

**SILVERADO-MODJESKA
RECREATION AND PARKS DISTRICT**

**REPORT ON ACCOUNTING CONTROLS
AND PROCEDURES**

June 30, 2015

ROBERT W. JOHNSON
Certified Public Accountant



Robert W. Johnson
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September 14, 2015

To the Board of Directors
Silverado-Modjeska Recreation and Parks District
Silverado, California

We have audited the financial statements of Silverado-Modjeska Recreation and Parks District as of and for the year ended June 30, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts.

In planning and performing our audit of the financial statements of Silverado-Modjeska Recreation and Parks District as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Silverado-Modjeska Recreation and Parks 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. Operating Comparisons (total):

	June 30,		Favorable (Unfavorable) Variance
	<u>2015</u>	<u>2014</u>	
Revenues	\$ 201,031	\$ 172,538	\$ 28,493
Expenses	<u>278,089</u>	<u>246,310</u>	(31,779)
Net income (loss)	\$(<u>77,058</u>)	\$(<u>73,772</u>)	\$(<u>3,286</u>)
Total cash	<u>\$ 284,216</u>	<u>\$ 321,402</u>	\$(<u>37,186</u>)

Observations:

- operating deficit is analyzed:

Child care	\$ 38,000
Parks	<u>39,000</u>
	<u>\$ 77,000</u>

Child care:

- operating expenses increase	\$ 6,000
- donations income increase	9,500
- fund raising decrease	6,300

2. Prior Year Recommendations:

(a) Budget:

Recommendation – prepare a budget for 2015. It is a useful tool. On an ongoing basis, compare monthly “actual” with “budget” operations.

Follow up – a Recreation and Parks budget was prepared for 2015.

(b) Interfund Receivable/Payable:

Recommendation – if this loan has some possibility of collection, then a repayment schedule should be set up.

Follow up – at June 30, 2015 this loan to the Children’s Center had increased to \$132,246. It may be time for the Board to seriously consider the future viability of the Children’s Center.

(c) Property List:

Recommendation – the accounting records do not provide sufficient detail of past years’ property and equipment purchases. An accurate property list safeguards assets and assists with future purchases.

Follow up – nothing done. An inventory can be made of current major items on hand – without a major expenditure of time. Accurate accounting for publicly-owned property is important. The solution may be to have a Board member take on this task.

(d) Internal Financial Statements:

Recommendation – Board formally approve such statements. It establishes Board oversight.

Follow up – Board now formally approves internal financial statements.

2. Prior Year Recommendations, continued:

(e) Bank Accounts:

Recommendation – have a separate responsible person (Board member) receive the bank statement directly and compare such bank statement with the accounting record of bank deposits and checks written – and sign off for having performed such function.

Follow up – the District Treasurer now performs this oversight function.

(f) Child Care Receipts:

Recommendation – To increase segregation of duties, the following procedures may be implemented.

- a policy to require a pre-numbered receipt be given for all cash receipts. The bookkeeper can reconcile receipt book to cash deposits.
- the bookkeeper take over the function of making the deposits.

Follow up – a volunteer staff person now provides this monitoring procedure.

3. Accounts Receivable:

Observation – Nearly half of accounts receivable for the Children’s Center is over 90 days old at June 30, 2015:

- Accounts receivable at 6/30/15 - \$5,344
- Receivables over 90 days old - \$2,529

Recommendation – Research collectability of receivables. If determined uncollectable – the Board can pass a motion to write them off.