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June 30, 2009

Sandra Gray, Chairwoman

Board of Trustees

Twentynine Palms Cemetery District

5350 Encelia Avenue

Twentynine Palms, CA 92277

**SUBJECT: MANAGEMENT LETTER - TWENTYNINE PALMS CEMETERY DISTRICT FOR
THE FISCAL YEAR ENDED JUNE 30, 2008**

In compliance with Section 26909 of the California Government Code, we have audited the general purpose financial statements of Twentynine Palms Cemetery District (District) for the fiscal year ended June 30, 2008 and have issued our report thereon dated June 30, 2009. In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above nor did we identify any deficiencies in internal control that we consider to be a significant deficiency during the current year audit.

The following deficiency does not have the potential to impact the accuracy of the financial statements and therefore is not a significant deficiency or material weakness as defined above.

The following deficiency was identified in the prior year and has not been corrected as of June 30, 2008. Management's responses have not been altered in any way and are included below as they were provided to us.

The District's investments mature beyond five-year limit established by Government Code section 53601. (re-occurring since 2005)

Current Status

The District's investment portfolio continues to not be in compliance with Government Code section 53601. One new investment was purchased during the fiscal year with a maturity exceeding five years. A review of investments held as of June 30, 2008 revealed that investments of \$161,593 were made with maturities exceeding five years.

Further Recommendations

Bring the District's investment portfolio into compliance with Government Code section 53601. Consider closing the investment portfolio and transferring all money back to the County Treasurer, which would help ensure compliance with Government Code section 53601.

Management's Response

The District will continue to bring the investment portfolio into compliance with Government Code section 53601. The District is currently updating the Investment Policy to bring it into compliance with the Government Code.

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

Respectfully submitted,

Larry Walker
Auditor/Controller-Recorder

By: _____
Howard M. Ochi, CPA
Chief Deputy Auditor

Distributed: 7/29/09