

**CITY OF ORANGE, CALIFORNIA**

**APPROPRIATIONS LIMIT WORKSHEET NO. 6**

**WITH INDEPENDENT ACCOUNTANTS' REPORT  
ON AGREED-UPON PROCEDURES APPLIED  
TO APPROPRIATIONS LIMIT WORKSHEET NO. 6**

**FOR THE YEAR ENDED JUNE 30, 2019**

INDEPENDENT ACCOUNTANTS' REPORT  
ON AGREED-UPON PROCEDURES APPLIED  
TO APPROPRIATIONS LIMIT WORKSHEET NO. 6

Honorable City Council  
of the City of Orange  
Orange, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet No. 6 of the City of Orange, California for the year ended June 30, 2019. These procedures, which were agreed to by the City of Orange, California and the League of California Cities (as presented in the League publication entitled "Article XIII-B Appropriations Limit Uniform Guidelines") were performed solely to assist the City of Orange, California in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The City of Orange's management is responsible for the Appropriations Limit Worksheet No. 6.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 Worksheet No. 6 for the year ended June 30, 2019, and compared the limit and annual adjustment factors included in that worksheet 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 worksheet to those that were selected by a recorded vote of the City Council.

The City used the fiscal year 2017/2018 population factor of 1.0009 instead of the City's population factor of 1.0069 for fiscal year 2018/2019.

2. For the accompanying Appropriations Limit Worksheet No. 6, we added last year's limit to the total adjustments, and compared the resulting amount to this year's limit. We also recalculated the adjustment factor and the adjustment for inflation and population, and compared the results to the amounts on Worksheet No. 6.

Utilizing the current fiscal year population factor for the City as noted in Procedure 1 above, the adopted appropriations limit for fiscal year 2018-2019 would have increased from \$177,819,419 to \$178,919,887.

3. 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.

No exceptions were noted as a result of our performing this procedure.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet No. 6. 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 the League publication entitled "Article XIII-B Appropriations Limit Uniform Guidelines".

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

*White Nelson Dick Evans LLP*

Irvine, California  
December 3, 2019

CITY OF ORANGE

APPROPRIATIONS LIMIT WORKSHEET NO. 6

For the year ended June 30, 2019

Appropriations limit for fiscal year ended June 30, 2018 (see Note 2) \$ 171,370,238

Adjustment factors for the fiscal year ended June 30, 2019 (see Note 2):

<u>Inflation Factor (Note 3)</u>	<u>Population Factor (Note 4)</u>	<u>Combined Factor</u>	
1.03670000	1.00090000	1.03763303	x <u>0.03763303</u>

Adjustment for inflation and population 6,449,181

Other adjustments (Note 5) \_\_\_\_\_ -

Total adjustments 6,449,181

Appropriations limit for fiscal year ended June 30, 2019 \$ 177,819,419

See accompanying Notes to Appropriations Limit Worksheet No. 6

CITY OF ORANGE

NOTES TO APPROPRIATIONS LIMIT WORKSHEET NO. 6

For the year ended June 30, 2019

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.

2. METHOD OF CALCULATION:

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed at Notes 3 and 4 below.

3. INFLATION FACTORS:

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentages are 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 of Orange (the City) for the fiscal year 2018-2019 represents the annual percentage change in the 4th quarter per capita personal income.

4. POPULATION FACTORS:

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City for fiscal year 2018-2019 represents the annual percentage change in population of the City for the fiscal year 2017-2018, which was incorrect.

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, 2019.