CITY OF AZUSA
CALIFORNIA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

CITY OF AZUSA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PREPARED BY THE FINANCE DEPARTMENT

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STATISTICAL SECTION

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December 31, 2016

Honorable Mayor and Council Members
City of Azusa
213 E. Foothill Blvd.
Azusa, CA 91702

Honorable Mayor and Council Members:

I am pleased to present to you the City of Azusa's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. The report is intended to update readers on the status of the City's financial position and results of operations for the past fiscal year (2015-16).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material statements. This CAFR has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

The report contains a citywide view of all governmental and business-type activities, as well as a focus on the financial position and operating results of the City's major funds. The financial statements included in this CAFR represent all City funds.

The City's financial statements have been audited by Lance, Soll & Lunghard, LLP (LSL). LSL is an independent public accounting firm fully licensed and qualified to perform audits of public agencies within the State of California.

The data presented is believed to be accurate in all material aspects and is intended to set forth fairly the financial position and the results of the City's operations as measured by the financial activity of the various funds. All necessary disclosures are included to enable the reader to understand fully the financial activities and operations of the City.

The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016, are free of material misstatement. The City received an unmodified opinion from its independent auditor for the City's CAFR for the year ended June 30, 2016. The independent auditor's report is presented as the first component of the financial section of the CAFR. The scope of the examination did not include the statistical section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City was incorporated in 1898 as a general law city and operates as a Council/Manager form of government. The four City Council members are elected at large for four-year terms with elections staggered at two-year intervals. The Mayor is elected at-large for a two-year term. The City Council appoints the City Manager to manage the City's staff and implement the policies established by the Council. The City operates under the Council-Manager form of government. The City is full-service except for its Fire Department which is contracted with Los Angeles County Fire Department. The City owns and operates an electric public utility for its citizens providing electric services to customers within the City limits. The City also owns and operates a water system whose service territory includes the City and adjoining portions of neighboring cities and unincorporated areas of Los Angeles County.

The City is strategically located off the 210 Freeway within a 30 minute drive to Pasadena, Orange County, Inland Empire, and the Ontario International Airport. In addition to its convenient freeway access, Azusa offers several major traffic corridors including the renowned U.S. Route 66 (Foothill Boulevard) which runs east to west through the community. The California State Route 39 runs north to the newly designated San Gabriel Mountains National Monument and south to the beach.

The City covers approximately 10 square miles and boasts a diverse population of over 48,000. The estimated median household income is over $56,000. The City is proud of its mix of small businesses, support services, manufacturers and large institutional employers such as Azusa Pacific University. Azusa will soon be home to the Home2Suites by Hilton and Lagunitas Brewing Company. The City is home to two Metro Gold Line Light Rail Stations as part of the Foothill Gold Line from Pasadena to Azusa. The stations are located in the heart of downtown, Azusa Downtown Station, and adjacent to Azusa Pacific University and Citrus College, APU/Citrus College Station.

HISTORY

The name Azusa can be traced to a native village that existed long before Spanish explorers arrived in 1769. The City boomed in population after the arrival of the railroad and was known as the "El Susa Rancho". The discovery of gold in the San Gabriel Canyon increased the population base in 1854, and by 1860 over 2,000 inhabitants resided in the area. The U.S. government bought a portion of the land from founder Henry Dalton for homesteading purposes. However, it was not until Los Angeles banker, Jonathan D. Slauson acquired the prized orchard community of Azusa Rancho that the foundation and eventual incorporation on December 29, 1898 took place.

Orange and lemon groves covered the land and gave way to homes and industry affording new generations of families and entrepreneurs to pursue the American dream.

Today, the city prides itself on a vibrant industrial base and diverse neighborhoods. Industry within Azusa is diversified with major employers encompassing the fields of education, aerospace industry, light manufacturing, and retail services.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

Azusa enjoys a diverse local economy and City revenues are less dependent on single source or cyclical revenues than most of the surrounding cities in the region. Sales and Use Tax, though important, is not the City's primary revenue source. Consequently, the City is relatively better insulated from major economic downturns. The much anticipated completion and opening of the Metro Gold Line, in March 2016 has created economic boom to the City that includes several transit oriented development projects, a 30,000 square foot warehouse grocery store and a 30-unit residential townhouse development. Rosedale, the City's newest housing development, continues to experience stable home sales and is anticipated to be fully developed and sold in 2017. These home sales and the improving economy are providing modest, but steady increases in property and sales tax revenues.

The unemployment rate for the City in June 2016 is down to 3.8% from 5.5% of last year. New businesses such as Chick-fil-A and ELS Outlet played a role in providing new jobs in the City. Continued development in Azusa is expected to further improve the City's unemployment rate. Lagunitas Brewery, which is the nation's sixth largest craft brewing company, is on track plans to open a new state-of-the art brewery in Azusa around May 2017. Also a 107-room Hilton Homes to Suites, including an on-site McDonald's and Starbucks, is under construction and scheduled to be completed and operational near April 2017. Addition of the hotel will increase General Fund's revenues via the transient occupancy tax.

In addition to the aforementioned major projects underway, several smaller projects are nearing completion within the City, including the opening of several quick serve restaurants, new retail stores and two in-fill housing developments. These businesses and new housing opportunities will continue to expand the economic growth in Azusa by providing jobs and additional tax revenues for the City. As the U.S. economy continues to improve, the City is projected to remain on the path to financial recovery.

Assessed valuation ("AV") of citywide properties for 2015-16 increased by 8.0% and is attributable to the increased new homes sales in various housing developments, such as the in Rosedale and other smaller tracts in the southern areas of the City. In addition, the improving housing market is also a factor in the higher AV. The AV has risen for the fourth straight year after three years of decline. In addition to the housing construction in Rosedale, condominiums and townhomes continue to be developed in several smaller vacant lands in the City. Thus, the future AV for the City is expected to continue to rise.

The City has adopted a balanced budget for FY 2016-17 without reducing services. Moreover, the City has added 8.3 full-time equivalent (FTE) positions with 3.8 FTEs allocated to the General Fund. Based on economic changes, City Staff will make necessary mid-year adjustments to revenues and expenditures. It is vital that the City continue to monitor and control all potential expenditure increases due to the difficulty of revenues to keep pace.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The laws relating to the dissolution of the former Redevelopment Agency of the City of Azusa ("RDA") continue to be a challenge to the City. The RDA properties transferred to the City, to repay several loans, were ordered by the California State Department of Finance ("DOF") to be returned to the Successor Agency to the RDA ("SA"). However, the City has already reinstated one of the loans with the SA and was approved by the DOF. The first payment installment was made in FY 2016-17. The City plans to reinstate other loans between the City and the SA in order to be repaid immediately.

The City also continues to face long-term financial threats related to financial obligations for retirement and other post-employment benefits (OPEB), as well as ever-escalating healthcare costs, while trying to maintain current service levels. The City expects retirement costs to continue to increase due to the dramatic market losses of the stock market turmoil in 2008 and 2009, which eroded the value of the CalPERS pension fund. Retirement costs are also anticipated to rise because of the recent decision by the CalPERS Board of Administration to change their amortization and smoothing policy. In April of 2013, CalPERS approved an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period, as opposed to the previous policy which spread investment returns over a 15-year period with gains and losses paid over a rolling 30-year period.

Additionally, CalPERS recently announced they will be lowering their discount rate over a period of time which will result in significantly higher costs to the City. Through successful labor negotiations with six of the City's seven bargaining units, where employees agreed to contribute 7.0-9.0% of the employers CalPERS share, Council has already taken steps in the right direction to address rising pension costs. CalPERS pension costs are projected to account for 10.8% of total operating expense in FY 2016-17. To further address the increases, the management team of the City will continue proposing solutions with various employee groups to combat the increasing pension costs.

In light of rapidly escalating medical costs, the City is aggressively reassessing the retiree medical benefit it currently offers to employees. This benefit, which allows employees with 20 years of service with the City to retire with their City-paid medical benefit for themselves and their spouse for the rest of their life, is extremely generous and financially unsustainable going forward. To mitigate future costs, the City has created a Health Reimbursement Arrangement (HRA) and plans to meet with the City's seven (7) bargaining groups to negotiate the implementation of this medical benefit alternative for all new employees hired after July 1, 2017.

Despite the dissolution of the Redevelopment Agency and increasing retirement and medical costs, the City continues to pursue economic development to increase the City's tax base, revenue sources, create and retain jobs to ensure the improvement of its financial health. Pursuing smart development opportunities as a mechanism to help revitalize the City is crucial to the City's long-term economic health. Financial policies will continue to be established and implemented to ensure that the City remains on the right path to recovery. The City is diligently working toward its target 15% Reserve Policy while continuing to maintain service levels.

Although the General Fund financial statements reflect an operational gain of $3.1 million, continued financial prudence by the Council and a resolve on the part of staff and management to work together must continue in order to address longer-term challenges, and to ensure the continued vitality of all City services.

RELEVANT FINANCIAL POLICIES

The City of Azusa has adopted a comprehensive set of financial policies and/or ordinances. The City requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). In addition, budget amendments of $100,000 or more must be approved by City Council. This is the legal level of budgetary control. Capital Improvement Projects are maintained by project life. Therefore, the budget appropriation for these projects may need to be re-budgeted in subsequent accounting periods. An Interfund Loan policy and a General Fund Reserve policy were also established to ensure and guide the City to continued financial recovery. Various other policies were developed in FY 2015-16 related to debt, internal controls and fiscal sustainability.

As a general law city, Azusa operates its pooled idle cash investments under the Prudent Man Rule (California Civil Code Section 2261, *et. seq.*), which in essence states that "in investing property for the benefit of another, a trustee shall exercise the judgment and care, under circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs..." The City's cash management system is designed to monitor and forecast expenditures and revenues as accurately as possible and to invest funds to the fullest extent possible. The City attempts to obtain the highest available investment yields consistent with the criteria established and outlined in the City's Investment Policy. Some of the instruments in which the City may invest are: U.S. Government Securities, Certificates of Deposit, Bankers' Acceptances, the State of California Local Agency Investment Fund (LAIF), Treasury Bills, Repurchase Agreements, and regular savings and demand deposits.

As previously mentioned above, the City will continue to establish policies that will guide staff and the departments to ensure continued financial health and stability.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Azusa for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded, the government unit must publish an easily readable and efficiently organized comprehensive annual financial report in which the contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The GFOA award is valid for a one year period.

ACKNOWLEDGMENTS

The preparation and development of the CAFR could not have been accomplished without the year-round efficiency and dedication of the Finance staff and their special efforts, working in conjunction with the City's independent auditors, Lance, Soll and Lunghard, LLP. In addition, I would like to acknowledge and thank all City departments for their assistance in providing the data necessary to prepare this report. Lastly, I wish to recognize the Mayor and City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

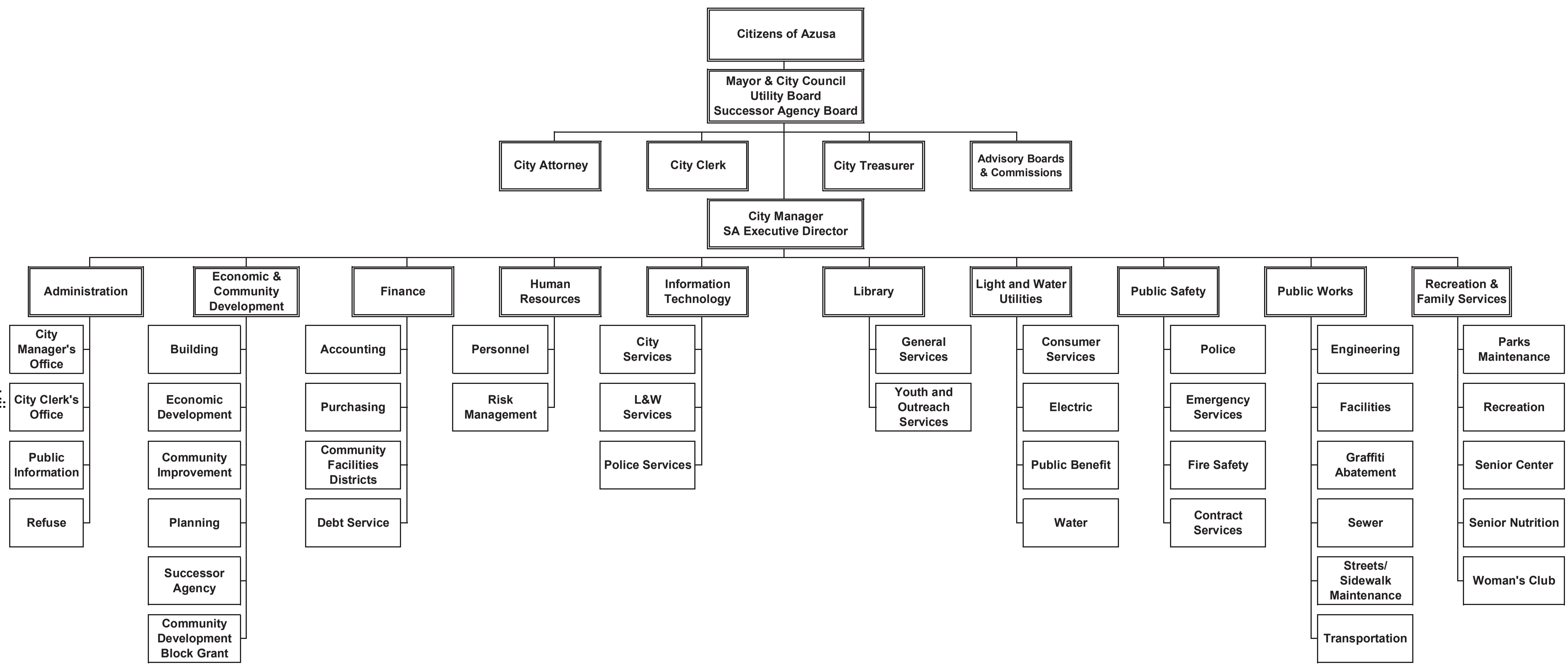
REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Azusa's finances for all those with an interest in the agency's finances and overall fiscal condition. If you have questions concerning any of the information provided in this report or need additional financial information, contact the City's Finance Department by calling (626) 812-5203 or by directing correspondence to 213 East Foothill Blvd., P.O. Box 1395, Azusa, California 91702-1395.

Respectfully Submitted,

Troy L. Butzlaff, ICMA-CM
City Manager

City of Azusa
Organizational Chart



City of Azusa
ELECTED OFFICIALS AND DEPARTMENT HEADS
213 E. Foothill Boulevard
Azusa, CA 91702
(626) 812-5200
Fax (626) 334-6358
www.ci.azusa.ca.us

ELECTED OFFICIALS	TITLE	TERM EXPIRATION
Jeffrey Cornejo	City Clerk	March, 2017
Art Vasquez	City Treasurer	March, 2017
Joseph Rocha	Mayor	March, 2017
Edward Alvarez	Councilmember	March, 2017
Angel Carrillo	Mayor Pro-Tem	March, 2019
Robert Gonzales	Councilmember	March, 2017
Uriel Macias	Councilmember	March, 2019

DEPARTMENT HEADS	TITLE	PHONE NUMBER
Troy L. Butzlaff	City Manager	626-812-5238
Daniel Bobadilla	Director of Public Works and City Engineer	626-812-5248
Kurt Christiansen	Director of Economic & Community Development	626-812-5236
Steve Hunt	Chief of Police	626-812-3250
Ann Graf	Director of Information Technology and Library	626-812-5024/5277
Joe Jacobs	Director of Recreation & Family Services	626-812-5220
George Morrow	Director of Utilities	626-812-5219
Amelia Ayala	Director of Human Resources/Risk Management	626-812-5183
Talika M. Johnson	Director of Finance	626-812-5202
Daryl L. Osby	Fire Chief	626-974-8371
Marco Martinez	City Attorney (Best, Best, & Krieger)	949-263-2603

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Azusa

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Azusa, California, (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic 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.

203 N. Brea Blvd., Suite 203 | Brea, CA 92821 | Phone: 714.672.0022

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Azusa, California, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the respective budgetary comparison schedules for the general fund and grants and seizure special revenue fund, schedule of changes in the net pension liability and related ratios – agent multiple-employer miscellaneous plans, schedule of contributions – agent multiple-employer miscellaneous plans, schedule of proportionate share of the net pension liability – cost-sharing multiple-employer safety plans, schedule of contributions - cost-sharing multiple-employer safety plans, schedule of changes in the net pension liability and related ratios – retirement enhancement plans, schedule of contributions – retirement enhancement plans, and schedule of investment returns – retirement enhancement plans to 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016 on our consideration of the City'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 City's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
December 28, 2016

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As management of the City of Azusa, California, we offer this narrative overview and analysis of the financial activities of the City of Azusa for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages i through vi of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2016 by $103,715,028 (*net position*).

- Total City assets of $277,112,325 include $154,300,230 or 55.7% of non-current assets attributed to capital assets, net of depreciation.

- Total City liabilities of $174,658,156 include $160,487,597 or 91.9% of long-term liabilities attributed mainly to tax allocation bonds, certificates of participation and pension liabilities.

- As of June 30, 2016, the City's governmental funds reported combined fund balances of $33,331,619.

- At the end of the current fiscal year, the total fund balance for the General Fund was increased by $3,605,997 to $23,153,179.

- Total General Fund revenues received for the year were $39,238,567 and total General Fund expenditures for the year were $32,500,505, an excess of revenues over expenditures amounting to $6,738,062. This does not include transfers. Details are located within the ***General Fund Budgetary Highlights*** within the MD & A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1) Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Azusa is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Azusa that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Public Safety, Community Development, Parks and Recreation, Public Works, and Grants & Seizures. The business-type activity of the City includes the City's Water, Light, Sewer/Wastewater, and Refuse Contract Utility operations.

The government-wide financial statements include not only the City of Azusa itself (known as the *primary government*), but also the legally separate Successor Agency to the former Redevelopment Agency of the City of Azusa ("Successor Agency") and the Azusa Public Financing Authority for which the City of Azusa is financially accountable. Financial information for these *component units* has been included as an integral part of the primary government.

2) Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Azusa, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City of Azusa maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund is considered to be a major fund. The Rosedale Contribution ("RC") fund is a separate fund, but is combined with the General Fund, as the funds in the RC fund is considered unrestricted. Data from the other 21 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Azusa adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for the General Fund and all Special Revenue Funds, Capital Project Funds, and Debt Service Funds to demonstrate compliance with this budget.

Proprietary funds. The City of Azusa maintains two different types of *proprietary funds, enterprise* and *internal service funds.* Enterprise funds are used to report the same functions presented as *business type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Water, Light, Sewer/Wastewater and Refuse Contract Utilities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its Consumer Services, Self-Insurance/Risk Management, Central Services, Equipment Replacement, Intra-Governmental Loan and IT Services activity. Because these services predominantly benefit governmental rather than business type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements (business type activities), only in more detail. Information is presented separately in the proprietary fund statement of net assets and in the proprietary fund statement of revenues, expenditures, and changes in net assets for the Water and Light funds. The Water and Light funds are considered to be major funds. The internal service funds are also presented in the proprietary fund financial statements.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government, and the City's role is purely custodial. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All assets reported in Fiduciary funds are offset by a liability; the accrual basis of accounting is used to recognize receivables and payables.

3) Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other supplementary information. The combining financial statements and schedules referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the basic financial statements.

Government-wide Financial Analysis

The following table presents a summary of the City's assets, liabilities and net position for its governmental and business type activities. As noted earlier, a government's net asset position may serve over time as a useful indicator of its financial position.

Summary of Net Position (Deficits) for the year ended June 30

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 45,655,734	$ 37,982,057	$ 77,156,361	$ 79,044,253	$ 122,812,095	$ 117,026,310
Capital assets, net	35,170,643	29,912,255	119,129,587	123,750,707	154,300,230	153,662,962
Total assets	80,826,377	67,894,312	196,285,948	202,794,960	277,112,325	270,689,272
Deferred charge on refunding	-	-	1,677,882	1,475,168	1,677,882	1,475,168
Deferred pension related items	4,369,370	4,124,387	1,477,914	821,336	5,847,284	4,945,723
Total deferred outflows of resources	4,369,370	4,124,387	3,155,796	2,296,504	7,525,166	6,420,891
Current liabilities	5,005,885	3,732,207	9,164,674	11,191,721	14,170,559	14,923,928
Long-term liabilities	77,048,426	66,088,846	83,439,171	88,248,100	160,487,597	154,336,946
Total liabilities	82,054,311	69,821,053	92,603,845	99,439,821	174,658,156	169,260,874
Deferred pension related items	4,651,415	9,833,770	1,612,892	2,855,927	6,264,307	12,689,697
Total deferred inflows of resources	4,651,415	9,833,770	1,612,892	2,855,927	6,264,307	12,689,697
Net investment in capital assets	33,586,894	28,121,302	56,985,265	53,700,812	90,572,159	81,822,114
Restricted	12,664,389	10,502,851	11,448,778	15,085,506	24,113,167	25,588,357
Unrestricted	(47,761,262)	(46,260,277)	36,790,964	34,009,398	(10,970,298)	(12,250,879)
Total net position (deficits)	**$ (1,509,979)**	**$ (7,636,124)**	**$ 105,225,007**	**$ 102,795,716**	**$ 103,715,028**	**$ 95,159,592**

As of June 30, 2016, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $103,715,028. This represents an increase of $8.6 million from the prior year and is mainly attributed to the increase in investment of capital assets, net of related debt.

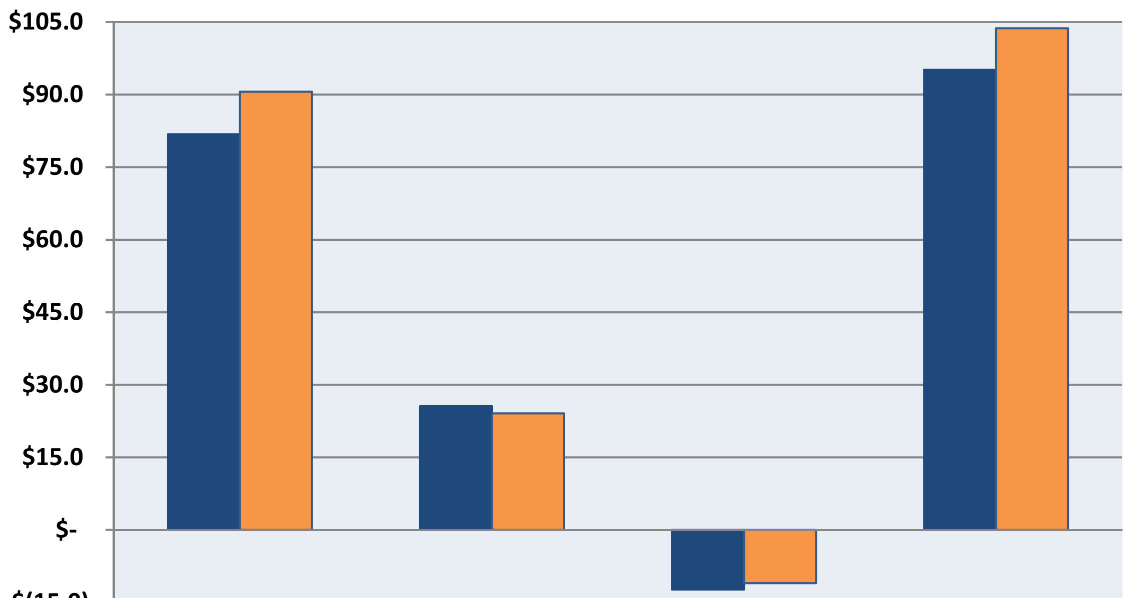
The largest portion of the net position reflects the City's $90.6 million investment in capital assets less any capital-related outstanding debt. Capital assets are the aggregated value of land, buildings and improvements that are used to provide services. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net position is subject to external restrictions, such as debt covenants, grantor's stipulations, or enabling legislation, on how they may be used. As of June 30, 2016, the restricted assets were $24.1 million of the total net position. Of this amount, $10.2 million is for a rate stabilization fund, $5.0 million is restricted for community development projects such as transportation projects and $1.2 million for capital projects such as street repair and maintenance. The remaining amount relates to Police grants.

At June 30, 2016 the unrestricted net position was a negative $11.0 million due to the implementation of GASB 68, Accounting and Financial Reporting for Pensions implemented in FY 2014-15. This statement has had a material impact on the City's financial statements. The primary objective of GASB 68 was to improve reporting by the state and local governments for pensions. The statement establishes new standards for measuring and recognizing liabilities and expenditures, as well as expands note disclosures and other information about the City's pensions. See Note 6 of the financial statements for further detail.

The following chart shows the comparison of the three components of net position for Fiscal Years 2015-16 and 2014-15 (in millions):

Government-wide Net Assets
Year Ended June 30, 2016



	Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted	Total Net Position
FY 14/15	$81.8	$25.6	$(12.3)	$95.1
FY 15/16	$90.6	$24.1	$(11.0)	$103.7

Governmental activities. The following condensed summary of activities of the City's governmental activities for the year ended June 30, 2016 shows total net position is a negative $1,509,979 an increase of $6,126,145 (80.2%) from prior year and primarily attributable the extraordinary loss of $4.1 million recognized in FY 2014-15; the remaining $2.0 million increase is attributed to positive operating results, where revenues exceeded expenditures.

Business type activities. Business type activities net position totaled $105,225,007, an increase of $2,429,291 (2.4%) from the prior year and attributed to positive operating results.

Summary of Changes in Net Position (Deficits) for the year ended June 30						
	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for services	$ 9,369,835	$ 9,492,311	$ 66,927,275	$ 73,519,764	$ 76,297,110	$ 83,012,075
Operating contributions and grants	6,435,839	13,916,073	-	-	6,435,839	13,916,073
Capital contributions and grants	328,662	408,905	-	-	328,662	408,905
General Revenues:						
Taxes	32,172,021	31,314,539	630,981	574,179	32,803,002	31,888,718
Investment earnings	183,908	353,285	532,303	378,713	716,211	731,998
Miscellaneous	1,709,757	629,507	2,347,066	224,680	4,056,823	854,187
Total Revenues	50,200,022	56,114,620	70,437,625	74,697,336	120,637,647	130,811,956
Expenses:						
General Government	10,945,471	7,834,391	-	-	10,945,471	7,834,391
Public Safety	22,689,580	21,279,643	-	-	22,689,580	21,279,643
Community Development	2,605,120	2,384,308	-	-	2,605,120	2,384,308
Parks and Recreation	4,546,965	3,878,961	-	-	4,546,965	3,878,961
Public Works	5,331,169	5,019,152	-	-	5,331,169	5,019,152
Interest on long-term debt	517,395	699,155	-	-	517,395	699,155
Water	-	-	19,429,769	21,497,271	19,429,769	21,497,271
Light	-	-	41,383,802	44,328,679	41,383,802	44,328,679
Sewer/Wastewater	-	-	2,131,684	2,368,124	2,131,684	2,368,124
Refuse Contract	-	-	3,342,897	3,042,337	3,342,897	3,042,337
Total Expenses	46,635,700	41,095,610	66,288,152	71,236,411	112,923,852	112,332,021
Increase/(decrease) in net position before transfers	3,564,322	15,019,010	4,149,473	3,460,925	7,713,795	18,479,935
Extraordinary items	-	(4,113,065)	-	-	-	(4,113,065)
Transfers	1,652,338	1,458,028	(1,652,338)	(1,458,028)	-	-
Change in Net Position	5,216,660	12,363,973	2,497,135	2,002,897	7,713,795	14,366,870
Net Position (Deficits) - Beginning	(7,636,124)	29,395,743	102,795,716	114,845,516	95,159,592	144,241,259
Restatement	909,485	(49,395,840)	(67,844)	(14,052,697)	841,641	(63,448,537)
Net Position (Deficits) - Ending	**$ (1,509,979)**	**$ (7,636,124)**	**$ 105,225,007**	**$ 102,795,716**	**$ 103,715,028**	**$ 95,159,592**

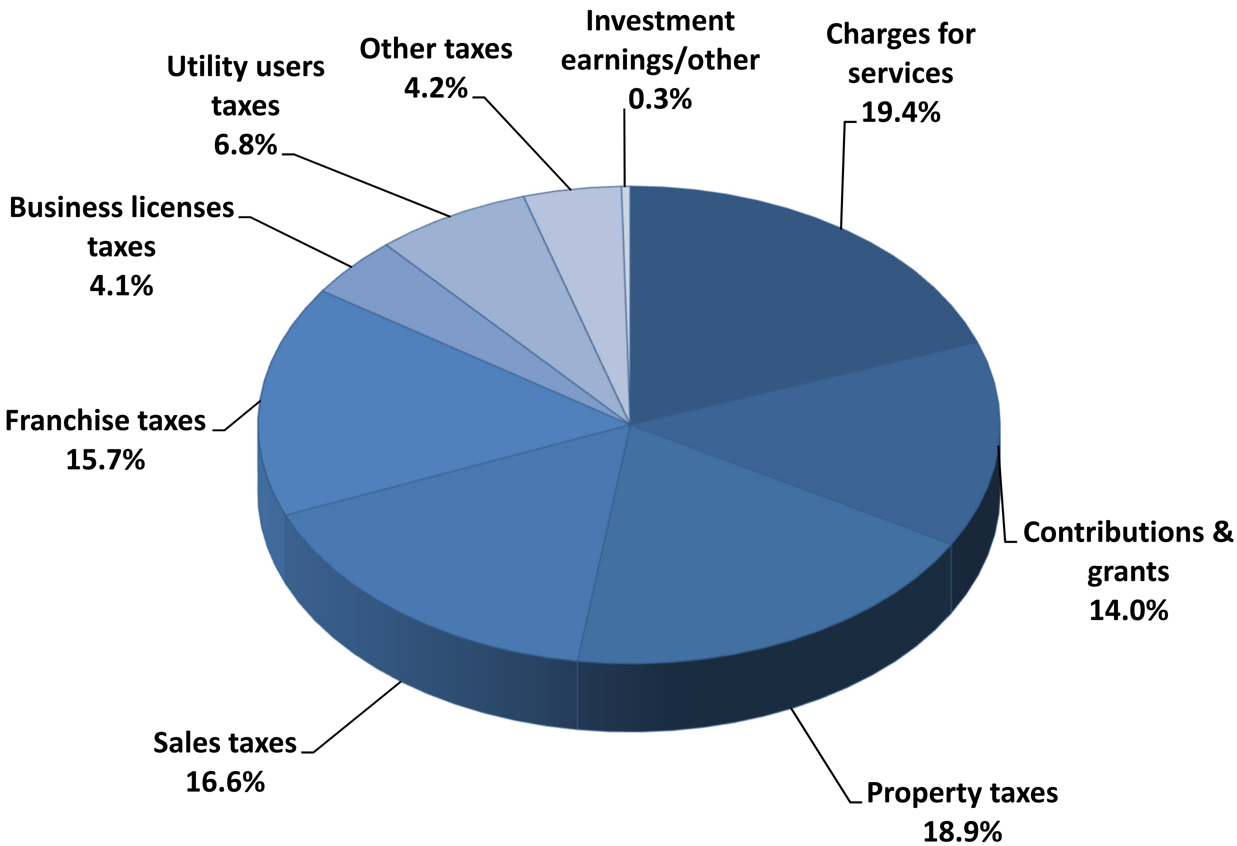
The City's total revenues are $120,637,647 and the costs of all programs and services are $112,923,852. Fiscal year 2015-16 revenues decreased by $10,174,309 (7.8%). Expenses increased by $591,831 (0.5%) from prior year. Key factors include:

- The decrease of $10.2 million in the governmental activities revenue was mainly due to a $11.0 million forgiven loan recorded in FY 2014-15. The decrease was offset by $0.9 million of additional revenues received from taxes, which is attributable to the increased economic development activities in the City.

- Charges for services decreased $6.7 million, primarily due lower Water and Light Fund sales revenues as a result of imposed water drought restrictions and energy cost savings passed on through retail rates, respectively.

- Miscellaneous revenues of $4.1 million increased $3.2 million over FY 2014-15. The increase is attributable to recognition of light and water fund recognition of revenues from developer deposits on hand of approximately $2.2 million; a pass-through payment received from the residuals of the former redevelopment agency of $530,651, an increase of $404,113; one-time settlement monies of $275,625 from Los Angeles County; and recognition of a $190,497 increase in the fair market value of investments.

