

## Response to Questions

### Request for Proposal - Annual Financial Statement Audit

Issue Date: March 2, 2026



#### **What is the reason you are considering changing the auditor?**

**(Related Question: How long have the current auditors served the District?)**

**(Related Question: Are the prior year auditors being invited to bid?)**

Our current firm has only one lead audit partner, and he has completed six consecutive fiscal year audits for the District. Per California Government Code § 12410.6(b), the lead audit partner must rotate after six consecutive audits, so the firm is not eligible to continue and has not been invited to bid.

#### **When did the current auditors' contract start?**

November 2020, for fiscal year ended June 30, 2020.

#### **What are the things you liked and didn't like about your current auditors?**

**(Related Question: Where there any Disagreements with the prior auditors?)**

We value our current auditor's knowledge, responsiveness, and familiarity with our books, which has helped streamline the audit process. We had no performance concerns or disagreements; the change is solely due to the required lead audit partner rotation.

#### **What were the expected and proposed annual hours of the previous audit contract?**

The previous audit contract did not specify an expected or proposed annual number of hours.

#### **Is there anything specific you are looking for in the successor auditors?**

We are looking for a firm with experience auditing California special districts and a team that is responsive, communicates clearly, and works efficiently with staff.

#### **What were the prior year fees? Please break down by service if possible.**

Prior year fees were \$17,500 for the financial audit and \$825 for preparation/submission of the Special District Financial Transactions Report (total \$18,325).

#### **What accounting software do you use? Any plans for change?**

**(Related Question: Have there been any changes in your accounting system or software since last year?)**

The District currently uses QuickBooks Premier Plus Desktop, hosted by Rightworks, with multiple user licenses. The District has not changed its program, nor does it have any plans to.

**Have there been any major changes in staff turnaround in the past year?**

No, there have been no significant changes in staff turnover affecting financial management, accounting functions, or audit coordination during the past year. However, the District added a Finance Specialist position.

**Do you expect to have any retirement or replacement of key employees?**

No.

**Please list the staff members in finance and their years of experience with the organization at that position.**

**(Related Question: How many dedicated Finance Staff are employed at the District?)**

Sherry Winder, Finance Manager – 3 years

Rita Barajas, Finance Specialist – 6 months

**Any changes to the governance structure of the District?**

Yes. Following the recent passing of a Trustee, there is currently a vacant seat on the Board, and the District is awaiting a new appointment.

**Is your accounting function performed in-house? If so, how long has that person been in that position? Or do you have a contract bookkeeper or CPA? If so, what level of service do they provide (ex. monthly bookkeeping, reconciliations, audit preparation).**

Accounting is performed in-house by the Finance Manager (3 years) and Finance Specialist (6 months). The District also contracts with a CPA firm for monthly investment account reconciliations, general bookkeeping review, and audit preparation. A new CPA firm will begin these services on April 1, 2026.

**How many audit adjusting entries did you have last year? Please list each entry:**

We had no audit adjusting entries.

**Were there any material weaknesses, significant deficiencies, or control deficiencies? If so, please provide relevant reports.**

There were no material weaknesses. The audit included one significant deficiency related to Fraudulent Check Disbursement and Compromise of Check Stock. The auditor communication may be viewed as Exhibit A at the back of this document.

**Any known or suspected fraud?**

In May 2025, the District experienced a check fraud incident involving counterfeit checks with forged signatures. Other than that incident, the District is not aware of any other known or suspected fraud.

**About how much time did the prior year auditors spend onsite to conduct their audit?**

Approximately 2–3 days onsite.

**What dates do your year-end audits take place?**

Fieldwork typically occurs in September, with audit completion expected by the end of October to allow time to compile the ACFR and submit it for Board approval at the November Board meeting.

**Are you open to remote or hybrid audits?**

**(Related question: Do you prefer the audit staff to be onsite at your location or expect the audit to be performed remotely?)**

The District is open to both in-person and remote or hybrid audit approaches. However, any remote engagement must be structured in a manner that does not place additional administrative burden on staff. The District expects the audit process to maintain a level of efficiency, coordination, and effectiveness comparable to that of an in-person audit.

