

CITY OF ROSEMEAD
Rosemead, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

Prepared by the Finance Department
Steve Brisco
Director of Finance

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Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2008

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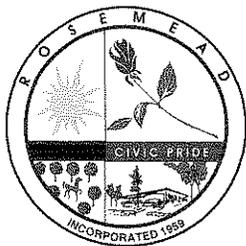
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MAYOR:
JOHN TRAN

MAYOR PRO TEM:
JOHN NUÑEZ

COUNCIL MEMBERS:
MARGARET CLARK
POLLY LOW
GARY A. TAYLOR



City of Rosemead

8838 E. VALLEY BOULEVARD • P.O. BOX 399
ROSEMEAD, CALIFORNIA 91770
TELEPHONE (626) 569-2100
FAX (626) 307-9218

December 15, 2008

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Rosemead:

Sound financial practice dictates that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Rosemead for the fiscal year ended June 30, 2008

This report consists of management's representations concerning the finances of the City of Rosemead. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Rosemead has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Rosemead's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Rosemead's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Rosemead's financial statements have been audited by Mayer Hoffman McCann P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rosemead for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rosemead's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Rosemead was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Rosemead's separately issued Single Audit Report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Rosemead's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Rosemead, incorporated in 1959, is located in the southwestern part of the state, which is considered to be the top growth area in the state, and one of the top growth areas in the country. The City of Rosemead currently occupies a land area of 5.5 square miles and serves a population of more than 57,000. Property tax is levied and collected by the County of Los Angeles. The City and Community Development Commission's portion is remitted by the County.

The City of Rosemead has operated under the council-manager form of government since 1959. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager, attorney and clerk. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every two years and two elected the opposite two years. The mayor is selected from among the five council members, by the council members and serves for a one year term.

Many of the functions often provided by municipal government are, in the City, provided by special districts. Examples of some of these special districts, which usually encompass areas larger than the City itself, are the Fire Protection District, the Library District and the County Flood Control District. Certain other governmental functions are paid for by the City, but performed by a variety of other public and private agencies under contract. Some of the contracts now in effect are for police, street maintenance and animal control. The City also has three blended component units: 1) the Rosemead Financing Authority (the Authority), 2) the Rosemead Community Development Commission (the RHDC) and the Rosemead Housing Development Corporation (RHDC). The City of Rosemead also provides a full range of services, including recreational activities and cultural events. Additional information on all four of these legally separate entities can be found in Note 1a in the notes to the financial statements.

The annual budget serves as the foundation for the City of Rosemead's and their component unit's financial planning and control. All business units and component units of the City of Rosemead are required to submit requests for appropriation to the government's manager in mid March of each year. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then presents this proposed budget to the council for review prior to June 30. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Rosemead's fiscal year. The appropriated budget is prepared by fund and business unit (e.g., public safety). Department heads, with City Manager approval, may make transfers of appropriations within a business unit. Transfers of appropriations between business units, however, require the approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 55 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 56.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Rosemead operates.

Local economy. The City of Rosemead currently enjoys a reasonably favorable economic environment and local indicators point to continued stability. The region has a varied retail and industrial base that adds to the relative stability of the unemployment rate. Major employers are listed in the statistical section of the accompanying financial report. In spite of the worldwide economic downturn taxable sales in Rosemead have declined only slightly, due primarily to the diversity of the City's retail businesses.

Long-term financial planning. The City Council has approved capital improvement projects for resurfacing Del Mar Avenue using Proposition C funds, resurfacing Garvey Avenue using Proposition C and State Gas Tax money, a park facility master plan with future expectations of renovating aging park facilities that are in need of repairs, a walking trail at Rosemead Park, and a new sewer master plan. Additionally new revenue sources are being studied to find ways to keep up with increasing costs of operations and maintenance.

With the State in a fiscal crisis some projects are being deferred, but not eliminated, until the State can once again assist with funding. An example of a deferred project due to State funding being withdrawn is the San Gabriel Boulevard Pocket Park located at San Gabriel Boulevard and Falling Leaf Street.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit as well as the State Treasurer's Local Agency Investment Fund (The maturities of the investments range from six months to one year. Cash invested in LAIF is available on demand. With the State predicting dire cash shortages, approximately \$2.25 million was moved from LAIF to a bank money market account. This was done not to gain yield but to protect cash liquidity. The State also invests in LAIF and if they withdraw their cash, as the State Treasurer predicts, it could jeopardize the City's ability to withdraw cash in a timely manner. The City's investment in LAIF is, however, protected by law. In accordance with State law the City's investment priorities, in order of importance, are: 1) safety, 2) liquidity and 3) yield.

Risk Management. The City is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 107 California public entities and is organized under a joint powers agreement pursuant to California Government Code 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance and reinsurance, and to arrange for group-purchased insurance for property and other coverage. Additional information can be found on note 8 in the notes to the financial statements.

Pension and other postemployment benefits. The City of Rosemead is contracted with the California Public Employees Retirement System (CalPERS) for retirement benefits for full time employees. Supplemental retirement benefits are offered to qualified full-time employees, retirees and part-time employees through Public Agency Retirement Services (PARS). The City also provides health insurance benefits for certain qualified retirees. In accordance with GASB 45, the City is planning to contract for the required actuarial services in April 2009 and will implement the required reporting in the June 30, 2009 CAFR.

Additional information on the City of Rosemead's pension arrangements and postemployment benefits can be found in Notes 9 in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rosemead for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire team of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Rosemead's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "S. L. Brisco". The signature is written in a cursive, flowing style.

Steven L. Brisco
Finance Director

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City of Rosemead

Directory of Officials

June 30, 2008

CITY COUNCIL

John Tran, Mayor

John Nunez, Mayor Pro Tem

Margaret F. Clark, Council Member

Polly Low, Council Member

Gary A. Taylor, Council Member

CITY MANAGEMENT

Oliver Chi, City Manager

Brian Saeki, Assistant City Manager/External Business Units

Matt Hawkesworth, Assistant City Manager/Internal Business Units

Steve Brisco, Director of Finance

Don Anderson, Director of Public Safety

David Montgomery-Scott, Director of Parks and Recreation

Jim Donovan, Building Official

Matt Everling, City Planner

Michelle Ramirez, Economic Development Administrator

Chris Marcarello, Administrative Services Officer

Aileen Flores, Public Affairs Manager

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FINANCIAL SECTION

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Mayer Hoffman McCann P.C.

An Independent CPA Firm

Conrad Government Services Division

2301 Dupont Drive, Suite 200

Irvine, California 92612

949-474-2020 ph

949-263-5520 fx

www.mhm-pc.com

The Honorable Mayor and City Council
City of Rosemead
Rosemead, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rosemead, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Rosemead. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rosemead, California, as of June 30, 2008, and the respective changes in financial position of the City of Rosemead, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



The Honorable Mayor and City Council
City of Rosemead
Rosemead, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rosemead's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor funds financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 23, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
January 23, 2009

Management's Discussion and Analysis

As management of the City of Rosemead, we offer readers of the City of Rosemead's financial statements this narrative overview and analysis of the financial activities of the City of Rosemead for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i -iv of this report. All amounts, unless otherwise indicated, are in thousands of dollars.

Financial Highlights

- The assets of the City of Rosemead exceed its liabilities at the close of the most recent fiscal year by \$52,131 (*net assets*). Of this amount, \$27,706 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$2,064 primarily due to one-time expenses of \$1.9 million for rebuilding the Garvey Avenue bridge and \$240 thousand for bus stop improvements.
- As of the of the current fiscal year, the City of Rosemead's governmental funds reported combined ending fund balances of \$40,032, a decrease of \$1,067 in comparison with the prior year. Approximately 70 percent of this total amount, \$27,956, is *available for spending* at the governments discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$18,633 or 103 percent of total General Fund expenditures.
- The City of Rosemead's total debt decreased by \$1,039 (2.7 percent) during the current fiscal year. The decrease was entirely due to principal reduction payments.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets 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 Rosemead 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 City of Rosemead does not have any business-type activities. The governmental activities of the City of Rosemead include general government, public safety, public works, community services, community development, and parks and recreation.

The government-wide financial statements include not only the City of Rosemead itself (known as the *primary government*), but also a legally separate redevelopment agency and a legally separate low income housing corporation, for which the City of Rosemead is financially accountable. Financial information for the *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 10-11 of this report.

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 Rosemead, 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 of Rosemead can be divided into two categories: governmental 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 the 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 Rosemead and its component units maintain 16 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 balances for the General Fund, Proposition C Fund, Low-Moderate Income Housing Set-Aside Fund, Federal Highway Grant Fund, Debt Service Funds and Capital Projects Funds, all six of which are considered to be major funds. Data from the other 10 governmental funds are combined into a single, aggregated 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 Rosemead adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for the General Fund, Proposition C Fund, Low-Moderate Income Housing Set-Aside Fund and the Federal Highway Grant Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Rosemead's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 19 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 20-46 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Rosemead's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 49 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 49-72 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Rosemead, assets exceeded liabilities by \$52,131 at the close of the most recent fiscal year.

The largest portion of the City of Rosemead's net assets (51 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Rosemead uses these capital assets to provide services to the citizens; consequently, these assets are *not* available for future spending. Although the City of Rosemead's investment in its capital assets is reported net of related debt, it should be noted that 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.

City of Rosemead's Net Assets
As of June 30, 2008 and 2007

	Governmental Activities	
	2008	2007
Current and other assets	\$ 46,278	\$ 49,343
Capital assets	47,965	47,987
Total assets	94,243	97,330
Long-term liabilities outstanding	37,149	38,188
Other liabilities	4,963	5,125
Total liabilities	42,112	43,313
Net assets:		
Invested in capital assets, net of related debt	12,982	10,542
Restricted	11,443	8,181
Unrestricted	27,706	35,294
Total net assets	\$ 52,131	\$ 54,017

An additional portion of the City of Rosemead's net assets (25 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$27,706) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Rosemead is able to report positive net asset balances. The situation also held true for the prior fiscal year.

The government's net assets decreased by \$2,064 during the current fiscal year. The main cause of the decrease in net assets is due to increased public works activity to complete major maintenance and renovations to infrastructure using cash saved from prior periods.

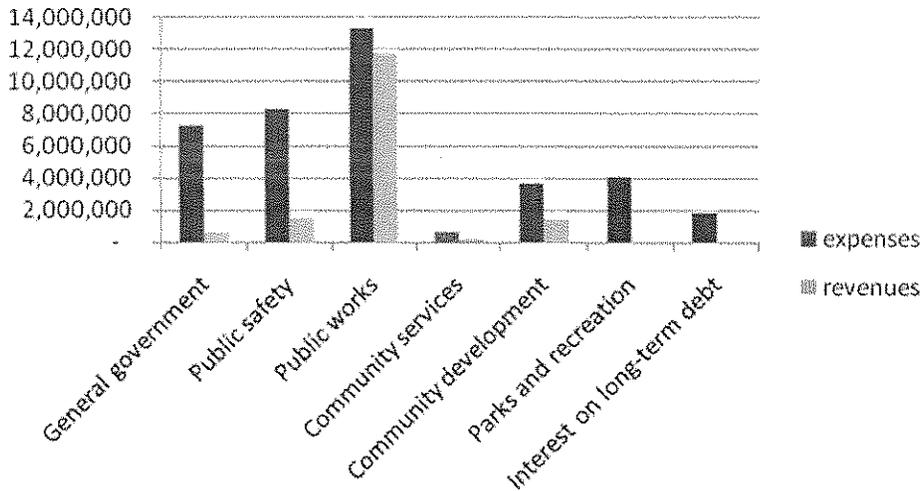
Governmental activities. Governmental activities decreased the City of Rosemead's net assets by \$1,886, thereby accounting for 3.5 percent of the reduction in the net assets of the City of Rosemead. Key elements of this decrease are as follows:

As described in the previous section, significant maintenance and construction work was completed using accumulated cash. Continued use of cash reserves is not expected to continue into subsequent fiscal years.

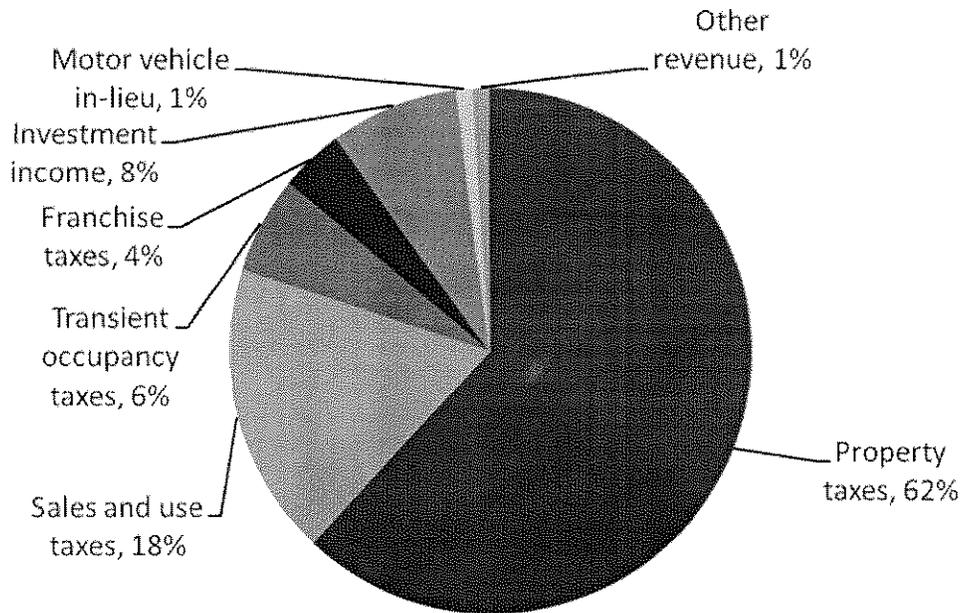
City of Rosemead's Changes in Net Assets Years Ended June 30, 2008 and 2007

	Governmental Activities	
	2008	2007
Program revenues:		
Charges for services	\$ 5,398	\$ 2,755
Operating grants and contributions	3,490	8,293
Capital grants and contributions	6,718	3,077
General revenues:		
Property taxes	13,182	9,122
Other taxes	6,108	4,527
Investment income	1,679	2,028
Intergovernmental, unrestricted	255	857
Other	143	478
Total revenues	36,973	31,137
Expenses:		
General government	7,259	4,981
Public safety	8,044	6,619
Public works	13,550	6,121
Community services	670	602
Community development	3,645	2,468
Parks and recreation	4,079	4,178
Interest on long-term debt	1,790	2,698
Total expenses	39,037	27,667
Increase in net assets before transfers	(2,064)	3,470
Increase in net assets	(2,064)	3,470
Net assets - June 30, 2007 (Restated in 2008)	54,195	50,546
Net assets - June 30, 2008	\$52,131	\$54,016

Expenses and Program Revenues Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the City of Rosemead's governmental funds reported combined fund balances of \$40,032 a decrease of \$1,067 in comparison with the prior year. Approximately 70% of this total amount (\$27,956) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$457) 2) for advances to other funds (\$6,976) 3) for deposits (\$4,408) or 4) for a variety of other restricted purposes (\$235).