Revenues by Source-Governmental Activities
Year Ended June 30, 2016

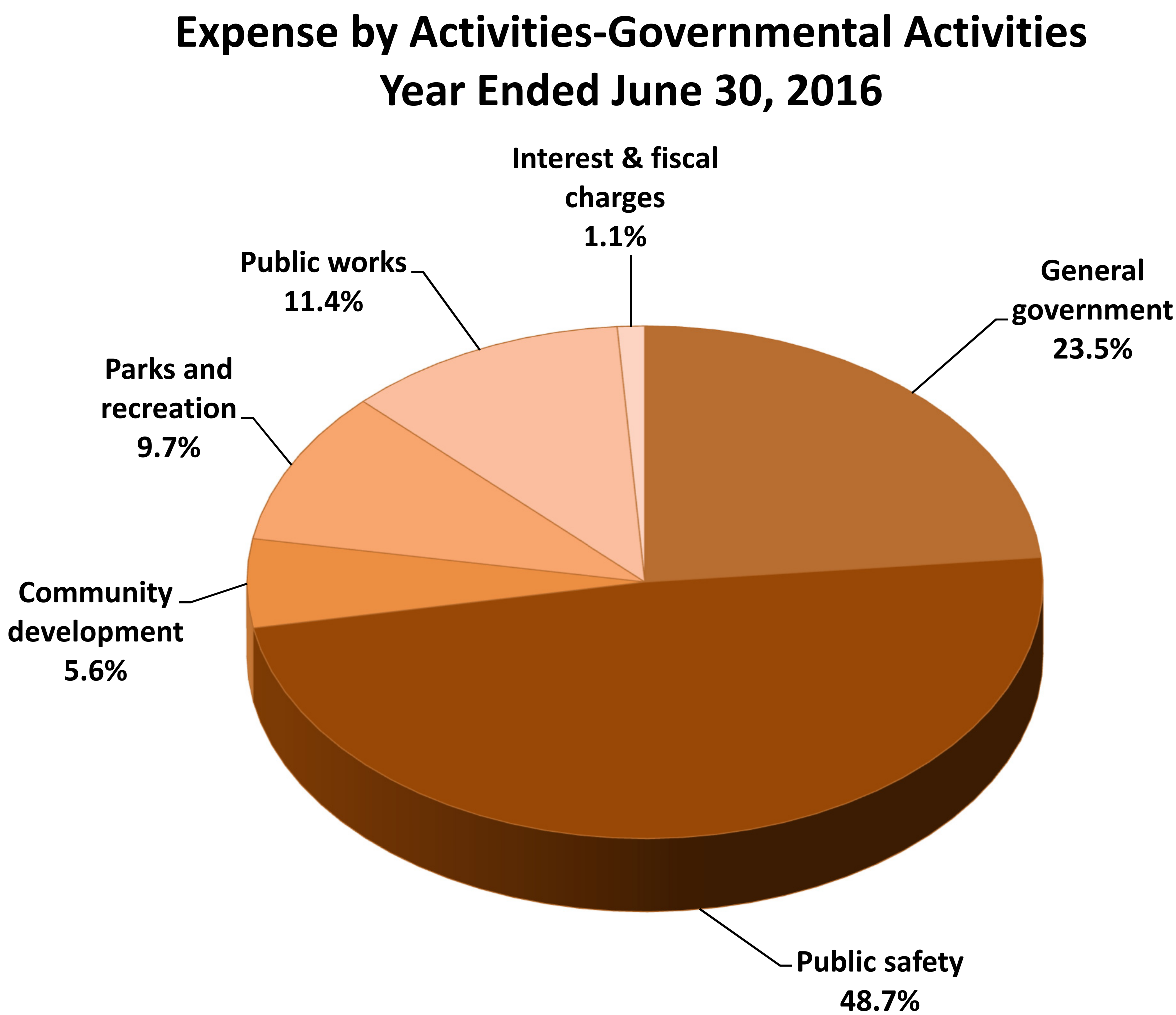


Key elements of this year's summary of activities are as follows:

- Property tax revenue increased by $602,569 (7.1%), Sales tax revenue increased by a $471,684 (6.3%) and Franchise fees increased by $246,529 (3.4%) from the prior year.

- Charges for services revenue decreased by 1.3% or $122,476; Use of money and property had a positive balance of $183,908 primarily due to interest income earned from an improved cash position.

- Transient Occupancy Taxes ("TOT") increased by 32.9% or $86,150 primarily due to the voter-approved increase in the TOT rate from 7.5% to 10.0%.



- Total Governmental Activities expenses increased $5.5 million (13.5%) over prior year.

- Total General Government and Parks and Recreation expenses increased $3.1 million (39.7%) and $668,004 (17.2%), respectively, compared to prior year. The increases are mainly due to salaries and benefits related to filling of vacant positions and draw down of leave balances to lower the City's exposure to future high leave bank payouts.

- Public Safety increased by $1,409,936 (6.7%) primarily due to retirement payouts. Public Works increased by $312,017 (6.2%) attributable to special studies and outsourcing of engineering services due to the high volume of transportation related projects. Community development expenditures increased $220,812 (9.3%) mainly due to the increase in transactions related to development throughout the City.

Financial Analysis of the City's Funds

As noted earlier, the City of Azusa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $33,331,619, an increase of $2,810,609 in comparison with the prior year's revised fund balance. The increase is attributed to higher General Fund revenues, offset by a decrease of $3,231,730 in capital project restrictions. In addition, Advances to the Successor Agency increased to $9,750,019 from $9,276,337 because of interest earned on one of the former Redevelopment property loans reinstated by the Department of Finance.

The General Fund is the chief operating fund of the City of Azusa. During fiscal year 2015-16, its fund balance increased by $3,129,142, primarily as a result of increased tax and franchise fee revenues and interest earnings related to Successor Agency loan reinstatements. At the end of the current fiscal year, the General Fund total fund balance was $23,153,179.

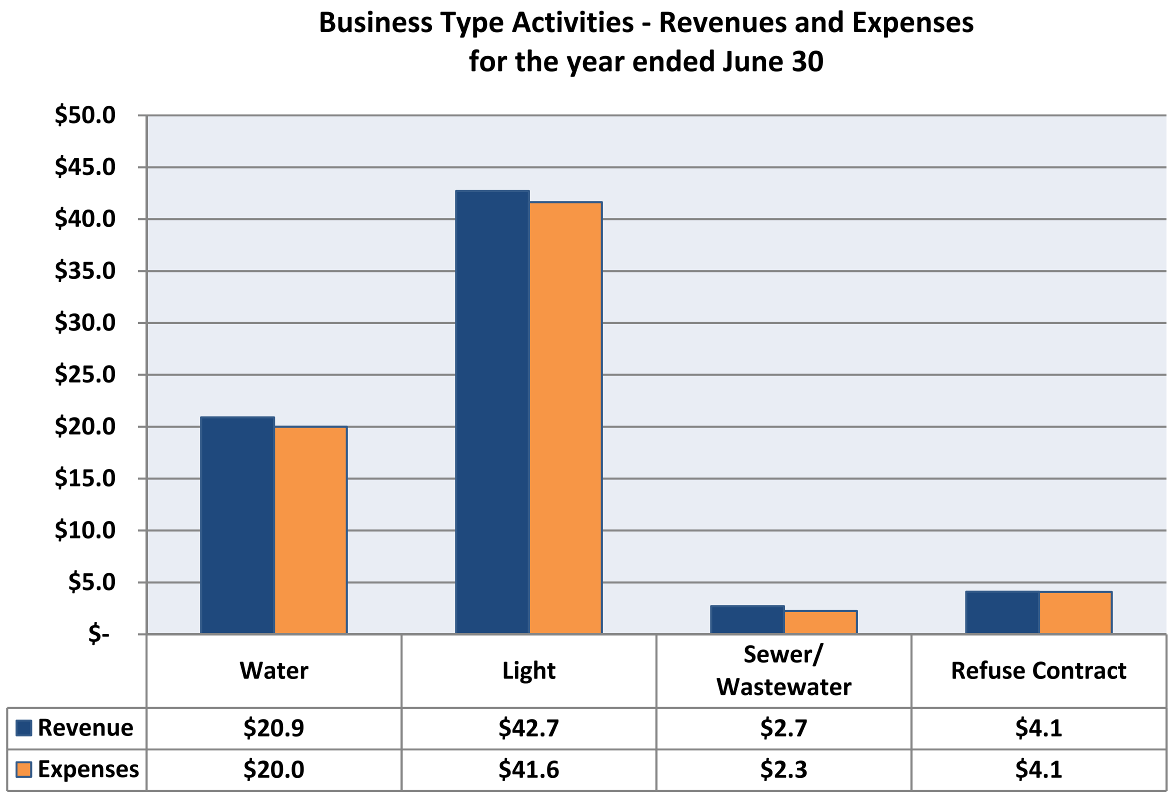
Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the City's proprietary funds at the end of the year amounted to $39,710,818. Total unrestricted net position increased by $2,737,959 (7.4%) and total net position increased by $2,429,291 (2.3%) from the previous fiscal year.

Unrestricted net position of the City's Water Utility at the end of the year amounted to $27,293,656, an increase of $1,886,114 (7.4%) Total net position also increased by $912,606 (1.7%) from the previous fiscal year. Water revenues were down by $838,429 and expenses decreased by $1,911,451. The decrease in revenues is a reflection of water conservation due to drought conditions and the decrease in expenses reflects a one-time $2.0 million purchase of supplemental water supply recoded in FY 14-15.

Unrestricted net position of the City's Light Utility at the end of the year amounted to $9,970,838. Total unrestricted net position increased by $214,821 (2.2%) and total net position also increased by $1,083,040 (2.5%) from the previous fiscal year. Light revenues and expenses were down by $3,848,899 (8.3%) and $3,008,775 (6.7%), respectively, from prior year. The decreases are a result of energy cost savings which were passed on as savings through retail rates.

The following chart highlights total revenue and total expenses for each of the business type activities for fiscal year end June 30, 2016.



General Fund Budgetary Highlights

Following is a summary of budgetary changes and actual results for General Fund, revenues, expenditures, and other financing sources:

General Fund Budgetary Summary
Revenues, Expenditures, and Changes in Fund Balance
June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 28,257,445	$ 28,332,445	29,983,620	$ 1,651,175
Charges for services	2,325,805	2,361,805	2,435,877	74,072
Assessments	1,824,745	1,771,595	1,875,271	103,676
Other revenue	2,870,680	5,129,725	4,943,799	(185,926)
Total revenue	35,278,675	37,595,570	39,238,567	1,642,997
Expenditures:				
Operations	29,768,710	30,052,197	30,804,346	(752,149)
Capital Outlay	-	500,000	496,083	3,917
Debt Service	1,188,685	1,188,685	1,200,076	(11,391)
Total expenditures	30,957,395	31,740,882	32,500,505	(759,623)
Excess of revenues over expenditures	4,321,280	5,854,688	6,738,062	2,402,620
Other Financing Sources/(Uses):				
Transfers in	1,413,515	1,413,515	1,413,515	-
Transfers out	5,483,980	5,704,880	5,022,435	682,445
Total other financing sources (uses)	(4,070,465)	(4,291,365)	(3,608,920)	682,445
Net change in fund balance	250,815	1,563,323	3,129,142	1,565,819
Fund balance beginning of year	20,024,037	20,024,037	20,024,037	-
Fund balance end of year	**$20,274,852**	**$21,587,360**	**$23,153,179**	**$1,565,819**

The difference between the original expenditure budget and the final amended expenditure budget was an increase of $1,312,508 with highlights as follows:

- Various employee group contractual agreements such as vacation payout and retroactive compensation budgets were increased as a result of successful labor negotiations. Public Safety budget rose due to contract obligations and retirement costs.

- The budgets of the: City Clerk department was increased due to staffing re-organization; Public Works department increased due to special studies and outsourcing of engineering services resulting from a high volume of transportation related projects; Human Resources department rose to provide needed part-time hours.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounted to $154,300,230 (net of accumulated depreciation). This investment includes land, construction in progress, land improvements, buildings and structures, machinery and equipment, automotive equipment and infrastructure.

Capital Assets for the year ended June 30 (Net of Accumulated Depreciation)											
	Governmental Activities				Business Type Activities				Total		
	2016		2015		2016		2015		2016		2015
Land	$	1,819,536	$	1,319,536	$	2,988,973	$	2,988,973	$	4,808,509	$ 4,308,509
Construction in Progress		1,728,657		1,333,303		19,331		825,486		1,747,988	2,158,789
Land Improvements		1,204,276		1,327,038		382,045		420,617		1,586,321	1,747,655
Buildings and Structures		6,674,661		6,796,645		12,410,435		12,905,633		19,085,096	19,702,278
Machinery and Equipment		1,179,811		1,418,399		2,601,200		2,952,321		3,781,011	4,370,720
Automotive Equipment		585,195		691,136		332,647		290,069		917,842	981,205
Infrastructure		21,978,507		17,026,198		100,394,956		103,367,608		122,373,463	120,393,806
Total	**$**	**35,170,643**	**$**	**29,912,255**	**$**	**119,129,587**	**$**	**123,750,707**	**$**	**154,300,230**	**$ 153,662,962**

Additional information on the City's capital assets can be found in Note 4 of the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the City of Azusa had total debt outstanding of $107,434,410. Of this amount, $37,066,091 is a liability of the Governmental Activities and $70,368,319 is a liability of the Business Type Activities. The increase in the outstanding balances is the result of GASB 68 reporting.

Outstanding Debt for the year ended June 30										
	Governmental Activities				Business Type Activates				Total	
	2016		2015		2016		2015		2016	2015
Employee Leave Benefits	$	3,778,294	$	3,704,926	$	1,182,274	$	1,369,793	$ 4,960,568	$ 5,074,719
Net OPEB Liability		14,751,995		12,287,102				-	14,751,995	12,287,102
Advance from the Successor Agency		8,208,833		8,208,833				-	8,208,833	8,208,833
2003 COPS		2,020,000		2,285,000		780,000		1,400,000	2,800,000	3,685,000
2006 Water Revenue Bonds				-		-		52,270,000	-	52,270,000
2008 Taxable Pension Funding Bond		2,240,000		3,205,000				-	2,240,000	3,205,000
2011 Sewer Installment Loan				-		4,365,000		4,730,000	4,365,000	4,730,000
2012 Electric Refunding Bond				-		5,820,000		5,820,000	5,820,000	5,820,000
2012 Water Refunding Bonds				-		6,645,000		7,355,000	6,645,000	7,355,000
2015 Water Refunding Bonds				-		47,740,000		-	47,740,000	-
2016 T.R.I.P Installment Sale		3,570,000		-		-		-	3,570,000	-
Claims and Judgments Payable		2,317,141		1,430,273				-	2,317,141	1,430,273
Unamortized Premium/(Discount)		179,828		34,622		3,836,045		3,700,121	4,015,873	3,734,743
Total	**$**	**37,066,091**	**$**	**31,155,756**	**$**	**70,368,319**	**$**	**76,644,914**	**$107,434,410**	**$107,800,670**

Additional information on the City's long-term debt can be found in Note 5 of Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The revenue projections for the 2016-17 General Fund adopted budget reflected a growth of 8.5% over the prior year's final budget. Property and sales taxes are expected to continue to grow modestly due to the home sales in Rosedale and other new construction throughout the City. The projected growth also includes one-time revenues related to property sales.

General Fund expenditures, including transfers out and capital outlay, were higher by less than 1.0% for the 2016-17 adopted budget. The increase reflects higher costs for: City Clerk department re-organization; Los Angeles County fire service contractual obligation; professional services in the Public Works department; and the addition of personnel positions in several departments.

The City strives to maintain high quality services while adopting a balanced budget. For fiscal year 2015-16, the City adopted a balanced budget with a surplus of $3.2 million, which includes one-time revenues of $2.0 million, for the General Fund without any reductions in services and added 6.0 FTE to personnel positions. Without the one-time revenues, the projected surplus is still $1.2 million.

Rising retirement costs, such as pension and retiree health care, are main concerns for the City. Although the City successfully negotiated contracts with six of its seven bargaining units, where all units agreed to pay between 7.0-9.0% of the employer's portion of PERS contributions, continued negotiations with employee bargaining groups will further address solutions to the pension and retiree health care liabilities.

In addition, the State's dissolution of redevelopment agencies continues to affect the City. The goal to develop properties owned by the former redevelopment agency is moving forward in order to generate additional revenues to help address additional costs in the long term. Furthermore, it is projected that property tax revenues will keep increasing as new home sales and the improvement in the economy continue. Staff will continue to be prudent with its budget and to monitor any legislative action that could impact the financial condition in Azusa.

Request for Information

This financial report is designed to provide a general overview of the financial position of the City of Azusa for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City of Azusa Finance Department, 213 E. Foothill Blvd., Azusa, CA 91702.

CITY OF AZUSA

STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	$ 19,142,506	$ 40,277,638	$ 59,420,144
Receivables:			
Accounts	4,666,938	8,781,280	13,448,218
Taxes	2,583,658	-	2,583,658
Notes and loans	2,088,078	49,127	2,137,205
Accrued interest	103,406	25,477	128,883
Internal balances	(6,749,062)	6,749,062	-
Due from other governments	16	-	16
Due from Successor Agency	9,750,019	2,616,012	12,366,031
Prepaid costs	142,310	16,045	158,355
Inventories	142,606	1,826,743	1,969,349
Land held for resale	7,384,436	-	7,384,436
Restricted assets:			
Cash and investments	2,331,055	13	2,331,068
Cash with fiscal agent	4,069,768	6,603,340	10,673,108
Cash held for rate stabilization	-	10,211,624	10,211,624
Capital assets not being depreciated	3,548,193	3,008,304	6,556,497
Capital assets, net of depreciation	31,622,450	116,121,283	147,743,733
Total Assets	**80,826,377**	**196,285,948**	**277,112,325**
Deferred Outflows of Resources:			
Deferred charge on refunding	-	1,677,882	1,677,882
Deferred pension related items	4,369,370	1,477,914	5,847,284
Total Deferred Outflows of Resources	**4,369,370**	**3,155,796**	**7,525,166**
Liabilities:			
Accounts payable	2,070,965	3,623,336	5,694,301
Accrued liabilities	1,755,317	978,155	2,733,472
Accrued interest	122,101	1,291,626	1,413,727
Unearned revenue	1,034,559	-	1,034,559
Deposits payable	12,370	3,261,485	3,273,855
Due to other governments	10,573	10,072	20,645
Noncurrent liabilities:			
Due within one year	6,394,376	3,851,705	10,246,081
Due in more than one year	15,919,720	66,516,614	82,436,334
Net OPEB liability	14,751,995	-	14,751,995
Net pension liability	39,982,335	13,070,852	53,053,187
Total Liabilities	**82,054,311**	**92,603,845**	**174,658,156**
Deferred Inflows of Resources:			
Deferred pension related items	4,651,415	1,612,892	6,264,307
Net Position:			
Net investment in capital assets	33,586,894	56,985,265	90,572,159
Restricted for:			
Community development projects	4,991,034	-	4,991,034
Public safety	147,294	-	147,294
Capital projects	7,038,060	-	7,038,060
Debt service	488,001	1,237,154	1,725,155
Rate stabilization	-	10,211,624	10,211,624
Unrestricted	(47,761,262)	36,790,964	(10,970,298)
Total Net Position	**$ (1,509,979)**	**$ 105,225,007**	**$ 103,715,028**

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	$ 10,945,471	$ 4,157,243	$ 187,941	$ -
Public safety	22,689,580	821,281	602,642	327,052
Community development	2,605,120	2,463,012	508,834	-
Parks and Recreation	4,546,965	1,188,778	265,207	-
Public works	5,331,169	739,521	4,871,215	1,610
Interest on long-term debt	517,395	-	-	-
Total Governmental Activities	**46,635,700**	**9,369,835**	**6,435,839**	**328,662**
Business-Type Activities:				
Water	19,429,769	20,317,053	-	-
Light	41,383,802	40,464,630	-	-
Sewer/ Wastewater	2,131,684	2,679,660	-	-
Refuse Contract	3,342,897	3,465,932	-	-
Total Business-Type Activities	**66,288,152**	**66,927,275**	**-**	**-**
Total Primary Government	**$ 112,923,852**	**$ 76,297,110**	**$ 6,435,839**	**$ 328,662**

General Revenues:
Taxes:
Property taxes, levied for general purpose
Transient occupancy taxes
Sales taxes
Franchise taxes
Business licenses taxes
Utility users tax
Other taxes
Use of money and property
Other
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (6,600,287)	$ -	$ (6,600,287)
(20,938,605)	-	(20,938,605)
366,726	-	366,726
(3,092,980)	-	(3,092,980)
281,177	-	281,177
(517,395)	-	(517,395)
(30,501,364)	**-**	**(30,501,364)**
-	887,284	887,284
-	(919,172)	(919,172)
-	547,976	547,976
-	123,035	123,035
-	**639,123**	**639,123**
(30,501,364)	**639,123**	**(29,862,241)**
9,134,084	630,981	9,765,065
347,965	-	347,965
8,001,941	-	8,001,941
7,575,506	-	7,575,506
1,995,000	-	1,995,000
3,266,383	-	3,266,383
1,851,142	-	1,851,142
183,908	532,303	716,211
1,709,757	2,347,066	4,056,823
1,652,338	(1,652,338)	-
35,718,024	**1,858,012**	**37,576,036**
5,216,660	2,497,135	7,713,795
(7,636,124)	102,795,716	95,159,592
909,485	(67,844)	841,641
$ (1,509,979)	**$ 105,225,007**	**$ 103,715,028**

See Notes to Financial Statements

CITY OF AZUSA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Special Revenue Funds: Grants and Seizure	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled cash and investments	$ 6,697,068	$ -	$ 10,328,680	$ 17,025,748
Receivables:				
Accounts	408,050	3,994,804	263,988	4,666,842
Taxes	2,578,727	-	4,931	2,583,658
Notes and loans	4,525	-	2,081,675	2,086,200
Accrued interest	98,435	-	4,714	103,149
Prepaid costs	37,860	8,730	4,428	51,018
Due from other governments	16	-	-	16
Inventories	142,606	-	-	142,606
Land held for resale	7,384,436	-	-	7,384,436
Restricted assets:				
Cash and investments	2,300,762	-	30,293	2,331,055
Cash and investments with fiscal agents	72,849	-	3,996,919	4,069,768
Advances to Successor Agency	9,750,019	-	-	9,750,019
Total Assets	**$ 29,475,353**	**$ 4,003,534**	**$ 16,715,628**	**$ 50,194,515**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 565,994	$ 231,646	$ 800,829	$ 1,598,469
Accrued liabilities	1,535,793	13,036	152,101	1,700,930
Unearned revenues	30,000	826,569	177,990	1,034,559
Deposits payable	-	-	12,370	12,370
Due to other governments	10,573	-	-	10,573
Due to other funds	-	1,716,020	103,228	1,819,248
Advances from other funds	4,179,814	-	750,000	4,929,814
Total Liabilities	**6,322,174**	**2,787,271**	**1,996,518**	**11,105,963**
Deferred Inflows of Resources:				
Unavailable revenues	-	3,666,713	2,090,220	5,756,933
Total Deferred Inflows of Resources	**-**	**3,666,713**	**2,090,220**	**5,756,933**
Fund Balances:				
Nonspendable:				
Inventories	142,606	-	-	142,606
Prepaid costs	37,860	8,730	4,428	51,018
Land held for resale	7,384,436	-	-	7,384,436
Notes and loans	4,525	-	-	4,525
Advances to Successor Agency	9,750,019	-	-	9,750,019
Restricted for:				
Community development projects	-	-	4,991,022	4,991,022
Public safety	-	-	147,294	147,294
Capital projects	-	-	7,038,060	7,038,060
Debt service	-	-	483,585	483,585
Unassigned	5,833,733	(2,459,180)	(35,499)	3,339,054
Total Fund Balances	**23,153,179**	**(2,450,450)**	**12,628,890**	**33,331,619**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 29,475,353**	**$ 4,003,534**	**$ 16,715,628**	**$ 50,194,515**

See Notes to Financial Statements

CITY OF AZUSA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Fund balances of governmental funds		$ 33,331,619
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		34,746,557
Deferred Outflows related to contributions made after the actuarial measurement date for the net pension liability.		
Miscellaneous contributions made subsequent to measurement date	$ 1,254,472	
Safety contributions made subsequent to measurement date	2,408,176	
Safety adjustments due to differences in proportions	334,308	
PARS differences between expected and actual experience	37,119	
PARS changes of assumptions	57,232	
PARS net difference between projected and actual earnings on investment	129,951	4,221,258
Long-term debt and compensated absences that have not been included in the governmental fund activity.		
Long-term liabilities	(16,218,661)	
Compensated Absences	(3,604,383)	(19,823,044)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(14,751,995)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(122,101)
Governmental funds report all pension contributions as expenditures when paid however in the statement of net position the actuarially calculated accrual basis net pension liability is reported.		
Miscellaneous net pension liability	(13,627,758)	
Safety net pension liability	(22,831,275)	
PARS net pension liability	(1,541,783)	(38,000,816)
Deferred Inflows related to unrecognized actuarial gains and losses for the net pension liability:		
Miscellaneous change in assumptions	(818,044)	
Safety change in assumptions	(1,253,696)	
Miscellaneous difference between expected and actual experiences	(615,137)	
Safety difference between expected and actual experiences	(272,580)	
Safety net difference between projected and actual earnings on plan investments	(635,381)	
Miscellaneous net difference between projected and actual earnings on plan investments	(530,069)	
Safety change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	(315,936)	
PARS difference between expected and actual experience	(71,702)	(4,512,545)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		5,756,933
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		(2,355,845)
Net Position of governmental activities		**$ (1,509,979)**

CITY OF AZUSA

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	General	Special Revenue Funds: Grants and Seizure	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 29,983,620	$ 48,165	$ 2,140,236	$ 32,172,021
Assessments	1,875,271	-	-	1,875,271
Licenses and permits	1,096,325	-	-	1,096,325
Intergovernmental	496,497	1,126,742	2,012,651	3,635,890
Charges for services	2,435,877	54,538	2,015,429	4,505,844
Use of money and property	361,500	7,852	73,635	442,987
Fines and forfeitures	1,328,383	-	-	1,328,383
Contributions	19,703	1,042	78,849	99,594
Miscellaneous	1,641,391	94,213	23,869	1,759,473
Total Revenues	**39,238,567**	**1,332,552**	**6,344,669**	**46,915,788**
Expenditures:				
Current:				
General government	7,248,290	-	297,153	7,545,443
Public safety	17,732,585	332,265	4,425,970	22,490,820
Community development	1,674,631	-	913,530	2,588,161
Parks and recreation	3,453,112	347,419	411,629	4,212,160
Public works	695,728	144,992	3,463,659	4,304,379
Capital outlay	496,083	3,954,018	1,983,217	6,433,318
Debt service:				
Principal retirement	965,000	-	265,000	1,230,000
Interest and fiscal charges	235,076	-	327,454	562,530
Total Expenditures	**32,500,505**	**4,778,694**	**12,087,612**	**49,366,811**
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,738,062	(3,446,142)	(5,742,943)	(2,451,023)
Other Financing Sources (Uses):				
Transfers in	1,413,515	-	5,425,558	6,839,073
Transfers out	(5,022,435)	-	(293,905)	(5,316,340)
Debt issued	-	-	3,570,000	3,570,000
Bond premium	-	-	168,899	168,899
Total Other Financing Sources (Uses)	**(3,608,920)**	**-**	**8,870,552**	**5,261,632**
Net Change in Fund Balances	3,129,142	(3,446,142)	3,127,609	2,810,609
Fund Balances, Beginning of Year, as previously reported	19,547,182	995,692	9,501,281	30,044,155
Restatements	476,855	-	-	476,855
Fund Balances, Beginning of Year, as restated	20,024,037	995,692	9,501,281	30,521,010
Fund Balances, End of Year	**$ 23,153,179**	**$ (2,450,450)**	**$ 12,628,890**	**$ 33,331,619**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds		$ 2,810,609
Amounts 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 costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	$ 6,410,824	
Depreciation	(1,532,357)	
Gain/(loss) on sale of capital assets	(3,166)	4,875,301
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of long-term debt consumes the current financial resources.		
Issuance of long-term debt	(3,570,000)	
Premium from issuance of long-term debt	(168,899)	
Principal repayments	1,230,000	
Amortization of bond premiums/discounts	23,693	(2,485,206)
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		21,442
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(84,747)
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.		(2,464,893)
Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Cost-Sharing Safety PERS	151,562	
Agent Miscellaneous PERS	279,342	
Retirement Enhancement Plan PARS	(64,575)	366,329
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		3,319,792
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		(1,141,967)
Change in net position of governmental activities		**$ 5,216,660**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal
	Water	Light	Other Enterprise Funds	Totals	Service Funds
Assets and Deferred Outflows of Resources:					
Assets:					
Current:					
Cash and investments	$ 24,493,800	$ 10,874,813	$ 3,613,098	$ 38,981,711	$ 3,412,685
Receivables:					
Accounts	3,095,154	4,203,542	779,726	8,078,422	702,954
Notes and loans	2,195	40,055	3,160	45,410	5,595
Accrued interest	-	-	1,809	1,809	23,925
Prepaid costs	5,477	10,568	-	16,045	91,292
Due from other funds	1,819,248	-	-	1,819,248	-
Inventories	-	1,826,743	-	1,826,743	-
Restricted:					
Cash and investments	-	13	-	13	-
Cash with fiscal agent	3,004,269	2,142,582	1,456,489	6,603,340	-
Cash held for rate stabilization	-	10,211,624	-	10,211,624	-
Total Current Assets	**32,420,143**	**29,309,940**	**5,854,282**	**67,584,365**	**4,236,451**
Noncurrent:					
Advances to Successor Agency	2,616,012	-	-	2,616,012	-
Advances to other funds	4,023,814	906,000	-	4,929,814	-
Capital assets - net of accumulated depreciation	79,913,587	28,266,476	10,433,586	118,613,649	940,024
Total Noncurrent Assets	**86,553,413**	**29,172,476**	**10,433,586**	**126,159,475**	**940,024**
Total Assets	**118,973,556**	**58,482,416**	**16,287,868**	**193,743,840**	**5,176,475**
Deferred Outflows of Resources:					
Deferred charge on refunding	1,343,746	334,136	-	1,677,882	-
Deferred pension related items	427,429	481,283	82,577	991,289	634,737
Total Deferred Outflows of Resources	**1,771,175**	**815,419**	**82,577**	**2,669,171**	**634,737**
Total Assets and Deferred Outflows of Resources:	**$ 120,744,731**	**$ 59,297,835**	**$ 16,370,445**	**$ 196,413,011**	**$ 5,811,212**
Liabilities, Net Position and Deferred Inflows of Resources:					
Liabilities:					
Current:					
Accounts payable	$ 1,975,102	$ 963,348	$ 576,397	$ 3,514,847	$ 580,985
Accrued liabilities	135,658	157,513	34,993	328,164	704,378
Accrued interest	1,119,269	109,507	62,850	1,291,626	-
Deposits payable	884,630	2,376,855	-	3,261,485	-
Due to other governments	10,072	-	-	10,072	-
Accrued compensated absences	351,648	324,887	56,127	732,662	381,943
Accrued claims and judgments	-	-	-	-	2,317,141
Bonds, notes, and capital leases	1,885,000	650,000	375,000	2,910,000	-
Total Current Liabilities	**6,361,379**	**4,582,110**	**1,105,367**	**12,048,856**	**3,984,447**
Noncurrent:					
Accrued compensated absences	9,804	215,188	-	224,992	16,588
Bonds, notes, and capital leases	56,242,954	6,043,091	3,990,000	66,276,045	-
Net pension liability	4,214,874	3,704,332	1,132,877	9,052,083	6,000,288
Total Noncurrent Liabilities	**60,467,632**	**9,962,611**	**5,122,877**	**75,553,120**	**6,016,876**
Total Liabilities	**66,829,011**	**14,544,721**	**6,228,244**	**87,601,976**	**10,001,323**
Deferred Inflows of Resources:					
Deferred pension related items	488,416	520,538	173,158	1,182,112	569,650
Total Deferred Inflows of Resources	**488,416**	**520,538**	**173,158**	**1,182,112**	**569,650**
Net Position:					
Net investment in capital assets	25,997,673	22,948,935	7,522,719	56,469,327	940,024
Restricted for debt service	135,975	1,101,179	-	1,237,154	-
Restricted for rate stabilization	-	10,211,624	-	10,211,624	-
Unrestricted	27,293,656	9,970,838	2,446,324	39,710,818	(5,699,785)
Total Net Position	**53,427,304**	**44,232,576**	**9,969,043**	**107,628,923**	**(4,759,761)**
Total Liabilities, Net Position and Deferred Inflows of Resources	**$ 120,744,731**	**$ 59,297,835**	**$ 16,370,445**	**$ 196,413,011**	**$ 5,811,212**

Reconciliation of Net Position to the Statement of Net Position

Net Position per Statement of Net Position - Proprietary Funds	$ 107,628,923
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	(2,433,987)
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	30,071
Net Position per Statement of Net Position	$ 105,225,007

CITY OF AZUSA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Water	Light	Other Enterprise Funds	Totals	Activities- Internal Service Funds
Operating Revenues:					
Sales and service charges	$ 20,317,053	$ 40,464,630	$ 6,145,592	$ 66,927,275	$ 10,846,101
Interdepartmental charges	336,923	1,911,972	-	2,248,895	-
Miscellaneous	11,228	75,652	11,291	98,171	50,195
Lease revenue	12,800	-	-	12,800	-
Total Operating Revenues	**20,678,004**	**42,452,254**	**6,156,883**	**69,287,141**	**10,896,296**
Operating Expenses:					
Administration and general	6,641,423	6,794,163	912,924	14,348,510	8,769,078
Source of supply	1,187,708	25,742,199	-	26,929,907	293,707
Pumping	70,336	-	-	70,336	-
Transmission/collection	1,651,988	3,750,031	-	5,402,019	-
Treatment	294,223	-	524,338	818,561	-
Refuse collection	-	-	3,342,897	3,342,897	-
Cost of sales and services	3,551,366	56,865	-	3,608,231	-
Claims expense	-	-	-	-	2,556,766
Depreciation expense	3,752,679	1,274,013	488,339	5,515,031	219,680
Total Operating Expenses	**17,149,723**	**37,617,271**	**5,268,498**	**60,035,492**	**11,839,231**
Operating Income (Loss)	3,528,281	4,834,983	888,385	9,251,649	(942,935)
Nonoperating Revenues (Expenses):					
Taxes	-	-	630,981	630,981	-
Interest revenue	228,799	265,634	25,070	519,503	5,921
Interest expense	(2,089,099)	(225,136)	(151,839)	(2,466,074)	-
Special franchise fees	(403,189)	(3,655,679)	(54,244)	(4,113,112)	-
Loss on disposal of capital assets	-	-	-	-	(8,487)
Gain on disposal of capital assets	-	-	-	-	455
Total Nonoperating Revenues (Expenses)	**(2,263,489)**	**(3,615,181)**	**449,968**	**(5,428,702)**	**(2,111)**
Income (Loss) Before Transfers	1,264,792	1,219,802	1,338,353	3,822,947	(945,046)
Transfers in	-	-	-	-	261,940
Transfers out	(352,186)	(136,762)	(866,935)	(1,355,883)	(428,790)
Changes in Net Position	912,606	1,083,040	471,418	2,467,064	(1,111,896)
Net Position:					
Beginning of Year, as previously reported	52,645,976	43,220,224	9,363,503	105,229,703	(3,647,865)
Restatements	(131,278)	(70,688)	134,122	(67,844)	-
Beginning of Fiscal Year, as restated	52,514,698	43,149,536	9,497,625	105,161,859	(3,647,865)
End of Fiscal Year	**$ 53,427,304**	**$ 44,232,576**	**$ 9,969,043**	**$ 107,628,923**	**$ (4,759,761)**

