

To the Board of Directors  
**North San Joaquin Water Conservation District**

In planning and performing our audit of the financial statements of **North San Joaquin Water Conservation District** for the year ended June 30, 2014, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated \_\_\_\_\_, 2016 on the financial statements of **North San Joaquin Water Conservation District**.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with District personnel, and we will be pleased to discuss it in further detail at your convenience.

Sincerely,

CROCE, SANGUINETTI, & VANDER VEEN, INC.  
Certified Public Accountants  
Stockton, California  
\_\_\_\_\_, 2016

# NORTH SAN JOAQUIN WATER CONSERVATION DISTRICT

## MANAGEMENT ADVISORY LETTER

### Internal controls over cash receipts and disbursements

#### Cash receipts and disbursements

As a result of our audit procedures, we noted that the District's San Joaquin County fund cash receipts and disbursements were not recorded on a monthly basis in the District's QuickBooks accounting ledger. As a result, the QuickBooks financial reports provided to the Board of Directors do not properly reflect the property tax revenues and other miscellaneous revenues and expenses recorded by San Joaquin County. Revenues are only recorded in QuickBooks when transfers are made from the San Joaquin County fund to the District's commercial bank account. We recommend, effective July 1, 2016, that the District record and reconcile all San Joaquin County fund cash receipts and disbursements in the District's QuickBooks accounting ledger on a monthly basis. As a result, the property tax revenues and other miscellaneous revenues and expenses occurring within the San Joaquin County funds will be recorded in the appropriate revenue and expense account classifications while transfers between accounts would net to zero. This would allow for better comparability and consistency in the reporting of the District's financial records.