

CITY OF SAN JOSE CITY COUNCIL

Independent Accountant's Report on
Agreed-Upon Procedures

For the Year Ended June 30, 2016



INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

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Sharon Winslow Erickson
City Auditor
City of San José
200 East Santa Clara Street
San Jose, CA 95113

Dear Ms. Winslow Erickson:

We are providing this letter in connection with our performance of the agreed-upon procedures as described in the "Agreement for Audit Services between the City of San José and Grant Thornton LLP" solely for the purpose of assisting the City (collectively, the "Specified Party") in assessing if the Appropriations Limit Worksheet for the year ended June 30, 2016 meets the requirements of Section 1.5 of Article XIII-B of the California Constitution. Our engagement will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Our procedures and findings are as follows:

1. We obtained the completed Appropriations Limit Worksheet for the year ended June 30, 2016 compared the limit and annual adjustment factors included in the worksheet to those adopted by the resolution of the City Council.

Finding: No exceptions noted as a result of apply procedures.

2. We compared the population and inflation options included in the aforementioned worksheet to those that were selected by a recorded vote of the City Council.

Finding: No exceptions noted as a result of apply procedures.

3. We added the June 30, 2015 appropriation limit to the June 30, 2015 annual permitted adjustment and compared the resulting amount to the June 30, 2016 appropriations limit.

Finding: There were no permitted adjustments applied in the current year, as such GT was unable to apply this procedure.

4. We agreed the current year information presented in the accompanying Appropriations Limit Worksheet to the appropriate supporting worksheets as described in Number 1 above.

Finding: No exceptions noted as a result of apply procedures.

5. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the City Council for June 30, 2015.

Finding: No exceptions noted as a result of apply procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on whether the City's Appropriations Limit Worksheet as of June 30, 2016 meet the requirements of Section 1.5 of Article XIII-B of the California Constitution. 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.

This report is intended solely for the information and use of the Specified Party and is not intended to be, and should not be, used by anyone other than the Specified Party.

Very truly yours,

Grant Thornton LLP

December 1, 2016
San Jose, California

CITY OF SAN JOSE
Appropriations Limit Worksheet
For the Fiscal Year Ended June 30, 2016
(Dollars in thousands)

Appropriations limit, fiscal year 2014/2015	<u>\$ 936,545</u>
Adjustment factors:	
Population Growth	1.0138
Inflation	<u>1.0382</u>
Total adjustment (rounded)	<u>1.0525</u>
Annual adjustment in dollars (rounded)	<u>\$ 49,194</u>
Appropriations limit, fiscal year 2015/2016	<u><u>\$ 985,739</u></u>