

**Tyler Hartsell**

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**From:** Dean Getz <dean@deangetz.com>  
**Sent:** Friday, December 6, 2024 5:08 PM  
**To:** Joe H. Harn; BOS-Clerk of the Board  
**Cc:** heidihaman@edhcsd.org; Stephen Ferry; michaelmartinelli@edhcsd.org; benpaulsen@edhcsd.org; noellemattock@edhcsd.org; Tiffany Schmid; BOS-District IV; BOS-District I; BOS-District V; BOS-District II; BOS-District III; Ingrid Shepline; Vern R. Pierson; Teri Gotro; Mark Hornstra; contact@edcgrandjury.com; James A. Clinchard; rich.gonzalez@claconnect.com; Brandon Young; akraus@nbsgov.com; Benjamin.Glickman@doj.ca.gov; David A Livingston  
**Subject:** Written Public Comment Regarding BoS' Dec 10, 2024 Consent Item 24-1924  
**Importance:** High

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This message came from outside your organization.

Report Suspicious

Dear Clerk of the Board and Auditor-Controller Harn (Cc & Bcc: numerous others),

**[Clerk of the Board, please incorporate these comments into the County's official record for the December 10, 2024, Supervisors' meeting pertaining to Consent Item 24-1924]**

I am forwarding the email chain documenting that I have been communicating with the County and its internal and external auditors regarding shortcomings in the County's accounting practices and the corresponding Senate Bill 165 reporting for its Community Facilities District (CFD) 1992-1, Serrano. While I appreciate Auditor-Controller Harn's letter attached to this item, the Supervisors cannot continue to rubber-stamp knowingly inaccurate numbers.

As shown in the tables below, the County reimbursed the developer \$3,559,597 in 2015, as captured in the County's tax engineer's report ([2015 NBS](#)). However, this amount is not reflected in the cumulative expenditures. Instead, the reported expenditures decreased by \$595,118 between 2014 linked ([2014 SB 165](#)) and 2015 ([2015 SB 165](#)). Accounting for the unreported 2015 expenditure seemingly alters the true remaining balance to something closer to \$1 million, not the \$4,233,191 currently being reported

to the Supervisors. This is seemingly problematic as the County still owes \$3.5 million to the El Dorado Hills Community Services District (CSD) under a contractual Village J Park agreement. Conversely, if the remaining balance is somehow correctly stated, then the 'initial construction deposit' presented herein continues to be misstated.

While the County has managed to align its CDIAC-reported and SB 165-reported construction balances today, there is substantial historical accounting evidence suggesting that these figures are contrived. **In other words, it is quite obvious that the SB 165-reported cumulative expenditures are falsified to arrive at today's reported ending balance of \$4.2 million. The County's CDIAC-reported construction balance was previously reported as exhausted, with a balance of \$0—indicating that no construction funds remained in CDIAC #1999-1737, CDIAC #2004-0529, and CDIAC #2012-1277 all linked ([2013 CDIAC Report](#)).** Compounding this issue, the developer sought and received nearly \$2 million refund from this same CFD 1992-1 during this time frame, raising serious questions about the integrity of the County's accounting linked ([Click here](#)). In fact, nothing suggests that today's remaining balance is correctly stated; quite the contrary.

The County has not required the Auditor-Controller's office to present a full accounting for the Serrano CFD 1992-1 since 2004. In other words, there has been no public oversight of these separately accounted fiduciary funds. I suspect you would all agree that the Supervisors should reject this portion of the reporting, allow the Auditor-Controller's office sufficient time to ensure they are not seeking your ratification of blatantly false accounting, and require swift corrective action for any confirmed accounting irregularities rather than simply rubber-stamping any sort of knowingly false accounting.

Sincerely,

Dean

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**From:** Dean Getz <dean@deangetz.com>

**Sent:** Thursday, December 5, 2024 9:09 PM

**To:** Joe H. Harn <joe.harn@edcgov.us>

**Cc:** heidiannaman@edhcsd.org <heidiannaman@edhcsd.org>; Stephen Ferry <stephenferry@edhcsd.org>; michaelmartinelli@edhcsd.org <michaelmartinelli@edhcsd.org>; benpaulsen@edhcsd.org <benpaulsen@edhcsd.org>; noellemattock@edhcsd.org <NoelleMattock@edhcsd.org>; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV <bosfour@edcgov.us>; bosone@edcgov.us <bosone@edcgov.us>; bosfive@edcgov.us <bosfive@edcgov.us>; bostwo@edcgov.us <bostwo@edcgov.us>; bosthree@edcgov.us <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>; rich.gonzalez@claconnect.com <rich.gonzalez@claconnect.com>; Brandon Young <Brandon.Young@lslcpas.com>; akraus@nbsgov.com <akraus@nbsgov.com>; Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; david.livingston@edcgov.us <david.livingston@edcgov.us>

**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

Dear Auditor-Controller Harn,

(Cc: Auditor Brandon Young, Former Auditor Rich Gonzalez, Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman, D.A. Pierson, County Supervisors, EDHCSD Leadership, Grand Jurors, and Richardson's Sheipline; Bcc: Various recipients),

Thank you for sharing your December 3, 2024, letter to the Board of Supervisors regarding my concerns about the County's accounting practices and corresponding Senate Bill 165 reporting for its Community Facilities District (CFD) 1992-1, Serrano. While I can understand how you might conclude, *"we were never required to include in our annual reports bond proceeds from the 1994 or 1999 bond sales,"* since Senate Bill 165 applies only to bonds issued after January 1, 2001, under California Government Code Section 53410, **your assertion seems to overlook the requirement to accurately report "[T]he balance in any construction funds" to the California Debt and Investment Advisory Commission (CDIAC) since January 1, 1993, pursuant to Government Code Section 53359.5(b)(11).**

### **CDIAC & S.B. 165 REPORTING**

In other words, for every CFD 1992-1, Serrano bond issuance (1994, 1999, 2004, 2012), whether pursuant Government Code Section 53359.5(b)(11) or Section 53410, the County has been required to report the remaining

construction funds until they are retired. Let's be absolutely clear: **there is no justification for any inconsistency between the two reports regarding the construction balance, especially when the reporting pertains to the same day (June 30) each year for the same construction funds between these two reports.** Yet, that is precisely what has repeatedly occurred.

As such, the following table, which includes hyperlinks to excerpts of source documents, clearly illustrates just how inaccurate the County's accounting is:

CDIAC REPORT			SB 165 REPORT			
CDIAC REPORT LINK	CDIAC-REPORTED BALANCE	CHANGE OVER TIME PERIOD	SB 165 REPORT LINK	SB 165-REPORTED BALANCE	REPORTED EXPENDITURES	CHANGE OVER TIME PERIOD
		<b>\$5,226,557</b>	-			<b>\$2,700,000</b>
<a href="#">2023 CDIAC</a>	\$4,101,431		<a href="#">2023 SB 165</a>	\$4,101,431	\$26,801,609	
<a href="#">2022 CDIAC</a>	\$4,600,896		<a href="#">2022 SB 165</a>	\$4,600,896	\$26,229,382	
<a href="#">2021 CDIAC</a>	\$6,271,202		<a href="#">2021 SB 165</a>	\$6,271,202	\$24,537,647	
<a href="#">2020 CDIAC</a>	\$6,226,980		<a href="#">2020 SB 165</a>	\$6,226,979	\$24,537,647	
<a href="#">2019 CDIAC</a>	\$6,094,559		<a href="#">2019 SB 165</a>	\$6,094,558	\$24,537,647	
<a href="#">2018 CDIAC</a>	\$5,807,259		<a href="#">2018 SB 165</a>	\$5,965,220	\$24,537,647	
<a href="#">2017 CDIAC</a>	\$5,733,181		<a href="#">2017 SB 165</a>	\$156,178	\$24,537,647	
<a href="#">2016 CDIAC</a>	\$6,217,454		<a href="#">2016 SB 165</a>	\$155,253	\$24,537,647	
<a href="#">2015 CDIAC</a>	\$6,190,201		<a href="#">2015 SB 165</a>	<b>\$154,589</b>	<b>\$24,100,752</b>	

<a href="#">2014 CDIAC</a>	\$9,327,989		<a href="#">2014 SB 165</a>	\$154,165	\$24,100,752
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Source linked ([Click here](#))

The tables above summarize the County's CFD 1992-01 (Serrano) reporting from 2014 to 2023.

**CDIAC Report (Left Table):** Over this period, the reported construction balance decreased by \$5,226,557. This reduction should align with the reported expenditures shown in the SB 165 Report. It does not.

**SB 165 Report (Center Table):** The total reported expenditures over the same period are \$2,700,857, which is significantly less than the CDIAC-reported reduction. The discrepancy is due to unreported expenditures of \$3,559,597 in 2015.

**Actual Expenditures (Right Table):** Accounting for the unreported 2015 expenditures leaves the 2023 remaining balance of \$4,101,431 with less than \$1 million. **However, this calculation doesn't align with obligations: the County still owes \$3.5 million to the El Dorado Hills Community Services District (CSD) under a contractual Village J Park agreement.**

As I've previously asserted, these sorts of seemingly coordinated discrepancies suggest that the County's SB 165 Initial Construction Deposit reporting has always been known to inaccurate, as the true remaining balance would be a negative figure in the millions, given that the County still owes \$3.5 million to the El Dorado Hills Community Services District (CSD) under a contractual agreement from this fund.

## **FORTHCOMING RESOLUTION**

The County's reported 'Initial Construction Deposit' of \$23,950,449.69 is inconsistent with reality, as the 1999 and 2004 bond proceeds alone exceed \$40 million. I appreciate the County now acknowledges that all new money

bond proceeds (i.e., 1994, 1999, and 2004) should always have been reported through the SB 165—a total of more than \$52 million. That said, it should be clear that the County and its auditors must account for the entire \$52 million, yet only \$44 million has been accounted for thus far.

Regardless of whether the County began reporting the unspent balance as of 2001, as of the effective date of SB 165, the construction balances continuously reported to CDIAC do not support this explanation. **Additionally, the cumulative expenditures reported under SB 165 jumped from \$15,676,605 in 2010 to \$24,697,728 in 2011, despite no requisitions being reported or processed during that period.** Compounding this issue, the developer sought and received \$1.9 million from this same CFD 1992-1 during this time frame, raising serious questions about the integrity of the accounting.

I have been pursuing a resolution to this CFD accounting matter for nearly a year. The County must stop stalling and instead publicly acknowledge these errors and take immediate corrective action. After all, the accounting for these separately managed funds should always have been readily available to the County, acting as a fiduciary agent for the fund.

I believe the California Debt and Investment Advisory Commission (CDIAC), among others, will find my presentation of these discoveries compelling enough to formally address these issues with the County without delay if informed. If a formal acknowledgment of how these false reports will be corrected is not forthcoming soon, I plan to escalate this matter to the fullest extent, including filing complaints with accounting regulators and similar authorities, and let the chips fall where they may.

Should you have any questions, or if I can be of assistance, I can be reached at (916) 807-0876.

Sincerely,

Dean

DEANGETZ.COM  
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F: (916) 853-6050

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**From:** Dean Getz <dean@deangetz.com>

**Sent:** Tuesday, November 26, 2024 4:20 PM

**To:** Joe H. Harn <joe.harn@edcgov.us>

**Cc:** heidihannaman@edhcsd.org <heidihannaman@edhcsd.org>; Stephen Ferry <stephenferry@edhcsd.org>; michaelmartinelli@edhcsd.org <michaelmartinelli@edhcsd.org>; benpaulsen@edhcsd.org <benpaulsen@edhcsd.org>; noellemattock@edhcsd.org <NoelleMattock@edhcsd.org>; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV <bosfour@edcgov.us>; bosone@edcgov.us <bosone@edcgov.us>; bosfive@edcgov.us <bosfive@edcgov.us>; bostwo@edcgov.us <bostwo@edcgov.us>; bosthree@edcgov.us <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>; rich.gonzalez@claconnect.com <rich.gonzalez@claconnect.com>; Brandon Young <Brandon.Young@lslcpas.com>; akraus@nbsgov.com <akraus@nbsgov.com>; Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; david.livingston@edcgov.us <david.livingston@edcgov.us>

**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

Dear Auditor-Controller Harn,

(Cc: Auditor Brandon Young, Former Auditor Rich Gonzalez, Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman, D.A. Pierson, County Supervisors, EDHCSD Leadership, Grand Jurors, and Richardson's Sheipline; Bcc: Various recipients),

Thank you for the phone call today, keeping me updated on the County's progress in addressing my concerns.

**In an effort to eliminate any potential confusion about the County's SB 165 responsibilities, all local governments must adhere to the reporting requirements of SB 165 as long as they have voter-approved taxes in effect, even if, in the County's CFD 1992-1 (Serrano) case, voters approved special taxes in the mid-1990s, amounting to up to \$60 million in bonds, with some portion of the \$60 million in bonds issued before the 2001 SB 165 implementation date.**

That said, the County's SB 165 report must detail the proper expenditure of all the bond proceeds from inception to the date of each annual report. To that end, the report also gives the state government a mechanism to monitor

local government compliance with the law, ensuring that funds are spent properly and as promised.

## **EXAMPLE OF MANDATE IMPLEMENTATION**

As an aside, we discussed the analogous implementation of *California's School Bus Safety Act*, which included stop signal requirements and was effective as of September 1, 1992. School buses that were already in service were required to be retrofitted with the new stop signal arm if they were not already equipped with one, in order to provide the same level of safety for children. **In this case, California's *Local Agency Special Tax and Bond Accountability Act* was intended to provide the same level of safety for all taxpayers as of 2001, not to create a loophole for special tax authorizations where total bond issuances are allowed to go underreported because some portions of the bond issuances predate the law.**

It appears that El Dorado County understood this responsibility, as the August 1999 bond issue (*which included refinancing of the 1994 bond issue*), along with the May 2004 bond issue, encompassed the issuance of all \$60 million in authorized bonds and was reported on in 2009, as shown here:



As always, should you have any questions or if I can be of assistance, I can be reached at (916) 807-0876.

Sincerely,

Dean

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**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Sunday, November 24, 2024 10:15 AM

**To:** Joe H. Harn <[joe.harn@edcgov.us](mailto:joe.harn@edcgov.us)>; rich.gonzalez@claconnect.com <[rich.gonzalez@claconnect.com](mailto:rich.gonzalez@claconnect.com)>;



Brandon.Young@slcpas.com <Brandon.Young@slcpas.com>; akraus@nbsgov.com <akraus@nbsgov.com>; Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; David A Livingston <david.livingston@edcgov.us>  
**Cc:** heidi hannaman@edhcsd.org <heidi hannaman@edhcsd.org>; Stephen Ferry <stephenferry@edhcsd.org>; michaelmartinelli@edhcsd.org <michaelmartinelli@edhcsd.org>; benpaulsen@edhcsd.org <benpaulsen@edhcsd.org>; noellemattock@edhcsd.org <NoelleMattock@edhcsd.org>; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV <bosfour@edcgov.us>; BOS-District I <bosone@edcgov.us>; BOS-District V <bosfive@edcgov.us>; BOS-District II <bostwo@edcgov.us>; BOS-District III <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>  
**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

Dear Auditor Brandon Young, Former Auditor Rich Gonzalez, Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman and D.A. Pierson (Cc: County Supervisors, EDHCSD Leadership, Grand Jurors and Richardson's Sheipline; Bcc: Various recipients),

Based on the County's response to my public records request in February 2024, the County has seemingly been unable (to the present day) to easily account for more than \$44 million of the \$52 million raised through the CFD 1992-1 (Serrano) Mello-Roos bonds. Turning to how this might have been permitted to occur, I have reviewed El Dorado County's most recent (2022-23) external audit, which seemingly fails to properly audit the separate accounting of any of its six (6) Community Facilities District's (CFD's) custodial funds administered by the County.

In an effort to illustrate, in my opinion, the substandard accounting for these custodial funds, I've outlined in this video [<https://deangetz.com/el-dorado-county-audit-oversight-vs-monterey-county/>] the difference in CFD reporting between El Dorado and Monterey Counties—both prepared by CliftonLarsonAllen LLP.



Of course, I suspect that if these custodial accounts were properly audited and reported, the County would be easily able to account for all the bond proceeds and the corresponding expenditures pursuant to the terms of the original formation documents, today. In other words, it should be clear to

the County and its auditors that they cannot continue to publicly misreport these funds and dismiss it all as a mistake.

Should you have any questions, or if I can be of assistance, I can be reached at (916) 807-0876.

Sincerely,  
Dean

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**From:** Dean Getz <dean@deangetz.com>

**Sent:** Friday, November 15, 2024 10:51 AM

**To:** Joe H. Harn <joe.harn@edcgov.us>; rich.gonzalez@claconnect.com <rich.gonzalez@claconnect.com>;

Brandon.Young@slcpas.com <Brandon.Young@slcpas.com>; akraus@nbsgov.com <akraus@nbsgov.com>;

Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; David A Livingston <david.livingston@edcgov.us>

**Cc:** heidihannaman@edhcsd.org <heidihannaman@edhcsd.org>; Stephen Ferry <stephenferry@edhcsd.org>;

michaelmartinelli@edhcsd.org <michaelmartinelli@edhcsd.org>; benpaulsen@edhcsd.org <benpaulsen@edhcsd.org>;

noellemattock@edhcsd.org <NoelleMattock@edhcsd.org>; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV

<bosfour@edcgov.us>; BOS-District I <bosone@edcgov.us>; BOS-District V <bosfive@edcgov.us>; BOS-District II

<bostwo@edcgov.us>; BOS-District III <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern

R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>;

contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>

**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

Dear Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, Auditor Brandon Young, Former Auditor Rich Gonzalez, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman and D.A. Pierson (Cc: County Supervisors, EDHCSO Leadership, Grand Jurors and Richardson's Sheipline; Bcc: Various recipients),

As you're aware, the County's 2024 SB 165 report for CFD 1992-1 (Serrano), along with all other reports, is due by year-end. To ensure transparency, I've outlined in this video [<https://deangetz.com/county-faces-millions-missing-in-mello-roos/>] how the initial construction deposit has been misrepresented, seemingly constituting active fraud if the fund's money continues to be inaccurately reported.



For your convenience, the SEC-regulated bond offerings are linked here: [1994](#), [1999](#), [2004](#) and [2012](#). I am also identifying that the SEC-regulated bond offering(s) include a recap of the facilities funds to date, along with those to be funded through the 1994–2004 bond offerings, confirming more than \$52 million in total CFD construction funds (for funded facilities), excerpted here:

**Let's be clear: since February 2024, when the County first provided its expenditures for the Serrano CFD, it has seemingly been unable to account for more than \$44 of the \$52 million raised through the CFD 1992-1 (Serrano) Mello-Roos bonds.** However, it should be clear to the County and its auditors that they cannot continue to publicly misreport this fund, leaving millions unaccounted for, and dismiss it all as a mistake. In other words, the County's 2024 SB 165 report, due to the public and the County Supervisors next month, cannot continue to present knowingly false numbers.

Should you have any questions, or if I can be of any assistance, I can be reached at (916) 807-0876.

