

**ROBERT**

**W.**

**JOHNSON**

**An Accountancy Corporation**

**Certified Public Accountant**

6234 BIRDCAGE STREET • CITRUS HEIGHTS, CA 95610-5949 • (916) 723-2555

Board of Directors  
Fallen Leaf Lake Community Services District  
P.O. Box 9415  
South Lake Tahoe, CA 96158

November 5, 2014

Dear Board of Directors:

Enclosed please find eight (8) bound copies and one white copy (for photocopying) of the District's June 30, 2014 audited financial statements and six (6) bound copies and one white (for photocopying) of the management letter. Please mail one copy as soon as possible to the State Controller's Office as follows:

State Controller's Office  
Division of Accounting and Reporting – SPECIAL DISTRICT  
Local Government Reporting Section  
P.O. Box 942850  
Sacramento, CA 94250

A copy of our bill is enclosed. Thank you for all your help on the audit.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bob Johnson", with a long horizontal flourish extending to the right.

Robert W. Johnson, CPA

RWJ/tj

Enclosures:

**FALLEN LEAF LAKE  
COMMUNITY SERVICES DISTRICT**

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**REPORT ON ACCOUNTING CONTROLS  
AND PROCEDURES**

**June 30, 2014**

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

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October 20, 2014

To the Board of Directors  
Fallen Leaf Lake Community Services District  
Fallen Leaf Lake, California

We have audited the financial statements of Fallen Leaf Lake 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 the State Controller's Minimum Audit Requirements for California Special Districts.

In planning and performing our audit of the financial statements of Fallen Leaf Lake 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 Fallen Leaf Lake 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. Comparison of Total District Operating Results:

	June 30		Favorable (Unfavorable) Variance
	<u>2013</u>	<u>2014</u>	
Revenues	\$ 404,313	\$ 550,518	\$ 146,205
Expenditures	<u>357,134</u>	<u>405,540</u>	( 48,406)
Excess of revenues (expenditures)	\$ <u>47,179</u>	\$ <u>144,978</u>	\$ <u>97,799</u>
Cash	\$ <u>585,225</u>	\$ <u>720,707</u>	\$ <u>135,482</u>

Observations:

- Increase in revenue primarily due to additional county funding of \$125,000.
- The fire department expended \$54,000 on a fire truck which contributed to the increase in overall expenditures.
- a financially successful year!

2. Prior Year Recommendation:

Chandler Memorial Fund:

Recommendation – apparently this trust is actually a restricted asset of the District. It is suggested that a Board motion and appropriate accounting entries be made to effect this restricted status.

Follow up – the trust has been transferred to a District reserve (fire department).