

CITY OF ROSEMEAD  
Rosemead, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007

Prepared by the Finance Department  
Steve Brisco  
Director of Finance

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CITY OF ROSEMEAD  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2007

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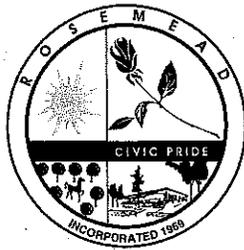
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MAYOR:  
JOHN TRAN

MAYOR PRO TEM:  
JOHN NUÑEZ

COUNCIL MEMBERS:  
MARGARET CLARK  
POLLY LOW  
GARY A. TAYLOR



# City of Rosemead

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ROSEMEAD, CALIFORNIA 91770  
TELEPHONE (626) 569-2100  
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February 25, 2008

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

State law requires that every general-purpose local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mayer Hoffman McCann P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City Of Rosemead's financial statements for the year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

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

## *Profile of the Government*

The City of Rosemead, incorporated on August 4, 1959, is located in the central metropolitan area of Los Angeles County approximately nine miles east of the City of Los Angeles. It currently occupies 5.5 square miles and shares boundaries with the Cities of San Gabriel, Temple City, El Monte, South El Monte, Montebello and Monterey Park. The City serves a population of 57,427.

The City Of Rosemead operates as a general law city under the council-manager form of

government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and four other members, all elected on a non-partisan basis. The Council appoints the government's manager, who in turn appoints the heads of the various departments. The City Council also appoints the City Clerk, the City Attorney, the City Treasurer and commissioners to the Planning and the Traffic Commissions. The Council also acts as the Rosemead Community Development Commission (RCDC) and the Rosemead Housing Development Commission (RHDC). Council members serve four-year terms, with two members elected every two years and three members elected in the subsequent two year period. The mayor is elected for a one-year term by the Council members.

The City of Rosemead provides a full range of services, many of which are contracted, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational and cultural activities. The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Rosemead's financial planning and control. The budget is prepared by fund, and department. The City Manager is authorized to transfer budgeted amounts between funds within the same department. Any new appropriations must be authorized by Council.

### *Local economy*

Major industry groups located within the City's boundaries include general consumer goods, restaurants and hotels, autos and transportation, fuel and service stations, food and drugs, business and industry as well as building and construction. The City continues to have a better percentage of sales tax growth than Los Angeles County, accordingly, the City's sales tax analysts are projecting modest growth in sales tax for the fiscal year 2008-09 and that increase will be included in the budget.

Because of the City's location in a region with a varied economic base, the City experienced a nine year history of declining unemployment. During the past ten years, the unemployment rate has been consistently trending downward from an initial high of 7.5 percent (1998) to a low of 4.1 percent (2006). Unemployment inched up in 2007 to 4.3 percent. Unemployment is expected to increase still further in 2008. The Federal Reserve (Fed) is projecting unemployment rates, at the national level, to be between 5.2 and 5.3 percent. Rosemead's rate is roughly 1/2 percent lower than the national average. Unemployment is expected to edge up in 2008 primarily because generally, the economy is decelerating. The Fed also projects national economic growth to slow to about 1.3 to 2.0 percent. The Fed cites the intensifying housing slump, tighter credit conditions, financial market turmoil and higher oil prices as primary causes of the economic slow down in the U.S

### *Long-term financial planning*

Unreserved, undesignated fund balance in the general fund (132.7 percent of total general fund revenues) falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., policy is 32 percent of total general fund revenues). Projects to be completed or

undertaken in the next two years include the completion of the Garvey Avenue Bridge reconstruction, which will be paid for with Proposition C and Federal Highway Replacement and Rehabilitation (HBRR) funds, a street resurfacing project on Garvey Avenue, which will be paid for with Proposition C funds and STP-L funds, and extensive repairs to the Council Chambers with funding sources yet to be finalized. Additional projects are in the initial planning stages and will be reported in subsequent reports as details solidify.

### *Relevant financial policies*

With the State declaring a fiscal emergency it is unclear, at this time, exactly what the impact to the City will be. Accordingly, staff will take a cautious approach in estimating State provided funds for the FY 2008-09 budget, as more details become available staff will adjust the budget to accommodate State balancing measures that effect the City.

Subsequent to closing the books, Council has approved a new reserve policy which sets the reserve rate at approximately 32 percent of revenues and a new purchasing policy that will also strengthen internal controls.

### *Major initiatives*

The Rosemead Community Development Commission (RCDC) is in the early stages of several significant projects that will be reported on as the details become available. A project that can be reported at this time is the purchase of the Rosemead Inn. The RCDC has received a purchase agreement from the seller and upon final completion of the property purchase it will become a potential redevelopment project. Other projects are in the planning and negotiation stages but are not reportable at this time.

### *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, 2005. With this current report the City will again submit the accompanying financial report to GFOA for consideration of qualifications for the Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

The preparation of this report would not have been possible without the dedicated service of the entire staff of the finance and administration department. I wish to express our appreciation to all members of the department who assisted and contributed in the preparation of this report. Credit

also must be given to the mayor and the City 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 cursive script, appearing to read "Steven L. Brisco".

Steven L. Brisco

Finance Director

# **City of Rosemead**

## **Directory of Officials**

**June 30, 2007**

### **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

Jean Scott, Interim 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.**

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**Conrad Government Services Division**

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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, 2007, which collectively comprise of 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, 2007, 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 an opinion 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 February 22, 2008 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.

*Mayes Hoffman McLann P.C.*

Irvine, California  
February 22, 2008

## 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 for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

### Financial Highlights

- The assets of the City of Rosemead pertaining to its governmental activities exceed its liabilities, at the close of the fiscal year ended June 30, 2007, by \$54.0 million. Of this amount, \$35.3 million is unrestricted, and thus may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$3.5 million due to generalized increases in program revenues and general revenues.
- For the General Fund the revenues and transfers-in available for expenditure were \$193,444 more than expended. Net change in fund balance, with the inclusion of other financing sources, is \$125,439.
- As of June 30, 2007, unreserved undesignated fund balance in the General fund was \$22.5 million or 131% of total General fund expenditures. The City of Rosemead's financial policies at the close of FY 2006-07 do not specify a reserve amount, however, on January 8, 2008 a reserve policy was approved by City Council requiring a reserve of 32% of specific revenues.

