



Artesia Cemetery District

Annual Financial Report

For the Fiscal Year Ended June 30, 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, 2023

Name	Title	Elected/ Appointed	Current Term
Mike Laughlin	Chair	Appointed	01/21 - 01/25
Allison Stewart	Vice Chair	Appointed	01/23 - 01/27
Linda Gonzalez	Trustee	Appointed	01/21 - 01/25
Mike Wada	Trustee	Appointed	01/23 - 01/27
Aurelia Palhinha	Trustee	Appointed	01/23 - 01/27

**Artesia Cemetery District
Antonio Mendoza, General Manager
11142 Artesia Boulevard
Cerritos, California 90703
(562) 865-6300
www.artesiacementery.com**

Artesia Cemetery District
Annual Financial Report
For the Fiscal Year Ended June 30, 2023

**Artesia Cemetery District
Annual Financial Report
For the Fiscal Year Ended June 30, 2023**

Table of Contents

	<u>Page No.</u>
Table of Contents	i
 Financial Section	
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet	11
Reconciliation of the Balance Sheet of Governmental Type Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Type Funds to the Statement of Activities	14
Notes to the Basic Financial Statements	15-27
 Required Supplementary Information Section	
Budgetary Comparison Schedule – General Fund	28
Budgetary Comparison Schedule – Permanent Fund	29
Notes to Budgetary Comparison Schedules	30
 Report on Compliance and Internal Controls	
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 <i>Government Auditing Standards</i>	31-32

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 year ended June 30, 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, 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 Opinions

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 Audit 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 audit.
- 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 audit 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 28 through 30, 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.

Report on Summarized Comparative Information

The summarized comparative information presented herein as of and for the year ended June 30, 2022, derived from the prior auditor's financial statements, has not been audited, reviewed, or compiled, and, accordingly, we express no opinion on it.

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 March 13, 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 31 and 32.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs

Cypress, California

March 13, 2025

Artesia Cemetery District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 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, 2023 (with summarized comparative information for fiscal year ended June 30, 2022). 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 2023, the District's net position increased 40.16%, or \$1,036,474 from \$2,580,776, to \$3,617,250 from ongoing operations.
- In 2023, total revenues from all sources increased 23.57%, or \$381,254 from \$1,617,347, to \$1,998,601.
- In 2023, total expenses for the District's operations increased by 15.71%, or \$130,660 from \$831,467 to \$962,127.

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 Year Ended June 30, 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 15 through 27.

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 \$3,617,250 as of June 30, 2023. 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 (26.50% or \$958,502) reflects its restricted net position consisting of endowment care fund. The District's investment in capital assets (15.32% or \$553,988), reflects its capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that still outstanding. 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 Year Ended June 30, 2023

Statement of Net Position, continued

At the end of fiscal year 2023, the District reflected a positive balance in its unrestricted net position of \$2,104,760 that may be utilized in future years. (See note 9 for further information).

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

Condensed Statement of Net Position			
	2023	2022	Change
Assets:			
Current assets	\$ 2,138,104	1,423,511	714,593
Noncurrent assets	958,502	661,257	297,245
Capital assets, net	553,988	516,808	37,180
Total assets	3,650,594	2,601,576	1,049,018
Liabilities:			
Current liabilities	27,816	14,735	13,081
Total liabilities	27,816	14,735	13,081
Net position:			
Investment in capital assets	553,988	516,808	37,180
Restricted	958,502	661,257	297,245
Unrestricted	2,104,760	1,402,711	702,049
Total net position	\$ 3,617,250	2,580,776	1,036,474

Statement of Activities

A summary of the statements of activities is as follows:

Condensed Statement of Activities			
	2023	2022	Change
Expenses:			
Cemetery operations:	\$ 962,127	831,467	130,660
Total expenses	962,127	831,467	130,660
Program revenues	1,653,267	1,345,480	307,787
General revenues	345,334	271,867	73,467
Total revenues	1,998,601	1,617,347	381,254
Change in net position	1,036,474	785,880	250,594
Net position, beginning of year	2,580,776	1,794,896	785,880
Net position, end of year	\$ 3,617,250	2,580,776	1,036,474

A closer examination of the statement of activities reveal that:

In fiscal year 2023, the District's net position increased 40.16%, or \$1,036,474 from \$2,580,776, to \$3,617,250, from ongoing operations.

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

Statement of Activities, continued

In 2023, total revenues from all sources increased 23.57%, or \$381,254 from \$1,617,347, to \$1,998,601. Program revenues increased \$307,787, primarily due to increases of \$150,000 in operating grants and contributions as a result of discretionary grants received from Los Angeles County, \$127,787 in charges for services, and \$30,000 in endowment care fees. General revenues increased \$73,467, primarily due to increases of \$59,148 in investment return, \$7,299 in property taxes, and \$7,020 in redevelopment taxes.

