

## INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATION LIMIT CALCULATION

To The Honorable Mayor and  
Members of the City Council  
City of Colusa  
Colusa, California

We have performed the procedures enumerated below to the appropriations limit calculation of the City of Colusa, for the year ended June 30, 2010. These procedures, which were agreed to by the City of Colusa, and the League of California Cities (as presented in the League publication entitled Article XIII B Appropriations Limitation Uniform Guidelines) were performed solely to assist the City of Colusa, California in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The City of Colusa management is responsible for the appropriations limit calculation.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the City of Colusa. 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 Gann Limit Calculation worksheet and compared the limit in that worksheet to the limit adopted by Resolution No. 09-34 of the City Council. We also compared the population and inflation factors included in the aforementioned worksheet to those that were transmitted by the Department of Finance.

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

2. For the Gann Limit Calculation, we added the annual adjustment to last year's limit, and compared the resulting total to this year's limit.

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

3. We compared the current year information in the Gann Limit Calculation to the prior year appropriations limit adopted by the City Council for the prior year.

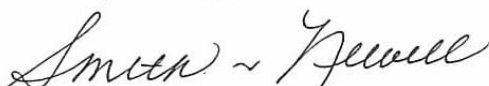
Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit in the Gann Limit Calculation to the prior year appropriations limit adopted by the City Council 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 City of Colusa and management of the City of Colusa and is not intended to be and should not be used by anyone other than these specified parties.

  
Smith & Newell, CPA's  
Yuba City, CA  
March 8, 2011