

City of Berkeley

Berkeley, California

*Independent Accountant's Report on
Agreed-Upon Procedures Applied to
Measure T1 Tax Revenues*

For the period from July 1, 2017 to June 30, 2019



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the City of Berkeley (City) (the specified party), on Measure T1 tax revenue of the City as of and for the period from July 1, 2017 to June 30, 2019. The City's management is responsible for the Measure T1 tax revenue of the City. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures and associated findings are as follows:

- 1) Verify that the Measure T1 transactions were accounted for separately in the accounting records to allow for accountability.

Findings: No exceptions noted as a result of this procedure.

- 2) Verify that Measure T1 bond proceeds and accrued interest were deposited in total into the City's dedicated T1 accounts.

Findings: No exceptions noted as a result of this procedure.

- 3) Review and obtain an understanding of the Measure T1 Policies and Procedures Manual.

Findings: No exceptions noted as a result of this procedure.

- 4) Select twenty five Measure T1 expenditures and examine the supporting documentation to ensure that the expenditures were related to projects selected for funding and listed on the Measure T1 Projects List.

Findings: No exceptions noted as a result of this procedure.

- 5) Review of program controls:

- a) Verify that the City prepared a program level schedule every six months and that the schedule was part of the bi-annual reporting to the City Council.

Findings: No exceptions noted as a result of this procedure.

- b) Select a sample of five procurements and verify that the procurements were in accordance with the City's Purchasing Manual and Procurement Standards listed in the Measure T1 Policies and Procedures Manual.

Findings: No exceptions noted as a result of this procedure.

- c) Evaluate the City's existing T1 financial reports for effectiveness and accuracy in tracking expenditures at both the project and overall program level.

Findings: We noted that the City's existing T1 financial reports track and measure period to date and project to date expenditures against the budget but do not track progress to completion or measure progress to completion against the budget. As such, based on reading of T1 financial reports, projects that appear within budget may not have adequate remaining budget to fund additional expenditures needed for completion.

- d) Verify that all changes made to the projects list were properly approved by City Council.

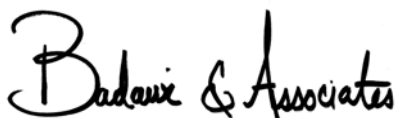
Findings: No exceptions noted as a result of this procedure.

- e) Verify that Summary Quarterly Updates were prepared and posted on the Measure T1 website.

Findings: No exceptions noted as a result of this procedure.

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 Measure T1 tax revenue of the City as of and for the period from July 1, 2017 to June 30, 2019 . 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 and is not intended to be and should not be used by anyone other than those specified parties.



Badawi and Associates
Certified Public Accountants
Berkeley, California
April 29, 2020