Reconciliation of Changes in Net Position to the Statement of Activities:

Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	$ 2,467,064
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	30,071
Changes in Net Position of Business-Type Activities per Statement of Activities	$ 2,497,135

CITY OF AZUSA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Water	Light	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from customers and users	$ 22,035,878	$ 41,308,875	$ 6,098,914	$ 69,443,667	$ 10,348,620
Cash received from/(paid to) interfund service provided	336,923	1,911,972	-	2,248,895	-
Cash paid to suppliers for goods and services	(6,637,658)	(31,867,606)	(3,847,652)	(42,352,916)	(2,103,654)
Cash paid to employees for services	(6,749,177)	(6,755,059)	(946,090)	(14,450,326)	(8,881,663)
Net Cash Provided by (Used in) Operating Activities	**8,985,966**	**4,598,182**	**1,305,172**	**14,889,320**	**(636,697)**
Cash Flows from Non-Capital Financing Activities:					
Cash transfers out	(352,186)	(136,762)	(866,935)	(1,355,883)	(428,790)
Cash transfers in	-	-	-	-	261,940
Repayment received from other funds	(1,769,622)	-	-	(1,769,622)	-
Repayment made to other funds	-	-	-	-	(34,216)
Net Cash Used in Non-Capital Financing Activities	**(2,121,808)**	**(136,762)**	**(866,935)**	**(3,125,505)**	**(201,066)**
Cash Flows from Capital and Related Financing Activities:					
Bond issuance proceeds	50,808,742	-	-	50,808,742	-
Payment to advanced refunding escrow agent	(53,930,138)	-	-	(53,930,138)	-
Acquisition and construction of capital assets	(187,403)	(628,481)	(89,218)	(905,102)	(175,844)
Principal paid on capital debt	(1,800,000)	(620,000)	(365,000)	(2,785,000)	-
Interest paid on capital debt	(3,133,118)	(237,138)	(156,833)	(3,527,089)	-
Special franchise fees paid	(403,189)	(3,655,679)	(54,244)	(4,113,112)	-
Cash due from advances	(17,387)		-	(17,387)	-
Repayment made for advances	-	25,000	-	25,000	-
Proceeds from sale of capital assets	-	-	630,981	630,981	8,866
Net Cash Provided by (Used in) Capital and Related Financing Activities	**(8,662,493)**	**(5,116,298)**	**(34,314)**	**(13,813,105)**	**(166,978)**
Cash Flows from Investing Activities:					
Issuance of new loans	-	-	(3,160)	(3,160)	(1,341)
Repayment received on loans	959	31,416	-	32,375	234
Interest received	226,881	280,172	24,154	531,207	6,236
Net Cash Provided by Investing Activities	**227,840**	**311,588**	**20,994**	**560,422**	**5,129**
Net Increase (Decrease) in Cash and Cash Equivalents	**(1,570,495)**	**(343,290)**	**424,917**	**(1,488,868)**	**(999,612)**
Cash and Cash Equivalents at Beginning of Year	29,068,564	23,572,322	4,644,670	57,285,556	4,412,297
Cash and Cash Equivalents at End of Year	**$ 27,498,069**	**$ 23,229,032**	**$ 5,069,587**	**$ 55,796,688**	**$ 3,412,685**
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	$ 3,528,281	$ 4,834,983	$ 888,385	$ 9,251,649	$ (942,935)
Adjustments to reconcile operating income (loss) net cash provided by (used in) operating activities:					
Depreciation	3,752,679	1,274,013	488,339	5,515,031	219,680
(Increase) decrease in accounts receivable	1,694,797	768,593	(57,969)	2,405,421	(527,657)
(Increase) decrease in inventories	-	(185,907)	-	(185,907)	-
(Increase) decrease in prepaid expense	(379)	735	-	356	(15,629)
(Increase) decrease in deferred pension related outflows	(90,694)	(103,607)	4,918	(189,383)	(167,827)
Increase (decrease) in accounts payable	353,990	(579,472)	11,268	(214,214)	(296,004)
Increase (decrease) in accrued liabilities	35,885	55,588	8,315	99,788	151,565
Increase (decrease) in deposits payable	(212,525)	(1,553,867)	-	(1,766,392)	-
Increase (decrease) in due to other governments	(23,123)	-	-	(23,123)	-
Increase (decrease) in claims and judgments	-	-	-	-	886,868
Increase (decrease) in compensated absences	(110,902)	5,136	(22,382)	(128,148)	(70,750)
Increase (decrease) in net pension liability	434,471	455,516	72,347	962,334	662,706
Increase (decrease) in deferred pension related inflows	(376,514)	(373,529)	(88,049)	(838,092)	(536,714)
Total Adjustments	**5,457,685**	**(236,801)**	**416,787**	**5,637,671**	**306,238**
Net Cash Provided by (Used in) Operating Activities	**$ 8,985,966**	**$ 4,598,182**	**$ 1,305,172**	**$ 14,889,320**	**$ (636,697)**
Non-Cash Investing, Capital, and Financing Activities:					
Amortization of premiums	$ (217,700)	$ (13,298)	$ -	$ (230,998)	$ 8,866
Amortization of deferred charge on refunding	558,012	18,563	-	576,575	-

CITY OF AZUSA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Agency Funds	Private-Purpose Trust Fund RDA Successor Agency Fund
Assets:		
Pooled cash and investments	$ 6,453,149	$ 4,881,822
Receivables:		
Accounts	269,249	-
Taxes	48,554	-
Notes and loans	-	1,151,482
Accrued interest	-	160
Advances to City	-	8,208,832
Land held for resale	-	27,605,917
Restricted assets:		
Cash and investments with fiscal agents	-	354,314
Capital assets:		
Capital assets, not being depreciated	-	410,420
Capital assets, net of accumulated depreciation	-	1,359,923
Total Assets	**$ 6,770,952**	**43,972,870**
Deferred Outflows of Resources:		
Deferred charge on refunding		3,237,236
Total Deferred Outflows of Resources		**$ 3,237,236**
Liabilities:		
Accounts payable	$ 248,063	101,411
Accrued liabilities	7,966	-
Accrued interest	-	1,031,212
Unearned revenues	-	20,000
Deposits payable	6,491,878	-
Due to other governments	23,045	-
Long-term liabilities:		
Due in one year	-	1,845,000
Due in more than one year	-	47,142,334
Due to City of Azusa	-	12,366,031
Total Liabilities	**$ 6,770,952**	**62,505,988**
Net Position:		
Held in trust for other purposes		(15,295,882)
Total Net Position		**$ (15,295,882)**

See Notes to Financial Statements

CITY OF AZUSA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2016

	Private-Purpose Trust Fund RDA Successor Agency Fund
Additions:	
Taxes	$ 3,843,267
Interest and change in fair value of investments	106,851
Gain on sale of capital assets	107,686
Total Additions	**4,057,804**
Deductions:	
Administrative expenses	20,324
Contractual services	173,307
Interest expense	3,345,820
Depreciation expense	129,151
Loss on sale of assets	968,181
Contributions to other governments	369,605
Total Deductions	**5,006,388**
Changes in Net Position	**(948,584)**
Net Position - Beginning of the Year	(14,232,029)
Restatement	(115,269)
Net Position - End of the Year	**$ (15,295,882)**

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

The financial statements of the City of Azusa, California (City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City of Azusa are described below:

a. Description of the Reporting Entity

The City of Azusa, the primary government, was incorporated on September 29, 1898, under the general laws of the State of California. It is governed under a Council-Manager form of government.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issued bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

All of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are reported with the interfund data of the City. The following organizations are considered to be component units of the City.

A description of these component units and the method of incorporating their financial information in the accompanying basic financial statements are summarized as follows:

Azusa Public Financing Authority

The Azusa Public Financing Authority was established to provide financing to the City of Azusa for specified projects. The governing board of the Authority is composed of the same individuals that serve as council members for the City of Azusa. Upon completion, separate financial statements of the Authority can be obtained at City Hall.

Azusa Industrial Development Authority

The Azusa Industrial Development Authority was established to promote industrial and commercial expansion and development within the City of Azusa. The governing board of the Authority is composed of the same individuals that serve as council members for the City of Azusa. Separate financial statements are not prepared for the Authority because it has no activity to report. The Authority is financially interdependent and provide financial benefit/burden to the City.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

b. 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 primary government and its component units. For the most part, 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 from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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, as are the proprietary fund and fiduciary fund financial statements, however agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental 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 City 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental fund:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- The Grants and Seizure Fund accounts for various federal, state, and local grants which the City receives.

The City reports the following major proprietary funds:

- The Water Fund accounts for the costs of labor and materials used in the maintenance, construction, and consumption of water services within the City's water service area.

- The Light Fund accounts for the costs of labor and materials used in the maintenance, construction and consumption of electric services throughout the City.

Additionally, the City reports the following fund types:

- Special Revenue Funds account for revenues which are restricted for specific purposes.

- Capital Projects Funds accounts for financial resources to be used for the acquisition or construction of major capital improvement as outlined in the City's Capital Improvement Program.

- Debt Service Funds account for the accumulation of resources and payment of long-term debt.

- The Agency Fund is used to account for assets held by the City as trustee or agent for individuals, private organizations and other governmental units.

- The Private Purpose Trust fund accounts for the assets and liabilities of the former Redevelopment Agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

- The Internal Service Funds are used to finance and account for activities involved in rendering services to departments within the City. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services rendered.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The City’s fiduciary funds consist of an Agency fund and Private Purpose Trust funds. Agency funds are custodial in nature, assets equal liabilities. The Private Purpose Trust funds accounts for the assets and liabilities of the Successor Agency of the former Redevelopment Agency, and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated. Both Agency Funds and Proprietary Funds are presented on the accrual basis of accounting.

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Cash and Investments

The City'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. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Proprietary Funds.

Investments for the City, as well as for its component units, are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area, including Library Services.

- Public Safety includes those activities which involve the protection of people and property.

- Community Development includes those activities which involve the enhancing of the general quality of life.

- Parks and Recreation includes those activities which involve community park maintenance and recreational activities within the community.

- Public Works includes those activities which involve the maintenance and improvement of City streets and roads.

- Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

Inventories, Prepaid Costs and Land Held for Resale

- All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory costs are recorded as an expense when used.

- Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

- Land purchased for resale is capitalized as inventory at acquisition costs or net realizable value, if lower.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by City resolution.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 (amount not rounded), and an estimated useful life in excess of two years. 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.

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired in the current year and retroactively reported prior year's acquisitions prior to fiscal years ended after June 30, 1980.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	20
Buildings and structure	30 - 50
Machinery and equipment	8 - 30
Automotive equipment	5 - 15
Infrastructure	30 - 65

Deferred outflows/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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred charge on refunding of long-term debt that is a result from the difference in the carrying value of refunded debt and its acquisition price. This has been presented in the Statements of Net Position. The second item is the deferred outflows relating to the net pension obligation reported in the government-wide statement of net position. These outflows are the results of

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

contributions made after the measurement period, which are expensed in the following year, and of adjustments due to difference in proportions and the difference between actual contributions made and the proportionate share of the risk pool's total contributions. These amounts are deferred and amortized over the expected average remaining service life time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. One arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from two sources: various taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second type of deferred inflow of resource relates to the net pension obligation reported in the government-wide statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments. This amount is deferred and amortized straight-line over a five year period.

Long-Term Obligations

In the government-wide financial statements, proprietary fund types fund financial statements, and private purpose trust fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, proprietary fund types statement of net position, or private purpose fund types statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are no longer reported as deferred charges and amortized over the term of the related debt. Debt issuance costs should be recognized in the period incurred. This was a change in accounting principle due to implementing GASB 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Bond issuance costs are expensed in the year incurred. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resource related to pensions, and pension expense, information about the fiduciary net position of the City of Azusa's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable Fund Balance

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. The “not spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long term amount of loans and notes receivable.

Restricted Fund Balance

The restricted fund balance classification includes amounts that reflect constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors (such as through bonded debt reserve funds required pursuant to debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, the City’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use by taking the same type of action, by resolution, employed to previously commit those amounts. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. City Council action to commit fund balance needs to occur within the fiscal reporting periods; however, the amount can be determined subsequently.

Assigned Fund Balance

The assigned fund balance classification includes amounts that are constrained by the City’s intent to be used for specific purposes, but that are neither restricted nor committed. The policy hereby delegates the authority to assign amounts to be used for specific purposes to the Administrative Services Director/Chief Financial Officer for the purpose of reporting.

Unassigned Fund Balance

These are residual positive net resources of the general fund in excess of what can properly be classified in one of the other four categories.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The City's current fund balance practice provides that restricted fund balance be spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used; committed amounts are to be spent first, followed by assigned amounts and then unassigned amounts.

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

e. Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement. Under GASB Statement No. 16, a liability is recorded for unused sick leave balances to the extent that it is probable that the unused balances will result in termination payments. Generally, vacation, sick leave and compensatory absences vest and are recorded as the obligation is incurred. If material, a proprietary fund liability is accrued for all earned but unused leave benefits relating to the operations of the proprietary funds. A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental fund employees that have terminated prior to year-end. These non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

f. Claims and Judgments

The City records a liability for litigation, judgments and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. Claims incurred but not reported are recorded as a liability when the liability has been incurred or an asset has been impaired and the amounts can be reasonably determined. This liability is recorded in the internal service fund that accounts for the City's self-insurance activities.

g. Cash Equivalents for Statement of Cash Flows

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of change in value because of changes in interest rates. Investments purchased within three months of original maturity are considered to be cash equivalents. Cash and cash equivalents in the accompanying statements include the proprietary funds' share of the cash and investment pool of the City of Azusa. Cash and cash equivalents for proprietary funds are reported in the accompanying financial statements as:

	Enterprise	Internal Service
Cash and investments	$ 38,981,711	$ 3,412,685
Restricted:		
Cash and investments	13	-
Cash with fiscal agent	6,603,340	-
Cash held for rate stabilization	10,211,624	-
Total	$ 55,796,688	$ 3,412,685

h. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes reconciliation between fund balance, governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term debt and compensated absences have not been included in the governmental fund activity." The detail of the ($16,218,661) long-term debt difference is as follows:

Long-term debt:	
Certificates of participation	$ (2,020,000)
Taxable pension bonds	(2,240,000)
T.R.I.P. installment sale	(3,570,000)
Deferred premium on bonds and COP (to be amortized over life of debt)	(179,828)
Successor Agency Loan	(8,208,833)
Net adjustment to reduce fund balance of total governmental funds to arrive at net position of governmental activities	$ (16,218,661)

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

i. Effect of New Accounting Standard

During the fiscal year ended June 30, 2016, the City implemented the following Governmental Accounting Standards Board (GASB) standards **GASB Statement No. 72** - *Fair Value Measurement and Application*. The changes resulting from this implementation are reflected in Note 3.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Budgetary Data

The City adopts an annual budget prepared on the modified accrual basis of accounting for the general, special revenue, debt service and capital projects funds and on the accrual basis of accounting for the proprietary funds of the City. According to Section 3.04.040 of the Azusa Municipal Code, the City Council is required to adopt the annual budget on or before the first Monday in July. The City is not legally required to report on the budget approved. Where appropriations exceed actual expenditures, the excess amounts lapse but can be re-appropriated in the subsequent year subject to City Council approval. The Highway 39, Rosedale Traffic Mitigation, Public Financing Authority, and the Capital Projects Fund did not present a budget comparison schedule.

According to Section 2-450 of the Azusa Municipal Code, budget amendments increasing the total budget of the City by $100,000 or more must be approved by City Council. Spending control (legal level of control) is established by the amount of expenditures budgeted at the department level. During the year, several supplementary appropriations were necessary. Individual amendments were not material in relation to the original appropriations.

Note 2: Stewardship, Compliance and Accountability (Continued)

b. Deficit Fund Balance

The following funds had a deficit fund balance as of June 30, 2016:

Nonmajor Funds:		
Governmental:		
LACMTA	$	27
Community Development Block Grant		22,517
Employee Benefits		12,414
Capital Projects		541
Fiduciary Funds:		
Private Purpose Trust Fund: Successor Agency of the Former Redevelopment Agency		15,295,882
Internal Service Funds:		
Consumer Services		2,403,896
Central Services		856,361
IT Services		1,945,302

These deficits will be funded through future years' revenues and transfers.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2016, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities:		
Cash and investments	$	19,142,506
Restricted		
Cash and investments		2,331,055
Cash with fiscal agents		4,069,768
Business-type activities:		
Cash and investments		40,277,638
Restricted		
Cash and investments		13
Cash with fiscal agents		6,603,340
Cash held for rate stabilization		10,211,624
Fiduciary Funds:		
Agency Funds:		
Cash and investments		6,453,149
Private-Purpose Trust:		
Cash and investments		4,881,822
Restricted		
Cash with fiscal agents		354,314
Total Cash and Investments	$	94,325,229

Note 3: Cash and Investments (Continued)

The City of Azusa maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

Deposits

At June 30, 2016, the carrying amount of the City's deposits was $9,309,443 and the bank balance was $10,021,882 . The $712,439 difference represents outstanding checks, deposits in transit and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Obligations (bills, notes and bonds)
- U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corporations
- Mutual Funds
- Commercial Paper
- Repurchase Agreements
- Certificates of Deposit
- Negotiable Certificates of Deposit
- Passbook Savings Accounts
- Medium Term Corporate Notes
- Bank Money Market Accounts
- Local Agency Investment Fund (State Pool)

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

Note 3: Cash and Investments (Continued)

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

Credit Risk

The City's investment policy limits investments in medium term notes (MTNs) to those rated A or higher by Standard and Poor's (S&P) or by Moody's. At June 30, 2016, the City's investments in Federal Agency securities consisted of investments with Federal Home Loan Bank and Federal Farm Credit Bank. At June 30, 2016, all Federal Agency Securities were rated AA+ by Standard & Poor's. All securities were investment grade and were legal under State and City law. As of June 30, 2016, the City's investments in external investment pools and money market mutual funds are unrated.

Custodial Credit Risk

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2016, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restriction on the percentage that the City can invest in certain types of investments. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value.

As of June 30, 2016, the City has investments of $11,007,350 (13%) with Federal Farm Credit Bank, $11,007,990 (13%) with Federal Home Loan Mortgage Corporation, and $8,006,530 (9%) with Federal Home Loan Bank. Investments guaranteed by the U.S. government, investments in mutual funds and external investment pools are excluded from this requirement.

Note 3: Cash and Investments (Continued)

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that no investment may have a maturity of more than five years without receiving prior City Council approval. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. Reserve funds associated with bond issues may have a maturity of more than five years. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2016, the City had the following investments and original maturities:

	Remaining Investment Maturities				
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	Fair Value
LAIF	$ 27,967,931	$ -	$ -	$ -	$ 27,967,931
Federal Farm Credit Bank	-	-	6,000,220	4,007,870	10,008,090
Federal Home Loan Bank	-	-	2,000,050	5,003,450	7,003,500
Federal Home Loan Mortgage Corp.	-	-	-	8,005,740	8,005,740
Federal National Mortgage Assoc.	-	-	1,000,170	-	1,000,170
Certificates of Deposit	-	100,333	493,410	4,708,865	5,302,608
Corporate Bonds	-	-	1,002,460	-	1,002,460
Money Market Mutual Funds	3,487,708	-	-	-	3,487,708
Cash with Fiscal Agents:					
Money Market Mutual Funds	14,471,694	-	-	-	14,471,694
Federal Farm Credit Bank	-	-	999,260	-	999,260
Federal Home Loan Bank	-	-	1,003,030	-	1,003,030
Federal Home Loan Mortgage Corp.	-	-	-	3,002,250	3,002,250
Certificates of Deposit	245,728	-	-	996,438	1,242,166
Repurchase Agreement	519,179	-	-	-	519,179
	$ 46,692,240	$ 100,333	$ 12,498,600	$ 25,724,613	$ 85,015,786

Note 3: Cash and Investments (Continued)

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

		Level		
Investments by fair value level	Totals	1	2	3
LAIF	$ 27,967,931	$ -	$ 27,967,931	$ -
Federal Farm Credit Bank	10,008,090	-	10,008,090	-
Federal Home Loan Bank	7,003,500	-	7,003,500	-
Federal Home Loan Mortgage Corp.	8,005,740	-	8,005,740	-
Federal National Mortgage Assoc.	1,000,170	-	1,000,170	-
Certificates of Deposit	5,302,608	-	5,302,608	-
Corporate Bonds	1,002,460	-	1,002,460	-
Cash with Fiscal Agents:				
Federal Farm Credit Bank	999,260	-	999,260	-
Federal Home Loan Bank	1,003,030	-	1,003,030	-
Federal Home Loan Mortgage Corp	3,002,250	-	3,002,250	-
Certificates of Deposit	1,242,166	-	1,242,166	-
Totals	$ 66,537,205	$ -	$ 65,295,039	$ -

Investments measured at amortized cost	
Money Market Mutual Funds	$ 3,487,708
Cash with Fiscal Agents:	
Repurchase Agreement	519,179
Money Market Mutual Funds	14,471,694
Totals	18,478,581
Total Investments	$ 85,015,786

Local Agency Investment Funds, U.S. Agency Securities, Certificates of Deposit, Corporate Bonds classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes or specified fair market value factors.

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Adjusted Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	$ 1,319,536	$ -	$ 500,000	$ -	$ 1,819,536
Construction-in-progress	1,765,933	(5,625,019)	5,587,743	-	1,728,657
Total Capital Assets Not Being Depreciated	2,652,839	(5,625,019)	6,087,743	-	3,548,193
Capital Assets, Being Depreciated:					
Land improvements	4,423,252	-	-	-	4,423,252
Buildings and structures	12,716,411	180,118	-	-	12,896,529
Machinery and equipment	8,405,474	-	31,263	-	8,436,737
Automotive equipment	3,378,064	-	101,190	(272,469)	3,206,785
Infrastructure	49,433,442	5,444,901	267,833	-	55,146,176
Total Capital Assets Being Depreciated	78,356,643	5,625,019	400,286	(272,469)	84,109,479
Less Accumulated Depreciation:					
Land improvements	3,096,214	-	122,762	-	3,218,976
Buildings and structures	5,919,766	-	302,102	-	6,221,868
Machinery and equipment	6,987,075	-	269,851	-	7,256,926
Automotive equipment	2,686,928	-	187,067	(252,405)	2,621,590
Infrastructure	32,407,244	-	760,425	-	33,167,669
Total Accumulated Depreciation	51,097,227	-	1,642,207	(252,405)	52,487,029
Total Capital Assets Being Depreciated, Net	27,259,416	5,625,019	(1,241,921)	(20,064)	31,622,450
Governmental Activities Capital Assets, Net	$ 29,912,255	$ -	$ 4,845,822	$ (20,064)	$ 35,170,643

Note 4: Capital Assets (Continued)

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	$ 2,988,973	$ -	$ -	$ -	$ 2,988,973
Construction-In-Progress	825,486	(1,179,570)	373,415	-	19,331
Total Capital Assets Not Being Depreciated	3,814,459	(1,179,570)	373,415	-	3,008,304
Capital Assets, Being Depreciated:					
Land improvements	1,212,318	-	-	-	1,212,318
Building and structures	22,635,772	-	-	-	22,635,772
Machinery and equipment	13,629,255	-	118,672	-	13,747,927
Automotive equipment	3,754,324	-	148,926	(23,738)	3,879,512
Infrastructure	156,436,155	1,179,570	362,728	-	157,978,453
Total Capital Assets Being Depreciated	197,667,824	1,179,570	630,326	(23,738)	199,453,982
Less Accumulated Depreciation:					
Land improvements	791,701	-	38,572	-	830,273
Building and structures	9,730,139	-	495,198	-	10,225,337
Machinery and equipment	10,676,934	-	469,793	-	11,146,727
Automotive equipment	3,464,255	-	106,348	(23,738)	3,546,865
Infrastructure	53,068,547	-	4,514,950	-	57,583,497
Total Accumulated Depreciation	77,731,576	-	5,624,861	(23,738)	83,332,699
Total Capital Assets Being Depreciated, Net	119,936,248	1,179,570	(4,994,535)	-	116,121,283
Business-Type Activities Capital Assets, Net	$ 123,750,707	$ -	$ (4,621,120)	$ -	$ 119,129,587

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	$ 100,625
Public safety	111,942
Community development	15,969
Parks and recreation	276,911
Public works	1,026,910
Internal service funds	109,850
Total	$ 1,642,207
Business-Type Activities:	
Water	$ 3,752,679
Light	1,274,013
Sewer/Wastewater	488,339
Internal service funds	109,830
Total	$ 5,624,861

Note 5: Long-Term Debt

a. Long-Term Debt – Governmental Activities

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2016:

	Beginning at July 1, 2015	Addition	Deletion	Ending June 30, 2016	Due within one year
City					
Compensated Absences	$ 3,519,636	$ 2,510,670	$ 2,425,923	$ 3,604,383	$ 2,484,335
Net OPEB Liability	12,287,102	3,127,288	662,395	14,751,995	-
Advance to the Successor Agency	8,208,833	-	-	8,208,833	-
2008 Taxable pension funding bonds	3,205,000	-	965,000	2,240,000	1,065,000
2016 TRIP Installment Sale	-	3,570,000	-	3,570,000	80,000
	27,220,571	9,207,958	4,053,318	32,375,211	3,629,335
Public Financing Authority					
2003 Certificates of Participation	2,285,000	-	265,000	2,020,000	275,000
Internal Service Funds:					
Compensated Absences	185,290	259,334	270,713	173,911	172,900
Claims and Judgments payable	1,430,273	2,890,352	2,003,484	2,317,141	2,317,141
Total Internal Service	1,615,563	3,149,686	2,274,197	2,491,052	2,490,041
Unamortized Premiums/Discounts					
Premiums	46,079	168,899	25,823	189,155	-
Discounts	(11,457)	-	(2,130)	(9,327)	-
Total Premiums/ Discounts	34,622	168,899	23,693	179,828	-
Total Governmental Long-term Debt	$ 31,155,756	$ 12,526,543	$ 6,616,208	$ 37,066,091	$ 6,394,376

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the notes to financial statements. For the governmental activities, the liability will be paid in future years by the General Fund.

Net OPEB Liability

The City's policies relating to OPEB are described in Note 7 of the notes to financial statements. For governmental activities, the liability will be paid in future years by the General Fund.

Advance from the Successor Agency

In 2011, the City called repayment of the advances made to the former Redevelopment Agency. The former Redevelopment Agency approved in March 2011 to transfer property to the City as repayment of the loans. The property was transferred at cost, which exceeded the loan agreement balance; therefore, an advance to the Successor Agency was created in the amount of $8,032,773. In FY 2012 the advanced increased by the Price Club triple flip sales tax allocation owed to the Successor Agency in the amount of $176,060. Outstanding balance at June 30, 2016, is $8,208,833.

Note 5: Long-Term Debt (Continued)

2008 Taxable Pension Funding Bonds

In December 2008, the City issued $7,215,000 pension funding bonds to fund the City's actuarial accrued liability with respect to its public safety plan. The bonds bear interest at 6.50% and the principal matures in amounts ranging from $480,000 to $1,175,000 on January 1 each year from 2010 through 2018. The annual principal requirements to amortize the 2008 Pension Funding Bonds outstanding as of June 30, 2016, are as follows:

	Taxable Pension Funding Bonds Series 2008	
	Principal	Interest
2017	$ 1,065,000	$ 145,600
2018	1,175,000	76,375
Total	$ 2,240,000	$ 221,975

2016 Local Measure R Sales Tax Revenue (Installment Sale) Certificates of Participation

On March 17, 2016, California Communities issued Local Measure R Sales Tax Revenue (Installment Sale) Certificates of Participation (T.R.I.P. – Total Road Improvement Program) in the amount of $6,355,000 to the City of San Fernando ($2,785,000) and the City of Azusa ($3,570,000). The proceeds will be used to pay the costs of acquisition and construction of the Project and to pay the incidental costs and expenses related thereto as provided in the Trust Agreement. The certificates of participation mature in annual installments beginning on June 1, 2017 through June 1, 2039, in amounts ranging from $80,000 to $220,000. Interest ranges from 2.000% to 5.000% and is payable semi-annually on June 1 and December 1. The outstanding principal balance at June 30, 2016, was $3,570,000.

The annual requirements to amortize the outstanding certificates of participation as of June 30, 2016, including interest, are as follows:

	Taxable Pension Funding Bonds Series 2008	
	Principal	Interest
2017	$ 80,000	$ 147,460
2018	105,000	124,494
2019	105,000	121,344
2020	110,000	118,194
2021	115,000	113,794
2022-2026	650,000	492,019
2027-2031	810,000	335,219
2032-2036	950,000	194,750
2037-2039	645,000	42,250
Total	$ 3,570,000	$ 1,689,524

Note 5: Long-Term Debt (Continued)

2003 Certificates of Participation

On August 7, 2003, the Azusa Public Financing Authority issued the 2003 Lease Revenue Refunding Certificates of Participation in the amount of $4,825,000 to refund the outstanding balance of the 1994 Certificates of Participation. The bonds are subject to optional and mandatory redemption prior to maturity and are payable from certain revenue consisting of certain base rental payments with respect to the lease agreement between the City and the Authority.

Debt covenants require that the Authority maintain a reserve account equal to the maximum annual debt service on all outstanding certificates. As of June 30, 2015, the reserve requirement of $482,500 was fully funded.

The certificates maturing from 2004 to 2020 are serial certificates payable in annual installments ranging from $200,000 to $845,000. Interest is payable semi-annually on each August 1 and February 1, commencing August 1, 2004, at rates ranging from 2.00% to 4.40% per annum. The outstanding principal balance as of June 30, 2016, was $2,020,000.

The annual requirements to repay the outstanding indebtedness at June 30, including interest, are shown in the schedule below:

	2003 Certificates of Participation	
	Principal	Interest
2017	$ 275,000	$ 80,968
2018	285,000	69,590
2019	300,000	57,337
2020	315,000	44,071
2021	845,000	18,590
Total	$ 2,020,000	$ 270,556

Note 5: Long-Term Debt (Continued)

b. Long-Term Debt – Business-Type Activities

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	Beginning at July 1, 2015	Defeased	Addition	Deletion	Ending June 30, 2016	Due within one year
Water Fund:						
Compensated Absences	$ 472,354	$ -	$ 348,640	$ 459,542	$ 361,452	$ 351,648
2006 Water Revenue Bonds	52,270,000	51,180,000	-	1,090,000	-	-
2012 Water Refunding Bonds, Series A	7,355,000	-	-	710,000	6,645,000	735,000
2015 Water System Refunding Bonds	-	-	47,740,000	-	47,740,000	1,150,000
Total Water Fund	60,097,354	51,180,000	48,088,640	2,259,542	54,746,452	2,236,648
Light Fund:						
Compensated Absences	534,939	-	326,933	321,797	540,075	324,887
2003 Certificates of participation, Series B and C	1,400,000	-	-	620,000	780,000	650,000
2012 Electric Refunding Bonds, Series B	5,820,000	-	-	-	5,820,000	-
Total Light Fund	7,754,939	-	326,933	941,797	7,140,075	974,887
Sewer/Wastewater Fund:						
Compensated Absences	78,509	-	41,403	63,785	56,127	56,127
2011 Sewer Installment, Series A	1,065,000	-	-	165,000	900,000	170,000
2011 Sewer Installment, Series B	3,665,000	-	-	200,000	3,465,000	205,000
Total Sewer/Wastewater Fund	4,808,509	-	41,403	428,785	4,421,127	431,127
Internal Service Funds:						
Compensated Absences	283,991	-	204,926	264,297	224,620	209,043
Total Internal Service	283,991	-	204,926	264,297	224,620	209,043
Total Business-Type Funds	$ 72,944,793	$ 51,180,000	$ 48,661,902	$ 3,894,421	66,532,274	$ 3,851,705
				Unamortized bond premiums	3,836,045	
					$ 70,368,319	

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the notes to financial statements. For the business-type activities, the liability will be paid in future years by the proprietary funds and the Consumer Services internal service funds.

Note 5: Long-Term Debt (Continued)

2006 Water Revenue Bonds

On December 13, 2006, the Azusa Public Financing Authority, a component unit of the City of Azusa, issued $54,850,000 of 2006 Water Revenue Bonds. The proceeds were primarily used to finance certain improvements to the municipal water system of the City of Azusa. The bonds were payable from pledged revenues comprising primarily of installment payments received by the Authority from the City. Serial bonds were to mature in annual installments beginning on July 1, 2009 through July 1, 2017, in amounts ranging from $200,000 to $1,200,000. Interest ranged from 4.000% to 5.000% and was payable semi-annually on July 1 and January 1. Term bonds were to mature in various years ranging from July 1, 2019 through July 1, 2039, with amounts ranging from $2,595,000 to $13,230,000 and interest ranges from 3.920% to 4.380%. The bonds were fully refunded in the current year with the issuance of the 2015 Water System Revenue Refunding Bonds.

2012 Water Refunding Revenue Bonds

On May 23, 2012, the City issued $8,715,000 of 2012 Water System Refunding Revenue Bonds, Series A. The proceeds were primarily used to advance refund all of the City's obligations in connection with the Financing Authority for Resource Efficiency of California Certificates of Participation, 2003 Series A, which was issued for capital improvements. The bonds are payable solely from the Water net revenues, and the City is not obligated to pay them except from the applicable Water net revenues. Serial bonds mature in annual installments beginning on July 1, 2013 through July 1, 2023, in amounts ranging from $310,000 to $955,000. Interest ranges from 2.000% to 5.000% and is payable semi-annually on July 1 and January 1.

