Kevin Brejnak, CPA

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

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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, 2025, 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 District'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

Finding – Material Weakness: Failure to Conduct a Physical Inventory Count

Criteria
The District is required to maintain accurate accounting records and internal controls over assets. The District should periodically perform physical inventory counts and reconcile them to accounting records to ensure existence, completeness, and valuation of inventory.

Condition
The District did not conduct a physical inventory count during the fiscal year. As a result, inventory balances recorded in the accounting system were not verified for accuracy or completeness.

Cause
The failure to perform an inventory count appears to be due to inadequate internal controls and lack of formal procedures requiring periodic physical verification of inventory.

Effect
Without a physical inventory count, there is an increased risk that inventory quantities and values may be misstated. This could result in material misstatements in the financial statements and increases the risk of undetected loss, theft, or obsolescence of inventory.

Recommendation
Management should establish and implement formal policies and procedures requiring periodic physical inventory counts, at least annually. Inventory records should be reconciled to the general ledger, and discrepancies should be investigated and resolved in a timely manner.

Views of Responsible Officials
Management acknowledged that an inventory count was not done due to a turnover in staffing and will implement procedures to ensure that a physical inventory is conducted in future years.

Finding – Material Weakness: Failure to Complete Audits Within Required Timeframe

Criteria
Pursuant to California Government Code Section 26909, governmental entities are required to complete annual financial audits within 12 months following the close of the fiscal year. In addition, GAGAS requires timely financial reporting to ensure accountability and transparency over public resources.

Condition
The District did not complete its required financial audit within 12 months of the fiscal year end.

Cause
There was a delay as previous audits were being caught up on that preventing significant action being able to occur prior to those reports issuance.

Effect
Failure to complete the audit within the required timeframe may result in increased scrutiny from State and County oversight agencies. Additionally, untimely audits reduce the usefulness of financial information for stakeholders and impair transparency and accountability.

Recommendation
The District should establish and implement formal procedures to ensure that annual financial audits are completed and issued within the timeframe required by law. This may include earlier engagement with auditors, timely preparation of financial records, and assignment of clear responsibilities.

Views of Responsible Officials
Management acknowledged the delay in completing the audit and indicated that procedures will be implemented to ensure future audits are completed within the required timeframe.

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.

CPA

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