

City of Santa Clarita Appropriations Limit Calculation

June 30, 2015

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

To the Honorable Mayor and Members of the
City Council of the City of Santa Clarita
Santa Clarita, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Calculation of the City of Santa Clarita, California (the City) for the year ended June 30, 2015. 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 Calculation.

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.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets No. 1 through No. 7 presented in the Article XIII-B Appropriations Limitation Uniform Guidelines (or other alternative computations), and observed the limit and annual adjustment factors 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.

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

2. For the accompanying Appropriations Limit worksheet No. 6, we added line A, last year's limit, to line E, total adjustments, and compared the resulting amount to line F, this year's limit.

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

3. We compared the current year information presented in the accompanying Appropriations Limit worksheet No. 6 to the other worksheets described in No. 1 above.

Findings: 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 No. 6 to the prior year appropriations limit adopted by the City Council for the prior year.

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

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Calculation of the City. 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 appropriations 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 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.

RSM US LLP

Irvine, California
December 24, 2015

City of Santa Clarita

**Appropriations Limit Calculation
Year Ended June 30, 2015**

	Amount	Source
A. Appropriations Limit FY 2013-2014	<u>\$ 312,720,424</u>	Prior Year
B. Calculation Factors:		
1. Population Increase %	1.019800	State Department of Finance
2. Inflation Increase %	<u>0.997700</u>	State Department of Finance
3. Total Adjustment %	<u>1.017454</u>	(B.1xB.2)
C. Annual Adjustment Increase	<u>5,458,366</u>	[(B.3-1)xA]
D. Other Adjustments:		
1. Loss Responsibility (-)	-	
2. Transfer to Private (-)	-	
3. Transfer to Fees (-)	-	
4. Assumed Responsibility (+)	<u>-</u>	
	-	
E. Total Adjustments	<u>5,458,366</u>	(C+D)
F. Appropriations Limit FY 2014-2015	<u><u>\$ 318,178,790</u></u>	(A+E)

See Notes to Appropriations Limit Calculation.

City of Santa Clarita

Notes to Appropriations Limit Calculation

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 during or after July 1990, the appropriations limit is required to be calculated based on the limit for fiscal year 1987, adjusted for the population and inflation factors discussed in Notes 3 and 4 below.

Note 3. Population Factors

There are three methods of calculating the change in population that a city may choose in determining the GANN Limit: (1) The change in population within its jurisdiction; (2) the change in population within its jurisdiction, combined with the changes in population within all counties having borders that are contiguous to that city; and (3) the change in population within the incorporated portion of the city. The City of Santa Clarita (the City) may use any of these methods in any year. The method adopted by the City for fiscal year 2015 represents the change in population within its jurisdiction.

Note 4. Inflation Factors

A California governmental agency may use as its inflation factor either the annual percentage change in the fourth-quarter per capita personal income (which percentage is supplied by the State 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 fiscal year 2015 represents the annual percentage change in the fourth-quarter per capita 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 ended June 30, 2015.