



Board of Supervisors
County of El Dorado
Placerville, California

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of El Dorado as of and for the year ended June 30, 2021, and have issued our report thereon dated March 24, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by County of El Dorado are described in Note 1 to the financial statements.

The County changed accounting policies related to fiduciary activities by adopting Governmental Accounting Standards (GASB) Statement No. 84, *Fiduciary Activities*, in 2021. Accordingly, beginning net position and fund balance have been restated, as described in Note 15.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for doubtful accounts related to ambulance billings is based on historical fees, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the claims liability is based on actuarial reports obtained from experts. We evaluated the key factors and assumptions used to develop the claims liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability and related deferred inflows and outflows are based on actuarial reports obtained from experts. We evaluated the key factors and

assumptions used to develop the net pension liability and related deferred inflows and outflows in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the OPEB liability and related deferred inflows and outflows are based on actuarial reports obtained from experts. We evaluated the key factors and assumptions used to develop the OPEB liability and related deferred inflows and outflows in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the landfill closure / post closure liability is based on estimates developed by engineering experts. We evaluated the key factors and assumptions used to develop the landfill closure / post closure liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatements of the financial statements:

- Decrease Cash and Use of Money and Property by \$225,910 in the General Fund, \$ 45,059 in the American Rescue Plan Act Fund, \$512,868 in the nonmajor Governmental Funds, \$92,510 in the Internal Service Funds, \$634 in the Airport Fund, \$633,555 in the Fiduciary Funds, and \$882,630 for Governmental Activities in the Government-Wide statements to record the fair market value adjustment at year end.
- Increase in the liability for Internal Balances and increase in expenses by \$5,929 in Business Type Activities to allocate net revenue(expense) of the internal service funds to Business Type Activities.
- Decrease to Net Investment in Capital Assets and increase to Restricted Net Position in Governmental Activities of \$1,465,205 to remove retention payable and accounts payable from Net Investment in Capital Assets.
- Increase to Cash and to Accounts Payable of \$302,167 in the General Fund, and \$159,518 in the Road Fund, increase to Cash and Accounts Payable of \$461,685 to Governmental Activities in the Government-Wide financial statements and decrease of \$461,685 in the Custodial Funds for funds that met the criteria to be reported as part of the Primary Government in accordance

with the implementation of GASB 84, but were reported as Fiduciary Funds in the financial statements.

- Increase to Interest Receivable and Unavailable Revenues of \$816,023 in the nonmajor Governmental Funds for interest receivable and unavailable revenue related to interest receivable recorded for Governmental Activities in the Government-Wide financial statements but not recorded in the fund financial statements.

Corrected misstatements

The following material misstatement detected as a result of audit procedures was corrected by management:

- Increase in Other Taxes Revenue and Accounts Receivable in the General Fund of \$1,120,740 for 20/21 revenues received after year-end.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated March 24, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Quality of component auditor's work

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

Limitations on the group audit

There were no restrictions on our access to information of components or other limitations on the group audit.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the combining and individual fund statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated March 24, 2022.

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



CliftonLarsonAllen LLP

Roseville, California
March 24, 2022