

September 14, 2026

To the Board of Directors and Management
Crestline Village Water District
Crestline, California

In planning and performing our audit of the financial statements of the Crestline Village Water District (the entity) as of and for the year ended April 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 14, 2026 on the financial statements of the entity. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Observation 1:

Various adjustments were made throughout the audit due to the year-end closing process not being completed properly.

Recommendation 1:

We suggest that the entity create a closing checklist or procedures to ensure that all balances have been reviewed prior to the audit commencing.

Management Response 1:

The District recognizes the importance of completing a thorough year-end closing process and ensuring that all account balances and necessary adjustments are reviewed prior to the commencement of the annual audit. Management will develop and implement a year-end closing checklist to provide a consistent process for reviewing account balances, reconciliations, accruals, and other year-end entries. The checklist will be used as part of the District's annual closing procedures to help identify and correct items prior to the audit and reduce the number of adjustments required during the audit process.

Observation 2:

Bank reconciliations were not completed in a timely manner.

Recommendation 2:

We recommend the District review its current processes and attempt to reconcile cash balances within 30 days after the end of the month.

Management Response 2:

The District recognizes the importance of completing bank reconciliations in a timely manner to ensure that cash balances are accurate and that any discrepancies are identified and addressed promptly. Management will review its current reconciliation procedures and establish a goal of completing all bank reconciliations within 30 days following the end of each month. Management will also monitor the completion of the reconciliations to help ensure that this process is consistently followed going forward.

Observation 3:

The District's policy allows Certificates of Deposit to make up to 30% of the portfolio total. Based on our review of the investment listing, the District currently has 35% invested in Certificates of Deposit.

Recommendation 3:

We recommend the District diversify its portfolio to be in line with maximum allowed percentages.

Management Response 3:

Management agrees with the recommendation. The District recognizes the importance of maintaining its investment portfolio within the limits established by District policy. Management will review the current investment portfolio and take the necessary steps to reduce the percentage of funds invested in Certificates of Deposit to within the 30% maximum allowed by the District's policy. Going forward, management will monitor the investment portfolio on a regular basis to ensure that investments remain in compliance with the District's established investment policy.

Observation 4:

During our testing of credit card transactions, a receipt was misplaced during field operations and support was not able to be obtained for the transactions.

Recommendation 4:

We recommend the District implement procedures to ensure documentation is not misplaced or missing.

Management Response 4:

The District recognizes the importance of maintaining complete supporting documentation for all credit card transactions. Management will reinforce existing procedures requiring receipts and supporting documentation to be retained and submitted promptly following field operations. Staff will also be reminded of the importance of maintaining documentation in a secure and organized manner to minimize the possibility of receipts or other supporting documentation being misplaced or unavailable for review. We believe that the implementation of these recommendations will provide the entity with a stronger system of internal control while also making its operations more efficient.

We believe that the implementation of these recommendations will provide the entity with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rogers, Anderson, Malody & Scott, LLP.