



Artesia Cemetery District

Annual Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023

Our Mission Statement

"To provide an attractive, safe and serene cemetery environment that offers cost effective, dignified interment services in a compassionate manner that offers diversity and cultural values."

Artesia Cemetery District

Board of Trustees as of June 30, 2024

Name	Title	Elected/ Appointed	Current Term
Mike Wada	Chair	Appointed	01/23 - 01/27
Mike Laughlin	Vice Chair	Appointed	01/25 - 01/29
Allison Stewart	Trustee	Appointed	01/23 - 01/27
Arturo Sanchez, Jr.	Trustee	Appointed	01/25 - 01/29
Aurelia Palhinha	Trustee	Appointed	01/23 - 01/27

**Artesia Cemetery District
Antonio Mendoza, General Manager
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Cerritos, California 90703
(562) 865-6300
www.artesiacementery.com**

Artesia Cemetery District

Annual Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023

**Artesia Cemetery District
Annual Financial Report
For the Fiscal Years Ended June 30, 2024 and 2023**

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Financial Section



C.J. Brown & Company CPAs

An Accountancy Corporation

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Independent Auditor's Report

Board of Trustees
Artesia Cemetery District
Artesia, California

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Artesia Cemetery District (District) as of and for the fiscal years ended June 30, 2024, and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Artesia Cemetery District as of June 30, 2024, and 2023, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audit of the Financial Statements, continued

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audits.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, and the required supplementary information on pages 32 through 34, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Independent Auditor's Report, continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. That report can be found on pages 35 and 36.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs

Cypress, California

August 14, 2025

Artesia Cemetery District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2024 and 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Artesia Cemetery District (District), provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2024 and 2023. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2024, the District's net position increased 34.67%, or \$1,254,203 from \$3,617,250, to \$4,871,453 from ongoing operations.
- In 2024, total revenues from all sources increased 19.19%, or \$383,439 from \$1,998,601, to \$2,382,040.
- In 2024, total expenses for the District's operations increased by 17.22%, or \$165,710 from \$962,127 to \$1,127,837.

Using This Financial Report

This annual report consists of a series of financial statements. The Statements of Net Position and the Statements of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statements of Net Position include all of the District's investments in resources (assets), and the obligations to creditors (liabilities). They also provide the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the respective years' revenues and expenses are accounted for in the Statements of Activities. These statements measure the success of the District's operations over the past years and can be used to determine the District's net operating reserves and credit worthiness.

District Activities

The Artesia Cemetery is owned and operated by the Artesia Cemetery District, and is among the County's oldest and most established, with having recorded burials since the 1860's. Although privately owned in the beginning, these cemeteries were formed into separate independent, publicly owned districts in 1920's. On September 24, 1928, the Artesia Cemetery, by resolution of the Los Angeles County Board of Supervisors, became the Artesia Cemetery District (District).

The District is an independent special district governed by a Board of Trustees who serve four-year terms as appointed by the County Board of Supervisors. The Board of Trustees' responsibilities include, but are not limited to, passing ordinances, adopting the budget, appointing committees, and hiring of the General Manager and District Legal Counsel. The General Manager is responsible for administering programs in accordance with policies established by the Board of Trustees and within the guidelines of the annual budget adopted by the Board of Trustees.

The annual budget includes all funds of the District. It includes all governmental organizations and activities for which the District's Board of Trustees is financially accountable. The District provides for interment services and for the operation and maintenance of the cemetery grounds. The District's service area includes the Cities of Artesia, Cerritos, Hawaiian Gardens & parts of Lakewood, Norwalk, and Long Beach.

The District cemetery "endowment care" fund collects a one-time endowment fee for each interment, which is placed into an investment fund strictly for the perpetual care and maintenance of the grounds.

Artesia Cemetery District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets, and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. Think of the District's net position – the difference between assets, less liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the District's property tax and assessment base to assess the *overall health* of the District.

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 31.

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$4,871,453 and \$3,617,250 as of June 30, 2024 and 2023, respectively. The District's total net position is made up of three components: (1) investment in capital assets, (2) restricted net position; and (3) unrestricted net position.

A large portion of the District's net position (28.63% and 26.50% as of June 30, 2024 and 2023, respectively) reflects its restricted net position consisting of endowment care fund. The District's investment in capital assets (24.22% and 15.32% as of June 30, 2024 and 2023, respectively), reflects its capital assets (net of accumulated depreciation). The District uses these capital assets for operations; consequently, these assets are *not* available for future spending.

