

ARTESIA CEMETERY DISTRICT

Financial Statements

and

Supplementary Information

as of

June 30, 2015

and

June 30, 2014

with

Independent Auditor's Report

ARTESIA CEMETERY DISTRICT
June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Artesia Cemetery District
Artesia, California

I have audited the accompanying combined balance sheet (all funds) of Artesia Cemetery District, a special district of Los Angeles County, as of June 30, 2015 and 2014, and the related combined statements of revenues expenditures and changes in fund balances (all funds), cash flows (all funds) for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Artesia Cemetery District as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing Special Districts.

Report on Other Regulatory Requirements

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

A handwritten signature in black ink that reads "DINO CPA, LLC". The signature is written in a cursive, flowing style.

DINO CPA, LLC
January 27, 2016
Parker, Colorado

ARTESIA CEMETERY DISTRICT
Combined Balance Sheet – All Funds
As of June 30, 2015 and 2014
See Independent Auditor's Report

Assets

	<u>General Fund</u>	<u>Endowment Fund (Restricted)</u>	<u>General Fixed Asset Fund</u>	<u>Total-2015 Memorandum Only</u>	<u>Total-2014 Memorandum Only</u>
Cash and Cash Equivalents	\$ 203	-	-	\$ 203	\$ -
Taxes Receivable					
Current	5,033	-	-	5,033	5,597
Delinquent	-	-	-	-	-
Contract Receivable	13,640	-	-	13,640	6,944
Interest Receivable	-	-	-	-	-
Other Receivable	-	-	-	-	-
Prepaid Insurance	-	-	-	-	3,627
Investments	12,666	-	-	12,666	18,752
Total Current Assets	31,542	-	-	31,542	34,920
Land	-	-	56,297	56,297	56,297
Buildings	-	-	156,154	156,154	156,154
Improvements	-	-	185,064	185,064	183,329
Equipment	-	-	164,155	164,155	184,596
Less Accumulated Depreciation	-	-	(139,890)	(139,890)	(138,353)
Total Net Fixed Assets	-	-	421,780	421,780	442,023
Dues From Other Funds	-	664,184	-	664,184	597,134
Total Assets	\$ 31,542	664,184	421,780	1,117,506	\$ 1,074,077

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

ARTESIA CEMETERY DISTRICT
Combined Balance Sheet – All Funds
As of June 30, 2015 and 2014
See Independent Auditor's Report

Liabilities and Fund Balances

	<u>General Fund</u>	<u>Endowment Fund (Restricted)</u>	<u>General Fixed Asset Fund</u>	<u>Total-2015 Memorandum Only</u>	<u>Total-2014 Memorandum Only</u>
Bank Overdraft	\$ 21,847	-	-	\$ 21,847	\$ 2,579
Accounts Payable	318	-	-	318	7,790
Accrued Liabilities	16,967	-	-	16,967	16,398
Deferred Income	34,208	-	-	34,208	40,419
Current Portion of Contract Payable	10,944	-	-	10,944	15,390
Total Current Liabilities	84,285	-	-	84,285	82,576
Due to Other Fund	664,184	-	-	664,184	597,134
Long Term Contract Payable	-	-	-	-	-
Total Long Term Liabilities	664,184	-	-	664,184	597,134
Fund Balance (Deficit)	(716,927)	664,184	421,780	369,037	394,367
Total Liabilities and Fund Balances	\$ 31,542	664,184	421,780	1,117,506	\$ 1,074,077

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

ARTESIA CEMETERY DISTRICT
Combined Statement of Revenues, Expenditures and
Combined Statement of Changes in Fund Balances – All Funds
For The Years Ended June 30, 2015 and 2014
See Independent Auditor's Report

	<u>General Fund</u>	<u>Endowment Fund (Restricted)</u>	<u>General Fixed Assets Fund</u>	<u>Total-2015 Memorandum Only</u>	<u>Total-2014 Memorandum Only</u>
Revenue	\$ 558,338	67,050	-	\$ 625,388	\$ 433,077
Expenditures	(609,271)	-	(42,447)	(651,718)	(472,232)
Excess of Revenues over Expenditures	\$ (50,933)	67,050	(42,447)	\$ (26,330)	\$ (39,155)
Beginning Fund Balance (Deficit)	(644,790)	597,134	442,024	394,367	436,266
Equipment Purchases	(22,203)		22,203	-	-
Prior Period Adjustments	1,000	-	-	1,000	(2,744)
Ending Fund Balance (Deficit)	\$ (716,927)	664,184	421,780	\$ 369,037	\$ 394,367

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

ARTESIA CEMETERY DISTRICT
Combined Statement of Cash Flow – All Funds
For The Years Ended June 30, 2015 and 2014
See Independent Auditor's Report

