



A: PO Box 891724 | Temecula, CA 92589
E: kevin@brejnakcpa.com

To the Members of the
Board of Kern River Valley Public Cemetery District
Kern River Valley, California

In planning and performing our audit of the financial statements of Kern River Valley Public Cemetery District as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Kern River Valley Public Cemetery District'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 opinion 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 District'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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in Kern River Valley Public Cemetery District's internal control to be material weaknesses and significant deficiencies:

Schedule of Findings and Recommendations

District Operations (Material Weaknesses)

Comment – Outstanding Audits

Government Code Section 26909 requires audits to be completed within 12 months of the fiscal year end. The District failed to have an audit performed in a timely manner. Such delays in completing the audit can result in additional issues from State and County level authorities.

Recommendation

District should establish procedures to ensure that financial audits are issues within applicable deadlines.

Comment – Segregation of Duties

Given the limited financial resources and limited number of staff, segregation of duties can be difficult to achieve. The largest group of expenditures for the District are related to payroll and benefits. Given the close family relations of District employees it is difficult to separate duties in a manner that allows for independent verification.

Recommendation

The District must implement procedures that relies of the board of trustees to review transactions in a timely manner and properly segregate duties.

Comment – Year-End Closing

The District did not perform a year end closing process to coordinate updating the ending balances of the assets and liabilities in their general ledger system in a timely manner. The financial records for the 2016-17 fiscal year were not prepared until the summer of 2024. Significant delays in the preparation of accounting records can reduce the reliability of assumptions and spirit of the underlying accounting transactions.

Recommendation

Consistent with General Accepted Accounting Principles (GAAP), assets and liabilities in the general ledger should be reviewed at the end of the fiscal year to ensure that amounts are appropriately valued and updated for any changes before significant time has passed following June 30th.

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

Handwritten signature of Kene Bagwell CPA in black ink.

_____, 2024