Sincerely,

Dean

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F: (916) 853-6050

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**From:** Joe H. Harn <joe.harn@edcgov.us>

**Sent:** Thursday, October 31, 2024 12:42 PM

**To:** Dean Getz <dean@deangetz.com>; rich.gonzalez@claconnect.com <rich.gonzalez@claconnect.com>; Brandon.Young@slcpas.com <Brandon.Young@slcpas.com>; akraus@nbsgov.com <akraus@nbsgov.com>; Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; David A Livingston <david.livingston@edcgov.us>  
**Cc:** heidihaman@edhcsd.org <heidihaman@edhcsd.org>; Stephen Ferry <stephenferry@edhcsd.org>; michaelmartinelli@edhcsd.org <michaelmartinelli@edhcsd.org>; benpaulsen@edhcsd.org <benpaulsen@edhcsd.org>; noellemattock@edhcsd.org <NoelleMattock@edhcsd.org>; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV <bosfour@edcgov.us>; BOS-District I <bosone@edcgov.us>; BOS-District V <bosfive@edcgov.us>; BOS-District II <bostwo@edcgov.us>; BOS-District III <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>  
**Subject:** RE: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

Mr. Getz,

I take your emails very seriously.

As time and access to county records permits, I am attempting to determine the validity of your assertions.

This CFD was formed in 1992. All of the records pertaining to this CFD and the specific plan (1989) are not at my fingertips.

In the past, I have acknowledged in writing to you errors made by the County of El Dorado, and I will continue to do so as I identify them.

You will be hearing from me again regarding your email in the near future.

Joe Harn  
Auditor-Controller  
El Dorado County

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**From:** Dean Getz <dean@deangetz.com>

**Sent:** Thursday, October 31, 2024 11:47 AM

**To:** rich.gonzalez@claconnect.com; Brandon.Young@slcpas.com; Joe H. Harn <joe.harn@edcgov.us>; akraus@nbsgov.com; Benjamin.Glickman@doj.ca.gov; David A Livingston <david.livingston@edcgov.us>  
**Cc:** heidi hannaman@edhcsd.org; Stephen Ferry <stephenferry@edhcsd.org>; michaelmartinelli@edhcsd.org; benpaulsen@edhcsd.org; noellemattock@edhcsd.org; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV <bosfour@edcgov.us>; BOS-District I <bosone@edcgov.us>; BOS-District V <bosfive@edcgov.us>; BOS-District II <bostwo@edcgov.us>; BOS-District III <bosthree@edcgov.us>; Ingrid Shepline <IShepline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com; James A. Clinchard <james.clinchard@edcda.us>

**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

**Importance:** High

Dear Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, Auditor Brandon Young, Former Auditor Rich Gonzalez, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman and D.A. Pierson (Cc: County Supervisors, EDHCSD Leadership, Grand Jurors and Richardson's Shepline; Bcc: Various recipients),

As a follow-up to my previous emails on October 17, 22, and 29, 2024 (all shown below), I am now identifying over \$52 million in CFD 1992-1 (Serrano) tax-exempt bond proceeds for which the County must immediately account in its fiduciary (agent) capacity. In other words, there are millions of dollars in fiduciary funds that are unaccounted for (or missing) in any way you cut it. I will provide further clarification.

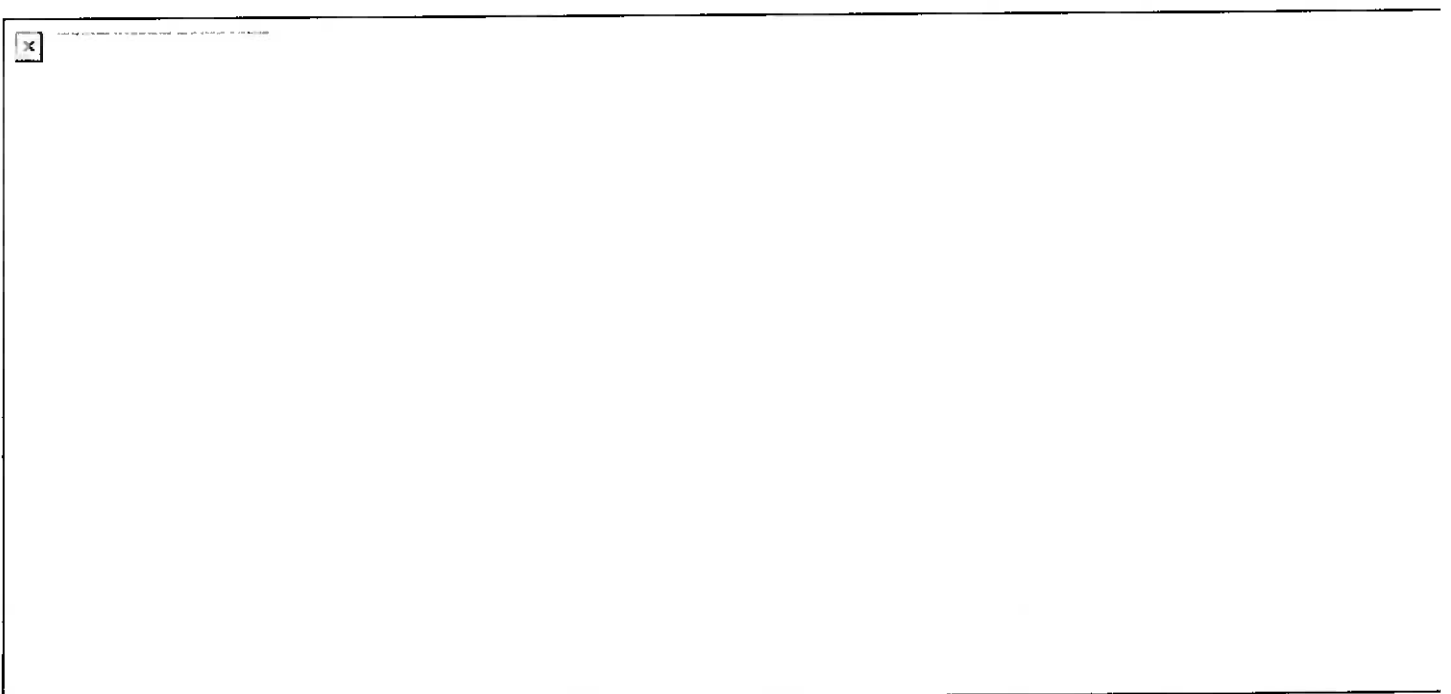
## **CONSTRUCTION ACCOUNT ACCOUNTING**

Senate Bill (SB) 165, also known as the "Local Agency Special Tax and Bond Accountability Act," requires the County to report the amount of funds collected and expended. For decades, the County has reported its SB 165 initial deposit as \$23,950,450, associated with **California Debt Investment Advisory Commission (CDIAC) #1999-1737** issued in August 1999 and

**CDIAC #2004-0529 issued in May 2004.** This initial deposit figure is demonstrably false.

CDIAC #1999-1737, which includes the rollover or refinancing of 1994 Series bonds, and CDIAC #2004-0529 account for more than \$52 million in bond proceeds that should be recorded as the initial deposit to the construction account. In fact, based on the SEC-regulated bond offerings, CDIAC #1999-1737 provided \$24,367,633 as the initial deposit to the construction account, not including the funds rolled over or refinanced from the 1994 Series bonds. Moreover, CDIAC #2004-0529, which is also reported as part of the County's SB 165 initial deposit, adds another \$15,895,055, bringing the total deposit to the construction account to unarguably over \$40 million—again, not including the construction funds rolled over with the refinancing of the 1994 Series bonds.

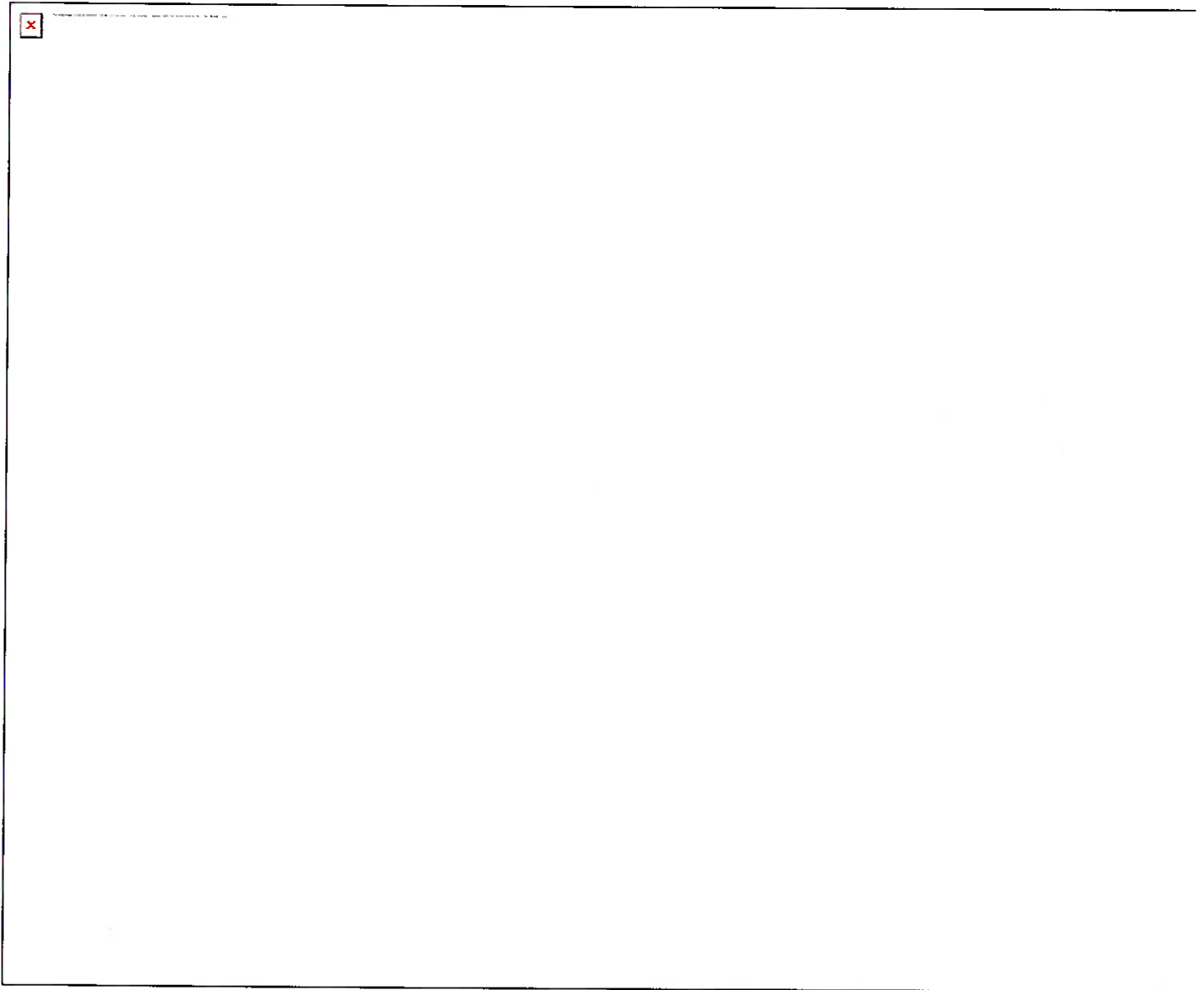
The County's reporting of \$23,950,450 in construction funds which is nowhere near reality violates the spirit and intent of the SB 165 reporting which really requires a simple and complete transparent accounting of all the construction funds and their corresponding expenditures. Based on the 'uses' listed in the SEC-regulated bonds offerings to investors and the public, for the I am documenting over \$52 million in CFD 1992-1 (Serrano) tax-exempt bond proceeds as follows:





Construction Account graphic ([linked here](#))

To be absolutely clear, the County continuously identifies the construction funds (acquisition funds) from bonds issued in August 1999 along with those issued in May 2004 as combined \$23,950,450 in funds which is demonstrable false as documented here:



Initial Deposit graphic ([linked here](#))

Underlying Bond 'Uses' Excerpts ([linked here](#))

In other words, the County's reporting of \$23,950,450 is incorrect and conceals the actual amount of construction (also referred to as acquisition) funds to be spent, which exceeds \$52 million (including cost of issuance) in violation of the law.

The reported amount of about \$24 million in construction funds doesn't even cover the contribution from the '8/1/1999' Series bonds, much less the '5/26/2004' amount, which contributes nearly \$16 million more and is listed as included. As recapped above, the total construction funds exceed \$52 million when accounting for the 1994 Series proceeds, while the County continues to struggle significantly to account for the expenditures from the funds actually deposited into the construction fund.

### **CDIAC YEARLY REPORTING**

Interestingly, the County's NBS-prepared 2011 'Yearly Fiscal Status Report,' filed with and received by the state of California on '10-26-2011,' reports the remaining construction funds in CDIAC #1999-1737 issued in August 1999 as **\$153,096** ([linked here](#)) and CDIAC #2004-0529 as **\$0** ([linked here](#)).

To that end, as previously identified to you in my first email dated October 17, 2024, the 2012 - 2016 SB 165 reports indicate that there's about \$154,000 left in construction funds with the funding being reported as **"Complete"** as recapped here:



To be absolutely clear, every County-issued SB 165 report since then is predicated on the false amount of \$23,950,450 in construction funds through 2023, with the 2024 report to be presented to the County Supervisors for ratification by year-end.

Once again, I assure you that a growing list of regulatory agencies—including the CDIAC—will likely be compelled to weigh in on these matters if they are not resolved expediently and transparently. That said, I'm quite confident that a brief public presentation at the next Joint Legislative Audit Committee hearing of the California Legislature will get the issued promptly addressed and provide the matter attention it deserves.

Once again, I urge you to publicly acknowledge my concerns. Should you have any questions, or if I can be of any assistance, I can be reached at (916) 807-0876.

Sincerely,

Dean

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**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Tuesday, October 29, 2024 8:30 PM

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**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits – [REITERATED] Gov't Code 7920 Request: CFD 1992-1-Unaccounted for \$9 Million Increase

Dear Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, Auditor Brandon Young, Former Auditor Rich Gonzalez, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman and D.A. Pierson (Cc: County Supervisors, EDHCSD Leadership, Grand Jurors and Richardson's Shepline; Bcc: Various recipients)

Following my previous correspondence dated October 17, 2024, regarding the violation of the "Private Loan Financing Test," and my more recent correspondence dated October 22, 2024, concerning the violation of the CFD formation document limitations for uses of funds, I am now identifying more than \$16,500,000 in unaccounted-for CFD 1992-1 (Serrano) tax-exempt bond proceeds. Once again, I will explain.

### **UNACCOUNTED FOR TAX-EXEMPT FUNDS**

The County authorized the issuance of up to \$60,000,000 in CFD 1992-1 tax-exempt bonds per County Resolution 65-93. The County's Auditor-Controller publicly reported to the County's Supervisors in 2012 that **"all \$60,000,000 in CFD 1992-1 bond proceeds had been issued"** ([linked here](#)). However, we now understand that only \$33 million had been spent through 2012, with about \$43.5 million expended to the present day, when I include a \$3.5 million IOU for the Serrano Village J Park, according to the County's Auditor-Controller's recap ([linked here](#)).

The County reported no new acquisitions in 2010, publicly disclosing \$15,675,604 in spending to date, reportedly up through the County's requisition number 27 based on the 2009 NBS report, with more than \$9 million remaining to be spent pursuant to the County's Senate Bill (S.B.) 165 report to the public shown below:



Side-by-side graphic ([linked here](#))

What's fascinating (referring to the side-by-side image above) is that in the following year (2011), the County and its NBS consultant reported no

acquisitions, with a little over \$2 million left to spend. However, the expended amount jumped to \$24,697,272, reflecting an approximately \$9 million increase in unaccounted-for accumulated expenditures.

Let's be absolutely clear: every subsequent NBS report is predicated on this (unaccounted for) \$9 million increase through 2023, with the 2024 report to be issued by year-end.

### **[REITERATED] GOV'T CODE 7920 REQUEST - UNACCOUNTED FOR TAX-EXEMPT FUNDS**

With that in mind, pursuant to Government Code § 7920 et seq., I respectfully reiterate by October 17, 2024 request copies of any records in the County's possession:

- Any and all accounting for the additional bond proceeds, including any expenditures (regardless of where) of the CFD 1992-1 bond proceeds beyond the approximately \$43.5 million documented or identified in the table above.

As you all likely know, the County cannot successfully stonewall me—or the growing list of interested taxpayers—regarding the whereabouts of the unaccounted-for CFD 1992-1 funds. Moreover, individuals like Mr. Young and Mr. Kraus must understand that the County acts as an agent for its taxpayers and, as such, has a fiduciary responsibility to uphold the highest standards in properly accounting for these funds. The County must address these issues before an outside agency is forced to step in.

That said, I urge each of you to consider the risks to your professional licenses and reputations, just as the El Dorado Hills CSD's auditor seemingly did before their recent disengagement with the El Dorado Hills CSD—partly at Mr. Harn's urging—regarding the unfolding and interrelated issues of this matter ([linked here](#)). This serves as a testament to my resolve to get to the bottom of these types of issues.

I assure you once again that a growing list of regulatory agencies could (and likely will) weigh in on these matters if they are not resolved expediently and

transparently, which seems unlikely given your lack of acknowledgment of the materially significant and increasingly well-documented concerns.

Should you have any questions, I can be reached (916) 807-0876.

Sincerely,



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**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Tuesday, October 22, 2024 11:17 AM

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**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits – NEW Gov't Code 7920 Request: CFD 1992-1 Funding Limitations

Dear Auditor-Controller Harn, County Counsel Livingston, and CAO Schmid and Supervising Deputy Attorney at Cal A.G., Glickman (Cc: External County Auditor Brandon Young, Former Auditor Rich Gonzalez, NBS Rep Andrew Kraus, EDHCSD Leadership, and Richardson's Sheipline; Bcc: Various recipients),

I am following up on my emails from October 11 and October 17, 2024, regarding the substandard external audits of the County's Community Facilities Districts (CFDs). I am documenting how the County's 2020 Village J Park agreement linked ([Click here](#)) for \$3.5 million in CFD 1992-1 funds violates the CFD's formation documents, leaving the El Dorado Hills CSD with zero funds from the Serrano CFD 1992-1 and likely rendering the 2020 agreement inoperable, null and void! I will succinctly explain.