**Are there any significant changes in operations expected for FY 2025-26?**

No significant operational changes are anticipated for FY 2025–26; however, the District will transition to a new contract CPA firm beginning April 1, 2026.

**Will there be any significant events in FY 2025-26?**

**(Related Question: Significant construction or capital projects?)**

Yes. The District transitioned to a new banking institution in June 2025. During the fiscal year, the District was also approved for \$1 million in federal funding for road repairs, which has not yet been received. The District anticipates undertaking road repairs and preparing new areas for future burial development as part of its planned capital improvements; however, these projects are most likely to occur during FY 2026–2027.

**Significant changes to operations or funding sources?**

**(Related Question: Any Federal Funding so far or anticipated in FY 2026? \$1.0 M plus?)**

Yes. The District was approved for \$1 million in federal funding for road repairs during the year. Although the funds have not yet been received, this represents a significant change in funding sources.

**I did not see prior year financial statements on District’s website. Please send a copy of your most recent audited financial statements, if not ready when you do you anticipate the 2025 audit reports to be completed?**

The 2025 ACFR is now available on our website under the “District Transparency” section. You may also access it using this direct link:

<https://www.coachellavalleycemeterydistrict.gov/files/8eede1496/2025+ACFR+-+FINAL.pdf>

**What is the approved budget for financial audit fees for fiscal year 2026?**

The 26/27 Budget has not yet been approved.

**Are there any new services in this RFP that were not included in the prior year?**

No.

**Please provide a list of firms that have been sent an RFP.**

The District actively solicited bids from CSDA “Buyers Guide” and firms that had expressed prior interest in working with our District. Those firms include:

Platinum Strategies  
Brown Armstrong  
Fechter & Company  
Maze & Associates  
Nigro & Nigro  
MUN CPA's

**Are any management letter comments outstanding from the prior year?**

No.

**May we receive a copy of last year's management letter?**

The letter is attached to the back of this document as Exhibit B.

**How many major programs are subject to a Single Audit?**

None at this time. Although the District was recently selected to receive \$1 million in federal funding for road repairs, the funds have not yet been received and may not be received during the current fiscal year.

**When will the books be ready for the audit?**

The District anticipates that the books will be ready for audit by September.

**Are financial records available electronically?**

Yes.

**Any audits or inspections by regulatory agencies?**

As a public agency, the District is subject to regular audits and compliance reviews by various regulatory bodies, including CalPERS, Riverside County, and the State of California. These reviews are part of normal governmental oversight. The District has not been subject to any recent (last 5 years) adverse or punitive audits or regulatory actions that would materially impact this RFP.

**Does the District prepare its own Financial Report or is the auditor responsible for preparation and assembly?**

The auditor is responsible for preparation and assembly of the Financial Report.

**Who prepares and keeps the District's MD&A?**

The District's CPA firm with assistance from the Finance Department.

**Who prepares and keeps the District's recordkeeping for its Capital Assets (Additions & Deletions) as well as Depreciation Expense?**

The District's CPA firm.

**Who prepares and keeps the District's recordkeeping for its Compensated Absences?**

The District's CPA firm.

**Who prepares and keeps the District's recordkeeping for its Long-Term Debt?**

The District's CPA firm.

**Any New Debt in 2026?**

No.

**Who will be responsible to prepare the following entries for the District?**

**a. GASB 68 – Pension entries**

**b. GASB 75 – OPEB entries**

**c. GASB 87 – Lease/Contract – Revenue and Expense entries**

**d. GASB 96 - Subscription-Based Information Technology Arrangements**

The District's CPA firm.

**Have there been any legal judgments rendered upon the District in FY 2026?**

No.

