

City of Hercules

Hercules, California

Independent Accountants' Report on Applying Agreed-Upon Procedures on Measures C Utility Users Tax Rate Revenues

For the Year Ended June 30, 2020



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, which were agreed to by the City of Hercules' management, on assisting the City in evaluating whether the Measure C Utility Users Tax Rate Revenues of the City for the year ended June 30, 2020 is in accordance with the provisions of this measure. 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 and associated findings are as follows:

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 2019/20 - Expected UUT VS Actual UUT
 - b) FY 2019/20 - Increase in Revenues Generated by Measure C

Findings:

- 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 2019/20 - Expected UUT vs Actual UUT					
Type of Utility	Estimated Utility Billings (FY 19/20 Utility Billings as a Base)	Expected UUT*	Actual UUT	Variance	% Variance
Electricity	\$ 16,213,575	\$ 1,297,086	\$ 1,249,697	\$ (47,389)	-3.79%
Telephone	10,198,650	815,892	600,549	(215,343)	-35.86%
Gas	4,539,900	363,192	393,007	29,815	7.59%
Water	7,222,963	577,837	691,261	113,424	16.41%
Cable	6,434,563	514,765	549,329	34,564	6.29%
Totals UUT	\$ 44,609,650	\$ 3,568,772	\$ 3,483,843	\$ (84,929)	-2.44%
* Based on UUT of 8% of estimated utility billings					

b) Schedule recalculated for mathematical accuracy with no exceptions.

FY 2019/20 - Increase in Revenue Generated by Measure C						
Type of Utility	Actual UUT with Measure A *	Estimated UUT without Measure A **	Increase in Revenue due to Measure A	Increase/ Decrease in Revenue per Staff Report ***	Variance	% Variance
Electricity	\$ 1,249,697	\$ 937,273	\$ 312,424	\$ 323,768	\$ 11,344	3.50%
Telephone	600,549	450,412	150,137	120,188	(29,949)	-24.92%
Gas	393,007	294,755	98,252	101,697	3,445	3.39%
Water	691,261	518,446	172,815	183,616	10,801	5.88%
Cable	549,329	-	549,329	569,415	20,087	3.53%
Totals	\$ 3,483,843	\$ 2,200,886	\$ 1,282,957	\$ 1,298,685	\$ 15,728	1.21%
* Based on the actual UUT collected for FY 2019/2020 at a rate of 8% for the entire year.						
** Based on a rate of 8% UUT on electricity, telephone, gas and water, and no UUT on cable.						
*** Based on the Adopted Budget for FY 18/19 & FY 19/20.						

- 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 or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Measure C Utility Users Tax Rate Revenues of the City for the year ended June 30, 2020 in accordance with the provisions of this measure. 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 the management of the City of Hercules and is not intended to be and should not be used by anyone other than these specified parties.

The PwC Group, LLP

Santa Ana, California
December 31, 2020