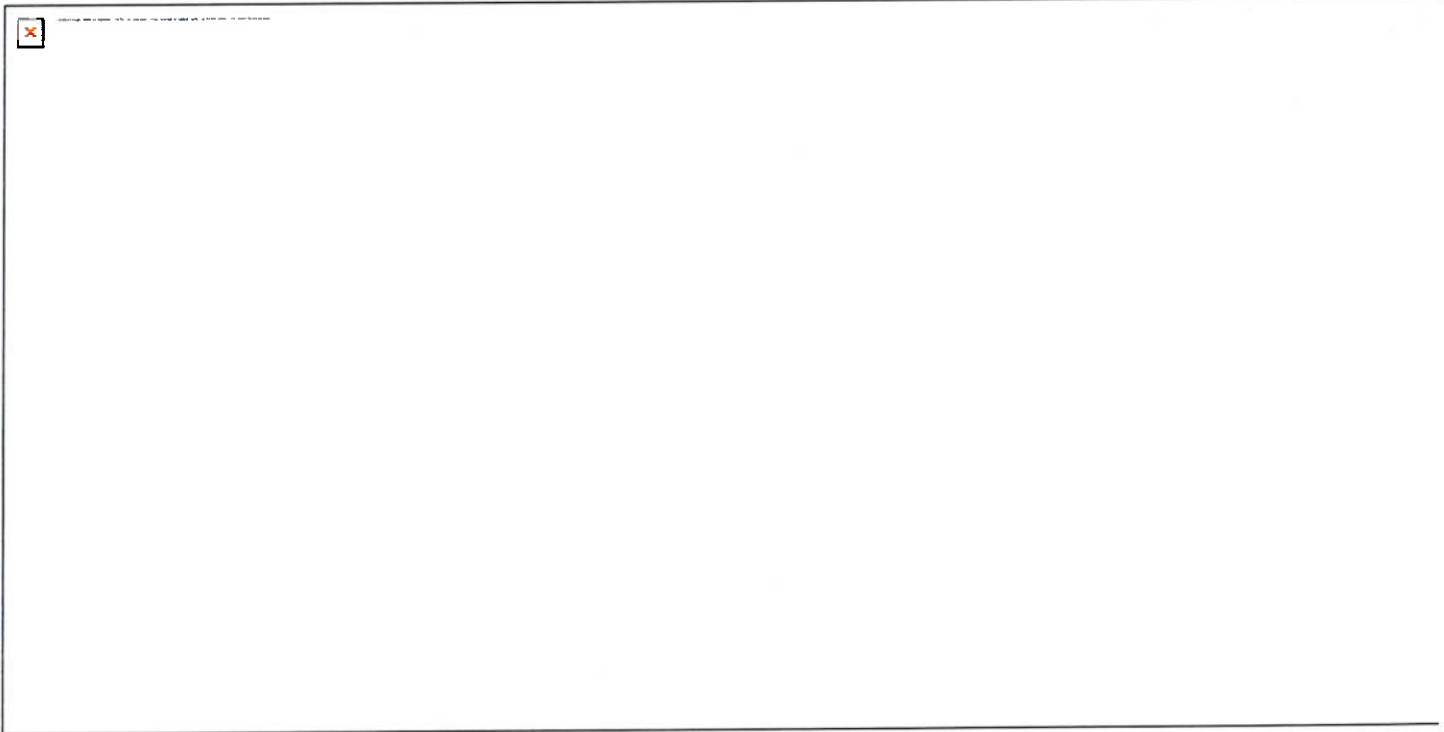


## **CFD FUNDING LIMITATION - \$2 MILLION FOR PARKS**

The CFD 1992-1 (Serrano) implemented the El Dorado Hills Specific Plan's Financing Plan, which includes a \$2,000,000 limitation for the public parks adjusted for inflation based on the 1988 California Construction Index for San Francisco. This explicitly applies to the three public parks required by the plan. In 1988, the California Construction Cost Index (CCCI) for San Francisco was approximately 3742, rising to about 3993 in 2002—a 6.7% increase over 14 years.

According to the County's CFD requisitions listed below, the second park, Alan Lindsey Park (requisition number 14 in 2002) plus Village Green (requisition 14 in 1999), exceeds the \$2,000,000 limitation by several hundred thousand dollars. The CFD's park limit, adjusted for the CCCI through 2002, would permit CFD park expenditures of up to \$2,134,000, resulting in the unquestionable exhaustion of CFD park funds by 2002. This leaves both the County and the developer seemingly overdrawn under this limitation and the El Dorado Hills CSD without any funding whatsoever for Village J Park.

The County Counsel himself, in the drafting of this illegal 2020 Village J Park agreement acknowledges this funding limitation as follows:



**Let's be absolutely clear: the developer has always known that they are obligated to fund this turnkey park.** The County, as the fiduciary for these funds, entered into a knowingly illegal 2020 agreement for \$3.5 million in CFD funding to be reimbursed to the El Dorado Hills CSD ('District'), which is not permissible because it plainly violates the formation documents. Such funding can only be authorized through two-thirds approval from the taxpayers in this legally constituted separate governmental entity (CFD), in which the County acts as an agent.

In other words, the County and the developer have always known that the developer is obligated to entirely fund and construct this park since 2002 in exchange for either no or greatly reduced Park Impact Fees associated with thousands of building permits in Serrano development, as acknowledged by Kirk Bone in 2006 ([linked here](#)) and excerpted below:



### **CFD FUNDING LIMITATION - \$275,000 FOR OPEN SPACE**

Just as the CFD 1992-1 (Serrano) implemented the limitations of the El Dorado Hills Specific Plan's Financing Plan for public parks, the Financing Plan included \$275,000, adjusted for inflation based on the 1988 California Construction Index for San Francisco, for Open Space improvements. According to the County's CFD requisitions listed below, the 2023 Serrano Pedestrian K1/K2 Trail Phase 4 and the 2016 Serrano Pedestrian Trail K1/K2 Phase 5 expenditures exceed \$1 million. **A 210% increase on \$275,000 in 1988 dollars, generously adjusted for the CCCI as of 2023, would result in a limit of \$852,500 for Open Space improvements, which also appears to have been exceeded. To be absolutely clear, this assumes that no other open space improvements were CFD-reimbursed in the decades leading up to the first payment for the Serrano Pedestrian K1/K2 Trail in 2016.**

### **NEW GOV'T CODE 7920 REQUEST - CFD 1992-1 FUNDING LIMITATIONS**

With that in mind, pursuant to Government Code § 7920 et seq., I respectfully request copies of any records in the County's possession:

- **A copy of the County's Joint Community Facilities Financing Agreement with El Dorado Hills CSD (EDHCSD).**
- **A copy of the County's Joint Community Facilities Financing Agreement with El Dorado Irrigation District (EID).**
- **A copy of all County calculations related to the limitations based on the California Construction Cost Index (CCCI) for San Francisco, as outlined in the EDHSP's Financing Plan and/or the County's Joint Community Facilities Financing Agreement with El Dorado Hills CSD (EDHCSD) for their covered facilities.**
- **A copy of all County calculations related to the limitations based on the California Construction Cost Index (CCCI) for San Francisco, as outlined in the EDHSP's Financing Plan and/or the County's Joint Community Facilities Financing Agreement with El Dorado Irrigation District (EID) for their covered facilities.**

As you all know, the County, through its associated professionals—Mr. Young, Mr. Gonzalez, and Mr. Kraus—acts as an agent for these taxpayers and, as such, has a fiduciary responsibility. A growing list of regulatory agencies could (and likely will) weigh in on these issues if they are not resolved expediently and transparently.

I urge you all to join Mr. Harn in publicly acknowledging these increasingly well-documented concerns to avoid further, unnecessary escalation of this matter.

Should you have any questions, I can be reached (916) 807-0876.

Sincerely,



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**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Thursday, October 17, 2024 2:24 PM

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**Subject:** Substandard CFD 1992-1 (Serrano) Audits – New Gov't Code 7920 Request: Unaccounted for Assets & Funds

Dear External County Auditor Brandon Young, Former Auditor Rich Gonzalez, NBS' Rep Andrew Kraus & Melanie Young, Auditor-Controller Harn and Richardson's Sheipline (Cc: County and EDHCSD Leadership; Bcc: Various recipients),

Nearly a week ago, I informed the County's external auditors that the audits of the County's Community Facilities Districts (CFDs) are substandard because they fail to audit them as a 'fiduciary component unit.' I reminded the auditors that the County merely acts as an agent that facilitates the collection of assessments, reimburses for publicly acquired improvements, and initiates foreclosures on taxpayers for nonpayment, without assuming responsibility for the underlying debt repayment.

This lack of oversight in the audit is potentially actionable by regulatory agencies (e.g., State Board of Accounting, AICPA, etc.)—especially if it conceals serious breaches of duty by the County (auditee), as it appears. Despite receiving read receipts, the County's Auditor Controller, Mr. Harn is the only one that has acknowledged these serious concerns. The external

auditors should not attempt to ignore this issue and expect that the matter won't escalate.

## **MISSING BOND PROCEEDS**

That said, based on the following simple analysis, the County has issued 'up to \$60 million' in principal bond proceeds to acquire or construct the authorized CFD 1992-1 facilities as follows:



This image is also hyperlinked ([Click here](#)).

The actual SEC-regulated bond offerings recapped above are linked here: [1994](#), [1999](#), [2004](#) and [2012](#).

## **MISSING CAPITAL ASSETS**




As mentioned in my previous email, the County's Auditor-Controller has provided a recap of approximately \$40 million in expenditures linked ([Click here](#)) from the CFD funds. **This includes \$3.5 million committed to the El Dorado Hills Community Services District for the Village J public park. However, this accounts for only about \$43.5 million of the \$61 million in CFD 1992-1 (Serrano) bond proceeds. In other words, there are over \$16 million in unaccounted bond proceeds seemingly missing in this "fiduciary component unit."**




I also identified that the County could be liable for taxes on the bonds from their original issuance. Under the Mello Roos Act, no more than 5% of the bond proceeds can be used for authorized facilities that are privately owned in connection with the tax-exempt status of the bonds issued by the County. **In fact, in addition to the unaccounted bond proceeds issue identified above, the County has accounted for only 32 reimbursement requisitions, with one pending: the Village J Park's \$3,500,000.**



Of the 32 requisitions, 6 are now known to have been improperly reimbursed (identified by green checkmark in the table below) to the developer because the County or its related El Dorado Hills Community Services District ('District') was not properly offered the dedication of the property. This issue was brought to the attention of those in control of the County and the District back in August 2024, linked ([Click here](#)).

Regardless, this results in exceeding the 5% tax exemption limitation for privately held bond proceeds by a significant margin (13.7%), which is not mitigated if the currently unaccounted \$16-plus million in bond proceeds is later shown to have been properly spent (9.8%), as documented in the table below:

CFD 1992-1 [SERRANO] EXPENDITURES						
REQ.	ANN. REP.	DATE	ACCT. ENTRY	DESCRIPTION	AMOUNT	PRIVATE HELD
TBD	-	TBD	-	Village J Lot H Park	\$3,500,000	
30	<a href="#">NBS-2023</a>	2023-05-02	FENIX Doc 951295	Serrano Pedstrian Trail K1/K2 Phase 4	\$572,227	
29	<a href="#">NBS-2022</a>	2021-12-17	FENIX Doc 720209	Serrano Landscape Improvement	\$1,691,735	
-	<a href="#">NBS-2017</a>	2016-10-28	JE2016.....	Serrano Pedestrian Trail K1/K2 Phase 5	\$436,895	
-	<a href="#">NBS-2016</a>	2015-01-26		Sienna Ridge Dr Road and Signalization	\$3,559,597	

28	<a href="#">NBS-2010</a>	2010-02-16	JE201002005	Refund of Reserve Int Credit	\$390,417	
27	<a href="#">NBS-2008</a>	2008-05-14	JE2803074	<b>Serrano/Bass Lk Landscape</b>	<b>\$656,241</b>	
26	<a href="#">NBS-2008</a>	2007-08-28	JE2800374	Serrano Prkwy - East	\$862,892	
25	<a href="#">NBS-2008</a>	2007-08-28	JE2800375	Silva Vly Ext - South & White Rock Rd Ext	\$323,346	
24	<a href="#">NBS-2007</a>	2007-05-15	JE2702980	Formation Costs-Final Report	\$108,437	
23	<a href="#">NBS-2007</a>	2006-11-28	JE2700023626-01	El Dorado Hills Library	\$2,000,000	
22	<a href="#">NBS-2007</a>	2006-09-26	JE2700549	<b>Public Landscaping Villages G &amp; J</b>	<b>\$1,238,518</b>	
21	<a href="#">NBS-2007</a>	2006-08-22	JE2700320	Signalization(s) Serrano Prkwy, Silva Vly, Harvard Wy	\$515,064	
20	<a href="#">NBS-2006</a>	2005-04-13	JE2502255	<b>Serrano Prkwy &amp; A. Lindsey Park Landscaping</b>	<b>\$1,395,062</b>	
19	<a href="#">NBS-2005</a>	2005-01-13	JE2503207	Village Green Prkwy (J3-G)	\$1,094,805	
18	<a href="#">NBS-2005</a>	2004-10-29	JE2503206	South Uplands Sewer System (Per FAMIS &/or NBS Docs)	\$1,018,985	

17	<a href="#">NBS-2005</a>	2004-09-13	JE2500433	North Uplands Sewer System	\$1,070,551	
16	<a href="#">NBS-2003</a>	2003-06-17	JE2302872	South Uplands Sewer System	\$445,767	
15	<a href="#">NBS-2003</a>	2003-06-04	JE2302798	Village Green Prkwy (K3/K4-J3)	\$2,432,775	
14	<a href="#">NBS-2003</a>	2002-08-07	JE2301456	District Park - Village A Ballfields	\$722,935	
13	NOT REPORTED	2002-03-01	JE2202619	Silva Vly Parkway	\$656,257	
12	NOT REPORTED	2002-02-19	JE2202282	South Uplands Sewer Line	\$1,346,795	
11	NOT REPORTED	2001-08-21	JE2200315	Silva Vly Prkwy & Serrano Prkwy	\$1,074,203	
10	NOT REPORTED	2001-07-12	JE2200314	North Uplands Sewer System	\$540,487	
9	NOT REPORTED	2000-11-16	JE2103139	Appian Wy	\$430,700	
8	NOT REPORTED	2000-05-22		Formation Costs	\$292,295	
7	NOT REPORTED	2000-04-28		Serrano Prkwy Country Club to Village K3/4	\$881,695	
6	NOT REPORTED	2000-04-25		Silva Vly Prkwy Serrano to Village A	\$949,313	
5	NOT PRODUCED	1999-12-20		Village Green Lake, Facilities, Park,	\$1,686,750	

				Landscape, & Serrano Prkway		
4	NOT PRODUCED	1999-09-21		North Uplands Sewer System	\$608,873	
3	NOT PRODUCED	1999-09-08		Cost of Issuance	\$6,952	
2	NOT PRODUCED	1999-09-01		Formation Costs	\$309,298	
1	NOT PRODUCED	1999-08-31		Cost of Issuance, Acq. Of Completed Facilities	\$10,765,965	
				CFD 1992-1 Bond Expenditures (to date):	\$43,585,834	13.7%
				CFD 1992-1 Bond Proceed Expenditures:	\$61,140,000	9.8%

This table is also hyperlinked ([Click here](#))

**GOV'T CODE 7920 REQUEST - UNACCOUNTED CFD 1992-1 ASSETS & FUNDS**

With that in mind, pursuant to Government Code § 7920 et seq., I respectfully request copies of any records in the County's possession:

- Any and all accounting for the additional bond proceeds, including any expenditures (regardless of where) of the CFD 1992-1 bond proceeds beyond the approximately \$43.5 million documented or identified in the table above.

- Associated with requisition numbers 27, 22, 20, 19, 15, and 5, and/or any other public right-of-way (landscape) or public open space (improvement) project where the developer communicated to the County that the sought reimbursements was in compliance with the CFD regulations including the County's "Guidelines for Special District Acquisition Projects," and therefore the CFD payment was made.

As you all know, as the County's associated professionals—Mr. Young, Mr. Gonzalez, Mr. Kraus, and Ms. Young—the County acts as an agent for these taxpayers and, as such, has a fiduciary responsibility. A growing list of regulatory agencies could (and likely will be forced to) weigh in on these issues if they are not transparently corrected, at a minimum, to preserve the tax-exempt status of the County-issued bonds for the acquisition of these public improvements.

I urge you all to join Mr. Harn in acknowledging these increasingly well-documented concerns and beginning to transparently address them in order to avoid unnecessary escalation of this matter.

Should you have any questions, I can be reached (916) 807-0876,

Sincerely,



DEANGETZ.COM

P: (916) 807-0876

F: (916) 853-6050

4935 Hillsdale Circle | El Dorado Hills | CA 95762 USA | [www.deangetz.com](http://www.deangetz.com)

---

**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Friday, October 11, 2024 2:21 PM

**To:** [rich.gonzalez@claconnect.com](mailto:rich.gonzalez@claconnect.com) <[rich.gonzalez@claconnect.com](mailto:rich.gonzalez@claconnect.com)>;

[Brandon.Young@slcpas.com](mailto:Brandon.Young@slcpas.com) <[Brandon.Young@slcpas.com](mailto:Brandon.Young@slcpas.com)>; [joe.harn@edcgov.us](mailto:joe.harn@edcgov.us) <[joe.harn@edcgov.us](mailto:joe.harn@edcgov.us)>; Ingrid Sheipline <[ISheipline@richardsoncpas.com](mailto:ISheipline@richardsoncpas.com)>

**Cc:** [heidihannaman@edhcsd.org](mailto:heidihannaman@edhcsd.org) <[heidihannaman@edhcsd.org](mailto:heidihannaman@edhcsd.org)>; Stephen Ferry <[stephenferry@edhcsd.org](mailto:stephenferry@edhcsd.org)>; [michaelmartinelli@edhcsd.org](mailto:michaelmartinelli@edhcsd.org) <[michaelmartinelli@edhcsd.org](mailto:michaelmartinelli@edhcsd.org)>; [benpaulsen@edhcsd.org](mailto:benpaulsen@edhcsd.org) <[benpaulsen@edhcsd.org](mailto:benpaulsen@edhcsd.org)>; [noellemattock@edhcsd.org](mailto:noellemattock@edhcsd.org) <[NoelleMattock@edhcsd.org](mailto:NoelleMattock@edhcsd.org)>; [david.livingston@edcgov.us](mailto:david.livingston@edcgov.us) <[david.livingston@edcgov.us](mailto:david.livingston@edcgov.us)>; Tiffany Schmid <[Tiffany.Schmid@edcgov.us](mailto:Tiffany.Schmid@edcgov.us)>; BOS-District IV <[bosfour@edcgov.us](mailto:bosfour@edcgov.us)>; [bosone@edcgov.us](mailto:bosone@edcgov.us) <[bosone@edcgov.us](mailto:bosone@edcgov.us)>; [bosfive@edcgov.us](mailto:bosfive@edcgov.us) <[bosfive@edcgov.us](mailto:bosfive@edcgov.us)>;



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**Subject:** Substandard El Dorado County Audits – CFD 1992-1 (Serrano) Discrepancies

Dear External County Auditor Brandon Young, Former Auditor Rich Gonzalez, Auditor-Controller Harn and Richardson's Sheipline (Cc: County and EDHCSD Leadership; Bcc: Various recipients),

As you're both aware, as the current (Mr. Young) and the most recent (Mr. Gonzalez) external auditors of El Dorado County, the County operates several Community Facilities Districts (CFDs), where it acts as an agent for property owners, collecting assessments and, if necessary, initiating foreclosures, but is not obligated to repay the debt. As such, the County is a fiduciary acting as an agent for these individual 'fiduciary component units'—as demonstrated in **Richardson & Company's audit** of the Rancho Murieta Community Services District example (linked here: [Click here](#)).

However, the County's (arguably) substandard audit reports fail to properly track and report on this legally constituted separate governmental entity, resulting in seemingly unintended consequences and potentially concealing improprieties from the public that might otherwise be visible. I will explain.

### **CFD 1992-1 ('SERRANO') ADMINISTRATION**

According to the County's Auditor-Controller Harn, he has operated with zero oversight from the County Supervisors or the public through properly agendized board meetings for his administration of the collection and expenditure of these funds linked ([Click here](#)), seemingly with the only exception being homeowner foreclosures within the Serrano CFD-1992 fiduciary component unit, for decades. Astoundingly, according to Harn, is in accordance with a 2004 Supervisors' resolution linked ([Click here](#)).

