VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

To the Honorable Board of Supervisors
County of Yolo, 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 the County of Yolo, California (County) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our meeting with you on April 10, 2018. Professional standards also require that we communicate to you the following information related to our audit.

We are currently performing the compliance audit of the County's Federal award programs (the single audit) and plan to issue our reports thereon prior to March 31, 2019.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. As described in Note 1 to the financial statements, the County adopted Statement of Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective July 1, 2017. Accordingly, the cumulative effect of the accounting changes as of the beginning of the year is reported in Note 19. We noted no transactions entered into by the County 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. The most sensitive estimates affecting the financial statements were:

> Management estimates were used in establishing allowances for accounts receivable, estimating date of collection to comply with period of availability for certain non-exchange revenues, establishing self-insurance reserves, estimating closure and post closure care costs, estimating pollution remediation obligations, estimating the fair value of investments, valuation of certain infrastructure, and estimates related to the net pension and net OPEB liabilities, related deferred inflows of resources and deferred outflows of resources, and disclosures. We evaluated the key factors and assumptions used in developing these estimates and they appeared reasonable in relation to the financial statements taken as a whole.

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> As disclosed in Note 12 of the financial statements, the valuation of the County's net pension liability and related deferred outflows/inflows of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed in Note 12, a one percent increase or decrease in the discount rate has a material effect on the County's net pension liability.
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> As disclosed in Note 13 of the financial statements, the valuation of the County's net OPEB liability and related deferred outflows/inflows of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the discount rate and healthcare cost trend rate. As disclosed in Note 13, a one percent increase or decrease in the discount rate has a material effect on the County's net OPEB liability.

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 Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material misstatements that were identified as a result of our audit procedures were brought to the attention of, and corrected by, management and are attached in the Schedule of Corrected Misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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. 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 letters dated December 21, 2018.

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 County'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.

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 County's auditors. However, these 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 the management's discussion and analysis, the schedules of changes in the net pension liability and related ratios, the schedules of pension contributions, the schedules of changes in the net OPEB liability and related ratios, the schedules of OPEB contributions, and budgetary comparison schedules which are required supplementary information (RSI) 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 on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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, 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 were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
December 21, 2018

COUNTY OF YOLO, CALIFORNIA
CORRECTED MISSTATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Number	Fund /Opinion Unit	Account/Description	Debit	Credit
1	Mental Health Managed Care Fund	Charges For Services	$ 750,872	
		Deferred Inflows - Unavailable Revenue		$ 750,872
		(To defer the revenue recognition for 6/30/18 receivables not received in accordance with the County's period of availability)		
2	Juvenile Facilities Fund	Aid From Other Government	$ 239,227	
		Deferred Inflows - Unavailable Revenue		$ 239,227
		(To defer the revenue recognition for 6/30/18 receivables not received in accordance with the County's period of availability)		