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Communication with Those Charged with Governance at the Conclusion of the Audit

October 2, 2023

Board of Directors and those charged with governance
Los Carneros Water District
Napa, California

I have audited the financial statements of the governmental activities and each major fund of Los Carneros Water District (District) for the years ended June 30, 2023 and 2022. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated May 21, 2023. Professional standards also require that I communicate to you the following information related to my audit.

Impact of Recently Issued Accounting Standards - Effective in Future Fiscal Years

The GASB recently issued two new standards for the District to consider, Statement No. 96, *Subscription-Based Information Technology Arrangements* effective for FY22-23 and Statement No. 101, *Compensated Absences* effective for FY24-25.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Los Carneros Water 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 the years ended June 30, 2023 and 2022. I noted no transactions entered into by Los Carneros Water 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. I have evaluated all identified related parties, accounting for related party transactions, if any, and accounting for significant unusual transactions, if any, and required disclosures, and found no further disclosures to you are required.

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 District does not have any sensitive or significant estimates affecting the governmental activities and each major fund's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no disclosure(s) affecting the financial statements that I consider sensitive.

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. I am pleased to report that I detected no misstatements that required adjusting.

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 October 2, 2023.

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 Los Carneros Water 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 Los Carneros Water District's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Other Matters

I applied certain limited procedures to the District's Governmental Funds Budgetary Comparison Schedules, which is required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

I have issued my report dated October 2, 2023, on my consideration of the Los Carneros Water District's internal control over financial reporting and on my tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters.

Restriction on Use

This information is intended solely for the information and use of Board of Directors of Los Carneros Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Charles W Pillon, CPA

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