The annual requirements to amortize the outstanding bonds as of June 30, 2016, including interest are as follows:

	2012 Water Refunding Revenue Bonds, Series A	
	Principal	Interest
2017	$ 735,000	$ 260,925
2018	755,000	238,575
2019	780,000	211,650
2020	810,000	182,975
2021	835,000	153,200
2022-2024	2,730,000	209,250
Totals	$ 6,645,000	$ 1,256,575

2015 Water System Refunding Revenue Bonds

On July 23, 2015, the City issued $47,740,000 of 2015 Water System Refunding Revenue Bonds. The proceeds were used to refinance all of the City's obligations in connection with the Azusa Public Financing Authority Parity Revenue Bonds (Water System Capital Improvements Program) Series 2006, and pay costs of issuance incurred in connection with the issuance of the 2015 Bonds. The bonds are payable solely from the Water net revenues, and the City is not obligated to pay them except from the applicable Water net revenues. The refunding resulted in a difference between the

Note 5: Long-Term Debt (Continued)

reacquisition price and the net carrying amount of the old debt of $625,426, which is reported as a deferred outflow of resources in the accompanying financial statements and amortized over the remaining life of the refunded debt. The City completed the refunding to reduce its total debt service payments by $3,440,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $14,486,840. Serial bonds mature in annual installments beginning on July 1, 2016 through July 1, 2039, in amounts ranging from $1,150,000 to $3,035,000. Interest ranges from 3.000% to 5.000% and is payable semi-annually on July 1 and January 1.

The annual requirements to amortize the outstanding bonds as of June 30, 2016, including interest are as follows:

	2015 Water System Refunding Revenue Bonds	
	Principal	Interest
2017	$ 1,150,000	$ 1,949,338
2018	1,185,000	1,908,388
2019	1,245,000	1,853,563
2020	1,310,000	1,789,688
2021	1,375,000	1,722,563
2022-2026	8,010,000	7,479,688
2027-2031	9,960,000	5,523,538
2032-2036	12,055,000	3,426,669
2037-2040	11,450,000	938,600
Totals	$ 47,740,000	$ 26,592,035

Electric Certificates of Participation, 2003 Series C

On December 18, 2003, the Financing Authority for Resource Efficiency of California (FARECal) issued $6,525,000 of Certificates of Participation, 2003 Series C to finance the acquisition, construction, and installation of certain facilities to interconnect the electric system of Southern California Edison Company to the Kirkwall Substation, and together with the Series B Electric Project, to fund a reserve account for the Series C Electric Certificates and to pay costs associated with the execution and delivery of the Series C Electric Certificates. There are no Series A Electric Certificates.

Debt covenants require that the City maintain a reserve account equal to the maximum annual debt service on all outstanding certificates. As of June 30, 2016, the reserve requirement of $652,500 was fully funded.

The Series C Electric Certificates maturing 2004 to 2023 are serial certificates payable in annual installments of $565,000 to $915,000. Interest is payable semi-annually on each July 1 and January 1 of each year, commencing January 1, 2004, at rates ranging from 1.46% to 5.57% per annum. The outstanding principal balance at June 30, 2016, was $780,000.

Note 5: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding certificates of participation as of June 30, 2016, including interest, are as follows:

	Electric - Certificates of Participation, Series C	
	Principal	Interest
2017	$ 650,000	$ 25,344
2018	130,000	3,621
Totals	$ 780,000	$ 28,965

2012 Electric Refunding Revenue Bonds

On May 23, 2012, the City issued $5,820,000 of 2012 Electric System Refunding Revenue Bonds, Series B. The proceeds were primarily used to advance refund all of the City's obligations in connection with the Financing Authority for Resource Efficiency of California Certificates of Participation, Series B. The bonds are payable solely from the Electric net revenues, and the City is not obligated to pay them except from the applicable Electric net revenues. Serial bonds mature in annual installments beginning on July 1, 2017 through July 1, 2023, in amounts ranging from $650,000 to $930,000. Interest ranges from 2.000% to 5.000% and is payable semi-annually on July 1 and January 1.

Debt covenants require that the City maintain a reserve account equal $582,000. As of June 30, 2016, the reserve requirement was fully funded.

The annual requirements to amortize the outstanding bonds as of June 30, 2016, including interest are as follows:

	2012 Electric Refunding Revenue Bonds, Series B	
	Principal	Interest
2017	$ -	$ 175,569
2018	650,000	169,069
2019	795,000	150,644
2020	820,000	126,419
2021	845,000	99,331
2022-2024	2,710,000	124,091
Totals	$ 5,820,000	$ 845,123

2011 Sewer Installment Agreement Series A and B

On November 29, 2011, the City of Azusa entered into an installment Sale Agreement with Capitol One Public Funding, LLC totaling $5,630,000. The proceeds were used to defease the 1994 Sewer System Certificates of Participation, which was used for improvements on the sewer system. The agreement specified the installments consisted of $1,490,000 of Series A installments and $4,140,000 of Series B installments.

The Series A installments have annual principal payments beginning on August 1, 2012 through August 1, 2020 ranging from $105,000 to $190,000. Interest rates on the Series A installments are 2.900%.

Note 5: Long-Term Debt (Continued)

The Series B installments have annual principal payments beginning on August 1, 2012 through August 1, 2025 ranging from $120,000 to $505,000. Interest rates on the Series B installments are 3.600%.

The annual requirements to amortize the outstanding installment agreements as of June 30, 2016, including interest are as follows:

	2011 Sewer Installment Series A		2011 Sewer Installment Series B	
	Principal	Interest	Principal	Interest
2017	$ 170,000	$ 23,635	$ 205,000	$ 121,050
2018	175,000	18,633	210,000	113,580
2019	180,000	13,485	220,000	105,840
2020	185,000	8,193	230,000	97,740
2021	190,000	2,755	235,000	89,370
2022-2026	-	-	2,365,000	218,790
Totals	$ 900,000	$ 66,701	$ 3,465,000	$ 746,370

Note 6: Pension Plans

The City of Azusa contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan for the miscellaneous plan and a cost sharing multiple-employer public employee defined benefit pension plan for the safety plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Additionally, the City of Azusa contributes to the Public Agency Retirement System (PARS), a defined contribution pension plan provided and administered by the Public Agency Retirement System Alternate Retirement System Plan and also contributes to the PARS Retirement Enhancement Plan.

The different plans’ provisions, descriptions and benefits are described below.

a. Miscellaneous Agent and Safety Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

Plan Description

The City of Azusa contributes to the California Public Employees Retirement System (PERS); to both a miscellaneous agent multiple-employer and safety cost-sharing multiple employer defined benefit pension plans. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS’ annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

Note 6: Pension Plans (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible for non-duty disability benefits after 10 statutorily reduced benefits.

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous agent plans	
	Miscellaneous Classic	Miscellaneous PEPRA
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	2% - 2.5%, 50 yrs - 55+ yrs, respectively	1% - 2%, 50 yrs - 62 yrs, respectively
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	16.076%	16.076%

	Safety cost-sharing plans		
	Safety Classic	Safety Tier 2	Safety PEPRA
Hire date	Prior to October 15, 2012	Between October 15, 2012 through December 31, 2012	January 1, 2013 and after
Benefit formula	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.00%	2%	1% - 2.7%, 50 yrs - 57 yrs, respectively
Required employee contribution rates	9.00%	9.00%	12.25%
Required employer contribution rates	22.598%	20.380%	11.923%

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for the Miscellaneous Plans:

	Miscellaneous Plans
Inactive employees or beneficiaries currently receiving benefits	260
Inactive employees entitled to but not yet receiving benefits	291
Active employees	231
	782

Note 6: Pension Plans (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions recognized as a reduction to the net pension liability was $2,461,163 and $2,475,434 for the miscellaneous and safety plans, respectively.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Note 6: Pension Plans (Continued)

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Note 6: Pension Plans (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period
(2) An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Net Pension and Liability and Changes in Net Pension Liability

As of June 30, 2016, the City reported net pension liabilities of each as follows:

	Net Pension Liability	
Miscellaneous agent	$	25,353,119
Safety cost-sharing proportionate share		22,831,275
Total Net Pension Liability:	$	48,184,394

Note 6: Pension Plans (Continued)

For the Safety proportionate share of the net pension liability, it is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Safety plans as of June 30, 2014 and June 30, 2015 is as follows:

	Safety Classic	Safety Tier 2	PEPRA Safety Police	Total Plans
Proportion - June 30, 2014	0.42717%	0.00000%	0.00000%	0.42717%
Proportion - June 30, 2015	0.55412%	0.00000%	0.00000%	0.55412%
Change - Increase (Decrease)	0.12695%	0.00000%	0.00000%	0.12695%

The following table shows the changes in net pension liability recognized over the measurement period for the miscellaneous agent multiple-employer plan.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2014 (Valuation Date) (1)	$ 122,865,843	$ 100,148,377	$ 22,717,466
Changes Recognized for the Measurement Period:			
Service Cost	2,302,623	-	2,302,623
Interest on the Total Pension Liability	8,989,759	-	8,989,759
Difference between Expected and Actual Experience	(1,723,872)	-	(1,723,872)
Difference between Expected and Actual Earnings	-	(5,333,154)	5,333,154
Changes of Assumptions	(2,292,502)	-	(2,292,502)
Plan to Plan Resource Management	-	(145)	145
Contribution from the Employer	-	1,522,405	(1,522,405)
Contributions from Employees	-	1,032,337	(1,032,337)
Net Investment Income (2)	-	7,531,325	(7,531,325)
Benefit Payments including Refunds of Employee Contributions	(4,975,226)	(4,975,226)	-
Administration expense	-	(112,413)	112,413
Net Changes During 2014-15	2,300,782	(334,871)	2,635,653
Balance at: 6/30/2015 (Measurement Date) (1)	$ 125,166,625	$ 99,813,506	$ 25,353,119

Note: Contributions from the Employer (City) has been adjusted from the GASB 68 report to reflect the actual contributions for the year ended June 30, 2015.

(1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.
(2) Net of administrative expenses.

Note 6: Pension Plans (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plans as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% 6.65%	Current Rate - 1% 7.65%	Discount Rate + 1% 8.65%
Miscellaneous Plans	$ 42,832,856	$ 25,353,119	$ 19,865,170
Safety Plans	37,603,392	22,831,275	10,718,410

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2014-15 measurement period is 3.8 years for safety cost-sharing and 3.1 for miscellaneous agent, which was obtained by dividing the total service years of 467,023 safety and 2,425 miscellaneous (the sum of remaining service lifetimes of the active employees) by 122,410 safety and 781 miscellaneous (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Note 6: Pension Plans (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of $912,437 and $2,256,614 for the miscellaneous and safety plans, respectively. As of June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Agent Multiple-Employer	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,381,498	$ -
Change in Assumptions	-	1,552,985
Difference between Projected and Actual Experience	-	1,167,784
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	833,079
Total Miscellaneous	$ 2,381,498	$ 3,553,848

Safety Cost-Sharing Multiple-Employer	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,408,176	$ -
Change in Assumptions	-	1,253,696
Difference between Projected and Actual Experience	-	272,580
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	635,381
Adjustment due to Difference in Proportions	334,308	-
Adjustment due to Difference in Proportions contribution	-	315,936
Total Safety	$ 2,742,484	$ 2,477,593

Total Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,789,674	$ -
Change in Assumptions	-	2,806,681
Difference between Projected and Actual Experience	-	1,440,364
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	1,468,460
Adjustment due to Difference in Proportions	334,308	-
Adjustment due to Difference in Proportions contribution	-	315,936
Total Safety	$ 5,123,982	$ 6,031,441

Note 6: Pension Plans (Continued)

$4,789,674 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period ended June 30:		Deferred Outflows/(Inflows) of Resources
2016	$	(2,922,749)
2017		(2,931,940)
2018		(1,689,046)
2019		1,846,602

b. Defined Contribution Pension Plan

The City of Azusa contributes to the PARS, a defined contribution pension plan provided and administered by the Public Agency Retirement System Alternate Retirement System Plan. Employees of the City not otherwise eligible to participate in PERS or eligible to opt not to participate in PERS, are eligible for participation in this plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Federal legislation requires contribution of at least 7.5% to a retirement plan. The plan is established by City ordinance. For the year ended June 30, 2016, the covered payroll for employees in the plan was $672,064. Total payroll for the City was $29,322,573. Under an adoption agreement dated January 1, 1992, both the employer and the employee are required to contribute 3.75% of each participant's compensation. For the year ended June 30, 2016, the employer and the employees each contributed an amount equal to $50,405. Under this plan, normal retirement age is 60 years of age. Plan assets are primarily invested in money market funds.

c. Retirement Enhancement Plan

The City of Azusa also contributes to the PARS Retirement Enhancement Plan. The plan provides pension benefits to 116 eligible covered positions in International Brotherhood of Electrical Workers (IBEW), Service Employees International Union Local 721 (SEIU), Azusa Middle Management Association (AMMA), and Executive Management. The plans are administered by Phase II Systems, PARS Trust Administration. PARS is a 401(a) tax-qualified single-employer benefit plan made up of California governmental agencies. Under adopted agreements approved in July and August 2007, both the employer and the employee are required to contribute the following contributions for each participant's compensation:

Note 6: Pension Plans (Continued)

Covered Positions	Employer Contribution	Employee Contribution
IBEW	5.44%	2.00%
SEIU	3.72%	4.00%
AMMA	9.97%	2.50%
Executive Management	14.00%	0.00%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined by an independent pension actuary using information furnished by the City and by PARS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the employer's contribution rate is 17.04% of annual payroll, and no contributions were made by the employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the City to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the year ended June 30, 2016, the contributions recognized as a reduction to the net pension liability was $509,240.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	3.00%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Cost of Living Adjustments	2.00%
Mortality	Consistent with non-industrial rates used to value the Miscellaneous CalPERS Pension Plan
Retirement	Retirement rates of 20% per year for ages 55 to 69 and 100% at ages 70 and up
Maximum Benefits and Salary	Final compensation is subject to IRC 401(a)(17) limitations
Beneficiaries	85% of participants are assumed to have an eligible spouse or domestic partner. Beneficiaries are assumed to be the same age as participant.

Note 6: Pension Plans (Continued)

Discount Rate

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per actuarial investment consulting practice as of January 1, 2015.

The following assumptions detail out long-term expected rate of return for each PARS benefit plan:

SEIU Bargaining Unit

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	BofA Merril Lynch 90-Day T-Bills	4.07%	0.42%	0.41%
Core Fixed Income	Barclays Aggregate	38.64%	2.12%	1.99%
Broad US Equities	Russell 3000	43.90%	5.12%	3.81%
Developed Foreign Equities	MSCI EAFE	10.03%	5.85%	4.20%
Emerging Market Equities	MSCI Emerging Markets	3.36%	8.07%	4.79%
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.89%	1.89%
Portfolio Real Mean Return			3.94%	3.45%
Portfolio Nominal Mean Return			6.26%	5.83%
Portfolio Standard Deviation				9.73%
Long-Term Expected Rate of Return				**7.00%**

Note 6: Pension Plans (Continued)

AMMA Bargaining Unit

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	BofA Merril Lynch 90-Day T-Bills	4.30%	0.42%	0.41%
Core Fixed Income	Barclays Aggregate	38.55%	2.12%	1.99%
Broad US Equities	Russell 3000	43.79%	5.12%	3.81%
Developed Foreign Equities	MSCI EAFE	10.01%	5.85%	4.20%
Emerging Market Equities	MSCI Emerging Markets	3.35%	8.07%	4.79%
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.89%	1.89%
Portfolio Real Mean Return			3.94%	3.45%
Portfolio Nominal Mean Return			6.25%	5.83%
Portfolio Standard Deviation				9.71%
Long-Term Expected Rate of Return				**7.00%**

Executive/Contract Bargaining Group

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	BofA Merril Lynch 90-Day T-Bills	4.24%	0.42%	0.41%
Core Fixed Income	Barclays Aggregate	38.54%	2.12%	1.99%
Broad US Equities	Russell 3000	43.82%	5.12%	3.81%
Developed Foreign Equities	MSCI EAFE	10.01%	5.85%	4.20%
Emerging Market Equities	MSCI Emerging Markets	3.36%	8.07%	4.79%
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.89%	1.89%
Portfolio Real Mean Return			3.94%	3.45%
Portfolio Nominal Mean Return			6.26%	5.83%
Portfolio Standard Deviation				9.71%
Long-Term Expected Rate of Return				**7.00%**

Note 6: Pension Plans (Continued)

IBEW Employees

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	BofA Merril Lynch 90-Day T-Bills	4.07%	0.42%	41.00%
Core Fixed Income	Barclays Aggregate	38.64%	2.12%	1.99%
Broad US Equities	Russell 3000	43.90%	5.12%	3.81%
Developed Foreign Equities	MSCI EAFE	10.03%	5.85%	4.20%
Emerging Market Equities	MSCI Emerging Markets	3.36%	8.07%	4.79%
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.89%	1.89%
Portfolio Real Mean Return			3.94%	3.45%
Portfolio Nominal Mean Return			6.26%	5.83%
Portfolio Standard Deviation				9.73%
Long-Term Expected Rate of Return				**7.00%**

A blended discount rate is generally required to be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate will often require that the actuary perform complex projects of future benefit payments and asset values. Alternative evaluations of projected solvency are allowed, if such evaluation can reliably be made.

The following tables show the changes in net pension liability recognized over the measurement period for all the PARS plans.

SEIU Bargaining Group	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance as of June 30, 2015	$ 485,467	$ 290,289	$ 195,178
Changes for the year:			
Service Cost	15,670	-	15,670
Interest on the Total Pension Liability	37,853	-	37,853
Effect of Economic/Demographic Gains or Losses	38,614	-	38,614
Effect of Assumptions Changes or Inputs	9,089	-	9,089
Benefit Payments	(16,451)	(16,451)	-
Employer Contributions	-	24,410	(24,410)
Member Contributions	-	26,100	(26,100)
Net Investment Income	-	(863)	863
Administrative Expenses	-	(5,041)	5,041
Balance as of June 30, 2016	$ 570,242	$ 318,444	$ 251,798

Note 6: Pension Plans (Continued)

AMMA Bargaining Group	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance as of June 30, 2015	$ 3,124,728	$ 1,907,880	$ 1,216,848
Changes for the year:			
Service Cost	88,388	-	88,388
Interest on the Total Pension Liability	216,255	-	216,255
Effect of Economic/Demographic Gains or Losses	(221,832)	-	(221,832)
Effect of Assumptions Changes or Inputs	131,142	-	131,142
Benefit Payments	(67,291)	(67,291)	-
Employer Contributions	-	172,625	(172,625)
Member Contributions	-	43,558	(43,558)
Net Investment Income	-	(6,961)	6,961
Administrative Expenses	-	(11,509)	11,509
Balance as of June 30, 2016	$ 3,271,390	$ 2,038,302	$ 1,233,088

Executive Bargaining Group	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance as of June 30, 2015	$ 2,630,889	$ 995,366	$ 1,635,523
Changes for the year:			
Service Cost	-	-	-
Interest on the Total Pension Liability	201,357	-	201,357
Effect of Economic/Demographic Gains or Losses	201,732	-	201,732
Effect of Assumptions Changes or Inputs	106,795	-	106,795
Benefit Payments	(127,936)	(127,936)	-
Employer Contributions	-	97,284	(97,284)
Net Investment Income	-	(5,857)	5,857
Administrative Expenses	-	(8,348)	8,348
Balance as of June 30, 2016	$ 3,012,837	$ 950,509	$ 2,062,328

IBEW Employees	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance as of June 30, 2015	$ 2,996,414	$ 1,674,744	$ 1,321,670
Changes for the year:			
Service Cost	100,474	-	100,474
Interest on the Total Pension Liability	210,235	-	210,235
Effect of Economic/Demographic Gains or Losses	(61,026)	-	(61,026)
Effect of Assumptions Changes or Inputs	28,545	-	28,545
Benefit Payments	(124,197)	(124,197)	-
Employer Contributions	-	214,921	(214,921)
Member Contributions	-	79,015	(79,015)
Net Investment Income	-	(4,679)	4,679
Administrative Expenses	-	(10,938)	10,938
Balance as of June 30, 2016	$ 3,150,445	$ 1,828,866	$ 1,321,579

Note 6: Pension Plans (Continued)

TOTAL PARS PLANS	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance as of June 30, 2015	$ 9,237,498	$ 4,868,279	$ 4,369,219
Changes for the year:			
Service Cost	204,532	-	204,532
Interest on the Total Pension Liability	665,700	-	665,700
Effect of Economic/Demographic Gains or Losses	(42,512)	-	(42,512)
Effect of Assumptions Changes or Inputs	275,571	-	275,571
Benefit Payments	(321,069)	(321,069)	-
Employer Contributions	-	509,240	(509,240)
Member Contributions	-	148,673	(148,673)
Net Investment Income	-	(18,360)	18,360
Administrative Expenses	-	(35,836)	35,836
Balance as of June 30, 2016	$ 10,019,720	$ 5,150,927	$ 4,868,793

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City of Azusa, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

Net Pension Liability	Discount Rate - 1% 6.00%	Current Discount Rate 7.00%	Discount Rate + 1% 8.00%
SEIU Bargaining Group	$ 327,415	$ 251,798	$ 189,022
AMMA Bargaining Group	1,661,990	1,233,088	872,274
Executive/Contract Bargaining Group	2,450,278	2,062,328	1,741,068
IBEW Employees	1,753,649	1,321,579	959,804

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of the start of the measurement period, July 1, 2015, the net pension liability was $4,369,219. For the measurement period ending June 30, 2016, the City incurred a pension expense of $680,629 for all the PARS Plan. As of the measurement date, June 30, 2016, the net pension liability is $4,868,793.

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the City.

Note 6: Pension Plans (Continued)

As of June 30, 2016, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

PARS Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	$ 185,872	$ 232,866
Difference between Projected and Actual Experience	120,550	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	416,880	-
Total Safety	$ 723,302	$ 232,866

The amount above reflects the net difference between the projected and actual earnings of the pension plan investment.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2017	$ 239,581
2018	102,458
2019	102,461
2020	61,897
2021	(9,466)
Thereafter	(6,495)

Note 7: Post-Employment Benefits

Plan Description

The City provides other postemployment benefits (OPEB) through a single-employer defined benefit healthcare plan by contributing approximately one-half of all premiums charged under the health benefit plan for all eligible employees and qualified family members. These benefits are provided per contract between the City and the employee associations. A separate financial report is not available for the plan.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or employee associations. Currently, contributions are not required from plan members. A contribution of $662,395 was made during the 2015-2016 fiscal year and was not included in the June 30, 2016, actuarial study. The purpose of the contribution was to pay current year premiums for retirees.

Note 7: Post-Employment Benefits (Continued)

As a result, the City calculated and recorded a Net OPEB Liability, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented below:

Annual required contribution (ARC)	$ 3,339,000
Interest on Net OPEB Obligation	121,572
Adjustment to ARC	(333,284)
Annual OPEB Cost	3,127,288
Contributions made	(662,395)
(Decrease) increase in Net OPEB obligation	2,464,893
Net OPEB obligation (asset) June 30, 2015	12,287,102
Net OPEB obligation (asset) June 30, 2016	$ 14,751,995

The contribution rate of 19.84% is based on the ARC of $3,339,000, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

Annual OPEB Costs and Net OPEB Obligation (Asset)

For the fiscal year 2015-2016, the City's annual OPEB cost (expense) of $3,127,288 was less than the ARC. The last three year trend information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is presented below:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2014	$ 2,596,922	$ 585,919	23%	$ 10,383,609
6/30/2015	2,466,948	563,455	23%	12,287,102
6/30/2016	3,127,288	662,395	21%	14,571,995

Note 7: Post-Employment Benefits (Continued)

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as percent of Covered Payroll	Interest Rate
Actuarial	6/30/2009	$ -	$ 25,445,000	0.0%	$ 19,966,000	127%	3.50%
Actuarial	6/30/2012	-	17,553,231	0.0%	20,576,383	85%	4.00%
Actuarial	6/30/2013	-	32,567,000	0.0%	18,902,000	172%	4.00%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 5, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.00% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 11% beginning July 1, 2012, and reduced by decrements to an ultimate rate of 5% after six years. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2016, was twenty-five years. The number of active participants is 237.

Note 8: Insurance

The City is self-insured for workers' compensation and general liability claims arising in the ordinary course of City operations. The City is a member of the Independent Cities Risk Management Authority (ICRMA) for general liability insurance coverage in excess of $500,000 up to a maximum of $5,000,000 per claim and for coverage of workers' compensation claims in excess of $350,000 up to a maximum of $5,000,000 per claim. In addition, the City also purchased excess liability insurance of $15,000,000 in excess of the $5,000,000 and excess worker's compensation insurance of $95,000,000 in excess of $5,000,000.

Note 8: Insurance (Continued)

For the past three years, no settlements or claims payments have exceeded the amount of the applicable insurance coverage. For the past two fiscal years, the changes in the City's liability for claims payable are summarized as follows:

	Beginning Balance	Claims Incurred and Changes in Estimates	Less Claim Payments	Ending Balance
2014-2015	$ 2,356,493	$ (419,136)	$ (507,084)	$ 1,430,273
2015-2016	1,430,273	2,890,352	(2,003,484)	2,317,141

Additional losses may result from matters pending before the City. In the opinion of legal counsel and management, the resolution of these matters is not expected to have a material adverse effect on the financial condition of the City.

Note 9: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2016, was as follows:

Due To/From Other Funds

	Due to other funds		
	Grants and Seizure Fund	Nonmajor Governmental Funds	Total
Due from other funds:			
Water	$ 1,716,020	$ 103,228	$ 1,819,248

The due from other funds amounts listed above consisted of short-term loans to cover negative cash.

Advances To/From Other Funds

	Advances To Other Funds:		
Funds	Water Fund	Light Fund	Total
Advances From Other Funds:			
General	$ 4,023,814	$ 156,000	$ 4,179,814
Nonmajor Governmental Funds	-	750,000	750,000
Total	$ 4,023,814	$ 906,000	$ 4,929,814

The Light Fund advanced $156,000 to the General Fund and $750,000 to the Capital Projects Fund for various project expenditures.

Note 9: Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers

	Transfer In			
Transfer Out:	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
General Fund	$ -	$ 4,908,610	$ 113,825	$ 5,022,435
Nonmajor Governmental Funds	293,905	-	-	293,905
Water Fund	-	336,406	15,780	352,186
Light Fund	-	136,762	-	136,762
Nonmajor Proprietary Funds	734,600	-	132,335	866,935
Internal Service Funds	385,010	43,780	-	428,790
Total	$ 1,413,515	$ 5,425,558	$ 261,940	$ 7,101,013

The total transfers from the General Fund were for various operating, capital, and debt service transactions made throughout the year.

Transfers from the Non-Major Governmental Funds were for various operating transactions made throughout the year.

Note 10: Fund Equity and Net Position Restatements

Governmental Funds	**General**
Fund Balance as previously reported, June 30, 2015	$ 19,547,182
DOF approved recalculation of accrued interest on Note Payable to Successor Agency	372,692
Correction to eliminate accrued interest on governmental bonds	104,163
Fund Balance, as restated, July 1, 2015	$ 20,024,037

Enterprise Funds	**Water**	**Light**	**Sewer/ Wastewater**
Net position as previously reported, June 30, 2015	$ 52,645,976	$ 43,220,224	$ 9,363,503
Reclass of prior period cash balances	(131,278)	(70,688)	201,966
Correction of prior period interest expense and accrual	-	-	(67,844)
Net position, as restated, July 1, 2015	$ 52,514,698	$ 43,149,536	$ 9,497,625

Government-wide	**Governmental Activities**	**Business-type Activities**
Net position as previously reported, June 30, 2015	$ (7,636,124)	$ 102,795,716
DOF approved recalculation of accrued interest on Note Payable to Successor Agency	372,692	-
Correction to eliminate accrued interest on governmental bonds	104,163	-
Restatement to capitalize prior period costs	432,630	-
Correction of prior period interest expense and accrual	-	(67,844)
Restatement of Net Position	909,485	(67,844)
Net position, as restated, July 1, 2015	$ (6,726,639)	$ 102,727,872

Note 11: Grants and Seizure Fund

The Grants and Seizure special revenue fund include the following items in its fund balance:

Grants & Seizures	$ (8,940)
1% DIVA/PEG Cable Fees	177,603
Jack Williams Memorial	600
Grants & Seizures - Police	17
2015 JAG Grant	(17,289)
Asset Seizure Federal - Dept. of Justice	158,006
Asset Seizure County	25,268
Office of Traffice Safety	2,762
Asset Seizure Federal - Dept. of Treasury	248
Inmate Welfare Fund	4,603
OCTDETF	(5,274)
OTS-Sel Traffic Enf Prg (!5/16)	(11,048)
AQMD Tree Planting	3,157
Sr Cntr Cyn City Grant	4,277
Senior Restricted Donations	98
Public Library Grant	237,150
Library Restricted Donations	64,160
Gates Foundation	497
Broadband Grant (Lib)	7,615
Family Place Grant	1,943
Book Clubs	467
Youth Programs	689
Summer Reading	3,481
Special Programs	75
Workforce Invest Act 15-16	(6,680)
LSTA-Neighborhood Con FY 15/16	(2,238)
General Plan Surcharge	663,795
Metro TOD Planning Grant	(83,875)
AB29X Meters	86,607
Oil Block Grant	6,717
Beverage Container Recycling	44,332
Technology Grant	13,698
Safe Routes to Schools Grant	(13,572)
TDA Grant	1
CIP-Recreation Grants	(269,879)
Rehab of Zacatecas Park	516
CIP-AZ Intermodal Transit	(3,524,757)
CIP Street Maintenance	(15,280)
Total	$ (2,450,450)

Note 12: Segments of Enterprise Activities

The City issued Sewer System Certificates of Participation to refinance a portion of the 1990 Local Agency Revenue Bonds. The sewer department is accounted for in the Other Enterprise Funds as the Sewer/Wastewater Fund. Summary information for the Sewer/Wastewater Fund for the year ended June 30, 2016, is as follows:

Condensed Statement of Net Position

Assets:	
Current assets	$ 3,698,727
Restricted assets	1,456,489
Capital assets	10,433,586
Total assets	15,588,802
Deferred Outflows of Resources:	
Deferred pension related items	82,577
Total Deferred Outflows of Resources	82,577
Liabilities:	
Current liabilities	559,357
Noncurrent liabilities	5,122,877
Total liabilities	5,682,234
Deferred Inflows of Resources:	
Deferred pension related items	173,158
Total Deferred Inflows of Resources	173,158
Net position:	
Net Investment in capital assets	7,522,719
Unrestricted	2,293,268
Total net position	$ 9,815,987

Condensed Statement of Revenues, Expenses and Changes in Net Position

Sewer charges	$ 2,684,684
Depreciation expense	(488,339)
Other operating expenses	(1,437,262)
Operating income	759,083
Nonoperating revenues (expenses):	
Investment earnings	25,070
Interest expense	(151,839)
Special franchise fees	(54,244)
Transfers out	(119,000)
Change in net Position	459,070
Beginning net position, as originally reported	9,222,795
Restatement	134,122
Ending net position	$ 9,815,987

Note 12: Segments of Enterprise Activities (Continued)

Condensed Statement of Cash Flows	
Net cash provided by (used in):	
Operating activities	$ 1,166,395
Noncapital financing activities	(119,000)
Capital and related financing activities	(665,295)
Investing activities	20,994
Net decrease in cash	403,094
Beginning cash and cash equivalents	4,426,154
Ending cash and cash equivalents	$ 4,829,248

Note 13: Summary Financial Data for Joint Ventures

Southern California Public Power Authority

The City of Azusa is a member of the Southern California Public Power Authority (SCPPA), a public entity organized under the laws of the State of California. The SCPPA was formed by a Joint Powers Agreement dated as of November 1, 1980, pursuant to the Joint Exercise of Powers Act of the State of California. The SCPPA's participant membership consists of ten Southern California cities each operating an electric and one public district of the State of California. The SCPPA was formed for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation and transmission of electric energy for sale to its participants. The Joint Powers Agreement has a term of 50 years. Complete financial statements may be obtained from 1160 Nicole Court, Glendora, California 91740.

As of June 30, 2016, the City's ownership of significant projects of SCPPA includes the following: 1% of SCPPA's $726,982,000 investment (at cost) in the Palo Verde Nuclear Generating Station (with related SCPPA indebtedness of $24,440,000), 0.7% of SCPPA's $80,165,000 investment (at cost) in the Mead – Phoenix Transmission Project (with related SCPPA indebtedness of $50,656,000), 1.8% of SCPPA's $200,987,000 investment (at cost) in the Mead - Adelanto Transmission Project (with related SCPPA indebtedness of $112,098,000), 14.7% of SCPPA's $257,963,000 investment (at cost) in the San Juan Generating Station (with related indebtedness of $0), and 4.2% of SCPPA's $21,000 investment (at cost) in the Hoover Uprating Green Power Project (with related SCPPA indebtedness of $2,141,000).

Note 14: Rate Stabilization Fund

The City of Azusa has provided for a rate stabilization fund in the amount of $10,211,624 (presented in the accompanying balance sheet as cash held for rate stabilization) to cover the difference between the City's cost to provide electricity to its customers (including power charges for power purchased from other utilities in which the City has a joint venture interest) and the local market price for electricity as established by a regional power pool approved by the Federal Energy Regulatory Commission.

Note 15: Commitments and Contingencies

The City of Azusa has been named as a defendant in numerous lawsuits and claims arising in the course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the City, such loss has been accrued in the accompanying combined financial statements.

