



HAYASHI | WAYLAND

February 19, 2019

San Lucas Cemetery District
Board of Directors
P.O. Box 115
San Lucas, CA 93954

Dear Board of Directors:

We want to thank you for the opportunity you have given us to serve as your auditors for several years. As auditors we are required to follow Generally Accepted Auditing Standards when performing audits. One of those standards is that "The auditor must maintain independence in mental attitude in all matters relating to the audit." One of the threats to our independence is performing any type of bookkeeping service, such as recording transactions or making adjustments to convert your records to the accrual basis of accounting.

In the past, due to the size of your agency, Hayashi Wayland has had to assist you with the recording of certain transactions that could be considered bookkeeping services. In order to maintain our independence and continue as your auditor we can no longer perform this service for you. If you wish to maintain us as your auditors, someone within your agency or a consultant will have to perform these services. As an alternative we could assist you with the bookkeeping rather than provide audit services.

In addition, due to our increasing costs in complying with new auditing standards being issued, we will no longer be able to provide auditing services to you at the fees we have been charging. Our minimum fees for service will begin at \$12,500 per year and will vary from there depending on your needs. We understand that this can be a significant burden for your agency, so we wanted to provide you alternative options for moving forward.

We have been in contact with the Monterey County Auditor Controller's office to see if there are options to reduce the financial reporting burden of annual audits. California Government Code Section 26909 (b) allows special districts to replace the annual audit with other options as long as they have unanimous vote from their Board of Directors. Once you have documented board approval you may reach out directly to the Auditor Controller's office to apply for an alternative audit period, such as biennial or possibly even a five-year period. Please review the code and then determine what would be the best option for your agency and then submit the request to the County. You will want to address your request to Rupa Shah, Auditor Controller, 168 West Alisal Street, 3rd Floor, Salinas, CA 93901. If you are able to change the period of audit, you are still required to file the State Controllers report annually. If you are interested, we can continue to assist with the preparation of your annual State Controller's Report as required. We would supply you a separate engagement letter and fee, if we have not done so already.

We understand that you may have questions so please feel free to reach out to me directly. My direct line is 831-759-6326.

Sincerely,

Autumn Rossi, CPA
Partner, Special Districts
Hayashi Wayland

