

Board of Supervisors
County of Marin
San Rafael, California

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Marin as of and for the year ended June 30, 2017, and have issued our report thereon dated January 30, 2018. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by County of Marin are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2017.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

- **Claims liability:** Management's estimate is derived from actuarial valuations obtained from experts. We compared the claims liability reported in the financial statements to those reported in actuarial reports prepared and issued during the year being audited.
- **Net pension liability and related deferred inflows and outflows:** Management's estimate of the net pension liability and related deferred inflows and outflows is based on actuarial valuation reports obtained from experts. We compared the liability and deferred inflows and outflows in the financial statements to the actuarial report prepared and issued for the year under audit.

- Liability for other post-employment benefits (OPEB): Management's estimate is derived from actuarial valuations obtained from experts. We compared the liability reported in the financial statements to the actuarial report prepared and issued for the year under audit.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Corrected misstatements

The attached schedule summarizes material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 30, 2018.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

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

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

Other audit findings or issues

We have provided a separate letter to you dated January 30, 2018, communicating internal control related matters identified during the audit.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Quality of component auditor's work

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

Limitations on the group audit

There were no restrictions on our access to information of components or other limitations on the group audit.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated January 30, 2018.

With respect to the combining and individual fund statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and

reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated January 30, 2018.

The introductory and statistical sections accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Other information is being included in documents containing the audited financial statements and the auditors' report thereon. Our responsibility for such other information does not extend beyond the financial information identified in our auditors' report. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in such documents. As required by professional standards, we read the introductory and statistical sections (the other information) in order to identify material inconsistencies between the audited financial statements and the other information. We did not identify any material inconsistencies between the other information and the audited financial statements.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

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



CliftonLarsonAllen LLP

Roseville, California
January 30, 2018

County of Marin
 Uncorrected Misstatements
 June 30, 2017

| Account | Description | Debit | Credit |
|---------|-------------|-------|--------|
|---------|-------------|-------|--------|

Proposed Journal Entries
Proposed Journal Entries JE # 401
 To pass on the prior year effect of over accrued revenue in the prior year.

| | | | |
|--------------|------------------------|----------------------------|----------------------------|
| GF01.9300 | Prior Year Adjustments | 1,122,000.00 | |
| GF01.6012 | General Government | | 51,057.00 |
| GF01.6022 | Public Protection | | 1,070,943.00 |
| Total | | <u>1,122,000.00</u> | <u>1,122,000.00</u> |

County of Marin
 Corrected Misstatements
 June 30, 2017

| Account | Description | Debit | Credit |
|---------|-------------|-------|--------|
|---------|-------------|-------|--------|

Adjusting Journal Entries

Adjusting Journal Entries JE # 106

Cash reconciliation adjustment

| | | | |
|--------------|----------------------|-------------------|-------------------|
| TA02.1000 | Cash And Investments | 364,345.00 | |
| TA02.2309 | AF held for Others | | 364,345.00 |
| Total | | 364,345.00 | 364,345.00 |

Adjusting Journal Entries JE # 108

To adjust cash and payroll liability account

| | | | |
|--------------|----------------------|---------------------|---------------------|
| TA02.2309 | AF held for Others | 4,109,932.00 | |
| TA02.1000 | Cash And Investments | | 4,109,932.00 |
| Total | | 4,109,932.00 | 4,109,932.00 |