**Exhibits Attached**

Exhibit A – Communication of Significant Deficiencies

Exhibit B – Communication with Those Charged with Governance

## **Exhibit A – Communication of Significant Deficiencies**



## Communication of Significant Deficiencies

Board of Trustees and Management  
Coachella Valley Public Cemetery District  
Coachella, California

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Coachella 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 Coachella Valley Public Cemetery District's system of 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coachella Valley Public Cemetery District's internal control. Accordingly, we do not express an opinion on the effectiveness of Coachella Valley Public Cemetery 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 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

### **Audit Finding: Fraudulent Check Disbursement and Compromise of Check Stock**

**1. Criteria (What should be happening)** Internal controls over cash disbursements must ensure that physical check stock, digital routing/account information, and authorized signatures are strictly safeguarded against unauthorized access. Proper segregation of duties and physical security measures should be in place to prevent the misappropriation of funds.

**2. Condition (What actually happened)** During May 2025, the District experienced a fraud incident wherein thirteen fraudulent checks of approximately \$26K were written, signed, and cleared. The checks were made payable to the individuals who stole the funds. The fraudulent checks utilized the check number sequence the District was currently using and featured replicas of the District Manager and Vice President/Chair's signatures. The fraud was discovered by the Finance Manager during a period when the District Manager was on vacation and a part-time contractor assisted in a finance role.

**3. Cause (Why it happened)** There was a breakdown in physical controls that allowed unauthorized access to the District's current check stock. While an internal investigation was conducted by the District Manager, the exact method of compromise could not be definitively determined.

**4. Effect (The risk/impact)** The breakdown in controls resulted in the unauthorized disbursement of District funds and direct financial loss.

**5. Recommendation (How to fix it)** The audit notes that management has already implemented **Positive Pay** with the bank. This is a highly effective detective/preventative control to stop unauthorized checks from clearing and should be maintained permanently.

To address the root cause and further strengthen controls, we recommend the following additional actions:

- **Physical Security:** Immediately relocate all blank check stock to a safe, fireproof or locked cabinet with strictly limited, logged access. Do not leave check stock in an open or easily accessible office environment.
- **Contractor Protocols:** Ensure all temporary or contract employees with access to financial systems or physical financial offices undergo comprehensive background checks and operate under strict "least-privilege" access rights.

This communication is intended solely for the information and use of management, Board of Trustees, and others within Coachella Valley Public Cemetery District, and is not intended to be and should not be used by anyone other than these specified parties.

*David Farnsworth, CPA*

David Farnsworth, CPA  
Milpitas, California  
March 13, 2026

**Exhibit B – Communication with Those Charged with Governance**



## Communication with Those Charged with Governance at the Conclusion of the Audit

March 13, 2026

To the Board of Trustees and Management  
Coachella Valley Public Cemetery District  
Coachella, California

We have audited the financial statements of the governmental activities and each major fund of Coachella Valley Public Cemetery District for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 2025. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Coachella Valley Public Cemetery District are described in Note 1 to the financial statements. GASB 101, compensated absences was adopted. However, the application of existing policies was not changed during 2025. We noted no transactions entered into by Coachella Valley Public Cemetery District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities financial statements were:

Management's estimate of the accumulated depreciation, pensions, deferred outflows/inflows, and OPEB liability and deferred outflows/inflows are based on straight line method of accounting and actuarial standards, respectively. We evaluated the methods, assumptions, and data used to develop the accumulated depreciation, pensions and related deferred outflows/inflows, and OPEB liability and related deferred outflows/inflows in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

The disclosure of pension plan, Other Postemployment Benefits Plan, and Adjustments and Restatements of Beginning Balances in Notes 10, 11, and 13 to the financial statements report the actuarial assumptions of the pensions and OPEB and Note 13 reports the restatement of the net position due to the implementation of GASB 101, compensated absences.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 11, 2026.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Coachella Valley Public Cemetery District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Coachella Valley Public Cemetery District's auditors. We discovered a significant deficiency in the cash disbursements control activities. We communicated the significant deficiency in a separate letter.

### Other Matters

We applied certain limited procedures to Budgetary Comparison Schedule – General Fund, District Pension Plan RSI, and District Other Postemployment Benefit Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Restriction on Use

This information is intended solely for the information and use of Board of Trustees and management of Coachella Valley Public Cemetery District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*David Farnsworth, CPA*  
David Farnsworth, CPA