Artesia Cemetery District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Government-wide Financial Analysis, continued

Statement of Net Position, continued

At the end of fiscal year 2024 and 2023, the District reflected a positive balance in its unrestricted net position of \$2,296,871 and \$2,104,760, respectively, that may be utilized in future years. (See note 8 for further information).

A summary of the statements of net position is as follows:

Condensed Statement of Net Position			
	2024	2023	Change
Assets:			
Current assets	\$ 2,340,618	2,138,104	202,514
Noncurrent assets	1,394,698	958,502	436,196
Capital assets, net	1,179,884	553,988	625,896
Total assets	4,915,200	3,650,594	1,264,606
Liabilities:			
Current liabilities	19,093	27,816	(8,723)
Noncurrent liabilities	24,654	5,528	19,126
Total liabilities	43,747	33,344	10,403
Net position:			
Investment in capital assets	1,179,884	553,988	625,896
Restricted	1,394,698	958,502	436,196
Unrestricted	2,296,871	2,104,760	192,111
Total net position	\$ 4,871,453	3,617,250	1,254,203

Statement of Activities

A summary of the statements of activities is as follows:

Condensed Statement of Activities			
	2024	2023	Change
Expenses:			
Cemetery operations:	\$ 1,127,837	962,127	165,710
Total expenses	1,127,837	962,127	165,710
Program revenues	1,899,098	1,653,267	245,831
General revenues	482,942	345,334	137,608
Total revenues	2,382,040	1,998,601	383,439
Change in net position	1,254,203	1,036,474	217,729
Net position, beginning of year	3,617,250	2,580,776	1,036,474
Net position, end of year	\$ 4,871,453	3,617,250	1,254,203

Artesia Cemetery District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Government-wide Financial Analysis, continued

Statement of Activities, continued

A closer examination of the statement of activities reveals that:

In fiscal year 2024, the District's net position increased 34.67%, or \$1,254,203 from \$3,617,250, to \$4,871,453, from ongoing operations.

In 2024, total revenues from all sources increased 19.19%, or \$383,439 from \$1,998,601, to \$2,382,040. Program revenues increased \$245,831, primarily due to increases of \$331,831 in charges for services, and \$64,000 in endowment care fees; which were offset by a decrease of \$150,000 in operating grants and contributions as a result of discretionary grants received from Los Angeles County. General revenues increased \$137,608, primarily due to increases of \$105,668 in investment return, \$19,969 in redevelopment taxes, and \$11,971 in property taxes.

In 2024, total expenses for the District's operations increased by 17.22%, or \$165,710 from \$962,127 to \$1,127,837, primarily due to a increases of \$65,328 in facilities, \$56,533 in salaries and wages, and \$19,431 in depreciation.

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2024, the District's General Fund, and Permanent Fund (Endowment Care) reported a fund balance of \$1,421,525, and \$2,294,698, respectively. The amount of \$1,869,960 constitutes unassigned fund balance which is available for future District's operations. The amount of \$(900,000) constitutes interfund amounts owed by the general fund to the permanent fund. The amount of \$24,654 constitutes assigned fund balance which is dedicated for compensated absences. The remaining fund balance of \$426,911 is not available for future spending because it has already been used to pay for materials and supplies inventory. The Permanent Fund (Endowment Care) balance amounting to \$2,294,698 are restricted for purposes of ensuring the long-term care and maintenance of the cemetery grounds and facilities.

As of June 30, 2023, the District's General Fund, and Permanent Fund (Endowment Care) reported a fund balance of \$1,202,004, and \$1,866,786, respectively. The amount of \$1,915,860 constitutes unassigned fund balance which is available for future District's operations. The amount of \$(908,284) constitutes interfund amounts owed by the general fund to the permanent fund. The amount of \$5,528 constitutes assigned fund balance which is dedicated for compensated absences. The remaining fund balance of \$188,900 is not available for future spending because it has already been used to pay for materials and supplies inventory. The Permanent Fund (Endowment Care) balance amounting to \$1,866,786 are restricted for purposes of ensuring the long-term care and maintenance of the cemetery grounds and facilities.

See note 9 for further information.