Couple the lack of oversight from County Supervisors and the public through properly agendized board meetings with the fact that the external audits have continuously failed to properly account for these fiduciary funds held by the County as an individual 'fiduciary component unit'—it should come as no surprise that there visible signs of discrepancies.



## **SB 165 REPORTING - CFD 1992-1 ('SERRANO')**

For example, the County's Senate Bill (SB) 165 reporting through year-end 2016 indicated that the CFD was deemed "complete," meaning all the authorized facilities had been construction or acquired and reporting a remaining fund balance of just **\$155,253**, only to inexplicably gain millions of additional dollars in in the year-end balance as recapped in the table below:

YEAR	INITIAL DEPOSIT (Construction Fund)	YEAR END BALANCE	EXPENDED	STATUS	SB 165 REPORT
2023	\$23,950,450	<i>\$4,101,431</i>	<i>\$26,801,609</i>	<i>Ongoing</i>	<a href="#">Link</a>
2022	\$23,950,450	<i>\$4,600,896</i>	<i>\$26,229,382</i>	<i>Ongoing</i>	<a href="#">Link</a>
2021	\$23,950,450	<i>\$6,271,202</i>	<i>\$24,537,647</i>	<i>Ongoing</i>	<a href="#">Link</a>
2020	\$23,950,450	<i>\$6,226,979</i>	<i>\$24,537,647</i>	<i>Ongoing</i>	<a href="#">Link</a>
2019	\$23,950,450	<i>\$6,094,558</i>	<i>\$24,537,647</i>	<i>Ongoing</i>	<a href="#">Link</a>
2018	\$23,950,450	<i>\$5,965,220</i>	<i>\$24,537,647</i>	<i>Ongoing</i>	<a href="#">Link</a>
2017	\$23,950,450	<i>\$156,178</i>	<i>\$24,537,647</i>	<i>Ongoing</i>	<a href="#">Link</a>
<b>2016</b>	<b>\$23,950,450</b>	<b>\$155,253</b>	<b>\$24,100,752</b>	<b>COMPLETE</b>	<a href="#">Link</a>
<b>2015</b>	<b>\$23,950,450</b>	<b>\$154,589</b>	<b>\$24,100,752</b>	<b>COMPLETE</b>	<a href="#">Link</a>
<b>2014</b>	<b>\$23,950,450</b>	<b>\$154,165</b>	<b>\$24,695,870</b>	<b>COMPLETE</b>	<a href="#">Link</a>
2013	\$23,950,450	\$153,812	\$24,695,870	<i>Ongoing</i>	<a href="#">Link</a>
2012	\$23,950,450	\$153,502	\$24,695,870	<i>Ongoing</i>	<a href="#">Link</a>
2009	\$23,950,450	\$9,171,775	\$15,672,160	<i>Ongoing</i>	<a href="#">Link</a>
2009	\$23,950,450	\$9,171,775	\$15,672,160	<i>Ongoing</i>	<a href="#">Link</a>

[\(Table Source with Clickable Links\)](#)

Let's be clear: the Serrano CFD 1992-1's formation authorized up to \$60 million in bond proceeds to fund the 'authorized' list of facilities, yet the County's published accounting (e.g., SB 165 reports), along with its audit reports, have repeatedly failed to properly account for the full bond proceeds and corresponding expenditures. This is in large part to substandard external auditing procedures, coupled with what appears to be an extraordinary lack of proper oversight of this poorly supervised individual 'fiduciary component unit.'

### **CFD 1992-1 TAX-EXEMPT BOND STATUS**

Turning to the expenditures for which there was seemingly no oversight, under the Mello-Roos (CFD) Act, no more than 5% of tax-exempt bond proceeds can be used for privately owned facilities. Yet, time and again, the County reimbursed this developer for CFD-funded improvements that were never actually offered for public 'dedication,' as required in the CFD's formation. The fact is that far more than 5% of tax-exempt bond proceeds for public improvements have gone undedicated, as detailed in numerous emails to the El Dorado Hills Community Services District ('District') in which the County's leadership has been copied. Despite the developer repeatedly acknowledged this 'dedication' requirement, they repeatedly sidestepped an actual dedication opting only to offer an easement over their privately held property—improved with taxpayers' CFD funds, of course.

The exposure of these missing CFD 1992-funded 'capital improvements' came to light during the District's most recent audit, which resulted in the near-immediate resignation of the District's auditor, **Richardson & Company's**, Ms. Shepline. You see, after being well informed, the District's auditor publicly stated at a board meeting,

***"I'm confident there are no missing assets in the District's financial statements,"***

...as documented in the linked board video clip linked ([Click here](#)), despite this statement being proven incorrect the very next day. As a result, the District has been unable to the present day to ratify its **Richardson & Company** annual audit report as missing capital assets and other discrepancies remain unresolved.

## **UP TO \$60 MILLION CFD 1992-1 EXPENDITURES**

The original formation documents provide for the issuance of up to \$60 million in bond proceeds to fund the construction or acquisition of the authorized facilities. The County's Auditor-Controller has provided a recap of approximately \$40 million linked ([Click here](#)) having been expended with the last of the CFD money, \$3.5 million being committed to the District to fund the last development agreement required facilities, the District's Village J park at Bass Lake Road. However, that only accounts for approximately \$43.5 million of the \$60 million provided for in the CFD 1992 (Serrano) formation.

The County's Auditor publicly stated at a recent Board of Supervisors meeting that the bond issues would be resolved; however, nothing has been visibly corrected. Instead, the County's Auditor-Controller is pressuring the District to ratify the improper audit linked ([Click here](#)), an audit in which the District is grappling with missing capital asset issues—an issue enabled, at least in part, by the very same Auditor-Controller's processing of developer payment requests, sometimes without the District's knowledge and repeatedly without requiring proof of the public's (i.e., the District's) acquisition.

Of course, as the current (Mr. Young) and most recent (Mr. Gonzalez) external auditors of El Dorado County, I am directly identifying this ongoing Serrano CFD issue to you two in an effort to transparently resolve it and to avoid triggering any sort of nullification of the tax exemption on the County-issued bonds back to their original issuance, along with avoiding the need to escalate this matter to the fullest extent, such as filing complaints with all relevant licensing agencies.

## **GOV'T CODE 7920 REQUEST -NBS ANNUAL REPORTS**

With that in mind, pursuant to Government Code § 7920 et seq., I also respectfully request copies of any records in the County's possession:

- **Any/All 'Continuing Disclosure Annual Report' prepared by NBS Government Finance Group (or alike) from CFD 1992-1 inception (1995) to the fiscal year ending June 30, 2011.**

Mr. Young and Mr. Gonzalez, the above-mentioned reports, along with the NBS reports the County produced from 2012, to date, in response to my recent public records request, should be helpful. You might also find contact Richardson auditor, Ingrid Shepline to be helpful as she's copied herein.

That said, please be sure to keep me updated on your efforts, as I will be keeping a growing number of concerned members of the public informed, who are all expecting your swift resolution of these serious discrepancies.

Should you have any questions, I can be reached at (916) 807-0876.

Sincerely,



DEANGETZ.COM

P: (916) 807-0876

F: (916) 853-6050

4935 Hillsdale Circle | El Dorado Hills | CA 95762 USA | [www.deangetz.com](http://www.deangetz.com)



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**Tyler Hartsell**

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**From:** Tracy Doyle <tracyoilsistas@gmail.com>  
**Sent:** Friday, December 6, 2024 10:05 PM  
**To:** BOS-District II; bosthree@edc.gov; BOS-District IV; BOS-District V; BOS-Clerk of the Board  
**Cc:** David A Livingston  
**Subject:** Consent Item 24-2024

**This Message Is From an External Sender**

This message came from outside your organization.

Report Suspicious

Supervisors:

This item must be pulled from consent calendar, discussed, and not approved. It would be unethical to rubber stamp without addressing the concerns shared by Dean Getz with all of you. There can be no plausible deniability when it's been shown to you in black and white.

Best regards,

Tracy Doyle

"The County has not required the Auditor-Controller's office to present a full accounting for the Serrano CFD 1992-1 since 2004. In other words, there has been no public oversight of these separately accounted fiduciary funds. I suspect you would all agree that the Supervisors should reject this portion of the reporting, allow the Auditor-Controller's office sufficient time to ensure they are not seeking your ratification of blatantly false accounting, and require swift corrective action for any confirmed accounting irregularities rather than simply rubber-stamping any sort of knowingly false accounting."

Dean Getz

--  
Tracy Doyle

Young Living Essential Oils

Silver

IG: tracy\_young\_doyle

FB: Tracy Doyle

530-313-5147

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**Tyler Hartsell**

---

**From:** Dean Getz <dean@deangetz.com>  
**Sent:** Saturday, December 7, 2024 5:29 PM  
**To:** Michael.Agresti@lslcpas.com; Maria.Arriola@lslcpas.com; Jeff.Boxx@lslcpas.com; Pam.Bustos@lslcpas.com; Ryan.Domino@lslcpas.com; Lisa.Favor@lslcpas.com; Gail.Gray@lslcpas.com; Bryan.Gruber@lslcpas.com; Dave.Myers@lslcpas.com; Adam.Odom@lslcpas.com; Jocelyn.Potter@lslcpas.com; Donald.Slater@lslcpas.com; Kelly.Telford@lslcpas.com; Christian.Townes@lslcpas.com; Yana.Weaver@lslcpas.com; Brandon Young  
**Cc:** heidi.hannaman@edhcsd.org; Stephen Ferry; michaelmartinelli@edhcsd.org; benpaulsen@edhcsd.org; noellemattock@edhcsd.org; Tiffany Schmid; BOS-District IV; BOS-District I; BOS-District V; BOS-District II; BOS-District III; Ingrid Shepline; Vern R. Pierson; Teri Gotro; Mark Hornstra; contact@edcgrandjury.com; James A. Clinchard; rich.gonzalez@claconnect.com; akraus@nbsgov.com; Benjamin.Glickman@doj.ca.gov; David A Livingston; Joe H. Harn; BOS-Clerk of the Board  
**Subject:** Concerns Regarding LSL's Response to Documented Issues in Your Work-in-Process El Dorado County Audit  
**Importance:** High

**This Message Is From an External Sender**

This message came from outside your organization.

Report Suspicious

Dear Partners of LSL CPAs (Cc & Bcc: numerous others),

I am forwarding an extensive email thread (shown below) that I have sent to LSL's Chief Operating Officer, Brandon Young, whom I believe to be the partner in charge of the firm's audit of El Dorado County, California. I have also left multiple voicemail messages for Mr. Young without receiving any response.

It is my understanding that LSL is in its first year of auditing El Dorado County and has fallen into the same scope-of-work rut as the previous auditors. **Specifically, LSL's audit engagement appears to be crafted around, or otherwise sidesteps, addressing the County-operated Mello-Roos (or Community Facilities District) fiduciary funds, in which the County acts as a custodial agent.**

This is particularly problematic since the County's Auditor-Controller's office has advised me that it has administered some or all of these custodial funds automatically (meaning without oversight, seemingly for decades), which has



arguably resulted in demonstrable reporting errors to the California Debt and Investment Advisory Commission (CDIAC), as well as to the County Supervisors and the public through SB 165 misstatements. Moreover, the County has, to date, been unable to document more than \$44 million of the \$52 million in construction funds in a custodial fund that, by law, is required to be separately accounted for and should be at the County's fingertips. **To that end, the County's auditor has acknowledged that "The County screwed up," and that funds have been improperly remitted from CFD 1992-1, Serrano.**

Let's be clear, this is just the first of the six County-operated Mello-Roos districts I've attempted to test. In other words, the prior County external audits are arguably substandard. Since Mr. Young has not bothered to acknowledge my concerns; I feel compelled to alert the other partners of the firm of the gravity of the pending audit. It will not be acceptable for LSL to simply apply the same substandard footnoting practice to the County-administered (bonded) Community Facilities Districts without facing a formal complaint filed with accounting regulators and other relevant authorities.

With that in mind, please acknowledge my concerns, as well as those of a growing number of El Dorado County taxpayers, with the courtesy of a reply and a return telephone call from the appropriate LSL partner overseeing your firm's El Dorado County, California audit.

I can be reached at (916) 807-0876.

Sincerely,

Dean

DEANGETZ.COM

P: (916) 807-0876

F: (916) 853-6050

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---

**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Friday, December 6, 2024 5:08 PM

**To:** [joe.harn@edcgov.us](mailto:joe.harn@edcgov.us) <[joe.harn@edcgov.us](mailto:joe.harn@edcgov.us)>; 'BOS-Clerk of the Board' <[edc.cob@edcgov.us](mailto:edc.cob@edcgov.us)>

**Cc:** heidihaman@edhcsd.org <heidihaman@edhcsd.org>; Stephen Ferry <stephenferry@edhcsd.org>; michaelmartinelli@edhcsd.org <michaelmartinelli@edhcsd.org>; benpaulsen@edhcsd.org <benpaulsen@edhcsd.org>; noellemattock@edhcsd.org <NoelleMattock@edhcsd.org>; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV <bosfour@edcgov.us>; bosone@edcgov.us <bosone@edcgov.us>; bosfive@edcgov.us <bosfive@edcgov.us>; bostwo@edcgov.us <bostwo@edcgov.us>; bosthree@edcgov.us <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>; rich.gonzalez@claconnect.com <rich.gonzalez@claconnect.com>; Brandon Young <Brandon.Young@slcpas.com>; akraus@nbsgov.com <akraus@nbsgov.com>; Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; david.livingston@edcgov.us <david.livingston@edcgov.us>  
**Subject:** Written Public Comment Regarding BoS' Dec 10, 2024 Consent Item 24-1924

Dear Clerk of the Board and Auditor-Controller Harn (Cc & Bcc: numerous others),

**[Clerk of the Board, please incorporate these comments into the County's official record for the December 10, 2024, Supervisors' meeting pertaining to Consent Item 24-1924]**

I am forwarding the email chain documenting that I have been communicating with the County and its internal and external auditors regarding shortcomings in the County's accounting practices and the corresponding Senate Bill 165 reporting for its Community Facilities District (CFD) 1992-1, Serrano. While I appreciate Auditor-Controller Harn's letter attached to this item, the Supervisors cannot continue to rubber-stamp knowingly inaccurate numbers.

As shown in the tables below, the County reimbursed the developer \$3,559,597 in 2015, as captured in the County's tax engineer's report ([2015 NBS](#)). However, this amount is not reflected in the cumulative expenditures. Instead, the reported expenditures decreased by \$595,118 between 2014 linked ([2014 SB 165](#)) and 2015 ([2015 SB 165](#)). Accounting for the unreported 2015 expenditure seemingly alters the true remaining balance to something closer to \$1 million, not the \$4,233,191 currently being reported to the Supervisors. This is seemingly problematic as the County still owes \$3.5 million to the El Dorado Hills Community Services District (CSD) under a contractual Village J Park agreement. Conversely, if the remaining balance is somehow correctly stated, then the 'initial construction deposit' presented herein continues to be misstated.

While the County has managed to align its CDIAC-reported and SB 165-reported construction balances today, there is substantial historical accounting evidence suggesting that these figures are contrived. **In other words, it is quite obvious that the SB 165-reported cumulative expenditures are falsified to arrive at today's reported ending balance of \$4.2 million. The County's CDIAC-reported construction balance was previously reported as exhausted, with a balance of \$0—indicating that no construction funds remained in CDIAC #1999-1737, CDIAC #2004-0529, and CDIAC #2012-1277 all linked ([2013 CDIAC Report](#)). Compounding this issue, the developer sought and received nearly \$2 million refund from this same CFD 1992-1 during this time frame, raising serious questions about the integrity of the County's accounting linked ([Click here](#)). In fact, nothing suggests that today's remaining balance is correctly stated; quite the contrary.**

The County has not required the Auditor-Controller's office to present a full accounting for the Serrano CFD 1992-1 since 2004. In other words, there has been no public oversight of these separately accounted fiduciary funds. I suspect you would all agree that the Supervisors should reject this portion of the reporting, allow the Auditor-Controller's office sufficient time to ensure they are not seeking your ratification of blatantly false accounting, and require swift corrective action for any confirmed accounting irregularities rather than simply rubber-stamping any sort of knowingly false accounting.

Sincerely,

Dean

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F: (916) 853-6050

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**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Thursday, December 5, 2024 9:09 PM

**To:** Joe H. Harn <[joe.harn@edcgov.us](mailto:joe.harn@edcgov.us)>

**Cc:** heidiannaman@edhcsd.org <[heidiannaman@edhcsd.org](mailto:heidiannaman@edhcsd.org)>; Stephen Ferry <[stephenferry@edhcsd.org](mailto:stephenferry@edhcsd.org)>; michaelmartinelli@edhcsd.org <[michaelmartinelli@edhcsd.org](mailto:michaelmartinelli@edhcsd.org)>; benpaulsen@edhcsd.org <[benpaulsen@edhcsd.org](mailto:benpaulsen@edhcsd.org)>; noellemattock@edhcsd.org <[NoelleMattock@edhcsd.org](mailto:NoelleMattock@edhcsd.org)>; Tiffany Schmid <[Tiffany.Schmid@edcgov.us](mailto:Tiffany.Schmid@edcgov.us)>; BOS-District IV <[bosfour@edcgov.us](mailto:bosfour@edcgov.us)>; bosone@edcgov.us <[bosone@edcgov.us](mailto:bosone@edcgov.us)>; bosfive@edcgov.us <[bosfive@edcgov.us](mailto:bosfive@edcgov.us)>;

bostwo@edcgov.us <bostwo@edcgov.us>; bostthree@edcgov.us <bostthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>; rich.gonzalez@claconnect.com <rich.gonzalez@claconnect.com>; Brandon Young <Brandon.Young@lslcpas.com>; akraus@nbsgov.com <akraus@nbsgov.com>; Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; david.livingston@edcgov.us <david.livingston@edcgov.us>  
**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

Dear Auditor-Controller Harn,

(Cc: Auditor Brandon Young, Former Auditor Rich Gonzalez, Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman, D.A. Pierson, County Supervisors, EDHCSD Leadership, Grand Jurors, and Richardson's Sheipline; Bcc: Various recipients),

Thank you for sharing your December 3, 2024, letter to the Board of Supervisors regarding my concerns about the County's accounting practices and corresponding Senate Bill 165 reporting for its Community Facilities District (CFD) 1992-1, Serrano. While I can understand how you might conclude, *"we were never required to include in our annual reports bond proceeds from the 1994 or 1999 bond sales,"* since Senate Bill 165 applies only to bonds issued after January 1, 2001, under California Government Code Section 53410, **your assertion seems to overlook the requirement to accurately report "[T]he balance in any construction funds" to the California Debt and Investment Advisory Commission (CDIAC) since January 1, 1993, pursuant to Government Code Section 53359.5(b)(11).**

### **CDIAC & S.B. 165 REPORTING**

In other words, for every CFD 1992-1, Serrano bond issuance (1994, 1999, 2004, 2012), whether pursuant Government Code Section 53359.5(b)(11) or Section 53410, the County has been required to report the remaining construction funds until they are retired. Let's be absolutely clear: **there is no justification for any inconsistency between the two reports regarding the construction balance, especially when the reporting pertains to the same day (June 30) each year for the same construction funds between these two reports.** Yet, that is precisely what has repeatedly occurred.

