

ARTESIA CEMETERY DISTRICT

Financial Statements

and

Supplementary Information

as of

June 30, 2016

and

June 30, 2015

with

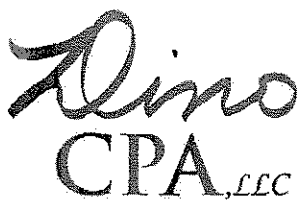
Independent Auditor's Report

ARTESIA CEMETERY DISTRICT

June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Artesia Cemetery District
Artesia, California

I have audited the accompanying combined balance sheet (all funds) of Artesia Cemetery District, a special district of Los Angeles County, as of June 30, 2016 and 2015, and the related combined statements of revenues expenditures and changes in fund balances (all funds), cash flows (all funds) for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards required that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that

the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Artesia Cemetery District as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing Special Districts.

Report on Other Regulatory Requirements

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "DINO CPA, LLC".

DINO CPA, LLC
February 15, 2017
Parker, Colorado

ARTESIA CEMETERY DISTRICT
Combined Balance Sheet – All Funds
As of June 30, 2016 and 2015
See Independent Auditor's Report

Assets

	<u>General Fund</u>	<u>Endowment Fund (Restricted)</u>	<u>General Fixed Asset Fund</u>	<u>Total-2016 Memorandum Only</u>	<u>Total-2015 Memorandum Only</u>
Cash and Cash Equivalents	\$ 102	-	-	\$ 102	\$ 203
Taxes Receivable					
Current	6,335	-	-	6,335	5,033
Delinquent	-	-	-	-	-
Contract Receivable	51,167	-	-	51,167	13,640
Interest Receivable	-	-	-	-	-
Other Receivable	-	-	-	-	-
Prepaid Insurance	-	-	-	-	-
Investments	2,683	-	-	2,683	12,666
Total Current Assets	<u>60,286</u>	<u>-</u>	<u>-</u>	<u>60,286</u>	<u>31,542</u>
Land	-	-	56,297	56,297	56,297
Buildings	-	-	219,224	219,224	156,154
Improvements	-	-	190,438	190,438	185,064
Equipment	-	-	189,711	189,711	164,155
Less Accumulated Depreciation	-	-	(181,269)	(181,269)	(139,890)
Total Net Fixed Assets	<u>-</u>	<u>-</u>	<u>474,401</u>	<u>474,401</u>	<u>421,780</u>
Dues From Other Funds	-	735,384	-	735,384	664,184
Total Assets	<u><u>\$ 60,286</u></u>	<u><u>735,384</u></u>	<u><u>474,401</u></u>	<u><u>1,270,070</u></u>	<u><u>\$ 1,117,506</u></u>

The accompanying notes are an integral part of these financial statements.

ARTESIA CEMETERY DISTRICT
Combined Balance Sheet – All Funds
As of June 30, 2016 and 2015
See Independent Auditor's Report

Liabilities and Fund Balances

	<u>General Fund</u>	<u>Endowment Fund (Restricted)</u>	<u>General Fixed Asset Fund</u>	<u>Total-2016 Memorandum Only</u>	<u>Total-2015 Memorandum Only</u>
Bank Overdraft	\$ 8,193	-	-	\$ 8,193	\$ 21,847
Accounts Payable	12,785	-	-	12,785	318
Accrued Liabilities	73,303	-	-	73,303	16,967
Deferred Income	88,798	-	-	88,798	34,208
Current Portion of Contract Payable	15,787	-	-	15,787	10,944
Total Current Liabilities	198,865	-	-	198,865	84,285
Due to Other Fund	735,384	-	-	735,384	664,184
Long Term Contract Payable	-	-	-	-	-
Total Long Term Liabilities	735,384	-	-	735,384	664,184
Fund Balance (Deficit)	(873,963)	735,384	474,401	335,822	369,037
Total Liabilities and Fund Balances	\$ 60,286	735,384	474,401	1,270,070	\$ 1,117,506

The accompanying notes are an integral part of these financial statements.

