



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramsca.net

April 3, 2023

PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
Xinlu Zoe Zhang, CPA, MSA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

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*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

To the Board of Directors
Mission Springs Water District
Desert Hot Springs, California

The following represents our understanding of the services we will provide the Mission Springs Water District (the District).

You have requested that we examination the accompanying Schedule of Expenditures of Federal Awards (SEFA) for Arrearage Funds and the District's compliance over the Arrearage Funds for the year ended June 30, 2022. We are pleased to confirm our acceptance and our understanding of this examination engagement by means of this letter. Our examination will be conducted with the objective of our expressing an opinion on the Schedule of Expenditures of Federal Awards and on compliance regarding Arrearage Funds.

The objectives of our compliance examination are to obtain sufficient appropriate examination evidence to form an opinion and report at the level specified in the governmental examination requirement about whether the District complied in all material respects with the applicable compliance requirements and identify examination and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

Examination of Program Compliance

Our examination of Arrearage Fund's compliance will be conducted in accordance with the standards applicable to financial examinations contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the Uniform Guidance and will include tests of accounting records and other procedures we consider necessary to enable us to express such an opinion on Arrearage Fund's compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

As part of a compliance examination in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the examination. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform examination procedures responsive to those risks.



To the Board of Directors
Mission Springs Water District

Our procedures will consist of performing the applicable procedures described in the U.S. Office of Management and Budget OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on Arrearage Funds, and performing such other procedures as we considers necessary in the circumstances. The purpose of those procedures will be to express an opinion on the District's compliance with requirements applicable to Arrearage Funds in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the District's internal control over compliance relevant to the examination in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to Arrearage Funds. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the examination and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the examination.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding Arrearage Funds, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our examination will be conducted on the basis that management acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the financial statements of Arrearage Funds, including a schedule of expenditures of federal awards for the program and notes that describe the significant accounting policies used in preparing the schedule in accordance with Uniform Guidance requirements;
- For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received;
- For maintaining records that adequately identify the source and application of funds for federally funded activities;
- For designing, implementing, and maintaining effective internal control over federal awards that provides reasonable assurance that the entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;
- For identifying and ensuring that the District complies with federal laws, statutes, regulations, rules, provisions of contracts or grant agreements,, and the terms and conditions of federal award programs and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs;
- For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
- For identifying and providing report copies of previous examinations, attestation engagements, or other studies that directly relate to the objectives of the examination, including whether related recommendations have been implemented;
- For taking prompt action when instances of noncompliance are identified;
- For addressing the findings and recommendations of examiners, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported examination findings from prior periods and preparing a summary schedule of prior examination findings;
- For following up and taking corrective action on current year examination findings and preparing a corrective action plan for such findings;
- For submitting the reporting package and data collection form to the appropriate parties;

To the Board of Directors
Mission Springs Water District

- For making the examinationor aware of any significant contractor relationships where the contractor is responsible for program compliance;
- To provide us with:
 - Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statement of Arrearage Funds including the disclosures, and the Schedule of Expenditures of Federal Awards, such as records, documentation, and other matters;
 - Additional information that we may request from management for the purpose of the examination; and
 - Unrestricted access to persons within the District from whom we determine it necessary to obtain examination evidence;
- A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report, and
- A final version of the annual report (including all the documents, that together, comprise the annual report) in a timely manner prior to the date of the examinationor’s report.
- For taking reasonable measures to safeguard protected personally identifiable and other sensitive information;
- For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter;
- For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- For maintaining adequate records and safeguarding assets;
- For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance; and
- For the accuracy and completeness of all information provided.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

Fees and Timing

The timing of our examination will be scheduled for performance and completion on or before April 20, 2023.

Brad Welebir, CPA, CGMA, MBA is the engagement partner for the examination services specified in this letter. His responsibilities include supervising Rogers, Anderson, Malody & Scott, LLP’s (RAMS) services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the examination report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered monthly and are payable upon presentation. We estimate that our fee for the examination will be \$5,500. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the District’s personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the examination.

To the Board of Directors
Mission Springs Water District

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of examined financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

The examination documentation for this engagement is the property of RAMS and constitutes confidential information. However, we may be requested to make certain examination documentation available to regulators and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such examination documentation will be provided under the supervision of RAMS's personnel. Furthermore, upon request, we may provide copies of selected examination documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our examination documentation or work papers for a period of at least five years from the date of our report.

Nonattest Services

With respect to any nonattest services we perform, we will not assume management responsibilities on behalf of the District. However, we will provide advice and recommendations to assist management of the District in performing its responsibilities.

The District's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- Preparation of the Data Collection Form

Other

During the course of the examination, we may observe opportunities for economy in, or improved controls over, your federal program operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our examination documentation or work papers for a period of at least five years from the date of our report.

To the Board of Directors
Mission Springs Water District

At the conclusion of our examination engagement, we will communicate to Board of Directors the following significant findings from the examination:

- Our view about the qualitative aspects of the entity's significant accounting practices related to the federal program;
- Significant difficulties, if any, encountered during the examination;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the examination that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the federal program;
- Material noncompliance that was brought to the attention of management as a result of our examination procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the examination that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

You agree to inform us of facts that may affect the Schedule of Expenditures of Federal Awards of which you may become aware during the period from the date of the examinationor's report to the date the Schedule of Expenditures of Federal Awards is issued.

Please sign and return this letter to indicate your acknowledgment of, and agreement with, the arrangements for our examination of the financial statements including our respective responsibilities. Keep a copy for your records.

We appreciate the opportunity to provide the District with professional services and look forward to working with you and your staff.

Respectfully,

ROGERS, ANDERSON, MALODY & SCOTT, LLP



Brad Welebir, CPA, CGMA, MBA
Partner

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Mission Springs Water District by:

Name: Arturo Ceja

Title: Director of Finance

Date: April 4, 2023

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Report on the Firm's System of Quality Control

June 4, 2021

To the Partners of Rogers, Anderson, Malody & Scott, LLP, and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP (the firm) in effect for the year ended November 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP in effect for the year ended November 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Rogers, Anderson, Malody & Scott, LLP has received a peer review rating of *pass*.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants



www.gbacpa.com

10850 Gold Center Drive. Suite 260
Rancho Cordova, CA 95670
916/922-5109 FAX 916/641-5200

Princeville, HI 96722
888/769-7323