

**ARTESIA CEMETERY DISTRICT**

**Financial Statements  
& Required Supplementary Information  
With Independent Auditors' Report**

**For the Fiscal Year Ended  
June 30, 2025  
(With Comparative Amounts as of June 30, 2024)**

**ARTESIA CEMETERY DISTRICT**  
*For the Fiscal Year Ended June 30, 2025*  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Artesia Cemetery District

### Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Artesia Cemetery District (District) as of and for the fiscal year ended June 30, 2025, 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 and each major fund of the District as of June 30, 2025, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with 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. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Change in Accounting Principle

As described in Note 1 to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

### 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 opinion. 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 and *Government 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. 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 and *Government 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 and budgetary comparison information be presented to supplement the basic financial statements. Such information, 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.

#### **Prior-Year Comparative Information**

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which such partial information was derived.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a separate report dated November 20, 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 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 the District's 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.



November 20, 2025

## **ARTESIA CEMETERY DISTRICT**

### *Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2025*

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Management's Discussion and Analysis (MD&A) offers readers of Artesia Cemetery District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- District's net position increased by approximately 24.4% compared to the prior fiscal year.
- The District had an operating gain of \$1,187,476.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the District's financial statements. The District's basic financial statements reflect the combined results of the Operating and Capital Programs and include three components: (1) Statement of Net Position; (2) Statements of Revenues, Expenses, and Changes in Net Position; and (3) Notes to the Financial Statements.

The financial statements accompanying this MD&A present the net position and results of operations during the fiscal year ending June 30, 2025. These financial statements have been prepared using the accrual basis of accounting, which is similar to the accounting basis used by for-profit entities. Each financial statement is identified and defined in this section, and analyzed in subsequent sections of this MD&A.

#### **REQUIRED FINANCIAL STATEMENTS**

##### **Statement of Net Position**

The Statement of Net Position presents information on the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Assets exceed liabilities, resulting in a net position of approximately \$6.1 million as of June 30, 2025.

##### **Statements of Revenues, Expenses, and Changes in Net Position**

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the District's net position changed during the fiscal year. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the results of the District's operations for the year and can be used to determine if the District has successfully recovered all of its costs through user fees and other charges. Operating revenues and expenses are related to the District's core activities (sale of internment rights and burial services). General revenues and expenses are not directly related to the core activities of the District (e.g. interest income, interest expense, and property taxes). For the fiscal year ended June 30, 2025 net position increased by \$1,187,476.

**ARTESIA CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2025*

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**REQUIRED FINANCIAL STATEMENTS (continued)**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION**

**Analysis of Net Position**

**Table A-1: Condensed Statement of Net Position**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
<b>ASSETS</b>			
Current assets	\$ 2,809,040	\$ 2,340,618	\$ 468,422
Restricted assets	1,832,230	1,394,698	437,532
Capital assets, net	<u>1,505,014</u>	<u>1,179,884</u>	<u>325,130</u>
Total assets	<u>6,146,284</u>	<u>4,915,200</u>	<u>1,231,084</u>
<b>LIABILITIES</b>			
Current liabilities	62,973	19,093	43,880
Non-current liabilities	<u>24,382</u>	<u>24,654</u>	<u>(272)</u>
Total liabilities	<u>87,355</u>	<u>43,747</u>	<u>43,608</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,505,014	1,179,884	325,130
Restricted	1,832,230	1,394,698	437,532
Unrestricted	<u>2,721,685</u>	<u>2,296,871</u>	<u>424,814</u>
Total net position	<u>\$ 6,058,929</u>	<u>\$ 4,871,453</u>	<u>\$ 1,187,476</u>

At the end of fiscal year, the District shows a balance in its unrestricted net position of \$2,721,685. The restricted assets increased because of an increased balance in the Endowment Fund. The Endowment Fund is restricted as it is not available for current use. Unrestricted assets increased due primarily to gains in the General Fund.