Fund Budgetary Highlights

The final actual expenditures for the General Fund at year-end were \$809,755 more than budgeted. Actual revenues were greater than the anticipated budget by \$1,029,168. (See Budgetary Comparison Schedule – General Fund under Required Supplementary Information section on page 32)

The actual revenues for the Permanent Fund (Endowment Care) at year-end were \$77,912 greater than the anticipated budget. (See Budgetary Comparison Schedule – Endowment Care Fund under Required Supplementary Information section on page 33)

Artesia Cemetery District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Capital Asset Administration

The change in capital assets amounts for 2024 was as follows:

	<u>Balance</u> <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2024</u>
Non-depreciable assets	\$ 99,060	671,298	(213,354)	557,004
Depreciable assets	656,050	213,354	-	869,404
Accumulated depreciation	(201,122)	(45,402)	-	(246,524)
Total capital assets, net	<u>\$ 553,988</u>	<u>839,250</u>	<u>(213,354)</u>	<u>1,179,884</u>

At the end of fiscal year 2024, the District's investment in capital assets amounted to \$1,179,884 (net of accumulated depreciation). Additions to capital assets include construction-in-progress, improvements and equipment.

Capital Asset Administration, continued

The change in capital assets amounts for 2023 was as follows:

	<u>Balance</u> <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2023</u>
Non-depreciable assets	\$ 56,297	42,763	-	99,060
Depreciable assets	635,662	20,388	-	656,050
Accumulated depreciation	(175,151)	(25,971)	-	(201,122)
Total capital assets, net	<u>\$ 516,808</u>	<u>37,180</u>	<u>-</u>	<u>553,988</u>

At the end of fiscal year 2023, the District's investment in capital assets amounted to \$553,988 (net of accumulated depreciation). This investment in capital assets includes improvement and equipment. There are no capital asset additions during the year.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

Requests for Information

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District at Artesia Cemetery District, 11142 Artesia Blvd, Cerritos, CA 90703.

Basic Financial Statements

Artesia Cemetery District
Statements of Net Position
June 30, 2024 and 2023

	2024	2023
Current assets:		
Cash and investments (note 2)	\$ 1,454,353	1,611,402
Accounts receivable	438,385	312,398
Property tax receivable	14,635	14,144
Accrued interest receivable	164	11,260
Other receivable	6,170	-
Inventory	426,911	188,900
Total current assets	2,340,618	2,138,104
Non-current assets:		
Restricted:		
Cash and investments (note 2)	1,394,698	952,593
Accrued interest receivable	-	5,909
Capital assets, net (note 5)	1,179,884	553,988
Total non-current assets	2,574,582	1,512,490
Total assets	4,915,200	3,650,594
Current liabilities:		
Accounts payable and accrued expenses	6,534	16,341
Accrued salaries and payroll taxes	12,559	11,475
Total current liabilities	19,093	27,816
Noncurrent liabilities:		
Long-term liabilities - due in more than one year:		
Compensated absences (note 6)	24,654	5,528
Total non-current liabilities	24,654	5,528
Total liabilities	43,747	33,344
Net position: (note 8)		
Investment in capital assets	1,179,884	553,988
Restricted	1,394,698	958,502
Unrestricted	2,296,871	2,104,760
Total net position	\$ 4,871,453	3,617,250

See accompanying notes to the basic financial statements

Artesia Cemetery District
Statements of Activities
For the Fiscal Years Ended June 30, 2024 and 2023

<i>Governmental Activities:</i>	<u>2024</u>	<u>2023</u>
Expenses:		
Cemetery operations:		
Salaries and wages	\$ 513,129	456,596
Employee benefits	135,860	124,447
Facilities	336,617	271,289
Materials and services	96,829	83,824
Depreciation	<u>45,402</u>	<u>25,971</u>
Total expenses	<u>1,127,837</u>	<u>962,127</u>
Program revenues:		
Charges for services		
Intermittent space sales, interment services and other sales	1,547,598	1,215,767
Operating grants and contributions	-	150,000
Endowment care fees	<u>351,500</u>	<u>287,500</u>
Total program revenues	<u>1,899,098</u>	<u>1,653,267</u>
Net program revenues	<u>771,261</u>	<u>691,140</u>
General revenues:		
Property taxes	212,603	200,632
Redevelopment taxes	115,327	95,358
Investment return	152,852	47,184
Other general revenues	<u>2,160</u>	<u>2,160</u>
Total general revenues	<u>482,942</u>	<u>345,334</u>
Change in net position	1,254,203	1,036,474
Net position – beginning of year	<u>3,617,250</u>	<u>2,580,776</u>
Net position – end of year	<u>\$ 4,871,453</u>	<u>3,617,250</u>

