Procedures on Measure G Revenues and Expenditures for the Period March 1, 2019 to June 30, 2021

**RECOMMENDATION:**

Staff recommends that the Finance Commission recommend that Town Council receive the Independent Accountants' Report on Agreed-Upon Procedures (AUP) on Measure G Revenues and Expenditures for the period March 1, 2019 to June 30, 2021.

**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  
Interim Finance Director

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

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DISCUSSION:

On September 16, 2022, Badawi & Associates finished the review process and provided the Independent Accountants' Report on Agreed-Upon Procedures on Measure G Revenues and Expenditures for the Period March 1, 2019 to June 30, 2021 as presented in Attachment 1 of this staff report. During this period, there were ten expenditures that utilized Measure G funds consistent with the Town Council's adopted FY 2019/20 and FY 21/22 Budgets:

FY 2019/20	State Admin Fees Withheld	April - June 2019	\$	9,330
FY 2019/20	State Admin Fees Withheld	July -Sept 2019		9,330
FY 2019/20	State Admin Fees Withheld	Oct - Dec 2019		9,330
FY 2019/20	State Admin Fees Withheld	Jan - Mar 2020		5,060
FY 2020/21	State Admin Fees Withheld	April - June 2020		10,310
FY 2020/21	State Admin Fees Withheld	July -Sept 2020		10,310
FY 2020/21	State Admin Fees Withheld	Oct - Dec 2020		10,310
FY 2020/21	State Admin Fees Withheld	Jan - Mar 2021		7,440
FY 2020/21	State Admin Fees Withheld	April - June 2021		12,670
<b>Total Collection Fees</b>				84,090
FY 2020/21	50% to Police Safety			549,328
<b>Total Expenditures</b>				<b>633,418</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. Badawi & Associates 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 March 1, 2019 to June 30, 2021.