	2015	2014
Cash Flows from Operating Activities		
Tax Revenue	\$ 187,740	\$ 167,974
Operating Revenue	319,149	212,370
Contract Sales	11,242	25,076
Endowment Fund	64,350	37,250
Miscellaneous Income	28,170	5,853
	610,652	448,523
Expenses:		
Salaries and Benefits	302,102	247,668
Purchase for Resale	30,194	23,443
Audit Service	8,189	6,123
Oil and Gas	25,602	21,608
Insurance	16,844	6,844
Interest Expense	5,084	8,070
Office Expense	46,813	20,155
Miscellaneous Expense	64,258	33,528
Repairs and Maintenance	89,151	50,217
Uniforms	4,428	2,066
Utilities and Telephone	16,917	14,956
	609,581	434,678
Net Cash Provided by Operations	1,071	13,845
Cash Flows from Investing Activities		
Net Deposit from Investment Account	6,265	13,902
Purchase of Fixed Assets	(21,955)	(27,738)
Net Cash Provided by Investing Activities	(15,690)	(13,836)
Cash Flows from Financing Activities		
Payments of Bank Overdraft	-	-
Payments of Contract Payable	(4,447)	(9,369)
Net Cash Used in Financing Activities	(4,447)	(9,369)
Net Decrease in Cash	(19,065)	(9,360)
Cash at Beginning of Year	(2,579)	6,781
Cash at End of Year	\$ (21,644)	\$ (2,579)

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

ARTESIA CEMETERY DISTRICT
Combined Statement of Cash Flow – All Funds
For The Years Ended June 30, 2015 and 2014
See Independent Auditor's Report

	2015	2014
Reconciliation of Net Profit to Net Cash Provided		
By Operating Activities:		
Net Income/(Loss)	\$ (26,330)	\$ (41,264)
Non Cash Expenses, Revenues and Losses included in Net Earnings		
Depreciation	38,708	33,508
Loss on Disposal of Asset (net of corrections)	(14,956)	5,630
Net Decrease (Increase) in Receivable	(6,132)	1,980
Net Decrease (Increase) in Prepaid	3,627	(1,831)
Net (Decrease) Increase in Bank Overdraft	19,268	-
Net (Decrease) Increase in Accounts Payable	(7,472)	2,290
Net (Decrease) Increase in Accrued Liability	569	7,522
Net (Decrease) Increase in Deferred Income	(6,211)	6,010
Net Cash Provided From Operating Activities	\$ 1,071	\$ 13,845

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

ARTESIA CEMETERY DISTRICT
Notes to Financial Statements
For The Years Ended June 30, 2015 and 2014
See Independent Auditor's Report

Note 1 – Summary of Significant Accounting Policies

Organization and Activities

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

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

Basis of Presentation

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

Fixed Assets and Depreciation

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

ARTESIA CEMETERY DISTRICT
Notes to Financial Statements
For The Years Ended June 30, 2015 and 2014
See Independent Auditor's Report

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes

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

Use of Estimates

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

Note 2 – Cash and Cash Equivalents

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

Note 3 – Investment

The trustees invest and reinvest the principal of the fund in equity and mutual funds. The investment balance at June 30, 2015 and 2014 was stated at fair market value. Interest and dividend earned during the years were reinvested.

Note 4 – Due to Other Fund

The District has suffered recurring operating deficits and has received authority to transfer interest and new receipts of endowment income from the Endowment Care Fund to the General Fund for operations. This borrowing has accumulated to \$664,184 as of June 30, 2015 and \$597,134 as of June 30, 2014.

ARTESIA CEMETERY DISTRICT
Notes to Financial Statements
For The Years Ended June 30, 2015 and 2014
See Independent Auditor's Report

Note 5 – Endowment Care Fund

The Endowment Care Fund was established to provide for the care of the burial lots in the cemetery. The restricted fund balance indicates the amount available to meet subsequent demands to provide for the care of the burial lots after the cemetery lot is full. No part of the principal of this fund may be expensed for the current care of the lots. Such expenditures shall be limited to the income from the fund. During the year ended June 30, 2010, the Board of Trustees withdrew the \$101,647 of the Endowment Care Fund with The Los Angeles County, deposited approximately \$20,000 into the investment account and deposited the balance into the general account to pay for current care expenses of the cemetery. As stated in Note 4, the General Fund has been borrowing from the Endowment Care Fund to meet its operating expenses during these past years. As of June 30, 2015 and 2014, the total balance of the loans was \$664,184 and \$597,134, respectively. As of January 8, 2016, the Board of Trustees have implemented a plan to raise revenues that will be appropriated for the replenishment of the Endowment Care Fund. (See Note 8).