**ARTESIA CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2025*

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)**

**Analysis of Revenues and Expenses**

**Table A-2: Condensed Statements of Activities**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
<b>Program revenue</b>	\$ 2,175,757	\$ 1,899,098	\$ 276,659
<b>Expenses</b>	<u>1,473,311</u>	<u>1,127,837</u>	<u>345,474</u>
Net program expense	702,446	771,261	(68,815)
<b>General revenues</b>	<u>485,030</u>	<u>482,942</u>	<u>2,088</u>
Change in net position	1,187,476	1,254,203	(66,727)
<b>Net position</b>			
Beginning of year	<u>4,871,453</u>	<u>3,617,250</u>	<u>1,254,203</u>
End of year	<u>\$ 6,058,929</u>	<u>\$ 4,871,453</u>	<u>\$ 1,187,476</u>

While the Statement of Net Position shows the change in financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers to the nature and source of these changes. The main factors in the change in net position were increased program revenues which surpassed expenditures.

**Table A-3: Total Revenues**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
<b>Program revenues:</b>			
Charges for services	\$ 1,740,757	\$ 1,547,598	\$ 193,159
Operating grants and contributions	75,000	-	75,000
Endowment care fees	<u>360,000</u>	<u>351,500</u>	<u>8,500</u>
Total program revenues	<u>2,175,757</u>	<u>1,899,098</u>	<u>276,659</u>
<b>General revenues:</b>			
Property taxes	347,522	327,930	19,592
Investment earnings	135,348	152,852	(17,504)
Other revenues	<u>2,160</u>	<u>2,160</u>	<u>-</u>
Total general revenues	<u>485,030</u>	<u>482,942</u>	<u>2,088</u>
<b>Total revenues</b>	<u>\$ 2,660,787</u>	<u>\$ 2,382,040</u>	<u>\$ 278,747</u>

Total revenue from all sources increased by 11.7%, or \$278,747, from the prior year due mainly to increases in charges for services.

**ARTESIA CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2025*

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)**

**Analysis of Revenues and Expenses**

**Table A-4: Total Expenses**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
<b>Expenses:</b>			
Salaries and wages	\$ 549,785	\$ 513,129	\$ 36,656
Employee benefits	141,336	135,860	5,476
Facilities	436,527	336,617	99,910
Materials and services	290,022	96,829	193,193
Depreciation expense	55,641	45,402	10,239
	<u>\$ 1,473,311</u>	<u>\$ 1,127,837</u>	<u>\$ 345,474</u>

Total expenses for the District's operations increased by 30.6%, or \$345,474, from the prior year due to increases in spending for all expense classifications due to inflationary pressures.

**CAPITAL ASSETS**

Net capital assets increased by \$325,130 from the prior year due to capitalized purchases offset by depreciation charges during the fiscal year.

**Table A-5: Capital Assets at Year-End, Net of Depreciation**

	<u>Balance June 30, 2025</u>	<u>Balance June 30, 2024</u>	<u>Increase (Decrease)</u>
<b>Capital assets:</b>			
Land and work in progress	\$ 56,297	\$ 557,004	(500,707)
Depreciable assets	1,750,882	869,404	881,478
Accumulated depreciation	<u>(302,165)</u>	<u>(246,524)</u>	<u>(55,641)</u>
	<u>\$ 1,505,014</u>	<u>\$ 1,179,884</u>	<u>\$ 325,130</u>

**ANALYSIS OF INDIVIDUAL DISTRICT FUNDS**

**General Operating Fund**

Total budgeted revenues for the fiscal year show expenditures matching revenues for the fiscal year. The actual results for the year show revenues exceeding expenditures by \$427,542. Higher than anticipated revenues and higher than projected expenditures for facilities, materials and services, as well as capital outlay led to an ending fund balance of \$1,849,067.

