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**OFFICE OF THE CITY AUDITOR** 19 MAR -7 AM 11:51  
Long Beach, California

LAURA L. DOUD, CPA  
City Auditor

April 2, 2019

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Receive and file the Independent Accountants' Report on Agreed-Upon Procedures Applied to the Appropriations Limit Worksheet of the City of Long Beach, California for the year ended September 30, 2018

**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.

**SUGGESTED ACTION:**

Approve recommendation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Laura L. Doud".

Laura L. Doud, CPA  
CITY AUDITOR

attachment

**CITY OF LONG BEACH, CALIFORNIA**

**GANN LETTER**

**Fiscal Year Ended September 30, 2018**



**Fedak & Brown LLP**

Certified Public Accountants



Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA, CGMA  
Jonathan P. Abadesco, CPA  
Andy Beck, CPA

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## Independent Accountant's Report on Agreed-Upon Procedures Applied to the Appropriations Limit Worksheet

The 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, 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 Prescribe by Article XIII B of the California Constitution*), were performed solely to assist the City in evaluating whether it complied with 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 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 for any other purpose.

1. We obtained the City's accompanying Appropriations Limit Worksheet for the year ended September 30, 2018 from the City of Long Beach and compared the limit and annual adjustment factors included in the worksheet to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and per capita income factor included in the aforementioned worksheet to those that were selected by a recorded vote by the City Council. No exceptions were noted as a result of these procedures.
2. For the accompanying Appropriations Limit Worksheet, we added the September 30, 2017 appropriations limit to (line A) to the annual permitted adjustment (line B) and compared the resulting amount to the September 30, 2018 appropriations limit (line C). No exceptions were noted as a result of these procedures.
3. We agreed the current year's information presented in the accompanying Appropriations Limit Worksheet to supporting worksheets above. No exceptions were noted as a result of this procedure.
4. We compared the September 30, 2018 appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the City Council for September 30, 2017. No exceptions were noted as a result of this procedure.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on compliance with Section 1.5 of Article XIII B of the California Constitution and the accompanying Appropriations 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 Constitutions.

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.

*Fedak & Brown LLP*

**Fedak & Brown LLP**  
Cypress, California  
February 21, 2019

**CITY OF LONG BEACH, CALIFORNIA**

**Appropriations Limit Worksheet  
September 30, 2018**

**A. Adopted Appropriations Limit at September 30, 2017** \$ 711,442,695

**B. Adjustment Factors:**

Per Capita Income 1.03690000

Population Increase 1.00090000

Total Adjustment Factor (1.03690000 x 1.00090000) 1.03783321

Annual Permitted Adjustment 26,916,161

**C. Adopted Appropriations Limit at September 30, 2018** \$ 738,358,856