General Fund. The general fund is the chief operating fund of the City of Rosemead. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$18,633, while total fund balance reached \$21,708. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 97 percent of total general fund expenditures, while total fund balance represents 114 percent of that same amount.

The fund balance of the City of Rosemead's general fund decreased by \$932 during the current year. Key factors in this decline are as follows:

- \$127 of fund balance was spent to catch up on deferred maintenance to parks and pools
- A new City Attorney was hired with additional costs of \$328 over the previous year
- Fund balance of \$318 was spent to renovate the Council Chambers

After years of deferring maintenance on many of the City's streets, parks and buildings a new management team embarked on significant efforts to catch up on maintenance. The renovations and maintenance were paid for with accumulated unreserved, undesignated fund balance money. Because the City has been saving fund balance surpluses over the past several years and has a relatively high level of fund balance, the additional spending on infrastructure does not present a detrimental effect on the City's overall fiscal health and will not continue into future years.

Proposition C Fund. The City has been accumulating surplus Proposition C revenue for the past four years to pay for the City's portion of the Garvey Avenue bridge reconstruction. Revenue for the bridge reconstruction came from two sources: 1) Proposition C totaling \$1,892 and 2) a Federal Highway Grant totaling \$6,422. The balance of the changes to Proposition C is an operating surplus of \$232 resulting from operating income less normal operating expenditures for the year.

Low-Moderate Income Housing Fund. The Low-Moderate Income Housing Fund received a transfer of tax increment from the Community Development Commission totaling \$985. This represents the required 20% tax increment contribution net of an annual \$469 payment towards the reduction of a pre-payment to the Low-Moderate Income Housing Fund of \$6.8 million made in 1991. The pre-payment was for the construction of apartments for low income senior citizens.

Federal Highway Grant Fund. As described in the discussion of Proposition C fund balance, Federal Highway Grant Fund had expenditures for bridge reconstruction of \$6,422. Bridge reconstruction commenced in FY 2006-07 and the year ended with unreimbursed costs of \$1,084. Revenue in FY 2007-08 was \$7,168 which includes some revenue earned in FY 2006-07 and deferred revenue of \$1,084 which was paid by the State subsequent to the close of FY 2007-08. There are no Federal Highway Grant projects programmed for FY 2008-09.

Community Development Commission Funds. The combined Community Development Commission (CDC) funds, debt service and capital projects, increased fund balance by \$158. The CDC Capital Projects Fund paid for salaries and benefits for general government and public safety as well as contributing \$232 for Council Chamber renovations and \$145 for street and sidewalk repairs. For the first time, revenue of \$921 was received for Project Area 2. The use of CDC funds has been significantly reduced in the FY 2008-09 budget and that trend that is expected to continue in subsequent budgets.

General Fund Budgetary Highlights

During the year there was a \$729 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$583 was for City building improvements.
- \$15 was for City Council contributions for the Vietnamese Freedom Boat presentation.
- \$20 was a City Council contribution to San Gabriel Valley High School District for a student trip to Washington D.C.
- \$15 was a City Council contribution to the Rosemead Youth Association to pay IRS tax penalties.
- The balance was for minor operating adjustments to the budget.

All of the appropriation increases were made using unrestricted, undesignated fund balance. As stated above, the additional appropriations are not harmful to the City's fiscal health.

Capital Asset and Debt Administration

Capital assets. The City of Rosemead's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$78,834 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Rosemead's investment in capital assets for the current fiscal year was 2.4 percent.

Major capital asset events during the current fiscal year included the following:

- Rebuilding of the Garvey Avenue bridge
- Renovation of the City Council chambers
- Significant replacement of the City's rolling stock

City of Rosemead's Capital Assets
(net of depreciation)

	Governmental Activities	
	2008	2007
Land	\$ 2,969	\$ 2,953
Buildings	23,995	22,702
Improvements other than buildings	937	868
Machinery and equipment	893	800
Autos and trucks	686	370
Furniture and office equipment	2,470	2,465
Infrastructure	46,496	38,850
Construction in progress	388	8,005
Total	\$ 78,834	\$ 77,013

Additional information on the City of Rosemead's capital assets can be found in note 6 on pages 37-38 of this report.

Long-term debt. At the end of the current fiscal year, the Rosemead Community Development Commission had total bonded debt outstanding of \$37,149. Of this amount, all of it is backed by future property tax increment revenues.

City of Rosemead's Outstanding Debt
Tax Allocation Bonds

	Governmental Activities	
	2008	2007
Tax Allocation Bonds	\$ 37,149	\$ 38,188

The Rosemead Community Development Commission's total debt decreased by \$1,039 during the current fiscal year due to debt service payments on the bonded indebtedness of \$1,039.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Rosemead is currently 4.1 percent. Rosemead is included in the Bureau of Labor Statistics (BLS) Los Angeles , Long Beach Santa Ana unemployment data set which has unemployment of 8.1 percent compared to 4.9 percent a year ago. The City's unemployment rate compares favorably to the state's average unemployment rate of 8.4 percent and the national average rate of 7.2 percent.

- Sales tax in the City has remained remarkably stable. Even in the current troubled economy sales tax for the 2nd quarter 2008 declined a mere 0.2 percent. The City has a diverse sales tax base including a two year old Super WalMart store. Nationally, WalMart stores have shown continued solid sales during the current down economy and the City's WalMart is no exception. The sales tax projection for FY 2008-09 is projected to increase over FY 2007-08, however, this may need to be adjusted downward somewhat in the mid-year analysis.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Rosemead's budget for the 2009 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund decreased to \$18,633. The City of Rosemead did not appropriate any General Fund unreserved, undesignated fund balance for spending in the 2009 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Rosemead's finances 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 financial information should be addressed to the Office of the Finance Director, 8838 East Valley Boulevard, Rosemead, CA 92884.

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CITY OF ROSEMEAD
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets:	
Cash and investments (note 2)	\$ 34,603,278
Receivables:	
Accounts	6,173,679
Accrued interest	373,114
Notes	232,076
Prepaid expenses	2,800
Deposits	4,407,616
Deferred charges	485,579
Capital assets (note 6):	
Land	2,968,824
Construction in progress	388,448
Other capital assets, net	<u>44,607,745</u>
Total assets	<u>94,243,159</u>
Liabilities:	
Accounts payable and accrued liabilities	3,926,909
Accrued salaries and benefits	361,138
Deposits payable	36,132
Accrued interest payable	639,511
Noncurrent liabilities (note 7):	
Due within one year	966,347
Due in more than one year	<u>36,182,287</u>
Total liabilities	<u>42,112,324</u>
Net assets:	
Invested in capital assets, net of related debt	12,981,537
Restricted for:	
Public works	3,478,963
Public safety	2,443,039
Low-moderate income housing	5,521,581
Unrestricted	<u>27,705,715</u>
Total net assets	<u>\$ 52,130,835</u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD
Statement of Activities
Fiscal Year ended June 30, 2008

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	
Governmental activities:				
General government	\$ 7,259,587	642,716	-	(6,616,871)
Public safety	8,043,771	1,329,134	218,048	(6,496,589)
Public works	13,550,042	2,828,337	2,183,455	(1,820,317)
Community services	669,827	166,118	-	(503,709)
Community development	3,645,207	395,398	1,088,667	(2,161,142)
Parks and recreation	4,078,631	36,800	-	(4,041,831)
Interest expense	<u>1,790,348</u>	<u>-</u>	<u>-</u>	<u>(1,790,348)</u>
Total governmental activities	<u>\$ 39,037,413</u>	<u>5,398,503</u>	<u>3,490,170</u>	<u>(23,430,807)</u>
General revenues:				
Taxes:				
Property taxes				13,181,837
Sales and use taxes				3,747,416
Transient occupancy taxes				1,411,421
Franchise taxes				949,007
Investment income				1,678,791
Motor vehicle in lieu, unrestricted				254,527
Other general revenues				<u>143,748</u>
Total general revenues				<u>21,366,747</u>
Change in net assets				(2,064,060)
Net assets at beginning of year, restated (note 13)				<u>54,194,895</u>
Net assets at end of year				<u>\$ 52,130,835</u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD
Balance Sheet - Governmental Funds
June 30, 2008

	General	Special Revenue		
		Proposition C	Low-Moderate Income Housing Set-Aside	Federal Highway Grant
Assets:				
Cash and investments	\$ 14,361,656	3,259,454	1,543,636	-
Receivables:				
Accounts	1,297,380	68,202	-	2,797,106
Accrued interest	281,049	-	-	-
Notes	232,076	-	-	-
Prepaid expenses	2,800	-	-	-
Due from other funds (note 4)	5,342,876	-	-	-
Deposits	-	-	-	-
Advances to other funds (note 4)	2,497,920	-	4,477,945	-
Total assets	\$ 24,015,757	3,327,656	6,021,581	2,797,106
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,942,924	561,310	-	870,728
Accrued salaries and benefits	315,290	352	-	-
Deposits payable	-	-	-	-
Due to other funds (note 4)	249	-	500,000	1,998,471
Deferred revenue	49,644	-	-	1,012,260
Advances from other funds (note 4)	-	-	-	-
Total liabilities	2,308,107	561,662	500,000	3,881,459
Fund balance:				
Reserved for:				
Encumbrances	341,700	-	-	-
Notes receivable	232,076	-	-	-
Prepaid expenses	2,800	-	-	-
Deposits	-	-	-	-
Advances to other funds	2,497,920	-	4,477,945	-
Unreserved, reported in:				
General fund	18,633,154	-	-	-
Special revenue funds	-	2,765,994	1,043,636	(1,084,353)
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balance	21,707,650	2,765,994	5,521,581	(1,084,353)
Total liabilities and fund balance	\$ 24,015,757	3,327,656	6,021,581	2,797,106

See accompanying notes to the basic financial statements.

<u>Debt Service</u>	<u>Capital Projects</u>		
<u>Redevelopment Agency</u>	<u>Redevelopment Agency</u>	<u>Non-Major Governmental</u>	<u>Total</u>
628,063	10,715,870	4,094,599	34,603,278
64,412	782,530	1,164,049	6,173,679
-	92,065	-	373,114
-	-	-	232,076
-	-	-	2,800
-	351,849	500,328	6,195,053
-	4,407,616	-	4,407,616
-	-	-	6,975,865
<u>692,475</u>	<u>16,349,930</u>	<u>5,758,976</u>	<u>58,963,481</u>
-	130,016	421,931	3,926,909
-	126	45,370	361,138
-	-	36,132	36,132
-	2,230,754	1,465,579	6,195,053
-	-	374,952	1,436,856
-	6,975,865	-	6,975,865
-	<u>9,336,761</u>	<u>2,343,964</u>	<u>18,931,953</u>
-	115,000	-	456,700
-	-	-	232,076
-	-	-	2,800
-	4,407,616	-	4,407,616
-	-	-	6,975,865
-	-	-	18,633,154
-	-	3,415,012	6,140,289
692,475	-	-	692,475
-	2,490,553	-	2,490,553
<u>692,475</u>	<u>7,013,169</u>	<u>3,415,012</u>	<u>40,031,528</u>
<u>692,475</u>	<u>16,349,930</u>	<u>5,758,976</u>	<u>58,963,481</u>

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CITY OF ROSEMEAD

Governmental Funds

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets

June 30, 2008

Fund balances of governmental funds	\$ 40,031,528
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	
Capital assets	78,834,189
Accumulated depreciation	(30,869,172)
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Compensated absences	(521,408)
Unamortized bond premiums	(277,226)
Tax allocation bonds	(36,350,000)
Debt issuance costs are not current financial resources and, therefore, are not reported in the governmental funds.	485,579
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(639,511)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.	<u>1,436,856</u>
Net assets of governmental activities	<u>\$ 52,130,835</u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year ended June 30, 2008

	General	Special Revenue		
		Proposition C	Low-Moderate Income Housing Set-Aside	Federal Highway Grant
Revenues:				
Taxes	\$ 10,700,724	-	-	-
Intergovernmental	2,407,747	758,779	-	7,168,348
Licenses and permits	1,503,659	-	-	-
Charges for services	537,430	-	-	-
Fines, forfeitures and penalties	447,012	-	-	-
Special assessments	-	-	-	-
Investment income	948,097	136,515	56,323	-
Other	141,930	-	-	-
Total revenues	16,686,599	895,294	56,323	7,168,348
Expenditures:				
Current:				
General government	4,040,969	-	-	-
Public safety	6,377,212	-	-	-
Public works	180,551	2,555,781	-	6,421,942
Community services	214,629	-	-	-
Community development	2,110,304	-	61,622	-
Parks and recreation	4,078,631	-	-	-
Capital outlay	967,488	-	243,284	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	17,969,784	2,555,781	304,906	6,421,942
Excess (deficiency) of revenues over (under) expenditures	(1,283,185)	(1,660,487)	(248,583)	746,406
Other financing sources (uses):				
Transfers in (note 5)	351,600	-	985,195	-
Transfers out (note 5)	-	-	(1,273,692)	-
Total other financing sources (uses)	351,600	-	(288,497)	-
Change in fund balances	(931,585)	(1,660,487)	(537,080)	746,406
Fund balances (deficit) at beginning of year, as restated (note 13)	22,639,235	4,426,481	6,058,661	(1,830,759)
Fund balances (deficit) at end of year	\$ 21,707,650	2,765,994	5,521,581	(1,084,353)

See accompanying notes to the basic financial statements.

