



Budget and Audit Committee Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2018-01746

January 29, 2019

Consent Item 02

Title: Fiscal Year 2017/18 Independent Accountants' Report on the Appropriation Limit Calculation

Location: Citywide

Recommendation: Pass a Motion accepting and forwarding to City Council the Fiscal Year 2017/18 Independent Accountants' Report on the Appropriation Limit Calculation.

Contact: Osvaldo Lopez, Accounting Manager, (916) 808-4740; Dawn Holm, Director, (916) 808-5574, Department of Finance

Presenter: None

Attachments:

1-Description/Analysis

2-FY2017/18 City of Sacramento GANN Limit

Description/Analysis

Issue Detail: The requirements of section 1.5 of Article XIII-B of the California Constitution encourages local governments to engage their auditors to apply certain agreed-upon procedures to the appropriation limit data compiled by the local government. The City's appropriations limit calculation agreed-upon procedures have been conducted to confirm that the City is meeting the requirements for the fiscal year ending June 30, 2018.

Policy Considerations: This report is consistent with the City's fiscal transparency and accountability principles.

Economic Impacts None.

Environmental Considerations:

California Environmental Quality Act (CEQA): This action is not a "project" that is subject to CEQA as it is an administrative activity that will not result in direct or indirect physical changes in the environment, and it relates to government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. It is therefore exempt (CEQA Guidelines sections 15378(b)(4) and (b)(5)).

Sustainability: Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: It is in the best interest of the City to receive and file the Appropriations Limit Calculation agreed-upon procedures report for the following reasons:

- Compliance with Section 1.5 of Article XIII-B of the California Constitution requires that the annual calculation of the appropriations limit shall be reviewed as part of an annual financial audit.
- The public accounting firm of Vavrinek, Trine, Day and Co., LLP, has performed the agreed-upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Financial Considerations: The total appropriations shall not exceed the appropriations limit of the City for the prior year adjusted for the change in the cost of living and the change in population. The review conducted by Vavrinek, Trike, Day and Co., LLP has confirmed that the City has not exceeded this limit.

Local Business Enterprise (LBE): No goods or services are being purchased under this report.

CITY OF SACRAMENTO, CALIFORNIA

Independent Accountants' Report on
Applying Agreed-Upon Procedures Related To
The Article XIII-B Appropriations Limit Calculation

For the Fiscal Year Ended June 30, 2018



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES RELATED TO
THE ARTICLE XIII-B APPROPRIATIONS LIMIT CALCULATION**

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

We have performed the procedures enumerated below, which were agreed to by the City of Sacramento, California (City) (the specified party), to the Article XIII-B Appropriations Limit Calculation (Calculation) of the City as of the June 30, 2018. The City's management is responsible for the Calculation. The sufficiency of the 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 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 2017-18 limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of 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 City Council.

Finding: No exceptions were found as a result of this procedure.

2. We added last year's limit to the annual adjustment amount, and compared the resulting amount to the 2017-18 appropriations limit.

Finding: No exceptions were found as a result of this procedure.

3. We compared the current year information to the worksheets described in No. 1 above and to information provided by the California State Department of Finance.

Finding: No exceptions were found as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by City Council.

Finding: No exception was noted as a result of our procedures.

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 Calculation. 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 appropriation 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 the Mayor, City Council and management of the City and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California

December 20, 2018