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, 2018
Independent Accountant’s Report on Applying
Agreed-Upon Procedures Related to the
Article XIII-B Appropriations Limit

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

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the City of San José, California (City) for the year ended June 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 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.

The sufficiency of these procedures is solely the responsibility of the City’s management. 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 and associated findings are as follows:

1. We obtained the completed Appropriations Limit Worksheet for the year ended June 30, 2018 and compared the limit and annual adjustment factors included in the worksheet to those adopted by the resolution of the City Council.
   Finding: No exceptions were found as a result of applying the procedure.

2. For the accompanying Appropriations Limit Worksheet, we added the 2016/2017 appropriations limit to the annual adjustment and compared the resulting amount to the 2017/2018 appropriations limit.
   Finding: No exceptions were found as a result of applying the procedure.

3. We agreed the current year information presented in the accompanying Appropriations Limit Worksheet to the appropriate supporting worksheets described in No. 1 above.
   Finding: No exceptions were found as a result of applying the procedure.

4. 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.
   Finding: No exceptions were found as a result of applying the procedure.
This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion or conclusion. 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 the management of the City and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Macias Gini & O’Connell LLP

Walnut Creek, California
December 20, 2018
### CITY OF SAN JOSE

Appropriations Limit Worksheet
For the Year Ended June 30, 2018
(Dollars in thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations limit, fiscal year 2016/2017</td>
<td>$1,051,761</td>
</tr>
<tr>
<td>Adjustment factors:</td>
<td></td>
</tr>
<tr>
<td>Population growth</td>
<td>1.0369</td>
</tr>
<tr>
<td>Inflation</td>
<td>1.0094</td>
</tr>
<tr>
<td>Total adjustment (rounded)</td>
<td>1.0466</td>
</tr>
<tr>
<td>Annual adjustment in dollars (rounded)</td>
<td>$49,061</td>
</tr>
<tr>
<td>Appropriations limit, fiscal year 2017/2018</td>
<td>$1,100,822</td>
</tr>
</tbody>
</table>