

**Management Representation Letter**

Smith Marion & Co.  
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Redlands , CA 92374

This representation letter is provided in connection with your audits of the financial statements of Morongo Valley Community Services District (Agency), which comprise the government-wide financial statements and fund financial statements as of June 30, 2021 and 2020, and the related notes to the financial statements, required supplementary information and supplementary information and the related notes to required supplementary and supplementary information , for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with the Generally Accepted Accounting Principles of the United States.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

**Financial Statements**

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation and fair presentation of the financial statements in accordance with the Generally Accepted Accounting Principles of the United States.

The financial statements referred to above have been fairly presented in accordance with the Generally Accepted Accounting Principles of the United States and include all proper classifications, required supplementary information, and note disclosure.

We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

With respect to the non-attest service(s) provided, we have performed the following:

- Made all management decisions and performed all management functions;
- Assigned a competent individual to oversee the services;
- Evaluated the adequacy of the services performed;
- Evaluated and accepted responsibility for the result of the service performed; and
- Established and maintained internal controls, including monitoring ongoing activities.

Significant assumptions used by us in making accounting estimates are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Generally Accepted Accounting Principles of the United States.

All events subsequent to the date of the financial statements and for which the Generally Accepted Accounting Principles of the United States requires adjustment or disclosure have been adjusted or disclosed.

The effects of uncorrected misstatements aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the financial statements as a whole.

The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with the Generally Accepted Accounting Principles of the United States.

With regard to items reported at fair value:

- The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
- The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
- The disclosures related to fair values are complete, adequate, and in conformity with the Generally Accepted Accounting Principles of the United States.
- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

All assets and liabilities under the entity's control are included in the financial statements.

Net assets presented in the statement of financial position are appropriately classified, and reclassifications between net asset classes are appropriate.

We have maintained the composition of the entity's assets in amounts needed to comply with all donor restrictions.

The entity's disclosed tax-exempt status is accurate.

The entity has disclosed all matters of taxation that are deemed to be reasonably uncertain including, but not limited to, aggressive tax elections, the status or results of IRS examinations, provisions for unpaid unrelated business income taxes and tax benefits to the extent that the entity believes that it is "more likely than not" that its tax positions will be sustained upon IRS examination.

The basis used for the allocation of functional expenses is reasonable.

Internal controls over the receipt and recording of contributions are adequate.

### Information Provided

We have provided you with:

- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, meeting minutes,<sup>9</sup> and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.

We have identified and disclosed to you all information that we are aware of regarding instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors, regulators, or others.

We have identified and disclosed to you all information that we are aware of regarding instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

We have identified and disclosed to you all information that we are aware of regarding instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.

We have a process to track the status of audit findings and recommendations.

We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

We have disclosed to you all information that we are aware of regarding allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors (contractors), regulators, or others.

We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

We have disclosed to you all communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

The Agency has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

We have disclosed to you all guarantees, whether written or oral, under which the Agency is contingently liable.

We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts.

There are no:

- Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification™ (ASC) 450, *Contingencies*.
- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC-450.

The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements (as listed in the table of contents):

We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.

We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.

The methods of measurement or presentation have not changed from those used in the prior period.

When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

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Signature & Title

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Date