As such, the following table, which includes hyperlinks to excerpts of source documents, clearly illustrates just how inaccurate the County's accounting is:

CDIAC REPORT			SB 165 REPORT			
CDIAC REPORT LINK	CDIAC-REPORTED BALANCE	CHANGE OVER TIME PERIOD	SB 165 REPORT LINK	SB 165-REPORTED BALANCE	REPORTED EXPENDITURES	CHANGE OVER TIME PERIOD
		<b>\$5,226,557</b>	-			<b>\$2,700,000</b>
<a href="#">2023 CDIAC</a>	\$4,101,431		<a href="#">2023 SB 165</a>	\$4,101,431	\$26,801,609	
<a href="#">2022 CDIAC</a>	\$4,600,896		<a href="#">2022 SB 165</a>	\$4,600,896	\$26,229,382	
<a href="#">2021 CDIAC</a>	\$6,271,202		<a href="#">2021 SB 165</a>	\$6,271,202	\$24,537,647	
<a href="#">2020 CDIAC</a>	\$6,226,980		<a href="#">2020 SB 165</a>	\$6,226,979	\$24,537,647	
<a href="#">2019 CDIAC</a>	\$6,094,559		<a href="#">2019 SB 165</a>	\$6,094,558	\$24,537,647	
<a href="#">2018 CDIAC</a>	\$5,807,259		<a href="#">2018 SB 165</a>	\$5,965,220	\$24,537,647	
<a href="#">2017 CDIAC</a>	\$5,733,181		<a href="#">2017 SB 165</a>	\$156,178	\$24,537,647	
<a href="#">2016 CDIAC</a>	\$6,217,454		<a href="#">2016 SB 165</a>	\$155,253	\$24,537,647	
<a href="#">2015 CDIAC</a>	\$6,190,201		<a href="#">2015 SB 165</a>	<b>\$154,589</b>	<b>\$24,100,752</b>	
<a href="#">2014 CDIAC</a>	\$9,327,989		<a href="#">2014 SB 165</a>	\$154,165	\$24,100,752	

Source linked ([Click here](#))

The tables above summarize the County's CFD 1992-01 (Serrano) reporting from 2014 to 2023.

**CDIAC Report (Left Table):** Over this period, the reported construction balance decreased by \$5,226,557. This reduction should align with the reported expenditures shown in the SB 165 Report. It does not.

**SB 165 Report (Center Table):** The total reported expenditures over the same period are \$2,700,857, which is significantly less than the CDIAC-reported reduction. The discrepancy is due to unreported expenditures of \$3,559,597 in 2015.

**Actual Expenditures (Right Table):** Accounting for the unreported 2015 expenditures leaves the 2023 remaining balance of \$4,101,431 with less than \$1 million. **However, this calculation doesn't align with obligations: the County still owes \$3.5 million to the El Dorado Hills Community Services District (CSD) under a contractual Village J Park agreement.**

As I've previously asserted, these sorts of seemingly coordinated discrepancies suggest that the County's SB 165 Initial Construction Deposit reporting has always been known to inaccurate, as the true remaining balance would be a negative figure in the millions, given that the County still owes \$3.5 million to the El Dorado Hills Community Services District (CSD) under a contractual agreement from this fund.

## **FORTHCOMING RESOLUTION**

The County's reported 'Initial Construction Deposit' of \$23,950,449.69 is inconsistent with reality, as the 1999 and 2004 bond proceeds alone exceed \$40 million. I appreciate the County now acknowledges that all new money bond proceeds (i.e., 1994, 1999, and 2004) should always have been reported through the SB 165—a total of more than \$52 million. That said, it should be clear that the County and its auditors must account for the entire \$52 million, yet only \$44 million has been accounted for thus far.

Regardless of whether the County began reporting the unspent balance as of 2001, as of the effective date of SB 165, the construction balances



continuously reported to CDIAC do not support this explanation. **Additionally, the cumulative expenditures reported under SB 165 jumped from \$15,676,605 in 2010 to \$24,697,728 in 2011, despite no requisitions being reported or processed during that period.** Compounding this issue, the developer sought and received \$1.9 million from this same CFD 1992-1 during this time frame, raising serious questions about the integrity of the accounting.

I have been pursuing a resolution to this CFD accounting matter for nearly a year. The County must stop stalling and instead publicly acknowledge these errors and take immediate corrective action. After all, the accounting for these separately managed funds should always have been readily available to the County, acting as a fiduciary agent for the fund.

I believe the California Debt and Investment Advisory Commission (CDIAC), among others, will find my presentation of these discoveries compelling enough to formally address these issues with the County without delay if informed. If a formal acknowledgment of how these false reports will be corrected is not forthcoming soon, I plan to escalate this matter to the fullest extent, including filing complaints with accounting regulators and similar authorities, and let the chips fall where they may.

Should you have any questions, or if I can be of assistance, I can be reached at (916) 807-0876.

Sincerely,

Dean

DEANGETZ.COM

P: (916) 807-0876

F: (916) 853-6050

4935 Hillside Circle | El Dorado Hills | CA 95762 USA | [www.deangetz.com](http://www.deangetz.com)

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**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Tuesday, November 26, 2024 4:20 PM

**To:** Joe H. Harn <[joe.harn@edcgov.us](mailto:joe.harn@edcgov.us)>

**Cc:** heidihaman@edhcsd.org <[heidihaman@edhcsd.org](mailto:heidihaman@edhcsd.org)>; Stephen Ferry <[stephenferry@edhcsd.org](mailto:stephenferry@edhcsd.org)>; michaelmartinelli@edhcsd.org <[michaelmartinelli@edhcsd.org](mailto:michaelmartinelli@edhcsd.org)>; benpaulsen@edhcsd.org <[benpaulsen@edhcsd.org](mailto:benpaulsen@edhcsd.org)>;

noellemattock@edhcsd.org <NoelleMattock@edhcsd.org>; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV <bosfour@edcgov.us>; bosone@edcgov.us <bosone@edcgov.us>; bosfive@edcgov.us <bosfive@edcgov.us>; bostwo@edcgov.us <bostwo@edcgov.us>; bosthree@edcgov.us <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>; rich.gonzalez@claconnect.com <rich.gonzalez@claconnect.com>; Brandon Young <Brandon.Young@islcpas.com>; akraus@nbsgov.com <akraus@nbsgov.com>; Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; david.livingston@edcgov.us <david.livingston@edcgov.us>  
**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

Dear Auditor-Controller Harn,

(Cc: Auditor Brandon Young, Former Auditor Rich Gonzalez, Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman, D.A. Pierson, County Supervisors, EDHCSD Leadership, Grand Jurors, and Richardson's Sheipline; Bcc: Various recipients),

Thank you for the phone call today, keeping me updated on the County's progress in addressing my concerns.

**In an effort to eliminate any potential confusion about the County's SB 165 responsibilities**, all local governments must adhere to the reporting requirements of SB 165 as long as they have voter-approved taxes in effect, even if, in the County's CFD 1992-1 (Serrano) case, voters approved special taxes in the mid-1990s, amounting to up to \$60 million in bonds, with some portion of the \$60 million in bonds issued before the 2001 SB 165 implementation date.

That said, the County's SB 165 report must detail the proper expenditure of all the bond proceeds from inception to the date of each annual report. To that end, the report also gives the state government a mechanism to monitor local government compliance with the law, ensuring that funds are spent properly and as promised.

### **EXAMPLE OF MANDATE IMPLEMENTATION**

As an aside, we discussed the analogous implementation of *California's School Bus Safety Act*, which included stop signal requirements and was

effective as of September 1, 1992. School buses that were already in service were required to be retrofitted with the new stop signal arm if they were not already equipped with one, in order to provide the same level of safety for children. **In this case, California's *Local Agency Special Tax and Bond Accountability Act* was intended to provide the same level of safety for all taxpayers as of 2001, not to create a loophole for special tax authorizations where total bond issuances are allowed to go underreported because some portions of the bond issuances predate the law.**

It appears that El Dorado County understood this responsibility, as the August 1999 bond issue (*which included refinancing of the 1994 bond issue*), along with the May 2004 bond issue, encompassed the issuance of all \$60 million in authorized bonds and was reported on in 2009, as shown here:



As always, should you have any questions or if I can be of assistance, I can be reached at (916) 807-0876.

Sincerely,

Dean

DEANGETZ.COM

P: (916) 807-0876

F: (916) 853-6050

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**From:** Dean Getz <dean@deangetz.com>

**Sent:** Sunday, November 24, 2024 10:15 AM

**To:** Joe H. Harn <joe.harn@edcgov.us>; rich.gonzalez@claconnect.com <rich.gonzalez@claconnect.com>;

Brandon.Young@slcpas.com <Brandon.Young@slcpas.com>; akraus@nbsgov.com <akraus@nbsgov.com>;

Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; David A Livingston <david.livingston@edcgov.us>

**Cc:** heidihannaman@edhcsd.org <heidihannaman@edhcsd.org>; Stephen Ferry <stephenferry@edhcsd.org>;

michaelmartinelli@edhcsd.org <michaelmartinelli@edhcsd.org>; benpaulsen@edhcsd.org <benpaulsen@edhcsd.org>;

noellemattock@edhcsd.org <NoelleMattock@edhcsd.org>; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV

<bosfour@edcgov.us>; BOS-District I <bosone@edcgov.us>; BOS-District V <bosfive@edcgov.us>; BOS-District II

<bostwo@edcgov.us>; BOS-District III <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern

R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>;

contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>

**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

Dear Auditor Brandon Young, Former Auditor Rich Gonzalez, Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman and D.A. Pierson (Cc: County Supervisors, EDHCSD Leadership, Grand Jurors and Richardson's Sheipline; Bcc: Various recipients),

Based on the County's response to my public records request in February 2024, the County has seemingly been unable (to the present day) to easily account for more than \$44 million of the \$52 million raised through the CFD 1992-1 (Serrano) Mello-Roos bonds. Turning to how this might have been permitted to occur, I have reviewed El Dorado County's most recent (2022-23) external audit, which seemingly fails to properly audit the separate accounting of any of its six (6) Community Facilities District's (CFD's) custodial funds administered by the County.

In an effort to illustrate, in my opinion, the substandard accounting for these custodial funds, I've outlined in this video [<https://deangetz.com/el-dorado-county-audit-oversight-vs-monterey-county/>] the difference in CFD reporting between El Dorado and Monterey Counties—both prepared by CliftonLarsonAllen LLP.



Of course, I suspect that if these custodial accounts were properly audited and reported, the County would be easily able to account for all the bond proceeds and the corresponding expenditures pursuant to the terms of the original formation documents, today. In other words, it should be clear to the County and its auditors that they cannot continue to publicly misreport these funds and dismiss it all as a mistake.

Should you have any questions, or if I can be of assistance, I can be reached at (916) 807-0876.

Sincerely,  
Dean

DEANGETZ.COM

P: (916) 807-0876

F: (916) 853-6050

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**From:** Dean Getz <dean@deangetz.com>

**Sent:** Friday, November 15, 2024 10:51 AM

**To:** Joe H. Harn <joe.harn@edcgov.us>; rich.gonzalez@claconnect.com <rich.gonzalez@claconnect.com>; Brandon.Young@slcpas.com <Brandon.Young@slcpas.com>; akraus@nbsgov.com <akraus@nbsgov.com>; Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; David A Livingston <david.livingston@edcgov.us>  
**Cc:** heidiannaman@edhcsd.org <heidiannaman@edhcsd.org>; Stephen Ferry <stephenferry@edhcsd.org>; michaelmartinelli@edhcsd.org <michaelmartinelli@edhcsd.org>; benpaulsen@edhcsd.org <benpaulsen@edhcsd.org>; noellemattock@edhcsd.org <NoelleMattock@edhcsd.org>; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV <bosfour@edcgov.us>; BOS-District I <bosone@edcgov.us>; BOS-District V <bosfive@edcgov.us>; BOS-District II <bostwo@edcgov.us>; BOS-District III <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>  
**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

Dear Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, Auditor Brandon Young, Former Auditor Rich Gonzalez, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman and D.A. Pierson (Cc: County Supervisors, EDHCSD Leadership, Grand Jurors and Richardson's Sheipline; Bcc: Various recipients),

As you're aware, the County's 2024 SB 165 report for CFD 1992-1 (Serrano), along with all other reports, is due by year-end. To ensure transparency, I've outlined in this video [<https://deangetz.com/county-faces-millions-missing-in-mello-roos/>] how the initial construction deposit has been misrepresented, seemingly constituting active fraud if the fund's money continues to be inaccurately reported.



For your convenience, the SEC-regulated bond offerings are linked here: [1994](#), [1999](#), [2004](#) and [2012](#). I am also identifying that the SEC-regulated bond offering(s) include a recap of the facilities funds to date, along with those to be funded through the 1994-2004 bond offerings, confirming more than \$52 million in total CFD construction funds (for funded facilities), excerpted here:

**Let's be clear: since February 2024, when the County first provided its expenditures for the Serrano CFD, it has seemingly been unable to account for more than \$44 of the \$52 million raised through the CFD 1992-1 (Serrano) Mello-Roos bonds.** However, it should be clear to the County and its auditors that they cannot continue to publicly misreport this fund, leaving millions unaccounted for, and dismiss it all as a mistake. In other words, the County's 2024 SB 165 report, due to the public and the County Supervisors next month, cannot continue to present knowingly false numbers.

Should you have any questions, or if I can be of any assistance, I can be reached at (916) 807-0876.

Sincerely,

Dean

DEANGETZ.COM

P: (916) 807-0876

F: (916) 853-6050

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---

**From:** Joe H. Harn <joe.harn@edcgov.us>

**Sent:** Thursday, October 31, 2024 12:42 PM

**To:** Dean Getz <dean@deangetz.com>; rich.gonzalez@claconnect.com <rich.gonzalez@claconnect.com>; Brandon.Young@lslcpas.com <Brandon.Young@lslcpas.com>; akraus@nbsgov.com <akraus@nbsgov.com>; Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; David A Livingston <david.livingston@edcgov.us>

**Cc:** heidihaman@edhcsd.org <heidihaman@edhcsd.org>; Stephen Ferry <stephenferry@edhcsd.org>; michaelmartinelli@edhcsd.org <michaelmartinelli@edhcsd.org>; benpaulsen@edhcsd.org <benpaulsen@edhcsd.org>; noellemattock@edhcsd.org <NoelleMattock@edhcsd.org>; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV <bosfour@edcgov.us>; BOS-District I <bosone@edcgov.us>; BOS-District V <bosfive@edcgov.us>; BOS-District II <bostwo@edcgov.us>; BOS-District III <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>

**Subject:** RE: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

Mr. Getz,

I take your emails very seriously.

As time and access to county records permits, I am attempting to determine the validity of your assertions.

This CFD was formed in 1992. All of the records pertaining to this CFD and the specific plan (1989) are not at my fingertips.



In the past, I have acknowledged in writing to you errors made by the County of El Dorado, and I will continue to do so as I identify them.

You will be hearing from me again regarding your email in the near future.

Joe Harn  
Auditor-Controller  
El Dorado County

---

**From:** Dean Getz <dean@deangetz.com>

**Sent:** Thursday, October 31, 2024 11:47 AM

**To:** rich.gonzalez@claconnect.com; Brandon.Young@slcpas.com; Joe H. Harn <joe.harn@edcgov.us>; akraus@nbsgov.com; Benjamin.Glickman@doj.ca.gov; David A Livingston <david.livingston@edcgov.us>

**Cc:** heidihaman@edhcsd.org; Stephen Ferry <stephenferry@edhcsd.org>; michaelmartinelli@edhcsd.org; benpaulsen@edhcsd.org; noellemattock@edhcsd.org; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV <bosfour@edcgov.us>; BOS-District I <bosone@edcgov.us>; BOS-District V <bosfive@edcgov.us>; BOS-District II <bostwo@edcgov.us>; BOS-District III <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com; James A. Clinchard <james.clinchard@edcda.us>

**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits - Accounting for \$52 Million in Construction Funds

**Importance:** High

Dear Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, Auditor Brandon Young, Former Auditor Rich Gonzalez, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman and D.A. Pierson (Cc: County Supervisors, EDHCSD Leadership, Grand Jurors and Richardson's Sheipline; Bcc: Various recipients),

As a follow-up to my previous emails on October 17, 22, and 29, 2024 (all shown below), I am now identifying over \$52 million in CFD 1992-1 (Serrano) tax-exempt bond proceeds for which the County must immediately account in its fiduciary (agent) capacity. In other words, there are millions of dollars in fiduciary funds that are unaccounted for (or missing) in any way you cut it. I will provide further clarification.