See accompanying notes to the basic financial statements

Artesia Cemetery District
Balance Sheet
June 30, 2024

	General Fund	Permanent Fund Endowment Care	Total Governmental Fund
ASSETS			
Assets:			
Cash and investments	\$ 1,454,353	-	1,454,353
Accounts receivable	438,385	-	438,385
Property tax receivable	14,635	-	14,635
Accrued interest receivable	164	-	164
Other receivable	6,170	-	6,170
Restricted:			
Cash and investments	-	1,394,698	1,394,698
Accrued interest receivable	-	-	-
Inventory	426,911	-	426,911
Due from other funds (note 4)	-	900,000	900,000
Total assets	2,340,618	2,294,698	4,635,316
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and accrued expenses	6,534	-	6,534
Accrued salaries and payroll taxes	12,559	-	12,559
Due to other funds (note 4)	900,000	-	900,000
Total liabilities	919,093	-	919,093
Fund balance: (note 9)			
Nonspendable	426,911	-	426,911
Restricted	(900,000)	2,294,698	1,394,698
Assigned	24,654	-	24,654
Unassigned	1,869,960	-	1,869,960
Total fund balance	1,421,525	2,294,698	3,716,223
Total liabilities and fund balance	\$ 2,340,618	2,294,698	4,635,316

Continued on next page

See accompanying notes to the basic financial statements

**Artesia Cemetery District
Reconciliation of the Balance Sheet of
Governmental Type Funds to the Statement of Net Position
June 30, 2024**

Reconciliation:

Fund balance of governmental funds	\$ <u>3,716,223</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets	
Capital assets, net	1,179,884
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	<u>(24,654)</u>
Total adjustments	<u>1,155,230</u>
Net position of governmental activities	\$ <u><u>4,871,453</u></u>

See accompanying notes to the basic financial statements

Artesia Cemetery District
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

	<u>General Fund</u>	<u>Endowment Care Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Charges for services	\$ 1,547,598	-	1,547,598
Operating grants and contributions	-	-	-
Endowment care fees	-	351,500	351,500
Property taxes	212,603	-	212,603
Redevelopment taxes	115,327	-	115,327
Investment return	76,440	76,412	152,852
Other general revenues	2,160	-	2,160
Total revenues	<u>1,954,128</u>	<u>427,912</u>	<u>2,382,040</u>
Expenditures			
Cemetery operations:			
Salaries and wages	494,003	-	494,003
Employee benefits	135,860	-	135,860
Facilities	336,617	-	336,617
Materials and services	96,829	-	96,829
Capital outlay	671,298	-	671,298
Total expenditures	<u>1,734,607</u>	<u>-</u>	<u>1,734,607</u>
Change in fund balance	219,521	427,912	647,433
Fund balance, beginning of year	<u>1,202,004</u>	<u>1,866,786</u>	<u>3,068,790</u>
Fund balance, end of year	<u>\$ 1,421,525</u>	<u>2,294,698</u>	<u>3,716,223</u>

Continued on next page

See accompanying notes to the basic financial statements

Artesia Cemetery District
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Type Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Reconciliation:

Net changes in fund balance of governmental fund \$ 647,433

Amounts reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	671,298
Depreciation expense	(45,402)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:

Net change in compensated absences	<u>(19,126)</u>
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Total adjustments	<u>606,770</u>
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Change in net position of governmental activities \$ 1,254,203

See accompanying notes to the basic financial statements

**Artesia Cemetery District
Balance Sheet
June 30, 2023**

	General Fund	Permanent Fund Endowment Care	Total Governmental Fund
ASSETS			
Assets:			
Cash and investments	\$ 1,611,402	-	1,611,402
Accounts receivable	312,398	-	312,398
Property tax receivable	14,144	-	14,144
Accrued interest receivable	11,260	-	11,260
Restricted:			
Cash and investments	-	952,593	952,593
Accrued interest receivable	-	5,909	5,909
Inventory	188,900	-	188,900
Due from other funds (note 4)	-	908,284	908,284
Total assets	2,138,104	1,866,786	4,004,890
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and accrued expenses	16,341	-	16,341
Accrued salaries and payroll taxes	11,475	-	11,475
Due to other funds (note 4)	908,284	-	908,284
Total liabilities	936,100	-	936,100
Fund balance: (note 10)			
Nonspendable	188,900	-	188,900
Restricted	(908,284)	1,866,786	958,502
Assigned	5,528	-	5,528
Unassigned	1,915,860	-	1,915,860
Total fund balance	1,202,004	1,866,786	3,068,790
Total liabilities and fund balance	\$ 2,138,104	1,866,786	4,004,890

Continued on next page

See accompanying notes to the basic financial statements

**Artesia Cemetery District
 Reconciliation of the Balance Sheet of
 Governmental Type Funds to the Statement of Net Position
 June 30, 2023**

