



January 6, 2017

Mr. Don Rhoads, CPA
Chief Financial Officer
City of Beverly Hills
455 North Rexford Drive
Beverly Hills, CA 90210

Dear Mr. Rhoads:

We have performed the procedures enumerated below, which were agreed to by you, solely to assist in verifying the accuracy of calculations your staff made in amending the Memoranda of Understanding (MOU) between the City of Beverly Hills (City) and the Police Officer's Association, dated November 16, 2016.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. 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.

Procedures performed and results are as follows:

Objective: Validate MOU calculations for accuracy.

Procedures:

1. Obtained the draft costing numbers between the City and the bargaining group (HR Scenario 1 as of November 16, 2016).
2. Reviewed the calculations with Finance Department management.
3. Reviewed the calculations to verify accuracy and agreement to terms of the proposed MOU.

Results: Calculations were mathematically correct and supported by underlying documentation in the worksheets. However, we noted that the base salary for two employees who were classified as "PEPRA PS" was being recorded under the "classic" category. There are minor differences in the calculation of the City paid retirement amount for PEPRA and classic employees. The City has reviewed the classification for both employees, and agrees the classification does not match the type of salary recorded. The City has further agreed to update the spreadsheet as necessary.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the calculations and the related accounting records. Accordingly, we do not express such an opinion. 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 the respective employee associations as described above, and is not intended to be and should not be used by anyone other than those specified parties.

Macias Gini & O'Connell LLP

Sacramento, California