## **ARTESIA CEMETERY DISTRICT**

*Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2025*

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### **ANALYSIS OF INDIVIDUAL DISTRICT FUNDS (continued)**

#### **Endowment Care Fund**

The Endowment Care Fund increased by \$434,532 over the prior year. The principal portion of this fund is restricted and cannot be used for general operations. Thus, this fund will increase annually. The District can use the investment income portion of the fund but has elected to allow the fund to grow with the investment income included.

### **FACTORS AFFECTING CURRENT FINANCIAL POSITION**

The District anticipates that the General Fund revenues and expenses for the fiscal year will be roughly the same as the prior year. There has been an economic decline that may affect the District's operations and investment earnings for the near future. However, the potential impact to the District is unknown at this time.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our Board of Trustees, citizens, customers, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives and the stewardship of the facilities it owns and operates. If you have questions about this report or need additional information, please contact the Artesia Cemetery District at 11142 Artesia Blvd, Cerritos, CA 90703.

**ARTESIA CEMETERY DISTRICT**  
*Statement of Net Position*  
*June 30, 2025*

	<u>Governmental Activities</u>	
	<u>Jun 30, 2025</u>	<u>Jun 30, 2024</u>
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and investments	\$ 1,861,828	\$ 1,454,353
Accrued interest receivable	422	164
Accounts receivable	417,941	444,555
Property taxes receivable	17,660	14,635
Materials and supplies – inventory	511,189	426,911
<b>Total current assets</b>	<u>2,809,040</u>	<u>2,340,618</u>
<b>Non-current assets:</b>		
Restricted:		
Cash and investments	1,832,230	1,394,698
Capital assets – not being depreciated	56,297	557,004
Capital assets, net – being depreciated	1,448,717	622,880
<b>Total non-current assets</b>	<u>3,337,244</u>	<u>2,574,582</u>
<b>Total assets</b>	<u>6,146,284</u>	<u>4,915,200</u>
<b><u>LIABILITIES</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	45,611	6,534
Accrued salaries and payroll taxes	17,362	12,559
<b>Total current liabilities</b>	<u>62,973</u>	<u>19,093</u>
<b>Noncurrent liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences	24,382	24,654
<b>Total noncurrent liabilities</b>	<u>24,382</u>	<u>24,654</u>
<b>Total liabilities</b>	<u>87,355</u>	<u>43,747</u>
<b><u>NET POSITION</u></b>		
Investment in capital assets	1,505,014	1,179,884
Restricted:		
Nonexpendable – endowment principal	1,660,900	1,300,900
Expendable - endowment care – maintenance and operations	171,330	93,798
Unrestricted	2,721,685	2,296,871
<b>Total net position</b>	<u>\$ 6,058,929</u>	<u>\$ 4,871,453</u>

**ARTESIA CEMETERY DISTRICT**  
*Statement of Activities*  
*For the Fiscal Year Ended June 30, 2025*

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	<b>Governmental Activities</b>	
	<b>June 30, 2025</b>	<b>June 30, 2024</b>
<b>Expenses:</b>		
Cemetery operations:		
Salaries and wages	\$ 549,785	\$ 513,129
Employee benefits	141,336	135,860
Facilities	436,527	336,617
Materials and services	290,022	96,829
Depreciation expense	55,641	45,402
<b>Total expenses</b>	<b>1,473,311</b>	<b>1,127,837</b>
<b>Program revenues:</b>		
Charges for services:		
Interment space sales, interment services and other sales	1,740,757	1,547,598
Operating grants and contributions	75,000	-
Endowment care fees	360,000	351,500
<b>Total program revenues</b>	<b>2,175,757</b>	<b>1,899,098</b>
<b>Net program expense</b>	<b>702,446</b>	<b>771,261</b>
<b>General revenues:</b>		
Property taxes	217,967	212,603
Redevelopment taxes	129,555	115,327
Investment earnings	135,348	152,852
Other revenue	2,160	2,160
<b>Total general revenues</b>	<b>485,030</b>	<b>482,942</b>
<b>Change in net position</b>	<b>1,187,476</b>	<b>1,254,203</b>
<b>Net position:</b>		
Beginning of year	4,871,453	3,617,250
End of year	<b>\$ 6,058,929</b>	<b>\$ 4,871,453</b>

