

**City of Azusa -
Community Facilities
District No. 2005-1
(Rosedale)
Improvement Area No. 1
Special Tax Bonds**

Azusa, California

*Financial Statements
and Independent Auditors' Reports*

For the year ended June 30, 2021

City of Azusa - Community Facilities District No. 2005-1 (Rosedale) Improvement Area No. 1 Special Tax Bonds

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances	14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities	15
Notes to Financial Statements	17
Combining Financial Statements and Schedules:	
Combining Balance Sheet.....	24
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	28
Combining Statement of Receipts, Disbursements and Transfers	32
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35

This page intentionally left blank



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Azusa Community Facilities District No. 2005-1 (Rosedale) Special Tax Bonds (Rosedale Bonds), as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Honorable Mayor and Members of the City Council
of the City of Azusa
Azusa, California
Page 2

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Rosedale Bonds as of June 30, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rosedale Bonds' financial statements. The combining fund information is presented for purposes of additional analysis and are not a required part of the financial statements.

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

Required Supplementary Information

Management has omitted the management discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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.

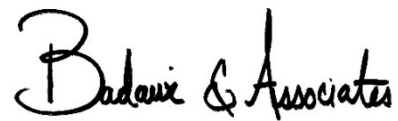
To the Honorable Mayor and Members of the City Council
of the City of Azusa
Azusa, California
Page 3

Emphasis of Matter

As discussed in Note 1, the financial statements of the Rosedale Bonds, are intended to present the financial position, the changes in financial position, of only that portion of the governmental activities and each major fund, and the aggregate remaining fund information of the City and District that is attributable to the transactions of the Rosedale Bonds. They do not purport to, and do not present fairly the financial position of the City as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2022, on our consideration of the Rosedale Bond'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 Rosedale Bond's internal control over financial reporting and compliance.



Badawi & Associates, CPAs
Berkeley, California
June 16, 2022

This page intentionally left blank

FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Statement of Net Position
June 30, 2021**

ASSETS	
Current assets:	
Cash and investments with trustee	\$ 6,602,018
Due from other government	12,041
Total current assets	<u>6,614,059</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	12,674,148
Total noncurrent assets	<u>12,674,148</u>
Total assets	<u>19,288,207</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	<u>549,887</u>
LIABILITIES	
Current liabilities:	
Accounts payable	24,394
Due to other government	12,041
Accrued interest payable	706,400
Long-term debt due within one year	1,010,000
Total current liabilities	<u>1,752,835</u>
Noncurrent liabilities:	
Long-term debt due in more than one year	50,641,571
Total noncurrent liabilities	<u>50,641,571</u>
Total liabilities	<u>52,394,406</u>
NET POSITION	
Net investment in capital assets	(14,685,755)
Restricted for:	
Debt service	3,827
Infrastructure	6,530,368
Unassigned	(24,404,752)
Total Net Position	<u>\$ (32,556,312)</u>

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Statement of Activities
For the year ended June 30, 2021**

	Expenses	Charges for Services	Operating Grants and Contributions	Total	Governmental Activities
Governmental activities					
General government	\$ 7,644,653	\$ 3,047,244	\$ -	\$ 3,047,244	\$ (4,597,409)
Total governmental activities	<u>\$ 7,644,653</u>	<u>\$ 3,047,244</u>	<u>\$ -</u>	<u>\$ 3,047,244</u>	<u>\$ (4,597,409)</u>

General Revenues:

Unrestricted investment earnings	<u>2,559</u>
Total general revenues	<u>2,559</u>
Change in net position	(4,594,850)
Net position - beginning of year	<u>(27,961,462)</u>
Net position - end of year	<u>\$ (32,556,312)</u>

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Balance Sheet - Governmental Funds
June 30, 2021**

	Debt Service Fund	Capital Projects Fund	Total
ASSETS			
Cash and investments with trustee	\$ 71,650	\$ 6,530,368	\$ 6,602,018
Due from other government	12,041	-	12,041
Total assets	\$ 83,691	\$ 6,530,368	\$ 6,614,059
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 24,394	\$ -	\$ 24,394
Due to other government	12,041	-	12,041
Total liabilities	36,435	-	36,435
Fund Balances:			
Restricted for:			
Debt service	3,827	-	3,827
Capital projects	-	6,530,368	6,530,368
Unassigned	43,429	-	43,429
Total fund balances	47,256	6,530,368	6,577,624
Total liabilities and fund balances	\$ 83,691	\$ 6,530,368	\$ 6,614,059