Note 6 – Recurring Operating Deficits

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

Note 7 – Deferred Contract Revenue

The District during the year ended June 30, 2011 offered contract sales which allow the grave sales to be paid by installments. The contracts are to be fully paid within one year with twelve equal payments and an initial deposit ranging from \$500 to \$600. Interest of 5% on the monthly unpaid balance is charged. The contract revenue is deferred until the contract is fully paid. As of June 30, 2015 and June 30, 2014, the balance of the deferred revenue was \$34,208 and \$40,419, respectively, and the contract revenue receivable was \$13,640 at June 30, 2015 and \$6,944 at June 30, 2014. Contract revenue recognized at June 30, 2015 was \$13,800 and \$5,300 at June 30, 2014.

Note 8 – Subsequent Events

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

SUPPLEMENTARY INFORMATION

ARTESIA CEMETERY DISTRICT
Combined Statement of Revenues and Expenditures – All Funds
For The Years Ended June 30, 2015 and 2014
See Independent Auditor's Report

Schedule 1

	<u>2015</u>	<u>2014</u>
REVENUES		
Tax Revenues		
Secured Tax Collections	\$ 184,680	\$ 164,265
Unsecured Tax Collections	3,083	3,742
Fines and Forfeitures	954	501
Homeowners Property Tax Relief	939	915
Total Tax Revenues	<u>189,656</u>	<u>169,425</u>
Operating Revenues		
Grave Sales	189,800	107,800
Opening and Closing of Graves	70,550	51,450
Sectional Box Sales	25,221	18,527
Saturday and Sunday Services	8,400	7,800
Flower Vase Sales	3,665	2,639
Setting Markers	13,950	11,750
Non-Resident Fee	21,550	17,100
Total Operating Revenues	<u>333,136</u>	<u>217,065</u>
Other Revenues		
Investment Income	(86)	(188)
Interest Income	265	233
Endowment Fund-Reserved	67,050	38,750
Miscellaneous	35,366	7,792
Total Other Revenue	<u>102,596</u>	<u>46,587</u>
Total Revenues	<u>625,388</u>	<u>433,077</u>
OPERATING EXPENSES		
Salaries and Benefits	309,843	247,668
Purchase for Resale	28,626	25,011
Audit Services	8,189	6,123
Gas and Oil	24,429	22,781
Insurance	12,578	6,844
Interest Expense	5,084	8,070
Office Expense	48,423	20,365
Other Expenses	63,248	34,538
Repairs and Maintenance	89,151	45,137
Uniforms	4,428	2,066
Utilities and Telephone	15,274	16,599
Depreciation	38,708	33,508
Loss on Disposal of Assets	3,738	3,522
Total Operating Expenses	<u>651,718</u>	<u>472,232</u>
Excess (Expenditures) Over Revenue	<u>\$ (26,330)</u>	<u>\$ (39,155)</u>

ARTESIA CEMETERY DISTRICT
Schedule of Cash
As of June 30, 2015 and 2014
See Independent Auditor's Report

Schedule 2

	<u>2015</u>	<u>2014</u>
<u>Cash - Unreserved</u>		
Petty Cash		\$ -
Wells Fargo Bank		
Checking Account No. ###3038	(7,463)	(7,434)
U.S. Bank		
Checking Account No. ###0655	(14,379)	2,280
Wells Fargo Bank		
Checking Account No. ###3301	-	438
U.S. Bank		
Checking Account No. ###0648	203	7
Savings Accounts	(5)	2,130
Cash Fiscal Account	-	-
Total Unreserved Cash	<u>(21,644)</u>	<u>(2,579)</u>
<u>Cash - Reserved</u>		
Cash Fiscal Agent - Endowment	-	-
Total Reserved Cash	<u>-</u>	<u>-</u>
Total Cash	<u>\$ (21,644)</u>	<u>\$ (2,579)</u>

ARTESIA CEMETERY DISTRICT
Schedule of Tax Receivable
As of June 30, 2015
See Independent Auditor's Report

Schedule 3

Tax Receivable June 30, 2014		\$	5,597
Add Current Year Levy			
Secured	\$	184,653	
Unsecured		2,524	187,176
Less Collections in Current Year			
Secured		185,196	
Unsecured		2,544	187,740
Tax Receivable June 30, 2015			\$ 5,033
Details of Taxes Receivable	Secured	Unsecured	Total
2014-2015	\$ 5,053	(20)	\$ 5,033
2013-2014	-	-	-
Total	\$ 5,053	(20)	\$ 5,033

ARTESIA CEMETERY DISTRICT
Schedule of Assessed Valuation
As of June 30, 2015 and 2014
See Independent Auditor's Report

Schedule 4

2015

Tax Levy	<u>Assessed Valuation</u>
Secured	<u>\$1,846,525,000</u>
Unsecured	<u>\$ 25,237,100</u>