### Overview of the Financial Statements

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

The *statement of net assets* presents information on all of the City'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, with the use of the accrual basis of accounting, 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 the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community services, community development, and parks and recreation.

**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 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 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 maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, CDBG Grant Fund, Low-Moderate Income Housing Set-Aside Fund, Federal Highway Grant Fund, Rosemead Community Development Commission Debt Service Fund and the Rosemead Community Development Commission Capital Projects Fund, all of which are considered to be major funds for the purposes of this report. Data from the other 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 each of its governmental funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget.

**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. Notes to the financial statements can be found on pages 20 to 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's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in notes to the financial statements. Required supplementary information can be found on pages 47 to 52 of this report.

The City as a Whole

Net assets may serve as a useful indicator of a government's financial position. In the case of the City of Rosemead, assets exceeded liabilities by \$54.0 million at June 30, 2007. By far the largest portion of the City's net assets, 88.8%, reflects its investment in illiquid capital assets (e.g. land, infrastructure, buildings, equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**City of Rosemead Net Assets  
As of June 30, 2007 and 2006**

	Governmental Activities	
	2006-07	2005-06
Current and other assets	\$ 49,342,855	\$ 48,088,843
Capital assets	47,987,394	44,066,466
Total assets	97,330,249	92,155,309
Long-term liabilities outstanding	38,187,636	37,740,516
Other liabilities	5,126,044	3,868,791
Total liabilities	43,313,680	41,609,307
Net assets:		
Invested in capital assets, net of related debt	10,541,606	13,345,433
Restricted	8,181,231	6,901,454
Unrestricted	35,293,732	30,299,115
Total net assets	\$ 54,016,569	\$ 50,546,002

The restricted portion of the City's net assets, \$8.2 million or 15.2%, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets, \$35.3 million or 65.3%, may be used to meet the government's ongoing obligations to citizens and creditors.

**Changes in Net Assets.** Governmental activities increased the City's net assets by \$3.5 million during fiscal year 2006-07.

**City of Rosemead Statement of Activities  
Years Ended June 30, 2007 and 2006**

	Governmental Activities 2006-07	Governmental Activities 2005-06
Program revenues:		
Charges for services	\$ 2,755,215	\$ 3,010,483
Operating contributions and grants	8,292,725	6,475,403
Capital contributions and grants	3,077,208	-
General revenues:		
Property taxes	9,121,682	3,915,980
Other taxes	4,526,624	5,809,661
Investment income	2,028,128	1,930,059
Intergovernmental, unrestricted	856,701	2,966,002
Other	478,473	1,323,520
<b>Total revenues</b>	<b>31,136,756</b>	<b>25,431,108</b>
Expenses:		
General governmental	4,980,519	5,629,316
Public safety	6,618,779	6,116,352
Public works	6,120,563	3,403,699
Community services	602,114	3,223,843
Community development	2,467,842	-
Parks and recreation	4,178,000	3,959,590
Interest expense	2,698,372	1,832,219
<b>Total expenses</b>	<b>27,666,189</b>	<b>24,165,019</b>
<b>Increase in net assets</b>	<b>3,470,567</b>	<b>1,266,089</b>
<b>Net assets - June 30, 2006</b>	<b>50,546,002</b>	<b>49,279,913</b>
<b>Net assets - June 30, 2007</b>	<b>\$ 54,016,569</b>	<b>\$ 50,546,002</b>

Revenues by Source – Governmental Activities

Revenues received by all the City’s governmental funds were \$28.9 million in FY 2006-07 or 14.5% more than FY 2005-06.

Statement of Revenues by Category All Governmental Funds				
	2006-07	%	2005-06	%
Taxes	\$ 13,648,306	47.23%	\$ 9,527,384	37.76%
Intergovernmental	9,419,698	32.60%	10,785,591	42.74%
Licenses and permits	1,683,204	5.82%	1,528,864	6.06%
Charges for services	414,375	1.43%	660,890	2.62%
Fines, forfeitures and penalties	437,117	1.51%	753,224	2.99%
Special assessments	789,089	2.73%	-	0.00%
Investment income	2,028,128	7.02%	1,947,566	7.72%
Other	478,473	1.66%	29,332	0.12%
<b>Total</b>	<b>\$ 28,898,390</b>	<b>100.00%</b>	<b>\$ 25,232,851</b>	<b>100.00%</b>

General Fund revenues increased by \$2.0 million in FY 2006-07 over prior year amounts.

Statement of Revenues by Category General Fund				
	2006-07	%	2005-06	%
Taxes	\$ 9,618,592	56.82%	\$ 5,616,272	37.60%
Intergovernmental	3,636,438	21.48%	5,747,997	38.48%
Licenses and permits	1,683,204	9.94%	1,528,864	10.24%
Charges for services	414,375	2.45%	652,890	4.37%
Fines, forfeitures and penalties	206,971	1.22%	524,730	3.51%
Special assessments	45,070	0.27%	-	0.00%
Investment income	848,132	5.01%	836,110	5.60%
Other	474,576	2.80%	29,042	0.19%
<b>Total</b>	<b>\$ 16,927,358</b>	<b>100.00%</b>	<b>\$ 14,935,905</b>	<b>100.00%</b>

As of the end of the 2006-07 fiscal year, the City’s governmental funds reported combined ending fund balances of \$41.1 million. Of this fund balance, 87.6% of the total, or \$36.0 million, constitutes “unreserved” fund balance, which is, within certain restrictions, available for discretionary spending at the City Council’s will. The remainder of the combined ending fund balance is “reserved,” indicating that it is not available for new spending because it has already been committed to General Fund encumbrances (for liquidation of contracts and purchase orders

of the prior period), \$150,000, and Low-Moderate Income Housing Set-Aside Fund advances to other funds totaling \$5.0 million.

