



Board of Directors  
Santa Lucia Community Services District  
Carmel, California

We have audited the financial statements of the Santa Lucia Community Services District as of and for the year ended June 30, 2023, and have issued our report thereon dated February 22, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated July 25, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Santa Lucia Community Services District are described in Note 2 to the financial statements.

As described in Note 2, the District changed accounting policies related to subscription-based information technology arrangements by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements*, during fiscal year 2023. The implementation of this statement had no impact on the accompanying financial statements.

We 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*

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 most sensitive estimates affecting the financial statements were:

- The estimate of useful lives of depreciable assets.
- The estimate for the allocation of property related fees and administrative costs which is based on budgeted expenses by department.

We evaluated the methods, assumptions, and data used to develop the estimates described above and related disclosures in determining that they are reasonable in relation to the financial statements taken as a whole.

**Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

***Significant unusual transactions***

We identified no significant unusual transactions.

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

***Corrected misstatements***

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated February 22, 2024.

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

***Significant issues discussed with management prior to engagement***

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

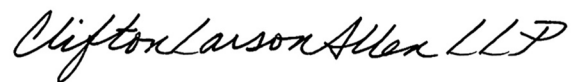
**Required supplementary information**

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

**Supplementary information in relation to the financial statements as a whole**

The Board of Directors and Officers accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

This communication is intended solely for the information and use of the board of directors and management of Santa Lucia Community Services District and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Salinas, California  
February 22, 2024

Client: **A568854 - Santa Lucia Community Services D**  
 Engagement: **AUD 2023 - Santa Lucia Community Services District**  
 Period Ending: **6/30/2023**  
 Trial Balance: **0900.00 - Government Fund Trial Balance**  
 Workpaper: **0921.00 - Adjusting Journal Entries Report**  
 Fund Level: **All**  
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 6</b> <span style="float: right;">4000.82</span>				
To reverse Other Community Revenue related to interdepartmental charges for the fiscal year.				
7002-30	MECHANIC PARTS/LABOR REIMBUR		235,700.00	
6008-10	LABOR/MAT - RANCH OPS MECHAN			14,280.00
6008-20	LABOR/MAT - RANCH OPS MECHAN			160.00
6008-30	LABOR/MAT - RANCH OPS MECHAN			1,920.00
6008-40	LABOR/MAT - RANCH OPS MECHAN			13,040.00
6008-50	LABOR/MAT - RANCH OPS MECHAN			160.00
6008-60	LABOR/MAT - RANCH OPS MECHAN			1,440.00
6008-90	LABOR/MAT - RANCH OPS MECHAN			520.00
6130-30	AUTO EXPENSE			9,640.00
6243-30	EQUIPMENT MAINTENANCE			194,540.00
<b>Total</b>			<b>235,700.00</b>	<b>235,700.00</b>
<b>Adjusting Journal Entries JE # 9</b> <span style="float: right;">1300.06</span>				
To record interest income received on delinquent assessments.				
1137-00	RECEIVABLE - MONTEREY COUNTY		7,288.00	
4625-90	INTEREST INCOME			7,288.00
<b>Total</b>			<b>7,288.00</b>	<b>7,288.00</b>
<b>Adjusting Journal Entries JE # 10</b> <span style="float: right;">1700.04</span>				
To dispose of asset previously recorded only as gain by client.				
1811-00	A/D - AUTOMOBILES		21,143.00	
1811-00	A/D - AUTOMOBILES		7,752.00	
4655-40	GAIN (LOSS) ON SALE OF FIXED		21,142.00	
1810-00	AUTOMOBILES			42,285.00
6217-40	DEPRECIATION EXPENSE			7,752.00
<b>Total</b>			<b>50,037.00</b>	<b>50,037.00</b>
<b>Adjusting Journal Entries JE # 11</b> <span style="float: right;">4001.01</span>				
To correct entries for Sallaberry and Conservancy assessments.				
4210-30	ROAD ASSESSMENTS - RESIDENTS		32,074.00	
4210-30	ROAD ASSESSMENTS - RESIDENTS		2,223.00	
4215-40	SECURITY ASSESSMENTS - RESID		38,299.00	
4215-40	SECURITY ASSESSMENTS - RESID		2,655.00	
1137-00	RECEIVABLE - MONTEREY COUNTY			36,210.00
1137-00	RECEIVABLE - MONTEREY COUNTY			4,878.00
1150-00	RECEIVABLE - OTHER			34,163.00
<b>Total</b>			<b>75,251.00</b>	<b>75,251.00</b>
<b>Total Adjusting Journal Entries</b>			<b>368,276.00</b>	<b>368,276.00</b>
<b>Total All Journal Entries</b>			<b>368,276.00</b>	<b>368,276.00</b>