2014

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



January 27, 2016

To the Board of Trustees
Artesia Cemetery District

I have audited the financial statements of Artesia Cemetery District for the year ended June 30, 2015, and have issued my report thereon dated January 27, 2016. Professional standards require that I provide you with information about my responsibilities under generally accepted audited standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to the District Manager, Joyce Yeutter, on your behalf, dated April 23, 2015. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Artesia Cemetery District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2015. I noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures of both the Endowment Care Fund and Recurring Operating Deficits. In Notes 5 and 6 to the financial statements, the requirements for the restricted funds and current year activity were summarized, in addition to conveying certain recurring borrowings of such fund to meet the Organization's current operating expenses. The conditions and events disclosed therein, when considered in the aggregate, did not indicate that there could be substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time. However, if certain negative trends or other indications of possible financial difficulties continue next year, and any current plans that would mitigate such adverse effects are not successful or realized by the end of next fiscal year, there may be substantial doubt about the Organization's ability to continue as a going concern. This would require me to include in my auditor's report an emphasis-of-matter paragraph to reflect such conclusion. If I conclude that the



Organization's disclosures with respect to its ability to continue as a going concern are inadequate, my opinion will be modified.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated January 27, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the

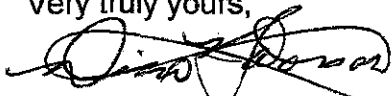
Organization's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Trustees and District Manager of Artesia Cemetery District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Dino G. Bardossas, CPA, CGMA
DINO CPA, LLC



Artesia Cemetery District

Trustees: Barbara Applebury, Lupe Cabrera, Richard Redmayne

January 27, 2016

DINO CPA, LLC
P.O. Box 3602
Parker, CO 80134

This representation letter is provided in connection with your audit of the financial statements of Artesia Cemetery District, which comprise the statements of financial position as of June 30, 2015, and the related combined statements of revenues expenditures and changes in fund balances (all funds), cash flows (all funds) for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 27, 2016, the following representations made to you during your audit.

Financial Statements

- Although we had delays in delivering to you certain requested information that pushed the expected report date beyond November 30, 2015, we have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 23, 2015, including our responsibility for the preparation and fair presentation of the financial statements.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- We acknowledge our responsibility 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.

11142 Artesia Blvd Cerritos, CA 90703
Mailing: P.O. Box 728, Artesia CA 90702-0728
(562) 865-6300

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter, if applicable.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

In regard to the consulting and non-audit services performed by you, we have:

- Assumed all management responsibilities.
- Designated an individual, R.J. Yeutter, with suitable skill, knowledge, or experience to oversee the services. However, since such individual is still advancing his skills, knowledge and experience, Joyce Yeutter provided an overall review of his work and services.
- Evaluated the adequacy and results of the services performed.
- Accepted responsibility for the results of the services.

We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based on management's chart of accounts.

Information Provided

- Although at times delayed due to uncontrolled circumstances, we have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
- The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant audit objectives.
- Artesia Cemetery District qualifies for an exemption from income tax although it is not required to file a tax return with the Internal Revenue Service, it is required to report all of its revenues and expenditures to both the Los Angeles County and the California State Controller. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- We acknowledge our responsibility for presenting the schedules of cash, tax receivable, and assessed valuation, in accordance with U.S. GAAP, and we believe the schedules of cash, tax receivable, and assessed valuation, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the schedules of cash, tax receivable, and assessed valuation have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Signature: Joyce B. Yentler

Title: District Manager

Robert James Yeutter
Artesia Cemetery District

January 8th, 2016

The following is an update on the cemetery niche project that was put on hold. The trustees approved the project back in 2013 as a way to bring in more revenue and to pay back the endowment care fund. With revenues in 2013-2014 being lower than expected, we were unable to get the funding available for the project.

We received a Redevelopment Dissolution check for 26,271.53 in early to mid-January which has allowed us to pay for the first payment of 12,570.00. We look forward to being able to use money in April and June to finish paying the construction company for the project. After that, we still have to pay Cordero Vault Company for the actual Niches.

The desire of investing in these niches is to pay back all of the endowment reserve fund. These niches should prove to be a real money maker. On base numbers, if we were to sell each niche for \$1,000.00 (with a total in the first phase of 128 niches) that is \$128,000.00. Now, considering that for the niches (each one fits two urns) you have the possibility for additional \$500.00 for each one, that gives you the possibility for an additional revenue of \$64,000.00.

In the end, the cemetery figures to at least have a completed niche section along the building of 342 niches. Based on the same base numbers, that figures to bring a base revenue on the first spot in each niche of \$342,000 and with the second spot in each niche the total being \$171,500.00. With this, we can keep pay back the endowment care fund and also fund new niche projects and use that cash to develop the very back of our cemetery.

Respectfully Submitted,



Robert J. Yeutter
Assistant District Manager