

**Mendocino County Tourism Commission, Inc.**  
**Fiscal Year Ended June 30, 2016**  
**Exit Conference**  
**August 23, 2017**

**Current Year Findings/Observations:**

Management Letter comments:

None noted

**Observations requiring discussion:**

**Adjustments and Net Asset Reserves** – We observed amounts were recorded directly to Net Assets and BID requirements obligated certain cash balances. Net Assets is more than cash and by setting aside specific cash balances there is a potential opportunity cost that these balances could be used for programs to generate additional revenues that the individual cash balance will not generate.

**Interest on interagency held balances** - Through inquiry it was determined the County has changed the distribution schedule for Commission revenues to quarterly. The Commission should inquire of the County to determine if held balances require interest to be applied if held over 30 days.

**Proposed dates for reports:**

Commission

First draft: September 1, 2017  
Final drafts: September 30, 2017

Management letter

First draft: September 1, 2017  
Final drafts: September 30, 2017

**Reports to be issued and number of copies:**

Commission – Final – 5 – bound; 1 - electronic

Management letter - 5 – stapled; 1 - electronic

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**Audit procedures performed:**

- Year-end validations:
  - Cash & investments
  - Accounts and other receivables
  - Accounts and other payables
  - Search for unrecorded liabilities
  - Wages and accrued liabilities
  - Validation of beginning net assets
  - Fluctuation analysis of revenues and expenses
  
- Internal control walkthroughs and evaluation:
  - Cash receipts and disbursements
  - Payroll
  - EDP
  - Journal entries
  - Budget
  
- Additional audit procedures
  - Risk and Fraud assessment
  - Minutes review
  - Confirmations
  - Cash receipt and disbursement testing
  - Payroll testing
  - Journal entry testing
  - Draft Financial Statement preparation
  - Draft Communications with Those Charged with Governance Letter
  
- Open Items
  - None