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021**

Fund Balances of Governmental Funds	\$ 6,577,624
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.	12,674,148
Deferred amounts related to the refunding of long-term debt were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.	549,887
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	(706,400)
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the funds.	
Long term debt due within one year	(1,010,000)
Long term debt due in more than one year	<u>(50,641,571)</u>
Net Position of Governmental Activities	<u><u>\$ (32,556,312)</u></u>

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2021**

	Debt Service Fund	Capital Projects Fund	Total
REVENUES:			
Interest on investments	\$ 35	\$ 2,524	\$ 2,559
Assessments	3,047,244	-	3,047,244
Total revenues	3,047,279	2,524	3,049,803
EXPENDITURES:			
General Government:			
Administrative cost	123,515	-	123,515
Program cost	-	4,923,337	4,923,337
Debt service:			
Principal payment	1,100,000	-	1,100,000
Interest	2,152,201	-	2,152,201
Total expenditures	3,375,716	4,923,337	8,299,053
Net change in fund balances	(328,437)	(4,920,813)	(5,249,250)
FUND BALANCES:			
Beginning of year	375,693	11,451,181	11,826,874
End of year	<u>\$ 47,256</u>	<u>\$ 6,530,368</u>	<u>\$ 6,577,624</u>

City of Azusa - Community Facilities District No. 2005-1

(Rosedale) Special Tax Bonds

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances of Governmental Funds to the Statement of Activities

For the year ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (5,249,250)

because:

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds (802,404)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt related items:

Long-term debt repayments	1,100,000
Amortization of deferred amounts on refunding	(32,346)
Amortization of issuance premium	385,152

Interest expense on long-term debt is reported on the accrual basis on the Government-Wide Statements, but expenditures on long-term debt in the governmental funds statements are recorded when paid. The following amount represents the change in accrued interest from the prior year.

3,998

Change in Net Position of Governmental Activities \$ (4,594,850)

This page intentionally left blank.

NOTES TO FINANCIAL STATEMENTS

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Notes to Financial Statements
For the year ended June 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The City of Azusa Community Facility District No. 2005-1, (Rosedale) Improvement Area No. 1 (the "District") was established on May 22, 2006, by the City Council of the City of Azusa pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (constituting Section 53311 et seq. of the California Government Code), to finance the costs of acquisition and construction of certain public facilities to be owned and maintained by the City as well as public facilities for the Azusa Unified School District, the Los Angeles Pasadena Metro Blue Line Construction Authority and the City of Glendora.

The City of Azusa Community Facilities District No. 2005-1 (Rosedale) Improvement Area No. 1 2007 Special Tax Bonds, (the "2007 Bonds") dated January 1, 2007, were issued in the amount of \$71,125,000 by the City of Azusa (the "City") for the District. In June 2019, the City of Azusa Community Facilities District No. 2005-1 (Rosedale) Improvement Area No. 1 2019 Special Tax Refunding Bonds, (the "2019 Bonds") dated June 11, 2019, were issued in the amount of \$24,425,000 by the City for the District for the purpose of refunding the 2007 Bonds. The 2007 and 2019 Bonds were payable solely from revenues derived from certain annual Special Taxes to be levied on certain taxable land within the District and from certain other funds pledged under the Indenture. The Special Taxes are to be levied according to the rate and method of apportionment approved by the City Council of the City of Azusa and the qualified electors within the District.

In December 2019, the District issued \$71,125,000 City of Azusa Community Facilities District No. 2005-1 (Rosedale) Improvement Area No. 2, 2019 Special Tax Bonds ("2019 Special Tax Bonds") to pay the costs of acquisition and construction of certain public improvements of the City of Azusa and certain public improvements of the Azusa Unified School District.

The financial statements presented in this report cover only the City of Azusa Community Facilities District No, 2005-1, (Rosedale) Special Tax Bonds, which are only a portion of the bonds issued by the City. Therefore, these financial statements do not purport to represent the financial position or results of operations of the City of Azusa or the City of Azusa Community Facility District No. 2005-1, (Rosedale) Improvement Area No. 1 and Improvement Area No. 2.