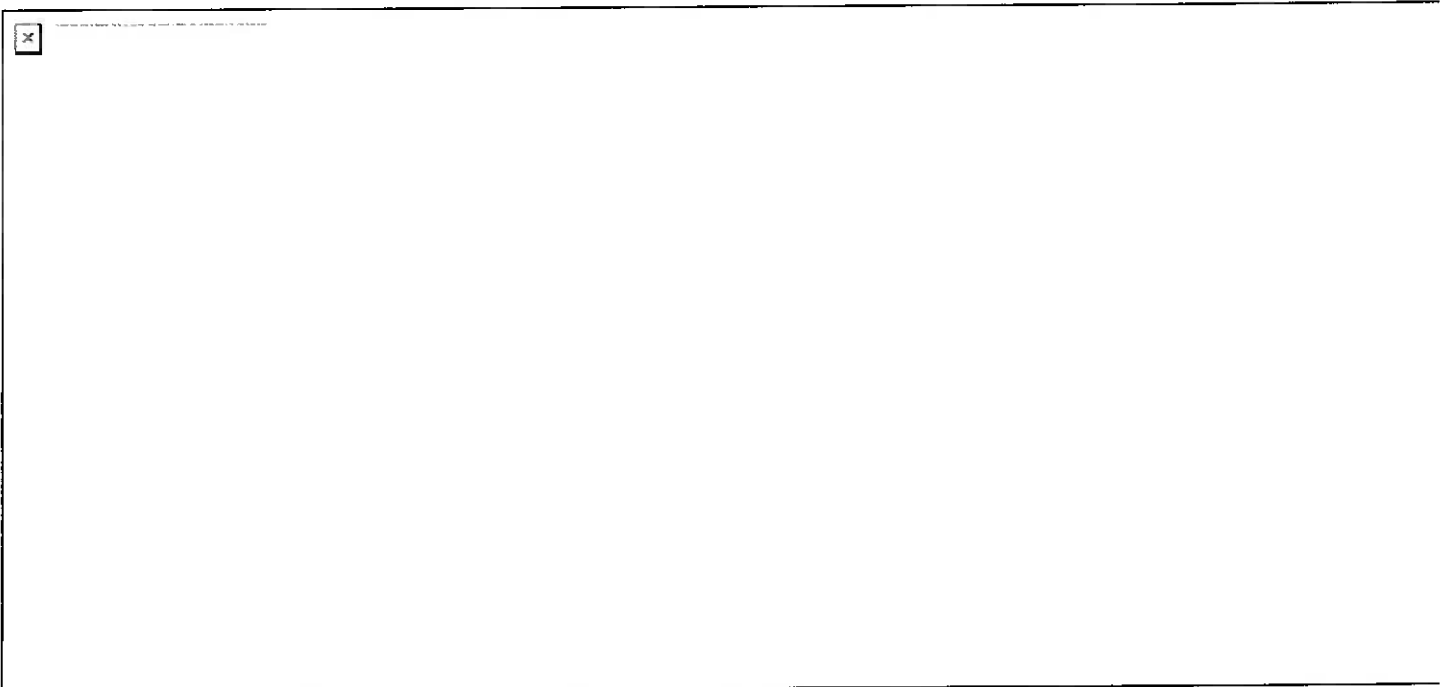
## **CONSTRUCTION ACCOUNT ACCOUNTING**

Senate Bill (SB) 165, also known as the "Local Agency Special Tax and Bond Accountability Act," requires the County to report the amount of funds collected and expended. For decades, the County has reported its SB 165 initial deposit as \$23,950,450, associated with **California Debt Investment Advisory Commission (CDIAC) #1999-1737** issued in August 1999 and

**CDIAC #2004-0529 issued in May 2004.** This initial deposit figure is demonstrably false.

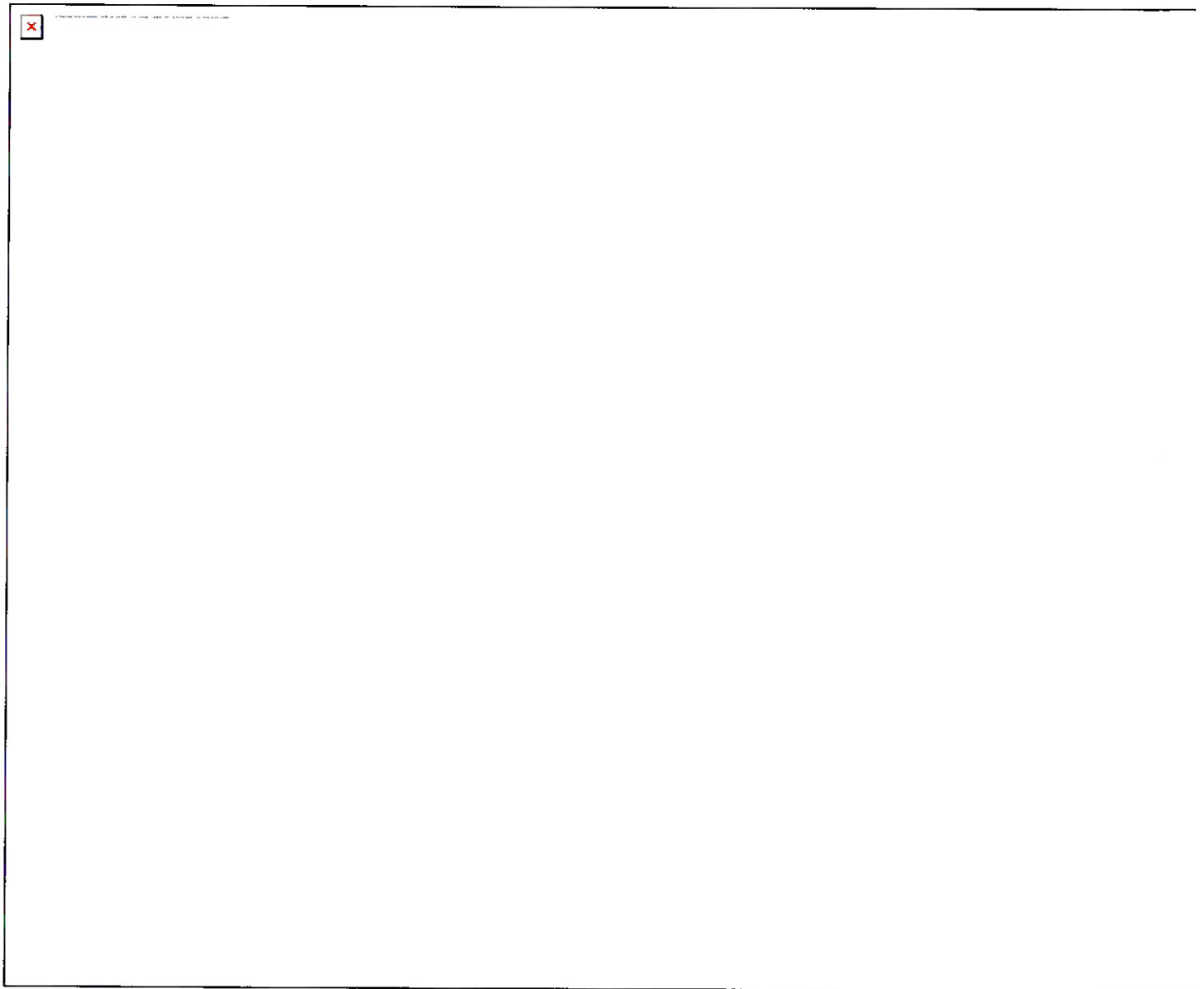
CDIAC #1999-1737, which includes the rollover or refinancing of 1994 Series bonds, and CDIAC #2004-0529 account for more than \$52 million in bond proceeds that should be recorded as the initial deposit to the construction account. In fact, based on the SEC-regulated bond offerings, CDIAC #1999-1737 provided \$24,367,633 as the initial deposit to the construction account, not including the funds rolled over or refinanced from the 1994 Series bonds. Moreover, CDIAC #2004-0529, which is also reported as part of the County's SB 165 initial deposit, adds another \$15,895,055, bringing the total deposit to the construction account to unarguably over \$40 million—again, not including the construction funds rolled over with the refinancing of the 1994 Series bonds.

The County's reporting of \$23,950,450 in construction funds which is nowhere near reality violates the spirit and intent of the SB 165 reporting which really requires a simple and complete transparent accounting of all the construction funds and their corresponding expenditures. Based on the 'uses' listed in the SEC-regulated bonds offerings to investors and the public, for the I am documenting over \$52 million in CFD 1992-1 (Serrano) tax-exempt bond proceeds as follows:



Construction Account graphic ([linked here](#))

To be absolutely clear, the County continuously identifies the construction funds (acquisition funds) from bonds issued in August 1999 along with those issued in May 2004 as combined \$23,950,450 in funds which is demonstrable false as documented here:



Initial Deposit graphic ([linked here](#))

Underlying Bond 'Uses' Excerpts ([linked here](#))

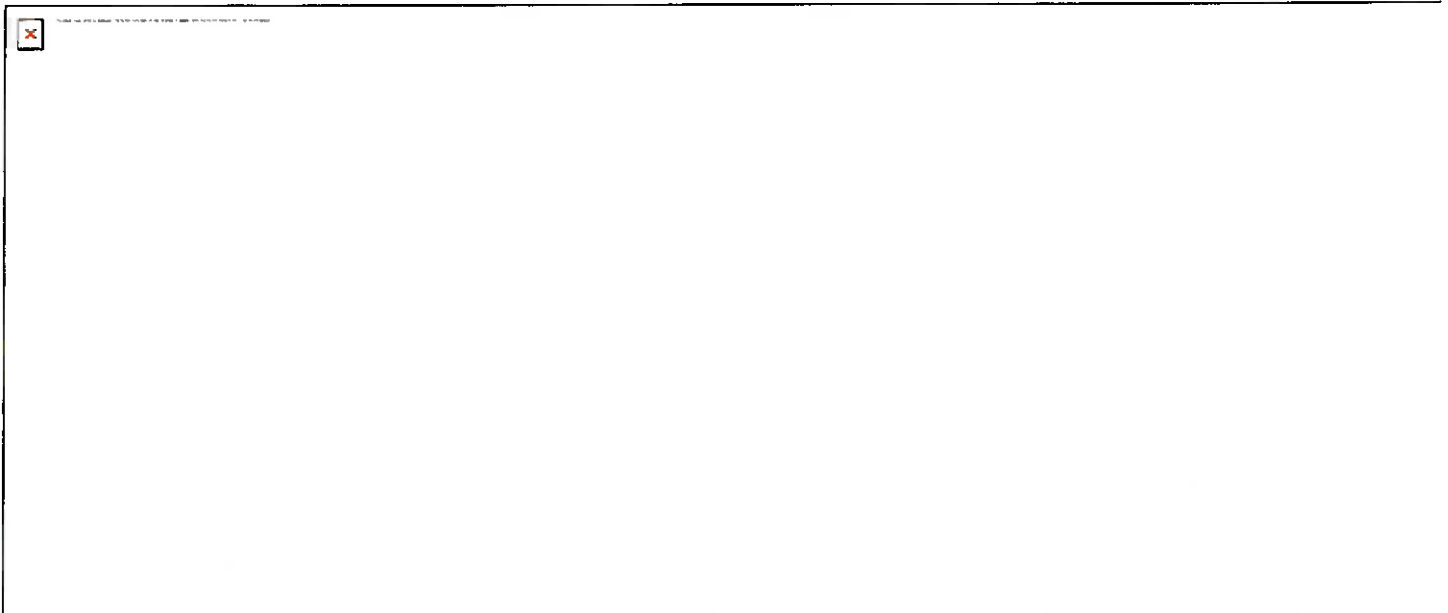
In other words, the County's reporting of \$23,950,450 is incorrect and conceals the actual amount of construction (also referred to as acquisition) funds to be spent, which exceeds \$52 million (including cost of issuance) in violation of the law.

The reported amount of about \$24 million in construction funds doesn't even cover the contribution from the '8/1/1999' Series bonds, much less the '5/26/2004' amount, which contributes nearly \$16 million more and is listed as included. As recapped above, the total construction funds exceed \$52 million when accounting for the 1994 Series proceeds, while the County continues to struggle significantly to account for the expenditures from the funds actually deposited into the construction fund.

### **CDIAC YEARLY REPORTING**

Interestingly, the County's NBS-prepared 2011 'Yearly Fiscal Status Report,' filed with and received by the state of California on '10-26-2011,' reports the remaining construction funds in CDIAC #1999-1737 issued in August 1999 as **\$153,096** ([linked here](#)) and CDIAC #2004-0529 as **\$0** ([linked here](#)).

To that end, as previously identified to you in my first email dated October 17, 2024, the 2012 - 2016 SB 165 reports indicate that there's about \$154,000 left in construction funds with the funding being reported as **"Complete"** as recapped here:



To be absolutely clear, every County-issued SB 165 report since then is predicated on the false amount of \$23,950,450 in construction funds through 2023, with the 2024 report to be presented to the County Supervisors for ratification by year-end.

Once again, I assure you that a growing list of regulatory agencies—including the CDIAC—will likely be compelled to weigh in on these matters if they are not resolved expediently and transparently. That said, I'm quite confident that a brief public presentation at the next Joint Legislative Audit Committee hearing of the California Legislature will get the issued promptly addressed and provide the matter attention it deserves.

Once again, I urge you to publicly acknowledge my concerns. Should you have any questions, or if I can be of any assistance, I can be reached at (916) 807-0876.

Sincerely,

Dean

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**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Tuesday, October 29, 2024 8:30 PM

**To:** [rich.gonzalez@claconnect.com](mailto:rich.gonzalez@claconnect.com) <[rich.gonzalez@claconnect.com](mailto:rich.gonzalez@claconnect.com)>;

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**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits – [REITERATED] Gov't Code 7920 Request: CFD 1992-1-Unaccounted for \$9 Million Increase

Dear Auditor-Controller Harn, County Counsel Livingston, CAO Schmid, Auditor Brandon Young, Former Auditor Rich Gonzalez, NBS Representative Andrew Kraus, Supervising Deputy Attorney Glickman and D.A. Pierson (Cc: County Supervisors, EDHCSD Leadership, Grand Jurors and Richardson's Sheipline; Bcc: Various recipients)

Following my previous correspondence dated October 17, 2024, regarding the violation of the "Private Loan Financing Test," and my more recent correspondence dated October 22, 2024, concerning the violation of the CFD formation document limitations for uses of funds, I am now identifying more than \$16,500,000 in unaccounted-for CFD 1992-1 (Serrano) tax-exempt bond proceeds. Once again, I will explain.

### **UNACCOUNTED FOR TAX-EXEMPT FUNDS**

The County authorized the issuance of up to \$60,000,000 in CFD 1992-1 tax-exempt bonds per County Resolution 65-93. The County's Auditor-Controller publicly reported to the County's Supervisors in 2012 that **"all \$60,000,000 in CFD 1992-1 bond proceeds had been issued"** ([linked here](#)). However, we now understand that only \$33 million had been spent through 2012, with about \$43.5 million expended to the present day, when I include a \$3.5 million IOU for the Serrano Village J Park, according to the County's Auditor-Controller's recap ([linked here](#)).

The County reported no new acquisitions in 2010, publicly disclosing \$15,675,604 in spending to date, reportedly up through the County's requisition number 27 based on the 2009 NBS report, with more than \$9 million remaining to be spent pursuant to the County's Senate Bill (S.B.) 165 report to the public shown below:



Side-by-side graphic ([linked here](#))

What's fascinating (referring to the side-by-side image above) is that in the following year (2011), the County and its NBS consultant reported no



acquisitions, with a little over \$2 million left to spend. However, the expended amount jumped to \$24,697,272, reflecting an approximately \$9 million increase in unaccounted-for accumulated expenditures.

Let's be absolutely clear: every subsequent NBS report is predicated on this (unaccounted for) \$9 million increase through 2023, with the 2024 report to be issued by year-end.

**[REITERATED] GOV'T CODE 7920 REQUEST - UNACCOUNTED FOR TAX-EXEMPT FUNDS**

With that in mind, pursuant to Government Code § 7920 et seq., I respectfully reiterate by October 17, 2024 request copies of any records in the County's possession:

- Any and all accounting for the additional bond proceeds, including any expenditures (regardless of where) of the CFD 1992-1 bond proceeds beyond the approximately \$43.5 million documented or identified in the table above.

As you all likely know, the County cannot successfully stonewall me—or the growing list of interested taxpayers—regarding the whereabouts of the unaccounted-for CFD 1992-1 funds. Moreover, individuals like Mr. Young and Mr. Kraus must understand that the County acts as an agent for its taxpayers and, as such, has a fiduciary responsibility to uphold the highest standards in properly accounting for these funds. The County must address these issues before an outside agency is forced to step in.

That said, I urge each of you to consider the risks to your professional licenses and reputations, just as the El Dorado Hills CSD's auditor seemingly did before their recent disengagement with the El Dorado Hills CSD—partly at Mr. Harn's urging—regarding the unfolding and interrelated issues of this matter ([linked here](#)). This serves as a testament to my resolve to get to the bottom of these types of issues.

I assure you once again that a growing list of regulatory agencies could (and likely will) weigh in on these matters if they are not resolved expediently and

transparently, which seems unlikely given your lack of acknowledgment of the materially significant and increasingly well-documented concerns.

Should you have any questions, I can be reached (916) 807-0876.

Sincerely,



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**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Tuesday, October 22, 2024 11:17 AM

**To:** [rich.gonzalez@claconnect.com](mailto:rich.gonzalez@claconnect.com) <[rich.gonzalez@claconnect.com](mailto:rich.gonzalez@claconnect.com)>;

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<[tgotro@edhcsd.org](mailto:tgotro@edhcsd.org)>; Mark Hornstra <[mhornstra@edhcsd.org](mailto:mhornstra@edhcsd.org)>

**Subject:** Re: Substandard CFD 1992-1 (Serrano) Audits – NEW Gov't Code 7920 Request: CFD 1992-1 Funding Limitations

Dear Auditor-Controller Harn, County Counsel Livingston, and CAO Schmid and Supervising Deputy Attorney at Cal A.G., Glickman (Cc: External County Auditor Brandon Young, Former Auditor Rich Gonzalez, NBS Rep Andrew Kraus, EDHCSD Leadership, and Richardson's Sheipline; Bcc: Various recipients),

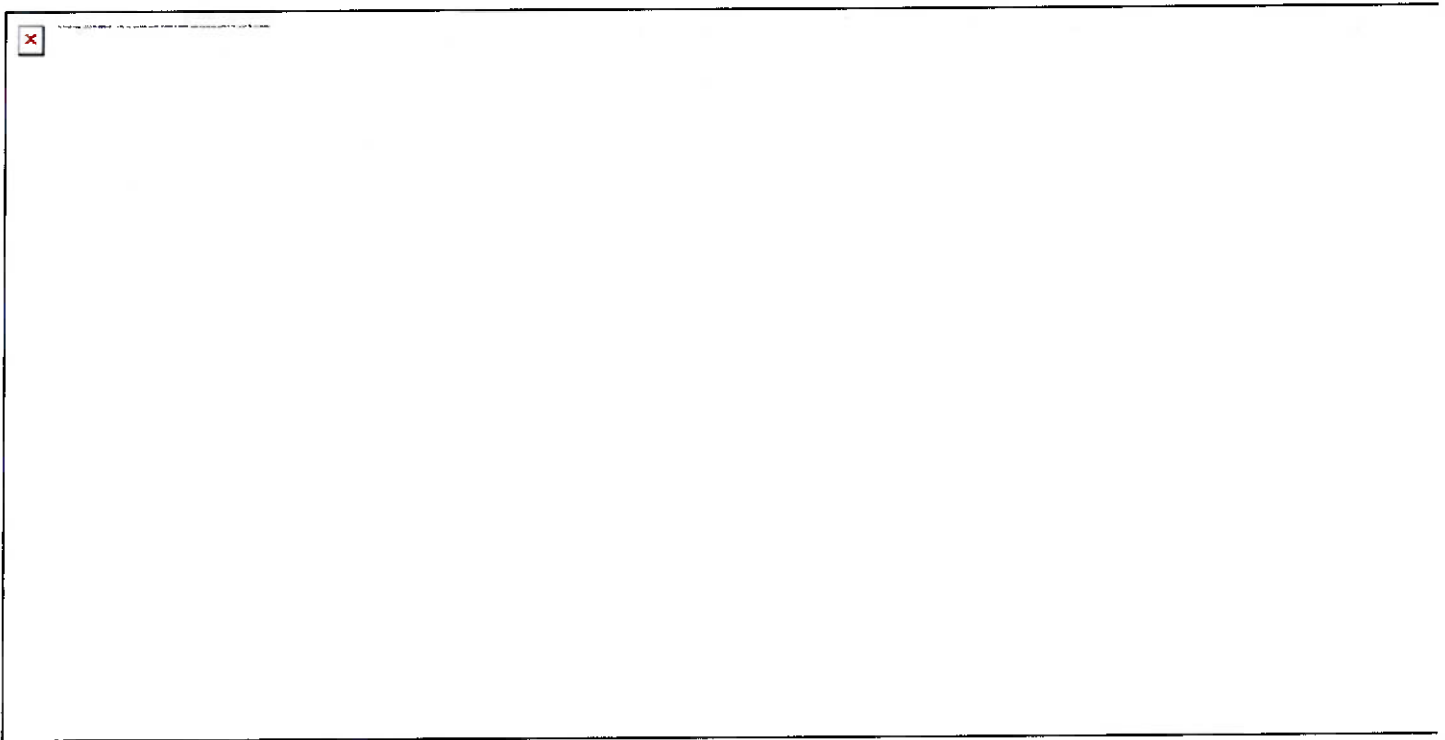
I am following up on my emails from October 11 and October 17, 2024, regarding the substandard external audits of the County's Community Facilities Districts (CFDs). I am documenting how the County's 2020 Village J Park agreement linked ([Click here](#)) for \$3.5 million in CFD 1992-1 funds violates the CFD's formation documents, leaving the El Dorado Hills CSD with zero funds from the Serrano CFD 1992-1 and likely rendering the 2020 agreement inoperable, null and void! I will succinctly explain.

