

VAUGHN JOHNSON, CPA

MANAGEMENT COMMUNICATIONS

The Board of Directors
Golden West Community Services District
El Dorado, California

I have audited the financial statements of Golden West Community Services District (District) for the two fiscal years ended June 30, 2020 and 2019 and have issued my report thereon dated December 8, 2020. Professional standards require that I provide you with the following information relating to my audit.

MY RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

As stated in my engagement letter dated September 23, 2020, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because I 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 me.

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

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District 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 2019-2020. I noted no transactions entered into by the District 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 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 financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated December 8, 2020.

Management Consultations with Other Independent Accountant

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

Other Audit Findings or Issues

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

I encountered no significant difficulties in dealing with management in performing my audit.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

In the following section I will discuss certain observations that I believe warrant attention and/or future monitoring by the District's management:

Finding #1- The District Does Not Have Capitalization and Depreciation Policies

Condition:

The District Board has not established capitalization and depreciation policies for its capital assets.

This finding is repeated; see Current Year Findings

Finding #2 – Strategic Plan

Condition:

The District does not have a long-term Strategic Plan

This finding is repeated; see Current Year Findings

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

In the following section I will discuss certain observations that I believe warrant attention and/or future monitoring by the District's management:

Finding #1 – The District Does Not Have Capitalization and Depreciation Policies

Criteria:

Governmental Generally Accepted Accounting Principles GASB 34 require capital assets be depreciated over their useful lives. Capitalization policies are required to be implemented by the governing unit. Other policies need to be implemented internal control monitoring and implementation per government auditing standards.

Community Services District Law requires the District's Board to enact, by rule or regulation, operating policies for the operation of the District, including but not limited to, administrative policies, fiscal policies, personnel policies, and purchasing policies.

Condition:

The District has not yet enacted capitalization and depreciation policies. They have completed road policies, Board policies, and bylaws. The Board is also ensuring the accuracy of the direct charge tax roles. The Board has an active website where all agendas, minutes, financial and other information are posted.

Effect:

The District needs complete accounting policies and procedures to ensure that internal control, monitoring and reporting are implemented for accuracy and control of the District's assets.

Recommendation:

The District produces and approves administrative policies, fiscal policies, personnel policies and purchasing policies. This will give guidance for present and future boards to ensure the success of the District.

Finding #2 – Strategic Plan

Criteria:

The District does not have a long-term Strategic Plan.

Condition:

The Strategic plan is a very important part of governance.

Effect:

It is a supplement to the budget. It is important for the District to know what future repairs and requirements will be needed by the District.

Recommendation:

A Strategic plan is a very important tool for the District to implement for the continuance and future of the District.

DISTRICT ADMINISTRATION

I would like to extend my appreciation to Audrey Keebler for their cooperation during my audit. The District has made significant improvement since the last audit.

This information is intended solely for the use of the District's members and directors, El Dorado County Auditor-Controller's Office and the California State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Vaughn Johnson

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December 8, 2020