

**TOMALES VILLAGE  
COMMUNITY SERVICES DISTRICT**

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**REPORT ON ACCOUNTING CONTROLS  
AND PROCEDURES**

**June 30, 2016**

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



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

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September 16, 2016

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, 2016. 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, 2016, 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,

A handwritten signature in black ink that reads "Robert W. Johnson, An Accountancy Corporation". The signature is written in a cursive style with a long horizontal flourish at the end.

Robert W. Johnson, An Accountancy Corporation

1. Review of Operations (Sewer and Parks):

	<u>Sewer</u>		<u>Park</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Operating revenues	\$ 167,965	\$ 173,118	\$ -	\$ -
Operating expenses	<u>251,479</u>	<u>266,731</u>	<u>10,709</u>	<u>16,211</u>
Operating loss	( 83,514)	( 93,613)	( 10,709)	( 16,211)
Non-operating revenues/ (expenses)	<u>23,449</u>	<u>14,811</u>	<u>42,220</u>	<u>37,782</u>
Income (loss) before contributions	( 60,065)	( 78,802)	31,511	21,571
Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$( 60,065)</u>	<u>\$( 78,802)</u>	<u>\$ 31,511</u>	<u>\$ 21,571</u>
Cash	<u>\$ 232,587</u>	<u>\$ 282,768</u>	<u>\$ 101,290</u>	<u>\$ 66,270</u>

Observations:

- Sewer operations is still reporting a loss, but operation results improved from prior year. This was primarily due to a reduction in administrative costs.
- Park cash increased due to unspent Measure A funds.

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 – during the year policies were developed including approval of invoices, CIP and general financial items.

(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 – policy is currently being written.

(d) Audit:

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

Follow up – 6-30-16 audit is being 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.

3. Property List:

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

Recommendation – the new CIP policy provides for an inventory to verify current property items and identify assets lost or worn out.

4. Separate Duties – Cash:

Observation – the same person reconciles the bank and handles all cash deposit and check disbursement duties.

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.