The General fund is the chief operating fund of the City of Rosemead. At the end of the 2006-07 fiscal year, unreserved undesignated fund balance of the General fund was \$22.5 million, and total fund balance was \$22.6 million. As a measure of the General Fund's liquidity, it can be useful to compare unreserved, undesignated fund balance to total fund expenditures. Unreserved undesignated fund balance represents 131.5% of 2006-07 General Fund expenditures.

General Fund Budgetary Highlights

There were no budget amendments in FY 2006-07. Total revenues in the General Fund were \$1.3 million greater than estimated revenues primarily due to under estimated Intergovernmental Revenues. General Fund expenditures were \$1.8 less than appropriations. The savings were: \$.3 million in Public Safety, \$.56 million in Community Development and \$.86 million in Parks and Recreation. Budget to actual comparisons can be found on pages 53 to 71 in this report.

Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental activities as of June 30, 2007, amounts to \$48.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture, other equipment.

Additional information on the City's capital assets can be found in the notes to financial statements section of this report, Note 6.

**Long-term debt.** At the end of the current fiscal year, the City of Rosemead had total debt outstanding of \$38.2.

**City of Rosemead Long-Term Debt**

	Governmental Activities	
	2006-07	2005-06
Employee compensated absences	\$ 435,608	\$ 323,686
Tax allocation bonds, Series 1993A	-	23,095,000
Tax allocation bonds, Series 2006A	13,225,000	14,005,000
Tax allocation bonds, Series 2006B	24,230,000	-
Unamortized bond premiums	297,028	316,830
Total	\$ 38,187,636	\$ 37,740,516

The City's long-term debt increased during the current fiscal year Due to the addition of new debt to finance redevelopment activities in Redevelopment Project Area 1.

Further details on long-term debt can be found in the notes to financials statements section of this report, Note 7.

### Economic Factors and Next Year's Budget

- There exists regional concern over the housing values. This concern notwithstanding, Rosemead's assessed property values and property tax collections remain strong. Assessed valuation increases of 9.7% were realized in FY 2006-07. Property tax revenue (29.3% of City-wide revenues) remains a key city-wide revenue.
- Contributions toward employee pensions through the California Public Employees Retirement System (CalPERS) increased sharply beginning in FY 2003-04 with the decline in the interest rate environment which created pressure on annual budgets. The employer's contribution rate for miscellaneous employees was 6.838% in FY 2003-04 and has grown to 19.802% in FY 2007-08. On the other hand, the rate of annual increases has leveled out. The employer contribution rate for miscellaneous employees is projected by CalPERS to be 19.8% in FY 2008-09.

The above factors were considered in preparing the City's budget for FY 2007-2008. At the time that the FY 2007-08 budget was being prepared general economic conditions were still reasonably stable. The State was predicting a strong economy with projections of debt reduction in the near term and the budget was prepared accordingly. Subsequently, economic conditions have worsened due to the housing market and credit crisis, as well as the general erosion of economic conditions. The State announced that they will be postponing gas tax payments to local agencies until fall 2008 and further uncertainties at the State level seem imminent. The FY 2008-09 budget is expected to be prepared with these uncertainties reflected in the FY 2008-09 budget.

### Requests for Information

This financial report is designed to provide a general overview of the financial position of the City of Rosemead 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 directed to Steven Brisco, Finance Director, [sbrisco@cityofrosemead.org](mailto:sbrisco@cityofrosemead.org) 626.569.2120, or by U.S. mail: Finance Department, 8838 East Valley Boulevard, Rosemead, CA, 91770.

CITY OF ROSEMEAD  
Statement of Net Assets  
June 30, 2007

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash and investments (note 2)	\$ 41,766,461
Receivables:	
Accounts	6,256,217
Accrued interest	525,434
Notes	244,420
Deferred charges	550,323
Capital assets (note 6):	
Land	2,953,234
Construction in progress	8,004,998
Other capital assets, net	<u>37,029,162</u>
<b>Total assets</b>	<u><b>97,330,249</b></u>
<b>Liabilities:</b>	
Accounts payable	4,538,050
Accrued salaries and benefits	154,992
Deposits payable	35,792
Accrued interest payable	397,210
Noncurrent liabilities (note 7):	
Due within one year	1,136,738
Due in more than one year	<u>37,050,898</u>
<b>Total liabilities</b>	<u><b>43,313,680</b></u>
<b>Net assets:</b>	
Invested in capital assets, net of related debt	10,541,606
Restricted for:	
Public works	5,170,465
Public safety	1,899,192
Low-moderate income housing	1,111,574
Unrestricted	<u>35,293,732</u>
<b>Total net assets</b>	<u><b>\$ 54,016,569</b></u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD  
Statement of Activities  
Fiscal Year ended June 30, 2007

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Contributions and Grants		Capital Contributions and Grants
Governmental activities:					
General government	\$ 4,980,519	316,849	-	(4,663,670)	
Public safety	6,618,779	228,907	1,369,252	(5,020,620)	
Public works	6,120,563	1,420,547	3,103,023	1,480,215	
Community services	602,114	414,375	988,684	800,945	
Community development	2,467,842	374,537	2,831,766	738,461	
Parks and recreation	4,178,000	-	-	(4,178,000)	
Interest expense	2,698,372	-	-	(2,698,372)	
Total governmental activities	<u>\$ 27,666,189</u>	<u>2,755,215</u>	<u>8,292,725</u>	<u>3,077,208</u>	<u>(13,541,041)</u>

General revenues:

Taxes:

Property taxes	9,121,682
Sales and use taxes	2,501,106
Transient occupancy taxes	1,311,697
Franchise taxes	713,821
Investment income	2,028,128
Motor vehicle in lieu, unrestricted	856,701
Other general revenues	478,473
Total general revenues	<u>17,011,608</u>
Change in net assets	3,470,567
Net assets at beginning of year	<u>50,546,002</u>
Net assets at end of year	<u>\$ 54,016,569</u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD  
Balance Sheet - Governmental Funds  
June 30, 2007

