

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

To the Board of Supervisors
County of Calaveras
San Andreas, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit worksheet of the County of Calaveras, for the year ended June 30, 2012. These procedures, which were agreed to by the County of Calaveras, were performed solely to assist the County in meeting the requirements of Section 1.5 of Article XIIB of the California Constitution. The County of Calaveras management is responsible for the Appropriations Limit worksheet. 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 Calaveras. 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.

Findings: Immaterial difference of \$4,435.

2. We determined compliance with the Appropriations Limit. We compared the proceeds of tax subject to the limit to the calculated limit.

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

3. We determined that the Appropriations Limit resulting from the completion of the various worksheets was adopted by the Board of Supervisors. We noted that the Limit was approved by the Board of Supervisors on October 25, 2011.

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

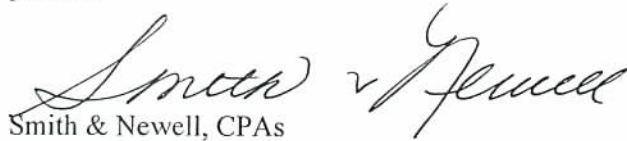
4. We will determine that the current limit was calculated in accordance with guidelines prepared by the County Accounting Standards and Procedures Committee of the State Controller's Office. We compared the prior year appropriations limit to the current year appropriations limit and we compared the 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 Calaveras
San Andreas, 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 Limit worksheet. 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 Article XIII-B of the California Constitution.

This report is intended solely for the information and use of management, 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", is written over the typed name.

Smith & Newell, CPAs
Yuba City, CA
December 14, 2012

COUNTY OF CALAVERAS
Appropriations Limit Worksheet
For the Year Ended June 30, 2012

Gann Limit for the fiscal year ended June 30, 2011		\$ 39,998,847
Per capita personal income factor	1.0251	
Population change factor	<u>1.0082</u>	
Gann Limit Increase factor		<u>1.03351</u>
Calculated Limit		41,339,041
Immaterial difference		(<u>4,435</u>)
Gann Limit for the fiscal year ended June 30, 2012		<u>\$ 41,334,606</u>

The accompanying notes are an integral part of this worksheet.

COUNTY OF CALAVERAS
Notes to Appropriations Limit Worksheet
For the Year Ended June 30, 2012

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, 2011. The CPI change was 2.51 percent. This percentage was converted to a ratio and for calculation purposes was 1.0251.

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 change in population within its jurisdiction, combined with changes in population within all counties having borders that are contiguous to that County (method 2). The population change percentages for the County as well as the population change percentages for all counties having borders that are contiguous to Calaveras County were taken from the May 1, 2011 letter from the State Department of Finance. This combined percentage was converted to a ratio and for calculation purposes was 1.0082.

NOTE 3: APPROPRIATION LIMIT

The County has calculated the proceeds of tax for the year ended June 30, 2012 as \$19,637,923. The appropriation limit for the year ended June 30, 2012 is \$41,334,606, therefore, the proceeds of tax is \$21,696,683 less than the appropriations limit. The proceeds of tax is 47.5 percent of the limit.