

**TOMALES VILLAGE  
COMMUNITY SERVICES DISTRICT**

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**REPORT ON ACCOUNTING CONTROLS  
AND PROCEDURES**

**June 30, 2014**

**ROBERT  
W.  
JOHNSON**  
An Accountancy Corporation  
Certified Public Accountant

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January 20, 2015

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, 2014. 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, 2014, 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 164,649	\$ 184,720	\$ -	\$ -
Operating expenses	<u>230,732</u>	<u>227,691</u>	<u>14,697</u>	<u>16,034</u>
Operating loss	( 66,083)	( 42,971)	( 14,697)	( 16,034)
Non-operating revenues/ (expenses)	<u>26,986</u>	<u>30,090</u>	<u>26,831</u>	<u>12,069</u>
Income (loss) before contributions	( 39,097)	( 12,881)	12,134	( 3,965)
Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$( 39,097)</u>	<u>\$( 12,881)</u>	<u>\$ 12,134</u>	<u>\$( 3,965)</u>
Cash	<u>\$ 317,800</u>	<u>\$ 331,865</u>	<u>\$ 45,550</u>	<u>\$ 21,811</u>

Observations:

- The sewer fund's decrease in operating revenue is mainly due to a decrease in SUSD service charge revenue.
- The increase in Park revenues is mainly due to the inclusion of Measure A revenue.
- The 2014 net loss for the sewer division has contributed to a \$14,065 reduction in cash.

2. Prior Year Recommendations:

(a) Accounting System:

Recommendation – set up separate accounting for “sewer” and “park” and produce separate balance sheets. This will assist in evaluating the financial position of the District’s 2 functions and will assist preparation of the State Controller’s Report.

Follow up – done.

(b) Policy Manual:

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

Follow up – 13 new policies developed; more to do.

(c) Reserves:

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

Follow up – still to be done.

(d) 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 – no written policy yet.

3. Current Year Recommendations:

FDIC Protection:

Observation – the February 12, 2014 Board minutes make reference to the fact that total cash with the Bank of Marin exceeds the FDIC limit of \$250,000.

Recommendation – total cash (4 accounts) with Bank of Marin at June 30, 2014 total \$277,789. Alternative (and authorized) investments should be identified in order to comply with the limitation.

Internal Financial Statements:

Observation – the July 9, 2014 Board minutes assert that “unaudited financial statements are never approved by the Board”.

Recommendation – it is a common procedure for the Board of Directors to approve monthly or quarterly internal financial statements. It serves as tangible proof that the Board is providing proper financial oversight.

Audit:

Observation – for the past few years the annual financial audit has been performed 5 or 6 months after the June 30 fiscal year end.

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