

**INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATION LIMIT CALCULATION**

To the Board of Supervisors
County of Sierra
Downieville, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit worksheets of the County of Sierra, County Service Area 2, County Service Area 3, and County Service Area 4A-5A, for the year ended June 30, 2014. These procedures, which were agreed to by the County of Sierra, were performed solely to assist the County in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The County of Sierra management is responsible for the Appropriations Limit worksheets. 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 the County of Sierra. 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 evaluated the accuracy of the computation and adequacy of the documentation. We obtained the completed worksheets, and compared the limit and annual adjustment factors in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the County Board of Supervisors. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the Board of Supervisors.

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

2. We determined compliance with the Appropriations Limits. We compared the proceeds of taxes subject to the limits to the calculated limits.

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

3. We determined that the Appropriations Limits resulting from the completion of the various worksheets was adopted by the Board of Supervisors. We noted that the Limits were approved by the Board of Supervisors on September 17, 2013.

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

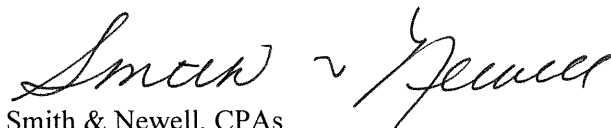
4. We will determine that the current limits were calculated in accordance with guidelines prepared by the County Accounting Standards and Procedures Committee of the State Controller's Office. We compared the prior year appropriations limits to the current year appropriations limits and we compared the population and inflation options included in the aforementioned worksheets to those that were approved by a recorded vote of the Board of Supervisors.

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

To the Board of Supervisors
County of Sierra
Downieville, California

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limits worksheets. 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 limits 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 management of the County of Sierra, the Board of Supervisors, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Smith & Newell", written in black ink.

Smith & Newell, CPAs
Yuba City, CA
January 22, 2015

COUNTY OF SIERRA
Appropriations Limit Worksheet
For the Year Ended June 30, 2014

County-Wide Calculation

Gann Limit for the fiscal year ended June 30, 2013	\$ 5,751,172
Per capita personal income factor	1.0512
Population change factor	<u>0.9962</u>
Gann Limit Increase factor	<u>1.047205</u>
Gann Limit for the fiscal year ended June 30, 2014	<u>\$ 6,022,658</u>

County Service Area 2 Calculation

Gann Limit for the fiscal year ended June 30, 2013	\$ 248,585
Per capita personal income factor	1.0512
Population change factor	<u>0.9962</u>
Gann Limit Increase factor	<u>1.047205</u>
Gann Limit for the fiscal year ended June 30, 2014	<u>\$ 260,319</u>

County Service Area 3 Calculation

Gann Limit for the fiscal year ended June 30, 2013	\$ 61,242
Per capita personal income factor	1.0512
Population change factor	<u>0.9962</u>
Gann Limit Increase factor	<u>1.047205</u>
Gann Limit for the fiscal year ended June 30, 2014	<u>\$ 64,133</u>

County Service Area 4A-5A Calculation

Gann Limit for the fiscal year ended June 30, 2013	\$ 652,492
Per capita personal income factor	1.0512
Population change factor	<u>0.9962</u>
Gann Limit Increase factor	<u>1.047205</u>
Gann Limit for the fiscal year ended June 30, 2014	<u>\$ 683,293</u>

The accompanying notes are an integral part of this worksheet.

COUNTY OF SIERRA
Notes to Appropriations Limit Worksheet
For the Year Ended June 30, 2014

NOTE 1: PER CAPITA PERSONAL INCOME FACTOR

The per capita personal income factor was obtained by using the percentage factor from the State Department of Finance letter dated May 1, 2013. The CPI change was 5.12 percent. This percentage was converted to a ratio and for calculation purposes was 1.0512.

NOTE 2: POPULATION CHANGES

There are three methods of calculating the change in population that a County 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 county; 3) The change in population within the incorporated portion of the county. The County may use either of these methods in any year.

The County has elected to use the incorporated area method (1). Per the May 1, 2013 letter from the State Department of Finance the unincorporated area population change percentage was (0.38). This percentage change was converted to the ratio factor of 0.9962.

NOTE 3: APPROPRIATION LIMIT

The County has calculated the proceeds of taxes, the appropriation limits and the resulting differences as follows:

	<u>Proceeds of Taxes</u>	<u>Appropriation Limit</u>	<u>\$ Difference</u>	<u>% Difference</u>
County-wide	\$ 4,091,886	\$ 6,022,658	\$1,930,772	67.94
County Service Area 2	21,960	260,319	238,359	8.43
County Service Area 3	14,254	64,133	49,879	22.23
County Service Area 4A-5A	80,497	683,293	602,796	11.78