GALLINA LLP
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Supervisors
County of San Luis Obispo, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit worksheet of the County of San Luis Obispo for the year ended June 30, 2010. These procedures, which were agreed to by the County of San Luis Obispo 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 San Luis Obispo's 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 San Luis Obispo. 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 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. For the accompanying Appropriations Limit worksheet, we added last year's limit to total adjustments, and compared the resulting amount to this year's limit.

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

3. We compared the current year information presented in the accompanying Appropriations Limit worksheet to the other worksheets described in #1 above.

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

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4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the County Board of Supervisors for the prior year.

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

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 the County of San Luis Obispo and management of the County of San Luis Obispo and is not intended to be and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
May 17, 2010

**COUNTY OF SAN LUIS OBISPO**

Appropriations Limit Worksheet
For the Fiscal Year Ended June 30, 2010

| | | | |
|---|---|---|---|
| Gann Limit for the fiscal year ended June 30, 2009 | | | $ 391,401,697 |
| Adjusted budget to actual Nonresidential percentage change factor 2007-08 | | | 11,250,086 |
| Adjusted Limitation June 30, 2009 | | | 402,651,783 |
| Nonresidential new contruction | 1.11310000 | X | |
| Population change factor | 1.01010000 | | X |
| Gann Limit increase factor | | | 1.12434231 |
| Gann Limit for the fiscal year ended June 30, 2010 | | | $ 452,718,436 |

The accompanying notes are an integral part of this worksheet.

## COUNTY OF SAN LUIS OBISPO

Appropriations Limit Worksheet
Notes to Worksheet
For the Fiscal Year Ended June 30, 2010

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 2009. The CPI change was .62 percent. This factor is converted to a ratio and for calculation purposes was 1.0062. However, the County of San Luis Obispo is allowed to use the nonresidential new construction growth factor if it is higher than the CPI factor provided by the State. For the County of San Luis Obispo, the nonresidential new construction growth was 11.31 percent. This factor is converted to a ratio and for calculation purposes was 1.1131.

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 county-wide method (1). Per the May 2009 letter from the State Department of Finance, the county-wide area population change percentage was 1.01. This percentage change was converted to a ratio factor of 1.0101.

Note 3: **Appropriation Limit**

The County has calculated the proceeds of tax for the year ended June 30, 2010, as $160,984,778. Therefore, the proceeds of tax is $291,733,658 less than the appropriations limit. The proceeds of tax is 35.56% of the limit.