<u>Debt Service</u>	<u>Capital Projects</u>		
<u>Redevelopment Agency</u>	<u>Redevelopment Agency</u>	<u>Non-Major Governmental</u>	<u>Total</u>
921,184	6,219,884	-	17,841,792
-	-	5,381,736	15,716,610
-	-	-	1,503,659
-	-	-	537,430
-	-	194,554	641,566
-	-	687,568	687,568
13,676	434,693	89,487	1,678,791
-	-	-	141,930
<u>934,860</u>	<u>6,654,577</u>	<u>6,353,345</u>	<u>38,749,346</u>
50,526	2,889,731	375,439	7,356,665
-	1,270,817	395,742	8,043,771
-	605,419	2,352,815	12,116,508
-	-	455,198	669,827
-	-	1,236,765	3,408,691
-	-	-	4,078,631
-	82,190	354,711	1,647,673
-	1,105,000	-	1,105,000
-	1,567,849	-	1,567,849
<u>50,526</u>	<u>7,521,006</u>	<u>5,170,670</u>	<u>39,994,615</u>
<u>884,334</u>	<u>(866,429)</u>	<u>1,182,675</u>	<u>(1,245,269)</u>
-	1,125,292	500,000	2,962,087
(192,411)	(792,784)	(703,200)	(2,962,087)
<u>(192,411)</u>	<u>332,508</u>	<u>(203,200)</u>	<u>-</u>
691,923	(533,921)	979,475	(1,245,269)
<u>552</u>	<u>7,547,090</u>	<u>2,435,537</u>	<u>41,276,797</u>
<u>692,475</u>	<u>7,013,169</u>	<u>3,415,012</u>	<u>40,031,528</u>

CITY OF ROSEMEAD
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities

Fiscal Year ended June 30, 2008

Net changes in fund balances of governmental funds \$ (1,245,269)

Amounts reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost 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	1,995,900
Depreciation expense	(2,018,277)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,105,000

Bond issuance costs, premiums, discounts, and similar items are recorded as expenditures in governmental funds when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net offset of the differences. (44,942)

The statement of net assets includes accrued interest on long term debt. (242,301)

To record as an expense the net change in compensated absences in the statement of activities. (85,800)

Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting. (1,528,371)

Change in net assets of governmental activities \$ (2,064,060)

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2008

Assets

Cash and investments (note 2)	<u>\$ 469,691</u>
Total assets	<u>\$ 469,691</u>

Liabilities

Deposits payable	<u>\$ 469,691</u>
Total liabilities	<u>\$ 469,691</u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The City of Rosemead, California, ("the City") was incorporated in August 1959 under the general laws of the State of California. The City operates under an elected Council/City Manager form of government. It provides a broad range of services to its citizens, including general government, public safety, streets, sanitation and health, cultural and park facilities, and social services.

Many of the functions often provided by municipal government are, in the City, provided by special districts. Examples of some of these special districts, which usually encompass areas larger than the City itself, are the Fire Protection District, the Library District and the County Flood Control District. Certain other governmental functions are paid for by the City, but performed by a variety of other public and private agencies under contract. Some of the contracts now in effect are for police, street maintenance and animal control.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. As required by generally accepted accounting principles, these financial statements present the government and its component units, which are entities for which the government 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 an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue 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.

Based upon the above criteria, the blended component units of the City are the Rosemead Financing Authority (the Authority), the Rosemead Community Development Commission (the Commission) and the Rosemead Housing Development Corporation (the Corporation).

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(a) Reporting Entity, (Continued)

Rosemead Financing Authority

The Authority provides for the financing or refinancing of public capital improvements and working capital requirements of local agencies that enter into contractual arrangements with the Authority.

Rosemead Community Development Commission

The Commission's purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the City.

The Commission finances street, park and utility improvements, and also acquires and constructs major capital facilities, all within the Rosemead Project Area No. 1.

Although the Agency is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. Separate financial statements of the Agency can be obtained from the Finance Department.

Rosemead Housing Development Corporation

The Corporation accounts for the construction, financing and operations of low and moderate-income housing. It is a California nonprofit benefit corporation organized under Section 501(c)(3) of the Internal Revenue Code.

Since the City Council and/or other City officials serve as the Governing Board for these component units, 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. Therefore, data from these units are reported with the funds of the primary government, the City. The Commission and the Corporation issue separate component unit financial statements. The financial statements of these component units can be obtained from the Finance Department.

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its presented component units. The City of Rosemead has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by function to which they were allocated). However, general governmental expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses a sixty day availability period.

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction on which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Fiduciary Funds

The City's fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

(c) Major and Fiduciary Fund Types

The City's major governmental funds are as follows:

General Fund – Accounts for all financial resources except those required to be accounted for in another fund. These resources are devoted to financing the general services that the City performs for its citizens.

Proposition C Special Revenue Fund – This fund is to be used by the cities for public transit to increase safety and improve road conditions by repairing and maintaining streets heavily used by public transit.

Low-Moderate Income Housing Set-Aside Special Revenue Fund – Accounts for 20% of gross property tax increment revenue received by the Commission to fund future projects involving the replacement or rehabilitation of low and moderate-income housing within City limits.

Federal Highway Grant Special Revenue Fund – Accounts for Federal Highway Grants received from the California Department of Transportation.

Redevelopment Agency Debt Service Fund – Accounts for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

Redevelopment Agency Capital Projects Fund – Accounts for financial resources to be used for the improvement and rehabilitation of the community redevelopment project areas and acquisition or construction of major capital facilities within the City.

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(c) Major and Fiduciary Fund Types, (Continued)

The City's Fiduciary Fund is as follows:

Agency Fund – Accounts for the assets held in a trustee capacity or as an agent. The cash being held primarily represents amounts placed on deposit for refundable permits and performance bonds. The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus.

(d) Investments

For financial reporting purposes, investments are adjusted to their fair value whenever the difference between fair market value and the carrying amount is material.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

(e) Cash Equivalents

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 changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of Rosemead. Cash equivalents have an original maturity date of three months or less from the date of purchase. For purposes of the statement of cash flows, the entire balance of cash and investments on the combined balance sheet for the internal service fund is considered cash and cash equivalents.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(f) Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$2,500 are capitalized if they have an expected useful life of one year or more.

Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the internal service funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet.

The following schedule summarizes capital asset useful lives:

Buildings	50 years
Improvements other than buildings	15 years
Machinery and equipment	7 years
Autos and trucks	5 years
Furniture and office equipment	7 years
Infrastructure:	
Bridges	50 years
Sewer system and storm drain system	50-100 years
Medians and sidewalks	40 years
Traffic signals	30 years
Streets	20 years

(g) Compensated Absences

Vacation and sick leave pay are payable to employees at the time used or upon termination of employment. All vacation is accrued when incurred in the government-wide level financial statements. Sick pay is accrued to the extent it is probable that the benefits will result in termination payments (i.e., rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals). The sick leave liability is estimated based on the

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(g) Compensated Absences, (Continued)

City's past experience of making termination payments from sick leave, adjusted for the effect of changes in its termination payment policy and other current factors. A liability for these amounts is reported in governmental funds only if it has matured or will be paid from available resources of the current period. City employees accumulate vacation hours that may be paid upon termination, death or retirement. Employees can accumulate up to three weeks of accrued vacation per year depending on the length of employment. Employees can accumulate up to 160 hours of sick leave. Any hours in excess of 160 are considered to be vested and are paid to the employee based on a vesting schedule. In addition, employees can accrue compensatory time.

The City allows employees who have earned vacation time an opportunity to have the City buy back up to two weeks of vacation time per year. In order to participate in the Vacation Buy-Back Program, an employee must take at least 40 consecutive hours of vacation at one time.

(h) Prepaid Items

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.

(i) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(k) Low-Moderate Income Housing Set-Aside

On October 9, 1991 the Commission prepaid its housing obligation in the amount of \$6,813,850 from proceeds from its 1987 tax allocation notes. This prepayment was restructured in 1993 along with the 1993 series tax allocation bonds. As a result, the Commission's housing obligation has been reduced by \$469,142 per year until the 2021-22 fiscal year.

(2) Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$34,603,278
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	<u>469,691</u>
Total cash and investments	<u>\$35,072,969</u>

Cash and investments as of June 30, 2008 consist of the following:

Deposits with financial institutions	\$ 6,920,040
Investments	<u>28,152,929</u>
Total cash and investments	<u>\$35,072,969</u>

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	270 days	40%	10%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	3 years	30%	None
Repurchase Agreements	No	N/A	N/A	N/A
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	Yes	3 years	15%	10%
Money Market Mutual Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by 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. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	270 days	40%	10%
Commercial Paper	180 days	10%	10%
Money Market Portfolio	1 year	None	None
Investment Agreements	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing in pooled investments, such as LAIF.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 Months or Greater</u>
State investment pool	\$ 26,994,762	26,994,762	-	-
Held by bond trustee:				
Money market funds	726	726	-	-
Investment agreement	<u>1,157,441</u>	<u>-</u>	<u>-</u>	<u>1,157,441</u>
Total	<u>\$ 28,152,929</u>	<u>26,995,488</u>	<u>-</u>	<u>1,157,441</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>Not Rated</u>
State investment pool	\$ 26,994,762	N/A	-	26,994,762
Held by bond trustee:				
Money market funds	726	A	726	-
Investment agreement	<u>1,157,441</u>	N/A	<u>-</u>	<u>1,157,441</u>
Total	<u>\$ 28,152,929</u>		<u>726</u>	<u>28,152,203</u>

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2008, \$7,271,291 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Global Financial Market Uncertainty

The recent global financial crisis has disrupted the bond, equity and credit markets and negatively impacted many financial institutions. At this time the City does not believe that these events will have a material adverse impact on its financial position. However, the full ramifications of this crisis are not determinable at this time and it is not possible to determine with certainty what future impact it may have.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(3) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes are recorded initially in a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City of Rosemead accrues only those taxes that are received from the County within sixty days after year-end.

Lien date	January 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

The Community Development Commission of the City of Rosemead's primary source of revenue comes from property taxes. Property taxes allocated to the Commission are computed in the following manner:

- (a) The assessed valuation of all property within the project area is determined on the date of adoption of the Redevelopment Plan.
- (b) Property taxes related to the incremental increase in assessed values after the adoption of the Redevelopment Plan are allocated to the Commission; all taxes on the "frozen" assessed valuation of the property are allocated to the City and other districts.

The Commission has no power to levy and collect taxes and any legislative property tax shift might reduce the amount of tax revenues that would otherwise be available to pay the principal of, and interest on, debt. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions would increase the amount of tax revenues that would be available to pay principal and interest on debt.

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements
(Continued)

(4) Interfund Receivables and Payables

Current interfund receivables and payables balances at June 30, 2008 are as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Federal Highway Grant Redevelopment Agency Capital Projects Fund Non-Major Governmental Fund	\$ 1,998,471 (A) 2,230,426 (B) <u>1,113,979 (A)</u>
	Total General Fund	<u>5,342,876</u>
Non-Major Governmental Fund	Redevelopment Agency Capital Projects Fund Low-Moderate Income Housing Set-Aside	328 <u>500,000</u>
	Total Non-Major Governmental Fund	<u>500,328</u>
Redevelopment Agency Capital Projects Fund	General Fund Non-Major Governmental Fund	249 <u>351,600</u>
	Total Redevelopment Agency Capital Projects Fund	<u>351,849</u>
	Total	<u>\$ 6,195,053</u>

(A) Short-term borrowing to cover temporary cash deficits.

(B) Short-term borrowing for salary and benefit charges.

Noncurrent interfund receivable and payable balances at June 30, 2008 are as follows:

<u>Advances to other funds</u>	<u>Advances from other funds</u>	<u>Amount</u>
Low-Moderate Income Housing Set-Aside	Redevelopment Agency Capital Projects Fund	\$ 4,477,945 (C)
General Fund	Redevelopment Agency Capital Projects Fund	<u>2,497,920 (D)</u>
	Total	<u>\$ 6,975,865</u>

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements
(Continued)

(4) Interfund Receivables and Payables, (Continued)

- (C) Under State law, the Commission is required to set aside a portion of its property tax increment revenue for low- and moderate-income housing. The Commission has made findings that, for the years ended June 30, 1986 through 1991, it was allowed to defer funding of the set-aside. The set-aside amounts incurred during the fiscal years ended June 30, 1994, 1995 and 1996 were also deferred until the fiscal year ending June 30, 2023, as provided by the Commission's adoption of the housing deficit repayment plan. As of June 30, 2008, the accumulated set-aside amount not yet funded was \$4,947,087. As required by law, the Commission devised a plan to fund the accumulating amount.
- (D) In September 2007 the General Fund advanced the Redevelopment Agency Capital Projects Fund \$2,497,920 at an interest rate of 5.25% per annum. Accrued interest is payable in annual installments of \$131,141 beginning on September 28, 2008, and continuing until September 28, 2027, at which time the remaining principal and interest shall be due in full.