**ARTESIA CEMETERY DISTRICT**  
*Balance Sheet – Governmental Funds*  
*June 30, 2025*

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	<u>General Fund</u>	<u>Permanent Fund Endowment Care</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,861,828	\$ -	\$ 1,861,828
Accrued interest receivable	422	-	422
Accounts receivable	417,941	-	417,941
Property taxes receivable	17,660	-	17,660
Restricted:			
Cash and investments	-	1,832,230	1,832,230
Materials and supplies – inventory	511,189	-	511,189
Due from other funds	-	897,000	897,000
<b>Total assets</b>	<u>\$ 2,809,040</u>	<u>\$ 2,729,230</u>	<u>\$ 5,538,270</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 45,611	\$ -	\$ 45,611
Accrued salaries and payroll taxes	17,362	-	17,362
Due to other funds	897,000	-	897,000
<b>Total liabilities</b>	<u>959,973</u>	<u>-</u>	<u>959,973</u>
<b>Fund balance:</b>			
Nonspendable	511,189	-	511,189
Restricted:			
Nonexpendable – endowment principal	-	1,660,900	1,660,900
Expendable - endowment care	-	171,330	171,330
Interfund	(897,000)	897,000	-
Assigned	24,382	-	24,382
Unassigned	2,210,496	-	2,210,496
<b>Total fund balance</b>	<u>1,849,067</u>	<u>2,729,230</u>	<u>4,578,297</u>
<b>Total liabilities and fund balance</b>	<u>\$ 2,809,040</u>	<u>\$ 2,729,230</u>	<u>\$ 5,538,270</u>

**ARTESIA CEMETERY DISTRICT**

*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position*

*June 30, 2025*

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<b>Fund Balance of Governmental Funds</b>	<u>\$ 4,578,297</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.	1,505,014
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>(24,382)</u>
<b>Total adjustments</b>	<u>1,480,632</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 6,058,929</u></u>

**ARTESIA CEMETERY DISTRICT***Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds**For the Fiscal Year Ended June 30, 2025*

	<u>General Fund</u>	<u>Permanent Fund Endowment Care</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Property taxes	\$ 217,967	\$ -	\$ 217,967
Redevelopment taxes	129,555	-	129,555
Charges for services	1,740,757	-	1,740,757
Operating grants and contributions	75,000	-	75,000
Endowment care fees	-	360,000	360,000
Investment earnings	60,816	74,532	135,348
Other revenue	2,160	-	2,160
<b>Total revenues</b>	<u>2,226,255</u>	<u>434,532</u>	<u>2,660,787</u>
<b>Expenditures:</b>			
Current operations:			
Salaries and wages	550,057	-	550,057
Employee benefits	141,336	-	141,336
Facilities	436,527	-	436,527
Materials and services	290,022	-	290,022
Capital outlay	380,771	-	380,771
<b>Total expenditures</b>	<u>1,798,713</u>	<u>-</u>	<u>1,798,713</u>
<b>Change in fund balance</b>	427,542	434,532	862,074
<b>Fund Balance:</b>			
Beginning of year	<u>1,421,525</u>	<u>2,294,698</u>	<u>3,716,223</u>
End of year	<u>\$ 1,849,067</u>	<u>\$ 2,729,230</u>	<u>\$ 4,578,297</u>

**ARTESIA CEMETERY DISTRICT**

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2025*

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**Net Change in Fund Balance – Governmental Funds** \$ 862,074

Amount reported for governmental activities in the statement of activities are different because:

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

Capital outlay	380,771
Depreciation expense	(55,641)

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>272</u>
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<b>Total adjustments</b>	<u>325,402</u>
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**Change in Net Position of Governmental Activities** \$ 1,187,476

# ARTESIA CEMETERY DISTRICT

## *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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### **NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **Description of Organization**

The Artesia Cemetery District (the District) is a public cemetery district operating under the provisions of the Health and Safety Code Sections 9010 et seq. The District was established on September 24, 1928. The District is governed by a Board of Trustees (Board) that acts as the authoritative body of the entity. The Board is comprised of five members appointed by the County Board of Supervisors. 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.

