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## **Independent Accountants' Report on Applying Agreed-Upon Procedures**

The Honorable Board of Supervisors  
County of Santa Barbara, California:

We have performed the procedures enumerated below, which were agreed to by the Board of Supervisors and management of the County of Santa Barbara, California (the County), on the Appropriations Limit Worksheet for the year ended June 30, 2005, solely to assist the County in evaluating compliance with the requirements of Section 1.5 of Article XIII B of the California Constitution. These procedures were recommended by the League of California Cities and presented in their *Article XIII B Appropriations Limitation Uniform Guidelines*. The County'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 those parties specified in this report. 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 the associated findings are as follows:

1. We obtained the County's completed Appropriations Limit Worksheet and determined that the limit and annual adjustment factors were adopted by resolution of the Board of Supervisors. We also determined that the population and inflation options were selected by a recorded vote of the Board of Supervisors. We noted no exceptions as a result of this procedure.
2. We agreed the June 30, 2004 Appropriations Limit presented in the accompanying Appropriations Limit Worksheet to the June 30, 2004 Appropriations Limit as adopted by the Board of Supervisors. We noted the following exception as a result of this procedure:

In performing this procedure, we noted a difference of \$5,712,518 between the June 30, 2004 Appropriations Limit presented in the accompanying Appropriations Limit Worksheet of \$448,986,852 and the June 30, 2004 Appropriations Limit as adopted by the Board of Supervisors of \$443,274,334. This difference resulted from the County's revision of the June 30, 2004 Appropriations Limit as adopted by the Board of Supervisors in order to reflect the fiscal year 2004 inflation option using the percent change in the County's assessed valuation attributable to nonresidential new construction, instead of the percent change in California per capita personal income.

3. We agreed the fiscal year 2005 information presented in the accompanying Appropriations Limit Worksheet to the supporting worksheets designed and prepared by the County. We noted no exceptions as a result of this procedure.
4. For the accompanying Appropriations Limit Worksheet, we added the June 30, 2004 limit to the total fiscal year 2005 annual adjustment and agreed the resulting amount to the June 30, 2005 limit. We noted no exceptions as a result of this procedure.

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.

This report is intended solely for the information and use of the Board of Supervisors and management of the County of Santa Barbara, California and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

August 10, 2005

**COUNTY OF SANTA BARBARA, CALIFORNIA**

Appropriations Limit Worksheet

June 30, 2005

|   |                 |    |                           |
|---|-----------------|----|---------------------------|
| Appropriations limit at June 30, 2004   |                 | \$ | <u>448,986,852</u>        |
| Adjustment factors:   |                 |    |                           |
| Population Factor (percent change in population within the County and all counties having borders contiguous to the County) | 1.0180          |    |                           |
| Inflation factor (percent change in the County's assessed valuation attributable to nonresidential new construction)        | x <u>1.0371</u> |    |                           |
| Total adjustment factor   |                 | x  | <u>1.0558</u>             |
| Annual adjustment   |                 |    | <u>25,053,466</u>         |
| Appropriations limit at June 30, 2005   |                 | \$ | <u><u>474,040,318</u></u> |

See accompanying independent accountants' report on applying agreed-upon procedures.