

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Ms. Sylnovia Holt-Rabb, Acting Assistant Director  
City of Austin  
Economic Growth and Redevelopment Services Office  
301 West 2nd Street, Suite 2030  
Austin, Texas 78701

We have performed the procedures enumerated below, which were agreed to by the City of Austin (the "City") solely to assist the specified user in evaluating the City's assertion that Home Depot U.S.A., Inc. ("Home Depot") has complied for the reporting year 2008 with certain provisions, as described below, of the Chapter 380 Economic Development Agreement (the "Agreement"), approved by the City Council on February 7, 2005, through Ordinance No. 040624-9 and executed by the City Manager on February 7, 2005. The City is the specified user of this report. The City's management is responsible for the determination of compliance by Home Depot with the Agreement. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified user of 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.

Our procedures and findings are as follows:

1. With reference to Section 4.b. of the Agreement:
  - a. We obtained from Home Depot a payroll schedule listing Home Depot Austin Technology Center employees for the period July 1, 2008 through December 31, 2008. We inspected the payroll schedule and confirmed the schedule included the name, hire date and position as of December 31, 2008 for each employee. We also, inspected the schedule and confirmed the schedule included 419 full-time Home Depot Austin Technology Center employees who were employed July 1, 2008 through December 31, 2008. No exceptions were found as a result of the foregoing procedures.

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- b. On May 29, 2012, we obtained verbal confirmation from Home Depot's Lynn Monsalvatge, that Home Depot was to provide a paystub or other supporting documentation with employees' social security numbers redacted for the sample selected to agree to the payroll schedule provided. No exceptions were found as a result of the foregoing procedures.
- c. Using the schedule obtained in Procedure 1a, we selected a sample representing 10% of the employees listed in the schedule. For the sample selected, we were unable to inspect the paystub or other supporting documentation for the payroll period ending August 31, 2008 to confirm each paystub or other supporting documentation agreed to the schedule provided by Home Depot.
- d. We obtained e-mail confirmation from Terry Franz of ERGSO that Home Depot did not provide pay stubs or other supporting documentation as noted in Procedure 1c.

2. With reference to Section 4.c. of the Agreement concerning real property investment:

- a. We obtained from Home Depot a schedule listing Home Depot's 2008 investment in real property improvements at the Austin Technology Center facility located at 1300 Park Center Drive, Austin, Texas, for the period from January 1, 2008 to December 31, 2008. We inspected the schedule and confirmed the total reported 2008 investment in real property improvements totaled \$156,630.09. No exceptions were found as a result of the foregoing procedures.
- b. Using the schedule obtained in Procedure 2a, we selected one item representing 26% of the of the real property improvements listed in the schedule. For the item selected, we inspected the invoice or other supporting documentation and confirmed the invoice or other supporting documentation agreed to the schedule provided by Home Depot. No exceptions were found as a result of the foregoing procedures.

3. With reference to Section 4.c. of the Agreement concerning business personal property investment:

- a. We obtained from Home Depot a schedule listing Home Depot's 2008 investment in business personal property at the Austin Technology Center facility located at 1300 Park Center Drive, Austin, Texas, for the period from January 1, 2008 to December 31, 2008. We inspected the schedule and confirmed the total reported 2008 investment in business personal property totaled \$27,950,347. No exceptions were found as a result of the foregoing procedures.

b. Using the schedule obtained in Procedure 3a, we selected a sample of four items representing 10% of the of the business personal property expenditures listed in the schedule. No exceptions were found as a result of the foregoing procedures.

i. For the first three items in the sample selected, we inspected the invoice or other supporting documentation and confirmed each invoice or other supporting documentation agreed to the schedule provided by Home Depot. No exceptions were found as a result of the foregoing procedures.

ii. For the fourth item in the sample selected, we inspected the invoice or other supporting documentation and confirmed the invoice or other supporting documentation for the fourth item selected was \$27,062.50 less than the amount reported by Home Depot. No other exceptions were found as a result of the foregoing procedures.

4. With reference to Section 4.c. of the Agreement concerning non-capital expenditures:

a. We obtained from Home Depot a schedule listing Home Depot's 2008 investment in non-capital expenditures at the Austin Technology Center facility located at 1300 Park Center Drive, Austin, Texas, for the period from January 1, 2008 to December 31, 2008. We inspected the schedule and confirmed the total reported 2008 investment in non-capital expenditures totaled \$45,943,867.78. No exceptions were found as a result of the foregoing procedures.

b. Using the schedule obtained in Procedure 4a, we selected two categories of expenditures representing 15% of the total non-capital expenditures listed in the schedule. No exceptions were found as a result of the foregoing procedures.

c. We obtained and inspected the detail schedules provided by Home Depot for the two categories of expenditures noted at Procedure 4b and confirmed the City was unable to select a sample from the detail schedules provided by Home Depot because the schedules provided were not legible. No exceptions were found as a result of the foregoing procedures.