ARTESIA CEMETERY DISTRICT
 Combined Statement of Revenues, Expenditures and
 Combined Statement of Changes in Fund Balances – All Funds
 For The Years Ended June 30, 2016 and 2015
 See Independent Auditor's Report

	<u>General Fund</u>	<u>Endowment Fund (Restricted)</u>	<u>General Fixed Assets Fund</u>	<u>Total-2016 Memorandum Only</u>	<u>Total-2015 Memorandum Only</u>
Revenue	\$ 513,390	71,200	-	\$ 584,590	\$ 625,388
Expenditures	(576,426)	-	(41,379)	(617,806)	(651,718)
Excess of Revenues over Expenditures	\$ (63,036)	71,200	(41,379)	\$ (33,216)	\$ (26,330)
Beginning Fund Balance (Deficit)	(716,927)	664,184	421,780	369,037	394,367
Equipment Purchases	(94,000)		94,000	-	-
Prior Period Adjustments	-	-	-	-	1,000
Ending Fund Balance (Deficit)	\$ (873,963)	735,384	474,401	335,822	\$ 369,037

The accompanying notes are an integral part of these financial statements.

ARTESIA CEMETERY DISTRICT
Combined Statement of Cash Flow – All Funds
For The Years Ended June 30, 2016 and 2015
See Independent Auditor's Report

	2016	2015
Cash Flows from Operating Activities		
Tax Revenue	\$ 185,641	\$ 187,740
Operating Revenue	409,623	319,149
Contract Sales	-	11,242
Endowment Fund	71,200	64,350
Miscellaneous Income	(7,160)	28,170
	659,303	610,652
Expenses:		
Salaries and Benefits	330,775	302,102
Purchase for Resale	24,866	30,194
Audit Service	5,895	8,189
Oil and Gas	15,353	25,602
Insurance	14,111	16,844
Interest Expense	4,446	5,084
Office Expense	37,516	46,813
Miscellaneous Expense	46,679	64,258
Repairs and Maintenance	60,245	89,151
Uniforms	6,606	4,428
Utilities and Telephone	21,068	16,917
	567,560	609,581
Net Cash Provided by Operations	91,743	1,071
Cash Flows from Investing Activities		
Net Deposit from Investment Account	10,967	6,265
Purchase of Fixed Assets	(94,000)	(21,955)
Net Cash Provided by Investing Activities	(83,033)	(15,690)
Cash Flows from Financing Activities		
Payments of Bank Overdraft	-	-
Payments of Contract Payable	(4,843)	(4,447)
Net Cash Used in Financing Activities	(4,843)	(4,447)
Net Decrease in Cash	13,553	(19,065)
Cash at Beginning of Year	(21,644)	(2,579)
Cash at End of Year	\$ (8,091)	\$ (21,644)

The accompanying notes are an integral part of these financial statements.

ARTESIA CEMETERY DISTRICT
Combined Statement of Cash Flow – All Funds
For The Years Ended June 30, 2016 and 2015
See Independent Auditor's Report

	2016	2015
Reconciliation of Net Profit to Net Cash Provided		
By Operating Activities:		
Net Income/(Loss)	\$ (33,216)	\$ (26,330)
Non Cash Expenses, Revenues and Losses included in Net Earnings		
Depreciation	41,379	38,708
Loss on Disposal of Asset (net of corrections)	-	(14,956)
Net Decrease (Increase) in Receivable	(38,828)	(6,132)
Net Decrease (Increase) in Prepaid	-	3,627
Net (Decrease) Increase in Bank Overdraft	(13,451)	19,268
Net (Decrease) Increase in Accounts Payable	12,466	(7,472)
Net (Decrease) Increase in Accrued Liability	64,996	569
Net (Decrease) Increase in Deferred Income	54,590	(6,211)
Net Cash Provided From Operating Activities	\$ 91,743	\$ 1,071

The accompanying notes are an integral part of these financial statements.

ARTESIA CEMETERY DISTRICT
Notes to Financial Statements
For The Years Ended June 30, 2016 and 2015
See Independent Auditor's Report

Note 1 – Summary of Significant Accounting Policies

Organization and Activities

The Artesia Cemetery District was formed September 24, 1928, under authority of Section 8890, et. seq. of the Health and Safety Code for the purpose of offering interment and other related services to the general public. The area included in the District is generally bounded by Alondra Boulevard on the north, Coyote Creek to the Orange County Line on the east, the Long Beach City Line on the south and the San Gabriel River on the west. The District includes the cities of Artesia and Hawaiian Gardens and portions of the cities of Cerritos, Lakewood, Norwalk and Long Beach. The administration of the District is under the direction of a three-member Board of Trustees, appointed by Los Angeles County Board of Supervisors.