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 the City of Azusa Community Facility District No. 2005-1, (Rosedale) Improvement Area No. 1 and Improvement Area No. 2.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Notes to Financial Statements
For the year ended June 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

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

D. Asset, Liabilities, and Net Position

- Investments - Investments are reported at fair value. Increases and decreases in the fair value of investments, as well as interest earned on the investments, are reported as investment income.
- Capital Assets - Capital assets, which include infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the statement of net position. 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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and structure	30-50 years
Machinery and equipment	8-30 years
Automotive equipment	5-15 years
Infrastructure	30-65 years

- Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the government activities statement of net position. Bond premiums and discounts, as well as issuance costs, 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 whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Bond proceeds are reported as other financing sources.

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Notes to Financial Statements
For the year ended June 30, 2021**

2. CASH AND INVESTMENTS

As of June 30, 2021, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments with fiscal agents \$ 6,602,018

A. Investments Authorized by Debt Agreements

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 government agency's investment policy.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated				
Infrastructure	\$ 24,072,107	\$ -	\$ -	\$ 24,072,107
Total capital assets being depreciated	24,072,107	-	-	24,072,107
Less accumulated depreciation				
Infrastructure	10,595,555	802,404	-	11,397,959
Total accumulated depreciation	10,595,555	802,404	-	11,397,959
Capital assets, net	<u>\$ 13,476,552</u>	<u>\$ (802,404)</u>	<u>\$ -</u>	<u>\$ 12,674,148</u>

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Notes to Financial Statements
For the year ended June 30, 2021**

4. LONG-TERM LIABILITIES

Long-term liabilities consisted of the following:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due In More Than One Year
2019 Special Tax Refunding Bonds	\$ 24,425,000	\$ -	\$ (760,000)	\$ 23,665,000	\$ 925,000	\$ 22,740,000
2019 Special Tax Bonds	20,525,000	-	(340,000)	20,185,000	85,000	20,100,000
2019 Refunding original issue premium	4,969,942	-	(276,108)	4,693,834	-	4,693,834
2019 Original issue premium	3,216,781	-	(109,044)	3,107,737	-	3,107,737
	<u>\$ 53,136,723</u>	<u>\$ -</u>	<u>\$ (1,485,152)</u>	<u>\$ 51,651,571</u>	<u>\$ 1,010,000</u>	<u>\$ 50,641,571</u>

A. 2019 Special Tax Refunding Bonds

In June 2019, the District issued \$24,425,000 City of Azusa Community Facilities District No. 2005-1 (Rosedale) Improvement Area No.1, 2019 Special Tax Refunding Bonds for the purpose of refunding the City of Azusa Community Facilities District No. 2005-1 (Rosedale) Improvement Area No. 1, 2007 Special Tax Bonds ("2007 Special Tax Bonds"). In January 2007, the District issued the 2007 Special Tax Bonds to pay the costs of acquisition and construction of certain public facilities to be owned and maintained by the City, as well as public facilities for the Azusa Unified School District, the Los Angeles Pasadena Metro Blue Line Construction Authority and the City of Glendora.

The refunding resulted in an economic gain of \$4.7 million and an accounting deferred loss on refunding of \$614,579.

The bonds are payable solely from revenues derived from certain annual special taxes to be levied and collected from the owners of the taxable land within Improvement Area No.1 of the District.

The debt service to maturity is as follows:

	2019 Special Tax Refunding Bonds		
	Principal	Interest	Total
2022	\$ 925,000	\$ 1,155,500	\$ 2,080,500
2023	960,000	1,113,000	2,073,000
2024	1,010,000	1,063,750	2,073,750
2025	1,060,000	1,012,000	2,072,000
2026	1,115,000	957,625	2,072,625
2027-2031	6,455,000	3,873,125	10,328,125
2032-2036	8,235,000	2,045,625	10,280,625
2037-2038	3,905,000	647,625	4,552,625
Totals	<u>\$ 23,665,000</u>	<u>\$ 11,868,250</u>	<u>\$ 35,533,250</u>

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Notes to Financial Statements
For the year ended June 30, 2021**

4. LONG-TERM LIABILITIES, Continued

A. 2019 Special Tax Refunding Bonds

In December 2019, the District issued \$71,125,000 City of Azusa Community Facilities District No. 2005-1 (Rosedale) Improvement Area No. 2, 2019 Special Tax Bonds (“2019 Special Tax Bonds”) to pay the costs of acquisition and construction of certain public improvements of the City of Azusa and certain public improvements of the Azusa Unified School District.