	General	Special Revenue		
		CDBG Grant	Low-Moderate Income Housing Set-Aside	Federal Highway Grant
<b>Assets:</b>				
Cash and investments	\$ 20,299,449	-	1,111,574	-
Receivables:				
Accounts	1,328,079	1,179,476	-	3,329,464
Accrued interest	367,099	-	-	-
Notes	244,420	-	-	-
Due from other funds (note 4)	2,237,537	-	-	-
Advances to other funds (note 4)	-	-	4,947,087	-
<b>Total assets</b>	<b>\$ 24,476,584</b>	<b>1,179,476</b>	<b>6,058,661</b>	<b>3,329,464</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,309,601	639,433	-	1,837,145
Accrued salaries and benefits	147,773	3,104	-	-
Deposits payable	-	-	-	-
Due to other funds (note 4)	-	376,930	-	1,860,403
Deferred revenue	408,665	1,085,887	-	1,462,675
Advances from other funds (note 4)	-	-	-	-
<b>Total liabilities</b>	<b>1,866,039</b>	<b>2,105,354</b>	<b>-</b>	<b>5,160,223</b>
<b>Fund balance:</b>				
Reserved for:				
Encumbrances	150,000	-	-	-
Advances to other funds	-	-	4,947,087	-
Unreserved, reported in:				
General fund	22,460,545	-	-	-
Special revenue funds	-	(925,878)	1,111,574	(1,830,759)
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
<b>Total fund balance</b>	<b>22,610,545</b>	<b>(925,878)</b>	<b>6,058,661</b>	<b>(1,830,759)</b>
<b>Total liabilities and fund balance</b>	<b>\$ 24,476,584</b>	<b>1,179,476</b>	<b>6,058,661</b>	<b>3,329,464</b>

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>
552	12,141,233	8,213,653	41,766,461
-	164,809	254,389	6,256,217
-	158,335	-	525,434
-	-	-	244,420
-	-	-	2,237,537
-	-	-	4,947,087
<u>552</u>	<u>12,464,377</u>	<u>8,468,042</u>	<u>55,977,156</u>
-	119,836	632,035	4,538,050
-	-	4,115	154,992
-	-	35,792	35,792
-	-	204	2,237,537
-	-	8,000	2,965,227
-	<u>4,947,087</u>	-	4,947,087
-	<u>5,066,923</u>	<u>680,146</u>	<u>14,878,685</u>
-	-	-	150,000
-	-	-	4,947,087
-	-	-	22,460,545
-	-	7,787,896	6,142,833
552	-	-	552
-	<u>7,397,454</u>	-	<u>7,397,454</u>
<u>552</u>	<u>7,397,454</u>	<u>7,787,896</u>	<u>41,098,471</u>
<u>552</u>	<u>12,464,377</u>	<u>8,468,042</u>	<u>55,977,156</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, 2007

Fund balances of governmental funds	\$ 41,098,471
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	77,012,368
Accumulated depreciation	(29,024,974)
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Compensated absences	(435,608)
Other long term liabilities	(37,201,705)
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(397,210)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.	<u>2,965,227</u>
Net assets of governmental activities	<u>\$ 54,016,569</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, 2007

	General	Special Revenue		
		CDBG Grant	Low-Moderate Income Housing Set-Aside	Federal Highway Grant
<b>Revenues:</b>				
Taxes	\$ 9,618,592	-	-	-
Intergovernmental	3,636,438	1,186,204	-	1,822,526
Licenses and permits	1,683,204	-	-	-
Charges for services	414,375	-	-	-
Fines, forfeitures and penalties	206,971	-	-	-
Special assessments	45,070	-	-	-
Investment income	848,132	-	45,385	-
Other	474,576	-	-	-
<b>Total revenues</b>	<b>16,927,358</b>	<b>1,186,204</b>	<b>45,385</b>	<b>1,822,526</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,983,274	-	-	-
Public safety	6,300,405	-	-	-
Public works	564,970	1,076,865	-	3,703,935
Community services	384,207	1,035,217	-	-
Community development	2,603,196	-	-	-
Parks and recreation	4,249,462	-	-	-
<b>Debt service:</b>				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Payment to bond escrow agent	-	-	-	-
<b>Total expenditures</b>	<b>17,085,514</b>	<b>2,112,082</b>	<b>-</b>	<b>3,703,935</b>
Excess (deficiency) of revenues over (under) expenditures	(158,156)	(925,878)	45,385	(1,881,409)
<b>Other financing sources (uses):</b>				
Transfers in (note 5)	351,600	-	1,019,082	-
Transfers out (note 5)	(68,005)	-	(50,000)	-
Proceeds of refunding bonds	-	-	-	-
Payment to bond escrow agent	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>283,595</b>	<b>-</b>	<b>969,082</b>	<b>-</b>
<b>Change in fund balances</b>	<b>125,439</b>	<b>(925,878)</b>	<b>1,014,467</b>	<b>(1,881,409)</b>
Fund balances at beginning of year, as restated (note 13)	22,485,106	-	5,044,194	50,650
<b>Fund balances (deficit) at end of year</b>	<b>\$ 22,610,545</b>	<b>(925,878)</b>	<b>6,058,661</b>	<b>(1,830,759)</b>

