



March 30, 2026

To the Honorable 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 (hereafter, the County) for the year ended June 30, 2025. 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 letter to you dated June 16, 2025. 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 changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*, in fiscal year 2025. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. 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 County's financial statements were:

Management's estimates of the net pension liability, net other post-employment benefits liability, and claims and judgments liability are based on actuarial valuations. We evaluated the methods, assumptions, and data used to develop the net pension liability, net other post-employment benefits liability, and claims and judgments liability in determining that they are reasonable in relation to the financial statements taken as a whole.

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*



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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. We are pleased to report that no misstatements were identified during the course of our audit.

#### *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. 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 30, 2026

#### *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 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 to our retention.

#### Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules for the General Fund and major special revenue funds, and the required pension and other post-employment benefits 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 fund 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.



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Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal Year 2025-2026

GASB Statement No. 103, *Financial Reporting Model Improvements*.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*.

Future Projects

Comprehensive Project, *Revenue and Expense Recognition*.

Major Project, *Going Concern Uncertainties and Severe Financial Stress*.

Major Project, *Infrastructure Assets*.

Practice Issue, *Subsequent Events*.

Restriction on Use

This information is intended solely for the information and 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.

Very truly yours,

*LSL, LLP*

Sacramento, California



Joe Harn  
Auditor Controller  
County of El Dorado  
Placerville, California

Dear Mr. Harn,

We have completed our consideration of the County of El Dorado, California (the “County”)’s internal controls as part of our audit for fiscal year ended June 30, 2025, conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*. During the course of our auditing procedures, we identified certain matters which are deserving of your attention. These matters did not constitute reportable findings which are reported in our separately issued *Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards*; that report is dated March 30, 2026. The matter described below relates to CFD Serrano 1992-1 activity, and is disclosed for the purpose of constructive feedback and to communicate opportunities for improvement and strengthening of the County’s internal controls.

**What we noticed:** Each year, the County uses Community Facilities District (CFD) bond proceeds to pay for infrastructure supporting new residential development in El Dorado Hills—often by reimbursing developers. CFD disbursement requests start in the Department of Transportation (DOT) and are reviewed/approved by the County Engineer, the Chief Administrative Office’s Fiscal Unit, the DOT Director, and County Counsel before being sent to the Auditor-Controller for final approval and payment. Historically, the Auditor-Controller has relied heavily on DOT’s written representations and the prior reviews performed by the departments noted above. Recently, however, based on inaccurate written representations submitted by DOT, the Auditor-Controller reimbursed a developer for a pedestrian trail on private property, which was not allowable under the County’s reimbursement guidelines.

**Recommendation (for management consideration):** To strengthen internal controls and align with best practices outlined in *Government Auditing Standards* and generally accepted auditing standards, we recommend enhancing the review process for CFD expenditures prior to disbursement. Specifically, the Auditor-Controller’s department should independently verify and document public ownership or other eligibility criteria for any infrastructure funded by CFD proceeds, ensuring compliance with applicable regulations. In addition, the County should implement a comprehensive tracking log for all reimbursements and capital asset purchases made with bond proceeds to facilitate ongoing monitoring and accountability. We also recommend conducting a retrospective review of prior developer reimbursements to confirm adherence to County reimbursement guidelines and identify potential areas requiring corrective action. These steps will help foster transparency, promote compliance, and support effective stewardship of public funds.

The above matters have been previously discussed with the County’s Auditor-Controller’s department, during our year-end closing procedures on March 30, 2026, respectively. Should any questions arise about these matters, we will be available for further discussion.

LSL, LLP

Sacramento, California  
March 30, 2026