



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

January 12, 2023

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, 2022. This letter is to inform the Board of Directors about significant matters related to the conduct of our annual audit so that it can appropriately discharge its oversight responsibility, and we can comply with professional responsibilities.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

### **Our Responsibilities With Regard to the Financial Statement Audit**

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated June 1, 2022, 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 within Generally Accepted Accounting Principles 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 Unusual Transactions*

We did not identify any significant 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 and Uncorrected Misstatements

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:

- \$9,985 to remove expenses that were capitalize at year-end.
- \$28,501 to include cash accounts not recorded by the County.
- \$344,248 to accrue accounts payable at year end.
- \$501,463 to record the disposal of fixed assets during the year.

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

### Observations About the Audit Process

#### *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.

#### *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.

*Significant Difficulties Encountered in Performing the Audit*

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

*Difficult or Contentious Matters That Required Consultation*

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

**Significant Written Communications Between Management and Our Firm**

In conjunction with the audit of the financial statements, we have been provided a letter of certain representations from management dated January 12, 2023.

**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*