

**CITY OF MODESTO, CALIFORNIA**

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

For the Year Ended June 30, 2017



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, 2017. 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.

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 and associated findings are 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 found as a result of applying the procedure.

2. For the accompanying Appropriations Limit Worksheet, we added the prior year appropriations limit to the annual adjustment amount and compared the resulting amount to the current year appropriations limit.

**Finding:** No exceptions were found as a result of applying the procedure.

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

**Finding:** No exceptions were found as a result of applying the 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 found as a result of applying the 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 the Appropriations Limit Worksheet. 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. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by 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. However, this report is a matter of public record and its distribution is not limited.

*Macias Gini & O'Connell LLP*

Walnut Creek, California  
December 28, 2017

**CITY OF MODESTO, CALIFORNIA  
 APPROPRIATIONS LIMIT WORKSHEET  
 FOR THE YEAR ENDED JUNE 30, 2017**

Appropriations limit, fiscal year 2015-2016, as adopted	<u>\$ 384,378,257</u>
Adjustment factors:	
Population factor, as adopted <sup>(1)</sup>	1.0084
Inflation factor, as adopted <sup>(2)</sup>	x <u>1.0537</u>
Total adjustment factor (rounded)	<u>1.0626</u>
Annual adjustment in dollars	<u>24,062,079</u>
Appropriations limit, fiscal year 2016-2017, as adopted	<u><u>\$ 408,440,336</u></u>

- <sup>(1)</sup> The population factor is based on the annual percent change in the City of Modesto’s 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.
- <sup>(2)</sup> The inflation factor is based on the current year cost of living increase, as determined by the percentage change in per capita personal income for California. The inflation factor was provided by the State Department of Finance.