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Report to Management

To the Management of
Morongo Valley Community Services District

In planning and performing our audit of the basic financial statements of Morongo Valley Community Services District (“Organization”) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America and the State Controller’s Minimum Audit Requirements and Reporting Guidelines for California Special Districts, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit 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 Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s financial statements will not be prevented or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We have identified certain matters involving the internal control and other operational matters that are not considered significant deficiencies or material weaknesses. These matters do not affect our report dated on the financial statements of the Organization. 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:

Management letters are intended to be critical of accounting processes or internal control features that do not provide adequate safeguards for an organization's assets, or they address areas that could be operationally more efficient. We made suggestions for improvement in last year's management letter concerning record storage and retrieval. We would like to use this letter for the purpose of noting that their improvements made last year. While there is still room for improvement, progress has been made.

We recommend that the Organization continue to work towards strengthening its process to retain and capture important accounting and employment documentation in a central location that makes retrieval of the information easy and transferrable even when personnel within the Organization change. Our continued recommendation for strengthening the Organizations internal control and operating efficiencies are as follows:

Record Storage and Retrieval

We recommend that the following steps be taken:

Decide on a systematic manner of filing documents, e.g., vendor bills filed alphabetically by vendor name, journal entries filed by month, etc.

Describe the system in the accounting manual or post a description on the filing cabinets or storage room so employees will know how to find and refile documents.

Institute use of sign-out cards to be filled out when a document is removed from a file, showing who took the record. The card should be placed in the file in place of the removed document.

Establish a policy specifying which records should be retained permanently, which records should be kept only for a given period before being destroyed, and how long the period of time should be for the various documents' termination.

Decide on when unneeded records should be removed to other storage areas to create room for needed records. For example, some companies keep the current and prior year records in the accounting department or in storage rooms on the premises and store older records in off-premises warehouses, or some files may be stored on microfiche.

Assign personnel the responsibility of periodically cleaning out the files in accordance with the established policy.

We believe that the implementation of these recommendations will provide the Organization 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, others within the Organization, and any specified governmental authorities to which we are required to report and is not intended to be, and should not be, used by anyone other than these specified parties.

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. Accordingly, this communication is not suitable for any other purpose.

Redlands, CA