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>
-	4,029,714	-	13,648,306
-	-	2,774,530	9,419,698
-	-	-	1,683,204
-	-	-	414,375
-	-	230,146	437,117
-	-	744,019	789,089
-	441,824	692,787	2,028,128
-	352	3,545	478,473
-	<u>4,471,890</u>	<u>4,445,027</u>	<u>28,898,390</u>
-	1,480,714	316,849	4,780,837
-	-	437,507	6,737,912
-	765,672	2,787,326	8,898,768
-	-	-	1,419,424
-	80,367	6,857	2,690,420
-	-	-	4,249,462
780,000	-	-	780,000
1,505,781	1,006,944	-	2,512,725
1,323,238	-	-	1,323,238
<u>3,609,019</u>	<u>3,333,697</u>	<u>3,548,539</u>	<u>33,392,786</u>
<u>(3,609,019)</u>	<u>1,138,193</u>	<u>896,488</u>	<u>(4,494,396)</u>
24,342,791	-	469,605	26,183,078
-	(25,713,473)	(351,600)	(26,183,078)
-	24,230,000	-	24,230,000
<u>(22,075,305)</u>	<u>-</u>	<u>-</u>	<u>(22,075,305)</u>
<u>2,267,486</u>	<u>(1,483,473)</u>	<u>118,005</u>	<u>2,154,695</u>
(1,341,533)	(345,280)	1,014,493	(2,339,701)
<u>1,342,085</u>	<u>7,742,734</u>	<u>6,773,403</u>	<u>43,438,172</u>
<u>552</u>	<u>7,397,454</u>	<u>7,787,896</u>	<u>41,098,471</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, 2007

Net changes in fund balances of governmental funds \$ (2,339,701)

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	5,502,841
Depreciation expense	(1,581,913)

Proceeds from the issuance of debt is reported as other financing sources in governmental funds. The issuance of bonds increases liabilities in the statement of net assets, but does not result in an increase in net assets in the statement of activities. (24,230,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 23,894,802

The statement of net assets includes accrued interest on long term debt. 98,094

To record as an expense the net change in compensated absences in the statement of activities. (111,922)

Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting. 2,238,366

Change in net assets of governmental activities \$ 3,470,567

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2007

<u>Assets</u>	
Cash and investments (note 2)	<u>\$ 385,555</u>
Total assets	<u>\$ 385,555</u>
<u>Liabilities</u>	
Deposits payable	<u>\$ 385,555</u>
Total liabilities	<u>\$ 385,555</u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD, CALIFORNIA  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2007

(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)

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)

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 thirty day availability period.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

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

Revenue recognition is subject to the *measurable* and *availability* 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)

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.

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

Low-Moderate Income Housing Set-Aside 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 Fund – Accounts for Federal Highway Grants received from the California Department of Transportation.

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

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)

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 fixed 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)

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)

(2) Cash and Investments

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$41,766,461
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	<u>385,555</u>
Total cash and investments	<u>\$42,152,016</u>

Cash and investments as of June 30, 2007 consist of the following:

Deposits with financial institutions	\$19,469,962
Investments	<u>22,682,054</u>
Total cash and investments	<u>\$42,152,016</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
Repurchase Agreements	Life of Bond	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	\$ 21,504,598	21,504,598	-	-
Held by bond trustee:				
Money market funds	34,377	34,377	-	-
Repurchase agreement	<u>1,143,079</u>	<u>-</u>	<u>-</u>	<u>1,143,079</u>
Total	<u>\$ 22,682,054</u>	<u>21,538,975</u>	<u>-</u>	<u>1,143,079</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	\$21,504,598	N/A	-	21,504,598
Held by bond trustee:				
Money market funds	34,377	A	34,377	-
Repurchase agreement	<u>1,143,079</u>	N/A	<u>-</u>	<u>1,143,079</u>
Total	<u>\$22,682,054</u>		<u>34,377</u>	<u>22,647,677</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.

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.

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, 2007 are as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	CDBG Grant	\$ 376,930 (A)
	Federal Highway Grant	1,860,403 (A)
	Local Transportation	<u>204 (A)</u>
	Total General Fund	<u>2,237,537</u>
	Total	<u>\$ 2,237,537</u>

(A) Short term borrowing to cover temporary cash shortfalls.

Noncurrent interfund receivable and payable balances at June 30, 2007 are as follows:

<u>Advances to other funds</u>	<u>Advances from other funds</u>	<u>Amount</u>
Low-Moderate Income Housing Set-Aside	Capital Projects Fund	\$ 4,947,087 (B)
	Total	<u>\$ 4,947,087</u>

(B) 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, 2007, 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.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(5) Interfund Transfers

Interfund transfers were as follows for the year ended June 30, 2007:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Rosemead Housing Development Corporation	<u>\$ 351,600</u>
Low-Moderate Income Housing Set-Aside	CDC Capital Projects	<u>1,019,082 (A)</u>
CDC Debt Service	CDC Capital Projects	<u>24,342,791 (B)</u>
Narcotics Seizure	General Fund	<u>68,005</u>
Rosemead Housing Development Corporation	Low-Moderate Income Housing Set Aside	50,000
	CDC Capital Projects	<u>351,600</u>
Subtotal		<u>401,600</u>
	Total	<u>\$26,183,078</u>

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

- (A) The CDC Capital Projects fund transferred 20% of tax increment earned during the fiscal year ended June 30, 2007 to the Low-Moderate Income Housing Set-Aside Fund.
- (B) The CDC Capital Projects Fund transferred bond proceeds of \$24,342,791 to the CDC Debt Service Fund to provide funding for the repayment of the Tax Allocation Bonds, Series 1993A.

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, 2007:

	<u>Balance at</u> <u>June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>June 30, 2007</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 2,953,234	-	-	2,953,234
Construction in progress	<u>2,725,784</u>	<u>5,279,214</u>	<u>-</u>	<u>8,004,998</u>
Total capital assets not being depreciated	<u>5,679,018</u>	<u>5,279,214</u>	<u>-</u>	<u>10,958,232</u>
Capital assets being depreciated:				
Buildings	22,634,585	67,387	-	22,701,972
Improvements other than buildings	868,483	-	-	868,483
Machinery and equipment	711,789	86,772	-	798,561
Autos and trucks	370,440	-	-	370,440
Furniture and office equipment	2,395,612	69,468	-	2,465,080
Infrastructure	<u>38,849,600</u>	<u>-</u>	<u>-</u>	<u>38,849,600</u>
Total capital assets being depreciated	<u>65,830,509</u>	<u>223,627</u>	<u>-</u>	<u>66,054,136</u>
Less accumulated depreciation for:				
Buildings	5,189,406	321,762	-	5,511,168
Improvements other than buildings	868,483	-	-	868,483
Machinery and equipment	690,685	19,946	-	710,631
Autos and trucks	316,450	42,885	-	359,335
Furniture and office equipment	2,033,135	110,549	-	2,143,684
Infrastructure	<u>18,344,902</u>	<u>1,086,771</u>	<u>-</u>	<u>19,431,673</u>
Total accumulated depreciation	<u>27,443,061</u>	<u>1,581,913</u>	<u>-</u>	<u>29,024,974</u>
Total capital assets being depreciated, net	<u>38,387,448</u>	<u>(1,358,286)</u>	<u>-</u>	<u>37,029,162</u>
Governmental activities capital assets, net	<u>\$44,066,466</u>	<u>3,920,928</u>	<u>-</u>	<u>47,987,394</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:	
General government	\$ 87,760
Public Works	1,263,874
Community development	<u>230,279</u>
Total depreciation expense	<u>\$1,581,913</u>

