

**TOMALES VILLAGE  
COMMUNITY SERVICES DISTRICT**

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**REPORT ON ACCOUNTING CONTROLS  
AND PROCEDURES**

**June 30, 2018**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**



**Robert W. Johnson**  
*an accountancy corporation*

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September 19, 2018

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, 2018. 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, 2018, 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*

Robert W. Johnson, An Accountancy Corporation

1. Review of Operations (Sewer and Parks):

	<u>Sewer</u>		<u>Park</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 165,371	\$ 161,745	\$ -	\$ -
Operating expenses	<u>211,537</u>	<u>223,561</u>	<u>10,874</u>	<u>18,651</u>
Operating loss	( 46,166)	( 61,816)	( 10,874)	( 18,651)
Non-operating revenues/ (expenses)	<u>14,246</u>	<u>14,907</u>	<u>36,648</u>	<u>35,598</u>
Income (loss) before contributions	( 31,920)	( 46,909)	25,774	16,947
Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$( 31,920)</u>	<u>\$( 46,909)</u>	<u>\$ 25,774</u>	<u>\$ 16,947</u>
Cash	<u>\$ 187,172</u>	<u>\$ 201,745</u>	<u>\$ 153,721</u>	<u>\$ 120,374</u>

Observations:

Operating comparison:

Sewer	\$ 14,989
Park	<u>8,827</u>
Overall increase	<u>\$ 23,816</u>

Cash comparison:

Sewer	\$( 14,573)
Park	<u>33,347</u>
Overall increase	<u>\$ 18,774</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 – the policy manual has been completed and adopted by the Board. Bylaws are still in progress.

(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; operating and capital reserves have been established.

(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.

3. Credit Card Policy:

Observation – The District uses a credit card for certain purchases. Currently, there is no credit card policy.

Recommendation – The Board should consider implementing a credit card policy establishing procedures and providing guidelines for the permissible use of the District credit card. Such a policy may be similar to electronic payments policies that are currently being enacted by special districts to process electronic payments such as ACH or EFT payments.

Credit card policy should meet the following criteria:

- (1) Must be for approved vendor or payee
- (2) Payment must be for goods/services that are routine in nature
- (3) Payment amount must fall below a pre-defined threshold

Approved vendor list should be presented to the Board of Directors for approval on an annual basis or as updates are required.