

CITY OF HERCULES
MEASURE C –
UTILITY USERS TAX RATE REVENUES
YEAR ENDED JUNE 30, 2017



CITY OF HERCULES

Measure C – Utility Users Tax Rate Revenues
Agreed-Upon Procedures

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the City of Hercules' management, on the City's Measure C – Utility Users Tax (UUT) Rate Revenues received by the City for the fiscal year ending June 30, 2017. The City of Hercules' management is responsible for the receipt of Measure C – Utility Users Tax Rate Revenues and deposit of such proceeds into the City's general fund. The sufficiency of these procedures is solely the responsibility of the City of Hercules' management. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and findings are listed below:

1. We agreed the actual UUT to the receipts recorded in the City's general ledger and recalculated the mathematical accuracy of the following schedules provided by the City:
 - a) FY 2016/17 – Expected UUT vs Actual UUT
 - b) FY 2016/17 – Increase in Revenues Generated by Measure C

FINDINGS

1. a) Actual UUT agreed to receipts recorded in the City's general ledger with no exceptions. Schedule recalculated for mathematical accuracy with no exceptions.

FY 2016/17 -Expected UUT vs Actual UUT					
Type of Utility	Estimated Utility Billings (FY 15/16 Utility Billings as a Base)	Expected UUT ¹	Actual UUT	Variance	% Variance
Electricity	14,485,288	1,158,823	1,223,928	65,105	-5.32%
Telephone	13,371,875	1,069,750	959,670	(110,080)	11.47%
Gas	3,764,875	301,190	411,681	110,491	-26.84%
Water	5,444,613	435,569	480,197	44,628	-9.29%
Cable	6,877,788	550,223	500,577	(49,646)	9.92%
Totals UUT	43,944,439	3,515,555	3,576,053	60,498	-1.69%

¹ Based on UUT of 8% of estimated utility billings

1. b) Schedule recalculated for mathematical accuracy with no exceptions.

FY 2016/17 -Increase in Revenue Generated by Measure C						
Type of Utility	Actual UUT with Measure C ¹	Estimated UUT without Measure C ²	Increase in Revenue due to Measure C	Increase/ Decrease in Revenue per Staff Report ³	Variance	% Variance
Electricity	1,223,928	917,946	305,982	305,676	306	0.10%
Telephone	959,670	719,753	239,918	221,084	18,834	8.52%
Gas	411,681	308,761	102,920	113,212	(10,292)	-9.09%
Water	480,197	360,148	120,049	98,440	21,609	21.95%
Cable	500,577	-	500,577	370,928	129,649	34.95%
Totals	3,576,053	2,306,607	1,269,446	1,109,340	160,106	14.43%

¹ Based on the actual UUT collected for FY 2016/2017 at a rate of 8% for the entire year.

² Based on a rate of 8% UUT on electricity, telephone, gas and water, and no UUT on cable.

³ Based on the Municipal Revenue Consultant's project revenue increase of \$1,109,340.

2. We traced the proceeds of the Measure C tax, as listed in procedure 1.a) schedule to the City's General Fund for use by the City, in accordance with Ordinance 475 Sec 8-8.402 Use of Tax Proceeds and Ordinance 481 Sec 8-8.402 Use of Tax Proceeds (amends ordinance 475).

FINDINGS

Proceeds of taxes as listed in schedule presented at 1.a) were paid into the City's General Fund for use by the City, with no exceptions.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, on the City's Measure C – Utility Users Tax (UUT) Rate Revenues received by the City for the fiscal year ending June 30, 2017. 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.

This report is intended solely for the information and use of the City of Hercules and management of the City of Hercules and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
January 31, 2018