(7) Changes in Long-Term Liabilities

Long-term debt consists of the following at June 30, 2007:

	<u>Balance at June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2007</u>	<u>Due within One Year</u>
Governmental activities:					
Tax allocation bonds, Series 1993A	\$23,095,000	-	23,095,000	-	-
Tax allocation bonds, Series 2006A	14,005,000	-	780,000	13,225,000	810,000
Tax allocation bonds, Series 2006B	-	24,230,000	-	24,230,000	295,000
Unamortized bond premiums	316,830	-	19,802	297,028	19,802
Compensated Absences	<u>323,686</u>	<u>229,922</u>	<u>118,000</u>	<u>435,608</u>	<u>11,936</u>
	<u>\$37,740,516</u>	<u>24,459,922</u>	<u>24,012,802</u>	<u>38,187,636</u>	<u>1,136,738</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, 2007 the outstanding balance was \$13,225,000.

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. The advance refunding resulted in an economic gain of approximately \$2,600,000 and a difference between the reacquisition price and the net carrying amount of the old debt of \$1,527,568.

A surety bond has been acquired to satisfy the reserve requirements. As of June 30, 2007, \$24,230,000 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, 2007, 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>
2008	\$ 810,000	1,815,114	295,000	817,327
2009	845,000	1,785,183	70,000	1,041,261
2010	870,000	1,757,314	75,000	1,038,986
2011	900,000	1,727,989	75,000	1,036,361
2012	930,000	419,481	80,000	1,033,736
2013-2017	5,235,000	1,521,555	430,000	5,125,365
2018-2022	3,320,000	362,542	3,715,000	4,911,918
2023-2027	315,000	12,994	6,890,000	3,774,336
2028-2032	-	-	8,595,000	2,091,625
2033-2034	-	-	4,005,000	268,406
	<u>\$13,225,000</u>	<u>9,402,172</u>	<u>24,230,000</u>	<u>21,139,321</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.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(9) Retirement Plans

Defined Contribution Pension Plan

The City had a defined contribution pension plan that covered substantially all retired employees and was funded by a group annuity contract. Plan participants became vested upon the dissolution of the plan on September 8, 1992. There were no subsequent contributions to this plan. On September 8, 1992, participants of the plan who were current employees had their share of the annuity contract transferred to the California Public Employees' Retirement System (PERS). The value of the external investment pool for retired employees is \$63,025 as of June 30, 2007.

Defined Benefit Pension Plan

The City contracts with the Public Employees' Retirement System (PERS) of the State of California (Plan) to provide its salaried employees retirement and disability benefits which are paid by the State of California under a cost-sharing multiple-employer plan. Copies of PERS' annual financial report may be obtained from its executive office located at 400 P Street, Sacramento, California 95814.

Through June 30, 2003, the PERS retirement and disability plan was an agent multiple-employer retirement plan. Effective July 1, 2003, due to the City having under 100 employees, the City's PERS pension plan was converted from an agent multi-employer plan(former plan) to a cost-sharing multiple-employer plan. The former plan is an aggregate of single employer plans where separate accounts are maintained for each employer and contributions by the employer benefit only the employees of the employer. Under this plan, separate actuarial valuations are performed for each employer and the results are attributed to and accounted for by the employer. The cost-sharing multiple-employer plan is a "Pooling" arrangement whereby risks, rewards and benefit costs are shared and not attributed individually to any single employer. Periodic employer pension expense can be significantly different between the plan types. The change to the pooling arrangement was initially effective for the City's required contribution rate during the fiscal year ended June 30, 2007.

At the time of joining the risk pool under the cost-sharing multiple-employer plan, a side fund (the amount that approximates what the City would owe PERS if it exited the plan) was created to account for the difference between the funded status of the pool and the funded status of the City's plan.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(9) Retirement 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.

The City pays the employees' required contribution of 7% of regular earnings. The City is required to contribute at an actuarially determined rate; the current rate is 20.889% of annual covered payroll for miscellaneous employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Three-year trend information for CalPERS:

<u>Fiscal Years Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 269,457	100	-
2006	440,687	100	-
2007	471,068	100	-

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.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(9) Retirement Plan, (Continued)

Funding policy

Plan members are not required to contribute any of their annual covered salary, as the City will be required to contribute the actuarially determined rate. The rate for the year ended June 30, 2007 was 11.48% of annual covered payroll. The City expects to fund the initial actuarial calculated accrued benefit over the first few years of the plan II.

Annual pension cost

The required contribution is determined as part of the latest actuarial valuation, using the entry-age actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions used were the same as used for CalPERS. A twenty year amortization period has been selected to amortize past service costs with 16 years remaining.

Three-year trend information for Phase II Systems:

<u>Fiscal Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$214,294	100	-
2006	204,740	100	-
2007	298,238	100	-

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, 2007. Currently, expenditures are recorded as incurred. There were no expenditures incurred during the year ended June 30, 2007.

CITY OF ROSEMEAD, CALIFORNIA  
Notes to the Basic Financial Statements

(Continued)

(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.