(5) Interfund Transfers

Interfund transfers were as follows for the year ended June 30, 2008:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Low-Moderate Income Housing Set-Aside	Redevelopment Agency Capital Projects Fund	\$ 792,784
	Redevelopment Agency Debt Service Fund	<u>192,411</u>
	Total Low-Moderate Income Housing Set-Aside	985,195 (A)
Redevelopment Agency Capital Projects Fund	Low-Moderate Income Housing Set-Aside	773,692
	Non-Major Governmental	<u>351,600</u>
	Total Redevelopment Agency Capital Projects Fund	<u>1,125,292</u>
Non-Major Governmental	Low-Moderate Income Housing Set-Aside	<u>500,000</u>
General Fund	Non-Major Governmental	<u>351,600</u>
	Total	<u>\$ 2,962,087</u>

The following describes the significant transfers in and transfers out included in the financial statements:

- (A) To record the low and moderate income housing set-aside for the year ended June 30, 2008.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(6) Capital Assets

Capital asset activity was as follows for the year ended June 30, 2008:

	<u>Balance at June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2008</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 2,953,234	15,590	-	2,968,824
Construction in progress	<u>8,004,998</u>	<u>312,936</u>	<u>(7,929,486)</u>	<u>388,448</u>
Total capital assets not being depreciated	<u>10,958,232</u>	<u>328,526</u>	<u>(7,929,486)</u>	<u>3,357,272</u>
Capital assets being depreciated:				
Buildings	22,701,972	1,292,984	-	23,994,956
Improvements other than buildings	868,483	68,448	-	936,931
Machinery and equipment	798,561	94,303	-	892,864
Autos and trucks	370,440	315,856	-	686,296
Furniture and office equipment	2,465,080	4,446	-	2,469,526
Infrastructure	<u>38,849,600</u>	<u>7,820,823</u>	<u>(174,079)</u>	<u>46,496,344</u>
Total capital assets being depreciated	<u>66,054,136</u>	<u>9,596,860</u>	<u>(174,079)</u>	<u>75,476,917</u>
Less accumulated depreciation for:				
Buildings	(5,511,168)	(553,415)	-	(6,064,583)
Improvements other than buildings	(868,483)	-	-	(868,483)
Machinery and equipment	(710,631)	(31,399)	-	(742,030)
Autos and trucks	(359,335)	(43,731)	-	(403,066)
Furniture and office equipment	(2,143,684)	(103,544)	-	(2,247,228)
Infrastructure	<u>(19,431,673)</u>	<u>(1,286,188)</u>	<u>174,079</u>	<u>(20,543,782)</u>
Total accumulated depreciation	<u>(29,024,974)</u>	<u>(2,018,277)</u>	<u>174,079</u>	<u>(30,869,172)</u>
Total capital assets being depreciated, net	<u>37,029,162</u>	<u>7,578,583</u>	<u>-</u>	<u>44,607,745</u>
Governmental activities capital assets, net	<u>\$47,987,394</u>	<u>7,907,109</u>	<u>(7,929,486)</u>	<u>47,965,017</u>

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements

(Continued)

(6) Capital Assets, (Continued)

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

Governmental activities:	
Public works	\$ 1,781,761
Community development	<u>236,516</u>
Total depreciation expense	<u>\$2,018,277</u>

(7) Changes in Long-Term Liabilities

Long-term debt consists of the following at June 30, 2008:

	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2008</u>	<u>Due within One Year</u>	<u>Due Beyond One Year</u>
Governmental activities:						
Tax allocation bonds, Series 2006A	\$13,225,000	-	810,000	12,415,000	845,000	11,570,000
Tax allocation bonds, Series 2006B	24,230,000	-	295,000	23,935,000	70,000	23,865,000
Unamortized bond premiums	297,028	-	19,802	277,226	19,802	257,424
Compensated Absences	<u>435,608</u>	<u>112,135</u>	<u>26,335</u>	<u>521,408</u>	<u>31,545</u>	<u>489,863</u>
	<u>\$38,187,636</u>	<u>112,135</u>	<u>1,151,137</u>	<u>37,148,634</u>	<u>966,347</u>	<u>36,182,287</u>

The City records expenditures related to compensated absences through the City's General Fund.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(7) Changes in Long-Term Liabilities, (Continued)

Tax Allocation Bonds, Series 2006A

On March 9, 2006, the Commission issued tax allocation bonds in the amount of \$14,005,000 (Series 2006A) to: (1) refund a portion of the Commission's outstanding Series 1993A bonds and (2) to finance redevelopment activity in Redevelopment Project Area No.1. The bonds bear interest ranging from 3.25% to 5.00% and mature in annual installments of \$780,000 to \$1,250,000 on various dates through October 1, 2022. The Commission purchased a surety bond in lieu of cash reserve in the amount of \$1,323,238. Portions of the bonds are subject to early redemption, at the option of the Commission, beginning October 1, 2017.

A surety bond has been acquired to satisfy the reserve requirements. As of June 30, 2008 the outstanding balance was \$12,415,000.

Tax Allocation Bonds, Series 2006B

In December 2006, the Commission issued \$24,230,000 in Project Area No. 1 Tax Allocation Bonds. The bonds mature in amounts ranging from \$70,000 to \$1,430,000 with interest rates ranging from 3.25% to 4.25% through October 1, 2025. The net proceeds were used to refund the remaining \$23,095,000 amount outstanding on the 1993 Tax Allocation Bonds. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 Bonds. As a result, the entire 1993 Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statements.

A surety bond has been acquired to satisfy the reserve requirements. As of June 30, 2008, \$23,935,000 of the bonds are outstanding.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(7) Changes in Long-Term Liabilities, (Continued)

At June 30, 2008, debt service requirements to maturity for governmental activities long-term debt are as follows:

<u>Year Ending June 30</u>	<u>2006A Tax Allocation Bonds</u>		<u>2006B Tax Allocation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 845,000	505,594	70,000	1,040,124
2010	870,000	478,131	75,000	1,037,674
2011	900,000	449,856	75,000	1,035,049
2012	930,000	419,481	80,000	1,032,336
2013	965,000	386,931	80,000	1,029,536
2014-2018	5,470,000	1,284,280	445,000	5,102,107
2019-2023	2,435,000	225,881	4,890,000	4,662,341
2024-2028	-	-	7,185,000	3,319,316
2029-2033	-	-	8,990,000	1,497,628
2034	-	-	2,045,000	45,266
	<u>\$12,415,000</u>	<u>3,750,154</u>	<u>23,935,000</u>	<u>19,801,377</u>

(8) Risk Management

Self-insurance pool pursuant to joint powers agreement

The City is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 107 California public entities and is organized under a joint powers agreement pursuant to California Government Code 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

The City participates in the Authority's general liability program for which each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged, directly to the member costs, from \$30,001 to \$750,000 are pooled based on a members' share of costs under \$30,000; costs from \$750,001 to \$15,000,000 are pooled based on payroll. Costs of covered claims above \$15,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(8) Risk Management, (Continued)

The City also participates in the workers' compensation pool administered by the Authority. Members retain the first \$50,000 of each claim, Claims are pooled separately between public safety and nonpublic safety. Loss development reserves are allocated by pool and by loss layer (\$0 to \$100,000 allocated by retained amount and \$100,000 to \$2,000,000 by payroll). Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and loss development reserves associated with losses from \$100,000 to \$2,000,000 are pooled based on payroll. Costs from \$2,000,000 to \$50,000,000 are transferred to an excess insurance policy. Costs in excess of \$50,000,000 are pooled among the members based on payroll. Administrative expenses are paid from the Authority's investment earnings.

The City participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$120,000,000 for the three-year period from July 1, 2005 through July 1, 2008. Each member of the Authority has \$10,000,000 limit during the three-year term of the policy.

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

(9) Retirement Plans

Defined Benefit Pension Plan

The City of Rosemead contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, 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. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained by writing to 400 "P" Street, Sacramento, California 95814.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(9) Retirement Plans, (Continued)

Defined Benefit Pension Plan, (Continued)

All permanent City employees are eligible to participate in the System. Employees attaining the age of 55 with five years of credited California service (service) are eligible for normal retirement and are entitled to a monthly benefit of 2.0% of their final compensation for each year of service. Final compensation is defined as the highest annual salary earned. Retirement may begin at age 50 with a reduced benefit rate. The plan also credits employees for unused sick leave. Upon separation from the plan prior to retirement, members' accumulated contributions are refundable with interest credited through the date of separation.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The City's covered payroll for PERS was \$2,559,796 for the year ended June 30, 2008, while the City's total payroll for all employees was \$4,798,755 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2008, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2007 to June 30, 2008.

Three-year trend information:

Annual Pension Cost (Miscellaneous)

<u>Fiscal Years Ended June 30</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2006	20.889%	\$440,687	100%	-
2007	20.889%	471,068	100%	-
2008	19.802%	828,584	100%	-

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements
(Continued)

(9) Retirement Plan, (Continued)

Supplemental Defined Benefit Pension Plan

Effective July 1, 2000, the City entered into an agreement with Public Agency Retirement Services (PARS) whereby the City contributes to a supplemental employee pension plan (the plan II), a single-employer defined benefit pension plan administered by Phase II Systems. The plan II provides a supplemental retirement benefit of 1% for each year of service to plan members and beneficiaries. Employees with at least 10 years of service and City Council members with at least 10 years of service are eligible to participate at age 60 and receive an annual benefit equal to 3% of the highest annual gross pay for each year of service. Benefits are determined using the same method as CalPERS benefits.

PARS issues a publicly available financial report that includes financial statements and required supplementary information for the plan II. That report may be obtained by writing to PARS, 3961 MacArthur Boulevard, Suite 200, Newport Beach, California, 92660.

An actuarial valuation of the City of Rosemead Supplemental Defined Benefit Pension Plan was performed as of July 1, 2006 to determine the funding level requirement of the plan for the current fiscal period. Actuarial valuations are performed once every two years. The employer contribution rate for the plan years 2007 and 2008 was 8.64%.

A summary of principle assumptions and methods used to determine the ARC is shown below.

Valuation Date	July 1, 2006
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.50% for funding purposes
Retirement	For miscellaneous employees and the contract City Attorney: Retirement rate of 20% at ages 60 and older with between 10 and 20 years of service, and retirement rate of 30% at ages 55 and older with more than 20 years of service. For City Council members: Retirement rates of 30% per year.
Cost of Living Adjustment	2% compounded annually

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(9) Retirement Plan, (Continued)

Supplemental Defined Benefit Pension Plan, (Continued)

Initial unfunded liabilities are amortized over a 20 year period from July 1, 2002 with amortization payments increasing 3.25% annually. Payments are assumed to be made throughout the year.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll.

Required Supplementary Information

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAL)/ (Excess Assets)	Funded Status	Valuation Payroll	UAL As a % of Payroll
July 1						
2004	\$2,582,633	828,182	1,754,451	32.07%	2,037,432	86.11%
2006	2,973,299	1,438,282	1,535,017	48.37%	2,367,310	64.84%
2008	2,242,154	1,910,854	331,300	85.22%	3,747,667	8.84%

Three-year trend information:

Annual Pension Cost (Employer Contribution)

Fiscal Years Ended June 30	Employer Contribution	Percentage Contributed	Net Pension Obligation
2006	\$204,740	100%	-
2007	298,238	100%	-
2008	246,265	100%	-

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(9) Retirement Plan, (Continued)

Post-Employment Healthcare Plan

On July 10, 2001, the City adopted a resolution whereby, effective July 1, 2002, retired City employees will be entitled to receive amounts from the City necessary to pay the cost of their enrollment, including the enrollment of spouses and eligible family members, in a health benefit plan, up to a maximum of the rate that CalPERS charges to family enrollments. This healthcare premium subsidy will be available to any City employee who reaches retirement age and retires from the City and who does not then work for another government employer. The City has not addressed how it will fund this program as of June 30, 2008. Currently, expenditures are recorded as incurred. There were no expenditures incurred during the year ended June 30, 2008.

(10) Commitments and Contingencies

The City is a member of the Los Angeles County Liability Trust Fund (the Trust Fund), which was set up to pay for litigation involving the Los Angeles County Sheriffs' Department within any of the 40 cities that are served by the Los Angeles County Sheriffs' Department. The Trust Fund was and is being funded by the 40 cities based upon each city's allocated surcharge, calculated as a percentage of each city's contribution to the total contracted amount with the County paid to Los Angeles County for the use of its deputies. Based upon the agreement signed by all of the 40 cities at the time the Trust Fund originated, the cities will be jointly liable for any and all claims filed against the Los Angeles County Sheriffs' Department, regardless of the location within the 40 cities.

In 1998 the County of Los Angeles lost a litigation matter that resulted in a \$25,000,000 judgment against the Los Angeles County Sheriffs' Department, which Los Angeles County has since paid. The City believes its share of this liability is approximately 3%, or \$600,000, which will accrue interest at 4% and be paid by the Trust Fund to Los Angeles County (from amounts on deposit with the Trust Fund) over the next 10 years. No additional liability will be incurred by the City. However, if the City decided to terminate its association with the Trust Fund, it would become immediately liable for its share of the remaining liability.

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements
(Continued)

(11) Fund Deficits

The following funds had deficit balances as of June 30, 2008:

<u>Fund Name</u>	<u>Deficit Fund Balance</u>
HOME	\$ 358,713
Federal Highway Grant	1,084,353
Air Quality Management District	1,152
Local Transportation	252

Federal Highway Grant

The fund deficit primarily relates to expenditures were charged to the project during the fiscal year ended June 30, 2008, which were submitted for reimbursement. However, the reimbursement was not received within the availability period and therefore has been deferred.

(12) Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Proposition C	\$ 2,082,500	2,555,781	(473,281)
Low-Moderate Income			
Housing Set-Aside	62,880	304,906	(242,026)
Street Lighting	365,000	395,742	(30,742)
Redevelopment Agency			
Debt Service Fund	-	50,526	(50,526)

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(13) Prior Period Adjustment

The following summarizes the effect of prior period adjustments to beginning fund balances as of July 1, 2007:

	<u>General Fund</u>	<u>Redevelopment Agency Capital Projects Fund</u>	<u>Government- wide Statement of Net Assets</u>
Fund balance at June 30, 2008, as previously reported	\$22,610,545	7,397,454	54,016,569
To record prior year unrecorded parking citation revenue.	278,573	-	278,573
To reallocate traffic congestion relief expenses to the General Fund that were initially charged to the Redevelopment Agency Capital Projects Fund in error.	(149,636)	149,636	-
To agree cash by fund balances to total cash by institution. The cash variance primarily relates to errors in prior years that were never corrected.	<u>(100,247)</u>	<u>-</u>	<u>(100,247)</u>
Fund balance at June 30, 2008, as restated	<u>\$22,639,235</u>	<u>7,547,090</u>	<u>54,194,895</u>

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Required Supplementary Information

CITY OF ROSEMEAD, CALIFORNIA

Note to the Required Supplementary Information

Fiscal Year Ended June 30, 2008

(1) Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the Capital Projects fund, which adopts project-length budgets. All annual appropriations lapse at fiscal year end.

