



December 8, 2016

Board of Directors  
Summerland Sanitary District:

In planning and performing our audit of the financial statements of Summerland Sanitary District (the District) for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, during the prior year audit we identified a deficiency in internal control that we considered to be a material weakness and another that we considered to be a control deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### **Prior Year Comments**

The following comments appeared in our prior year letter to you dated December 10, 2015.

### Control Deficiency

#### Reconciliation Reimbursement to Bank Accounts

During our audit testing, we noted it is the District's policy to reimburse the Montecito Bank & Trust petty cash account with funds held at the County. We noted reimbursements between accounts were not done on a consistent basis and reimbursements did not always equal the monthly amount spent. We suggest that reimbursements be reconciled to the bank accounts monthly to ensure all expenses are reimbursed and captured through FIN.

*Current Year Status:* We noted that cash disbursements from the Montecito Bank & Trust petty cash account are now reimbursement on a monthly basis.

### Material Weakness

#### Contributed Capital

During 2012 the District received contributed subsurface lines from Pacifica Graduate Institute and land contributed from the County of Santa Barbara that was not recorded. This resulted in a \$911,271 audit entry to record contributed capital. We suggest that capital gifted to the District be maintained in a schedule and reconciled to the fixed asset detail on an annual basis to ensure that all contributed capital is properly recorded in the District's books.

*Current Year Status:* No contributed capital was received during the year.

### Conclusion

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization. We wish to thank the District's personnel for their cooperation during the course of the audit.

Very truly yours,

*Bartlett, Pringle & Wolf, LLP*

**BARTLETT, PRINGLE & WOLF, LLP**  
*Certified Public Accountants and Consultants*