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Azusa that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council elected not to become the Successor Agency for the former redevelopment agency's housing functions in accordance with the Bill as part of City resolution number 12-C7.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directed the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers was not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller was required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private purpose trust fund) in the financial statements of the City.

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

a. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and Investments pooled with the City	$	4,881,822
Restricted cash and Investments pooled with the City		354,314
Total Cash and Investments	$	5,236,136

b. Capital Assets

An analysis of capital assets as of June 30, 2016, follows:

	Adjusted Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Nondepreciable Assets:				
Land	$ 410,420	$ -	$ -	$ 410,420
Depreciable Assets:				
Land Improvements	1,427,803	-	-	1,427,803
Building and Structures	468,042	-	-	468,042
Infrastructure	718,430	-	-	718,430
Total Capital Assets being depreciated	2,614,275	-	-	2,614,275
Less Accumulated Depreciation				
Land Improvements	804,936	58,400	-	863,336
Building and Structures	210,619	46,803	-	257,422
Infrastructure	109,646	23,948	-	133,594
Total Accumulated Depreciation	1,125,201	129,151	-	1,254,352
Total Capital Assets being depreciated, net	1,489,074	(129,151)	-	1,359,923
Capital Assets	$ 1,899,494	$ (129,151)	$ -	$ 1,770,343

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

c. Long-Term Debt

The following debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012, as a result of the dissolution.

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2016, follows:

	Balance July 1, 2015	Defeased	Additions	Repayments	Balance June 30, 2016	Due Within One Year
Fiduciary Funds:						
2005 TABS, Series A	$ 9,919,728	$ (9,919,728)	$ - *	$ -	$ -	$ -
2007 TABs, Series A	12,920,000	(7,935,000)	-	(505,000)	4,480,000	535,000
2007 TABs, Series B	4,150,000	-	-	(110,000)	4,040,000	110,000
2008 TABs, Series B	10,565,000	(10,410,000)	-	(155,000)	-	-
2014 Refunding TAB	10,470,000	-	-	(755,000)	9,715,000	690,000
2015 Refunding TAB, Series A	-	-	14,315,000	-	14,315,000	-
2015 Refunding TAB, Series B	-	-	16,215,000	-	16,215,000	510,000
Total Fiduciary Funds	$ 48,024,728	$ (28,264,728)	$ 30,530,000	$ (1,525,000)	$ 48,765,000	$ 1,845,000
			Unamortized Premiums (Discounts)		222,334	
			Total Long-term Debt		$ 48,987,334	

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is $73,755,647, with annual debt service requirements as indicated below. For the current year, the total property tax revenue (net of pass through payments prior to the dissolution of the former RDA) recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was $3,843,267, and the debt service obligation on the bonds was $4,006,805.

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Tax Allocation Bonds Payable

Tax Allocation Bonds

2005 Tax Allocation Bonds, Series A

The Azusa Redevelopment Agency issued $9,022,800 Merged Project Area Tax Allocation Bonds, 2005 Series A, dated February 17, 2005, to finance redevelopment projects. The issue consisted of $7,765,000 Current Interest Bonds which were subject to annual sinking fund installment payments ranging from $715,000 to $1,170,000 beginning August 1, 2027 through August 1, 2034, bearing interest at 4.50% per annum: and Capital Appreciation Bonds of $1,257,800 due beginning August 1, 2024 through August 1, 2027, bearing interests rates ranging from 5.16% to 5.33% per annum. Debt service payments on the bonds were secured by tax increment revenues. Debt service payments on the bonds were payable from pledged tax increment revenues. The bonds were fully refunded in the current year with the issuance of the 2015 A & B Subordinate Tax Allocation Refunding Bonds.

2007 Tax Allocation Bonds, Series A

The Azusa Redevelopment Agency issued $15,780,000 Series A Merged Project Area Tax Allocation Bonds, dated July 31, 2007 to finance redevelopment projects. Current Interest Bonds are subject to annual sinking fund installment payments ranging from $340,000 to $365,000 beginning August 1, 2008 through August 1, 2009, bearing interest rates ranging from 5.27% to 5.30% per annum.

Term Bonds are due beginning August 1, 2010 through August 1, 2035, with installment payments ranging from $385,000 to $1,625,000, bearing interest rates ranging from 5.77% to 6.15% per annum. Debt service payments on the bonds are payable from pledged tax increment revenues. The bonds were partially refunded in the current year with the issuance of the 2015 A & B Subordinate Tax Allocation Refunding Bonds. The outstanding principal balance at June 30, 2016, was $4,480,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest are as follows:

	2007 Tax Allocation Bonds, Series A	
	Principal	Interest
2017	$ 535,000	$ 737,106
2018	565,000	705,399
2019	605,000	671,114
2020	635,000	634,224
2021	670,000	595,400
2022-2023	1,470,000	1,064,660
Totals	$ 4,480,000	$ 4,407,903

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

2007 Tax Allocation Refunding Bonds, Series B

The Azusa Redevelopment Agency issued $4,790,000 Series A Merged Project Area Tax Allocation Bonds, dated July 31, 2007 to refund the 1997 tax allocation bonds. Current Interest Bonds are subject to annual sinking fund installment payments ranging from $80,000 to $140,000 due beginning August 1, 2008 through August 1, 2021, bearing interest rates ranging from 4.00% to 5.00% per annum. Term Bonds are due beginning August 1, 2022 through August 1, 2036, with installment payments ranging from $150,000 to $305,000, bearing interest rates ranging from 5.25% to 5.30% per annum. Debt service payments on the bonds are payable from pledged tax increment revenues. A portion of the bonds were refunded during the fiscal year. The outstanding principal balance at June 30, 2016, was $4,040,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest are as follows:

	2007 Tax Allocation Bonds, Series B	
	Principal	Interest
2017	$ 110,000	$ 207,439
2018	120,000	202,075
2019	125,000	196,286
2020	130,000	190,198
2021	135,000	183,703
2022-2026	785,000	804,644
2027-2031	1,020,000	568,233
2032-2036	1,310,000	261,555
2037-2039	305,000	8,083
Totals	$ 4,040,000	$ 2,622,216

2008 Housing Tax Allocation Bonds, Series B

The Azusa Redevelopment Agency issued $11,580,000 of Housing Tax Allocation Bonds, Series B, dated November 25, 2008. Proceeds of the bonds were to provide funds to finance low and moderate income housing within or of benefit to the project area, satisfy the reserve requirement for the bonds, and pay costs incurred in connection with the issuance. The bonds consisted of serial bonds due in annual installments ranging from $125,000 to $355,000 maturing on August 1, 2009 through August 1, 2020; and term bonds of $1,075,000 due August 1, 2024 and $8,420,000 due August 1, 2038. Serial bonds had interest rates ranging from 3.5% through 6.6%. The term bonds carried interest rates of 6.75% and 7.0%. Debt service payments on the bonds were payable from pledged tax increment revenues. The bonds were fully refunded in the current year with the issuance of the 2015 A & B Subordinate Tax Allocation Refunding Bonds.

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

2014 Subordinate Tax Allocation Refunding Bonds, Series A

The Azusa Redevelopment Agency issued $10,470,000 of Subordinate Tax Allocation Refunding Bonds, Series A, dated September 30, 2014. Proceeds of the bonds were to provide funds to refinance outstanding bonds of the Successor Agency, satisfy the Reserve Requirement for the bond, and pay costs incurred in connection with the issuance, sale and delivery of the Bonds. The bonds are due in annual installments ranging from $180,000 to $1,900,000 maturing on August 1, 2015 through August 1, 2034. The bonds carry interest rates of 2.00% and 5.00%. The economic gain on refunding was $2,288,197. The difference in cash flow was $2,075,000.The outstanding principal balance at June 30, 2016, was $9,715,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest are as follows:

	2014 Tax Allocation Refunding Bonds, Series A	
	Principal	Interest
2017	$ 690,000	$ 410,194
2018	705,000	385,744
2019	730,000	353,394
2020	780,000	315,644
2021	820,000	275,644
2022-2026	4,030,000	725,469
2027-2031	1,345,000	237,275
2032-2035	615,000	78,028
Totals	$ 9,715,000	$ 2,781,392

2015 Subordinate Tax Allocation Refunding Bonds, Series A & B

The Successor Agency to the Redevelopment Agency of the City of Azusa issued $30,530,000 of Subordinate Tax Allocation Refunding Bonds, Series A & B, dated September 8, 2015. Proceeds of the bonds were to provide funds to refinance outstanding bonds of the Successor Agency, satisfy the Reserve Requirement for the bond, and pay costs incurred in connection with the issuance, sale and delivery of the Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,080,678, which is reported as a deferred outflow of resources in the accompanying financial statements and amortized over the remaining life of the debt. The City completed the refunding to reduce its total debt service payments by $2,755,111 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $4,413,928. The bonds are due in annual installments ranging from $315,000 to $2,635,000 maturing on August 1, 2016 through August 1, 2036. The bonds carry interest rates of 1.00% and 4.50%.

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest are as follows:

	2015 Subordinate Tax Allocation Refunding Bonds, Series A		2015 Subordinate Tax Allocation Refunding Bonds, Series B	
	Principal	Interest	Principal	Interest
2017	$ -	$ 504,213	$ 510,000	$ 615,544
2018	-	504,213	315,000	610,631
2019	-	504,213	325,000	605,019
2020	-	504,213	330,000	598,056
2021	-	504,213	330,000	589,806
2022-2026	-	2,521,063	5,075,000	2,658,900
2027-2031	2,535,000	2,397,481	9,230,000	961,159
2032-2036	11,205,000	1,082,881	100,000	6,750
2037	575,000	10,781	-	-
Totals	$14,315,000	$8,533,271	$16,215,000	$6,645,865

d. Insurance

The Successor Agency is covered under the City of Azusa's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 8.

e. Due to City of Azusa

The Successor Agency owes $12,366,031 to the City of Azusa for properties purchased, and have been approved by the State Controller's Office. There is $9,750,019 and $2,616,012 owed to the City of Azusa's General Fund and Water Fund, respectively.

f. Restatement of Net Position

The Successor Agency net position has been restated by ($115,269) as a result of the following events:

- The DOF approved a recalculation of accrued interest on a note payable to the Successor Agency from the City ($372,692).
- The Successor Agency upgrades a capital asset, and found the asset had never been initially capitalized. This asset had a net book value of $257,423 as of June 30, 2016.

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REQUIRED SUPPLEMENTARY INFORMATION

AGENT MULTIPLE-EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2016	2015
Total Pension Liability		
Service cost	$ 2,302,623	$ 2,375,239
Interest on total pension liability	8,989,759	8,658,209
Differences between expected and actual experience	(1,723,872)	-
Changes in assumptions	(2,292,502)	-
Benefit payments, including refunds of employee contributions	(4,975,226)	(4,845,540)
Net change in total pension liability	**2,300,782**	**6,187,908**
Total pension liability - beginning	**122,865,843**	**116,677,935**
Total pension liability - ending (a)	**$ 125,166,625**	**$ 122,865,843**
Plan Fiduciary Net Position		
Contributions - employer	$ 2,461,163	$ 2,434,002
Contributions - employee	93,579	1,029,164
Difference in projected and actual earnings	(5,333,154)	-
Plan to plan resource movement	(145)	-
Net investment income	7,531,325	14,908,401
Benefit payments	(4,975,226)	(4,845,540)
Administrative expense	(112,413)	-
Net change in plan fiduciary net position	**(334,871)**	**13,526,027**
Plan fiduciary net position - beginning	**100,148,377**	**86,622,350**
Plan fiduciary net position - ending (b)	**$ 99,813,506**	**$ 100,148,377**
Net pension liability - ending (a)-(b)	**$ 25,353,119**	**$ 22,717,466**
Plan fiduciary net position as a percentage of the total pension liability	79.74%	81.51%
Covered-employee payroll	$ 13,633,510	$ 14,720,772
Net pension liability as a percentage of covered-employee payroll	185.96%	154.32%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administration expense) to 7.65 percent.

(1) Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

AGENT MULTIPLE-EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2016	2015
MISCELLANEOUS CLASSIC:		
Actuarially Determined Contribution	$ 2,203,894	$ 2,352,288
Contribution in Relation to the Actuarially Determined Contributions	(2,203,894)	(2,352,288)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll	$ 13,035,458	$ 13,633,510
Contributions as a Percentage of Covered-Employee Payroll	16.91%	17.25%
MISCELLANEOUS PEPRA:		
Actuarially Determined Contribution	$ 177,604	$ 108,875
Contribution in Relation to the Actuarially Determined Contributions	(177,604)	(108,875)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll	$ 1,077,766	$ 795,524
Contributions as a Percentage of Covered-Employee Payroll	16.48%	13.69%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Remaining amortization period	29 Years as of the Valuation Date
Assets valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary Increases	3.00%
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	RP-2000 Heath Annuitant Mortality Table

COST-SHARING MULTIPLE EMPLOYER SAFETY PLANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2016	2015
SAFETY CLASSIC:		
Proportion of the Net Pension Liability	0.33264%	0.31257%
Proportionate Share of the Net Pension Liability	$ 22,832,315	$ 19,449,591
Covered-Employee Payroll	$ 6,142,486	$ 6,343,000
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	371.71%	306.63%
Plan Proportionate Share of Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%
SAFETY TIER 2:		
Proportion of the Net Pension Liability	0.00000%	
Proportionate Share of the Net Pension Liability	$ (850)	
Covered-Employee Payroll	$ 366,493	
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	-0.23%	
Plan Proportionate Share of Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	
PEPRA SAFETY POLICE PLAN:		
Proportion of the Net Pension Liability	0.00000%	
Proportionate Share of the Net Pension Liability	$ (190)	
Covered-Employee Payroll	$ 140,752	
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	-0.13%	
Plan Proportionate Share of Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administration expense) to 7.65 percent.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

COST-SHARING MULTIPLE EMPLOYER SAFETY PLANS
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2016	2015
SAFETY CLASSIC:		
Actuarially Determined Contribution	$ 2,302,789	$ 2,362,398
Contribution in Relation to the Actuarially Determined Contributions	(2,302,789)	(2,362,398)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll	$ 5,354,109	$ 6,142,486
Contributions as a Percentage of Covered-Employee Payroll	43.01%	38.46%
SAFETY TIER 2:		
Actuarially Determined Contribution	$ 72,278	$ 95,794
Contribution in Relation to the Actuarially Determined Contributions	(72,278)	(95,794)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll	$ 327,064	$ 366,493
Contributions as a Percentage of Covered-Employee Payroll	22.10%	26.14%
PEPRA SAFETY POLICE PLAN:		
Actuarially Determined Contribution	$ 33,109	$ 17,242
Contribution in Relation to the Actuarially Determined Contributions	(33,109)	(17,242)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll	$ 259,523	$ 140,752
Contributions as a Percentage of Covered-Employee Payroll	12.76%	12.25%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level percentage of payroll, closed 20 years
Assets valuation method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement age	50 and 57 years
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF AZUSA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
AZUSA SEIU BARGAINING RETIREMENT ENHANCEMENT PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT PERIOD	2016	2015
TOTAL PENSION LIABILITY		
Service Cost	$ 15,670	$ 18,174
Interest on Total Pension Liability	37,853	32,199
Effect of Economic/Demographics Gains or Losses	38,614	-
Effect of Assumptions Changes or Inputs	9,089	-
Benefit Payments	(16,451)	(13,203)
Net Change in Total Pension Liability	**$ 84,775**	**$ 37,170**
Total Pension Liability - Beginning	**485,467**	**448,297**
Total Pension Liability - Ending (a)	**$ 570,242**	**$ 485,467**
PLAN FIDUCIARY NET POSITION		
Benefit Payments	$ (16,451)	$ (13,203)
Employer Contributions	24,410	12,890
Member Contributions	26,100	25,312
Net Investment Income	(863)	7,232
Administrative Expenses	(5,041)	(1,510)
Net Change in Fiduciary Net Position	**$ 28,155**	**$ 30,721**
Plan Fiduciary Net Position - Beginning	**290,289**	**259,568**
Plan Fiduciary Net Position - Ending (b)	**$ 318,444**	**$ 290,289**
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	**$ 251,798**	**$ 195,178**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**55.84%**	**59.80%**
Covered-Employee Payroll	**$ 620,510**	**$ 600,978**
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	**40.58%**	**32.48%**

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore, only two years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

CITY OF AZUSA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
AZUSA AMMA BARGAINING RETIREMENT ENHANCEMENT PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT PERIOD	2016	2016
TOTAL PENSION LIABILITY		
Service Cost	$ 88,388	$ 102,116
Interest on Total Pension Liability	216,255	207,196
Effect of Economic/Demographics Gains or Losses	(221,832)	-
Effect of Assumptions Changes or Inputs	131,142	-
Benefit Payments	(67,291)	(83,368)
Net Change in Total Pension Liability	**$ 146,662**	**$ 225,944**
Total Pension Liability - Beginning	**3,124,728**	**2,898,784**
Total Pension Liability - Ending (a)	**$ 3,271,390**	**$ 3,124,728**
PLAN FIDUCIARY NET POSITION		
Benefit Payments	$ (67,291)	$ (83,368)
Employer Contributions	172,625	138,866
Member Contributions	43,558	46,205
Net Investment Income	(6,961)	47,672
Administrative Expenses	(11,509)	(8,240)
Net Change in Fiduciary Net Position	**$ 130,422**	**$ 141,135**
Plan Fiduciary Net Position - Beginning	**1,907,880**	**1,766,745**
Plan Fiduciary Net Position - Ending (b)	**$ 2,038,302**	**$ 1,907,880**
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	**$ 1,233,088**	**$ 1,216,848**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**62.31%**	**61.06%**
Covered-Employee Payroll	**$ 2,128,243**	**$ 2,061,252**
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	**57.94%**	**59.03%**

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
AZUSA EXECUTIVE/CONTRACT BARGAINING RETIREMENT ENHANCEMENT PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT PERIOD	2016	2015
TOTAL PENSION LIABILITY		
Interest on Total Pension Liability	$ 201,357	$ 176,286
Effect of Economic/Demographics Gains or Losses	201,732	-
Effect of Assumptions Changes or Inputs	106,795	-
Benefit Payments	(127,936)	(125,424)
Net Change in Total Pension Liability	**$ 381,948**	**$ 50,862**
Total Pension Liability - Beginning	**2,630,889**	**2,580,027**
Total Pension Liability - Ending (a)	**$ 3,012,837**	**$ 2,630,889**
PLAN FIDUCIARY NET POSITION		
Benefit Payments	$ (127,936)	$ (125,424)
Employer Contributions	97,284	78,751
Net Investment Income	(5,857)	26,218
Administrative Expenses	(8,348)	(5,569)
Net Change in Fiduciary Net Position	**$ (44,857)**	**$ (26,024)**
Plan Fiduciary Net Position - Beginning	**995,366**	**1,021,390**
Plan Fiduciary Net Position - Ending (b)	**$ 950,509**	**$ 995,366**
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	**$ 2,062,328**	**$ 1,635,523**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**31.55%**	**37.83%**
Covered-Employee Payroll	**$ 990,274**	**$ 959,103**
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	**208.26%**	**170.53%**

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

CITY OF AZUSA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
AZUSA IBEW BARGAINING RETIREMENT ENHANCEMENT PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT PERIOD	2016	2015
TOTAL PENSION LIABILITY		
Service Cost	$ 100,474	$ 107,529
Interest on Total Pension Liability	210,235	199,129
Effect of Economic/Demographics Gains or Losses	(61,026)	-
Effect of Assumptions Changes or Inputs	28,545	-
Benefit Payments	(124,197)	(93,243)
Net Change in Total Pension Liability	**$ 154,031**	**$ 213,415**
Total Pension Liability - Beginning	**2,996,414**	**2,782,999**
Total Pension Liability - Ending (a)	**$ 3,150,445**	**$ 2,996,414**
PLAN FIDUCIARY NET POSITION		
Benefit Payments	$ (124,197)	$ (93,243)
Employer Contributions	214,921	153,146
Member Contributions	79,015	82,044
Net Investment Income	(4,679)	41,194
Administrative Expenses	(10,938)	(7,492)
Net Change in Fiduciary Net Position	**$ 154,122**	**$ 175,649**
Plan Fiduciary Net Position - Beginning	**1,674,744**	**1,499,095**
Plan Fiduciary Net Position - Ending (b)	**$ 1,828,866**	**$ 1,674,744**
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	**$ 1,321,579**	**$ 1,321,670**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**58.05%**	**55.89%**
Covered-Employee Payroll	**$ 4,060,559**	**$ 3,932,745**
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	**32.55%**	**33.61%**

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
AZUSA AMMA BARGAINING RETIREMENT ENHANCEMENT PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

SEIU Bargaining Group	2016	2015
Actuarially Determined Contribution	$ 24,410	$ 12,890
Contribution in Relation to the Actuarially Determined Contribution	(24,410)	(12,890)
Contribution Deficiency (Excess)	$ -	$ -
Actual Contributions as a Percentage of Actuarial Determined Contributions	100.00%	100.00%
Covered-Employee Payroll (3) (4)	$ 544,976	$ 620,510
Contributions as a Percentage of Covered-Employee Payroll (3)	4.48%	2.08%
AMMA Bargaining Group		
Actuarially Determined Contribution	$ 172,625	$ 138,866
Contribution in Relation to the Actuarially Determined Contribution	(172,625)	(138,866)
Contribution Deficiency (Excess)	$ -	$ -
Actual Contributions as a Percentage of Actuarial Determined Contributions	100.00%	100.00%
Covered-Employee Payroll (3) (4)	$ 1,880,944	$ 2,128,243
Contributions as a Percentage of Covered-Employee Payroll (3)	9.18%	6.52%
Executive/ Contract Bargaining Group		
Actuarially Determined Contribution	$ 97,284	$ 115,922
Contribution in Relation to the Actuarially Determined Contribution	(97,284)	(115,922)
Contribution Deficiency (Excess)	$ -	$ -
Actual Contributions as a Percentage of Actuarial Determined Contributions	100.00%	100.00%
Covered-Employee Payroll (3) (4)	$ 672,625	$ 990,274
Contributions as a Percentage of Covered-Employee Payroll (3)	14.46%	11.71%
IBEW Employees		
Actuarially Determined Contribution	$ 214,921	$ 153,146
Contribution in Relation to the Actuarially Determined Contribution	(214,921)	(153,146)
Contribution Deficiency (Excess)	$ -	$ -
Actual Contributions as a Percentage of Actuarial Determined Contributions	100.00%	100.00%
Covered-Employee Payroll (3) (4)	$ 4,117,972	$ 4,060,559
Contributions as a Percentage of Covered-Employee Payroll (3)	5.22%	3.77%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Assets valuation method	None
Inflation	2.75%
Salary Increases	Not applicable
Investment rate of return	7.00%
Retirement age	Retirement rates of 20% per year for ages 55-69 and 100% at ages 70 and up
Mortality	Consistent with non-industrial rates used to value the Miscellaneous CalPERS Pension Plans

CITY OF AZUSA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
AZUSA AMMA BARGAINING RETIREMENT ENHANCEMENT PLAN
SCHEDULE OF INVESTMENT RETURNS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

Annual Money-Weighted Rate of Return, Net of Investment Expense	2016	2015
SEIU Bargaining Group	-0.28%	2.66%
AMMA Bargaining Group	-0.35%	2.64%
Executive/Contract Bargaining Group	-0.60%	2.60%
IBEW Employees	-0.27%	2.64%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1, as restated	$ 20,024,037	$ 20,024,037	$ 20,024,037	$ -
Resources (Inflows):				
Taxes	28,257,445	28,332,445	29,983,620	1,651,175
Assessments	1,824,745	1,771,595	1,875,271	103,676
Licenses and permits	1,181,480	942,480	1,096,325	153,845
Intergovernmental	257,000	369,420	496,497	127,077
Charges for services	2,325,805	2,361,805	2,435,877	74,072
Use of money and property	90,000	90,000	361,500	271,500
Fines and forfeitures	1,205,200	1,160,200	1,328,383	168,183
Contributions	17,000	17,000	19,703	2,703
Miscellaneous	120,000	550,625	1,641,391	1,090,766
Transfers in	1,413,515	1,413,515	1,413,515	-
Capital lease proceeds	-	2,000,000	-	(2,000,000)
Amounts Available for Appropriations	**56,716,227**	**59,033,122**	**60,676,119**	**1,642,997**
Charges to Appropriations (Outflow):				
General government				
City Council	127,250	127,250	131,156	(3,906)
City Attorney	250,000	250,000	267,524	(17,524)
Administration	427,120	462,540	467,839	(5,299)
Promotion / Membership	197,075	197,075	192,892	4,183
City Clerk	448,065	433,652	492,903	(59,251)
Library Services - General	1,007,140	1,009,640	1,021,305	(11,665)
Library Services - Youth	31,430	31,430	32,391	(961)
Finance - Accounting	851,460	871,160	996,029	(124,869)
Cash Management	202,440	202,440	201,940	500
Purchasing	222,945	224,695	231,182	(6,487)
Printing Services	7,800	7,800	8,826	(1,026)
Human Resources	339,115	437,595	429,200	8,395
City-wide	2,770,930	2,709,010	2,504,989	204,021
Admin Services / Business Lic	1,650	1,650	-	1,650
Business License	297,290	249,290	270,114	(20,824)
Public safety				
Police	16,090,890	16,138,910	16,588,096	(449,186)
Emergency Services	7,100	7,100	3,289	3,811
Police Department Contracts	782,845	802,845	746,267	56,578
Area D	100,000	76,850	49,100	27,750
Pension Safety	5,000	5,000	2,000	3,000
INF	358,315	318,315	343,833	(25,518)
Community development				
Planning	398,965	373,465	402,103	(28,638)
Building Regulation	670,520	670,520	680,969	(10,449)
Code Enforcement	435,605	555,605	591,559	(35,954)
Parks and recreation				
Recreation	1,378,250	1,443,850	1,549,366	(105,516)
Parks Maintenance	1,615,295	1,615,295	1,726,117	(110,822)
Senior Programs	158,810	158,810	157,267	1,543
Women's Club	21,170	21,170	20,362	808
Public works				
Engineering Services	51,220	126,220	124,714	1,506
Graffiti Removal	17,200	17,200	58,030	(40,830)
Facilities Maintenance	495,815	505,815	512,984	(7,169)
Capital outlay	-	500,000	496,083	3,917
Debt service:				
Principal retirement	965,000	965,000	965,000	-
Interest and fiscal charges	223,685	223,685	235,076	(11,391)
Transfers out	5,483,980	5,704,880	5,022,435	682,445
Total Charges to Appropriations	**36,441,375**	**37,445,762**	**37,522,940**	**(77,178)**
Budgetary Fund Balance, June 30	**$ 20,274,852**	**$ 21,587,360**	**$ 23,153,179**	**$ 1,565,819**

BUDGETARY COMPARISON SCHEDULE
GRANTS AND SEIZURE
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 995,692	$ 995,692	$ 995,692	$ -
Resources (Inflows):				
Taxes	34,000	40,000	48,165	8,165
Intergovernmental	5,803,505	6,466,556	1,093,295	(5,373,261)
Charges for services	-	-	54,538	54,538
Use of money and property	100	100	7,852	7,752
Contributions	2,000	2,000	1,042	(958)
Miscellaneous	7,000	7,000	94,213	87,213
Transfers in	-	40,000	-	(40,000)
Amounts Available for Appropriations	**6,842,297**	**7,551,348**	**2,294,797**	**(5,256,551)**
Charges to Appropriations (Outflow):				
Public safety	240,725	430,150	298,818	131,332
Parks and recreation	67,500	427,268	347,419	79,849
Public works	26,100	222,221	144,992	77,229
Capital outlay	16,340	1,334,560	3,954,018	(2,619,458)
Total Charges to Appropriations	**350,665**	**2,414,199**	**4,745,247**	**(2,331,048)**
Budgetary Fund Balance, June 30	**$ 6,491,632**	**$ 5,137,149**	**$ (2,450,450)**	**$ (7,587,599)**

Budget Information

General Budget Policies

The City adheres to the following procedures in establishing the budgetary data reflected in its financial statements:

1. In May of each year, the City Manager submits to the City Council a proposed financial plan with an annual operating budget for the upcoming fiscal year commencing July 1. The operating budget includes proposed expenditures and the sources of financing.

2. Public hearings are conducted at City Council meetings to obtain taxpayer comments.

3. On or before July 1, the financial plan for the fiscal year is adopted by Council action.

4. The City Manager is authorized to transfer funds appropriated with respect to those classifications designated as other services and material and supplies within the same department. The City Manager may transfer appropriated funds from any classification within other expenditure categories to the capital outlay classification within the same department only; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Activities of the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds are included in the annual appropriated budget. As an additional internal control mechanism, project-length financial plans are adopted for the Capital Improvement Program. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level within the General Fund and at the fund level for total expenditures and transfers out for all other budgeted funds.

5. Formal budgetary integration is employed as a management control device during the year for the governmental funds.

6. Legally adopted budgets for all governmental funds are established on a basis consistent with generally accepted accounting principles (GAAP).

Excess of Expenditures Over Appropriation

For purposes of evaluating legal compliance at the budgetary level of control (that is, the level at which expenditures cannot legally exceed the appropriated amount), control is established at the department level within the General Fund and at the fund level for total expenditures and transfers out for all other budgeted funds.

