

SANTA YNEZ COMMUNITY SERVICES DISTRICT
MEMORANDUM

TO: Board of Directors
FROM: Loch A. Dreizler, General Manager, District Treasurer
Alicia Marin, Office Manager, Board Secretary
DATE: December 20, 2023
SUBJECT: Audit – Fiscal Year 2022/2023 Summary by Nigro & Nigro

Proposed Motion / Recommendation

Proposed Motion: Approve the audit report submitted by Nigro & Nigro for the fiscal year ending June 30, 2023.

Policy Implications

Special Districts are required by Government Code §26909 to have annual independent audits conducted by a certified public accountant and filed with the State Controller's Office.

On January 20, 2021, the Board of Directors approved a three-year contract with Nigro & Nigro to complete audits for fiscal years 2020-2021, 2021-2022, and 2022-2023.

Fiscal Implications

The District awarded a three-year contract to Nigro & Nigro to conduct annual audits for the fiscal years 2020-2021, 2021-2022, and 2022-2023 for \$9,500.00 per year for a three-year total of \$28,500.

Alternatives Considered

None

Discussion

Paul Kaymark of Nigro & Nigro's will give an audit summary and discuss highlights of the *Financial Statement and Independent Auditor's Report*. In addition, Mr. Kaymark will be available to answer questions from the public, staff, and Directors.

Attachment(s):

1. Dashboard/Presentation – Audited Financial Statements
2. Report to the Board of Directors - Fiscal Year Ending June 30, 2023

Santa Ynez Community Services District
Dashboard – Audited Financial Statements

June 30, 2023 vs 2022

Revenues & Expenses	2023	2022	Variance
Operating Revenues:			
Sewer service charge	\$ 1,298,966	1,236,715	\$ 62,251
Sewer benefit fees	39,383	39,061	322
Other charges for services	10,940	11,309	(369)
Non-Operating Revenues:			
Property taxes	225,158	209,156	16,002
Voter approved taxes	4,406	1,938	2,468
Annexation fees	3,630	9,970	(6,340)
Investment earnings	102,544	14,068	88,476
Indian reservation contract, net	48,823	42,322	6,501
Capital Contributions			
Sewer extension fees	13,185	13,185	-
Connection fees	34,151	668,513	(634,362)
Golden Inn sewer pump station	-	416,604	(416,604)
Total Revenues	<u>1,781,186</u>	<u>2,662,841</u>	<u>(881,655)</u>
Operating Expenses:			
Sewage collection	884,439	745,883	138,556
Sewage treatment	240,000	240,000	-
General and administrative	363,104	220,183	142,921
Operating expenses before depr.			
Depreciation expense	233,095	241,166	(8,071)
Total Operating Expenses	<u>1,720,638</u>	<u>1,447,232</u>	<u>273,406</u>
Non-Operating Expenses:			
Interest expense	36,752	35,690	1,062
Total Expenses	<u>1,757,390</u>	<u>1,482,922</u>	<u>274,468</u>
Change in Revenues & Expenses	<u>\$ 23,796</u>	<u>\$ 1,179,919</u>	<u>\$ (1,156,123)</u>
Capital Outlay:			
Capital Asset Additions	\$ (21,811)	\$ (1,155,400)	\$ 1,133,589
Depreciation Expense	233,095	241,166	(8,071)
Change in Capital Expense	<u>\$ 211,284</u>	<u>\$ (914,234)</u>	<u>\$ 1,125,518</u>
Debt Service:			
Principal Paid	\$ (48,726)	\$ 1,300,000	\$ (1,348,726)
Cash & Investments	<u>\$ 5,947,609</u>	<u>\$ 5,794,120</u>	<u>\$ 153,489</u>
Quick Summary:			
Change in Revenues & Expenses	\$ 23,796		
Change in Capital Expense	211,284	Use of Cash	
Debt Service – Principal Payments	(48,726)	Use of Cash	
Increase in Accounts Receivable	(34,446)	Change to Cash	
Change in Cash & Investments	<u>\$ 151,908</u>	Approximately	<u>\$ (1,581)</u>
Investment Earnings to Portfolio	<u>1.75%</u>		

SANTA YNEZ COMMUNITY SERVICES DISTRICT
Report to the Board of Directors
For the Fiscal Year Ended
June 30, 2023

SANTA YNEZ COMMUNITY SERVICES DISTRICT

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Board of Directors
Santa Ynez Community Services District
Santa Ynez, California

We are pleased to present this report related to our audit of the financial statements of the Santa Ynez Community Services District (District) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and 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 the District.

Very truly yours,

Murrieta, California
December 20, 2023

Required Communications

SANTA YNEZ COMMUNITY SERVICES DISTRICT

Required Communications

For the Fiscal Year Ended June 30, 2023

Generally accepted auditing standards (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.

Area	Comments
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, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.
Accounting Policies and Practices	Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted. Adoption of, or Change in, Significant Accounting Policies or Their Application 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 judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.
Audit Adjustments	Audit adjustments are summarized in the attached Summary of Adjusting Journal Entries .
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

SANTA YNEZ COMMUNITY SERVICES DISTRICT

Required Communications

For the Fiscal Year Ended June 30, 2023

Area	Comments
Discussions With Management	We 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 auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
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 the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	No significant difficulties were encountered in performing our audit.
Required Supplementary Information	We applied certain limited procedures to the: <ol style="list-style-type: none">1. Management's Discussion and Analysis Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Summary of Adjusting Journal Entries

SANTA YNEZ COMMUNITY SERVICES DISTRICT

*Summary of Adjusting Journal Entries
For the Fiscal Year Ended June 30, 2023*

None Noted