Reconciliation:

Fund balance of governmental funds	\$ <u>3,068,790</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets	
Capital assets, net	553,988
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	<u>(5,528)</u>
Total adjustments	<u>548,460</u>
Net position of governmental activities	\$ <u><u>3,617,250</u></u>

See accompanying notes to the basic financial statements

Artesia Cemetery District
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2023

	General Fund	Endowment Care Fund	Total Governmental Funds
Revenues:			
Charges for services	\$ 1,215,767	-	1,215,767
Operating grants and contributions	150,000	-	150,000
Endowment care fees	-	287,500	287,500
Property taxes	200,632	-	200,632
Redevelopment taxes	95,358	-	95,358
Investment return	37,439	9,745	47,184
Other general revenues	2,160	-	2,160
Total revenues	1,701,356	297,245	1,998,601
Expenditures			
Cemetery operations:			
Salaries and wages	457,133	-	457,133
Employee benefits	124,447	-	124,447
Facilities	271,289	-	271,289
Materials and services	83,824	-	83,824
Capital outlay	63,151	-	63,151
Total expenditures	999,844	-	999,844
Change in fund balance	701,512	297,245	998,757
Fund balance, beginning of year	500,492	1,569,541	2,070,033
Fund balance, end of year	\$ 1,202,004	1,866,786	3,068,790

Continued on next page

See accompanying notes to the basic financial statements

Artesia Cemetery District
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2023

Reconciliation:

Net changes in fund balance of governmental fund \$ 998,757

Amounts reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	63,151
Depreciation expense	(25,971)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:

Net change in compensated absences	<u>537</u>
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Total adjustments	<u>37,717</u>
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Change in net position of governmental activities \$ 1,036,474

See accompanying notes to the basic financial statements

Artesia Cemetery District
Notes to the Basic Financial Statements
June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Artesia Cemetery District (the “District”) was organized on September 24, 1928 and operates in conformity with the provisions of Part 4 of Division 8 of the Health and Safety Code, commencing at Section 8890. 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.

General administration and management of the District is under the direction of a five-member Board of Trustees, appointed to four-year terms by Los Angeles County Board of Supervisors.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statements of Activities present changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statements of Activities demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are to be reported in three categories, if applicable: 1) charges for services, and 2) special assessments. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Special assessments are special tax use to raise additional revenues to fund certain expenditures of the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the difference in net position as presented in these statements to the net position presented in the Government-wide Financial Statements. The District has presented its General Fund as its major fund in this statement to meet the qualifications of GASB Statement No. 34. Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the district are property tax, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Governmental Fund Financial Statements, continued

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

The District reports the following major governmental fund:

General Fund – is the primary operating fund of the District. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Endowment Care Fund – is a government's maintenance fund.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the following GASB pronouncements in the current year:

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

D. Assets, Liabilities and Net Position

1. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

The District's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

3. Property Taxes

The County of Ventura Assessor's Office assesses all real and personal property within the County each year. The County of Ventura Tax Collector's Office bills and collects the District's share of property taxes and assessments. The County of Ventura Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County of Ventura, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	January 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the governmental activities financial statements for the District. Capital assets are defined by the Districts as land, buildings, infrastructure, and equipment with an initial individual cost of more than \$2,500 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Position, continued

4. Capital Assets, continued

Land and construction in progress are not depreciated. The other tangible property, plan, and equipment, the right to use leased equipment, and infrastructure of the government are depreciated using the straight-line method over the following estimated useful lives.

- Buildings – 40 years
- Equipment – 5-15 years
- Infrastructure – 10-40 years

5. Inventory

Inventory is valued at cost, which approximates fair value, on a first-in/first-out (FIFO) basis. These costs are recorded as expenditures when consumed rather than when purchased.

6. Compensated absences

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government-service. The liability for such leave is reported as incurred in the governmental activities financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Accumulated sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists.

7. Property taxes

The District receives property tax revenue from Los Angeles County (the County). The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. Taxes are levied annually on July 1st, and one-half are due by November 1st and one-half by February 1st. Taxes are delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied on a pro-rata basis when changes in assessed valuation occur due to the completion of construction or sales transactions. Liens on real property are established on January 15th for the ensuing fiscal year.

8. Revenue recognition

Amounts reported as program revenues include (1) changes to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Position, continued

9. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.
- **Restricted Net Position** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of the net amount of the assets, less liabilities that are not included in the determination of the *investment in capital assets* or *restricted component of net position*.

