

City of El Cerrito

El Cerrito, California

*Independent Accountants' Report on
Agreed-Upon Procedures Applied to
Appropriations Limit Schedule*

For the year ending June 30, 2018



INDEPENDENT ACCOUNTANTS' REPORT ON LIMITED PROCEDURES REVIEW OF APPROPRIATIONS LIMIT UNDER ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

To the Honorable Mayor and City Council
of the City of El Cerrito
El Cerrito, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Schedule of the City of El Cerrito (City) for the fiscal year ending June 30, 2018. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City management is responsible for the Appropriations Limit Schedule. 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 any other purpose.

The procedures performed and our findings are described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ending June 30, 2018, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of City Council.

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

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and agreed the resulting amount to the current year's limit.

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

3. We agreed the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the City.

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

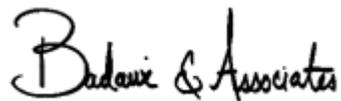
4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Schedule to the prior year appropriations limit adopted by the City Council during the prior year.

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

To the Honorable Mayor and Members of City Council
of the City of El Cerrito
El Cerrito, California
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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 Appropriation Limit Schedule. 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 Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City 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.

A handwritten signature in cursive script that reads "Badawi & Associates".

Badawi and Associates
Certified Public Accountants
Oakland, California
August 29, 2018

City of El Cerrito
Appropriations Limit Schedule
For the year ending June 30, 2018

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit FY 2016-2017	\$125,810,267	Prior year schedule
B. Calculation factors:		
1. Population increase	1.0369	State Department of Finance
2. Inflation increase (deflation decrease)	1.0113	State Department of Finance
3. Total adjustment factor	<u>1.0486</u>	B1 * B2
C. Annual adjustment increase (decrease)	6,116,514	[(B3-1)*A]
D. Other adjustments:		
Loss responsibility (-)	-	N/A
Transfers to private (-)	-	N/A
Transfers to fees (-)	-	N/A
Assumed responsibility (+)	-	N/A
E. Total adjustments	<u>6,116,514</u>	(C+D)
F. Appropriations Limit FY 2017-2018	<u><u>\$ 131,926,781</u></u>	(A+E)

City of El Cerrito
Notes to Appropriations Limit Schedule
For the for the year ending June 30, 2018

1. PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

2. METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-1987, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

3. POPULATION FACTORS

A California governmental agency may use as its population factor either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the County where the jurisdiction is located. The factor adopted by the City for fiscal year 2018 represents the annual percentage change in population for the County.

4. INFLATION FACTORS

A California governmental agency may use as its inflation factor either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of El Cerrito for fiscal year 2018 represents the percentage growth in the State of California per capita personal income cost of living during FY 2018.

5. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. No adjustments were required for the City of El Cerrito for the fiscal year ending June 30, 2018.