

**City of Azusa -
Community Facilities
District No. 2017-1
(Public Safety Services)**

Azusa, California

*Financial Statements
and Independent Auditors' Reports*

For the year ended June 30, 2020

City of Azusa - Community Facilities District No. 2017-1 Public Safety Services

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Azusa
Azusa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and fund information of the City of Azusa Community Facilities District No. 2017-1 (Public Safety Services) (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

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

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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 entity's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fund information of the District as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

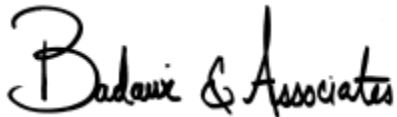
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Emphasis of Matter

As discussed in Note 1, the financial statements present only the City of Azusa - Community Facilities District No. 2017-1 (Public Safety Services) (District) and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2021, 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 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.



Badawi & Associates
Certified Public Accountants
Berkeley, California
July 13, 2021

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Azusa Community Facilities District No. 2017-1
Public Safety Services
Statement of Net Position
June 30, 2020

| | <u>Governmental Activities</u> |
|---------------------------|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 9,483 |
| Tax receivable | <u>13</u> |
| Total assets | <u>9,496</u> |
| LIABILITIES | |
| Accounts payable | <u>-</u> |
| Total liabilities | <u>-</u> |
| NET POSITION | |
| Unrestricted | <u>9,496</u> |
| Total net position | <u><u>\$ 9,496</u></u> |

See accompanying Notes to Basic Financial Statements.

City of Azusa Community Facilities District No. 2017-1
Public Safety Services
Statement of Activities
June 30, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|---------------------------------|-----------------|----------------------|------------------------------------|-----------------|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Total | Revenue and Changes in Net Position |
| | | | | | Governmental Activities |
| Governmental activities: | | | | | |
| Public safety | \$ 2,250 | \$ 7,201 | \$ - | \$ 7,201 | \$ 4,951 |
| Total primary government | <u>\$ 2,250</u> | <u>\$ 7,201</u> | <u>\$ -</u> | <u>\$ 7,201</u> | <u>4,951</u> |

| | |
|---|-----------------|
| General revenues: | |
| Investment income | - |
| Total general revenues | <u>-</u> |
| Change in net position | 4,951 |
| Net position - beginning of year | <u>4,545</u> |
| Net position - end of year | <u>\$ 9,496</u> |

See accompanying Notes to Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

City of Azusa Community Facilities District No. 2017-1
Public Safety Services
Balance Sheet - General Fund
June 30, 2020

ASSETS

| | | |
|----------------------|-----------|--------------|
| Cash and investments | \$ | 9,483 |
| Tax receivable | | 13 |
| Total assets | \$ | 9,496 |

**LIABILITIES AND
FUND BALANCES**

Liabilities:

| | | |
|--------------------------|----|----------|
| Accounts payable | \$ | - |
| Total liabilities | | - |

Fund Balances:

| | | |
|--|-----------|--------------|
| Unassigned | | 9,496 |
| Total fund balances | | 9,496 |
| Total liabilities and fund balances | \$ | 9,496 |

See accompanying Notes to Basic Financial Statements.

**City of Azusa Community Facilities District No. 2017-1
Public Safety Services
Reconciliation of the Balance Sheet of the General Fund
to the Statement of Net Position
June 30, 2020**

Total Fund Balances for the General Fund \$ 9,496

Amounts reported for governmental activities in the Statement of Net Position were different because:

There were no reconciling differences for fiscal year 2020.

Net Position of Governmental Activities \$ 9,496

See accompanying Notes to Basic Financial Statements.

City of Azusa Community Facilities District No. 2017-1
Public Safety Services
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the year ended June 30, 2020

REVENUES:

| | | |
|---------------------------|----|--------------|
| Community maintenance fee | \$ | 7,163 |
| Interest Income | | 38 |
| Total revenues | | <u>7,201</u> |

EXPENDITURES:

Current:

| | | |
|---------------------------|--|--------------|
| Public safety | | <u>2,250</u> |
| Total expenditures | | <u>2,250</u> |

Net change in fund balances 4,951

FUND BALANCES:

| | | |
|-------------------|----|---------------------|
| Beginning of year | | <u>4,545</u> |
| End of year | \$ | <u><u>9,496</u></u> |

See accompanying Notes to Basic Financial Statements.

**City of Azusa Community Facilities District No. 2017-1
Public Safety Services
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of the General Fund to the Statement of Activities
For the year ended June 30, 2020**

Net Changes in Fund Balances - General Fund \$ 4,951

Amounts reported for governmental activities in the Statement of Activities are different because:

There were no reconciling differences for fiscal year 2020.

Change in Net Position of Governmental Activities \$ 4,951

See accompanying Notes to Basic Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

City of Azusa - Community Facilities District No. 2017-1
Public Safety Services
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Description of Reporting Entity*

The City of Azusa Community Facilities District No. 2017-1 (Public Safety Services) (the District) was established on June 19, 2017, by the City Council of the City of Azusa (the City) pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government code (the "Act"), for the purpose of providing fire protection and suppression services and police protection services required by new development located within the City using a special tax levy on the properties within the boundaries of the District.

The financial statements presented in this report cover only the City of Azusa Community Facilities District No. 2017-1 (Public Safety Services). Therefore, these financial statements do not purport to represent the financial position or results of operations of the City of Azusa.

B. *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the City of Azusa Community Facility District No. 2017-1 (Public Safety Services).

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.

C. *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 when a liability is incurred, regardless of the timing of the related cash flows.

City of Azusa – Community Facilities District No. 2017-1
Public Safety Services
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

D. Asset, Liabilities, and Net Position

- Investments

Investments are reported at fair value. Increases and decreases in the fair value of investments, as well as interest earned on the investments, are reported as investment income.

- Receivables and Payables

All trade receivables are shown net of an allowance for uncollectible.

E. New Pronouncements

In 2020, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance – Due to the spread of COVID-19*. GASB issued the above statement postponing implementation of certain authoritative guidance. As such, no new accounting standards were adopted by the District during the year.

2. CASH AND INVESTMENTS

As of June 30, 2020, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments pooled with the City of Azusa \$ 9,483

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**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**

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
of the City of Azusa
Azusa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Azusa Community Facilities District No. 2017-1 (Public Safety Services) (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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.

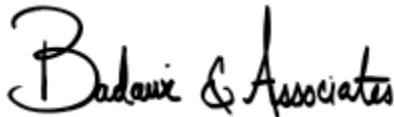
To the Honorable Mayor and Members of the City Council
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi & Associates
Certified Public Accountants
Berkeley, California
July 13, 2021