

City of Seal Beach

Seal Beach, California

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

For the Year Ending June 30, 2020



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Honorable Mayor and Members of City Council
of the City of Seal Beach
Seal Beach, California

We have performed the procedures enumerated below, which were agreed to by the City of Seal Beach, California (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*) on assisting you in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution for the year ending June 30, 2020. The City's management is responsible for the Appropriations Limit Schedule. The sufficiency of these 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 any other purpose.

The procedures performed and associated findings are as follows:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the year ending June 30, 2020, and determined that the limit and annual calculation factors were adopted by resolution of the City Council. We also determined that the population and inflation options were selected by a recorded vote of the 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 appropriations limit presented in the accompanying Appropriations Limit Schedule to the appropriations limit adopted by the City Council.

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

To the Honorable Mayor and Members of City Council
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Page 2

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 assisting you in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. 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.

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.

The Pw Group, LLP

Santa Ana, California
October 22, 2019

City of Seal Beach
Appropriations Limit Schedule
For the Year Ending June 30, 2020

	Amount	Source
A. Appropriations Limit FY 2018-2019	\$ 30,215,496	Prior year appropriation limit adopted by the City
B. Calculation Factors:		
1) Population increase %	0.9946	California Department of Finance
2) Inflation increase %	1.0385	California Department of Finance
3) Total adjustment %	1.0329	(B1 x B2)
C. Annual Adjustment Increase	993,851	{(B3-1) x A}
D. Other Adjustments:		
1) Loss responsibility (-)	-	N/A
2) Transfer to private (-)	-	N/A
3) Transfer to fees (-)	-	N/A
4) Assumed responsibility (+)	-	N/A
E. Total Adjustments	993,851	(C + D)
F. Appropriations Limit FY 2019-2020	\$ 31,209,347	(A + E)

See Accompanying Notes to Appropriations Limit Schedule.

City of Seal Beach
Notes to Appropriations Limit Schedule
For the Year Ending June 30, 2019

Note 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.

Note 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 1986-87, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

Note 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 the year ending June 30, 2020, represents the annual percentage change in population for the City of Seal Beach.

Note 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 California 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 for the year ending June 30, 2020, represents the annual percentage change in per capital personal income.

Note 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. The City had no such adjustments for the year ending June 30, 2020.