



March 11, 2022

To the Honorable Board of Supervisors
County of Ventura, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Ventura, California (County) for the year ended June 30, 2021 and have issued our report thereon dated March 11, 2022. Professional standards require that we advise you of the following matters relating to our audit.

We did not audit the financial statements of the Ventura County Employees Retirement Association, Ventura County Public Financing Authority and the Children and Families First Commission of Ventura County. Those financial statements were audited by other auditors as stated in our report on the County's financial statements. This communication does not include the results of those audits.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our engagement letter dated May 12, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the County complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated March 11, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by County are described in Note 1 to the financial statements. As described in Notes 1 and 2, the County changed accounting policies related to accounting for fiduciary activities to adopt the provisions of GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2020. Also described in Note 2, a prior period adjustment was recorded to the Medical System Enterprise Fund and Business – Type Activities to recognize patient credit balances not previously recorded. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are amounts related to allowances for accounts receivable and related net patient service revenue, supplemental revenues and receivables, third party settlement liabilities, risk management claims liabilities, recognition of Provider Relief Fund revenue, the net pension liability and related deferred inflows/outflows of resources and pension expense and the net other postemployment benefits (OPEB) liabilities, assets, and related deferred inflows/outflows of resources and OPEB expense. We evaluated the key factors and assumptions used to develop management's estimates and determined that they were reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the County's financial statements relate to:

As disclosed in Note 14 to the County's financial statements, the County disclosed the net pension liabilities, pension expense, and deferred inflows and outflows of resources associated with the County's pension plans. As disclosed, a 1 percent increase or decrease in the discount rate has a material effect on the County's net pension liabilities.

As disclosed in Note 15 to the County's financial statements, the County disclosed the total OPEB liabilities, OPEB expense, and deferred inflows and outflows of resources associated with the County's OPEB plans. As disclosed, a 1 percent increase or decrease in the discount rate and the healthcare costs trend rates has a material effect on the County's total OPEB liabilities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The attached schedule summarizes misstatements that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

There were no uncorrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, 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, which could be significant to the County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated March 11, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing County's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Modification of the Auditor's Report

We have made the following modification to our auditor's report.

Adoption of New Accounting Standard

As discussed in Notes 1 and 2 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Prior Period Adjustment

As discussed in Note 2 to the financial statements, a prior period adjustment was recorded to the Medical System Enterprise Fund and Business – Type Activities to recognize patient credit balances not previously recorded. Our opinions are not modified with respect to this matter.

The basic financial statements include the financial statements of the Ventura County Employees' Retirement Association, Children and Families First Commission of Ventura County, and the Ventura County Public Financing Authority, which we considered to be significant components of the County's financial statements. The financial statements of those components noted above were audited by other auditors and we did not assume responsibility for the audit performed by the other auditors, rather have referred to their audit in our report.

Our decision to refer to the reports of the other auditors was based upon (1) our evaluation of the materiality of those components noted above with respect to the consolidated financial statements as a whole; (2) the ability for group management to provide necessary audit evidence with respect to those components noted above (3) our consideration of the timing requirements of the engagement. Our audit procedures with respect to those components noted above included required correspondence with the other auditors, obtaining and reading their auditor's report and the related financial statements, and other procedures as considered necessary.

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California

County of Ventura, California
Corrected Misstatements
For the year ended June 30, 2021

Number	Opinion Unit	Account/Description	Debit	Credit
1	Medical System Enterprise Fund	Accounts Receivable Other Supplemental Revenue	\$ 12,643,038	\$ 12,643,038
<i>To adjust FY21 GPP revenue per state's final reconciliation.</i>				
2	Medical System Enterprise Fund	Accounts Receivable Accrued Expenses	3,161,718	3,161,718
<i>To reclass deposited AB915 check to accrued expenses.</i>				
3	Medical System Enterprise Fund	Accounts Receivable Accounts Receivable Other Supplemental Revenue Other Supplemental Revenue	1,278,487 1,857,000	1,278,487 1,857,000
<i>To adjust WPC revenue accrual for FY21 based on estimates and settlement payment received</i>				
4	Medical System Enterprise Fund	Net Patient Revenue Third Party Settlements	12,303,806	12,303,806
<i>To adjust third party settlements per audit</i>				
5	Medical System Enterprise Fund	Patient Credits Payable Beginning Net Position Patient Credits Payable Net patient Revenue	4,097,452 15,572,024	15,572,024 4,097,452
<i>To record prior period adjustment for patient credits reclassified to contractual allowance</i>				
6	Medical System Enterprise Fund	Other Supplemental Revenue Other Supplemental Revenue Accounts Receivable Accounts Receivable	2,239,770 4,200,954	2,239,770 4,200,954
<i>To adjust FY21 EPP revenue per state's final reconciliation</i>				
7	Medical System Enterprise Fund	Accounts Receivable Other Supplemental Revenue	13,739,923	13,739,923
<i>To adjust FY21 QIP revenue per state's final reconciliation</i>				
8	Medical System Enterprise Fund	Other Supplemental Revenue Accounts Receivable	1,537,681	1,537,681
<i>To adjust FY21 COHS receivable</i>				
9	Medical System Enterprise Fund	Contractual Allowance Net Patient Revenue	327,185	327,185
<i>To adjust net patient receivables per audit</i>				



July 21, 2022

To the Honorable Board of Supervisors
County of Ventura, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Ventura, California (County) as of and for the year ended June 30, 2021, and have issued our report thereon dated March 11, 2022.

We did not audit the financial statements of the Ventura County Employees' Retirement Association, Ventura County Public Financing Authority and the Families First Commission of Ventura County. Those financial statements were audited by other auditors as stated in our report on the County's basic financial statements. This communication does not include the results of those audits.

We have previously provided our communication in accordance with professional standards on the audit of the financial statements in our letter dated March 11, 2022. Professional standards require that we advise you of the following matters relating to our audit of compliance under the Uniform Guidance.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*, and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated May 12, 2021, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the County complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards as it relates to the audit of the County's major federal program compliance, is to express an opinion on the compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we consider internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the County's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated March 11, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated July 21, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County as it relates to the Single Audit are included in the notes to the Schedule of Expenditures of Federal Awards (SEFA). There have been no initial selection of accounting policies and no changes in significant accounting policies as it relates to the Single Audit. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates were disclosed in our letter dated March 11, 2022, and there are no changes as of July 21, 2022.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the County's financial statements were described in our letter dated March 11, 2022, and there are no changes as of July 21, 2022.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We previously communicated such items in our letter dated March 11, 2022, and there are no changes as of July 21, 2022.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Disagreements with Management

For purposes of this letter, 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, which could be significant to the County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management on the audit of compliance under the Uniform Guidance which are included in the management representation letter dated July 21, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the County's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Group Audits

We have previously communicated our responsibilities as it relates to the financial activity of the County's component units in our letter dated March 11, 2022, and there are no changes as of July 21, 2022.

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California