(11) Fund Deficits

The following funds had deficit balances as of June 30, 2007:

<u>Fund Name</u>	<u>Deficit Fund Balance</u>
Community Development Block Grant	\$ 925,878
Federal Highway Grant	1,830,759
Local Transportation	204

Community Development Block Grant

The deficit fund balance was a timing difference caused by a delay in reimbursements. There was a large deferred revenue balance of \$1,085,887 at June 30, 2007. These revenues were earned, but not available to be recorded until the year ending June 30, 2008.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(11) Fund Deficits, (Continued)

Federal Highway Grant

Expenditures were charged to the project in fiscal year ended June 30, 2007 and submitted for reimbursement. The reimbursements were not available to be recorded until the year ending June 30, 2008. The deficit fund balance was caused by a delay in receiving the reimbursements.

(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>
Street Lighting	\$ 337,000	369,502	(32,502)
CDC Debt Service	1,293,320	3,609,019	(2,315,699)

(13) Prior Period Adjustment

The June 30, 2006 fund balances in the fund financial statements have been restated as follows:

	<u>Low-Moderate Income Housing Set-Aside Fund</u>	<u>Capital Projects Fund</u>
Fund balance at June 30, 2006, as previously reported	\$ 870,799	11,916,129
To reflect prior year's advance from the Capital Projects Fund to the Low- Moderate Income Housing Set-Aside	(773,692)	773,692
To reflect the advance to the Capital Projects Fund for the deferral of the 20% set-aside tax increment	<u>4,947,087</u>	<u>(4,947,087)</u>
Fund balance at June 30, 2006, as restated	<u>\$5,044,194</u>	<u>7,742,734</u>

**Required Supplementary Information**

CITY OF ROSEMEAD  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Fiscal Year ended June 30, 2007

	Budgeted Amounts		Actual	Variance-
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$ 4,830,000	4,830,000	4,920,386	90,386
Business license tax	45,000	45,000	40,670	(4,330)
Sales and use tax	2,865,000	2,865,000	2,501,106	(363,894)
Transient occupancy tax	1,000,000	1,000,000	1,311,697	311,697
Franchise tax	782,100	782,100	713,821	(68,279)
Real estate transfer tax	163,000	163,000	130,912	(32,088)
Total taxes	9,685,100	9,685,100	9,618,592	(66,508)
Intergovernmental	2,260,140	2,260,140	3,636,438	1,376,298
Licenses and permits	1,695,800	1,695,800	1,683,204	(12,596)
Charges for services	334,930	334,930	414,375	79,445
Fines and penalties	491,000	491,000	206,971	(284,029)
Special assessments	3,200	3,200	45,070	41,870
Investment income	1,000,000	1,000,000	848,132	(151,868)
Other	170,010	170,010	474,576	304,566
Total revenues	15,640,180	15,640,180	16,927,358	1,287,178
Expenditures:				
Current:				
General government	3,038,420	3,038,420	2,983,274	55,146
Public safety	6,622,020	6,622,020	6,300,405	321,615
Public works	595,460	595,460	564,970	30,490
Community services	343,600	343,600	384,207	(40,607)
Community development	3,166,970	3,166,970	2,603,196	563,774
Parks and recreation	5,106,830	5,106,830	4,249,462	857,368
Total expenditures	18,873,300	18,873,300	17,085,514	1,787,786
Excess (deficiency) of revenues over (under) expenditures	(3,233,120)	(3,233,120)	(158,156)	3,074,964
Other financing sources (uses):				
Transfers in	1,368,380	1,368,380	351,600	(1,016,780)
Transfers out	(71,910)	(71,910)	(68,005)	3,905
Total other financing sources (uses)	1,296,470	1,296,470	283,595	(1,012,875)
Change in fund balances	(1,936,650)	(1,936,650)	125,439	2,062,089
Fund balances at beginning of year	22,485,106	22,485,106	22,485,106	-
Fund balances at end of year	\$ 20,548,456	20,548,456	22,610,545	2,062,089

CITY OF ROSEMEAD  
Community Development Block Grant

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

Fiscal Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,807,990	2,807,990	1,186,204	(1,621,786)
Total revenues	<u>2,807,990</u>	<u>2,807,990</u>	<u>1,186,204</u>	<u>(1,621,786)</u>
Expenditures:				
Current:				
Public works	1,149,219	1,149,219	1,076,865	72,354
Community services	<u>1,658,771</u>	<u>1,658,771</u>	<u>1,035,217</u>	<u>623,554</u>
Total expenditures	<u>2,807,990</u>	<u>2,807,990</u>	<u>2,112,082</u>	<u>695,908</u>
Net change in fund balance	-	-	(925,878)	(925,878)
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ -</u>	<u>-</u>	<u>(925,878)</u>	<u>(925,878)</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:				
Investment income	\$ 26,000	26,000	45,385	19,385
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>45,385</u>	<u>19,385</u>
Other financing sources (uses):				
Transfers in	-	-	1,019,082	1,019,082
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(50,000)</u>	<u>200,000</u>
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>969,082</u>	<u>1,219,082</u>
Change in fund balances	(224,000)	(224,000)	1,014,467	1,238,467
Fund balances at beginning of year, as restated	<u>5,044,194</u>	<u>5,044,194</u>	<u>5,044,194</u>	<u>-</u>
Fund balances at end of year	<u>\$ 4,820,194</u>	<u>4,820,194</u>	<u>6,058,661</u>	<u>1,238,467</u>

CITY OF ROSEMEAD  
Federal Highway Grant

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

Fiscal Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	<u>7,583,940</u>	<u>7,583,940</u>	<u>1,822,526</u>	<u>(5,761,414)</u>
Total revenues	<u>7,583,940</u>	<u>7,583,940</u>	<u>1,822,526</u>	<u>(5,761,414)</u>
Expenditures:				
Current:				
Public works	<u>7,583,840</u>	<u>7,583,840</u>	<u>3,703,935</u>	<u>3,879,905</u>
Total expenditures	<u>7,583,840</u>	<u>7,583,840</u>	<u>3,703,935</u>	<u>3,879,905</u>
Net change in fund balance	100	100	(1,881,409)	(1,881,509)
Fund balances at beginning of year	<u>50,650</u>	<u>50,650</u>	<u>50,650</u>	-
Fund balances (deficit) at end of year	<u>\$ 50,750</u>	<u>50,750</u>	<u>(1,830,759)</u>	<u>(1,881,509)</u>

CITY OF ROSEMEAD, CALIFORNIA

Note to the Required Supplementary Information

Fiscal Year Ended June 30, 2007

(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.