#### **Reporting Entity**

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practice within California Special Districts. The District accounts for its financial transactions in accordance with the policies and procedures of the State Controller's Office Division of Local Government Fiscal Affairs Minimum Audit Requirements and Reporting Guidelines for California Special Districts.

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenditures, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements. A description of the significant accounting policies employed in the preparation of these financial statements follows:

Accounting principles generally accepted in the United States of America require that these financial statements present the accounts of the District and any of its component units. Component units are legally separate entities of which the District is considered to be financially accountable or otherwise has a relationship, which is such that the exclusion of the entity would cause the financial statements to be misleading. Blended component units are considered, in substance, part of the District's operations, so the accounts of these entities are to be combined with the data of the District. Component units, which do not meet these requirements, are reported in the financial statements as discrete units to emphasize their separate legal status. However, the District has determined that it is not financially accountable for, nor has any other relationship with, any other organization, which would require its inclusion in these financial statements.

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately, compared to business-type activities, which rely to a significant extent on fees and charges for support. The District currently has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

# ARTESIA CEMETERY DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Government-Wide and Fund Financial Statements (continued)**

Taxes and other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, payments for services, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 120 days after yearend, except for contracts for services which are recognized at the time the contract is signed. Property taxes and investment income are susceptible to accrual. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Permanent funds account for assets for which the principal may not be spent.

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

**General Fund:** This fund is used to account for all financial resources of the District except those required to be accounted for in another fund. Included are transactions for services, rents, property taxes, and interest. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the rules of the Health and Safety Code and by approval of the Board of Trustees.

**Endowment Care Fund:** This fund a permanent fund and is used to account for financial resources to be used for future maintenance of the Cemetery at such time when all lots have been sold and there is no longer revenue generated from such sales. The resources are derived from an endowment care fee assessed on each sale of a burial right and earnings on these resources. The principal must be preserved intact. Endowment Fund is in accordance with Section 9065(e) of the California Health and Safety Code.

**ARTESIA CEMETERY DISTRICT**  
*Notes to Financial Statements*  
*For the Fiscal Year Ended June 30, 2025*

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**NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Budgetary Data**

Health and Safety Code Section 9070(a) states that on or before August 30 of each year, the board of trustees shall adopt a final budget, which shall conform to the accounting and budgeting procedures for special districts contained in Subchapter 3 (commencing with § 1031.1) of, and Article 1 (commencing with § 1121) of Subchapter 4 of Division 2 of Title 2 of the California Code of Regulations. The board of trustees may divide the annual budget into categories, including, but not limited to maintenance and operation, employee compensation, interest and redemption for indebtedness, as well as reserves (for endowment income fund, capital outlay, pre-need, contingencies, and unallocated general reserve).

The District follows these procedures in establishing budgetary data reflected in the Required Supplementary Information – Budgetary Comparison Schedule. The annual budget is a complete financial plan for the ensuing budget year and consists of an operating budget and a capital budget. The General Fund is the only Fund for which an annual budget is legally adopted on a basis consistent with generally accepted accounting principles (GAAP). The Board then considers the proposed budget at its regular meeting, which is open to the public.

