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March 4, 2016

To the Chair and Members of the  
Yolo County Local Agency Formation Commission  
Woodland, California

We have audited the financial statements of the governmental activities and the major fund of Yolo County Local Agency Formation Commission (the LAFCO) as of and for the year ended June 30, 2015, 2014 and 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated July 23, 2015. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the LAFCO are described in Note A to the financial statements. During the year ended June 30, 2015, the LAFCO adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which resulted in the LAFCO recording a restatement of net position to record a pension liability and deferred outflows of resources related to the LAFCO's portion of the County's pension plan with CalPERS as of July 1, 2014 as well as pension liability, deferred outflows of resources and deferred inflows of resources as of June 30, 2015. Additional required disclosures under GASB Statement No. 68 were also added to Note D to the financial statement due to the adoption of this statement. Our opinion was qualified because CalPERS did not provide the information necessary to restate the years ended June 30, 2014 and 2013 as is required when a new accounting standard is implemented. This is consistent with other agencies that provide comparative financial statements that include years prior to June 30, 2015. We noted no transactions entered into by the LAFCO 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 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.

Accounting estimates are used in the following areas: the fair values of investments in the County of Yolo investment pool, the accrual of postemployment benefits, and the accrual of the pension liability and related deferred outflows and inflows of resources. Those judgments are normally based on knowledge

and experience about past and current events and assumptions about future events. The postemployment benefits liability and the pension liability were determined by actuarial valuations. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were the defined benefit pension plan disclosed in Note D, the other postemployment benefits plan disclosed in Note E, the restatement due to the implementation of GASB Statement No.68 disclosed in Note I and the contingency related to the retirement benefits of the former employee in Note J to the financial statements.

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.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no audit adjustments other than the entries required to report the government-wide financial statements.

#### *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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 4, 2016.

#### *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 Commission's financial statements or a determination of the type of auditor's 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.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the LAFCO's auditors. However, these

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discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI), as reported in the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance

Restrictions on Use

This information is intended solely for the use of the Commissioners and management of the LAFCO and is not intended to be, and should not be, used by anyone other than these specified parties.

*Richardson & Company, LLP*

March 4, 2016