## **CFD FUNDING LIMITATION - \$2 MILLION FOR PARKS**

The CFD 1992-1 (Serrano) implemented the El Dorado Hills Specific Plan's Financing Plan, which includes a \$2,000,000 limitation for the public parks adjusted for inflation based on the 1988 California Construction Index for San Francisco. This explicitly applies to the three public parks required by the plan. In 1988, the California Construction Cost Index (CCCI) for San Francisco was approximately 3742, rising to about 3993 in 2002—a 6.7% increase over 14 years.

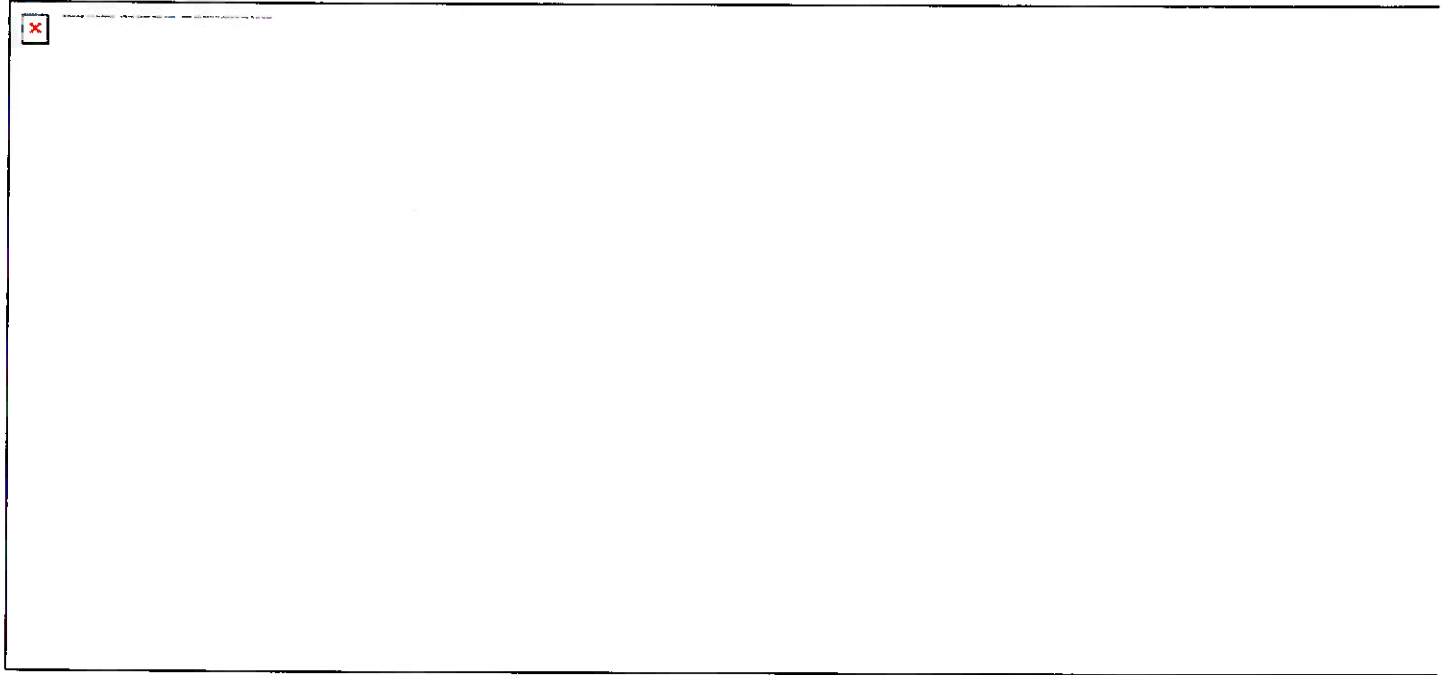
According to the County's CFD requisitions listed below, the second park, Alan Lindsey Park (requisition number 14 in 2002) plus Village Green (requisition 14 in 1999), exceeds the \$2,000,000 limitation by several hundred thousand dollars. The CFD's park limit, adjusted for the CCCI through 2002, would permit CFD park expenditures of up to \$2,134,000, resulting in the unquestionable exhaustion of CFD park funds by 2002. This leaves both the County and the developer seemingly overdrawn under this limitation and the El Dorado Hills CSD without any funding whatsoever for Village J Park.

The County Counsel himself, in the drafting of this illegal 2020 Village J Park agreement acknowledges this funding limitation as follows:



**Let's be absolutely clear: the developer has always known that they are obligated to fund this turnkey park.** The County, as the fiduciary for these funds, entered into a knowingly illegal 2020 agreement for \$3.5 million in CFD funding to be reimbursed to the El Dorado Hills CSD ('District'), which is not permissible because it plainly violates the formation documents. Such funding can only be authorized through two-thirds approval from the taxpayers in this legally constituted separate governmental entity (CFD), in which the County acts as an agent.

In other words, the County and the developer have always known that the developer is obligated to entirely fund and construct this park since 2002 in exchange for either no or greatly reduced Park Impact Fees associated with thousands of building permits in Serrano development, as acknowledged by Kirk Bone in 2006 ([linked here](#)) and excerpted below:



### **CFD FUNDING LIMITATION - \$275,000 FOR OPEN SPACE**

Just as the CFD 1992-1 (Serrano) implemented the limitations of the El Dorado Hills Specific Plan's Financing Plan for public parks, the Financing Plan included \$275,000, adjusted for inflation based on the 1988 California Construction Index for San Francisco, for Open Space improvements. According to the County's CFD requisitions listed below, the 2023 Serrano Pedestrian K1/K2 Trail Phase 4 and the 2016 Serrano Pedestrian Trail K1/K2 Phase 5 expenditures exceed \$1 million. **A 210% increase on \$275,000 in 1988 dollars, generously adjusted for the CCCI as of 2023, would result in a limit of \$852,500 for Open Space improvements, which also appears to have been exceeded. To be absolutely clear, this assumes that no other open space improvements were CFD-reimbursed in the decades leading up to the first payment for the Serrano Pedestrian K1/K2 Trail in 2016.**

### **NEW GOV'T CODE 7920 REQUEST - CFD 1992-1 FUNDING LIMITATIONS**

With that in mind, pursuant to Government Code § 7920 et seq., I respectfully request copies of any records in the County's possession:

- **A copy of the County's Joint Community Facilities Financing Agreement with El Dorado Hills CSD (EDHCSD).**
- **A copy of the County's Joint Community Facilities Financing Agreement with El Dorado Irrigation District (EID).**
- **A copy of all County calculations related to the limitations based on the California Construction Cost Index (CCCI) for San Francisco, as outlined in the EDHSP's Financing Plan and/or the County's Joint Community Facilities Financing Agreement with El Dorado Hills CSD (EDHCSD) for their covered facilities.**
- **A copy of all County calculations related to the limitations based on the California Construction Cost Index (CCCI) for San Francisco, as outlined in the EDHSP's Financing Plan and/or the County's Joint Community Facilities Financing Agreement with El Dorado Irrigation District (EID) for their covered facilities.**

As you all know, the County, through its associated professionals—Mr. Young, Mr. Gonzalez, and Mr. Kraus—acts as an agent for these taxpayers and, as such, has a fiduciary responsibility. A growing list of regulatory agencies could (and likely will) weigh in on these issues if they are not resolved expediently and transparently.

I urge you all to join Mr. Harn in publicly acknowledging these increasingly well-documented concerns to avoid further, unnecessary escalation of this matter.

Should you have any questions, I can be reached (916) 807-0876.

Sincerely,





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**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Thursday, October 17, 2024 2:24 PM

**To:** [rich.gonzalez@claconnect.com](mailto:rich.gonzalez@claconnect.com) <[rich.gonzalez@claconnect.com](mailto:rich.gonzalez@claconnect.com)>;

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**Subject:** Substandard CFD 1992-1 (Serrano) Audits – New Gov't Code 7920 Request: Unaccounted for Assets & Funds

Dear External County Auditor Brandon Young, Former Auditor Rich Gonzalez, NBS' Rep Andrew Kraus & Melanie Young, Auditor-Controller Harn and Richardson's Sheipline (Cc: County and EDHCSD Leadership; Bcc: Various recipients),

Nearly a week ago, I informed the County's external auditors that the audits of the County's Community Facilities Districts (CFDs) are substandard because they fail to audit them as a 'fiduciary component unit.' I reminded the auditors that the County merely acts as an agent that facilitates the collection of assessments, reimburses for publicly acquired improvements, and initiates foreclosures on taxpayers for nonpayment, without assuming responsibility for the underlying debt repayment.

This lack of oversight in the audit is potentially actionable by regulatory agencies (e.g., State Board of Accounting, AICPA, etc.)—especially if it conceals serious breaches of duty by the County (auditee), as it appears. Despite receiving read receipts, the County's Auditor Controller, Mr. Harn is the only one that has acknowledged these serious concerns. The external

auditors should not attempt to ignore this issue and expect that the matter won't escalate.

## **MISSING BOND PROCEEDS**

That said, based on the following simple analysis, the County has issued 'up to \$60 million' in principal bond proceeds to acquire or construct the authorized CFD 1992-1 facilities as follows:



This image is also hyperlinked ([Click here](#)).

The actual SEC-regulated bond offerings recapped above are linked here: [1994](#), [1999](#), [2004](#) and [2012](#).




## **MISSING CAPITAL ASSETS**




As mentioned in my previous email, the County's Auditor-Controller has provided a recap of approximately \$40 million in expenditures linked ([Click here](#)) from the CFD funds. **This includes \$3.5 million committed to the El Dorado Hills Community Services District for the Village J public park. However, this accounts for only about \$43.5 million of the \$61 million in CFD 1992-1 (Serrano) bond proceeds. In other words, there are over \$16 million in unaccounted bond proceeds seemingly missing in this "fiduciary component unit."**

I also identified that the County could be liable for taxes on the bonds from their original issuance. Under the Mello Roos Act, no more than 5% of the bond proceeds can be used for authorized facilities that are privately owned in connection with the tax-exempt status of the bonds issued by the County. **In fact, in addition to the unaccounted bond proceeds issue identified above, the County has accounted for only 32 reimbursement requisitions, with one pending: the Village J Park's \$3,500,000.**

Of the 32 requisitions, 6 are now known to have been improperly reimbursed (identified by green checkmark in the table below) to the developer because the County or its related El Dorado Hills Community Services District ('District') was not properly offered the dedication of the property. This issue was brought to the attention of those in control of the County and the District back in August 2024, linked ([Click here](#)).

Regardless, this results in exceeding the 5% tax exemption limitation for privately held bond proceeds by a significant margin (13.7%), which is not mitigated if the currently unaccounted \$16-plus million in bond proceeds is later shown to have been properly spent (9.8%), as documented in the table below:

CFD 1992-1 [SERRANO] EXPENDITURES						
REQ.	ANN. REP.	DATE	ACCT. ENTRY	DESCRIPTION	AMOUNT	PRIVATE HELD
TBD	-	TBD	-	Village J Lot H Park	\$3,500,000	
30	<a href="#">NBS-2023</a>	2023-05-02	FENIX Doc 951295	Serrano Pedstrian Trail K1/K2 Phase 4	\$572,227	
29	<a href="#">NBS-2022</a>	2021-12-17	FENIX Doc 720209	Serrano Landscape Improvement	\$1,691,735	
-	<a href="#">NBS-2017</a>	2016-10-28	JE2016.....	Serrano Pedestrian Trail K1/K2 Phase 5	\$436,895	
-	<a href="#">NBS-2016</a>	2015-01-26		Sienna Ridge Dr Road and Signalization	\$3,559,597	

28	<a href="#">NBS-2010</a>	2010-02-16	JE201002005	Refund of Reserve Int Credit	\$390,417	
27	<a href="#">NBS-2008</a>	2008-05-14	JE2803074	<b>Serrano/Bass Lk Landscape</b>	<b>\$656,241</b>	
26	<a href="#">NBS-2008</a>	2007-08-28	JE2800374	Serrano Prkwy - East	\$862,892	
25	<a href="#">NBS-2008</a>	2007-08-28	JE2800375	Silva Vly Ext - South & White Rock Rd Ext	\$323,346	
24	<a href="#">NBS-2007</a>	2007-05-15	JE2702980	Formation Costs-Final Report	\$108,437	
23	<a href="#">NBS-2007</a>	2006-11-28	JI2700023626-01	El Dorado Hills Library	\$2,000,000	
22	<a href="#">NBS-2007</a>	2006-09-26	JE2700549	<b>Public Landscaping Villages G &amp; J</b>	<b>\$1,238,518</b>	
21	<a href="#">NBS-2007</a>	2006-08-22	JE2700320	Signalization(s) Serrano Prkwy, Silva Vly, Harvard Wy	\$515,064	
20	<a href="#">NBS-2006</a>	2005-04-13	JE2502255	<b>Serrano Prkwy &amp; A. Lindsey Park Landscaping</b>	<b>\$1,395,062</b>	
19	<a href="#">NBS-2005</a>	2005-01-13	JE2503207	Village Green Prkwy (J3-G)	\$1,094,805	
18	<a href="#">NBS-2005</a>	2004-10-29	JE2503206	South Uplands Sewer System (Per FAMIS &/or NBS Docs)	\$1,018,985	

17	<a href="#">NBS-2005</a>	2004-09-13	JE2500433	North Uplands Sewer System	\$1,070,551	
16	<a href="#">NBS-2003</a>	2003-06-17	JE2302872	South Uplands Sewer System	\$445,767	
15	<a href="#">NBS-2003</a>	2003-06-04	JE2302798	Village Green Prkwy (K3/K4-J3)	\$2,432,775	
14	<a href="#">NBS-2003</a>	2002-08-07	JE2301456	District Park - Village A Ballfields	\$722,935	
13	NOT REPORTED	2002-03-01	JE2202619	Silva Vly Parkway	\$656,257	
12	NOT REPORTED	2002-02-19	JE2202282	South Uplands Sewer Line	\$1,346,795	
11	NOT REPORTED	2001-08-21	JE2200315	Silva Vly Prkwy & Serrano Prkwy	\$1,074,203	
10	NOT REPORTED	2001-07-12	JE2200314	North Uplands Sewer System	\$540,487	
9	NOT REPORTED	2000-11-16	JE2103139	Appian Wy	\$430,700	
8	NOT REPORTED	2000-05-22		Formation Costs	\$292,295	
7	NOT REPORTED	2000-04-28		Serrano Prkwy Country Club to Village K3/4	\$881,695	
6	NOT REPORTED	2000-04-25		Silva Vly Prkwy Serrano to Village A	\$949,313	
5	NOT PRODUCED	1999-12-20		Village Green Lake, Facilities, Park,	\$1,686,750	



				Landscape, & Serrano Prkway		
4	NOT PRODUCED	1999-09-21		North Uplands Sewer System	\$608,873	
3	NOT PRODUCED	1999-09-08		Cost of Issuance	\$6,952	
2	NOT PRODUCED	1999-09-01		Formation Costs	\$309,298	
1	NOT PRODUCED	1999-08-31		Cost of Issuance, Acq. Of Completed Facilities	\$10,765,965	
				CFD 1992-1 Bond Expenditures (to date):	\$43,585,834	13.7%
				CFD 1992-1 Bond Proceed Expenditures:	\$61,140,000	9.8%

This table is also hyperlinked ([Click here](#))

### **GOV'T CODE 7920 REQUEST - UNACCOUNTED CFD 1992-1 ASSETS & FUNDS**

With that in mind, pursuant to Government Code § 7920 et seq., I respectfully request copies of any records in the County's possession:

- Any and all accounting for the additional bond proceeds, including any expenditures (regardless of where) of the CFD 1992-1 bond proceeds beyond the approximately \$43.5 million documented or identified in the table above.



- Associated with requisition numbers 27, 22, 20, 19, 15, and 5, and/or any other public right-of-way (landscape) or public open space (improvement) project where the developer communicated to the County that the sought reimbursements was in compliance with the CFD regulations including the County's "Guidelines for Special District Acquisition Projects," and therefore the CFD payment was made.

As you all know, as the County's associated professionals—Mr. Young, Mr. Gonzalez, Mr. Kraus, and Ms. Young—the County acts as an agent for these taxpayers and, as such, has a fiduciary responsibility. A growing list of regulatory agencies could (and likely will be forced to) weigh in on these issues if they are not transparently corrected, at a minimum, to preserve the tax-exempt status of the County-issued bonds for the acquisition of these public improvements.

I urge you all to join Mr. Harn in acknowledging these increasingly well-documented concerns and beginning to transparently address them in order to avoid unnecessary escalation of this matter.

Should you have any questions, I can be reached (916) 807-0876,

Sincerely,



DEANGETZ.COM

P: (916) 807-0876

F: (916) 853-6050

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---

**From:** Dean Getz <[dean@deangetz.com](mailto:dean@deangetz.com)>

**Sent:** Friday, October 11, 2024 2:21 PM

**To:** [rich.gonzalez@claconnect.com](mailto:rich.gonzalez@claconnect.com) <[rich.gonzalez@claconnect.com](mailto:rich.gonzalez@claconnect.com)>;

[Brandon.Young@slcpas.com](mailto:Brandon.Young@slcpas.com) <[Brandon.Young@slcpas.com](mailto:Brandon.Young@slcpas.com)>; [joe.harn@edcgov.us](mailto:joe.harn@edcgov.us) <[joe.harn@edcgov.us](mailto:joe.harn@edcgov.us)>; Ingrid Sheipline <[ISheipline@richardsoncpas.com](mailto:ISheipline@richardsoncpas.com)>

**Cc:** [heidihannaman@edhcsd.org](mailto:heidihannaman@edhcsd.org) <[heidihannaman@edhcsd.org](mailto:heidihannaman@edhcsd.org)>; Stephen Ferry <[stephenferry@edhcsd.org](mailto:stephenferry@edhcsd.org)>; [michaelmartinelli@edhcsd.org](mailto:michaelmartinelli@edhcsd.org) <[michaelmartinelli@edhcsd.org](mailto:michaelmartinelli@edhcsd.org)>; [benpaulsen@edhcsd.org](mailto:benpaulsen@edhcsd.org) <[benpaulsen@edhcsd.org](mailto:benpaulsen@edhcsd.org)>; [noellemattock@edhcsd.org](mailto:noellemattock@edhcsd.org) <[NoelleMattock@edhcsd.org](mailto:NoelleMattock@edhcsd.org)>; [david.livingston@edcgov.us](mailto:david.livingston@edcgov.us) <[david.livingston@edcgov.us](mailto:david.livingston@edcgov.us)>; Tiffany Schmid <[Tiffany.Schmid@edcgov.us](mailto:Tiffany.Schmid@edcgov.us)>; BOS-District IV <[bosfour@edcgov.us](mailto:bosfour@edcgov.us)>; [bosone@edcgov.us](mailto:bosone@edcgov.us) <[bosone@edcgov.us](mailto:bosone@edcgov.us)>; [bosfive@edcgov.us](mailto:bosfive@edcgov.us) <[bosfive@edcgov.us](mailto:bosfive@edcgov.us)>;

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**Subject:** Substandard El Dorado County Audits – CFD 1992-1 (Serrano) Discrepancies

Dear External County Auditor Brandon Young, Former Auditor Rich Gonzalez, Auditor-Controller Harn and Richardson's Sheipline (Cc: County and EDHCSD Leadership; Bcc: Various recipients),

As you're both aware, as the current (Mr. Young) and the most recent (Mr. Gonzalez) external auditors of El Dorado County, the County operates several Community Facilities Districts (CFDs), where it acts as an agent for property owners, collecting assessments and, if necessary, initiating foreclosures, but is not obligated to repay the debt. As such, the County is a fiduciary acting as an agent for these individual 'fiduciary component units'—as demonstrated in **Richardson & Company's audit** of the Rancho Murieta Community Services District example (linked here: [Click here](#)).

