

**City of Modesto**  
**Independent Accountant's Report on Agreed-Upon Procedures**  
**Applied to Annual Appropriations Limit**  
***For the Year Ended June 30, 2025***



**City of Modesto**  
**Annual Appropriations Limit**  
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## **Independent Accountant's Report on Agreed-Upon Procedures Applied to Annual Appropriations Limit**

**Honorable Members of the City Council  
City of Modesto, California**

We have performed the procedures enumerated below to the accompanying Annual Appropriations Limit of the City of Modesto, California (the City) for the year ended June 30, 2025. The City's management is responsible for the calculation of the Annual Appropriations Limit.

The City's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. These procedures, which were suggested by the League of California Cities and 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 you in meeting the requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.



The procedures performed and the associated findings were as follows:

1. We obtained the City's calculation of the Annual Appropriations Limit for the year ended June 30, 2025 and compared the limit and annual adjustment factors included in that calculation to the limit and annual adjustment factors that were adopted by the resolution of the City Council. We also compared the population and inflation options included in the aforementioned calculation to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of this procedure.

2. For the accompanying Annual Appropriations Limit, 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 with the City's calculation.

Finding: No exceptions were noted as a result of this procedure.

3. We compared the prior year appropriations limit presented in the accompanying Annual Appropriations Limit to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of this procedure.



We were engaged by the City's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Annual Appropriations Limit. 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.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the 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.

*Vasquez & Company LLP*

**Glendale, California**

**November 12, 2025**

**City of Modesto**  
**Annual Appropriations Limit**  
**For the Year Ended June 30, 2025**

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<b>Appropriations limit, fiscal year 2024</b>	\$581,968,829
<b>Adjustment factors:</b>	
Inflation factor, as adopted	1.0362
Population factor, as adopted	1.0052
Combined factor for fiscal year 2025	1.0416
<b>Annual adjustment in dollars</b>	24,209,904
<b>Appropriations limit, fiscal year 2025, as adopted</b>	\$606,178,733

*Unaudited; see Independent Accountant's Report on Agreed-Upon Procedures Applied to Annual Appropriations Limit and Accompanying Notes to Annual Appropriations Limit.*

**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 an agreed-upon 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 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 in Notes 3 and 4 below.

**NOTE 3      INFLATION FACTOR**

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 in local nonresidential construction. The factor adopted by the City for the fiscal year 2025 represents the annual percentage change in the State's per capita personal income.

**NOTE 4      POPULATION FACTOR**

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 the fiscal year 2025 represents the annual percentage change in population of its own jurisdiction.

**NOTE 5      OTHER ADJUSTMENTS**

A California governmental 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, 2025.



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