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes mandate the District maintain substantially all of its cash in the Los Angeles County Treasury. The County's investment pool operates in accordance with appropriate state laws and regulations. The fair value of the District's position in the pool is not the same as the value of the pooled shares. The method used to determine the value of participants' equity withdrawn is based on the book value, amortized cost plus accrued interest, multiplied by the District's percentage at the date of such withdrawal. The County Treasurer's investments, including U.S. Treasury and Agency securities, are carried at fair value based on current market prices. Bond anticipation notes are carried at fair value. Commercial paper is carried at amortized cost. Investments in bankers' acceptances and nonparticipating guaranteed investment contracts are carried at cost. Participating guaranteed investment contracts are carried at fair value based on net realizable value.

**ARTESIA CEMETERY DISTRICT**  
*Notes to Financial Statements*  
*For the Fiscal Year Ended June 30, 2025*

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**NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

The District has adopted GASB Statement No. 72, Fair Value Measurement and Application; investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Mutual funds are carried at fair value based on the funds’ share price. Local agency obligations are carried at fair value based on the value of each participating dollar.

**Receivables and Allowance for Doubtful Accounts**

Contracts for services include both preneed and at-need receivables to be collected. The accounts are evaluated on an annual basis to determine those that may not be collectable using the specific identification method. The allowance for accounts receivable is based on those accounts that have been identified as uncollectable that must be approved by the District’s Board of Trustees to be written-off. At June 30, 2025, there was no allowance for accounts receivable.

**Inventory**

Inventory is valued at the lower of cost or market using the first-in/first-out method. The costs of government fund-type inventories are recorded as expenditures when consumed rather than when purchased. At June 30, 2025, there was an inventory balance of \$511,189.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 and an estimated useful life of five years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

Capital assets are depreciated using the straight-line method over the estimated useful lives. Estimated service lives for the District’s classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10-40 years
Vehicles and Equipment	5-15 years

**Interfund Balances and Transfers**

Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as due to/from other funds (i.e. current portion of interfund loans). Interfund transfers occur because the District receives charges for services through the special revenues funds and transfers these funds to the general fund as expenditures are incurred or due to contractual requirements.

**ARTESIA CEMETERY DISTRICT**  
*Notes to Financial Statements*  
*For the Fiscal Year Ended June 30, 2025*

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**NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents the consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

**Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Los Angeles Assessor's Office assesses all real and personal property within the County each year.

Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The County of Los Angeles Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

**Use of Estimates**

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

**Net Position**

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), 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 net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

# ARTESIA CEMETERY DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- **Nonspendable:** Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include endowment fund principal, inventories, and prepaid assets.
- **Restricted:** Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.
- **Committed:** The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.
- **Assigned:** Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.
- **Unassigned:** Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose.

When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

#### Compensated Absences

The liability for compensated absences reported in the government-wide statements. In accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences, and the District's policies related to compensated absences.

**ARTESIA CEMETERY DISTRICT**  
*Notes to Financial Statements*  
*For the Fiscal Year Ended June 30, 2025*

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**NOTE 2 – CASH AND INVESTMENTS**

Cash and cash equivalents at June 30, 2025, on the statement of net position consisted of the following:

Cash	\$ 1,861,828
Restricted cash	<u>1,832,230</u>
Total cash	<u>\$ 3,694,058</u>

Cash and cash equivalents at June 30, 2025, are reported at fair value and consisted of the following:

Demand deposits with financial institutions	\$ 167,578
Cash held with California CLASS	<u>3,526,480</u>
Total cash	<u>\$ 3,694,058</u>

**Demand Deposits**

At June 30, 2025, the carrying amount of the District's demand deposits was \$167,578 and the financial institutions balances totaled \$99,813. The \$67,765 net difference represents outstanding checks, deposits- in-transit and/or other reconciling items.

**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, 2025, the District's Investment in California CLASS amounted to \$3,526,480.

**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. 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 Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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#### **NOTE 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, 2025, the District's California CLASS Investment Pool was rated AAAm.

##### **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 that represent 5% or more of total District's investments as of June 30, 2025.