The following significant accounting policies have been followed in the preparation of the financial statements:

Basis of Presentation

The District adopted a fund accounting system to comply with generally accepted accounting principles as recommended by the American Institute of Certified Public Accountants. Under the fund accounting principles, revenues are recorded as received in cash except for revenues susceptible to accrual and revenues of a material amount that have not been received at the normal time of receipt. Expenditures are recorded on the accrual basis. The Endowment Fund utilized the full accrual basis of accounting. Due to the size and the few number of financial transactions, the District is not required to prepare nor file an annual budget. As a result, a Combined Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual, Statement of All Government Fund Types and Expendable Trust Funds are not included in these financial statements.

Fixed Assets and Depreciation

Property and equipment are stated at cost in the general fund. Since the year ended June 30, 2008, the District has adopted Governmental Accounting Standards Board Statement No. 34 and continues to provide depreciation on the straight line method over the life of the respective assets at rates varying from 5 to 40 years.

ARTESIA CEMETERY DISTRICT
Notes to Financial Statements
For The Years Ended June 30, 2016 and 2015
See Independent Auditor's Report

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes

The District qualifies for an exemption from income tax and although it is not required to file a tax return with the Internal Revenue Service, it is required to report all of its revenues and expenditures to both the Los Angeles County and the California State Controller.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash and Cash Equivalents

The District has two checking accounts fully insured by the FDIC. For purpose of the statement of cash flows the District considers cash and certificates of deposit with a maturity of less than 90 days to be cash equivalents.

Note 3 – Investment

The trustees invest and reinvest the principal of the fund in equity and mutual funds. The investment balance at June 30, 2016 and 2015 was stated at fair market value. Interest and dividend earned during the years were reinvested.

Note 4 – Due to Other Fund

The District has suffered recurring operating deficits and has received authority to transfer interest and new receipts of endowment income from the Endowment Care Fund to the General Fund for operations. This borrowing has accumulated to \$735,384 as of June 30, 2016 and \$664,184 as of June 30, 2015.

ARTESIA CEMETERY DISTRICT
Notes to Financial Statements
For The Years Ended June 30, 2016 and 2015
See Independent Auditor's Report

Note 5 – Endowment Care Fund

The Endowment Care Fund was established to provide for the care of the burial lots in the cemetery. The restricted fund balance indicates the amount available to meet subsequent demands to provide for the care of the burial lots after the cemetery lot is full. No part of the principal of this fund may be expensed for the current care of the lots. Such expenditures shall be limited to the income from the fund. During the year ended June 30, 2010, the Board of Trustees withdrew the \$101,647 of the Endowment Care Fund with The Los Angeles County, deposited approximately \$20,000 into the investment account and deposited the balance into the general account to pay for current care expenses of the cemetery. As stated in Note 4, the General Fund has been borrowing from the Endowment Care Fund to meet its operating expenses during these past years. As of June 30, 2016 and 2015, the total balance of the loans was \$735,384 and \$664,184, respectively. As of January 8, 2016, the Board of Trustees have implemented a plan to raise revenues that will be appropriated for the replenishment of the Endowment Care Fund. (See Note 8).

Note 6 – Recurring Operating Deficits

The District has suffered recurring operating deficits and has to borrow from the Endowment Care Fund to meet its current operating expenses. Such borrowings may jeopardize future maintenance care of the burial lots when the cemetery is full. Management of the District is raising fees, promoting its services and working with government officials and representatives to obtain additional funding to improve its operating margins.

Note 7 – Deferred Contract Revenue

The District during the year ended June 30, 2011 offered contract sales which allow the grave sales to be paid by installments. The contracts are to be fully paid within one year with twelve equal payments and an initial deposit ranging from \$500 to \$600. Interest of 5% on the monthly unpaid balance is charged. The contract revenue is deferred until the contract is fully paid. As of June 30, 2016 and June 30, 2015, the balance of the deferred revenue was \$88,798 and \$34,208, respectively, and the contract revenue receivable was \$51,167 at June 30, 2016 and \$13,640 at June 30, 2015. Contract revenue recognized at June 30, 2016 was \$12,625 and \$13,800 at June 30, 2015.

Note 8 – Subsequent Events

Subsequent to the combined balance sheet date, during January, 2015, the District received notice from the county of Los Angeles that pursuant to the Health and Safety Code Section 34183(a)(1) & 34183(a)(4), the Los Angeles County Auditor-Controller's office disbursed to it the Pass Through and Residual Tax Revenue from the Redevelopment Property Tax Trust Fund (RPTTF) for the ROPS 2014-15B period covering January 1st, 2015 through June 30th 2015 in the amount of \$27,206. In addition, the District received a Redevelopment Dissolution payment during January 2016 in the amount of \$26,272 that was used to fund the initial payment towards a Cemetery Niche program that the Board of Trustees approved for the purpose of raising funds to appropriate towards the replenishing of the Endowment Care Fund (See Note 5).

