Attachment A

VAV I
Certified Public Accountants

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To the Board of Supervisors
County of Sonoma, 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 Sonoma, California (County) for the year ended June 30, 2018, and have issued our report thereon dated December 21, 2018. 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.

We did not audit the financial statements of the Sonoma County Agricultural Preservation and Open Space District (nonmajor governmental fund), First 5 Sonoma County Commission (nonmajor governmental fund), Refuse Fund (major enterprise fund), Airport Fund (major enterprise fund), Energy Independence Program Fund (major enterprise fund), Transit Fund (major enterprise fund), Community Development Commission (discretely presented component unit), Sonoma County Water Agency (discretely presented component unit), Sonoma Valley County Sanitation District (nonmajor discretely presented component unit), Russian River County Sanitation District (nonmajor discretely presented component unit), South Park County Sanitation District (nonmajor discretely presented component unit), Occidental County Sanitation District (nonmajor discretely presented component unit), and Sonoma County Fair and Exposition, Inc. (nonmajor enterprise fund). Those financial statements were audited by other auditors as stated in our report on the County's basic financial statements. This communication does not include the results of those audits.

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 matters in our letter dated May 14, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 85, *Omnibus 2017*, effective July 1, 2017. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 21. 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.

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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 County's financial statements were:

> Management's estimates used in: risk management claims liabilities, fair value of investments, depreciation expense and the valuation of capital assets, net pension liability and related deferred inflows/outflows of resources and pension expense, and the net other postemployment benefits (OPEB) liability and related deferred inflows/outflows of resources and OPEB expense. We evaluated the key factors and assumptions used to develop these estimates in determining that they appeared 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 disclosures affecting the financial statements were:

> The disclosures of the County's defined benefit pension plan, net pension liability and related deferred outflows/inflows of resources in Note 13 to the financial statements. The valuation of the 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, and the proportionate share of the Plan's collective net pension liability. As disclosed in Note 13, a 1% increase or decrease in the discount rate has a significant effect on the County's net pension liability.
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> The disclosures of the County's other postemployment health benefits plan, net OPEB liability and related deferred outflows/inflows of resources in Note 14 to the financial statements. The valuation of the net OPEB 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 14, a 1% increase or decrease in the discount rate has a significant 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 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" in certain situations. If a consultation involves application of an accounting principle to the County'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 County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of County's proportionate share of the net pension liability, the schedule of County pension contributions, the schedules of changes in net OPEB liability and related ratios, the schedule of OPEB plan investment returns, schedule of OPEB contributions, and the respective budgetary comparison schedules for the general fund and the major special revenue funds, 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 fund statements and schedules, which accompany the financial statements but are not RSI. With respect to 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Board of Supervisors 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

Rancho Cucamonga, California
December 21, 2018