10. Fund Balance

The governmental fund financial statements report fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent. In the fund financial statements, the District has implemented the requirements of *GASB No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions*. The Board of Trustees formally adopted the following fund balance classifications.

- **Non-spendable fund balance** – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed fund balance** – amounts that can only be used for specific purposes determined by formal action of the District’s highest level of decision-making authority (the Board of Trustees) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** – amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District’s special revenue funds.
- **Unassigned fund balance** – the residual classification for the District’s general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Trustees established, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Position, continued

10. Fund Balance, continued

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District’s fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

11. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The permanent fund does not have an appropriated budget since other means control the use of these resources (e.g., endowment requirements). The appropriated budget is prepared by fund. Transfers of appropriations of the general fund require the approval of the Board of Trustees. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Appropriations in all budgeted funds lapse at the end of the fiscal year. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

(2) Cash and Investments

Cash and cash equivalents as of June 30 are classified in the accompanying financial statements as follows:

	2024	2023
Current assets:		
Deposits with financial institutions	\$ 145,199	1,611,402
Deposits with Los Angeles		
County Treasurer	567	-
California CLASS		
Investment Pool	1,308,587	-
Cash and investments - unrestricted	1,454,353	1,611,402
Non-current assets		
Cash and cash equivalents	-	2,509
California CLASS		
Investment Pool	1,394,698	-
Local Agency Investment Fund	-	950,084
Cash and investments - restricted	1,394,698	952,593
Total cash and investments	\$ 2,849,051	2,563,995

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(2) Cash and Investments, continued

As of June 30, the District’s authorized deposits had the following maturities:

	2024	2023
Deposits held with Local Agency Investment Fund	217 days	260 days
Deposits in California CLASS Investment Pool (CLASS)	75 days	76 days

Investment in California CLASS

The District is a voluntary participant in the California CLASS (CLASS) that is regulated by the California Government Code Section 16429 and is a Joint Powers Authority investment pool that provides the opportunity to invest funds on a cooperative basis in rated pools that are managed in accordance with state law with the primary objectives of offering Participants safety, daily, and next day liquidity, and optimized returns.

The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by CLASS for the entire CLASS portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the CLASS, which are recorded on an amortized cost basis. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the District’s deposits with the bank in accordance with the Code. As of June 30, 2024, the District’s Investment in California CLASS amounted to \$2,703.285.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals. As of June 30, 2023, the District’s Investment in LAIF amounted to \$950.084.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). The California Government Code and the District’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(2) Cash and Investments, continued

Custodial Credit Risk, continued

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Of the District's bank balance, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2024, the District's California CLASS Investment Pool was rated AAAM. As of June 30, 2023, the District's investment in the Local Agency Investment Fund was unrated.

Concentration of Credit Risk

The investment policy contains no limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. There were no investments in any one issuer (other than the external investment pools) that represent 5% or more of total District's investments as of June 30, 2024.

(4) Interfund receivables and payable

The composition of interfund balances as of June 30, 2024 was as follows:

Receivable from	Payable to	2024
General fund	Permanent Fund	\$ 900,000

The composition of interfund balances as of June 30, 2023 was as follows:

Receivable from	Payable to	2023
General fund	Permanent Fund	\$ 908,284

The amounts payable to the permanent fund relate to operating expenses made to the general fund governmental funds. This balance is an estimated calculated amount of the Permanent Fund Principal and earnings that were spent by prior District Management; therefore, attributing to the negative fund balance as the District tries to recoup those funds through ongoing proceedings. On February 11, 2021, the Board of Trustees authorized the District manager to make payments to the permanent fund from any available monies contained in the District's general fund as the District manager deems will not disrupt, hinder, or unreasonably interfere with the normal operations of the District.

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(5) Capital Assets

The change in capital assets for 2024, was as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2024</u>
Non-depreciable assets				
Land	\$ 56,297	-	-	56,297
Construction-in-progress	42,763	671,298	(213,354)	500,707
Total depreciable assets	99,060	671,298	(213,354)	557,004
Depreciable assets:				
Buildings	156,154	-	-	156,154
Improvements	366,721	106,908	-	473,629
Equipment	133,175	106,446	-	239,621
Total depreciable assets	656,050	213,354	-	869,404
Accumulated depreciation				
Buildings	(49,913)	(3,904)	-	(53,817)
Improvements	(91,962)	(19,629)	-	(111,591)
Equipment	(59,247)	(21,869)	-	(81,116)
Total accumulated depreciation	(201,122)	(45,402)	-	(246,524)
Total depreciable assets, net	454,928	167,952	-	622,880
Total capital assets, net	\$ 553,988	839,250	(213,354)	1,179,884

In 2024, major depreciable capital asset consists of additions to improvements and vehicles. Non-depreciable assets consisted of ongoing construction of the District's Niche Plaza and solar panels.