#### **NOTE 3 – INTERFUND RECEIVABLE AND PAYABLE**

The composition of interfund balances as of June 30, 2025 consisted of an interfund payable due from the General Fund to the Endowment Fund for \$897,000.

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 Financial Statements*  
*For the Fiscal Year Ended June 30, 2025*

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**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2025:

	<b>General Fund</b>
Pre-need accounts	\$ 417,941
Interest receivable	422
Property tax receivable	17,660
	<u>\$ 436,023</u>

**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2025, was as follows:

	<b>Balance July 1, 2024</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2025</b>
<b>Non-depreciable capital assets:</b>				
Land	\$ 56,297	\$ -	\$ -	\$ 56,297
Construction in process	500,707	380,771	(881,478)	-
Total non-depreciable capital assets	<u>557,004</u>	<u>380,771</u>	<u>(881,478)</u>	<u>56,297</u>
<b>Depreciable assets:</b>				
Buildings	156,154	-	-	156,154
Improvements	473,629	881,478	-	1,355,107
Equipment	239,621	-	-	239,621
Total capital assets being depreciated	<u>869,404</u>	<u>881,478</u>	<u>-</u>	<u>1,750,882</u>
<b>Accumulated depreciation:</b>				
Buildings	(53,816)	(3,904)	-	(57,720)
Improvements	(111,592)	(30,787)	-	(142,379)
Equipment	(81,116)	(20,950)	-	(102,066)
Total accumulated depreciation	<u>(246,524)</u>	<u>(55,641)</u>	<u>-</u>	<u>(302,165)</u>
Total depreciable capital assets, net	<u>622,880</u>	<u>825,837</u>	<u>-</u>	<u>1,448,717</u>
<b>Total capital assets, net</b>	<u>\$ 1,179,884</u>	<u>\$ 1,206,608</u>	<u>\$ (881,478)</u>	<u>\$ 1,505,014</u>

Depreciation expense for cemetery operations amounted to \$55,641 for the fiscal year ended June 30, 2025.

**NOTE 6 – NON-CURRENT LIABILITIES**

A schedule of changes in non-current liabilities for the fiscal year ended June 30, 2025 is shown below:

	<b>Balance July 1, 2024</b>	<b>Net Changes</b>	<b>Balance June 30, 2025</b>	<b>Due Within One Year</b>
Compensated absences	<u>\$ 24,654</u>	<u>\$ (272)</u>	<u>\$ 24,382</u>	<u>\$ 24,382</u>

**ARTESIA CEMETERY DISTRICT**  
*Notes to Financial Statements*  
*For the Fiscal Year Ended June 30, 2025*

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**NOTE 7 – FUND BALANCES**

At June 30, 2025, fund balances of the District's governmental funds were classified as follows:

	<u>General Fund</u>	<u>Permanent Fund Endowment Fund</u>	<u>Total</u>
Nonspendable:			
Inventory	\$ 511,189	\$ -	\$ 511,189
Total nonspendable	<u>511,189</u>	<u>-</u>	<u>511,189</u>
Restricted:			
Nonexpendable - endowment principal	-	1,660,900	1,660,900
Expendable - endowment care	-	171,330	171,330
Interfund	(897,000)	897,000	-
Total restricted	<u>(897,000)</u>	<u>2,729,230</u>	<u>1,832,230</u>
Assigned:			
Compensated absences	24,382	-	24,382
Total Assigned	<u>24,382</u>	<u>-</u>	<u>24,382</u>
Unassigned:			
Unassigned balances	2,210,496	-	2,210,496
Total unassigned	<u>2,210,496</u>	<u>-</u>	<u>2,210,496</u>
 Total	 <u>\$ 1,849,067</u>	 <u>\$ 2,729,230</u>	 <u>\$ 4,578,297</u>

**NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED PAYROLL**

Accounts payable and accrued liabilities consisted of the following at June 30, 2025:

	<u>General Fund</u>
Accounts payable	\$ 29,391
Credit card payable	16,220
Accrued payroll	<u>17,362</u>
	 <u>\$ 62,973</u>

## **ARTESIA CEMETERY DISTRICT**

### *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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#### **NOTE 9 – RISK MANAGEMENT**

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.