In 2023, total expenses for the District's operations increased by 15.71%, or \$130,660 from \$831,467 to \$962,127, primarily due to a increases of \$61,901 in salaries and wages, \$51,760 in facilities, and \$12,478 in materials and services.

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, 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 District's General Fund has an unassigned balance of \$1,915,860, which is available for future District's operations. The remaining fund balance of \$1,866,786 are restricted for the District's Permanent Fund (Endowment Care).

Fund Budgetary Highlights

The final actual expenditures for the General Fund at year-end were \$16,672 less than budgeted. Actual revenues were greater than the anticipated budget by \$870,176. (See Budgetary Comparison Schedule – General Fund under Required Supplementary Information section on page 28)

The actual revenues for the Permanent Fund (Endowment Care) at year-end were \$58,355 greater than the anticipated budget. (See Budgetary Comparison Schedule – Endowment Care Fund under Required Supplementary Information section on page 29)

Capital Asset Administration

Changes in capital assets for the year were as follows:

	Balance 2022	Additions	Deletions	Balance 2023
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	\$ 516,808	37,180	-	553,988

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.

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

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
Statement of Net Position
June 30, 2023

	2023
Current assets:	
Cash and investments (note 2)	\$ 1,611,402
Accounts receivable	312,398
Property tax receivable	14,144
Accrued interest receivable	11,260
Inventory	188,900
Total current assets	2,138,104
Non-current assets:	
Restricted:	
Cash and investments (note 2)	952,593
Accrued interest receivable	5,909
Capital assets, net (note 5)	553,988
Total non-current assets	1,512,490
Total assets	3,650,594
Current liabilities:	
Accounts payable and accrued expenses	16,341
Accrued salaries and payroll taxes	11,475
Total current liabilities	27,816
Noncurrent liabilities:	
Long-term liabilities - due in more than one year:	
Compensated absences (note 6)	5,528
Total non-current liabilities	5,528
Total liabilities	33,344
Net position: (note 9)	
Investment in capital assets	553,988
Restricted	958,502
Unrestricted	2,104,760
Total net position	\$ 3,617,250

See accompanying notes to the basic financial statements

Artesia Cemetery District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

<i>Governmental Activities:</i>	<u>2023</u>
Expenses:	
Cemetery operations:	
Salaries and wages	\$ 456,596
Employee benefits	124,447
Facilities	271,289
Materials and services	83,824
Depreciation	<u>25,971</u>
Total expenses	<u>962,127</u>
Program revenues:	
Charges for services	
Intermittent space sales, interment services and other sales	1,215,767
Operating grants and contributions	150,000
Endowment care fees	<u>287,500</u>
Total program revenues	<u>1,653,267</u>
Net program revenues	<u>691,140</u>
General revenues:	
Property taxes	200,632
Redevelopment taxes	95,358
Investment return	47,184
Other general revenues	<u>2,160</u>
Total general revenues	<u>345,334</u>
Change in net position	1,036,474
Net position – beginning of year	<u>2,580,776</u>
Net position – end of year	<u>\$ 3,617,250</u>

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:	
<p style="margin-left: 40px;">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</p>	
Capital assets, net	553,988
<p style="margin-left: 40px;">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:</p>	
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

	<u>General Fund</u>	<u>Endowment Care Fund</u>	<u>Total Governmental Funds</u>
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	<u>1,701,356</u>	<u>297,245</u>	<u>1,998,601</u>
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	<u>999,844</u>	<u>-</u>	<u>999,844</u>
Change in fund balance	701,512	297,245	998,757
Fund balance, beginning of year	<u>500,492</u>	<u>1,569,541</u>	<u>2,070,033</u>
Fund balance, end of year	<u>\$ 1,202,004</u>	<u>1,866,786</u>	<u>3,068,790</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, 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, 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, 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 May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

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

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

C. Financial Reporting, continued

As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

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

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

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.

Land and construction in progress are not depreciated. The other tangible property, plant, 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

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

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

D. Assets, Liabilities and Net Position, continued

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.

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*.

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

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

D. Assets, Liabilities and Net Position, continued

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.

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.

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

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

D. Assets, Liabilities and Net Position, continued

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:

	2023
Current assets:	
Deposits with financial institutions	\$ <u>1,611,402</u>
Cash and investments - unrestricted	<u>1,611,402</u>
Non-current assets	
Cash and cash equivalents	2,509
Local Agency Investment Fund	<u>950,084</u>
Cash and investments - restricted	<u>952,593</u>
Total cash and investments	<u>\$ 2,563,995</u>

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

	2023
Deposits held with Local Agency Investment Fund	260 days

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).

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

(2) Cash and Investments, continued

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: 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, 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, 2023.