On or before the last day in March of each year, all agencies of the government submit requests for appropriations to the City Manager so that a budget may be prepared. Before the first Thursday of June, the proposed budget is presented to the City Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by fund, function and department. The City's Department Heads, with approval of the Finance Director and City Manager, may make transfers of appropriations within a department and between departments within a fund. Transfers of appropriations between funds must be approved by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The council made several supplemental budgetary appropriations throughout the year. The supplemental budgetary appropriations made in the various governmental funds are detailed in the required supplementary information.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

(2) Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Proposition C	\$ 2,082,500	2,555,781	(473,281)
Low-Moderate Income			
Housing Set-Aside	62,880	304,906	(242,026)
Redevelopment Agency			
Debt Service Fund	-	50,526	(50,526)
Street Lighting	365,000	395,742	(30,742)

CITY OF ROSEMEAD
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Fiscal Year ended June 30, 2008

	Budgeted Amounts		Actual	Variance-
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$ 4,272,000	4,272,000	5,307,285	1,035,285
Business license tax	45,000	45,000	50,635	5,635
Sales and use tax	3,650,000	3,650,000	2,876,236	(773,764)
Transient occupancy tax	1,698,000	1,698,000	1,411,421	(286,579)
Franchise tax	786,500	786,500	949,007	162,507
Real estate transfer tax	152,300	152,300	106,140	(46,160)
Total taxes	10,603,800	10,603,800	10,700,724	96,924
Intergovernmental	2,099,200	2,320,060	2,407,747	87,687
Licenses and permits	1,682,900	1,682,900	1,503,659	(179,241)
Charges for services	382,800	382,800	537,430	154,630
Fines and penalties	523,500	523,500	447,012	(76,488)
Investment income	735,000	735,000	948,097	213,097
Other	216,110	216,110	141,930	(74,180)
Total revenues	<u>16,243,310</u>	<u>16,464,170</u>	<u>16,686,599</u>	<u>222,429</u>
Expenditures:				
Current:				
General government	5,659,058	6,266,878	4,040,969	2,225,909
Public safety	7,155,860	7,157,770	6,377,212	780,558
Public works	-	-	180,551	(180,551)
Community services	97,500	130,856	214,629	(83,773)
Community development	2,425,937	2,425,937	2,110,304	315,633
Parks and recreation	3,307,538	3,305,628	4,078,631	(773,003)
Capital outlay	891,500	979,000	967,488	11,512
Total expenditures	<u>19,537,393</u>	<u>20,266,069</u>	<u>17,969,784</u>	<u>2,296,285</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,294,083)</u>	<u>(3,801,899)</u>	<u>(1,283,185)</u>	<u>2,518,714</u>
Other financing sources (uses):				
Transfers in	-	-	351,600	351,600
Transfers out	<u>(2,497,920)</u>	<u>(2,497,920)</u>	<u>-</u>	<u>2,497,920</u>
Total other financing sources (uses)	<u>(2,497,920)</u>	<u>(2,497,920)</u>	<u>351,600</u>	<u>2,849,520</u>
Change in fund balances	(5,792,003)	(6,299,819)	(931,585)	5,368,234
Fund balances at beginning of year, as restated	<u>22,639,235</u>	<u>22,639,235</u>	<u>22,639,235</u>	<u>-</u>
Fund balances at end of year	<u>\$ 16,847,232</u>	<u>16,339,416</u>	<u>21,707,650</u>	<u>5,368,234</u>

CITY OF ROSEMEAD
Proposition C

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ 800,000	800,000	758,779	(41,221)
Investment income	<u>100,000</u>	<u>100,000</u>	<u>136,515</u>	<u>36,515</u>
Total revenues	<u>900,000</u>	<u>900,000</u>	<u>895,294</u>	<u>(4,706)</u>
Expenditures:				
Current:				
Public works	<u>1,918,500</u>	<u>2,082,500</u>	<u>2,555,781</u>	<u>(473,281)</u>
Total expenditures	<u>1,918,500</u>	<u>2,082,500</u>	<u>2,555,781</u>	<u>(473,281)</u>
Net change in fund balance	(1,018,500)	(1,182,500)	(1,660,487)	(477,987)
Fund balance at beginning of year	<u>4,426,481</u>	<u>4,426,481</u>	<u>4,426,481</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,407,981</u>	<u>3,243,981</u>	<u>2,765,994</u>	<u>(477,987)</u>

CITY OF ROSEMEAD
Low-Moderate Income Housing Set-Aside

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Investment income	\$ 41,500	41,500	56,323	14,823
Total revenues	<u>41,500</u>	<u>41,500</u>	<u>56,323</u>	<u>14,823</u>
Expenditures:				
Current:				
Community development	62,880	62,880	61,622	1,258
Capital outlay	<u>-</u>	<u>-</u>	<u>243,284</u>	<u>(243,284)</u>
Total expenditures	<u>62,880</u>	<u>62,880</u>	<u>304,906</u>	<u>(242,026)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,380)</u>	<u>(21,380)</u>	<u>(248,583)</u>	<u>(227,203)</u>
Other financing sources (uses):				
Transfers in	1,138,000	1,138,000	985,195	(152,805)
Transfers out	<u>-</u>	<u>-</u>	<u>(1,273,692)</u>	<u>(1,273,692)</u>
Total other financing sources (uses)	<u>1,138,000</u>	<u>1,138,000</u>	<u>(288,497)</u>	<u>(1,426,497)</u>
Change in fund balances	1,116,620	1,116,620	(537,080)	(1,653,700)
Fund balance at beginning of year	<u>6,058,661</u>	<u>6,058,661</u>	<u>6,058,661</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,175,281</u>	<u>7,175,281</u>	<u>5,521,581</u>	<u>(1,653,700)</u>

CITY OF ROSEMEAD
Federal Highway Grant

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	<u>\$ 7,583,840</u>	<u>8,389,840</u>	<u>7,168,348</u>	<u>(1,221,492)</u>
Total revenues	<u>7,583,840</u>	<u>8,389,840</u>	<u>7,168,348</u>	<u>(1,221,492)</u>
Expenditures:				
Current:				
Public works	7,250,000	7,250,000	6,421,942	828,058
Capital outlay	<u>-</u>	<u>806,000</u>	<u>-</u>	<u>806,000</u>
Total expenditures	<u>7,250,000</u>	<u>8,056,000</u>	<u>6,421,942</u>	<u>1,634,058</u>
Net change in fund balance	333,840	333,840	746,406	412,566
Fund balance (deficit) at beginning of year	<u>(1,830,759)</u>	<u>(1,830,759)</u>	<u>(1,830,759)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (1,496,919)</u>	<u>(1,496,919)</u>	<u>(1,084,353)</u>	<u>412,566</u>

Other Supplementary Information

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Traffic Safety Fund – This fund is used to account for the receipt of vehicle code fines which are expended for construction, maintenance of traffic control devices, streets, crossing guard salaries, and equipment and supplies for traffic enforcement and accident prevention.

Community Development Block Grant Fund – Accounts for Community Development Block Grants received from the U.S. Department of Housing and Urban Development.

HOME Program Fund – This fund is used to account for HOME Investment Partnerships Program monies received to create and retain affordable housing.

Proposition A Fund – This fund is used to finance public transportation projects. Effective July 1, 1982, this fund accounts for the City's share of additional sales tax collected in the County of Los Angeles as a result of Proposition A.

State Gas Tax Fund – This fund is used to account for monies that are collected by the State under the title of Motor Vehicle Fuel License Tax and represent an additional + or - \$.10 per gallon of gas sold. Gas Tax money is distributed to the City based upon population and vehicle registration. Funds may be used for: Select Streets: Right-of-way acquisition, construction or maintenance. Minor Streets: Right-of-way acquisition or construction is allowed as the City Council has determined that 90% or more of the City's street system has already been constructed.

Air Quality Management District Fund – This fund accounts for the receipt of monies from the Air Quality Maintenance District. These funds shall be used to implement programs to reduce air pollution from mobile sources pursuant to the California Clean Air Act.

Local Transportation Fund – This fund is used to account for monies made available by the State for mass transit, bike paths, and pedestrian walkways. City policy has been to use this money for construction of sidewalks, pedestrian access to schools, parks or commercial areas.

Street Lighting Fund – This fund is used to account for monies collected by ad valorem property tax based on \$.2495 per \$1000 of assessed property value to provide for energy cost and maintenance of the Rosemead Lighting District, whose boundaries, with the exception of the Southern California Edison company property, coincide with the city's boundaries. Proposition 13 has limited the ad valorem tax that can be collected.

Narcotics Seizure Fund – This fund is used to account for funds received from the County of Los Angeles for monies forfeited, and the proceeds from the sale of assets seized from illegal narcotic activities within the City of Rosemead. The forfeited funds must be used by the law enforcement and prosecutorial agencies exclusively to support law enforcement and prosecutorial efforts.

Rosemead Housing Development Corporation – This fund is used to account for the construction, financing and operations of low and moderate income housing. The Corporation is a blended component until of the City of Rosemead.

CITY OF ROSEMEAD
Non-Major Special Revenue Funds

Combining Balance Sheet

June 30, 2008

	Traffic Safety	CDBG Grant	HOME Grant	Proposition A
<u>Assets</u>				
Cash and investments	\$ 400,477	62,050	-	592,296
Receivables:				
Accounts	32,534	185,679	548,282	83,315
Due from other funds	-	328	-	-
	\$ 433,011	248,057	548,282	675,611
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	47,348	135,421	77,368
Accrued salaries and benefits	-	22,163	9,166	14,018
Deposits payable	-	-	-	-
Due to other funds	-	-	742,738	-
Deferred revenue	-	111,094	19,670	-
	-	180,605	906,995	91,386
Fund balances:				
Unreserved, reported in:				
Special revenue funds	433,011	67,452	(358,713)	584,225
Total fund balances (deficit)	433,011	67,452	(358,713)	584,225
Total liabilities and fund balances	\$ 433,011	248,057	548,282	675,611

<u>State Gas Tax</u>	<u>Air Quality Management District</u>	<u>Local Transportation</u>	<u>Street Lighting</u>	<u>Narcotics Seizure</u>	<u>Rosemead Housing Development Corporation</u>	<u>Total</u>
601,660	-	-	2,014,255	30	423,831	4,094,599
251,493	17,936	-	30,400	-	14,410	1,164,049
-	-	-	-	-	500,000	500,328
<u>853,153</u>	<u>17,936</u>	<u>-</u>	<u>2,044,655</u>	<u>30</u>	<u>938,241</u>	<u>5,758,976</u>
123,463	-	-	34,657	-	3,674	421,931
-	23	-	-	-	-	45,370
-	-	-	-	-	36,132	36,132
-	19,065	252	-	-	703,524	1,465,579
<u>244,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,952</u>
<u>367,651</u>	<u>19,088</u>	<u>252</u>	<u>34,657</u>	<u>-</u>	<u>743,330</u>	<u>2,343,964</u>
<u>485,502</u>	<u>(1,152)</u>	<u>(252)</u>	<u>2,009,998</u>	<u>30</u>	<u>194,911</u>	<u>3,415,012</u>
<u>485,502</u>	<u>(1,152)</u>	<u>(252)</u>	<u>2,009,998</u>	<u>30</u>	<u>194,911</u>	<u>3,415,012</u>
<u>853,153</u>	<u>17,936</u>	<u>-</u>	<u>2,044,655</u>	<u>30</u>	<u>938,241</u>	<u>5,758,976</u>

CITY OF ROSEMEAD
Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year ended June 30, 2008

	<u>Traffic Safety</u>	<u>CDBG Grant</u>	<u>HOME Grant</u>	<u>Proposition A</u>
Revenues:				
Intergovernmental	\$ -	2,114,866	1,088,667	912,765
Fines, forfeitures and penalties	194,554	-	-	-
Special assessments	-	-	-	-
Investment income	8,311	-	-	12,079
Total revenues	<u>202,865</u>	<u>2,114,866</u>	<u>1,088,667</u>	<u>924,844</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	666,338	-	720,337
Community services	-	455,198	-	-
Community development	-	-	1,232,765	-
Capital outlay	-	-	214,615	-
Total expenditures	<u>-</u>	<u>1,121,536</u>	<u>1,447,380</u>	<u>720,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>202,865</u>	<u>993,330</u>	<u>(358,713)</u>	<u>204,507</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	202,865	993,330	(358,713)	204,507
Fund balance (deficit) at beginning of year	<u>230,146</u>	<u>(925,878)</u>	<u>-</u>	<u>379,718</u>
Fund balance (deficit) at end of year	<u>\$ 433,011</u>	<u>67,452</u>	<u>(358,713)</u>	<u>584,225</u>

<u>State Gas Tax</u>	<u>Air Quality Management District</u>	<u>Local Transportation</u>	<u>Street Lighting</u>	<u>Narcotics Seizure</u>	<u>Rosemead Housing Development Corporation</u>	<u>Total</u>
781,737	68,589	-	-	-	415,112	5,381,736
-	-	-	-	-	-	194,554
-	-	-	687,568	-	-	687,568
19,658	-	-	49,126	30	283	89,487
<u>801,395</u>	<u>68,589</u>	<u>-</u>	<u>736,694</u>	<u>30</u>	<u>415,395</u>	<u>6,353,345</u>
-	-	-	-	-	375,439	375,439
-	-	-	395,742	-	-	395,742
938,794	27,298	48	-	-	-	2,352,815
-	-	-	-	-	-	455,198
-	4,000	-	-	-	-	1,236,765
-	140,096	-	-	-	-	354,711
<u>938,794</u>	<u>171,394</u>	<u>48</u>	<u>395,742</u>	<u>-</u>	<u>375,439</u>	<u>5,170,670</u>
<u>(137,399)</u>	<u>(102,805)</u>	<u>(48)</u>	<u>340,952</u>	<u>30</u>	<u>39,956</u>	<u>1,182,675</u>
-	-	-	-	-	500,000	500,000
-	-	-	-	-	(703,200)	(703,200)
-	-	-	-	-	(203,200)	(203,200)
(137,399)	(102,805)	(48)	340,952	30	(163,244)	979,475
622,901	101,653	(204)	1,669,046	-	358,155	2,435,537
<u>485,502</u>	<u>(1,152)</u>	<u>(252)</u>	<u>2,009,998</u>	<u>30</u>	<u>194,911</u>	<u>3,415,012</u>

