



OFFICE OF THE CITY AUDITOR
Long Beach, California

C-3

LAURA L. DOUD, CPA
City Auditor

July 14, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the Independent Auditors' Report on Agreed-Upon Procedures Applied to the Appropriations Limit Worksheet of the City of Long Beach, California for the year ended September 30, 2008.

DISCUSSION:

In November 1979, California voters approved Proposition 4, commonly known as the (Paul) Gann Initiative. The Proposition placed limits on the amount of tax revenue that can be appropriated in any fiscal year by a government entity. The limit is increased each year by using population growth and inflation factors.

In order to increase the accountability of local governments in adopting their Gann Appropriations Limits, California voters approved Proposition 111 in June 1990. Among other things, the Proposition requires that the annual calculation of the Gann Limit be reviewed as part of an annual financial audit. The attached report has been prepared in compliance with that requirement.

TIMING CONSIDERATIONS:

This item is not time sensitive.

FISCAL IMPACT:

There is no fiscal impact.

HONORABLE MAYOR AND CITY COUNCIL
July 14, 2009
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Laura L. Doud". The signature is fluid and elegant, with the first letters of each word being capitalized and prominent.

LAURA L. DOUD, CPA
CITY AUDITOR

Attachment

Office of the City Auditor

GANN LETTER

Fiscal Year Ended September 30, 2008



Audit Staff

City Auditor: Laura L. Doud
Assistant City Auditor: James Johnson
Deputy City Auditor: Danica D. Rogers
Audit Staff: Kris Lopez



OFFICE OF THE CITY AUDITOR
Long Beach, California

LAURA L. DOUD, CPA
City Auditor

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

Honorable Mayor and City Council
City of Long Beach, California:

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the City of Long Beach, California (the City) for the year ended September 30, 2008. 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 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 U.S. generally accepted government auditing standards, which, for attestation engagements, incorporate the American Institute of Certified Public Accountants general standard on criteria, and the fieldwork and reporting standards and the related Statements on Standards for Attestation Engagements. The sufficiency of the 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 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 procedures.

2. For the accompanying Appropriations Limits Worksheet, we added last year's limit to the annual adjustment, and agreed the resulting amount to this year's limit.

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

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet to the worksheets described in Number 1 above.

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

4. We compared 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 procedures.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriation 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 Article XIII B of the California Constitution.

This report is intended solely for the use of the City Council and management of the City of Long Beach, California, and is not intended to be and should not be used by anyone other than these specified parties.



Laura L. Doud, CPA
CITY AUDITOR

July 14, 2008

CITY OF LONG BEACH, CALIFORNIA
Appropriations Limit Worksheet
For the year ended September 30, 2008

A. Adopted Appropriations Limit at September 30, 2007	\$ 518,947,351
B. Adjustment Factors:	
Population Increase	1.00430000
Per Capita Income	<u>1.04420000</u>
Total Adjustment Factor (1.0043000 x 1.0442000)	1.04869006
C. Annual Permitted Adjustment	<u>25,267,578</u>
D. Adopted Appropriations Limit at September 30, 2008	\$ <u>544,214,929</u>