The bonds are payable solely from revenues derived from certain annual special taxes to be levied and collected from the owners of the taxable land within Improvement Area No. 2 of the District.

The debt service to maturity is as follows:

	2019 Special Tax Refunding Bonds		
	Principal	Interest	Total
2022	\$ 85,000	\$ 943,925	\$ 1,028,925
2023	105,000	940,550	1,045,550
2024	135,000	935,750	1,070,750
2025	160,000	929,850	1,089,850
2026	190,000	922,850	1,112,850
2027-2031	1,445,000	4,432,875	5,877,875
2032-2036	2,520,000	3,963,625	6,483,625
2037-2041	3,820,000	3,318,500	7,138,500
2042-2046	5,555,000	2,279,375	7,834,375
2047-2050	6,170,000	644,500	6,814,500
Totals	\$ 20,185,000	\$ 19,311,800	\$ 24,847,925

SUPPLEMENTARY INFORMATION

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Combining Balance Sheet
June 30, 2021**

	Debt Service Fund					
	Improvement Area 1					
	Special Tax Fund	School Redemption Fund	Reserve Fund	Administrative Expense	Rosedale Surplus Tax	Rosedale Bond Redemption
ASSETS						
Cash and investments with trustee	\$ 67,820	\$ -	\$ 3	\$ 3	\$ -	\$ -
Due from other government	12,041	-	-	-	-	-
Total assets	\$ 79,861	\$ -	\$ 3	\$ 3	\$ -	\$ -
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 24,394	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other government	-	-	-	12,041	-	-
Total liabilities	24,394	-	-	12,041	-	-
Fund Balances:						
Restricted for:						
Debt service	-	-	3	-	-	-
Capital projects	-	-	-	-	-	-
Unassigned	55,467	-	-	(12,038)	-	-
Total fund balances	55,467	-	3	(12,038)	-	-
Total liabilities and fund balances	\$ 79,861	\$ -	\$ 3	\$ 3	\$ -	\$ -

Debt Service Fund

Improvement Area 1							Improvement Area 2
Cost of Issuance Fund	Interest Fund	Special Tax Fund	Tax Refunds	Principal Fund	Admin Fund	Special Tax Prepay Fund	Special Tax Fund
\$ -	\$ -	\$ 8	\$ 5	\$ -	\$ 1,000	\$ 2,811	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 2,811</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	8	5	-	1,000	2,811	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	8	5	-	1,000	2,811	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 2,811</u>	<u>\$ -</u>

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Combining Balance Sheet
June 30, 2021**

	Debt Service Fund		Total Debt Service Fund	Capital Project Fund		Total Capital Project Fund
	Improvement Area 2			City	School District	
	Interest	Principal		Facilities	Facilities	
	Fund	Fund		Fund	Fund	
ASSETS						
Cash and investments with trustee	\$ -	\$ -	\$ 71,650	\$ 6,512,798	\$ 17,570	\$ 6,530,368
Due from other government	-	-	12,041	-	-	-
Total assets	\$ -	\$ -	\$ 83,691	\$ 6,512,798	\$ 17,570	\$ 6,530,368
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 24,394	\$ -	\$ -	\$ -
Due to other government	-	-	12,041	-	-	-
Total liabilities	-	-	36,435	-	-	-
Fund Balances:						
Restricted for:						
Debt service	-	-	3,827	-	-	-
Capital projects	-	-	-	6,512,798	17,570	6,530,368
Unassigned	-	-	43,429	-	-	-
Total fund balances	-	-	47,256	6,512,798	17,570	6,530,368
Total liabilities and fund balances	\$ -	\$ -	\$ 83,691	\$ 6,512,798	\$ 17,570	\$ 6,530,368

This page intentionally left blank.