CITY OF ROSEMEAD
Traffic Safety

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Fines, forfeitures and penalties	\$ 200,000	200,000	194,554	(5,446)
Investment income	-	-	8,311	8,311
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>202,865</u>	<u>2,865</u>
Change in fund balances	200,000	200,000	202,865	2,865
Fund balance at beginning of year	<u>230,146</u>	<u>230,146</u>	<u>230,146</u>	-
Fund balance at end of year	<u>\$ 430,146</u>	<u>430,146</u>	<u>433,011</u>	<u>2,865</u>

CITY OF ROSEMEAD
Community Development Block Grant

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	<u>\$ 1,964,380</u>	<u>1,964,380</u>	<u>2,114,866</u>	<u>150,486</u>
Total revenues	<u>1,964,380</u>	<u>1,964,380</u>	<u>2,114,866</u>	<u>150,486</u>
Expenditures:				
Current:				
Public works	1,184,637	1,184,637	666,338	518,299
Community services	<u>779,382</u>	<u>779,382</u>	<u>455,198</u>	<u>324,184</u>
Total expenditures	<u>1,964,019</u>	<u>1,964,019</u>	<u>1,121,536</u>	<u>842,483</u>
Net change in fund balance	361	361	993,330	992,969
Fund balance (deficit) at beginning of year	<u>(925,878)</u>	<u>(925,878)</u>	<u>(925,878)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (925,517)</u>	<u>(925,517)</u>	<u>67,452</u>	<u>992,969</u>

CITY OF ROSEMEAD
HOME Program

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	<u>\$ 3,393,558</u>	<u>3,393,558</u>	<u>1,088,667</u>	<u>(2,304,891)</u>
Total revenues	<u>3,393,558</u>	<u>3,393,558</u>	<u>1,088,667</u>	<u>(2,304,891)</u>
Expenditures:				
Current:				
Community development	3,393,739	3,393,739	1,232,765	2,160,974
Capital outlay	<u>-</u>	<u>-</u>	<u>214,615</u>	<u>(214,615)</u>
Total expenditures	<u>3,393,739</u>	<u>3,393,739</u>	<u>1,447,380</u>	<u>1,946,359</u>
Net change in fund balance	(181)	(181)	(358,713)	(358,532)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (181)</u>	<u>(181)</u>	<u>(358,713)</u>	<u>(358,532)</u>

CITY OF ROSEMEAD

Proposition A

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 938,700	938,700	912,765	(25,935)
Investment income	<u>9,500</u>	<u>9,500</u>	<u>12,079</u>	<u>2,579</u>
Total revenues	<u>948,200</u>	<u>948,200</u>	<u>924,844</u>	<u>(23,356)</u>
Expenditures:				
Current:				
Public works	<u>768,755</u>	<u>768,755</u>	<u>720,337</u>	<u>48,418</u>
Total expenditures	<u>768,755</u>	<u>768,755</u>	<u>720,337</u>	<u>48,418</u>
Change in fund balances	179,445	179,445	204,507	25,062
Fund balance at beginning of year	<u>379,718</u>	<u>379,718</u>	<u>379,718</u>	<u>-</u>
Fund balance at end of year	<u>\$ 559,163</u>	<u>559,163</u>	<u>584,225</u>	<u>25,062</u>

CITY OF ROSEMEAD

State Gas Tax

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,040,500	1,040,500	781,737	(258,763)
Investment income	<u>20,000</u>	<u>20,000</u>	<u>19,658</u>	<u>(342)</u>
Total revenues	<u>1,060,500</u>	<u>1,060,500</u>	<u>801,395</u>	<u>(259,105)</u>
Expenditures:				
Current:				
Public works	<u>1,136,500</u>	<u>1,136,500</u>	<u>938,794</u>	<u>197,706</u>
Total expenditures	<u>1,136,500</u>	<u>1,136,500</u>	<u>938,794</u>	<u>197,706</u>
Change in fund balance	(76,000)	(76,000)	(137,399)	(61,399)
Fund balance at beginning of year	<u>622,901</u>	<u>622,901</u>	<u>622,901</u>	<u>-</u>
Fund balance at end of year	<u>\$ 546,901</u>	<u>546,901</u>	<u>485,502</u>	<u>(61,399)</u>

CITY OF ROSEMEAD
Air Quality Management District

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ 67,270	67,270	68,589	1,319
Investment income	<u>3,600</u>	<u>3,600</u>	<u>-</u>	<u>(3,600)</u>
Total revenues	<u>70,870</u>	<u>70,870</u>	<u>68,589</u>	<u>(2,281)</u>
Expenditures:				
Current:				
Public works	300,000	300,000	27,298	272,702
Community development	4,000	4,000	4,000	-
Capital outlay	<u>-</u>	<u>145,000</u>	<u>140,096</u>	<u>4,904</u>
Total expenditures	<u>304,000</u>	<u>449,000</u>	<u>171,394</u>	<u>277,606</u>
Change in fund balances	(233,130)	(378,130)	(102,805)	275,325
Fund balance at beginning of year	<u>101,653</u>	<u>101,653</u>	<u>101,653</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (131,477)</u>	<u>(276,477)</u>	<u>(1,152)</u>	<u>275,325</u>

CITY OF ROSEMEAD
Local Transportation

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Investment income	\$ 100,000	100,000	-	(100,000)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Expenditures:				
Current:				
Public works	<u>100,000</u>	<u>100,000</u>	<u>48</u>	<u>99,952</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>48</u>	<u>99,952</u>
Change in fund balances	-	-	(48)	(48)
Fund balance (deficit) at beginning of year	<u>(204)</u>	<u>(204)</u>	<u>(204)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (204)</u>	<u>(204)</u>	<u>(252)</u>	<u>(48)</u>

CITY OF ROSEMEAD
Street Lighting

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 641,120	641,120	687,568	46,448
Investment income	-	-	49,126	49,126
Total revenues	<u>641,120</u>	<u>641,120</u>	<u>736,694</u>	<u>46,448</u>
Expenditures:				
Current:				
Public safety	<u>365,000</u>	<u>365,000</u>	<u>395,742</u>	<u>(30,742)</u>
Total expenditures	<u>365,000</u>	<u>365,000</u>	<u>395,742</u>	<u>(30,742)</u>
Change in fund balances	276,120	276,120	340,952	15,706
Fund balance at beginning of year	<u>1,669,046</u>	<u>1,669,046</u>	<u>1,669,046</u>	-
Fund balance at end of year	<u>\$ 1,945,166</u>	<u>1,945,166</u>	<u>2,009,998</u>	<u>15,706</u>

CITY OF ROSEMEAD
Narcotics Forfeiture and Seizure

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 750	750	30	(720)
Total revenues	<u>750</u>	<u>750</u>	<u>30</u>	<u>(720)</u>
Change in fund balances	750	750	30	(720)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 750</u>	<u>750</u>	<u>30</u>	<u>(720)</u>

CITY OF ROSEMEAD
Rosemead Housing Development Corporation

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ 421,100	421,100	415,112	(5,988)
Investment income	<u> -</u>	<u> -</u>	<u> 283</u>	<u> 283</u>
Total revenues	<u>421,100</u>	<u>421,100</u>	<u>415,395</u>	<u>(5,705)</u>
Expenditures:				
Current:				
General government	<u>702,450</u>	<u>702,450</u>	<u>375,439</u>	<u>327,011</u>
Total expenditures	<u>702,450</u>	<u>702,450</u>	<u>375,439</u>	<u>327,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(281,350)</u>	<u>(281,350)</u>	<u>39,956</u>	<u>321,306</u>
Other financing sources (uses):				
Transfers in	250,000	250,000	500,000	250,000
Transfers out	<u> -</u>	<u> -</u>	<u>(703,200)</u>	<u>(703,200)</u>
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>(203,200)</u>	<u>(453,200)</u>
Change in fund balances	(31,350)	(31,350)	(163,244)	(131,894)
Fund balance at beginning of year	<u>358,155</u>	<u>358,155</u>	<u>358,155</u>	<u> -</u>
Fund balance at end of year	<u>\$ 326,805</u>	<u>326,805</u>	<u>194,911</u>	<u>(131,894)</u>

CITY OF ROSEMEAD
Redevelopment Agency Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Taxes	\$ 592,000	592,000	921,184	329,184
Investment income	<u>19,000</u>	<u>19,000</u>	<u>13,676</u>	<u>(5,324)</u>
Total revenues	<u>611,000</u>	<u>611,000</u>	<u>934,860</u>	<u>323,860</u>
Expenditures:				
Current:				
General government	<u>-</u>	<u>-</u>	<u>50,526</u>	<u>(50,526)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>50,526</u>	<u>(50,526)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>611,000</u>	<u>611,000</u>	<u>884,334</u>	<u>273,334</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(192,411)</u>	<u>(192,411)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(192,411)</u>	<u>(192,411)</u>
Net change in fund balance	611,000	611,000	691,923	80,923
Fund balance at beginning of year	<u>552</u>	<u>552</u>	<u>552</u>	<u>-</u>
Fund balance at end of year	<u>\$ 611,552</u>	<u>611,552</u>	<u>692,475</u>	<u>80,923</u>

CITY OF ROSEMEAD
Redevelopment Agency Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fiscal Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Taxes	\$ 5,115,000	5,115,000	6,219,884	1,104,884
Investment income	<u>270,000</u>	<u>270,000</u>	<u>434,693</u>	<u>164,693</u>
Total revenues	<u>5,385,000</u>	<u>5,385,000</u>	<u>6,654,577</u>	<u>1,269,577</u>
Expenditures:				
Current:				
General government	3,128,835	3,128,835	2,889,731	239,104
Public safety	-	-	1,270,817	(1,270,817)
Public works	1,725,500	1,725,500	605,419	1,120,081
Capital outlay	235,000	4,635,000	82,190	4,552,810
Debt service:				
Principal	-	-	1,105,000	(1,105,000)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>1,567,849</u>	<u>(1,567,849)</u>
Total expenditures	<u>5,089,335</u>	<u>9,489,335</u>	<u>7,521,006</u>	<u>1,968,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>295,665</u>	<u>(4,104,335)</u>	<u>(866,429)</u>	<u>3,237,906</u>
Other financing sources (uses):				
Transfers in	5,131,960	5,131,960	1,125,292	(4,006,668)
Transfers out	<u>-</u>	<u>-</u>	<u>(792,784)</u>	<u>(792,784)</u>
Total other financing sources (uses)	<u>5,131,960</u>	<u>5,131,960</u>	<u>332,508</u>	<u>(4,799,452)</u>
Net change in fund balance	5,427,625	1,027,625	(533,921)	(1,561,546)
Fund balance at beginning of year, as restated	<u>7,547,090</u>	<u>7,547,090</u>	<u>7,547,090</u>	<u>-</u>
Fund balance at end of year	<u>\$ 12,974,715</u>	<u>8,574,715</u>	<u>7,013,169</u>	<u>(1,561,546)</u>

CITY OF ROSEMEAD
Agency Fund

Combining Statement of Changes in Assets and Liabilities

Fiscal Year ended June 30, 2008

	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
<u>Assets</u>				
Cash and investments	<u>\$ 385,555</u>	<u>218,500</u>	<u>(134,364)</u>	<u>469,691</u>
Total assets	<u>\$ 385,555</u>	<u>218,500</u>	<u>(134,364)</u>	<u>469,691</u>
<u>Liabilities</u>				
Deposits payable	<u>\$ 385,555</u>	<u>218,500</u>	<u>(134,364)</u>	<u>469,691</u>
Total liabilities	<u>\$ 385,555</u>	<u>218,500</u>	<u>(134,364)</u>	<u>469,691</u>

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STATISTICAL SECTION

This part of the City of Rosemead's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	81
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant local revenue source, the property tax.</i>	85
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	89
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	95
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	97

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

CITY OF ROSEMEAD

Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities:					
Invested in capital assets, net of related debt	\$ 10,439,445	12,130,249	13,345,433	10,541,606	12,981,537
Restricted	6,526,788	6,035,250	6,901,454	8,181,231	11,443,583
Unrestricted	<u>26,498,620</u>	<u>31,114,414</u>	<u>30,299,115</u>	<u>35,293,732</u>	<u>27,705,715</u>
Total governmental activities net assets	<u>\$ 43,464,853</u>	<u>49,279,913</u>	<u>50,546,002</u>	<u>54,016,569</u>	<u>52,130,835</u>

The City of Rosemead implemented GASB 34 for the fiscal year ended June 30, 2004. Information prior to the implementation of GASB 34 is not available.