However, the County's (arguably) substandard audit reports fail to properly track and report on this legally constituted separate governmental entity, resulting in seemingly unintended consequences and potentially concealing improprieties from the public that might otherwise be visible. I will explain.

### **CFD 1992-1 ('SERRANO') ADMINISTRATION**

According to the County's Auditor-Controller Harn, he has operated with zero oversight from the County Supervisors or the public through properly agendized board meetings for his administration of the collection and expenditure of these funds linked ([Click here](#)), seemingly with the only exception being homeowner foreclosures within the Serrano CFD-1992 fiduciary component unit, for decades. Astoundingly, according to Harn, is in accordance with a 2004 Supervisors' resolution linked ([Click here](#)).

Couple the lack of oversight from County Supervisors and the public through properly agendized board meetings with the fact that the external audits have continuously failed to properly account for these fiduciary funds held by the County as an individual 'fiduciary component unit'—it should come as no surprise that there visible signs of discrepancies.

## SB 165 REPORTING - CFD 1992-1 ('SERRANO')

For example, the County's Senate Bill (SB) 165 reporting through year-end 2016 indicated that the CFD was deemed "complete," meaning all the authorized facilities had been construction or acquired and reporting a remaining fund balance of just **\$155,253**, only to inexplicably gain millions of additional dollars in in the year-end balance as recapped in the table below:

YEAR	INITIAL DEPOSIT (Construction Fund)	YEAR END BALANCE	EXPENDED	STATUS	SB 165 REPORT
2023	\$23,950,450	<i>\$4,101,431</i>	<i>\$26,801,609</i>	<i>Ongoing</i>	<a href="#">Link</a>
2022	\$23,950,450	<i>\$4,600,896</i>	<i>\$26,229,382</i>	<i>Ongoing</i>	<a href="#">Link</a>
2021	\$23,950,450	<i>\$6,271,202</i>	<i>\$24,537,647</i>	<i>Ongoing</i>	<a href="#">Link</a>
2020	\$23,950,450	<i>\$6,226,979</i>	<i>\$24,537,647</i>	<i>Ongoing</i>	<a href="#">Link</a>
2019	\$23,950,450	<i>\$6,094,558</i>	<i>\$24,537,647</i>	<i>Ongoing</i>	<a href="#">Link</a>
2018	\$23,950,450	<i>\$5,965,220</i>	<i>\$24,537,647</i>	<i>Ongoing</i>	<a href="#">Link</a>
2017	\$23,950,450	<i>\$156,178</i>	<i>\$24,537,647</i>	<i>Ongoing</i>	<a href="#">Link</a>
<b>2016</b>	<b>\$23,950,450</b>	<b>\$155,253</b>	<b>\$24,100,752</b>	<b>COMPLETE</b>	<a href="#">Link</a>
<b>2015</b>	<b>\$23,950,450</b>	<b>\$154,589</b>	<b>\$24,100,752</b>	<b>COMPLETE</b>	<a href="#">Link</a>
<b>2014</b>	<b>\$23,950,450</b>	<b>\$154,165</b>	<b>\$24,695,870</b>	<b>COMPLETE</b>	<a href="#">Link</a>
2013	\$23,950,450	\$153,812	\$24,695,870	<i>Ongoing</i>	<a href="#">Link</a>
2012	\$23,950,450	\$153,502	\$24,695,870	<i>Ongoing</i>	<a href="#">Link</a>
2009	\$23,950,450	\$9,171,775	\$15,672,160	<i>Ongoing</i>	<a href="#">Link</a>
2009	\$23,950,450	\$9,171,775	\$15,672,160	<i>Ongoing</i>	<a href="#">Link</a>

[\(Table Source with Clickable Links\)](#)

Let's be clear: the Serrano CFD 1992-1's formation authorized up to \$60 million in bond proceeds to fund the 'authorized' list of facilities, yet the County's published accounting (e.g., SB 165 reports), along with its audit reports, have repeatedly failed to properly account for the full bond proceeds and corresponding expenditures. This is in large part to substandard external auditing procedures, coupled with what appears to be an extraordinary lack of proper oversight of this poorly supervised individual 'fiduciary component unit.'

### **CFD 1992-1 TAX-EXEMPT BOND STATUS**

Turning to the expenditures for which there was seemingly no oversight, under the Mello-Roos (CFD) Act, no more than 5% of tax-exempt bond proceeds can be used for privately owned facilities. Yet, time and again, the County reimbursed this developer for CFD-funded improvements that were never actually offered for public 'dedication,' as required in the CFD's formation. The fact is that far more than 5% of tax-exempt bond proceeds for public improvements have gone undedicated, as detailed in numerous emails to the El Dorado Hills Community Services District ('District') in which the County's leadership has been copied. Despite the developer repeatedly acknowledged this 'dedication' requirement, they repeatedly sidestepped an actual dedication opting only to offer an easement over their privately held property—improved with taxpayers' CFD funds, of course.

The exposure of these missing CFD 1992-funded 'capital improvements' came to light during the District's most recent audit, which resulted in the near-immediate resignation of the District's auditor, **Richardson & Company's**, Ms. Sheipline. You see, after being well informed, the District's auditor publicly stated at a board meeting,

***"I'm confident there are no missing assets in the District's financial statements,"***

...as documented in the linked board video clip linked ([Click here](#)), despite this statement being proven incorrect the very next day. As a result, the District has been unable to the present day to ratify its **Richardson & Company** annual audit report as missing capital assets and other discrepancies remain unresolved.

## **UP TO \$60 MILLION CFD 1992-1 EXPENDITURES**

The original formation documents provide for the issuance of up to \$60 million in bond proceeds to fund the construction or acquisition of the authorized facilities. The County's Auditor-Controller has provided a recap of approximately \$40 million linked ([Click here](#)) having been expended with the last of the CFD money, \$3.5 million being committed to the District to fund the last development agreement required facilities, the District's Village J park at Bass Lake Road. However, that only accounts for approximately \$43.5 million of the \$60 million provided for in the CFD 1992 (Serrano) formation.

The County's Auditor publicly stated at a recent Board of Supervisors meeting that the bond issues would be resolved; however, nothing has been visibly corrected. Instead, the County's Auditor-Controller is pressuring the District to ratify the improper audit linked ([Click here](#)), an audit in which the District is grappling with missing capital asset issues—an issue enabled, at least in part, by the very same Auditor-Controller's processing of developer payment requests, sometimes without the District's knowledge and repeatedly without requiring proof of the public's (i.e., the District's) acquisition.

Of course, as the current (Mr. Young) and most recent (Mr. Gonzalez) external auditors of El Dorado County, I am directly identifying this ongoing Serrano CFD issue to you two in an effort to transparently resolve it and to avoid triggering any sort of nullification of the tax exemption on the County-issued bonds back to their original issuance, along with avoiding the need to escalate this matter to the fullest extent, such as filing complaints with all relevant licensing agencies.

## **GOV'T CODE 7920 REQUEST -NBS ANNUAL REPORTS**

With that in mind, pursuant to Government Code § 7920 et seq., I also respectfully request copies of any records in the County's possession:



- **Any/All 'Continuing Disclosure Annual Report' prepared by NBS Government Finance Group (or alike) from CFD 1992-1 inception (1995) to the fiscal year ending June 30, 2011.**

Mr. Young and Mr. Gonzalez, the above-mentioned reports, along with the NBS reports the County produced from 2012, to date, in response to my recent public records request, should be helpful. You might also find contact Richardson auditor, Ingrid Shepline to be helpful as she's copied herein.

That said, please be sure to keep me updated on your efforts, as I will be keeping a growing number of concerned members of the public informed, who are all expecting your swift resolution of these serious discrepancies.

Should you have any questions, I can be reached at (916) 807-0876.

Sincerely,



DEANGETZ.COM

P: (916) 807-0876

F: (916) 853-6050

4935 Hillsdale Circle | El Dorado Hills | CA 95762 USA | [www.deangetz.com](http://www.deangetz.com)



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## Tyler Hartsell

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**From:** Kris Payne <krispayne999@gmail.com>  
**Sent:** Sunday, December 8, 2024 1:12 PM  
**To:** BOS-District II; BOS-District V; BOS-District IV; BOS-District III; BOS-Clerk of the Board; Joe H. Harn; David A Livingston; AD-EDCCAO; Tax Collector; Sonja Cook; BOS-District I; Janeth D. SanPedro  
**Subject:** BOS 12-10-2024 Agenda, Item #2 (AGN 24-1925)- Annual SB 165 Submittal  
**Attachments:** D - Auditor Controller comment CFD 1992-1 BOS 12-10-2024 Agenda Item 2.pdf

### This Message Is From an External Sender

This message came from outside your organization.

Report Suspicious

The Taxpayers Association of El Dorado County requests that BOS 12-10-2024 Agenda, Item #2 - Annual SB 165 submittal be pulled from the 42-Item Consent Calendar for public discussion. This particular item has been prepared by the County Auditor-Controller for BOS action.

During the past year, Mellos-Roos bonds and their appropriateness of use has been questioned by the public during numerous BOS Agenda Open Forum opportunities as a point of contention. In those occasions, because of the item not being properly agendized for complete discussion and because of the Brown Act restrictions, the Board members have not been allowed to participate in a complete discussion for the benefit of public discord.

Therefore for EDC Strategic Plan Values, clarity, thoroughness, and transparency, **please pull BOS 12-10-2024 Agenda, Item #2 (AGN 24-1925) - Annual SB 165 from the Consent Calendar. We are prepared to participate at any time during the day as deemed appropriate by your Board.**

Respectfully requested,

Kris Payne  
President of the TPAEDC

**Note:** See attached Auditor-Controller Comments. (Is "...long-standing practice,," legally equivalent to the intent of the law?)



***County of El Dorado***  
**OFFICE OF AUDITOR-CONTROLLER**

360 FAIR LANE  
PLACERVILLE, CALIFORNIA 95667-4193  
Phone: (530) 821-5487 Fax: (530) 295-2535

**JOE HARN**  
Auditor-Controller

**TSUNG-KUEI HSU**  
Assistant Auditor-Controller

**December 3, 2024**

**Board of Supervisors  
330 Fair Lane  
Placerville, California 95667**

**Dear Supervisors:**

**It has been a long-standing practice for the County to file annual reports that include bond proceeds from the 1999 and the 2004 bond sales per SB-165 for Community Facilities District (CFD) 1992-1, Serrano.**

**A member of the public has recently suggested that the reports that we have been filing are in error. Because of the public scrutiny, my office has spent a little bit of time reviewing SB-165 and our previously filed reports.**

**The law, Senate Bill 165, filed with the Secretary of State on September 19, 2000, enacted the Local Agency Special Tax and Bond Accountability Act. This Act requires that any local special tax/local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, requires that the proceeds of the special tax be applied to those purposes, requires the creation of an account into which the proceeds shall be deposited, and requires an annual report containing specified information concerning the use of the proceeds. The Act applies to local bond measures adopted on or after January 1, 2001, in accordance with Section 53410 of the California Government Code.**

**There have been three, new money, CFD 1992-1, bond sales: 1994, 1999, and 2004. Accordingly, we were never required to include in our annual reports bond proceeds from the 1994 or 1999 bond sales. We started the practice many years ago to include both the 1999 and 2004 proceeds in our report, although SB-165 only requires that we report the 2004 bond proceeds. We do not remember why we started this practice.**

**The member of the public who is scrutinizing CFD 1992-1 believes that it would be better to include all three bond sales on the report. I do not disagree with him.**

**We have located good records related to the use of the bond proceeds going back 25 years through the 1999 bond sale. We continue to work towards locating the CFD records going back to 1992 (32 years) when the CFD was formed. It is our goal to provide the public access to records related to the use of the bond proceeds from the 1994 bond sale as soon as is practical.**

A handwritten signature in black ink, appearing to read "Joe Harn", is written over the printed name and title.

**Joe Harn  
Auditor-Controller**

Public Comment #2  
BOS RCVD 12/9/2024

**Tyler Hartsell**

---

**From:** Dean Getz <dean@deangetz.com>  
**Sent:** Monday, December 9, 2024 1:47 PM  
**To:** BOS-Clerk of the Board  
**Subject:** Written Public Comment: December 10, 2024, Supervisors' meeting pertaining to Consent Item 24-1924

**Importance:** High

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

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Report Suspicious

Dear Clerk of the Board (Bcc: numerous others),

**[Clerk of the Board, please incorporate these comments into the County's official record for the December 10, 2024, Supervisors' meeting pertaining to Consent Item 24-1924.]**

Please ensure that El Dorado's external auditor acknowledgement and commitment to addressing the (alleged) CFD reporting concerns, which continue to be improperly reported in Consent Item 24-1924, is part of the official public record.

Mr. Young's reply is included just below.

Thanks,

Dean

DEANGETZ.COM

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F: (916) 853-6050

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**From:** Brandon Young <Brandon.Young@lslcpas.com>

**Sent:** Monday, December 9, 2024 9:26 AM

**To:** Dean Getz <dean@deangetz.com>

**Cc:** Bryan Gruber <Bryan.Gruber@lslcpas.com>

**Subject:** Re: Concerns Regarding LSL's Response to Documented Issues in Your Work-in-Process El Dorado County Audit

Mr. Getz,

I am acknowledging receipt of your emails and have them all saved. We have not yet begun our audit for the year ended June 30, 2024. We will incorporate the concerns you have brought up into our planning process, as well as discuss necessary steps with the County.

Thanks,

Brandon Young, CPA, Partner/COO



📞 (949) 829-8299

📠 (916) 562-1579

✉️ Brandon.Young@lslcpas.com

🌐 [www.lslcpas.com](http://www.lslcpas.com)



accountingTODAY

2024 Regional Leaders



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**From:** Dean Getz <dean@deangetz.com>

**Sent:** Saturday, December 7, 2024 5:28 PM

**To:** Michael Agresti <Michael.Agresti@lslcpas.com>; Maria Arriola <maria.arriola@lslcpas.com>; Jeff Boxx <Jeff.Boxx@lslcpas.com>; Pamela A. Bustos <Pam.Bustos@lslcpas.com>; Ryan Domino <Ryan.Domino@lslcpas.com>; Lisa Favor <lisa.favor@lslcpas.com>; Gail Gray <Gail.Gray@lslcpas.com>; Bryan Gruber <Bryan.Gruber@lslcpas.com>; David S. Myers <Dave.Myers@lslcpas.com>; Adam Odom <Adam.Odom@lslcpas.com>; Jocelyn Potter <Jocelyn.Potter@lslcpas.com>; Donald Slater <Donald.Slater@lslcpas.com>; Kelly Telford <kelly.telford@lslcpas.com>; Christian Townes <christian.townes@lslcpas.com>; Yana Weaver <Yana.Weaver@lslcpas.com>; Brandon Young <Brandon.Young@lslcpas.com>

**Cc:** heidihaman@edhcsd.org <heidihaman@edhcsd.org>; Stephen Ferry <stephenferry@edhcsd.org>; michaelmartinelli@edhcsd.org <michaelmartinelli@edhcsd.org>; benpaulsen@edhcsd.org <benpaulsen@edhcsd.org>; noellemattock@edhcsd.org <NoelleMattock@edhcsd.org>; Tiffany Schmid <Tiffany.Schmid@edcgov.us>; BOS-District IV <bosfour@edcgov.us>; bosone@edcgov.us <bosone@edcgov.us>; bosfive@edcgov.us <bosfive@edcgov.us>; bostwo@edcgov.us <bostwo@edcgov.us>; bosthree@edcgov.us <bosthree@edcgov.us>; Ingrid Sheipline <ISheipline@richardsoncpas.com>; Vern R. Pierson <vern.pierson@edcda.us>; Teri Gotro <tgotro@edhcsd.org>; Mark Hornstra <mhornstra@edhcsd.org>; contact@edcgrandjury.com <contact@edcgrandjury.com>; James A. Clinchard <james.clinchard@edcda.us>; rich.gonzalez@claconnect.com <rich.gonzalez@claconnect.com>; akraus@nbsgov.com <akraus@nbsgov.com>; Benjamin.Glickman@doj.ca.gov <Benjamin.Glickman@doj.ca.gov>; david.livingston@edcgov.us <david.livingston@edcgov.us>; joe.harn@edcgov.us <joe.harn@edcgov.us>; 'BOS-Clerk of the Board' <edc.cob@edcgov.us>

**Subject:** Concerns Regarding LSL's Response to Documented Issues in Your Work-in-Process El Dorado County Audit

Dear Partners of LSL CPAs (Cc & Bcc: numerous others),

I am forwarding an extensive email thread (shown below) that I have sent to LSL's Chief Operating Officer, Brandon Young, whom I believe to be the partner in charge of the firm's audit of El Dorado County, California. I have also left multiple voicemail messages for Mr. Young without receiving any response.

It is my understanding that LSL is in its first year of auditing El Dorado County and has fallen into the same scope-of-work rut as the previous auditors. **Specifically, LSL's audit engagement appears to be crafted around, or otherwise sidesteps, addressing the County-operated Mello-Roos (or Community Facilities District) fiduciary funds, in which the County acts as a custodial agent.**

This is particularly problematic since the County's Auditor-Controller's office has advised me that it has administered some or all of these custodial funds automatically (meaning without oversight, seemingly for decades), which has arguably resulted in demonstrable reporting errors to the California Debt and Investment Advisory Commission (CDIAC), as well as to the County Supervisors and the public through SB 165 misstatements. Moreover, the County has, to date, been unable to document more than \$44 million of the \$52 million in construction funds in a custodial fund that, by law, is required to be separately accounted for and should be at the County's fingertips. **To that end, the County's auditor has acknowledged that "The County screwed up," and that funds have been improperly remitted from CFD 1992-1, Serrano.**

Let's be clear, this is just the first of the six County-operated Mello-Roos districts I've attempted to test. In other words, the prior County external audits are arguably substandard. Since Mr. Young has not bothered to acknowledge my concerns; I feel compelled to alert the other partners of the firm of the gravity of the pending audit. It will not be acceptable for LSL to simply apply the same substandard footnoting practice to the County-administered (bonded) Community Facilities Districts without facing a formal complaint filed with accounting regulators and other relevant authorities.

With that in mind, please acknowledge my concerns, as well as those of a growing number of El Dorado County taxpayers, with the courtesy of a reply and a return telephone call from the appropriate LSL partner overseeing your firm's El Dorado County, California audit.

I can be reached at (916) 807-0876.

Sincerely,

Dean

DEANGETZ.COM

P: (916) 807-0876

F: (916) 853-6050

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