The change in capital assets for 2023, was as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2023</u>
Non-depreciable assets				
Land	\$ 56,297	-	-	56,297
Construction-in-progress	-	42,763	-	42,763
Total depreciable assets	56,297	42,763	-	99,060
Depreciable assets:				
Buildings	156,154	-	-	156,154
Improvements	359,132	7,589	-	366,721
Equipment	120,376	12,799	-	133,175
Total depreciable assets	635,662	20,388	-	656,050
Accumulated depreciation				
Buildings	(46,009)	(3,904)	-	(49,913)
Improvements	(79,839)	(12,123)	-	(91,962)
Equipment	(49,303)	(9,944)	-	(59,247)
Total accumulated depreciation	(175,151)	(25,971)	-	(201,122)
Total depreciable assets, net	460,511	(5,583)	-	454,928
Total capital assets, net	\$ 516,808	37,180	-	553,988

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(5) Capital Assets, continued

In 2023, major depreciable capital asset consists of additions to improvements and vehicles. Non-depreciable assets consisted of ongoing construction of the District's solar panel project.

(6) Compensated absences

The change in compensated absences for 2024 was as follows:

<u>Balance</u> <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2024</u>
\$ 5,528	25,550	(6,424)	24,654

The change in compensated absences for 2023 was as follows:

<u>Balance</u> <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2023</u>
\$ 6,064	13,053	(13,589)	5,528

(7) Deferred Compensation Plan

The District offers a deferred compensation 403(b) plan to all employees with the exception of Board members. The District Board elects to make contributions to the 403(b) plan for employees that do not utilize District health benefits. In lieu of making health benefits, the employee can elect to have the District make contributions to the 403(b) plan.

(8) Net Position

Calculation of net position as of June 30, was as follows:

	<u>2024</u>	<u>2023</u>
Investment in capital assets:		
Capital assets - not being depreciated	\$ 557,004	99,060
Capital assets - being depreciated	869,404	656,050
Accumulated depreciation	<u>(246,524)</u>	<u>(201,122)</u>
Total investment in capital assets	<u>1,179,884</u>	<u>553,988</u>
Restricted net position:		
Cash and investments - restricted	1,394,698	952,593
Accrued interest receivable - restricted	<u>-</u>	<u>5,909</u>
Total restricted net position	<u>1,394,698</u>	<u>958,502</u>
Unrestricted net position		
Non-spendable net position:		
Inventory	426,911	188,900
Spendable net position:		
Unrestricted	<u>1,869,960</u>	<u>1,915,860</u>
Total unrestricted net position	<u>2,296,871</u>	<u>2,104,760</u>
Total net position	<u>\$ 4,871,453</u>	<u>3,617,250</u>

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(9) Fund balance

Fund balance is presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (See Note 1.D.10 for a description of these categories).

A detailed schedule of fund balance and their funding composition at June 30, 2024, are as follows:

Description	General Fund	Permanent Fund	Total Fund Balance
Nonspendable			
Inventory	\$ 426,911	-	426,911
Restricted			
Nonexpendable - endowment principal	-	1,385,596	1,385,596
Expendable - endowment care	-	9,102	9,102
Interfund	(900,000)	900,000	-
Assigned			
Compensated absences	24,654	-	24,654
Unassigned	<u>1,869,960</u>	<u>-</u>	<u>1,869,960</u>
Total fund balance	<u>\$ 1,421,525</u>	<u>2,294,698</u>	<u>3,716,223</u>

A detailed schedule of fund balance and their funding composition at June 30, 2023, are as follows:

Description	General Fund	Permanent Fund	Total Fund Balance
Nonspendable			
Inventory	\$ 188,900	-	188,900
Restricted			
Nonexpendable - endowment principal	-	949,400	949,400
Expendable - endowment care	-	9,102	9,102
Interfund	(908,284)	908,284	-
Assigned			
Compensated absences	5,528	-	5,528
Unassigned	<u>1,915,860</u>	<u>-</u>	<u>1,915,860</u>
Total fund balance	<u>\$ 1,202,004</u>	<u>1,866,786</u>	<u>3,068,790</u>

(10) Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To mitigate these risks, the District is a member of the Special Districts Risk Management Authority (Authority). The Authority is composed of over 900-member public agencies and is organized under a joint powers' agreement pursuant to California Government Code Section 6500 et seq. The purpose of the Authority is to provide services and other functions necessary and appropriate for the creation, operation, and maintenance of liability, worker's compensation, property and other risk pooling and coverage plans for the member agencies. The Authority began covering claims of its members in 1986. The governing board is composed of seven members that are elected or appointed representatives of member agencies' governing boards.