(4) Interfund receivables and payable

The composition of interfund balances as of June 30, is as follows:

<u>Receivable</u> <u>from</u>	<u>Payable</u> <u>to</u>	<u>2023</u>
<u>General fund</u>	<u>Permanent Fund</u> \$	<u>908,284</u>

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, 2023

(5) Capital Assets

Changes in capital assets for the year were 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	<u>56,297</u>	<u>42,763</u>	<u>-</u>	<u>99,060</u>
Depreciable assets:				
Buildings	156,154	-	-	156,154
Improvements	359,132	7,589	-	366,721
Equipment	120,376	12,799	-	133,175
Total depreciable assets	<u>635,662</u>	<u>20,388</u>	<u>-</u>	<u>656,050</u>
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	<u>(175,151)</u>	<u>(25,971)</u>	<u>-</u>	<u>(201,122)</u>
Total depreciable assets, net	<u>460,511</u>	<u>(5,583)</u>	<u>-</u>	<u>454,928</u>
Total capital assets, net	<u>\$ 516,808</u>	<u>37,180</u>	<u>-</u>	<u>553,988</u>

(6) Compensated absences

The change in compensated absences for 2023 was as follows:

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

(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) 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. The District uses the McGriff Insurance and Hartford Insurance to account for and finance risks for workers' compensation, general liability, and property damage. Insurance policies are purchased for the following exposures with the deductible, or the amount of risk retention indicated in parenthesis: public officials and employee practices liability (\$1,000/\$1,000 deductible), boiler and machinery (\$1,000 deductible), employee faithful performance (\$1,000 deductible), flood coverage (\$2,500) and an excess liability insurance policy of the District retains risks up to \$3,000,000. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

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

(9) Net Position

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

	2023
Investment in capital assets:	
Capital assets - not being depreciated	\$ 99,060
Capital assets - being depreciated	656,050
Accumulated depreciation	(201,122)
Total investment in capital assets	553,988
Restricted net position:	
Cash and investments - restricted	952,593
Accrued interest receivable - restricted	5,909
Total restricted net position	958,502
Unrestricted net position	
Non-spendable net position:	
Inventory	188,900
Spendable net position:	
Unrestricted	1,915,860
Total unrestricted net position	2,104,760
Total net position	\$ 3,617,250

(10) 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, are as follows:

	General Fund	Permanent Fund	Total Fund Balance
Description			
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	1,915,860	-	1,915,860
Total fund balance	\$ 1,202,004	1,866,786	3,068,790

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

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

Governmental Accounting Standards Board Statement No. 99

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.

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

Governmental Accounting Standards Board Statement No. 100

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.

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.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

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

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.

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.

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

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

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, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of March 13, 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, 2023

	<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	\$ 516,000	-	516,000	1,215,767	699,767
Operating grants and contributions	-	-	-	150,000	150,000
Property taxes	238,020	-	238,020	200,632	(37,388)
Redevelopment taxes	75,000	-	75,000	95,358	20,358
Investment return	-	-	-	37,439	37,439
Other general revenues	2,160	-	2,160	2,160	-
Total revenues	<u>831,180</u>	<u>-</u>	<u>831,180</u>	<u>1,701,356</u>	<u>870,176</u>
Expenditures					
Cemetery operations:					
Salaries and wages	430,980	-	430,980	457,133	(26,153)
Employee benefits	129,900	-	129,900	124,447	5,453
Facilities	196,320	-	196,320	271,289	(74,969)
Materials and services	73,716	-	73,716	83,824	(10,108)
Capital outlay	185,600	-	185,600	63,151	122,449
Total expenditures	<u>1,016,516</u>	<u>-</u>	<u>1,016,516</u>	<u>999,844</u>	<u>16,672</u>
Change in fund balance	(185,336)	-	(185,336)	701,512	<u>886,848</u>
Fund balance, beginning of year	<u>500,492</u>	<u>-</u>	<u>500,492</u>	<u>500,492</u>	
Fund balance, end of year	<u>\$ 315,156</u>	<u>-</u>	<u>315,156</u>	<u>1,202,004</u>	

Artesia Cemetery District
Budgetary Comparison Schedule – Endowment Care Fund
For the Fiscal Year Ended June 30, 2023

	<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	\$ 238,890	-	238,890	287,500	48,610
Investment return	-	-	-	9,745	9,745
Total revenues	<u>238,890</u>	<u>-</u>	<u>238,890</u>	<u>297,245</u>	<u>58,355</u>
Expenditures					
Endowment care costs	-				
Other fees	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	238,890	-	238,890	297,245	
Fund balance, beginning of year	<u>1,569,541</u>	<u>-</u>	<u>1,569,541</u>	<u>1,569,541</u>	
Fund balance, end of year	<u>1,808,431</u>	<u>-</u>	<u>1,808,431</u>	<u>1,866,786</u>	

Artesia Cemetery District
Notes to Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

(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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**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 year ended June 30, 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 March 13, 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
March 13, 2025