

City of Hercules

Hercules, California

Independent Accountants' Report on Applying Agreed-Upon Procedures on Measure B Transactions and Use Tax Revenues

For the Year Ended June 30, 2023



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Members of City Council
of the City of Hercules
Hercules, California

We have performed the procedures enumerated below on the City of Hercules (the "City") in evaluating whether the Measure B – Transactions and Use Tax Revenues is in accordance with the provisions of this measure for the year ended June 30, 2023. The City's management is responsible for receipt of Measure B - Transactions and Use Tax Revenues and deposit of such proceeds into the City's General Fund. The City is responsible for compliance with the Measure B – Transactions and Use Tax.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the Measure B – Transactions and Use Tax revenues is in accordance with the provisions of this measure. The City's management has agreed to and acknowledged that the procedures performed are appropriate for its purposes. 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 ends 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 and associated findings are as follows:

1. We confirmed Measure B payments with the California State Board of Equalization ("BOE") and calculated variances to the receipts summarized per the general ledger of the City for the year ended June 30, 2023.

Findings: We traced from the BOE on-line confirmation to the City's general ledger with a variance noted and details as below:

Date Posted to G/L	Receipts per G/L	Payments per BOE	Variance
7/12/2022*	\$ 178,272	\$ 178,272	\$ -
8/11/2022*	126,798	126,798	-
9/08/2022*	216,071	216,071	-
9/29/2022	175,753	175,753	-
10/27/22	106,914	106,914	-
12/08/22	206,507	206,507	-
1/5/2023	180,920	180,920	-
2/2/2023	103,225	103,225	-
2/2/2023**	189,154	-	189,154
3/2/2023	224,657	224,657	-
3/28/2023	155,735	155,735	-
4/27/2023	92,527	92,527	-
6/5/2023	201,302	201,302	-
6/30/2023***	496,006	496,006	-
	<u>\$ 2,653,841</u>	<u>\$ 2,464,687</u>	<u>\$ 189,154</u>

* The City accrued \$521,141 for the fiscal year ended June 30, 2022. These payments apply to part of that accrual.

** The City received October 2021 replacement check \$189,153.74 and recognized the revenue in FY23.

*** California Department of Tax and Fee Administration (CDTFA) confirmed \$166,014, \$119,069, and \$210,923 were paid towards accruals subsequent to the year end.

2. We traced the proceeds of the tax levied and confirmed at procedure 1 to the City's General Fund for use by the City, in accordance with Ordinance 470 Sec 8-9.12 Use of Tax Proceeds and Ordinance 481 Sec 8-9.12 Use of Tax Proceeds (amends ordinance 470).

Findings: Proceeds of taxes levied and confirmed under Measure B were paid/deposited into the City's General Fund for use by the City with no exceptions.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the revenue received by the City from Measure B – Transactions and Use Tax. 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.

We are required to be independent of the City 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 City Council and the management of the City and is not intended to be and should not be used by anyone other than these specified parties.

The Per Group, LLP

Santa Ana, California
February 22, 2024