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2021**

	Debt Service Fund					
	Improvement Area 1					
	Special Tax Fund	School Redemption Fund	Reserve Fund	Administrative Expense	Rosedale Surplus Tax	Rosedale Bond Redemption
REVENUES:						
Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
EXPENDITURES:						
General Government:						
Administrative cost	-	-	-	3,115	-	-
Program cost	-	-	-	-	-	-
Debt service:						
Principal payment	-	-	-	-	-	-
Interest expense	-	-	-	12,326	-	-
Total expenditures	-	-	-	15,441	-	-
REVENUES UNDER(OVER) EXPENDITURES	-	-	-	(15,441)	-	-
OTHER FINANCING SOURCES(USES)						
Transfer in	61,414	-	-	133,586	-	-
Transfer out	-	-	-	-	-	-
Total other financing sources (uses)	61,414	-	-	133,586	-	-
Net change in fund balances	61,414	-	-	118,145	-	-
FUND BALANCES:						
Beginning of year, as restated	(5,947)	-	3	(130,183)	-	-
End of year	\$ 55,467	\$ -	\$ 3	\$ (12,038)	\$ -	\$ -

Debt Service Fund

Improvement Area 1							Improvement Area 2
Cost of Issuance Fund	Interest Fund	Special Tax Fund	Tax Refunds	Principal Fund	Admin Fund	Special Tax Prepay Fund	Special Tax Fund
\$ -	\$ 1	\$ 8	\$ 5	\$ -	\$ -	\$ -	\$ 20
-	-	1,266,104	986,210	-	-	-	794,930
-	-	-	-	-	-	-	-
-	1	1,266,112	986,215	-	-	-	794,950
-	-	-	-	2,400	118,000	-	-
-	-	-	-	-	-	-	-
-	-	-	-	760,000	-	-	-
-	1,189,575	-	-	-	-	-	-
-	1,189,575	-	-	762,400	118,000	-	-
-	(1,189,574)	1,266,112	986,215	(762,400)	(118,000)	-	794,950
-	1,173,103	-	-	762,400	119,000	2,811	-
-	-	(1,266,104)	(986,210)	-	-	-	(1,279,730)
-	1,173,103	(1,266,104)	(986,210)	762,400	119,000	2,811	(1,279,730)
-	(16,471)	8	5	-	1,000	2,811	(484,780)
-	16,471	-	-	-	-	-	484,780
\$ -	\$ -	\$ 8	\$ 5	\$ -	\$ 1,000	\$ 2,811	\$ -

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Special Tax Bonds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2021**

	Debt Service Fund					
	Improvement Area 2		Total Debt Service Fund	Capital Project Fund		Total Capital Project Fund
	Interest Fund	Principal Fund		City Facilities Fund	School District Facilities Fund	
REVENUES:						
Interest on investments	\$ 1	\$ -	\$ 35	\$ 1,750	\$ 774	\$ 2,524
Assessments	-	-	3,047,244	-	-	-
Miscellaneous Income	-	-	-	-	-	-
Total revenues	1	-	3,047,279	1,750	774	2,524
EXPENDITURES:						
General Government:						
Administrative cost	-	-	123,515	-	-	-
Program cost	-	-	-	-	4,923,337	4,923,337
Debt service:						
Principal payment	-	340,000	1,100,000	-	-	-
Interest expense	950,300	-	2,152,201	-	-	-
Total expenditures	950,300	340,000	3,375,716	-	4,923,337	4,923,337
REVENUES UNDER(OVER) EXPENDITURES	(950,299)	(340,000)	(328,437)	1,750	(4,922,563)	(4,920,813)
OTHER FINANCING SOURCES(USES)						
Transfer in	939,730	340,000	3,532,044	-	-	-
Transfer out	-	-	(3,532,044)	-	-	-
Total other financing sources (uses)	939,730	340,000	-	-	-	-
Net change in fund balances	(10,569)	-	(328,437)	1,750	(4,922,563)	(4,920,813)
FUND BALANCES:						
Beginning of year, as restated	10,569	-	375,693	6,511,048	4,940,133	11,451,181
End of year	\$ -	\$ -	\$ 47,256	\$ 6,512,798	\$ 17,570	\$ 6,530,368

This page intentionally left blank.