CITY OF ROSEMEAD

Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses:					
Governmental activities:					
General government	\$ 4,803,476	\$ 4,800,168	5,629,316	4,980,519	7,259,587
Public safety	5,797,080	6,058,824	6,065,066	6,618,779	8,043,771
Public works	2,058,252	3,252,252	3,403,699	6,120,563	13,550,042
Public health	65,583	60,828	51,286	-	-
Community services	3,121,996	2,862,328	3,223,843	602,114	669,827
Community development	-	-	-	2,467,842	3,645,207
Parks and recreation	3,201,236	3,456,308	3,959,590	4,178,000	4,078,631
Interest expense	1,854,185	1,830,836	1,832,219	2,698,372	1,790,348
Total governmental activities expenses	<u>20,901,808</u>	<u>22,321,544</u>	<u>24,165,019</u>	<u>27,666,189</u>	<u>39,037,413</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	7,026,282	6,299,415	3,288,225	316,849	642,716
Public safety	726,345	984,965	900,359	1,598,159	1,547,182
Public works	3,091,146	3,760,495	4,144,733	7,600,778	11,729,725
Public health	-	-	-	-	-
Community services	1,691,586	1,211,615	814,754	1,403,059	166,118
Community development	-	-	-	3,206,303	1,484,065
Parks and recreation	287,137	266,398	337,815	-	36,800
Total governmental activities program revenues	<u>12,822,496</u>	<u>12,522,888</u>	<u>9,485,886</u>	<u>14,125,148</u>	<u>15,606,606</u>
Net revenues (expenses):					
Governmental activities					
Total net revenues (expenses)	<u>(8,079,312)</u>	<u>(9,798,656)</u>	<u>(14,679,133)</u>	<u>(13,541,041)</u>	<u>(23,430,807)</u>
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Property taxes	3,941,383	4,077,332	3,915,980	9,121,682	13,181,837
Sales and use taxes	2,865,887	3,518,657	3,525,557	2,501,106	3,747,416
Transient occupancy taxes	1,081,174	1,102,756	1,207,298	1,311,697	1,411,421
Other taxes	149,737	765,215	1,076,806	713,821	949,007
Intergovernmental/ in-lieu VLF	-	3,165,148	2,966,002	-	-
Investment income	187,278	1,260,095	1,930,059	2,028,128	1,678,791
Motor vehicle in-lieu, unrestricted	-	1,716,656	1,290,667	856,701	254,527
Other general revenues	-	7,857	32,853	478,473	143,748
Total governmental activities	<u>8,225,459</u>	<u>15,613,716</u>	<u>15,945,222</u>	<u>17,011,608</u>	<u>21,366,747</u>
Changes in net assets					
Governmental activities					
Total primary government	<u>\$ 146,147</u>	<u>\$ 5,815,060</u>	<u>\$ 1,266,089</u>	<u>\$ 3,470,567</u>	<u>\$ (2,064,060)</u>

*The City of Rosemead implemented GASB 34 for the fiscal year ended June 30, 2004.
Information prior to the implementation of GASB 34 is not available.*

CITY OF ROSEMEAD

Fund Balances of Governmental Funds
 Last Five Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
General fund:					
Reserved	\$ 353,616	1,719,044	256,765	150,000	3,074,496
Unreserved	<u>20,053,506</u>	<u>19,896,581</u>	<u>22,228,341</u>	<u>22,460,545</u>	<u>18,633,154</u>
Total general fund	<u>\$ 20,407,122</u>	<u>21,615,625</u>	<u>22,485,106</u>	<u>22,610,545</u>	<u>21,707,650</u>
All other governmental funds:					
Reserved	\$ 3,195,415	-	7,693,216	4,947,087	9,000,561
Unreserved, reported in:					
Special revenue funds	5,653,208	7,336,247	6,821,660	6,142,833	6,140,289
Debt service funds	32,835	2,354,835	-	552	692,475
Capital projects funds	<u>6,264,457</u>	<u>8,433,842</u>	<u>6,435,798</u>	<u>7,397,454</u>	<u>2,490,553</u>
Total all other governmental funds	<u>\$ 15,145,915</u>	<u>18,124,924</u>	<u>20,950,674</u>	<u>18,487,926</u>	<u>18,323,878</u>

The City of Rosemead has elected to show only five years of data for this schedule.

CITY OF ROSEMEAD

Changes in Fund Balances of Governmental Funds

Last Five Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues:					
Taxes	\$ 9,041,026	\$ 9,189,326	\$ 9,527,384	\$13,648,306	\$17,841,792
Intergovernmental	8,826,909	14,379,314	10,785,591	9,419,698	15,716,610
Licenses and permits	1,508,009	1,595,115	1,528,864	1,683,204	1,503,659
Charges for services	581,848	550,478	660,890	414,375	537,430
Fines, forfeitures and penalties	589,890	857,135	753,224	437,117	641,566
Special assessments	-	-	-	789,089	687,568
Investment income	1,372,591	1,260,286	1,947,566	2,028,128	1,678,791
Other	37	30,316	29,332	478,473	141,930
Total revenues	<u>21,920,310</u>	<u>27,861,970</u>	<u>25,232,851</u>	<u>28,898,390</u>	<u>38,749,346</u>
Expenditures					
Current:					
General government	2,965,572	3,023,192	3,790,631	4,780,837	7,356,665
Public safety	5,797,080	6,087,918	6,536,043	6,737,912	8,043,771
Public works	3,144,358	5,208,142	6,064,980	8,898,768	12,116,508
Community services	65,583	60,828	51,286	1,419,424	669,827
Community development	3,259,505	3,424,954	3,216,935	2,690,420	3,408,691
Parks and recreation	3,201,236	3,383,358	3,881,469	4,249,462	4,078,631
Capital outlay	26,639	184,301	149,641	-	1,647,673
Debt service:					
Principal	445,000	465,000	490,000	780,000	1,105,000
Interest and fiscal charges	1,859,747	1,836,765	1,559,114	2,512,725	1,567,849
Payment to bond escrow agent	-	-	550,323	1,323,238	-
Total expenditures	<u>20,764,720</u>	<u>23,674,458</u>	<u>26,290,422</u>	<u>33,392,786</u>	<u>39,994,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,155,590</u>	<u>4,187,512</u>	<u>(1,057,571)</u>	<u>(4,494,396)</u>	<u>(1,245,269)</u>
Other financing sources (uses):					
Transfers in	3,905,993	4,941,103	13,300,319	26,183,078	2,962,087
Transfers out	(3,905,993)	(4,941,103)	(13,300,319)	(26,183,078)	(2,962,087)
Proceeds of bonds	-	-	14,005,000	24,230,000	-
Premium on debt issued	-	-	316,830	-	-
Payment to bond escrow agent	-	-	(9,569,028)	(22,075,305)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,752,802</u>	<u>2,154,695</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,155,590</u>	<u>4,187,512</u>	<u>3,695,231</u>	<u>(2,339,701)</u>	<u>(1,245,269)</u>
Debt service as a percentage of noncapital expenditures					
	11.1%	9.8%	9.9%	16.6%	7.0%

The City of Rosemead has elected to show only five years of data for this schedule.

CITY OF ROSEMEAD

Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (in thousands of dollars)

Fiscal Year Ended June 30	City			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	SBE Non-Unitary		
1999	\$ 1,689,227,961	\$ 40,360,462	\$ 1,833,455	\$1,731,421,878	21.30%
2000	1,733,311,605	44,424,487	1,415,275	1,779,151,367	20.62%
2001	1,801,399,282	48,058,831	664,802	1,850,122,915	20.30%
2002	1,894,448,049	49,217,140	1,632,754	1,945,297,943	21.07%
2003	2,017,936,508	50,453,472	2,601,128	2,070,991,108	20.82%
2004	2,168,666,818	52,904,496	19,367,174	2,240,938,488	21.36%
2005	2,345,083,686	57,368,008	20,426,612	2,422,878,306	22.57%
2006	2,561,631,859	64,776,971	18,555,208	2,644,964,038	21.89%
2007	2,826,876,615	55,851,646	19,173,832	2,901,902,093	23.35%
2008	3,085,354,513	61,564,235	18,883,761	3,165,802,509	24.57%

¹ Beginning with the fiscal year ended June 30, 2002, exemptions are netted directly against the individual property categories.

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total 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 re-assessed 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 data 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 above.

Source: HDL Coren & Cone and Los Angeles County Assessor's Office

CITY OF ROSEMEAD

Direct and Overlapping Property Tax Rates
(Rate per \$100 of Taxable Value)
Last Ten Fiscal Years

Agency	Last 10 Fiscal Years									
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Basic Levy*	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
001.53- Detention Facilities 1987 Debts	0.00145	0.00142	0.00131	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000
030.60- La.Co,Fl,Con,Storm Dr.O.S,#4	0.00050	0.00097	0.00092	0.00065	0.00062	0.00043	0.00021	0.00002	0.00005	0.00000
030.61- Flood Con. Ref. Bonds 1993 Os	0.00145	0.00079	0.00064	0.00041	0.00026	0.00004	0.00003	0.00003	0.00000	0.00000
337.05- Orig Area Up SO Vy Mwd 1116001	0.00890	0.00890	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450
367.06- San Gabriel Valley Mwd Go Bonds	0.00980	0.00289	0.00225	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
367.07 - San Gab Val Mwd State Water Bond	0.02020	0.02211	0.02175	0.02400	0.02400	0.02260	0.02000	0.02000	0.02000	0.02000
473.51- El Monte City Sd Ds 1999 SerA	0.00000	0.00000	0.04196	0.05196	0.02755	0.02783	0.02497	0.01047	0.01108	0.01056
473.52- El Monte Sd City Dt 1999 Ser-B	0.00000	0.00000	0.00000	0.00000	0.03837	0.02289	0.02130	0.01919	0.00312	0.00766
473.53 - El Monte City Sd Ds 1999 Ser-C	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02619	0.00884	0.00475	0.00839
473.54 - El Monte School District 2004 Refund	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01174	0.00285	0.00584
473.55- El Monte School District 1989 Series 0	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.03032	0.01709	0.02446
473.56- El Monte City Sd Ds 2005 Ref Bds	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02513	0.02253
473.57 - El Monte Soh Ds 2004 Ser B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00123
485.50- Garvey Soh Dist Ds 2000 Ser A	0.00000	0.00000	0.00000	0.03118	0.02478	0.02471	0.02046	0.02023	0.01913	0.01819
485.51 - Garvey Soh Dist Ds 2000 Ser B	0.00000	0.00000	0.00000	0.00000	0.02808	0.00000	0.00273	0.00424	0.00470	0.00396
485.52- Garvey School District 2004 Series 200	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02774	0.02692	0.02354
465.53- Garvey Sch Ds 2004 Ser 2006	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00401
485.54 - Garvey Soh Ds 2004 Ser C	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00091
629.50- Rosemead Soh Dist Ds 2000 Ser A	0.00000	0.00000	0.00000	0.08858	0.00540	0.04517	0.02308	0.03531	0.02111	0.02811
629.51 - Rosemead Sch Dist Os 2000 Ser B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.04787	0.03984	0.03309	0.03081
629.52- Rosemead Soh Ds 2000 Ser C	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02390
745.51 - El Monte Un Hsd Ds 2002 Ser A	0.00000	0.00000	0.00000	0.00000	0.00000	0.03573	0.03928	0.03707	0.00616	0.00910
745.52- El Monte Union Hi Ds 2002 Series B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01718	0.03670	0.00000
745.53 - El Monte Un Hsd Ds 2006 Ref Bds	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01560	0.01910
805.50-L.A. Ccd Ds 2001 Ser-A	0.00000	0.00000	0.00000	0.01600	0.01460	0.00835	0.00569	0.00030	0.00115	0.00141
805.52- L.A. Ccd Dt 2003 Ser B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00041	0.00101	0.00084	0.00128	0.00000
805.53-L.A. Ccd Ds 2003 Taxable S-C	0.00000	0.00000	0.00000	0.00000	0.00000	0.00098	0.00084	0.00072	0.00000	0.00000
805.54-L.A. Ccd Ds 2003 Ref Bond S-A	0.00000	0.00000	0.00000	0.00000	0.00000	0.01012	0.00874	0.00648	0.00000	0.00000
805.55-L.A. Ccd Ds 2003 Taxable Ser 2004B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00132	0.00046	0.00079	0.00073
805.56-L.A. Ccd Ds 2001 Taxable Ser 2004A	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00050	0.00004	0.00079	0.00067
805.57- Lacc Ds Ref 2001 Series 2005 A	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00546	0.00449	0.00393
805.58- La Ccd Ds 2001,2006 Series B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00437	0.00000
805.59 - La Ccd Ds 2003, 2006 Series C	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00859	0.00204
612.50- Pasadena Area Ccd Ds 2002 S-A	0.00000	0.00000	0.00000	0.00000	0.00000	0.00681	0.00879	0.00410	0.00351	0.00023
612.51 - Pasadena Ccd Ds 2006 Series B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01729	0.01752
812.52- Pasadena Ccd Ds 2006 Ref Bd Sr C	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00197
816.52- Rio Hondo Cc Ds Ser 2004A	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02170	0.01802	0.00585	0.00644
816.53- Rio Hondo Ccd Ds 2005 Ref Bonds	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00884	0.00726
899.50- Montebello Unif Ds 1998 Ser 98	0.01030	0.02023	0.01894	0.01815	0.01691	0.01702	0.01621	0.01524	0.01438	0.01359
899.51- Montebello Unif Sd Ds 98 Ser99	0.00000	0.01026	0.01529	0.01456	0.01337	0.01360	0.01298	0.01207	0.01160	0.01095
899.52- Montebello Usd Ds 1998 Ser 2001	0.00000	0.00000	0.00000	0.01099	0.00955	0.01015	0.00949	0.00898	0.00854	0.00812
899.53- Montebello Usd Ds 1998 Ser 2004	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00304	0.00526	0.00676	0.00859
899.54- Montebello Unified Ds 1998 Ser 2002	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00691	0.00824	0.01014
899.55- Montebello Unif Ds 2004 Ser 2005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02207	0.01779	0.01542
920.51 - San Gabriel Usd Ds 2002 Ser-A	0.00000	0.00000	0.00000	0.00000	0.05803	0.05224	0.05059	0.01828	0.01959	0.02170
920.52- San Gabriel Usd Ds 2002 Ser-B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00670	0.00602	0.00534	0.00546
820.53- San Gabriel Usd Ds 2005 Ref Bonds	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02854	0.02437	0.02256
920.54- San Gabriel Usd Ds 2002 Ser 2007 C	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00770
Total Direct & Overlapping Tax Rates	1.05260	1.06758	1.11186	1.26531	1.26925	1.30556	1.38044	1.44801	1.42640	1.43323
City's Share of 1% Levy Per Prop 13^	0.06682	0.06682	0.06682	0.06682	0.06682	0.06682	0.06682	0.06682	0.06682	0.06682
General Obligation Debt Rate										
Redevelopment Rate**	1.01230	1.01209	1.01167	1.00990	1.00861	1.00755	1.00697	1.00604	1.00541	1.00450
Total Direct Rate^^	0.21304	0.20615	0.20298	0.21070	0.20818	0.21361	0.22574	0.21893	0.23351	0.24566

Notes:

* 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 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.