Budget Information (Continued)

Fund	Expenditures	Appropriations	Excess
General Fund:			
General Government:			
City Council	$ 131,156	$ 127,250	$ (3,906)
City Attorney	267,524	250,000	(17,524)
Administration	467,839	462,540	(5,299)
City Clerk	492,903	433,652	(59,251)
Library Services - General	1,021,305	1,009,640	(11,665)
Library Services - Youth	32,391	31,430	(961)
Finance - Accounting	996,029	871,160	(124,869)
Purchasing	231,182	224,695	(6,487)
Printing Services	8,826	7,800	(1,026)
Business License	270,114	249,290	(20,824)
Public Safety:			
Police	16,588,096	16,138,910	(449,186)
INF	343,833	318,315	(25,518)
Community Development:			
Planning	402,103	373,465	(28,638)
Building Regulation	680,969	670,520	(10,449)
Code Enforcement	591,559	555,605	(35,954)
Parks and Recreation:			
Recreation	1,549,366	1,443,850	(105,516)
Parks Maintenance	1,726,117	1,615,295	(110,822)
Public Works:			
Graffiti Removal	58,030	17,200	(40,830)
Facilities Maintenance	512,984	505,815	(7,169)
Debt Service:			
Interest and fiscal charges	235,076	223,685	(11,391)
Grants & Seizure Fund	4,745,247	2,414,199	(2,331,048)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	State Gasoline Tax	Proposition A	Proposition C	Community Development Block Grant
Assets:				
Pooled cash and investments	$ 111,979	$ 1,235,190	$ 1,152,069	$ -
Receivables:				
Accounts	-	29,114	13,766	112,469
Taxes	-	-	-	-
Notes and loans	-	-	-	57,237
Accrued interest	-	675	645	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 111,979**	**$ 1,264,979**	**$ 1,166,480**	**$ 169,706**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 57,049	$ 19,601	$ 47,468	$ 39,403
Accrued liabilities	54,930	23,617	15,910	6,570
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	89,392
Advances from other funds	-	-	-	-
Total Liabilities	**111,979**	**43,218**	**63,378**	**135,365**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	13,362	56,858
Total Deferred Inflows of Resources	**-**	**-**	**13,362**	**56,858**
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Restricted for:				
Community development projects	-	1,221,761	1,089,740	-
Public safety	-	-	-	-
Capital Projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	(22,517)
Fund Balance Total	**-**	**1,221,761**	**1,089,740**	**(22,517)**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 111,979**	**$ 1,264,979**	**$ 1,166,480**	**$ 169,706**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016 **(CONTINUED)**

	Special Revenue Funds			
	Senior Nutrition	**Public Benefit Program**	**Air Quality Improvement**	**Supplemental Law Enforcement**
Assets:				
Pooled cash and investments	$ 48,686	$ 777,204	$ 145,721	$ 223,763
Receivables:				
Accounts	2,178	70,950	17,826	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	421	78	-
Prepaid costs	12	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 50,876**	**$ 848,575**	**$ 163,625**	**$ 223,763**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 364	$ 41,719	$ 2,928	$ 3,320
Accrued liabilities	22,456	10,466	-	-
Unearned revenues	-	-	-	177,990
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	**22,820**	**52,185**	**2,928**	**181,310**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Nonspendable:				
Prepaid costs	12	-	-	-
Restricted for:				
Community development projects	28,044	796,390	-	-
Public safety	-	-	-	42,453
Capital Projects	-	-	160,697	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
Fund Balance Total	**28,056**	**796,390**	**160,697**	**42,453**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 50,876**	**$ 848,575**	**$ 163,625**	**$ 223,763**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Fire Safety	Monrovia Nursery	Employee Benefits	Utility Mitigation
Assets:				
Pooled cash and investments	$ 104,841	$ 743,665	$ -	$ 728,940
Receivables:				
Accounts	-	1,603	1,395	-
Taxes	-	4,931	-	-
Notes and loans	-	-	-	-
Accrued interest	-	434	-	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 104,841**	**$ 750,633**	**$ 1,395**	**$ 728,940**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ 33,481	$ -	$ 7,365
Accrued liabilities	-	6,912	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	12,370	-	-
Due to other funds	-	-	13,809	-
Advances from other funds	-	-	-	-
Total Liabilities	**-**	**52,763**	**13,809**	**7,365**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	104,841	-	-	-
Capital Projects	-	697,870	-	721,575
Debt service	-	-	-	-
Unassigned	-	-	(12,414)	-
Fund Balance Total	**104,841**	**697,870**	**(12,414)**	**721,575**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 104,841**	**$ 750,633**	**$ 1,395**	**$ 728,940**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Highway 39	LACMTA	Measure R	AB939 Fee
Assets:				
Pooled cash and investments	$ 1,524,775	$ -	$ 1,430,843	$ 400,713
Receivables:				
Accounts	-	-	-	14,687
Taxes	-	-	-	-
Notes and loans	-	-	2,948	1,490
Accrued interest	879	-	1,016	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	3,513,489	-
Total Assets	**$ 1,525,654**	**$ -**	**$ 4,948,296**	**$ 416,890**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ 432,849	$ 5,549
Accrued liabilities	-	-	5,665	5,575
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	27	-	-
Advances from other funds	-	-	-	-
Total Liabilities	**-**	**27**	**438,514**	**11,124**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Restricted for:				
Community development projects	1,525,654	-	-	-
Public safety	-	-	-	-
Capital Projects	-	-	4,509,782	405,766
Debt service	-	-	-	-
Unassigned	-	(27)	-	-
Fund Balance Total	**1,525,654**	**(27)**	**4,509,782**	**405,766**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 1,525,654**	**$ -**	**$ 4,948,296**	**$ 416,890**

CITY OF AZUSA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds		
	Rosedale Traffic Mitigation	Park In-lieu	Capital Projects	Public Works Endowment
Assets:				
Pooled cash and investments	$ 505,159	$ 78,381	$ 719,166	$ 397,430
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	291	40	-	235
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments	-	-	30,293	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 505,450**	**$ 78,421**	**$ 749,459**	**$ 397,665**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ 41,501	$ -	$ 68,232
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	750,000	-
Total Liabilities	**-**	**41,501**	**750,000**	**68,232**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Restricted for:				
Community development projects	-	-	-	329,433
Public safety	-	-	-	-
Capital Projects	505,450	36,920	-	-
Debt service	-	-	-	-
Unassigned	-	-	(541)	-
Fund Balance Total	**505,450**	**36,920**	**(541)**	**329,433**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 505,450**	**$ 78,421**	**$ 749,459**	**$ 397,665**

CITY OF AZUSA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Debt Service Funds	
	Public Financing Authority	Total Nonmajor Governmental Funds
Assets:		
Pooled cash and investments	$ 155	$ 10,328,680
Receivables:		
Accounts	-	263,988
Taxes	-	4,931
Notes and loans	2,020,000	2,081,675
Accrued interest	-	4,714
Prepaid costs	4,416	4,428
Restricted assets:		
Cash and investments	-	30,293
Cash and investments with fiscal agents	483,430	3,996,919
Total Assets	**$ 2,508,001**	**$ 16,715,628**
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	$ -	$ 800,829
Accrued liabilities	-	152,101
Unearned revenues	-	177,990
Deposits payable	-	12,370
Due to other funds	-	103,228
Advances from other funds	-	750,000
Total Liabilities	**-**	**1,996,518**
Deferred Inflows of Resources:		
Unavailable revenues	2,020,000	2,090,220
Total Deferred Inflows of Resources	**2,020,000**	**2,090,220**
Fund Balances:		
Nonspendable:		
Prepaid costs	4,416	4,428
Restricted for:		
Community development projects	-	4,991,022
Public safety	-	147,294
Capital Projects	-	7,038,060
Debt service	483,585	483,585
Unassigned	-	(35,499)
Fund Balance Total	**488,001**	**12,628,890**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 2,508,001**	**$ 16,715,628**

CITY OF AZUSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	State Gasoline Tax	Proposition A	Proposition C	Community Development Block Grant
Revenues:				
Taxes	$ -	$ 873,361	$ 723,224	$ -
Intergovernmental	1,066,267	207,530	-	506,152
Charges for services	-	22,545	43,696	-
Use of money and property	53	8,633	12,016	-
Contributions	-	-	-	-
Miscellaneous	2,684	-	1,610	2,001
Total Revenues	**1,069,004**	**1,112,069**	**780,546**	**508,153**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	338,988
Parks and recreation	52,118	-	-	-
Public works	1,094,143	659,371	538,446	-
Capital outlay	-	-	985,537	191,682
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**1,146,261**	**659,371**	**1,523,983**	**530,670**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,257)	452,698	(743,437)	(22,517)
Other Financing Sources (Uses):				
Transfers in	59,902	-	-	5,518
Transfers out	-	-	-	-
Debt issued	-	-	-	-
Bond premium	-	-	-	-
Total Other Financing Sources (Uses)	**59,902**	**-**	**-**	**5,518**
Net Change in Fund Balances	(17,355)	452,698	(743,437)	(16,999)
Fund Balances, Beginning of Year	17,355	769,063	1,833,177	(5,518)
Fund Balances, End of Year	**$ -**	**$ 1,221,761**	**$ 1,089,740**	**$ (22,517)**

CITY OF AZUSA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016** **(CONTINUED)**

	Special Revenue Funds			
	Senior Nutrition	Public Benefit Program	Air Quality Improvement	Supplemental Law Enforcement
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	127,592	-	62,837	27,680
Charges for services	-	1,070,202	13,294	-
Use of money and property	-	5,364	1,060	1,546
Contributions	78,849	-	-	-
Miscellaneous	17,574	-	-	-
Total Revenues	**224,015**	**1,075,566**	**77,191**	**29,226**
Expenditures:				
Current:				
General government	-	231,499	-	-
Public safety	-	-	-	27,680
Community development	-	574,329	-	-
Parks and recreation	346,244	-	-	-
Public works	-	-	23,400	-
Capital outlay	-	-	17,526	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**346,244**	**805,828**	**40,926**	**27,680**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(122,229)	269,738	36,265	1,546
Other Financing Sources (Uses):				
Transfers in	150,285	-	-	-
Transfers out	-	-	-	-
Debt issued	-	-	-	-
Bond premium	-	-	-	-
Total Other Financing Sources (Uses)	**150,285**	**-**	**-**	**-**
Net Change in Fund Balances	28,056	269,738	36,265	1,546
Fund Balances, Beginning of Year	-	526,652	124,432	40,907
Fund Balances, End of Year	**$ 28,056**	**$ 796,390**	**$ 160,697**	**$ 42,453**

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds			
	Fire Safety	**Monrovia Nursery**	**Employee Benefits**	**Utility Mitigation**
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Charges for services	144,841	515,195	-	-
Use of money and property	-	6,571	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**144,841**	**521,766**	**-**	**-**
Expenditures:				
Current:				
General government	-	-	61,029	-
Public safety	4,398,290	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	270,593	-	42,518
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**4,398,290**	**270,593**	**61,029**	**42,518**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,253,449)	251,173	(61,029)	(42,518)
Other Financing Sources (Uses):				
Transfers in	4,358,290	-	48,615	441,553
Transfers out	-	(293,905)	-	-
Debt issued	-	-	-	-
Bond premium	-	-	-	-
Total Other Financing Sources (Uses)	**4,358,290**	**(293,905)**	**48,615**	**441,553**
Net Change in Fund Balances	104,841	(42,732)	(12,414)	399,035
Fund Balances, Beginning of Year	-	740,602	-	322,540
Fund Balances, End of Year	**$ 104,841**	**$ 697,870**	**$ (12,414)**	**$ 721,575**

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016 **(CONTINUED)**

	Special Revenue Funds			
	Highway 39	LACMTA	Measure R	AB939 Fee
Revenues:				
Taxes	$ -	$ -	$ 543,651	$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	205,656
Use of money and property	12,752	-	16,060	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**12,752**	**-**	**559,711**	**205,656**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	496,675	188,548
Capital outlay	-	-	718,232	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	240,103	-
Total Expenditures	**-**	**-**	**1,455,010**	**188,548**
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,752	-	(895,299)	17,108
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Debt issued	-	-	3,570,000	-
Bond premium	-	-	168,899	-
Total Other Financing Sources (Uses)	**-**	**-**	**3,738,899**	**-**
Net Change in Fund Balances	12,752	-	2,843,600	17,108
Fund Balances, Beginning of Year	1,512,902	(27)	1,666,182	388,658
Fund Balances, End of Year	**$ 1,525,654**	**$ (27)**	**$ 4,509,782**	**$ 405,766**

CITY OF AZUSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds		
	Rosedale Traffic Mitigation	Park In-lieu	Capital Projects	Public Works Endowment
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	14,593	-	-
Charges for services	-	-	-	-
Use of money and property	4,223	571	5	3,850
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**4,223**	**15,164**	**5**	**3,850**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	213	-
Parks and recreation	-	13,267	-	-
Public works	-	-	-	149,965
Capital outlay	-	41,500	-	28,740
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**-**	**54,767**	**213**	**178,705**
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,223	(39,603)	(208)	(174,855)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Debt issued	-	-	-	-
Bond premium	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	4,223	(39,603)	(208)	(174,855)
Fund Balances, Beginning of Year	501,227	76,523	(333)	504,288
Fund Balances, End of Year	**$ 505,450**	**$ 36,920**	**$ (541)**	**$ 329,433**

CITY OF AZUSA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Debt Service Funds	
	Public Financing Authority	Total Nonmajor Governmental Funds
Revenues:		
Taxes	$ -	$ 2,140,236
Intergovernmental	-	2,012,651
Charges for services	-	2,015,429
Use of money and property	931	73,635
Contributions	-	78,849
Miscellaneous	-	23,869
Total Revenues	**931**	**6,344,669**
Expenditures:		
Current:		
General government	4,625	297,153
Public safety	-	4,425,970
Community development	-	913,530
Parks and recreation	-	411,629
Public works	-	3,463,659
Capital outlay	-	1,983,217
Debt service:		
Principal retirement	265,000	265,000
Interest and fiscal charges	87,351	327,454
Total Expenditures	**356,976**	**12,087,612**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(356,045)	(5,742,943)
Other Financing Sources (Uses):		
Transfers in	361,395	5,425,558
Transfers out	-	(293,905)
Debt issued	-	3,570,000
Bond premium	-	168,899
Total Other Financing Sources (Uses)	**361,395**	**8,870,552**
Net Change in Fund Balances	5,350	3,127,609
Fund Balances, Beginning of Year	482,651	9,501,281
Fund Balances, End of Year	**$ 488,001**	**$ 12,628,890**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
STATE GASOLINE TAX
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 17,355	$ 17,355	$ 17,355	$ -
Resources (Inflows):				
Intergovernmental	1,119,365	1,119,365	1,066,267	(53,098)
Use of money and property	500	500	53	(447)
Miscellaneous	-	-	2,684	2,684
Transfers in	35,400	35,400	59,902	24,502
Amounts Available for Appropriations	**1,172,620**	**1,172,620**	**1,146,261**	**(26,359)**
Charges to Appropriations (Outflow):				
Parks and recreation	59,000	59,000	52,118	6,882
Public works	1,381,900	1,397,580	1,094,143	303,437
Total Charges to Appropriations	**1,440,900**	**1,456,580**	**1,146,261**	**310,319**
Budgetary Fund Balance, June 30	**$ (268,280)**	**$ (283,960)**	**$ -**	**$ 283,960**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
PROPOSITION A
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 769,063	$ 769,063	$ 769,063	$ -
Resources (Inflows):				
Taxes	853,250	853,250	873,361	20,111
Intergovernmental	116,000	116,000	207,530	91,530
Charges for services	22,270	22,270	22,545	275
Use of money and property	2,100	2,100	8,633	6,533
Amounts Available for Appropriations	**1,762,683**	**1,762,683**	**1,881,132**	**118,449**
Charges to Appropriations (Outflow):				
Public works	762,950	812,950	659,371	153,579
Total Charges to Appropriations	**762,950**	**812,950**	**659,371**	**153,579**
Budgetary Fund Balance, June 30	**$ 999,733**	**$ 949,733**	**$ 1,221,761**	**$ 272,028**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
PROPOSITION C
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 1,833,177	$ 1,833,177	$ 1,833,177	$ -
Resources (Inflows):				
Taxes	707,750	707,750	723,224	15,474
Charges for services	75,370	75,370	43,696	(31,674)
Use of money and property	5,500	5,500	12,016	6,516
Miscellaneous	1,520,000	1,520,000	1,610	(1,518,390)
Amounts Available for Appropriations	**4,141,797**	**4,141,797**	**2,613,723**	**(1,528,074)**
Charges to Appropriations (Outflow):				
Public works	556,930	753,475	538,446	215,029
Capital outlay	-	1,507,490	985,537	521,953
Total Charges to Appropriations	**556,930**	**2,260,965**	**1,523,983**	**736,982**
Budgetary Fund Balance, June 30	**$ 3,584,867**	**$ 1,880,832**	**$ 1,089,740**	**$ (791,092)**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ (5,518)	$ (5,518)	$ (5,518)	$ -
Resources (Inflows):				
Intergovernmental	428,635	428,635	506,152	77,517
Miscellaneous	114,050	114,050	2,001	(112,049)
Transfers in	-	-	5,518	5,518
Amounts Available for Appropriations	**537,167**	**537,167**	**508,153**	**(29,014)**
Charges to Appropriations (Outflow):				
Community development	603,675	794,221	338,988	455,233
Capital outlay	242,370	484,740	191,682	293,058
Total Charges to Appropriations	**846,045**	**1,278,961**	**530,670**	**748,291**
Budgetary Fund Balance, June 30	**$ (308,878)**	**$ (741,794)**	**$ (22,517)**	**$ 719,277**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
SENIOR NUTRITION
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Intergovernmental	112,400	118,870	127,592	8,722
Contributions	58,500	58,500	78,849	20,349
Miscellaneous	16,500	16,500	17,574	1,074
Transfers in	150,285	150,285	150,285	-
Amounts Available for Appropriations	**337,685**	**344,155**	**374,300**	**30,145**
Charges to Appropriations (Outflow):				
Parks and recreation	339,725	346,195	346,244	(49)
Total Charges to Appropriations	**339,725**	**346,195**	**346,244**	**(49)**
Budgetary Fund Balance, June 30	**$ (2,040)**	**$ (2,040)**	**$ 28,056**	**$ 30,096**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
PUBLIC BENEFIT PROGRAM
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 526,652	$ 526,652	$ 526,652	$ -
Resources (Inflows):				
Charges for services	1,102,950	1,102,950	1,070,202	(32,748)
Use of money and property	1,000	1,000	5,364	4,364
Amounts Available for Appropriations	**1,630,602**	**1,630,602**	**1,602,218**	**(28,384)**
Charges to Appropriations (Outflow):				
General government	288,615	288,615	231,499	57,116
Community development	728,500	728,500	574,329	154,171
Capital outlay	282,175	282,175	-	282,175
Total Charges to Appropriations	**1,299,290**	**1,299,290**	**805,828**	**493,462**
Budgetary Fund Balance, June 30	**$ 331,312**	**$ 331,312**	**$ 796,390**	**$ 465,078**

BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 124,432	$ 124,432	$ 124,432	$ -
Resources (Inflows):				
Intergovernmental	59,400	59,400	62,837	3,437
Charges for services	15,320	15,320	13,294	(2,026)
Use of money and property	1,400	1,400	1,060	(340)
Miscellaneous	-	30,000	-	(30,000)
Amounts Available for Appropriations	**200,552**	**230,552**	**201,623**	**(28,929)**
Charges to Appropriations (Outflow):				
Public works	32,320	32,320	23,400	8,920
Capital outlay	19,345	96,750	17,526	79,224
Total Charges to Appropriations	**51,665**	**129,070**	**40,926**	**88,144**
Budgetary Fund Balance, June 30	**$ 148,887**	**$ 101,482**	**$ 160,697**	**$ 59,215**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 40,907	$ 40,907	$ 40,907	$ -
Resources (Inflows):				
Intergovernmental	-	28,340	27,680	(660)
Use of money and property	-	-	1,546	1,546
Amounts Available for Appropriations	**40,907**	**69,247**	**70,133**	**886**
Charges to Appropriations (Outflow):				
Public safety	-	28,340	27,680	660
Total Charges to Appropriations	**-**	**28,340**	**27,680**	**660**
Budgetary Fund Balance, June 30	**$ 40,907**	**$ 40,907**	**$ 42,453**	**$ 1,546**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
FIRE SAFETY
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Charges for services	40,000	40,000	144,841	104,841
Transfers in	4,358,290	4,358,290	4,358,290	-
Amounts Available for Appropriations	**4,398,290**	**4,398,290**	**4,503,131**	**104,841**
Charges to Appropriations (Outflow):				
Public safety	4,398,290	4,398,290	4,398,290	-
Total Charges to Appropriations	**4,398,290**	**4,398,290**	**4,398,290**	**-**
Budgetary Fund Balance, June 30	**$ -**	**$ -**	**$ 104,841**	**$ 104,841**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
MONROVIA NURSERY
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 740,602	$ 740,602	$ 740,602	$ -
Resources (Inflows):				
Charges for services	606,000	606,000	515,195	(90,805)
Use of money and property	3,700	3,700	6,571	2,871
Amounts Available for Appropriations	**1,350,302**	**1,350,302**	**1,262,368**	**(87,934)**
Charges to Appropriations (Outflow):				
Public works	331,695	331,695	270,593	61,102
Transfers out	293,905	293,905	293,905	-
Total Charges to Appropriations	**625,600**	**625,600**	**564,498**	**61,102**
Budgetary Fund Balance, June 30	**$ 724,702**	**$ 724,702**	**$ 697,870**	**$ (26,832)**

BUDGETARY COMPARISON SCHEDULE
EMPLOYEE BENEFITS
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Transfers in	540,180	540,180	48,615	(491,565)
Amounts Available for Appropriations	**540,180**	**540,180**	**48,615**	**(491,565)**
Charges to Appropriations (Outflow):				
General government	540,180	715,980	61,029	654,951
Total Charges to Appropriations	**540,180**	**715,980**	**61,029**	**654,951**
Budgetary Fund Balance, June 30	**$ -**	**$ (175,800)**	**$ (12,414)**	**$ 163,386**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
UTILITY MITIGATION
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 322,540	$ 322,540	$ 322,540	$ -
Resources (Inflows):				
Transfers in	125,000	125,000	441,553	316,553
Amounts Available for Appropriations	**447,540**	**447,540**	**764,093**	**316,553**
Charges to Appropriations (Outflow):				
Public works	120,000	186,000	42,518	143,482
Total Charges to Appropriations	**120,000**	**186,000**	**42,518**	**143,482**
Budgetary Fund Balance, June 30	**$ 327,540**	**$ 261,540**	**$ 721,575**	**$ 460,035**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
LACMTA
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ (27)	$ (27)	$ (27)	$ -
Resources (Inflows):				
Intergovernmental	820,000	820,000	-	(820,000)
Amounts Available for Appropriations	**819,973**	**819,973**	**(27)**	**(820,000)**
Charges to Appropriations (Outflow):				
Public works	-	305,084	-	305,084
Capital outlay	500,000	500,000	-	500,000
Total Charges to Appropriations	**500,000**	**805,084**	**-**	**805,084**
Budgetary Fund Balance, June 30	**$ 319,973**	**$ 14,889**	**$ (27)**	**$ (14,916)**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
MEASURE R
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 1,666,182	$ 1,666,182	$ 1,666,182	$ -
Resources (Inflows):				
Taxes	527,750	527,750	543,651	15,901
Use of money and property	6,000	6,000	16,060	10,060
Debt issued	-	-	3,570,000	3,570,000
Bond premium	-	-	168,899	168,899
Amounts Available for Appropriations	**2,199,932**	**2,199,932**	**5,964,792**	**3,764,860**
Charges to Appropriations (Outflow):				
Public works	211,725	588,435	496,675	91,760
Capital outlay	25,000	791,430	718,232	73,198
Debt service:				
Interest and fiscal charges	-	-	240,103	(240,103)
Total Charges to Appropriations	**236,725**	**1,379,865**	**1,455,010**	**(75,145)**
Budgetary Fund Balance, June 30	**$ 1,963,207**	**$ 820,067**	**$ 4,509,782**	**$ 3,689,715**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
AB939 FEE
YEAR ENDED JUNE 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 388,658	$ 388,658	$ 388,658	$ -
Resources (Inflows):				
Charges for services	215,100	215,100	205,656	(9,444)
Amounts Available for Appropriations	**603,758**	**603,758**	**594,314**	**(9,444)**
Charges to Appropriations (Outflow):				
Public works	244,780	244,780	188,548	56,232
Total Charges to Appropriations	**244,780**	**244,780**	**188,548**	**56,232**
Budgetary Fund Balance, June 30	**$ 358,978**	**$ 358,978**	**$ 405,766**	**$ 46,788**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
PARK IN-LIEU
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 76,523	$ 76,523	$ 76,523	$ -
Resources (Inflows):				
Intergovernmental	10,000	10,000	14,593	4,593
Use of money and property	50	50	571	521
Amounts Available for Appropriations	**86,573**	**86,573**	**91,687**	**5,114**
Charges to Appropriation (Outflow):				
Parks and recreation	35,970	35,970	13,267	22,703
Capital outlay	-	41,500	41,500	-
Total Charges to Appropriations	**35,970**	**77,470**	**54,767**	**22,703**
Budgetary Fund Balance, June 30	**$ 50,603**	**$ 9,103**	**$ 36,920**	**$ 27,817**

CITY OF AZUSA

BUDGETARY COMPARISON SCHEDULE
PUBLIC WORKS ENDOWMENT
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 504,288	$ 504,288	$ 504,288	$ -
Resources (Inflows):				
Use of money and property	-	-	3,850	3,850
Amounts Available for Appropriations	**504,288**	**504,288**	**508,138**	**3,850**
Charges to Appropriations (Outflow):				
Public works	107,500	234,330	149,965	84,365
Capital outlay	24,395	77,095	28,740	48,355
Total Charges to Appropriations	**131,895**	**311,425**	**178,705**	**132,720**
Budgetary Fund Balance, June 30	**$ 372,393**	**$ 192,863**	**$ 329,433**	**$ 136,570**

CITY OF AZUSA

COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Sewer/ Wastewater	Refuse Contract	Totals
Assets and Deferred Outflows of Resources:			
Assets:			
Current:			
Cash and investments	$ 3,372,759	$ 240,339	$ 3,613,098
Receivables:			
Accounts	320,999	458,727	779,726
Notes and loans	3,160	-	3,160
Accrued interest	1,809	-	1,809
Restricted:			
Cash with fiscal agent	1,456,489	-	1,456,489
Total Current Assets	**5,155,216**	**699,066**	**5,854,282**
Noncurrent:			
Capital assets - net of accumulated depreciation	10,433,586	-	10,433,586
Total Noncurrent Assets	**10,433,586**	**-**	**10,433,586**
Total Assets	**15,588,802**	**699,066**	**16,287,868**
Deferred Outflows of Resources:			
Deferred pension related items	82,577	-	82,577
Total Deferred Outflows of Resources	**82,577**	**-**	**82,577**
Total Assets and Deferred Outflows of Resources	**$ 15,671,379**	**$ 699,066**	**$ 16,370,445**
Liabilities, Net Position and Deferred Inflows of Resources:			
Liabilities:			
Current:			
Accounts payable	$ 30,387	$ 546,010	$ 576,397
Accrued liabilities	34,993	-	34,993
Accrued interest	62,850	-	62,850
Accrued compensated absences	56,127	-	56,127
Bonds, notes, and capital leases	375,000	-	375,000
Total Current Liabilities	**559,357**	**546,010**	**1,105,367**
Noncurrent:			
Bonds, notes, and capital leases	3,990,000	-	3,990,000
Net pension liability	1,132,877	-	1,132,877
Total Noncurrent Liabilities	**5,122,877**	**-**	**5,122,877**
Total Liabilities	**5,682,234**	**546,010**	**6,228,244**
Deferred Inflows of Resources:			
Deferred pension related items	173,158	-	173,158
Total Deferred Inflows of Resources	**173,158**	**-**	**173,158**
Net Position:			
Net investment in capital assets	7,522,719	-	7,522,719
Unrestricted	2,293,268	153,056	2,446,324
Total Net Position	**9,815,987**	**153,056**	**9,969,043**
Total Liabilities, Net Position and Deferred Inflows of Resources	**$ 15,671,379**	**$ 699,066**	**$ 16,370,445**

CITY OF AZUSA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Sewer/ Wastewater	Refuse Contract	Totals
Operating Revenues:			
Sales and service charges	$ 2,679,660	$ 3,465,932	$ 6,145,592
Miscellaneous	5,024	6,267	11,291
Total Operating Revenues	**2,684,684**	**3,472,199**	**6,156,883**
Operating Expenses:			
Administration and general	912,924	-	912,924
Treatment	524,338	-	524,338
Refuse collection	-	3,342,897	3,342,897
Depreciation expense	488,339	-	488,339
Total Operating Expenses	**1,925,601**	**3,342,897**	**5,268,498**
Operating Income (Loss)	759,083	129,302	888,385
Nonoperating Revenues (Expenses):			
Taxes	-	630,981	630,981
Interest revenue	25,070	-	25,070
Interest expense	(151,839)	-	(151,839)
Special franchise fees	(54,244)	-	(54,244)
Total Nonoperating Revenues (Expenses)	**(181,013)**	**630,981**	**449,968**
Income (Loss) Before Transfers	578,070	760,283	1,338,353
Transfers out	(119,000)	(747,935)	(866,935)
Changes in Net Position	459,070	12,348	471,418
Net Position:			
Beginning of Year, as originally reported	9,222,795	140,708	9,363,503
Restatements	134,122	-	134,122
Beginning of Fiscal Year, as restated	9,356,917	140,708	9,497,625
End of Fiscal Year	**$ 9,815,987**	**$ 153,056**	**$ 9,969,043**

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Sewer/ Wastewater	**Refuse Contract**	**Totals**
Cash Flows from Operating Activities:			
Cash received from customers and users	$ 2,671,401	$ 3,427,513	$ 6,098,914
Cash paid to suppliers for goods and services	(558,916)	(3,288,736)	(3,847,652)
Cash paid to employees for services	(946,090)	-	(946,090)
Net Cash Provided by (Used in) Operating Activities	**1,166,395**	**138,777**	**1,305,172**
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(119,000)	(747,935)	(866,935)
Net Cash Used in Non-Capital Financing Activities	**(119,000)**	**(747,935)**	**(866,935)**
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(89,218)	-	(89,218)
Principal paid on capital debt	(365,000)	-	(365,000)
Interest paid on capital debt	(156,833)	-	(156,833)
Special franchise fees	(54,244)	-	(54,244)
Taxes	-	630,981	630,981
Net Cash Provided by (Used in) Capital and Related Financing Activities	**(665,295)**	**630,981**	**(34,314)**
Cash Flows from Investing Activities:			
Issuance of new loans	(3,160)	-	(3,160)
Interest received	24,154	-	24,154
Net Cash Provided by Investing Activities	**20,994**	**-**	**20,994**
Net Decrease in Cash and Cash Equivalents	**403,094**	**21,823**	**424,917**
Cash and Cash Equivalents at Beginning of Year	4,426,154	218,516	4,644,670
Cash and Cash Equivalents at End of Year	**$ 4,829,248**	**$ 240,339**	**$ 5,069,587**
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	$ 759,083	$ 129,302	$ 888,385
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	488,339	-	488,339
(Increase) decrease in accounts receivable	(13,283)	(44,686)	(57,969)
(Increase) decrease in deferred pension related outflows	4,918	-	4,918
Increase (decrease) in accounts payable	(42,893)	54,161	11,268
Increase (decrease) in accrued liabilities	8,315	-	8,315
Increase (decrease) in compensated absences	(22,382)	-	(22,382)
Increase (decrease) in net pension liability	72,347	-	72,347
Increase (decrease) in deferred pension related inflows	(88,049)	-	(88,049)
Total Adjustments	**407,312**	**9,475**	**416,787**
Net Cash Provided by (Used in) Operating Activities	**$ 1,166,395**	**$ 138,777**	**$ 1,305,172**

CITY OF AZUSA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	Governmental Activities - Internal Service Funds			
	Consumer Services	Self Insurance	Central Services	Equipment Replacement
Assets and Deferred Outflows of Resources:				
Assets:				
Current:				
Cash and investments	$ 1,295,927	$ 1,871,925	$ 3,309	$ 18,888
Receivables:				
Accounts	702,858	-	96	-
Notes and loans	3,717	537	-	-
Accrued interest	23,668	257	-	-
Prepaid costs	-	25,752	-	-
Total Current Assets	**2,026,170**	**1,898,471**	**3,405**	**18,888**
Noncurrent:				
Capital assets - net of accumulated depreciation	515,938	-	29,680	394,406
Total Noncurrent Assets	**515,938**	**-**	**29,680**	**394,406**
Total Assets	**2,542,108**	**1,898,471**	**33,085**	**413,294**
Deferred Outflows of Resources:				
Deferred pension related items	486,625	16,455	-	-
Total Deferred Outflows of Resources	**486,625**	**16,455**	**-**	**-**
Total Assets and Deferred Outflows of Resources	**$ 3,028,733**	**$ 1,914,926**	**$ 33,085**	**$ 413,294**
Liabilities, Net Position and Deferred Inflows of Resources:				
Liabilities:				
Current:				
Accounts payable	$ 108,489	$ 355,038	$ -	$ -
Accrued liabilities	649,991	4,465	561	-
Accrued compensated absences	209,043	3,033	-	-
Accrued claims and judgments	-	2,317,141	-	-
Total Current Liabilities	**967,523**	**2,679,677**	**561**	**-**
Noncurrent:				
Accrued compensated absences	15,577	1,011	-	-
Net pension liability	4,018,769	92,943	-	-
Total Noncurrent Liabilities	**4,034,346**	**93,954**	**-**	**-**
Total Liabilities	**5,001,869**	**2,773,631**	**561**	**-**
Deferred Inflows of Resources:				
Deferred pension related items	430,780	(2,344)	-	-
Total Deferred Inflows of Resources	**430,780**	**(2,344)**	**-**	**-**
Net Position:				
Investment in capital assets	515,938	-	29,680	394,406
Unrestricted	(2,919,854)	(856,361)	2,844	18,888
Total Net Position	**(2,403,916)**	**(856,361)**	**32,524**	**413,294**
Total Liabilities, Net Position and Deferred Inflows of Resources	**$ 3,028,733**	**$ 1,914,926**	**$ 33,085**	**$ 413,294**

CITY OF AZUSA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	Governmental Activities - Internal Service Funds	
	IT Services	Totals
Assets and Deferred Outflows of Resources:		
Assets:		
Current:		
Cash and investments	$ 222,636	$ 3,412,685
Receivables:		
Accounts	-	702,954
Notes and loans	1,341	5,595
Accrued interest	-	23,925
Prepaid costs	65,540	91,292
Total Current Assets	**289,517**	**4,236,451**
Noncurrent:		
Capital assets - net of accumulated depreciation	-	940,024
Total Noncurrent Assets	**-**	**940,024**
Total Assets	**289,517**	**5,176,475**
Deferred Outflows of Resources:		
Deferred pension related items	131,657	634,737
Total Deferred Outflows of Resources	**131,657**	**634,737**
Total Assets and Deferred Outflows of Resources	**$ 421,174**	**$ 5,811,212**
Liabilities, Net Position and Deferred Inflows of Resources:		
Liabilities:		
Current:		
Accounts payable	$ 117,458	$ 580,985
Accrued liabilities	49,361	704,378
Accrued compensated absences	169,867	381,943
Accrued claims and judgments	-	2,317,141
Total Current Liabilities	**336,686**	**3,984,447**
Noncurrent:		
Accrued compensated absences	-	16,588
Net pension liability	1,888,576	6,000,288
Total Noncurrent Liabilities	**1,888,576**	**6,016,876**
Total Liabilities	**2,225,262**	**10,001,323**
Deferred Inflows of Resources:		
Deferred pension related items	141,214	569,650
Total Deferred Inflows of Resources	**141,214**	**569,650**
Net Position:		
Investment in capital assets	-	940,024
Unrestricted	(1,945,302)	(5,699,785)
Total Net Position	**(1,945,302)**	**(4,759,761)**
Total Liabilities, Net Position and Deferred Inflows of Resources	**$ 421,174**	**$ 5,811,212**

CITY OF AZUSA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Funds			
	Consumer Services	Self Insurance	Central Services	Equipment Replacement
Operating Revenues:				
Sales and service charges	$ 6,856,766	$ 2,464,950	$ -	$ -
Miscellaneous	18,527	30,507	-	1,069
Total Operating Revenues	**6,875,293**	**2,495,457**	**-**	**1,069**
Operating Expenses:				
Administration and general	5,727,559	1,660,752	-	-
Source of supply	158,096	-	-	-
Claims expense	553,282	2,003,484	-	-
Depreciation expense	109,830	-	1,492	108,358
Total Operating Expenses	**6,548,767**	**3,664,236**	**1,492**	**108,358**
Operating Income (Loss)	326,526	(1,168,779)	(1,492)	(107,289)
Nonoperating Revenues (Expenses):				
Interest revenue	-	5,889	-	32
Loss on disposal of capital assets	-	-	-	(8,487)
Gain on disposal of capital assets	-	-	-	455
Total Nonoperating Revenues (Expenses)	**-**	**5,889**	**-**	**(8,000)**
Income (Loss) Before Transfers	326,526	(1,162,890)	(1,492)	(115,289)
Transfers in	132,335	15,780	37,525	76,300
Transfers out	(428,790)	-	-	-
Changes in Net Position	30,071	(1,147,110)	36,033	(38,989)
Net Position:				
Beginning of Year	(2,433,987)	290,749	(3,509)	452,283
End of Fiscal Year	**$ (2,403,916)**	**$ (856,361)**	**$ 32,524**	**$ 413,294**

CITY OF AZUSA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Funds	
	IT Services	**Totals**
Operating Revenues:		
Sales and service charges	$ 1,524,385	$ 10,846,101
Miscellaneous	92	50,195
Total Operating Revenues	**1,524,477**	**10,896,296**
Operating Expenses:		
Administration and general	1,380,767	8,769,078
Source of supply	135,611	293,707
Claims expense	-	2,556,766
Depreciation expense	-	219,680
Total Operating Expenses	**1,516,378**	**11,839,231**
Operating Income (Loss)	8,099	(942,935)
Nonoperating Revenues (Expenses):		
Interest revenue	-	5,921
Loss on disposal of capital assets	-	(8,487)
Gain on disposal of capital assets	-	455
Total Nonoperating Revenues (Expenses)	**-**	**(2,111)**
Income (Loss) Before Transfers	8,099	(945,046)
Transfers in	-	261,940
Transfers out	-	(428,790)
Changes in Net Position	8,099	(1,111,896)
Net Position:		
Beginning of Year	(1,953,401)	(3,647,865)
End of Fiscal Year	**$ (1,945,302)**	**$ (4,759,761)**

