



BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

January 14, 2021

Board of Directors
Summerland Sanitary District
P.O. Box 417
Summerland, CA 93067

We are pleased to present this letter related to our audit of the financial statements of Summerland Sanitary District (the District) for the year ended June 30, 2020. This letter is to inform the Board of Directors about significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility, and we can comply with professional standards.

The following summarizes various matters which must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated April 28, 2020, which includes communication regarding the planned scope and timing of our audit and our identification of and planned audit response to significant risks of material misstatement. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

The following is a list of the matters, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Alternative Treatments Discussed with Management

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's financial statements:

Useful Lives of Capitalized Assets and Depreciation

The District assigns useful lives to capital assets of between 5 and 50 years. The District depreciates the assets on a straight-line basis. The actual useful lives of these assets could differ from the assigned lives.

Other Postemployment Benefits

In accordance with GASB Statement No. 75, each participating cost-sharing employer is required to report its proportionate share of the collective net OPEB liability, OPEB expense, and deferred outflows/inflows of resources. SBCERS actuaries calculated these amounts in accordance with the parameters of GASB 75.

Net Pension Liability

In accordance with GASB Statement No. 68, each participating cost-sharing employer is required to report its proportionate share of the collective net pension liability, pension expense, and deferred outflows/inflows of resources. SBCERS actuaries calculated these amounts in accordance with the parameters of GASB 68.

Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. The definition includes adjustments which were not recorded by the District because they are not material to the current financial statements but might be potentially material to future financial statements.

The following adjustments were recorded after the initial trial balance was provided:

- \$29,723 to include cash accounts not recorded by the County.
- \$20,113 to accrue accounts payable at year end.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management during the audit.

Management Representations

In conjunction with the audit of the financial statements, we have been provided a letter of certain representations from management dated January 14, 2021.

Conclusion

This report is intended solely for the information and use of the Board of Directors and management it is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Summerland Sanitary District.

Very truly yours,

Bartlett, Pringle & Wolf, LLP

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Certified Public Accountants and Consultants