

To the City Council
City of Carson
Carson, California

In planning and performing our audit of the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information City of Carson, California, (the City), as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 weakness, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did identify deficiencies in internal control that we consider to be material weaknesses and significant deficiencies that we have communicated to the City Council in a separate letter dated February 28, 2017. In addition, as discussed below, we identified certain other matters involving the internal control and operational matters that are presented for your consideration. This letter does not affect our report dated February 28, 2017, on the financial statements of the City. Our comments and recommendations, which have been discussed with the appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Security Deposits

The City requires refundable security deposits for the use of certain parks and recreation facilities and tracks them in a manual log. We noted that the manual log is not subject to periodic reconciliation to the general ledger balance by a person independent of the one who maintains the manual log. In addition, we noted that there were a number of deposits that have remained on the listing for several years with no change. We recommend that the City assign staff to review the status of refundable deposits and that the appropriate action be taken to clear up deposits with no future obligation. Additionally, we recommend that the City assign staff to continuously review this account to ensure that the refunds or adjustments to the account are processed timely.

Implement a Stale Dated Check Policy

During our review of the City's bank reconciliations, it was noted that the City does not have a formal stale dated check policy, resulting in periodic re-issuance of checks only as outside claims arise. We recommend the City implement a stale dated check policy whereby the City proactively seeks out payees for resolution of outstanding payments. If payees cannot be located, the City should review the State of California's escheat property rules and consider consulting with the City Attorney to determine the appropriate course of action to address stale dated checks.

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

White Nelson Nick Evans LLP

Irvine, California
February 28, 2017