

**EL DORADO LOCAL AGENCY  
FORMATION COMMISSION**

**Placerville, California**

**REPORT TO THE  
COMMISSIONERS**

**June 30, 2008**



matson and isom

Founded in 1962 by  
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To the Commissioners  
El Dorado Local Agency Formation Commission  
Placerville, California

We have audited the financial statements of El Dorado Local Agency Formation Commission (LAFCo) for the year ended June 30, 2008, and have issued our report thereon dated June 17, 2009. Professional standards require that we provide you with the following information related to our audits.

***Our Responsibility Under Generally Accepted Auditing Standards and Government Auditing Standards***

Our engagement letter dated May 12, 2009, states that our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of LAFCo. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

***Qualitative Aspects of Accounting Practices***

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

There were no transactions that did not have authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 can be 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. There were no sensitive estimates made by management in preparing the financial statements.

***Difficulties Encountered in Performing the Audit***

We encountered no difficulties in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We proposed, and management has agreed, to record adjustments that reconcile the audited fund balance to the internal financial statements as of June 30, 2007, to record the annual depreciation expense, and to eliminate the carry forward fund balance as a component of revenue. The net effect of the adjustments was to increase the net loss by \$79,237.

Uncorrected misstatements include the understatement of prepaid expenses and understatement of accrued expenses. The net income effect of all passed adjustments amounted to \$1,530. Management has determined that the effects of these adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. These adjustments are below a calculated material amount that would merit being recorded in the financial statements.

*Disagreements With Management*

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management letter dated June 17, 2009.

*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 financial statements, or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

This information is intended solely for the use of the Commissioners and management of El Dorado Local Agency Formation Commission and should not be used for any other purpose. Should you have any questions or comments regarding any of the foregoing matters, or if we can be of assistance to you in any other way, please do not hesitate to contact us.

We would like to take this opportunity to express our appreciation for the cooperation and assistance provided to us during the audit by your staff. We look forward to a continued relationship with you.

*Matson and Isom*

June 17, 2009