According to the plan set forth to the Board of Trustees, the first phase will accommodate 128 niches at \$1,000 per unit, or a total possible revenue of \$128,000. Also, each niche can contain two urns at a price of \$500 each, which may offer additional revenues of \$64,000. The completion of the program will develop a niche section all along the side of the building with a capacity of 342 niches. The additional revenue will be reserved for the endowment fund and leverage the development of future niche programs towards the back of the cemetery.

SUPPLEMENTARY INFORMATION

ARTESIA CEMETERY DISTRICT
Combined Statement of Revenues and Expenditures – All Funds
For The Years Ended June 30, 2016 and 2015
See Independent Auditor's Report

Schedule 1

	2016	2015
REVENUES		
Tax Revenues		
Secured Tax Collections	\$ 205,036	\$ 184,680
Unsecured Tax Collections	4,237	3,083
Fines and Forfeitures	578	954
Homeowners Property Tax Relief	920	939
Total Tax Revenues	210,771	189,656
Operating Revenues		
Grave Sales	182,600	189,800
Opening and Closing of Graves	70,500	70,550
Sectional Box Sales	23,912	25,221
Saturday and Sunday Services	7,500	8,400
Late Hour Burial Fees	125	-
Flower Vase Sales	2,615	3,665
Setting Markers	13,650	13,950
Non-Resident Fee	4,750	21,550
Total Operating Revenues	305,652	333,136
Other Revenues		
Investment Income	17	(86)
Interest Income	968	265
Endowment Fund-Reserved	71,200	67,050
Miscellaneous	(4,017)	35,366
Total Other Revenue	68,167	102,596
Total Revenues	584,590	625,388
OPERATING EXPENSES		
Salaries and Benefits	330,775	309,843
Purchase for Resale	24,866	28,626
Audit Services	5,895	8,189
Gas and Oil	15,353	24,429
Insurance	14,111	12,578
Interest Expense	4,446	5,084
Office Expense	46,382	48,423
Other Expenses	46,679	63,248
Repairs and Maintenance	60,245	89,151
Uniforms	6,606	4,428
Utilities and Telephone	21,068	15,274
Depreciation	41,379	38,708
Loss on Disposal of Assets	-	3,738
Total Operating Expenses	617,806	651,718
Excess (Expenditures) Over Revenue	(33,216)	\$ (26,330)

ARTESIA CEMETERY DISTRICT
Schedule of Cash
As of June 30, 2016 and 2015
See Independent Auditor's Report

Schedule 2

	<u>2016</u>	<u>2015</u>
<u>Cash - Unreserved</u>		
Petty Cash	\$ -	\$ -
Wells Fargo Bank Checking Account No. ###3038	0	(7,463)
U.S. Bank Checking Account No. ###0655	(8,193)	(14,379)
U.S. Bank Checking Account No. ###0648	102	203
Savings Accounts	-	(5)
Total Unreserved Cash	<u>(8,091)</u>	<u>(21,644)</u>
<u>Cash - Reserved</u>		
Cash Fiscal Agent - Endowment	-	-
Total Reserved Cash	<u>-</u>	<u>-</u>
Total Cash	<u>\$ (8,091)</u>	<u>\$ (21,644)</u>

ARTESIA CEMETERY DISTRICT
Schedule of Tax Receivable
As of June 30, 2016
See Independent Auditor's Report

Schedule 3

Tax Receivable June 30, 2015		\$	5,033
Add Current Year Levy			
Secured	\$	181,029	
Unsecured		5,914	186,942
Less Collections in Current Year			
Secured		180,773	
Unsecured		4,867	185,641
Tax Receivable June 30, 2016			\$ 6,335
Details of Taxes Receivable	Secured	Unsecured	Total
2015-2016	\$ 5,308	1,027	\$ 6,335
2014-2015	-	-	-
Total	\$ 5,308	1,027	\$ 6,335

ARTESIA CEMETERY DISTRICT
Schedule of Assessed Valuation
As of June 30, 2016 and 2015
See Independent Auditor's Report

Schedule 4

2016

Tax Levy	<u>Assessed Valuation</u>
Secured	<u>\$1,810,285,300</u>
Unsecured	<u>\$ 59,136,800</u>

2015

Tax Levy	<u>Assessed Valuation</u>
Secured	<u>\$ 1,653,260,400</u>
Unsecured	<u>\$ 41,274,500</u>