#### **NOTE 10 – COMMITMENTS, CONTINGENCIES AND OTHER UNCERTAINTIES**

##### **Litigation**

The District is involved in routine litigation incidental to its business and may be subject to claims and litigation from outside parties. After consultation with legal counsel, management believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

##### **Investment Exposure**

Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the various risk factors, in the near term could materially affect investment balances and the amounts reported in the financial statements. Additionally, many mutual funds invest in the securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies.

##### **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.

##### **Excluded Leases – Short-Term Leases and De Minimis Leases**

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, de minimis lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are de minimis with regards to their aggregate total dollar amount to the financial statements as a whole.

## **ARTESIA CEMETERY DISTRICT**

### *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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#### **NOTE 11 – DEFERRED COMPENSATION PLAN**

During the year, the District offered 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. In December 2024, the District's governing board established a 457(b) plan offering for certain employees through the CalPERS 457 Deferred Compensation Plan.

#### **NOTE 12 – GOVERNMENTAL ACCOUNTING STANDARDS ISSUED, NOT YET EFFECTIVE**

##### **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.

#### **NOTE 13 – SUBSEQUENT EVENTS**

Events subsequent to June 30, 2025, have been evaluated through November 20, 2025, the date at which the District's audited financial statements were available to be issued. No events requiring disclosures other than the one described above have occurred through this date.

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***Required Supplementary Information***

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**ARTESIA CEMETERY DISTRICT**  
*Budgetary Comparison Schedule – General Fund*  
*For the Fiscal Year Ended June 30, 2025*

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 238,020	\$ 238,020	\$ 217,967	\$ (20,053)
Redevelopment taxes	-	-	129,555	129,555
Charges for services	683,280	683,280	1,740,757	1,057,477
Operating grants and contributions	75,000	75,000	75,000	-
Investment earnings	-	-	60,816	60,816
Other revenue	2,160	2,160	2,160	-
Total revenues	<u>998,460</u>	<u>998,460</u>	<u>2,226,255</u>	<u>1,227,795</u>
<b>EXPENDITURES</b>				
Current operations:				
Salaries and wages	548,723	548,723	550,057	(1,334)
Employee benefits	213,649	213,649	141,336	72,313
Facilities	221,671	221,671	436,527	(214,856)
Materials and services	14,399	14,399	290,022	(275,623)
Capital outlay	-	-	380,771	(380,771)
Total expenditures	<u>998,442</u>	<u>998,442</u>	<u>1,798,713</u>	<u>(800,271)</u>
Net change in fund balances	18	18	427,542	427,524
<b>FUND BALANCE</b>				
Balances, July 1, 2024	<u>1,421,525</u>	<u>1,421,525</u>	<u>1,421,525</u>	
Balances, June 30, 2025	<u>\$ 1,421,543</u>	<u>\$ 1,421,543</u>	<u>\$ 1,849,067</u>	

## **ARTESIA CEMETERY DISTRICT**

*Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2025*

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### **NOTES TO SCHEDULE**

#### **Budgetary Comparison Schedule**

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The 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.

The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

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***Other Independent Auditors' Report***

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**INDEPENDENT AUDITORS' 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

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 Artesia Cemetery District as of and for fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Artesia Cemetery District's basic financial statements, and have issued our report thereon dated November 20, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Artesia Cemetery 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 Artesia Cemetery District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Artesia Cemetery 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 District'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. 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 Artesia Cemetery District's financial statements are free of 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*.

**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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Kevin R. B. CPA". The signature is written in a cursive style with a large initial "K".

November 20, 2025