

**TOMALES VILLAGE
COMMUNITY SERVICES DISTRICT**

**REPORT ON ACCOUNTING CONTROLS
AND PROCEDURES**

June 30, 2017

ROBERT W. JOHNSON
Certified Public Accountant



Robert W. Johnson
an accountancy corporation

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September 14, 2017

To the Board of Directors
Tomales Village Community Services District
Tomales, California

We have audited the financial statements of Tomales Village Community Services District as of and for the year ended June 30, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and in accordance with the State Controller's Minimum Audit Requirements for California Special Districts.

In planning and performing our audit of the financial statements of Tomales Village Community Services District as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Tomales Village Community Services District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures but not for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we have enclosed other recommendations for your consideration.

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

Sincerely,

Robert W. Johnson, An Accountancy Corporation

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1. Review of Operations (Sewer and Parks):

	<u>Sewer</u>		<u>Park</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 161,745	\$ 167,965	\$ -	\$ -
Operating expenses	<u>223,561</u>	<u>251,479</u>	<u>18,651</u>	<u>10,709</u>
Operating loss	(61,816)	(83,514)	(18,651)	(10,709)
Non-operating revenues/ (expenses)	<u>14,907</u>	<u>23,449</u>	<u>35,598</u>	<u>42,220</u>
Income (loss) before contributions	(46,909)	(60,065)	16,947	31,511
Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$(46,909)</u>	<u>\$(60,065)</u>	<u>\$ 16,947</u>	<u>\$ 31,511</u>
Cash	<u>\$ 201,745</u>	<u>\$ 232,587</u>	<u>\$ 120,374</u>	<u>\$ 101,290</u>

Observations:

Operating comparison:

Sewer	\$ 13,156
Park	<u>(14,564)</u>
Overall decrease	<u>\$(1,408)</u>

Cash comparison:

Sewer	\$(30,842)
Park	<u>19,084</u>
Overall decrease	<u>\$(11,758)</u>

2. Prior Year Recommendations:

(a) Policy Manual:

Recommendation – written policies are important. It may be preferable to prioritize and begin with the most important items.

Follow up – on going process. Bylaws under review. Additional policies implemented e.g. accounting manual.

(b) Reserves:

Recommendation – develop a reserve policy to set out the timing and procedures for annual determination of such balances.

Follow up – policy has been written; have to set amounts.

(c) Retention Policy:

Recommendation – establish a policy which would set out retention periods for specific documents. Also, the policy would provide for destruction of old records and safeguarding of current documents.

Follow up – still in process.

(d) Audit:

Recommendation – have the annual audit done in August or September. It will be more helpful to the District.

Follow up – audits are now performed in September.

2. Prior Year Recommendations, continued:

(e) Organization and Management Study:

Observation – this study (April, 2015) made a number of recommendations, including financial management improvement suggestions. Implementation?

Recommendation – implementation has begun in 2015-16 and is continuing.

(f) Property List:

Recommendation – current property list contains some yearly addition numbers that should be analyzed and an inventory taken to list separate assets.

Follow up – inventory taken; property list should be amended.

(g) Separate Duties – Cash:

Recommendation – have a separate senior employee or Board member receive the monthly bank statement directly from the bank. The bank statement and cancelled checks should be scrutinized.

Follow up – this oversight is now performed by the President.