

CITY OF MODESTO

Independent Accountant's Report on Applying
Agreed-Upon Procedures Related to
the Article XIII-B Appropriations Limit

For the Year Ended June 30, 2016



Certified
Public
Accountants



Independent Accountant's Report on Applying Agreed-Upon Procedures Related to the Article XIII-B Appropriations Limit

Modesto City Council
Modesto, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the City of Modesto, California (City) for the year ended June 30, 2016. These procedures, which were agreed to by the City and recommended by the California Committee on Municipal Accounting (as presented in the CCMA White Paper titled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City's management is responsible for the Appropriations Limit Worksheet.

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 the 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.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the City's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedure.

2. For the accompanying Appropriations Limit Worksheet, we added the 2014-2015 appropriations limit to the annual adjustment amount and compared the resulting amount to the 2015-2016 appropriations limit.

Finding: No exceptions were noted as a result of our procedure.

3. We agreed the current year information presented in the accompanying Appropriations Limit Worksheet to the appropriate supporting worksheets described in procedure No. 1 above.

Finding: No exceptions were noted as a result of our procedure.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the City Council.

Finding: No exceptions were noted as a result of our procedure.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. 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. No procedures have been performed with respect to the determination of the appropriation limit for the base year as defined by Section 1.5 of Article XIII-B of the California Constitution.

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

Macias Gini & O'Connell LLP

Walnut Creek, California
December 21, 2016

**CITY OF MODESTO
 APPROPRIATIONS LIMIT WORKSHEET
 FOR THE YEAR ENDED JUNE 30, 2016**

Appropriations limit, fiscal year 2014-2015, as adopted		<u>\$ 367,931,710</u>
Adjustment factors:		
Population factor, as adopted ⁽¹⁾		1.0063
Inflation factor, as adopted ⁽²⁾	x	<u>1.0382</u>
Total adjustment factor (rounded)		<u>1.0447</u>
Annual adjustment in dollars		<u>16,446,547</u>
Appropriations limit, fiscal year 2015-2016, as adopted		<u><u>\$ 384,378,257</u></u>

- ⁽¹⁾ The population factor is based on the annual percent change in the City of Modesto population, for the calendar year preceding the beginning of the fiscal year for which the appropriations limit is to be determined. The population factor was provided by the State of California's Department of Finance.
- ⁽²⁾ The inflation factor is based on the increase in per capita cost of living in California. The inflation factor was determined by the State Department of Finance.