CITY OF AZUSA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Funds			
	Consumer Services	Self Insurance	Central Services	Equipment Replacement
Cash Flows from Operating Activities:				
Cash received from customers and users	$ 6,347,636	$ 2,470,704	$ -	$ 1,069
Cash paid to suppliers for goods and services	(559,052)	(1,445,247)	-	-
Cash paid to employees for services	(5,817,001)	(1,666,154)	-	-
Net Cash Provided by (Used in) Operating Activities	**(28,417)**	**(640,697)**	**-**	**1,069**
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(428,790)	-	-	-
Cash transfers in	132,335	15,780	37,525	76,300
Repayment made to other funds	-	-	(34,216)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	**(296,455)**	**15,780**	**3,309**	**76,300**
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(98,639)	-	-	(77,205)
Proceeds from sale of capital assets	-	-	-	8,866
Net Cash Provided (Used) by Capital and Related Financing Activities	**(98,639)**	**-**	**-**	**(68,339)**
Cash Flows from Investing Activities:				
Issuance of new loans	-	-	-	-
Repayment received on loans	234	-	-	-
Interest received	-	6,201	-	35
Net Cash Provided by (Used in) Investing Activities	**234**	**6,201**	**-**	**35**
Net Increase (Decrease) in Cash and Cash Equivalents	**(423,277)**	**(618,716)**	**3,309**	**9,065**
Cash and Cash Equivalents at Beginning of Year	1,719,204	2,490,641	-	9,823
Cash and Cash Equivalents at End of Year	**$ 1,295,927**	**$ 1,871,925**	**$ 3,309**	**$ 18,888**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ 326,526	$ (1,168,779)	$ (1,492)	$ (107,289)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	109,830	-	1,492	108,358
(Increase) decrease in accounts receivable	(527,657)	-	-	-
(Increase) decrease in prepaid expense	4,390	(24,753)	-	-
(Increase) decrease in deferred pension related outflows	(130,460)	(7,087)	-	-
Increase (decrease) in accounts payable	13,140	(330,205)	-	-
Increase (decrease) in accrued liabilities	134,796	1,574	-	-
Increase (decrease) in claims and judgments	-	886,868	-	-
Increase (decrease) in compensated absences	(59,371)	(1,737)	-	-
Increase (decrease) in net pension liability	505,332	25,848	-	-
Increase (decrease) in deferred pension related inflows	(404,943)	(22,426)	-	-
Total Adjustments	**(354,943)**	**528,082**	**1,492**	**108,358**
Net Cash Provided by (Used in) Operating Activities	**$ (28,417)**	**$ (640,697)**	**$ -**	**$ 1,069**
Non-Cash Investing, Capital, and Financing Activities:				
Gain/(Loss) on disposition of capital assets	$ -	$ -	$ -	$ 8,866

CITY OF AZUSA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Funds	
	IT Services	Totals
Cash Flows from Operating Activities:		
Cash received from customers and users	$ 1,529,211	$ 10,348,620
Cash paid to suppliers for goods and services	(99,355)	(2,103,654)
Cash paid to employees for services	(1,398,508)	(8,881,663)
Net Cash Provided by (Used in) Operating Activities	**31,348**	**(636,697)**
Cash Flows from Non-Capital Financing Activities:		
Cash transfers out	-	(428,790)
Cash transfers in	-	261,940
Repayment made to other funds	-	(34,216)
Net Cash Provided by (Used in) Non-Capital Financing Activities	**-**	**(201,066)**
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	-	(175,844)
Proceeds from sale of capital assets	-	8,866
Net Cash Provided (Used) by Capital and Related Financing Activities	**-**	**(166,978)**
Cash Flows from Investing Activities:		
Issuance of new loans	(1,341)	(1,341)
Repayment received on loans	-	234
Interest received	-	6,236
Net Cash Provided by (Used in) Investing Activities	**(1,341)**	**5,129**
Net Increase (Decrease) in Cash and Cash Equivalents	**30,007**	**(999,612)**
Cash and Cash Equivalents at Beginning of Year	192,629	4,412,297
Cash and Cash Equivalents at End of Year	**$ 222,636**	**$ 3,412,685**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	$ 8,099	$ (942,935)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation	-	219,680
(Increase) decrease in accounts receivable	-	(527,657)
(Increase) decrease in prepaid expense	4,734	(15,629)
(Increase) decrease in deferred pension related outflows	(30,280)	(167,827)
Increase (decrease) in accounts payable	21,061	(296,004)
Increase (decrease) in accrued liabilities	15,195	151,565
Increase (decrease) in claims and judgments	-	886,868
Increase (decrease) in compensated absences	(9,642)	(70,750)
Increase (decrease) in net pension liability	131,526	662,706
Increase (decrease) in deferred pension related inflows	(109,345)	(536,714)
Total Adjustments	**23,249**	**306,238**
Net Cash Provided by (Used in) Operating Activities	**$ 31,348**	**$ (636,697)**
Non-Cash Investing, Capital, and Financing Activities:		
Gain/(Loss) on disposition of capital assets	$ -	$ 8,866

CITY OF AZUSA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2016

	Balance 7/1/2015	Additions	Deductions	Balance 6/30/2016
Deposit Trust				
Assets:				
Pooled cash and investments	$ 5,116,110	$ 4,904,976	$ 3,567,937	$ 6,453,149
Receivables:				
Accounts	11,276	269,249	11,276	269,249
Taxes	59,703	48,554	59,703	48,554
Total Assets	**$ 5,187,089**	**$ 5,222,779**	**$ 3,638,916**	**$ 6,770,952**
Liabilities:				
Accounts payable	$ 210,153	$ 3,627,946	$ 3,590,036	$ 248,063
Accrued liabilities	12,277	5,349	9,660	7,966
Deposits payable	4,944,964	5,687,987	4,141,073	6,491,878
Due to other governments	19,695	4,750	1,400	23,045
Total Liabilities	**$ 5,187,089**	**$ 9,326,032**	**$ 7,742,169**	**$ 6,770,952**

CITY OF AZUSA

SUPPLEMENTAL STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
WATER - ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Water
Operating Revenues:	
Residential sales	$ 8,599,454
Commercial sales	3,429,934
Industrial sales	2,282,486
Other sales	1,031,834
Fees	344,224
Other revenue	4,990,072
Total Operating Revenues	**20,678,004**
Operating Expenses:	
Production	6,003,201
Transmission and distribution	2,357,683
Customer accounting and sales	4,388,600
Uncollectible accounts	36,777
Administrative and general	610,783
Depreciation	3,752,679
Total Operating Expenses	**17,149,723**
Operating Income (Loss)	3,528,281
Nonoperating Revenues (Expenses):	
Interest revenue	228,799
Interest expense	(2,089,099)
Franchise and in-lieu-tax	(403,189)
Total Nonoperating Revenues (Expenses)	**(2,263,489)**
Net Income	**912,606**
Net Position:	
Beginning of Fiscal Year	52,645,976
Restatements	(131,278)
Beginning of Fiscal Year, as restated	52,514,698
End of Fiscal Year	**$ 53,427,304**

CITY OF AZUSA

SUPPLEMENTAL STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
LIGHT - ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Light
Operating Revenues:	
Sale/electricity - residential	$ 12,570,806
Sale/electricity - commercial and industrial	21,957,543
Sale/electricity - other	1,340,305
Sale/electricity - resale	4,567,753
Other revenue	2,015,847
Total Operating Revenues	**42,452,254**
Operating Expenses:	
Purchase power	25,726,445
Transmission/dispatching	3,750,031
Operation and maintenance	2,689,607
Uncollectible accounts	56,476
Administration general expenditures	4,120,699
Depreciation	1,274,013
Total Operating Expenses	**37,617,271**
Operating Income	4,834,983
Nonoperating Revenues (Expenses):	
Interest income	265,634
Interest expense	(225,136)
Franchise and in-lieu-tax	(3,655,679)
Total Nonoperating Revenues (Expenses)	**(3,615,181)**
Net Income Before Transfers	1,219,802
Transfers Out	(136,762)
Net Income	**1,083,040**
Net Position:	
Beginning of Fiscal Year	43,220,224
Restatements	(70,688)
Beginning of Fiscal Year, as restated	43,149,536
End of Fiscal Year	**$ 44,232,576**

CITY OF AZUSA
Statistical Section

This part of the City of Azusa's comprehensive annual financial report presents detailed information as a context to aid the reader in understanding the information presented in the financial statements, and the required supplementary information and the City's overall financial health.

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CITY OF AZUSA
Table 1 - Net Position by Component
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Invest in capital assets, net of related debt	$ 20,192,108	$ 18,385,294	$ 19,090,231	$ 19,372,237	$ 19,297,862	$ 28,862,696	$ 29,086,566	$ 29,959,431	$ 28,121,302	$ 33,586,894
Restricted	21,624,059	38,694,105	60,470,894	55,734,821	35,312,033	5,306,039	8,800,537	9,222,166	10,658,744	12,664,389
Unrestricted	(18,347,943)	(31,815,388)	(58,874,825)	(67,047,309)	(50,982,746)	23,447,281	18,107,479	(7,774,851)	(46,416,171)	(47,761,262)
Total governmental activities net position	$ 23,468,224	$ 25,264,011	$ 20,686,300	$ 8,059,749	$ 3,627,149	$ 57,616,016	$ 55,994,582	$ 31,406,746	$ (7,636,125)	$ (1,509,979)
Business-type activities:										
Invest in capital assets, net of related debt	$ 57,312,869	$ 57,372,662	$ 57,578,956	$ 58,696,499	$ 35,160,311	$ 60,564,169	$ 55,086,846	$ 58,465,869	$ 45,617,124	$ 56,985,265
Restricted	5,228,056	5,045,495	5,049,234	5,069,361	3,192,561	10,845,193	11,554,302	9,845,901	15,085,506	11,448,778
Unrestricted	69,437,708	67,473,534	64,014,418	61,221,682	85,047,584	53,464,644	55,694,676	46,533,746	42,093,086	36,790,964
Total business-type activities net position	$ 131,978,633	$ 129,891,691	$ 126,642,608	$ 124,987,542	$ 123,400,456	$ 124,874,006	$ 122,335,824	$ 114,845,516	$ 102,795,716	$ 105,225,007
Primary government:										
Invest in capital assets, net of related debt	$ 77,504,977	$ 75,757,956	$ 76,669,187	$ 78,068,736	$ 54,458,173	$ 89,426,865	$ 84,173,412	$ 88,425,300	$ 73,738,426	$ 90,572,159
Restricted	26,852,115	43,741,600	65,520,128	60,804,182	38,504,594	16,151,232	20,354,839	19,068,067	25,744,250	24,113,167
Unrestricted	51,089,765	35,656,146	5,139,593	(5,825,627)	34,064,838	76,911,925	73,802,155	38,758,895	(4,323,085)	(10,970,298)
Total primary government net position	$ 155,446,857	$ 155,155,702	$ 147,328,908	$ 133,047,291	$ 127,027,605	$ 182,490,022	$ 178,330,406	$ 146,252,262	$ 95,159,591	$ 103,715,028

The City of Azusa implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.

Source: City of Azusa Finance Department

CITY OF AZUSA
Table 2 - Changes in Net Position
Last Ten Fiscal Years (accrual basis)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenue:										
Governmental activities:										
Charges for services										
General government	$ 3,553,435	$ 3,930,106	$ 3,418,393	$ 3,760,159	$ 3,855,810	$ 3,090,304	$ 2,304,290	$ 3,919,876	$ 3,517,810	$ 4,157,243
Public Safety	620,542	755,186	681,943	871,900	713,846	721,032	705,140	829,054	741,551	821,281
Community development	1,596,453	1,697,467	1,358,872	1,659,057	1,915,741	2,615,631	2,831,860	3,296,987	3,044,683	2,463,012
Parks and recreation	625,955	685,468	1,127,077	1,179,080	997,277	1,046,584	1,090,771	1,181,561	1,226,392	1,188,778
Public Works	168,218	168,657	203,280	368,275	364,910	838,958	476,506	525,343	961,875	739,521
Operating grants and contributions	3,054,171	2,731,195	5,307,696	3,261,472	3,651,491	3,267,287	2,121,638	3,836,479	13,926,073	6,435,839
Capital grants and contributions	497,905	468,279	286,875	654,467	109,226	137,102	2,988,760	442,727	398,905	328,662
Total governmental activities program revenues	10,116,679	10,436,358	12,384,136	11,754,410	11,608,301	11,716,898	12,518,965	14,032,027	23,817,289	16,134,336
Business-type activities:										
Charges for services										
Water	17,254,963	16,501,434	14,805,241	16,144,130	17,779,417	20,062,118	21,604,435	21,762,242	21,515,397	20,317,053
Light	34,932,840	35,998,389	34,496,805	35,192,941	39,189,980	40,962,648	42,377,694	45,001,748	46,222,264	40,464,630
Sewer/Wastewater	1,398,925	1,470,452	1,508,325	1,557,758	1,615,840	2,223,876	2,480,008	2,566,676	2,636,707	2,679,660
Refuse contract	2,812,595	2,996,275	2,968,742	2,933,390	3,062,700	2,976,946	2,954,842	3,058,956	3,145,396	3,465,932
Operating grants and contributions	-	-	-	84	-	-	-	-	-	-
Total business-type activities program revenues	56,399,323	56,966,550	53,779,113	55,828,303	61,647,937	66,225,588	69,416,979	72,389,622	73,519,764	66,927,275
Total primary government program revenues	$ 66,516,002	$ 67,402,908	$ 66,163,249	$ 67,582,713	$ 73,256,238	$ 77,942,486	$ 81,935,944	$ 86,421,649	$ 97,337,053	$ 83,061,611
Expenses:										
Governmental activities:										
General government	$ 9,966,734	$ 11,582,357	$ 15,047,013	$ 16,368,337	$ 12,198,991	$ 10,537,722	$ 7,168,707	$ 7,169,710	$ 7,834,391	$ 10,945,471
Public safety	17,101,215	18,772,865	20,459,265	19,458,795	20,187,914	20,449,077	20,077,868	21,082,420	21,279,644	22,689,580
Community development	10,467,848	4,178,449	5,690,458	4,041,516	3,472,237	3,272,401	3,053,950	2,569,284	2,384,308	2,605,120
Parks and recreation	3,412,918	3,737,791	4,083,565	3,950,786	4,184,626	4,146,245	3,453,469	3,752,518	3,878,961	4,546,965
Public works	3,418,493	5,494,887	4,577,435	4,688,537	5,539,866	8,818,083	4,173,502	5,356,694	5,019,152	5,331,169
Interest on long-term debt	3,437,231	4,757,068	6,224,638	7,274,723	7,380,598	2,244,315	471,835	1,330,555	699,155	517,395
Total governmental activities expenses	47,804,439	48,523,417	56,082,374	55,782,694	52,964,232	49,467,843	38,399,331	41,261,181	41,095,611	46,635,700
Business-type activities:										
Water	15,681,384	18,473,689	17,225,088	19,114,843	19,680,719	19,364,355	19,199,120	18,345,227	21,497,271	19,429,769
Electric	34,713,270	38,827,637	36,939,301	39,803,690	40,083,680	39,115,161	44,040,193	45,011,550	44,328,679	41,383,802
Sewer/Wastewater	1,604,557	1,653,043	1,995,785	1,986,142	1,982,241	2,083,756	4,828,680	2,434,295	2,368,124	2,131,684
Refuse contract	2,918,732	3,247,734	3,028,270	2,924,303	2,962,395	2,851,882	2,835,041	2,938,255	3,042,337	3,342,897
Total business-type activities expenses	54,917,943	62,202,103	59,188,444	63,828,978	64,709,035	63,415,154	70,903,034	68,729,327	71,236,411	66,288,152
Total primary government program expenses	102,722,382	110,725,520	115,270,818	119,611,672	117,673,267	112,882,997	109,302,365	109,990,508	112,332,022	112,923,852
Net revenues (expenses):										
Governmental activities	(37,687,760)	(38,087,059)	(43,698,238)	(44,028,284)	(41,355,931)	(37,750,945)	(25,880,366)	(27,229,154)	(17,278,322)	(30,501,364)
Business-type activities	1,481,380	(5,235,553)	(5,409,331)	(8,000,675)	(3,061,098)	2,810,434	(1,486,055)	3,660,295	2,283,353	639,123
Total net revenues (expenses)	(36,206,380)	(43,322,612)	(49,107,569)	(52,028,959)	(44,417,029)	(34,940,511)	(27,366,421)	(23,568,859)	(14,994,969)	(29,862,241)

CITY OF AZUSA
Table 2 - Changes in Net Position *(Continued)*
Last Ten Fiscal Years (accrual basis)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes, general purpose	$ 11,044,335	$ 10,372,529	$ 13,518,253	$ 10,032,979	$ 12,108,155	$ 9,856,354	$ 8,312,351	$ 8,023,547	$ 8,531,515	$ 9,134,084
Transient occupancy taxes	234,427	243,261	226,268	200,840	192,659	210,923	224,359	223,675	261,815	347,965
Sales tax	6,025,756	6,328,962	6,202,335	4,716,305	5,678,177	6,234,614	6,904,400	7,183,809	7,530,257	8,001,941
Franchise taxes	5,544,594	5,654,896	5,821,976	5,595,423	6,222,537	6,355,828	6,526,496	6,757,708	7,328,977	7,575,506
Business licenses taxes	1,637,775	1,640,425	1,755,831	1,829,503	1,822,102	1,865,195	1,983,634	1,922,139	2,008,916	1,995,000
Utility Users tax	3,289,210	3,302,442	3,260,191	3,059,121	3,160,788	3,250,469	3,305,545	3,441,178	3,594,092	3,266,383
Other taxes	4,798,699	1,397,618	1,131,885	1,102,339	2,678,727	1,272,967	1,963,904	1,763,038	2,058,967	1,851,142
Motor vehicle in lieu-unrestricted	326,101	232,989	157,012	137,557	143,401	420,126	25,224	20,876	-	-
Investment income	4,322,594	3,932,540	3,967,549	2,914,790	2,540,133	1,284,484	166,674	(423,898)	353,285	183,908
Other general revenues	373,063	2,702,680	707,536	441,956	854,945	(50,068)	279,447	759,132	629,507	1,709,757
Extraordinary gain/(loss on dissolution of redevelopment agency	-	-	-	-	-	59,933,832	-	-	(4,113,065)	-
Transfers	700,000	4,392,846	2,249,387	1,386,380	1,326,374	1,082,262	1,309,808	1,535,996	1,458,028	1,652,338
Total governmental activities	38,296,554	40,201,188	38,998,223	31,417,193	36,727,998	91,716,986	31,001,842	31,207,200	29,642,294	35,718,024
Business-type activities:										
Property taxes, general purpose	594,065	631,036	586,254	555,121	571,036	555,225	556,161	542,409	574,179	630,981
Investment income	4,236,645	4,954,367	2,579,973	6,201,289	1,626,291	257,653	115,380	300,515	378,713	532,303
Gain on sale of assets	-	(38,373)	797	2,306	1,350	(1,966,003)	(3,690)		-	-
Transfers	(700,000)	(4,392,846)	(2,249,387)	(1,386,380)	(1,326,374)	(1,082,262)	(1,309,808)	(1,535,996)	(1,458,028)	(1,652,338)
Miscellaneous	2,676,882	1,841,306	1,230,835	1,336,168	358,891	884,535	359,573	399,293	224,680	2,347,066
Total business-type activities	6,807,592	2,995,490	2,148,472	6,708,504	1,231,194	(1,350,852)	(282,384)	(293,779)	(280,456)	1,858,012
Total general revenues	45,104,146	43,196,678	41,146,695	38,125,697	37,959,192	90,366,134	30,719,458	30,913,421	29,361,838	37,576,036
Changes in net position:										
Governmental activities	608,794	2,114,129	(4,700,015)	(12,611,091)	(4,627,933)	53,966,041	5,121,476	3,978,046	12,363,972	5,216,660
Business-type activities	8,288,972	(2,240,063)	(3,260,859)	(1,292,171)	(1,829,904)	1,459,582	(1,768,439)	3,366,516	2,002,897	2,497,135
Total primary government	$ 8,897,766	$ (125,934)	$ (7,960,874)	$ (13,903,262)	$ (6,457,837)	$ 55,425,623	$ 3,353,037	$ 7,344,562	$ 14,366,869	$ 7,713,795

The City of Azusa implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.

Source: City of Azusa Finance Department

CITY OF AZUSA
Table 3 - Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis)

	Fiscal Year			
	2007	2008	2009	2010
General fund:				
Reserved	$ 142,136	$ 196,095	$ 500,389	$ 5,827,294
Unreserved	14,225,783	13,753,667	11,914,867	3,777,753
Total general fund	$ 14,367,919	$ 13,949,762	$ 12,415,256	$ 9,605,047
All other governmental funds:				
Reserved	$ 17,873,011	$ 23,069,640	$ 43,489,276	$ 47,472,564
Unreserved, reported in:				
Special revenue funds	13,671,472	15,616,841	21,491,624	13,022,299
Capital projects funds	2,487,655	1,904,457	1,320,550	1,045,279
Debt service funds	493,188	502,244	482,915	482,548
Redevelopment agency	(30,748,209)	(23,307,890)	(36,129,562)	(42,709,359)
Total all other governmental funds:	$ 3,777,117	$ 17,785,292	$ 30,654,803	$ 19,313,331

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
General fund:						
Nonspendable	$ 21,615,263	$ 20,951,468	$ 20,993,673	$ 20,927,944	$ 16,794,925	$ 17,319,446
Unassigned	(5,311,304)	(5,817,312)	(4,690,928)	(509,996)	2,752,257	5,833,733
Total general fund:	$ 16,303,959	$ 15,134,156	$ 16,302,745	$ 20,417,948	$ 19,547,182	$ 23,153,179
Grants and Seizure:						
Nonspendable						$ 8,730
Unassigned						(2,459,180)
Total grants and seizure:						$ (2,450,450)
All other governmental funds:						
Nonspendable	$ 14,892,551	$ 8,038	$ 23,729	$ 11,363	$ 10,431	$ 4,428
Restricted	23,297,599	11,062,074	9,005,070	9,222,166	10,499,020	12,659,961
Unassigned	(32,625,038)	(187,467)	(376,870)	(125,576)	(12,478)	(35,499)
Total all other governmental funds:	$ 5,565,112	$ 10,882,645	$ 8,651,929	$ 9,107,953	$ 10,496,973	$ 12,628,890

GASB Statement No. 54 - Fund Balance Reporting and Government Fund Type Definition, was implemented in fiscal year 2010-2011.
Grants and Seizure was reclassified to Governmental Fund in fiscal year 2015-16.
Source: City of Azusa Finance Department

CITY OF AZUSA

Table 4 - Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (modified accrual basis)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	$ 28,984,072	$ 29,190,305	$ 31,265,067	$ 27,033,859	$ 32,206,954	$ 29,353,626	$ 29,180,382	$ 29,266,387	$ 31,314,539	$ 32,172,021
Assessments	2,638,293	2,661,618	2,930,897	3,027,016	3,098,219	2,201,117	1,605,028	2,216,830	1,299,713	1,875,271
Licenses and permits	481,994	532,775	381,993	472,389	610,298	1,270,221	1,369,901	1,586,117	1,600,109	1,096,325
Intergovernmental	3,609,169	3,387,074	5,960,103	4,064,951	3,829,513	3,482,499	2,856,210	4,469,748	4,674,688	3,635,890
Charges for services	2,565,974	3,008,524	2,734,773	3,185,660	3,059,369	3,399,276	3,288,109	4,396,994	4,647,255	4,505,844
Developer participation	-	-	-	-	1,297,580	-	-	-	-	-
Investment income	3,205,561	2,765,219	1,859,424	1,335,922	994,621	872,118	157,022	131,515	346,266	442,987
Fines and forfeitures	815,558	897,816	967,012	1,104,715	119,111	978,829	989,616	1,343,318	1,343,809	1,328,383
Contributions	106,592	99,211	106,450	113,363	157,930	109,255	64,461	84,870	10,864,485	99,594
Miscellaneous	422,313	3,001,938	713,547	573,008	-	1,492,038	384,382	870,199	678,623	1,759,473
Total Revenues	42,829,526	45,544,480	46,919,266	40,910,883	45,373,595	43,158,979	39,895,111	44,365,978	56,769,487	46,915,788
Expenditures:										
Current:										
General government	9,070,967	11,136,420	12,490,585	14,248,881	10,623,623	10,070,713	7,168,707	6,762,467	6,684,724	7,545,443
Public safety	16,813,699	18,534,126	26,948,793	19,144,169	19,824,369	20,379,672	20,077,868	20,877,090	21,779,069	22,490,820
Community development	10,455,704	4,166,223	5,191,932	3,271,672	3,423,224	3,223,201	3,053,950	2,564,915	2,364,558	2,588,161
Parks and recreation	3,054,964	3,388,218	3,607,838	3,519,626	3,729,125	3,770,465	3,453,469	3,561,491	3,589,952	4,212,160
Public Works	2,964,749	3,666,010	3,847,822	3,963,820	4,204,180	7,358,644	4,173,502	4,245,273	4,033,352	4,304,379
Capital Outlay	3,333,934	4,847,786	3,493,096	2,804,345	2,762,698	1,554,151	2,348,624	2,204,482	1,725,176	6,433,318
Debt service:										
Principal retirement	1,100,000	915,000	1,355,000	2,020,000	2,494,212	2,615,717	1,479,367	1,706,996	12,160,286	1,230,000
Interest and fiscal charges	3,319,471	4,392,178	5,298,820	7,115,425	7,295,680	2,537,665	471,835	401,265	417,459	562,530
Pass-through agreement payments	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	718,237	878,581	-	-	-	-	-	-	-
Total Expenditures	50,113,488	51,764,198	63,112,467	56,087,938	54,357,111	51,510,228	42,227,322	42,323,979	52,754,576	49,366,811
Excess (Deficiency) of revenues over (under) expenditures	(7,283,962)	(6,219,718)	(16,193,201)	(15,177,055)	(8,983,516)	(8,351,249)	(2,332,211)	2,041,999	4,014,911	(2,451,023)
Other Financing Sources (Uses):										
Transfer in	8,891,433	51,422,808	25,925,067	10,710,775	24,569,629	5,900,632	6,003,156	6,310,394	6,174,749	6,839,073
Transfer out	(9,208,303)	(47,179,912)	(23,675,680)	(9,362,595)	(23,841,239)	(4,818,370)	(4,705,827)	(4,777,269)	(5,569,235)	(5,316,340)
Notes and loans issued	166,711	20,820,182	25,879,924	391,867	986,314	1,305,892	-	-	-	3,570,000
Other financing sources	-	(4,935,000)	(323,410)	-	-	-	-	-	-	168,899
Total Other Financing Sources (Uses)	(150,159)	20,128,078	27,805,901	1,740,047	1,714,704	2,388,154	1,297,329	1,533,125	605,514	5,261,632
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-	10,087,999	-	-	(4,113,065)	-
Net change in fund balances	$ (7,434,121)	$ 13,908,360	$ 11,612,700	$ (13,437,008)	$ (7,268,812)	$ 4,124,904	$ (1,034,882)	$ 3,575,124	$ 507,360	$ 2,810,609
Debt service as a percentage of noncapital expenditures	9.4%	11.3%	11.2%	17.1%	19.0%	10.3%	4.9%	5.3%	24.6%	4.2%

Source: City of Azusa Finance Department

City of Azusa
Table 5 - Light Department
Electricity Sold by Type of Customer
Last Ten Fiscal Years

	Type of Customer			
Fiscal Year	Residential	Commercial/ Industrial	Other	Total
2006	$ 8,658,939	$ 17,607,907	$ 1,147,509	$ 27,414,355
2007	9,664,916	18,376,638	1,250,079	29,291,633
2008	10,070,006	19,258,199	1,202,641	30,530,846
2009	10,180,795	19,429,530	1,136,677	30,747,002
2010	10,055,529	19,362,315	1,141,500	30,559,344
2011	10,605,804	21,041,098	1,238,881	32,885,783
2012	11,769,253	22,392,573	1,272,683	35,434,509
2013	12,191,958	22,259,074	1,422,284	35,873,316
2014	11,970,815	22,893,681	1,595,780	36,460,276
2015	12,995,948	24,356,790	1,516,934	38,869,672
2016	12,570,806	21,957,543	1,340,305	35,868,654

Source: City of Azusa Light & Water Department

City of Azusa
Table 6 - Electricity Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Monthly Base Rate	Rate per 0 - 250 kWh	Rate per >250 kWh
07/05-09/05	3.18	0.0966	0.1239
10/05-06/06	3.34	0.1014	0.1301
2007	3.34	0.1014	0.1301
2008	3.49	0.1061	0.1360
2009	3.49	0.1061	0.1360
07/09-11/09	3.49	0.1061	0.1360
12/09-06/10	3.81	0.1160	0.1487
2011	3.81	0.1160	0.1487
2012	3.81	0.1160	0.1487
2013	3.81	0.1160	0.1487
2014	3.81	0.1160	0.1487
2015	3.81	0.1160	0.1487
2016	3.81	0.1160	0.1487

NOTE:
Rates are based on residential meter, which is the standard household meter size. There is an additional charge for excess-use rate above normal demand.

Source: City of Azusa Light & Water Department

City of Azusa
Table 7 - 10 Largest Electrical Customers
Last Seven Fiscal Years

	2010		2011		2012		2013		2014		2015		2016	
Light Customer:	Light Charges	Percentage of Total Light Revenues	Light Charges	Percentage of Total Light Revenues	Light Charges	Percentage of Total Light Revenues	Light Charges	Percentage of Total Light Revenues	Light Charges	Percentage of Total Light Revenues	Light Charges	Percentage of Total Light Revenues	Light Charges	Percentage of Total Light Revenues
APU Foundation	$ 1,907,792	6.243%	$ 2,104,018	6.398%	$ 1,741,024	4.913%	$ 1,780,989	4.965%	$1,802,237	4.943%	$1,825,551	4.697%	$1,745,792	4.867%
Archcom Technology	-	0.000%	-	0.000%	223,383	0.630%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Artisan Screen Process	289,808	0.948%	319,455	0.971%	301,378	0.851%	-	0.000%	546,126	1.498%	477,290	1.228%	-	0.000%
Azusa MRFTS	-	0.000%	-	0.000%	-	0.000%	-	0.000%	-	0.000%	597,615	1.537%	587,778	1.639%
Azusa USD	848,494	2.777%	954,045	2.901%	896,318	2.530%	856,373	2.387%	883,569	2.423%	902,905	2.323%	871,002	2.428%
Azusa Western	187,312	0.613%	241,542	0.734%	232,823	0.657%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Buena Vista Food Prod	-	0.000%	312,836	0.951%	329,687	0.930%	333,594	0.930%	357,445	0.980%	382,480	0.984%	-	0.000%
California Amforge Corp	246,842	0.808%	213,367	0.649%	295,442	0.834%	651,233	1.815%	-	0.000%	-	0.000%	270,488	0.754%
Calmat Cite 2353-P3		0.000%		0.000%		0.000%		0.000%		0.000%		0.000%	451,282	1.258%
City of Azusa	1,099,736	3.599%	1,112,047	3.382%	1,045,326	2.950%	1,206,165	3.362%	1,347,507	3.696%	1,228,641	3.161%	1,166,557	3.252%
City of Glendora	630,202	2.062%	575,089	1.749%	72,098	0.203%	679,753	1.895%	613,336	1.682%	479,889	1.235%	540,173	1.506%
Costco Wholesale Corp.	605,910	1.983%	612,630	1.863%	613,230	1.731%	642,560	1.791%	646,887	1.774%	-	0.000%	-	0.000%
Criterion Catalyst & Tech LP	876,881	2.869%	181,832	0.553%	-	0.000%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Hansen's Juices (Naked Juice)	-	0.000%	-	0.000%	-	0.000%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Morris Partnership	247,137	0.809%	156,898	0.477%	226,681	0.640%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Northrop Grumman Sys.	485,763	1.590%	504,436	1.534%	468,774	1.323%	366,623	1.022%	482,780	1.324%	466,673	1.201%	503,809	1.405%
Rainbird Corp./CA Div.	913,206	2.988%	933,722	2.839%	193,342	0.546%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
S & S Foods LLC	1,377,385	4.507%	1,444,281	4.392%	1,386,170	3.912%	1,584,047	4.416%	1,679,420	4.606%	1,645,159	4.233%	1,672,106	4.662%
Stater Bros Market	-	0.000%	-	0.000%	145,484	0.411%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Target Corporation	-	0.000%	-	0.000%	301,707	0.851%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
T H Molding Corporation	-	0.000%	-	0.000%	401,075	1.132%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Thermal Remediation Solutions	187,845	0.615%	195,798	0.595%	154,795	0.437%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Verizon Wireless Inc	543,655	1.779%	601,882	1.830%	894,493	2.524%	1,064,241	2.967%	1,205,326	3.306%	1,357,641	3.493%	1,265,361	3.528%
Total	$10,447,968	34.190%	$10,463,878	31.818%	$ 9,923,230	28.005%	$ 9,165,578	25.550%	$9,564,633	26.232%	$9,363,844	24.092%	$9,074,348	25.299%

Historical information not available for 10 year comparison.

