

CITY OF SAN JOSE

Independent Accountant's Report on Applying
Agreed-Upon Procedures Related to
the Article XIII-B Appropriations Limit

For the Year Ended June 30, 2009



The Honorable Members of the City Council
of the City of San José, California

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

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the City of San José, California (City) for the fiscal year ended June 30, 2009. 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 attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the 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 Limit Worksheet, we added the 2007/2008 appropriations limit to the annual adjustment and compared the resulting amount to the 2008/2009 appropriations 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 other worksheets described in No. 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 conduct an examination, the objective of which would be the expression of an opinion on 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 Constitution.

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

Macias Gini & Connell LLP
Certified Public Accountants

Walnut Creek, California
December 30, 2009

CITY OF SAN JOSE
Appropriations Limit Worksheet
For the Fiscal Year Ended June 30, 2009
(Dollars in thousands)

| | |
|---|--------------------------|
| Appropriations limit, fiscal year 2007/2008 | <u>\$ 730,991</u> |
| Adjustment factors: | |
| Population growth | 1.0179 |
| Inflation | <u>1.0429</u> |
| Total adjustment (rounded) | <u>1.0616</u> |
| Annual adjustment in dollars (rounded) | <u>\$ 45,006</u> |
| Appropriations limit, fiscal year 2008/2009 | <u><u>\$ 775,997</u></u> |