5. With reference to Section 4.d. of the Agreement and subsequent communication between Home Depot and the City:
  - a. We obtained from Home Depot two different schedules listing Home Depot's 2008 expenditures for computers and computer equipment purchased between January 1, 2008 and December 31, 2008 for use at the Austin Technology Center facility located at 1300 Park Center Drive, Austin, Texas. We inspected the schedules and confirmed the first schedule reported a total of expenditures for computers and computer equipment of \$27,950,346.73 purchased between January 1, 2008 and December 31, 2008 for use at the Austin Technology Center facility located at 1300 Park Center Drive, Austin, Texas and the other schedule reports a total of expenditures for computers and computer equipment of \$8,996,525.10 purchased between January 1, 2008 and December 31, 2008 for use at the Austin Technology Center facility located at 1300 Park Center Drive, Austin, Texas. No exceptions were found as a result of the foregoing procedures.
  - b. On May 29, 2012, we obtained verbal confirmation from Home Depot's Lynn Monsalvatge, that Home Depot was to provide a resolution for the differences between the two schedules noted above. No exceptions were found as a result of the foregoing procedures.
  - c. On May 29, 2012, we obtained verbal confirmation from Home Depot's Lynn Monsalvatge, that Home Depot did not retain evidence to support which municipality received local sales taxes from Home Depot's 2008 purchases of computers and computer equipment. No exceptions were found as a result of the foregoing procedures.
6. With reference to Section 4.g. of the Agreement:
  - a. We obtained a copy from the City of the query of the City of Austin Interactive Development Review Permitting and Inspection Database for a search of records with "Home Depot" in the Project Name for the period from January 1, 2006 through April 6, 2011. We inspected the query and identified seven site plan or subdivision applications and/or amendments filed by Home Depot during the period. We obtained an e-mail dated April 8, 2011 from Susan Scallon of the City's Watershed Protection Department ("WPD") to Terry Franz of ERGSO. We inspected the e-mail and confirmed Home Depot did not assert any Chapter 245 rights in connection with any of its site plan or subdivision applications or amendments between January 1, 2006 and April 6, 2011. No exceptions were found as a result of the foregoing procedures.
  - b. We obtained and inspected a confirmation e-mail from the City of Austin Watershed Protection and Development Review Department that there were no water quality ponds at the Austin Technology Center facility located at 1300 Park Center Drive, Austin, TX. No exceptions were found as a result of the foregoing procedures.

7. With reference to Sections 5.a(1) of the Agreement:

- a. We obtained and inspected a copy of the 2008 Travis County Tax Statement for parcel number 2332005030000 noting the total ad valorem tax assessment and confirmed the 2008 net taxable value of the property was \$22,505,145. No exceptions were found as a result of the foregoing procedures.
- b. We obtained and inspected a copy of the 2008 Travis County Tax Statement for parcel number 2332005030000 noting the unpaid balance of 2008 ad valorem taxes was zero. No exceptions were found as a result of the foregoing procedures.

8. With reference to Sections 5.a(2) of the Agreement

- a. We obtained and inspected a copy of the 2008 Travis County Tax Statement for parcel number 970340900000000 noting the total ad valorem tax assessment and confirmed the 2008 net taxable value of the property was \$40,742,162, the 2008 City of Austin tax rate per \$100 was \$0.4012, and the 2008 City of Austin tax amount was \$163,457.55. No exceptions were found as a result of the foregoing procedures.
- b. We obtained and inspected a copy of the 2008 Travis County Tax Statement for parcel number 970340900000000 noting the unpaid balance of 2008 ad valorem taxes was zero. No exceptions were found as a result of the foregoing procedures.

9. With reference to Sections 5.a(2) and Exhibit B of the Agreement, we obtained and inspected correspondence between Travis Central Appraisal District ("TCAD") and ERGSO and confirmed the following:

- a. Total 2008 appraised value of computers and peripheral equipment (Parcel Number 970340900000000) was \$39,731,48.
- b. The 2008 City of Austin taxes on value noted in Procedure 9a was \$159,402.72.

No exceptions were found as a result of the foregoing procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. 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 is not intended to be, and should not be, used by anyone other than this specified party.

*Radgett, Stratemann & Co., L.L.P.*

Certified Public Accountants  
Austin, Texas  
December 3, 2012