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(10) Risk Management, continued

Member agencies pay an annual premium to the Authority and are determined annually by the governing board. The District's policy limits for workers' compensation insurance is \$5,000,000 per occurrence, with no deductible. The District's policy limits for property and liability insurance are \$1,000,000 per covered loss for property damage, which includes automobile, mobile equipment, boiler and machinery, and \$2,500,000 per occurrence for general liability, which includes automobile, errors and omissions of officers and the board of trustees. The District has deductibles of \$1,000 for direct property loss, \$250 comprehensive/\$500 collision for automobile physical damage loss, and \$2,500 for crime loss.

If aggregate losses under the Authority's workers' compensation and general liability programs exceed total contributions collected from member agencies, the Authority may assess additional contributions in accordance with the provisions of the Joint Exercise of Powers Agreement and the Authority's bylaws.

There were no reductions in insurance coverage from the previous year and the amount of settled claims has not exceeded insurance coverage for any of the prior three fiscal years.

(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Artesia Cemetery District
Notes to the Basic Financial Statements, continued
June 30, 2024 and 2023

(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – *Disclosure of Certain Capital Assets*. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

(12) Contingencies

Grant Awards

Grant funds received by the District are subject to audit by grantor agencies. Such an audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(13) Subsequent Events

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of August 14, 2025, which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

Artesia Cemetery District
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2024

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Charges for services	\$ 595,800	-	595,800	1,547,598	951,798
Property taxes	252,000	-	252,000	212,603	(39,397)
Redevelopment taxes	75,000	-	75,000	115,327	40,327
Investment return	-	-	-	76,440	76,440
Other general revenues	2,160	-	2,160	2,160	-
Total revenues	<u>924,960</u>	<u>-</u>	<u>924,960</u>	<u>1,954,128</u>	<u>1,029,168</u>
Expenditures					
Cemetery operations:					
Salaries and wages	472,452	-	472,452	494,003	(21,551)
Employee benefits	147,480	-	147,480	135,860	11,620
Facilities	227,820	-	227,820	336,617	(108,797)
Materials and services	77,100	-	77,100	96,829	(19,729)
Capital outlay	-	-	-	671,298	(671,298)
Total expenditures	<u>924,852</u>	<u>-</u>	<u>924,852</u>	<u>1,734,607</u>	<u>(809,755)</u>
Change in fund balance	108	-	108	219,521	<u>219,413</u>
Fund balance, beginning of year	<u>1,202,004</u>	<u>-</u>	<u>1,202,004</u>	<u>1,202,004</u>	
Fund balance, end of year	<u>\$ 1,202,112</u>	<u>-</u>	<u>1,202,112</u>	<u>1,421,525</u>	

Artesia Cemetery District
Budgetary Comparison Schedule – Endowment Care Fund
For the Fiscal Year Ended June 30, 2024

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Endowment care fees	\$ 300,000	-	300,000	351,500	51,500
Investment return	50,000	-	50,000	76,412	26,412
Total revenues	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>427,912</u>	<u>77,912</u>
Expenditures					
Endowment care costs	-	-	-	-	-
Other fees	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	350,000	-	350,000	427,912	
Fund balance, beginning of year	<u>1,866,786</u>	<u>-</u>	<u>1,866,786</u>	<u>1,866,786</u>	
Fund balance, end of year	<u>2,216,786</u>	<u>-</u>	<u>2,216,786</u>	<u>2,294,698</u>	

Artesia Cemetery District
Notes to Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

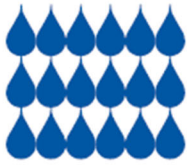
(1) Budgets and Budgetary Data

The Annual budget requests are submitted by the District's staff to the District Board of Trustees for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Trustees, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

The budgetary comparison schedules are presented in accordance with generally accepted accounting principles for governmental funds (the modified accrual basis). Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis.

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Report on Internal Controls and Compliance



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Christopher J. Brown, CPA, CGMA
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Jeffrey Palmer

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Trustees
Artesia Cemetery District
Artesia, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Artesia Cemetery District (District) as of and for the fiscal years ended June 30, 2024, and 2023, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated August 14, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*, continued**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
August 14, 2025