Source: City of Azusa Light & Water Department

City of Azusa
Table 8 - Water Sold by Type of Customer
Last Ten Fiscal Years

	Type of Customer				
Fiscal Year	Residential	Commercial	Industrial	Other [(2)]	Total
2006	8,084,959	3,147,304	2,274,028	831,254	$ 14,337,545
2007	9,145,318	3,260,316	2,697,339	900,043	16,003,016
2008	9,218,162	3,155,962	2,360,731	811,672	15,546,527
2009	7,740,102	2,770,336	2,551,733	746,171	13,808,342
2010	8,932,609	3,082,179	2,630,635	921,332	15,566,755
2011	9,640,301	3,461,006	2,532,726	1,018,571	16,652,604
2012	9,883,807	3,553,448	2,555,016	1,082,702	17,074,973
2013	10,434,389	3,815,664	2,621,551	1,267,068	18,138,672
2014	10,324,448	3,822,126	2,486,936	1,223,852	17,857,362
2015	9,878,211	3,877,869	2,305,504	1,152,660	17,214,244
2016	8,899,454	3,429,934	2,282,486	1,031,834	15,643,708

Source: City of Azusa Light & Water Department

City of Azusa
Table 9 - Water Rates
Last Ten Fiscal Years

Fiscal Year Ended Activity	Monthly Base Rate	Tier 1 Rate per CCF	Tier 2 Rate per CCF	Tier 3 Rate per CCF
		0-17 CCF	>17 CCF	
07/05-10/05	11.22	0.798	1.260	
11/05-06/06	11.56	0.822	1.300	
2007	11.56	0.822	1.300	
2008	12.50	0.870	1.380	
2009	12.50	0.870	1.380	
		0-12 CCF	>12 CCF	
2010	14.74	0.871	1.690	
2011	17.03	1.007	1.953	
2012	17.03	1.007	1.953	
2013	17.03	1.007	1.953	
		0-12 CCF	13-36 CCF	>36 CCF
07/13-04/14	17.03	1.007	1.953	
05/14-06/14	17.03	1.007	2.129	3.031
2015	17.03	1.007	2.129	3.031
2016	17.03	1.007	2.129	3.031

NOTE:
(1) Rates are based on 3/4" meter, which is the standard household meter size. There is an additional charge for excess-use rate above normal demand.

(2) Tiers changed from 17 to 12 in July 2009.

(3) A Phase III Drought was declared effective May 1, 2014, where a third tier was implemented.

City of Azusa
Table 10 - Largest Water Customers
Last Eight Fiscal Years

	2009		2010		2011		2012		2013		2014		2015		2016	
Water Customer:	Water Charges	Percentage of Total Water Revenues	Water Charges	Percentage of Total Water Revenues	Water Charges	Percentage of Total Water Revenues	Water Charges	Percentage of Total Water Revenues	Water Charges	Percentage of Total Water Revenues	Water Charges	Percentage of Total Water Revenues	Water Charges	Percentage of Total Water Revenues	Water Charges	Percentage of Total Water Revenues
APU Foundation	$ 119,322	0.864%	$ 131,298	0.843%	$ 212,880	1.278%	$ 126,737	0.742%	$ 130,761	0.721%	$ 138,644	0.776%	$ 121,552	0.706%	$ 142,796	0.913%
Azusa Carefree Association	44,259	0.321%	43,429	0.279%	52,285	0.314%	65,984	0.386%	-	0.000%	-	0.000%	52,656	0.306%	-	0.000%
Azusa Greens Country Club	115,081	0.833%	119,771	0.769%	114,596	0.688%	131,809	0.772%	163,455	0.901%	157,909	0.884%	163,734	0.951%	205,146	1.311%
Azusa USD	293,496	2.125%	263,852	1.695%	304,265	1.827%	285,883	1.674%	390,372	2.152%	380,303	2.130%	309,041	1.795%	303,127	1.938%
Azusa Western	419,714	3.040%	328,989	2.113%	244,528	1.468%	259,555	1.520%	262,656	1.448%	251,656	1.409%	277,779	1.614%	392,150	2.507%
Calmat Site #1055-A	-	0.000%	-	0.000%	54,439	0.327%	36,368	0.213%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Citrus College	44,088	0.319%	43,123	0.277%	45,507	0.273%	47,347	0.277%	49,133	0.271%	-	0.000%	-	0.000%	-	0.000%
City of Azusa	86,393	0.626%	94,955	0.610%	141,459	0.849%	137,730	0.807%	150,954	0.832%	157,052	0.879%	116,061	0.674%	170,869	1.092%
Covina Valley USD	84,487	0.612%	74,237	0.477%	42,644	0.256%	110,587	0.648%	167,684	0.924%	142,356	0.797%	145,329	0.844%	137,576	0.879%
Hector Perales	-	0.000%	280,785	1.804%	-	0.000%	-	0.000%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Lovin Oven	43,537	0.315%	-	0.000%	47,099	0.283%	52,250	0.306%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Mike Nijjar-060	-	0.000%	71,217	0.457%	-	0.000%	79,676	0.467%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Miller Brewery	1,371,278	9.931%	1,280,978	8.229%	1,149,331	6.902%	1,126,387	6.597%	1,155,227	6.369%	1,068,819	5.985%	957,677	5.563%	928,794	5.937%
Mountain Cove	-	0.000%	72,707	0.467%	-	0.000%	68,138	0.399%	-	0.000%	-	0.000%	-	0.000%	126,479	0.808%
NCI	48,432	0.351%	56,389	0.362%	64,368	0.387%	68,253	0.400%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Ready Pac	371,827	2.693%	431,649	2.773%	499,358	2.999%	533,105	3.122%	556,493	3.068%	546,810	3.062%	438,847	2.549%	564,237	3.607%
S&S Foods LLC	69,207	0.501%	83,896	0.539%	113,343	0.681%	122,666	0.718%	132,658	0.731%	129,093	0.723%	173,338	1.007%	129,519	0.828%
Southern California Edison	-	0.000%	-	0.000%	-	0.000%	34,983	0.205%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Villa Azusa Association	-	0.000%	-	0.000%	-	0.000%	59,898	0.351%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Vulcan Materials	-	0.000%	-	0.000%	-	0.000%	-	0.000%	-	0.000%	51,760	0.290%	-	0.000%	-	0.000%
Total	$ 3,111,121	22.531%	$ 3,377,275	21.694%	$ 3,086,102	18.532%	$ 3,347,356	19.604%	$ 3,159,393	17.417%	$ 3,024,402	16.936%	$ 2,756,014	16.010%	$ 3,100,693	19.820%

Historical information not available for 10 year comparison.

Source: City of Azusa Light & Water Department

CITY OF AZUSA
Table 11 - Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousand of dollars)

Fiscal Year Ended June 30	Residential Property	Commercial Property	Other Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2007	1,853,668,928	232,834,227	948,903,799	3,035,406,954	0.33843	3,035,406,954	100.0%
2008	2,039,800,874	252,133,001	935,399,744	3,227,333,619	0.31890	3,227,333,619	100.0%
2009	2,261,284,832	265,286,427	1,020,131,857	3,546,703,116	0.32698	3,546,703,116	100.0%
2010	2,149,538,213	282,164,446	1,008,117,565	3,439,820,224	0.33638	3,439,820,224	100.0%
2011	1,989,337,299	285,686,418	967,335,236	3,242,358,953	0.34228	3,242,358,953	100.0%
2012	2,006,514,504	284,699,041	907,262,608	3,198,476,153	0.34311	3,198,476,153	100.0%
2013	2,065,151,644	276,567,248	900,529,536	3,242,248,428	0.33678	3,242,248,428	100.0%
2014	2,239,991,812	284,125,347	904,950,465	3,429,067,624	0.13976	3,429,067,624	100.0%
2015	2,486,788,064	285,681,045	907,790,565	3,680,259,674	0.13976	3,680,259,674	100.0%
2016	2,718,542,945	291,006,304	963,951,180	3,973,500,429	0.13976	3,973,500,429	100.0%

NOTES:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation date shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described.

Exempt assessed values are not included in assessed value.

Source: HdL Coren & Cone

CITY OF AZUSA
Table 12 - Direct and Overlapping Property Tax Rate
(rate per $100 of assessed value)
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Direct Rates:										
General City	$ 0.14921	$ 0.14921	$ 0.14921	$ 0.14921	$ 0.14921	$ 0.14921	$ 0.14921	$ 0.14921	$ 0.14921	$ 0.14921
Redevelopment Agency	0.10421	1.02976	1.01800	1.01800	1.01800	1.01800	(1)	(1)	(1)	(1)
Total Direct Rate	0.33843	0.31890	0.32698	0.33638	0.34228	0.34311	0.33678	0.13976	0.13976	0.13976
Overlapping Rates:										
Azusa Unified School District	0.07896	0.06042	0.03603	0.03909	0.05695	0.05628	0.04641	0.03765	0.04468	0.10430
Citrus Community College District	0.00356	0.01611	0.02441	0.02397	0.02516	0.02447	0.02590	0.02226	0.02327	0.02406
County Detention Fac 1987 Debt	0.00066	-	-	-	-	-	-	-	-	-
Covina Valley Unified School District	0.08419	0.07870	0.07863	0.08592	0.09003	0.08999	0.09500	0.11472	0.11426	0.12581
Duarte Unified School District	0.06633	0.06063	0.06739	0.07256	0.07542	0.11237	0.12657	0.12283	0.14263	0.14398
Los Angeles County Flood Control	0.00005	-	-	-	-	-	-	-	-	-
Metropolitan Water District	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350
Mt. San Antonio College	0.02530	0.01750	0.02333	0.02571	0.02636	0.02642	0.02896	0.02023	0.02129	0.02309
SGV MWD State Water Bond	0.03310	0.03310	0.02910	0.02910	0.02910	0.02910	0.02910	0.02910	0.02910	0.02300
Total Tax Rate	0.44606	0.42017	0.41240	0.42986	0.45593	0.49154	0.50465	0.49950	0.52794	0.59695

(1) The Redevelopment Agency dissolution by the State of California caused the tax allocation bonds to be transferred to the Successor Agency and is a fiduciary fund.

General fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rate area by net taxable value.

Total Direct Rate is the weighted average of all individual direct rates applied by the City. The Direct Rate percentages presented in the columns above is not the sum of the General City Rate and the Redevelopment Agency Rate (RDA).

RDA rate is based on the largest RDA tax rate area and includes only rates from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount.
This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Source: L.A. County Assessor 2005/06 - 2014/15 Tax Rate Table

City of Azusa
Table 13 - Principal Property Tax Payers (Top Ten)
Current Year and Ten Years Ago

	2016			2006	
Taxpayer	Taxable Assessed Value	Percentage of City Taxable Assessed Value		Taxable Assessed Value	Percentage of City Taxable Assessed Value
Northrop Grumman Systems Corporation	$ 107,917,280	2.72%	1	$ 128,498,609	4.98%
Rainbird Corp/CA Div.	41,385,518	1.04%	2	35,007,317	1.36%
PPF Industrial 823 8th Street	33,008,298	0.83%	3	28,126,500	1.09%
Citrus Crossing Properties Fee	30,070,764	0.76%	4		0.00%
Azusa Pacific University	29,190,041	0.73%	5		0.00%
Rosedale Land Partners II LLC	24,604,669	0.62%	6	14,502,069	0.56%
Cemex Inc	23,994,112	0.60%	7		0.00%
Azusa Land Reclamation Inc.	22,366,328	0.56%	8		0.00%
S & S Foods LLC	21,561,710	0.54%	9		0.00%
VPM Soldano Senior Village LP	20,484,995	0.52%	10		0.00%
Costco Wholesale Corporation		0.00%		17,245,739	0.67%
Sam Menlo Trust		0.00%		16,618,743	0.64%
Coastal Pacific Glen LLC		0.00%		31,770,701	1.23%
Criterion Catalyst Company LP		0.00%		17,164,259	0.66%
Reichhold Inc		0.00%		14,660,224	0.57%
JAR Azusa Association LTD		0.00%		16,474,962	0.64%
	$ 354,583,715	8.92%		$ 320,069,123	12.40%

The amounts shown above include assessed value data for both the City and the Redevelopment Agency/Successor Agency.

Source: HdL Coren & Cone - Page 35 of 2015-16 Property Data

CITY OF AZUSA
Table 14 - Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Amount collected within the Fiscal Year of Levy	Percent of Levy	Collections in Subsequent Years	Total Collections to Date	Percent of Levy to Date
2007	3,236,313	2,944,985	91.0%	(7,502)	2,937,483	90.8%
2008	3,569,732	3,200,874	89.7%	(20,189)	3,180,685	89.1%
2009	3,841,664	3,519,967	91.6%	(3,643)	3,516,324	91.5%
2010	3,815,354	3,622,701	95.0%	(29,760)	3,592,941	94.2%
2011	3,492,186	3,261,283	93.4%	(3,421)	3,257,862	93.3%
2012	3,447,405	3,192,697	92.6%	16,662	3,209,360	93.1%
2013	3,506,941	3,404,604	97.1%	84,623	3,489,227	99.5%
2014	3,743,370	3,632,433	97.0%	74,318	3,706,751	99.0%
2015	4,006,854	3,891,541	97.1%	47,305	3,938,847	98.3%
2016	4,503,235	4,399,245	97.7%	66,910	4,466,155	99.2%

Source: County of Los Angeles Auditor-Controller and
City of Azusa Finance Department

CITY OF AZUSA
Table 15 - Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities					Business-type Activities						
Fiscal Year Ended June 30	Loans	Certificate of Participation	Tax Allocation Bonds [1]	Taxable Pension Funding Bonds [2]	Total Governmental Activities	Loans[7]	Certificate of Participation [3]	Revenue Bonds [4]	Total Business-type Activities	Total Primary Governmental	Percentage of Assessed Values	Percentage of Personal Income
2007	8,899,066	4,120,000	24,271,206	-	37,290,272	-	31,110,000	54,850,000	85,960,000	123,250,272	4.06%	14.49%
2008	8,879,247	3,910,000	39,546,698	-	52,335,945	-	29,825,000	54,850,000	84,675,000	137,010,945	4.25%	15.89%
2009	8,974,172	3,695,000	57,056,201	7,215,000	76,940,373	-	28,500,000	54,850,000	83,350,000	160,290,373	4.52%	19.00%
2010	9,366,038	3,480,000	55,814,889	6,735,000	75,395,927	-	27,125,000	54,570,000	81,695,000	157,090,927	4.57%	18.02%
2011	9,685,015	3,255,000	54,768,014	6,180,000	73,888,029	-	25,690,000	54,275,000	79,965,000	153,853,029	4.75%	18.00%
2012	10,005,461	3,025,000	- [6]	5,555,000	18,585,461	5,630,000	3,070,000	68,500,000	77,200,000	95,785,461	2.99%	10.85%
2013	10,403,644	2,785,000	- [6]	4,855,000	18,043,644	5,405,000	2,540,000	68,180,000	76,125,000	94,168,644	2.90%	11.12%
2014	10,700,656	2,540,000	-	4,075,000	17,315,656	5,080,000	1,985,000	67,380,000	74,445,000	91,760,656	2.68%	10.85%
2015	- [8]	2,285,000	-	3,205,000	5,490,000	4,730,000	1,400,000	65,445,000	71,575,000	77,065,000	2.09%	[5]
2016	-	5,590,000 [9]		2,240,000	7,830,000	4,365,000	780,000	60,205,000	65,350,000	73,180,000	1.84%	[5]

(1) The Redevelopment Agency issued $9,051,416 of new TABS in 2005, $15,780,000 2007 Series A Merged Project Area TABS and $4,790,000 Series B Merged Project area TABS,$6,715,000 2008 Series A Merges Project Area TABS, and $11,580,000 2008 Housing Tax Allocation Bonds Series B.
(2) The City issued $7,215,000 of taxable pension funding bonds in 2008
(3) The Light Fund issued $11,995,000 of new Certificates of Participation in 2003; issued refunding revenue bonds of $5,820,000 in 2012.
(4) The Water Fund replaced its Revenue Bond with Certificates of Participation in December 2003; issued refunding revenue bonds of $8,715,000 in 2012, and refunded the 2006 bonds with 2015 issuance.
(5) Information not available
(6) The Redevelopment Agency dissolution by the State of California caused the tax allocation bonds to be transferred to the Successor Agency and is a fiduciary fund.
(7) The Sewer Fund acquired an installment sale agreement loan of $5,630,000 in 2011 that includes the refunding of 1994 COPs.
(8) The term of the loan expired and the remaining balance was forgiven.
(9) Includes 2003 COPs and 2016 T.R.I.P installment agreement.

Source: City of Azusa Finance Department

CITY OF AZUSA
Table 16 - Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Certificates of Participation	Tax Allocation Bonds	Total	Debt per City Capita
2007	4,120,000	24,271,206	28,391,206	589
2008	3,910,000	39,546,698	43,456,698	898
2009	3,695,000	57,056,201	60,751,201	1,246
2010	3,480,000	55,814,889	59,294,889	1,205
2011	3,255,000	54,768,014	58,023,014	1,245
2012	3,025,000	[1]	3,025,000	64
2013	2,785,000	[1]	2,785,000	58
2014	2,540,000	[1]	2,540,000	53
2015	2,285,000	[1]	2,285,000	47
2016	2,020,000	[1]	2,020,000	41

[1] The Redevelopment Agency dissolution by the State of California caused the tax allocation bonds to be transferred to the Successor Agency and is a fiduciary fund.

Source: City of Azusa Finance Department

City of Azusa
Table 17 - Direct and Overlapping Debt
June 30, 2016

	Gross Bonded Debt Balance	Percentage Applicable To City	Net Bonded Debt
APFA 2003 Lease Revenue COP	$ 2,020,000	100	$ 2,020,000
2008 Taxable Pension Bonds	2,240,000	100	2,240,000
2016 T.R.I.P Installment Bonds	3,570,000	100	3,570,000
Total Direct Debt			7,830,000
Metropolitan Water District	$ 53,296,395	0.110	58,450
Citrus CCD DS 2004 Series 2014D	77,687,251	15.567	12,093,541
Citrus CCD DS 2013 Refunding	12,320,000	15.567	1,917,849
Citrus CCD DS 2004 Series 2007B	2,750,000	15.567	428,091
Citrus CCD DS 2004 2009 Series C	7,105,302	15.567	1,106,079
Mount San Antonio Comm. College District 2001, 2006 Ser C	1,975,000	0.024	467
Mount San Antonio Comm. College District 2001, 2008 Ser D	21,706,654	0.024	5,133
Mount San Antonio Comm. College District 2008 Series 13A	203,861,691	0.024	48,204
Mount San Antonio Comm. College District 2008 Series 2013B	10,640,000	0.024	2,516
Mount San Antonio Comm. College District 2013 Ref Series A	73,910,000	0.024	17,476
Mount San Antonio Comm. College District 2013 Ref Series B	47,085,000	0.024	11,133
Azusa Unified School District 2002 Series 2007	2,078,763	64.406	1,338,848
Azusa Unified School District 2002 Series 2011	58,548,585	64.406	37,708,811
Covina Valley Unified School District 2001 Series B	15,402,411	0.226	34,863
Covina Valley Unified School District 2006, 07 Series B	14,673,731	0.226	33,214
Covina Valley Unified School District 2001 Ref 2010 Series A	12,215,000	0.226	27,649
Covina Valley Unified School District 2012 Series A	28,750,000	0.226	65,076
Covina Valley Unified School District 2013 Ref Bonds	39,805,000	0.226	90,099
Duarte Unified School District 1998 Series B	3,694,374	0.383	14,148
Duarte Unified School District 1998 Series C	4,794,734	0.383	18,361
Duarte Unified School District 1998 Series D	3,614,534	0.355	13,842
Duarte Unified School District Refunding 1998, 2010 Series A	12,527,314	0.383	47,973
Duarte Unified School District 2010 Series A	2,110,000	0.383	8,080
Duarte Unified School District 2010 Series B	19,512,780	0.383	74,724
Duarte Unified School District 2010 Series C	8,000,000	0.383	30,636
Duarte Unified School District 2013 Ref Bonds	2,030,000	0.383	7,774
Total Overlapping Debt			55,203,037
Total Direct and Overlapping Debt			$ 63,033,037

2015/16 Assessed Valuation: $3,038,069,746

Debt to Assess Valuation Ratios:	Direct Debt	0.19%
	Overlapping Debt	1.93%
	Total Debt	2.12%

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: HdL Coren & Cone

City of Azusa
Table 18 - Legal Debt Margin Information
6/30/2016

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed valuation	$ 2,375,554,778	$ 2,588,959,025	$ 2,548,482,077	$ 2,292,870,440	$ 2,252,687,451	$ 2,297,922,448	$ 2,459,261,962	$ 2,661,768,903	$ 2,865,858,608	$ 3,038,069,746
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	593,888,695	647,239,756	637,120,519	573,217,610	563,171,863	574,480,612	614,815,491	665,442,226	716,464,652	759,517,437
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Legal debt limit	89,083,304	97,085,963	95,568,078	85,982,642	84,475,779	86,172,092	92,222,324	99,816,334	107,469,698	113,927,615
Amount of debt applicable to debt limit [1]	-	-	-	-	-	-	-	-	-	-
Legal debt margin	89,083,304	97,085,963	95,568,078	85,982,642	84,475,779	86,172,092	92,222,324	99,816,334	107,469,698	113,927,615

[1] Total Bonded debt issued by the City, excluding certificates of participation, tax allocation bonds, special assignment bonds, revenue bonds payable from enterprise funds, and pledge mortgage revenues and revenue bonds issued by entities other than the City of Azusa.

Source: City of Azusa - Finance Department

CITY OF AZUSA
Table 19 - Pledged Revenue Coverage
Last Ten Fiscal Years

REVENUE BONDS - WATER FUND[1]

Fiscal Year Ended June 30	Operating Revenues[2]	Operating Expenses [3]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	21,229,600	11,935,540	9,294,060	750,000	794,258	1,544,258	6.02
2008	19,722,623	13,123,066	6,599,557	765,000	3,549,732	4,314,732	1.53
2009	16,273,690	11,945,339	4,328,351	790,000	3,444,146	4,234,146	1.02
2010	21,214,733	12,359,569	8,855,164	1,095,000	3,412,433	4,507,433	1.96
2011	18,326,599	12,413,196	5,913,403	1,135,000	3,370,921	4,505,921	1.31
2012	20,537,532	12,835,963	7,701,569	1,180,000	3,325,671	4,505,671	1.71
2013	21,761,836	12,206,073	9,555,763	320,000	2,819,064	3,139,064	3.04
2014	22,025,412	11,743,258	10,282,154	1,000,000	2,963,039	3,963,039	2.59
2015	21,745,232	14,821,837	6,923,395	1,735,000	2,871,805	4,606,805	1.50
2016	20,906,803	13,397,044	7,509,759	1,800,000	3,133,118	4,933,118	1.52

Calculation of debt coverage is in accordance with covenants set for in 2012 Series A Refunding Revenue Bonds.

Includes interest revenue. Revenues restated from Fiscal Year 2012/13 CAFR to reflect calculation set forth in bond covenants.

Excludes depreciation expense. Expenses restated from Fiscal Year 2012/13 CAFR to reflect calculation set forth in bond covenants.
Interest payment of $1,266,469 made at time of refunding the 2006 bonds excluded.

CERTIFICATES OF PARTICIPATION AND REVENUE BONDS - ELECTRIC FUND [1]

Fiscal Year Ended June 30	Operating Revenues[2]	Operating Expenses [3]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	37,681,632	30,045,117	7,636,515	410,000	562,810	972,810	7.85
2008	39,123,270	34,104,940	5,018,330	425,000	527,038	952,038	5.27
2009	36,672,695	32,060,936	4,611,759	435,000	504,544	939,544	4.91
2010	37,562,799	34,960,983	2,601,816	455,000	481,021	936,021	2.78
2011	40,332,068	35,017,007	5,315,061	480,000	468,614	948,614	5.60
2012	41,587,035	34,151,821	7,435,214	505,000	443,151	948,151	7.84
2013	42,617,624	39,000,890	3,616,734	530,000	246,108	776,108	4.66
2014	45,422,351	39,977,366	5,444,985	555,000	300,680	855,680	6.36
2015	46,566,798	39,116,215	7,450,583	585,000	254,443	839,443	8.88
2016	42,717,899	36,343,258	6,374,641	620,000	237,138	857,138	7.44

Calculation of debt coverage in accordance with covenants set for in 2003 Certificates of Participation Series C and 2012 Series B Refunding Revenue Bonds.

Includes interest revenue. Revenues restated from Fiscal Year 2012/13 CAFR to reflect calculation set forth in bond covenants.

Excludes depreciation expense. Expenses restated from Fiscal Year 2012/13 CAFR to reflect calculation set forth in bond covenants.

City of Azusa Administrative Services-Finance Department

CITY OF AZUSA
Table 19 - Pledged Revenue Coverage (Continued)
Last Ten Fiscal Years

REVENUE BONDS - SEWER FUND

Fiscal Year Ended June 30	Gross Revenues	Operating and Non-Operating Expenses [1]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	1,586,403	1,141,303	445,100	85,000	139,604	224,604	1.98
2008	1,671,968	1,195,146	476,822	95,000	123,547	218,547	2.18
2009	1,636,336	1,518,931	117,405	100,000	120,611	220,611	0.53
2010	1,642,481	1,545,220	97,261	105,000	123,892	228,892	0.42
2011	1,672,986	1,543,754	129,232	115,000	106,313	221,313	0.58
2012	2,225,335	1,888,871	336,464	0	33,110	33,110	10.16
2013	2,500,116	4,573,251	(2,073,135)	225,000	188,568	413,568	(5.01)
2014	2,577,662	2,202,296	375,366	325,000	179,595	504,595	0.74
2015	2,659,370	1,713,886	945,484	350,000	168,565	518,565	1.82
2016	2,707,398	1,437,262	1,270,136	365,000	156,833	521,833	2.43

Excludes interest and depreciation expense.

City of Azusa Finance Department

CITY OF AZUSA
Table 20 - Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Increment	Debt Service Requirements Principal	Interest	Total	Coverage
2007	7,544,968	625,000	1,005,250	1,630,250	4.63
2008 (1)	7,556,563	435,000	812,271	1,247,271	6.06
2009	7,934,351	865,000	2,184,552	3,049,552	2.60
2010	7,981,654	1,325,000	3,224,999	4,549,999	1.75
2011	7,910,942	1,714,212	3,179,684	4,893,896	1.62
2012	5,454,067	1,180,000	2,978,211	4,158,211	1.31
2013	4,660,561	1,235,000	3,091,833	4,326,833	1.08
2014	5,097,292	1,295,000	2,925,110	4,220,110	1.21
2015	4,817,379	730,000	3,560,840	4,290,840	1.12
2016	3,843,267	1,525,000	3,345,820	4,870,820	0.79

Source: City of Azusa Finance Department

CITY OF AZUSA
Table 21 - Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	City Population	County Population [1]	Personal Income	Per Capita Personal Income	Unemployment Rate[1]
2006	48,127	10,245,572	815,960,000	16,954	5.2%
2007	48,191	10,331,939	850,576,000	17,650	5.5%
2008	48,399	10,363,850	862,032,000	17,811	8.1%
2009	48,755	10,393,185	843,804,000	17,307	12.6%
2010	49,207	10,441,080	871,702,000	17,715	13.7%
2011	46,618	9,889,520	854,741,000	18,335	13.3%
2012	47,586	9,958,091	882,863,000	18,553	10.1%
2013	48,385	10,017,068	847,221,000	17,510	8.3%
2014	48,015	10,053,995	845,345,000	17,464	6.2%
2015	48,799	10,116,705	[2]	[2]	5.5%
2016	49,690	10,170,292	[2]	[2]	3.8%

Sources: HdL Coren & Cone, Los Angeles County Assessor
[1] U.S. Department of Census and State Department of Finance
[2] Data unavailable.

City of Azusa
Table 22 - Principal Employers
Current Year and Ten Years Ago

	2015-16			2006-07		
Employer	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Azusa Unified School District	1823 (3)	1	8.40%	1600	1	(2)
Azusa Pacific University	1440 (3)	2	6.64%	900	3	(2)
Northrop Grumman	850	3	3.92%	1100	2	(2)
Costco Wholesale Corporation	310	4	1.43%	311	5	(2)
City of Azusa	302	5	1.39%	522	4	(2)
S & S Foods LLC	290 (3)	6	1.34%	(2)	(2)	(2)
Hanson Distributing Company	220	7	1.01%	(2)	(2)	(2)
Buena Vista Food Products			0.00%	(2)	(2)	(2)
Colorama Wholesale Nursery			0.00%	(2)	(2)	(2)
Hanson Distributing Company	220	8	1.01%	(2)	(2)	(2)
Target Store	155	9	0.71%	(2)	(2)	(2)
California Amforge	126	10	0.65%	(2)	(2)	(2)
Total of Top Employers	5,736			4,433		
Total Employees in City	24,500 (1)			- (2)		

Sources:
Data from City of Azusa Business License Division unless noted.

(1) California Employment Development Department
(2) Data not available

City of Azusa
Table 23 - Full-time and Part-time Employ
by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	42.236	44.698	50.348	49.261	48.411	30.934	33.593	31.146	31.146	25.821
Public safety	93.800	96.530	99.035	98.945	97.395	88.750	97.570	91.750	91.750	95.200
Community development	14.927	15.441	15.985	16.376	16.196	14.197	14.651	15.533	15.533	15.462
Parks and recreation	56.169	48.211	51.650	55.306	56.557	48.023	45.407	49.317	49.317	50.260
Public works	21.884	23.132	31.115	31.115	31.115	30.058	30.265	27.181	27.181	30.259
Water	36.425	36.350	44.425	44.025	43.775	42.625	43.275	46.617	46.617	44.330
Electric	31.425	32.350	36.125	37.725	36.475	37.625	37.975	32.492	32.492	32.170
Sewer/Wastewater	6.000	6.000	10.000	10.250	10.250	10.230	9.570	7.540	7.540	8.040
Total	302.866	302.712	338.683	343.003	340.174	302.442	312.306	301.576	301.576	301.541

Source: City of Azusa Finance Department
Assigned Full-Time Equivalent (FTE) Totals

CITY OF AZUSA
Table 24 - Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Calls for service	52,000	56,166	56,610	54,896	54,734	57,210	57,637	54,363	44,842	49,007
Parking citations issued	4,691	4,833	9,881	9,801	8,188	6,515	7,680	6,846	5,057	5,788
Public Works:										
Street resurfacing (lineal miles)	15.0	13.3	14.3	2.5	6.0	4.2	4.3	5.3	3.0	1.2
Parks and recreation:										
Number of recreation classes	84	84	196	310	56	73	101	211	177	584
Number of facility rentals	1,497	1,492	706	827	829	868	874	809	866	933
Water:										
Number of service connections	22,895 [2]	22,868 [2]	23,014 [2]	23,036 [2]	23,100 [2]	23,104 [2]	23,302 [2]	23,597 [2]	23,871 [2]	29,934
Average daily consumption (hundred cubic feet)	27,319	23,296	22,832	21,517	20,230	20,819	22,179	21,974	19,438	16,958
Light:										
Number of service connections	15,531	15,650	15,403	15,276 [2]	15,362 [2]	15,567 [2]	15,749 [2]	15,955 [2]	16,466 [2]	16,740
Average daily consumption (kWh)	700,167	691,070	693,469	672,920	654,050	648,020	677,871	685,699	705,100	695,068
Sewer:										
Number of service connections	14,344 [2]	14,402 [2]	14,073 [2]	14,335 [2]	14,071 [2]	15,235 [2]	15,374 [2]	15,374 [2]	16,074 [2]	15,968
Refuse:										
Number of residential customers	11,296 [2]	12,053 [2]	11,127 [2]	11,254 [2]	11,123 [2]	11,293 [2]	11,652 [2]	11,866 [2]	12,128 [2]	12,234
Average daily collection (thousands of pounds)	109	114	122	184	177	178	179	180	185	193

[1] Information not available
[2] Restated number of service connections beginning in FY 2006 to number of billed accounts and accounted for customers outside the City that are billed every 2 months.

Source: City of Azusa Police Department
City of Azusa Light & Water Department
City of Azusa Recreation Department
City of Azusa Public Works Department

CITY OF AZUSA
Table 25 - Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Streets (lineal miles)	170	170	170	171	170	174	176	177	178	178
Traffic signals	52	52	52	53	52	53	53	55	56	57
Parks and recreation:										
Parks	10	13	13	13	13	15	16	17	20	21
Park acreage	58	60	61	61	61	64	64	77	84	85
Community centers	2	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	308	311	312	315	315	315	315	315	315	281
Number of fire hydrant	2,575	2,585	2,594	2,594	2,600	2,810	2,815	2,820	2,820	2,444
Maximum daily capacity (hundred cubic feet)	40,000	40,000	40,000	40,000	40,000	70,500	70,500	70,500	70,500	70,500
Light:										
Metered Streetlights	65	65	65	65	65	65	65	65	65	64
Daily consumption (kWh)	169	169	169	169	162	162	162	162	162	164
UnMetered Streetlights										2,423
Daily consumption (kWh)										56
Sewer:										
Sanitary sewers (miles)	61	61	61	61	61	80	80	80	80	80
Storm sewers (miles)	15	15	15	15	15	15	16	16	16	16
Maximum daily treatment capacity (cubic feet per second)	48	48	48	48	48	48	60	60	60	60

Source: City of Azusa Police Department
City of Azusa Light & Water Department
City of Azusa Recreation Department
City of Azusa Public Works Department

CITY OF AZUSA
Table 26 - Schedule of Credits
June 30, 2016

Talika M. Johnson Director of Finance	General Overview Letter of Transmittal Management's Discussion and Analysis Charts General Fund
Richard Lam Budget Analyst	Statistical Section
Dave Nguyen Senior Accountant	General Overview Overall Coordination Proprietary Funds Non-Major Proprietary Funds Capital Projects Fixed Assets Accounting
Henry Quintero Senior Accountant	Non-Major Governmental Funds Internal Service Funds Grants Funds (Single Audit) Successor Agency