^ City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city.

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

Source: L.A. County Assessor 1998/99 - 2007/08 Tax Rate Table and HDL Coren & Cone

CITY OF ROSEMEAD

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2007/08			1998/99		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Wal Mart Stores Inc.	\$ 40,245,414	1	1.27%			
Rosemead Hwang, LLC	30,951,900	2	0.98%			
Rosemead Place, LLC	43,358,557	3	1.37%			
Macy's California Inc.	15,738,600	4	0.50%	14,299,883	1	0.83%
California Federal Savings	12,896,573	5	0.41%	8,731,200	3	0.50%
Taiking, LLC	9,218,760	6	0.29%			
1683 Walnut Grove, LLC	8,714,202	7	0.28%			
420 Boyd Street LLC	8,414,820	8	0.27%			
Diamond Flower Investment Group	3,576,657	9	0.11%			
Raymond K. Chiang Trust	3,537,359	10	0.11%			
Irish Construction				3,395,548	6	0.20%
Chicago Title Insurance Company				9,360,000	2	0.54%
Builder Square, LLC				6,981,200	4	0.40%
Vikon Development, Inc.				3,800,000	5	0.22%
Shiung Kuo Yuan				3,161,990	8	0.18%
Ming T. & Grace T. Chen				2,573,429	10	0.15%
Aespace America, Inc.				29,408,608	7	1.70%
Irish Communication Company				2,596,348	9	0.15%
	<u>\$ 176,652,842</u>		<u>5.58%</u>	<u>84,308,206</u>		<u>4.87%</u>

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

Source: Hdl Coren & Cone, Los Angeles County Assessor 2007/08 Combined Tax Rolls.

CITY OF ROSEMEAD

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years *	Total Collections to Date	
		Fiscal Year of Levy Amount	Percent of Levy		Amount	Percent of Levy
1999	\$ 984,721	\$ 940,904	95.55%	-	\$ 940,904	95.55%
2000	1,013,510	1,106,595	109.18%	-	1,106,595	109.18%
2001	1,059,067	1,261,833	119.15%	-	1,261,833	119.15%
2002	1,111,483	1,168,453	105.13%	-	1,168,453	105.13%
2003	1,181,683	1,161,629	98.30%	-	1,161,629	98.30%
2004	1,262,684	1,445,722	114.50%	-	1,445,722	114.50%
2005	1,364,266	1,203,406	88.21%	-	1,203,406	88.21%
2006	2,054,921	2,130,559	103.68%	-	2,130,559	103.68%
2007	2,269,752	2,147,626	94.62%	-	2,147,626	94.62%
2008	2,442,009	2,548,206	104.35%	-	2,548,206	104.35%

* Information not available.

Source: HDL Coren & Cone and Los Angeles County Auditor Controller's Office

CITY OF ROSEMEAD

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percentage of Personal Income ¹</u>	<u>Debt Per Capita ¹</u>
1998/99	35,300,000	2.46%	633
1999/00	34,970,000	2.31%	617
2000/01	34,625,000	2.14%	604
2001/02	34,255,000	2.10%	619
2002/03	33,830,000	2.00%	612
2003/04	33,385,000	1.93%	595
2004/05	32,920,000	1.65%	580
2005/06	37,100,000	7.70%	649
2006/07	37,455,000	7.30%	655
2007/08	36,350,000	N/A	633

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ These ratios are calculated using personal income and population for the prior calendar year

CITY OF ROSEMEAD

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percent of Assessed Value¹</u>	<u>Per Capita</u>
1998/99	35,300	2.04%	633
1999/00	34,970	1.97%	617
2000/01	34,625	1.87%	604
2001/02	34,255	1.76%	619
2002/03	33,830	1.63%	612
2003/04	33,385	1.49%	595
2004/05	32,920	1.36%	580
2005/06	37,100	1.40%	649
2006/07	37,455	1.29%	655
2007/08	36,350	1.15%	633

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

CITY OF ROSEMEAD

Direct and Overlapping Governmental Activities Debt
June 30, 2008

	Gross Bonded Debt Balance	Percentage Applicable To City	Net Bonded Debt
Direct Debt			
Tax Allocation Bonds	\$ 36,350,000	100.000%	<u>36,350,000</u>
Total Direct Debt			<u>36,350,000</u>
Overlapping Debt			
* Metropolitan Water District	\$ 150,054,336	0.332%	498,180
Garvey School District DS 2000 Series A	7,039,903	51.216%	3,605,557
Garvey School District DS 2000 Series B	6,394,519	51.216%	3,275,017
Garvey School District 2004 Series 2005	9,333,736	51.216%	4,780,366
Garvey Sch DS 2004 Ser 2006	10,999,898	51.216%	5,633,708
Garvey Sch DS 2004 Ser C	8,997,964	51.216%	4,608,397
Rosemead Sch Dist DS 2000 Ser A	6,945,000	69.363%	4,817,260
Rosemead Sch Dist DS 2000 Ser B	9,540,000	69.363%	6,617,230
Rosemead Sch DS 2000 Ser C	7,000,000	69.363%	4,855,410
El Monte UN HSD DS 2002 Ser A	5,285,000	13.997%	739,741
El Monte Union HI DS 2002 Series B	7,540,000	13.997%	1,055,374
El Monte Un HSD DS 2006 Ref Bds	68,543,264	13.997%	9,594,001
L.A. CCD DS 2001 Ser A	34,590,000	0.319%	110,342
L.A. CCD DS 2003 Taxable Ser 2004B	79,545,000	0.319%	253,749
L.A. CCD DS 2001 Taxable Ser 2004A	101,235,000	0.319%	322,940
LACC DS Ref 2001 Series 2005 A	432,950,000	0.319%	1,381,111
LA CCD DS 2001 2006 Series B	322,500,000	0.320%	1,032,000
LA CCD DS 2003, 2006 Series C	400,000,000	0.319%	1,276,000
Pasadena Area CCD DS 2002 Series A	4,570,000	2.658%	121,471
Pasadena CCD DS 2006 Series B	58,840,000	2.658%	1,563,967
Pasadena CCD DS 2006 Ref BD Series C	21,705,552	2.658%	576,934
Montebello Unif DS 1998 Series 98	15,614,698	1.491%	232,815
Montebello Unif SD DS 98 Series 99	14,187,854	1.491%	211,541
Montebello USD DS 1998 Series 2001	13,902,827	1.491%	207,291
Montebello USD DS 1998 Series 2004	15,170,273	1.491%	226,189
Montebello Unified DS 1998 Series 2002	14,654,649	1.491%	218,501
Montebello Unif DS 2004 Ser 2005	28,445,000	1.491%	424,115
San Gabriel USD DS 2002 Series A	11,427,600	1.270%	145,131
San Gabriel USD DS 2002 Series B	6,723,892	1.270%	85,393
San Gabriel USD DS 2005 Ref Bonds	17,360,000	1.270%	220,472
San Gabriel USD DS 2002 Series 2007C	10,832,878	1.270%	137,578
Total Overlapping Debt	<u>1,901,928,843</u>		<u>58,827,779</u>
Total Direct and Overlapping Debt			<u>95,177,779</u>

2007/08 Assessed Valuation: \$2,637,106,458 After Deducting Redevelopment Increment

Debt to Assessed Valuation Ratios:

Direct Debt	1.380%
Overlapping Debt	2.23%
Total Debt	3.61%

* This fund is a portion of a larger agency, and is responsible for debt in areas outside the city. This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the city.

Source: Hdl Coren & Cone, L.A. County Assessor and Auditor Combined 2007/08 Lien Date Tax Rolls.

CITY OF ROSEMEAD

Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Assessed valuation	1,731,421,878	1,779,151,367	1,850,122,915	1,945,297,943	2,070,991,108
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	432,855,470	444,787,842	462,530,729	486,324,486	517,747,777
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	64,928,320	66,718,176	69,379,609	72,948,673	77,662,167
Total net debt applicable to limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>64,928,320</u>	<u>66,718,176</u>	<u>69,379,609</u>	<u>72,948,673</u>	<u>77,662,167</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: Rosemead Finance Department
Los Angeles County Tax Assessor's Office

Fiscal Year				
2003/04	2004/05	2005/06	2006/07	2007/08
2,240,938,488	2,422,878,306	2,644,964,038	2,901,902,093	3,165,802,509
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
560,234,622	605,719,577	661,241,010	725,475,523	791,450,627
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
84,035,193	90,857,936	99,186,151	108,821,328	118,717,594
-	-	-	-	-
<u>84,035,193</u>	<u>90,857,936</u>	<u>99,186,151</u>	<u>108,821,328</u>	<u>118,717,594</u>
0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF ROSEMEAD

Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
1999	2,870,290	310,000	1,971,450	1.26
2000	2,990,564	330,000	1,951,663	1.31
2001	2,945,877	345,000	1,932,853	1.29
2002	3,197,754	370,000	1,912,843	1.40
2003	3,105,416	425,000	1,891,273	1.34
2004	3,376,579	445,000	1,870,873	1.46
2005	3,494,330	465,000	1,836,765	1.52
2006	3,310,295	490,000	1,559,114	1.62
2007	4,029,714	780,000	1,505,781	1.76
2008	6,219,884	1,105,000	1,567,849	2.33

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

CITY OF ROSEMEAD

Demographic and Economic Statistics Last Ten Calendar Years

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
1998/99	56,664	1,517,065	26,773	5.60%
1999/00	57,328	1,621,007	28,276	5.40%
2000/01	55,351	1,634,072	29,522	5.90%
2001/02	55,289	1,692,452	30,611	6.10%
2002/03	56,065	1,727,026	30,804	6.80%
2003/04	56,710	1,991,372	35,115	6.00%
2004/05	57,189	482,011	36,746	4.50%
2005/06	57,144	513,123	39,011	4.60%
2006/07	57,427	539,163	41,875	4.90%
2007/08	57,422	N/A	N/A	4.47%

Sources: (1) California State Department of Finance
(2) U.S. Department of Commerce - Bureau of Economic Analysis
(3) State of California Employment Development Department (data shown is for the County)

CITY OF ROSEMEAD

Principal Employers

Current Year and Nine Years Ago

Employer		2008		1999 *	
		Number of Employees	Percent of Total Employment ¹	Number of Employees	Percent of Total Employment
Southern California Edison	1	6,000	24.39%	-	0.00%
Garvey School District	2	800	3.25%	-	0.00%
Panda Restaurant Group, Inc.	3	500	2.03%	-	0.00%
Walmart	4	460	1.87%	-	0.00%
Rosemead School District	5	375	1.52%	-	0.00%
Hemetic Seal Corporation	6	350	1.42%	-	0.00%
Irish Construction	7	350	1.42%	-	0.00%
Target	8	230	0.93%	-	0.00%
Marge Carson, Inc.	9	90	0.37%	-	0.00%
Don Bosco Tech	10	90	0.37%	-	0.00%
Double Tree	11	90	0.37%	-	0.00%

¹ Based upon Employment Development Department's estimate of 23,600 residents employed in 2007-08.

* Information for 1999 is not available.

Source: City of Rosemead and Rosemead Chamber of Commerce

CITY OF ROSEMEAD

Full-time and Part-time City Employees
by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Full-Time and Part-time Employees as of June 30</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government	17	16	16	19	16	14	15	18	17	19
Public safety ¹	25	25	19	16	23	22	17	23	22	34
Community development	5	8	12	6	5	6	6	6	11	23
Parks and recreation	<u>91</u>	<u>100</u>	<u>101</u>	<u>107</u>	<u>117</u>	<u>97</u>	<u>94</u>	<u>103</u>	<u>101</u>	<u>103</u>
Total	<u>138</u>	<u>149</u>	<u>148</u>	<u>148</u>	<u>161</u>	<u>139</u>	<u>132</u>	<u>150</u>	<u>151</u>	<u>179</u>

¹ The City of Rosemead contracts with the Los Angeles County Sheriff's Department for all police services with the exception of parking control and crossing guards which are provided by City personnel.

¹ The City of Rosemead is part of the Los Angeles County Fire Protection District which provides fire fighting, fire prevention, and plan check services for the City.

The City of Rosemead also contracts for Public Works and Engineering services.

Source: City Finance Department

CITY OF ROSEMEAD

Operating Indicators
by Function
Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Arrests	1,366	1,292	1,310	1,299	1,102	1,081	1,230	1,315	1,786	1,506
Parking citations issued	n/a	n/a	n/a	n/a	n/a	14,676	18,357	15,176	13,210	11,766
Fire:										
Number of emergency calls	n/a	n/a	2,634	2,809	2,728	2,733	2,800	2,868	2,994	3,094
Inspections	117	117	117	117	117	117	117	117	117	2,518
Public works:										
Street resurfacing (miles)	1.4	4.9	-	1.7	-	1.3	-	1.3	2.5	1.1
Parks and recreation:										
Number of recreation classes	350	400	400	400	420	450	530	720	775	484
Number of facility rentals	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	540

Source: City of Rosemead

CITY OF ROSEMEAD

Capital Asset Statistics
by Function
Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety:										
Sheriff stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works:										
Streets (miles)	76.80	76.80	76.80	76.80	76.80	76.80	76.80	76.80	76.80	77.55
Streetlights	2,371	2,483	2,571	2,506	2,700	2,700	2,702	2,705	2,706	2,712
Traffic signals	39	39	39	39	39	39	39	39	41	42
Parks and recreation:										
P	10	10	10	10	10	10	10	10	10	10
Community centers	2	2	2	2	2	2	2	2	2	2

Source: City of Rosemead

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