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Improvement Area No. 1 Special Tax Bonds
Combining Statement of Receipts, Disbursements, and Transfers
For the year ended June 30, 2021**

	Debt Service Fund					
	Improvement Area 1					
	Special Tax Fund	School Redemption Fund	Reserve Fund	Administrative Expense	Rosedale Surplus Tax	Rosedale Bond Redemption
Cash and Investments with Trustee:						
Balance - June 30, 2020	\$ 6,093	\$ -	\$ 3	\$ 3	\$ -	\$ -
RECEIPTS:						
Interest on investments	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-
Proceeds from debt issuance premium	-	-	-	-	-	-
Transfer in	61,727	-	-	130,441	-	-
Total receipts	61,727	-	-	130,441	-	-
DISBURSEMENTS:						
Administrative cost	-	-	-	118,115	-	-
Program cost	-	-	-	-	-	-
Debt service:						
Principal payment	-	-	-	-	-	-
Interest payments	-	-	-	12,326	-	-
Cost of issuance	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Total disbursements	-	-	-	130,441	-	-
Cash and Investments with Trustee:						
Balance - June 30, 2021	\$ 67,820	\$ -	\$ 3	\$ 3	\$ -	\$ -

Debt Service Fund

Improvement Area 1							Improvement Area 2
Cost of Issuance Fund	Interest Fund	Special Tax Fund	Tax Refunds	Principal Fund	Admin Fund	Special Tax Prepay Fund	Special Tax Fund
\$ -	\$ 16,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 484,780
-	1	8	5	-	-	-	20
-	-	1,266,104	986,210	-	-	-	794,930
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,173,103	-	-	762,400	119,000	2,811	-
-	1,173,104	1,266,112	986,215	762,400	119,000	2,811	794,950
-	-	-	-	2,400	118,000	-	-
-	-	-	-	-	-	-	-
-	-	-	-	760,000	-	-	-
-	1,189,575	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,266,104	986,210	-	-	-	1,279,730
-	1,189,575	1,266,104	986,210	762,400	118,000	-	1,279,730
\$ -	\$ -	\$ 8	\$ 5	\$ -	\$ 1,000	\$ 2,811	\$ -

**City of Azusa - Community Facilities District No. 2005-1
(Rosedale) Improvement Area No. 1 Special Tax Bonds
Combining Statement of Receipts, Disbursements, and Transfers
For the year ended June 30, 2021**

	Debt Service Fund					
	Improvement Area 2		Total Debt Service Fund	Capital Project Fund		Total Capital Project Fund
	Interest Fund	Principal Fund		City Facilities Fund	School District Facilities Fund	
Cash and Investments with Trustee:						
Balance - June 30, 2020	\$ 10,569	\$ -	\$ 517,919	\$ 6,511,048	\$ 4,940,133	\$ 11,451,181
RECEIPTS:						
Interest on investments	1	-	35	1,750	774	2,524
Assessments	-	-	3,047,244	-	-	-
Miscellaneous	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-
Proceeds from debt issuance premium	-	-	-	-	-	-
Transfer in	939,730	340,000	3,529,212	-	-	-
Total receipts	939,731	340,000	6,576,491	1,750	774	2,524
DISBURSEMENTS:						
Administrative cost	-	-	238,515	-	-	-
Program cost	-	-	-	-	4,923,337	4,923,337
Debt service:						
Principal payment	-	340,000	1,100,000	-	-	-
Interest payments	950,300	-	2,152,201	-	-	-
Cost of issuance	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-
Transfer out	-	-	3,532,044	-	-	-
Total disbursements	950,300	340,000	7,022,760	-	4,923,337	4,923,337
Cash and Investments with Trustee:						
Balance - June 30, 2021	\$ -	\$ -	\$ 71,650	\$ 6,512,798	\$ 17,570	\$ 6,530,368



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Azusa Community Facilities District No. 2005-1 (Rosedale) Special Tax Bonds (Rosedale Bonds), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Rosedale Bond's basic financial statements, and have issued our report thereon dated June 16, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

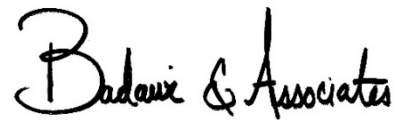
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rosedale Bond's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Mayor and Members of the City Council
of the City of Azusa
Azusa, California
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
June 16, 2022