**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.

**Proposition C 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.

**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, 2007

	<u>Traffic Safety</u>	<u>Proposition C</u>	<u>Proposition A</u>	<u>State Gas Tax</u>
<u>Assets</u>				
Cash and investments	\$ 210,060	4,691,059	415,593	714,161
Receivables:				
Accounts	<u>20,086</u>	<u>73,614</u>	<u>89,949</u>	<u>7,305</u>
Total assets	<u>\$ 230,146</u>	<u>4,764,673</u>	<u>505,542</u>	<u>721,466</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	338,192	121,799	90,565
Accrued salaries and benefits	-	-	4,025	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	8,000
Total liabilities	<u>-</u>	<u>338,192</u>	<u>125,824</u>	<u>98,565</u>
Fund balances:				
Unreserved:				
Designated	230,146	4,426,481	379,718	622,901
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>230,146</u>	<u>4,426,481</u>	<u>379,718</u>	<u>622,901</u>
Total liabilities and fund balances	<u>\$ 230,146</u>	<u>4,764,673</u>	<u>505,542</u>	<u>721,466</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>
115,141	-	1,669,826	15,865	381,948	8,213,653
<u>17,840</u>	<u>-</u>	<u>31,415</u>	<u>-</u>	<u>14,180</u>	<u>254,389</u>
<u>132,981</u>	<u>-</u>	<u>1,701,241</u>	<u>15,865</u>	<u>396,128</u>	<u>8,468,042</u>
31,328	-	32,195	15,775	2,181	632,035
-	-	-	90	-	4,115
-	-	-	-	35,792	35,792
-	204	-	-	-	204
-	-	-	-	-	8,000
<u>31,328</u>	<u>204</u>	<u>32,195</u>	<u>15,865</u>	<u>37,973</u>	<u>680,146</u>
101,653	-	1,669,046	-	358,155	7,788,100
<u>-</u>	<u>(204)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(204)</u>
<u>101,653</u>	<u>(204)</u>	<u>1,669,046</u>	<u>-</u>	<u>358,155</u>	<u>7,787,896</u>
<u>132,981</u>	<u>-</u>	<u>1,701,241</u>	<u>15,865</u>	<u>396,128</u>	<u>8,468,042</u>

CITY OF ROSEMEAD  
Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year ended June 30, 2007

	<u>Traffic Safety</u>	<u>Proposition C</u>	<u>Proposition A</u>	<u>State Gas Tax</u>
Revenues:				
Intergovernmental	\$ -	760,492	915,432	1,025,374
Fines, forfeitures and penalties	230,146	-	-	-
Special assessments	-	-	-	-
Investment income	-	225,655	16,114	28,210
Other	-	3,400	-	145
Total revenues	<u>230,146</u>	<u>989,547</u>	<u>931,546</u>	<u>1,053,729</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	1,025,315	766,401	831,518
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>1,025,315</u>	<u>766,401</u>	<u>831,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>230,146</u>	<u>(35,768)</u>	<u>165,145</u>	<u>222,211</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	230,146	(35,768)	165,145	222,211
Fund balance (deficit) at beginning of year	<u>-</u>	<u>4,462,249</u>	<u>214,573</u>	<u>400,690</u>
Fund balance (deficit) at end of year	<u>\$ 230,146</u>	<u>4,426,481</u>	<u>379,718</u>	<u>622,901</u>

Air Quality Management District	Local Transportation	Street Lighting	Narcotics Seizure	Rosemead Housing Development Corporation	Total
69,392	3,840	-	-	-	2,774,530
-	-	-	-	-	230,146
-	-	744,019	-	-	744,019
7,242	-	-	-	415,566	692,787
-	-	-	-	-	3,545
<u>76,634</u>	<u>3,840</u>	<u>744,019</u>	<u>-</u>	<u>415,566</u>	<u>4,445,027</u>
-	-	-	-	316,849	316,849
-	-	369,502	68,005	-	437,507
160,107	3,985	-	-	-	2,787,326
6,857	-	-	-	-	6,857
<u>166,964</u>	<u>3,985</u>	<u>369,502</u>	<u>68,005</u>	<u>316,849</u>	<u>3,548,539</u>
<u>(90,330)</u>	<u>(145)</u>	<u>374,517</u>	<u>(68,005)</u>	<u>98,717</u>	<u>896,488</u>
-	-	-	68,005	401,600	469,605
-	-	-	-	(351,600)	(351,600)
-	-	-	68,005	50,000	118,005
(90,330)	(145)	374,517	-	148,717	1,014,493
<u>191,983</u>	<u>(59)</u>	<u>1,294,529</u>	<u>-</u>	<u>209,438</u>	<u>6,773,403</u>
<u>101,653</u>	<u>(204)</u>	<u>1,669,046</u>	<u>-</u>	<u>358,155</u>	<u>7,787,896</u>

CITY OF ROSEMEAD

Traffic Safety

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

Fiscal Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Fines, forfeitures and penalties	\$ 220,000	230,146	10,146
Total revenues	<u>220,000</u>	<u>230,146</u>	<u>10,146</u>
Expenditures:			
Current:			
Public safety	<u>220,000</u>	-	<u>220,000</u>
Total expenditures	<u>220,000</u>	-	<u>220,000</u>
Change in fund balances	-	230,146	230,146
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>230,146</u>	<u>230,146</u>

CITY OF ROSEMEAD  
Proposition C

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

Fiscal Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 700,000	700,000	760,492	60,492
Investment income	109,240	109,240	225,655	116,415
Other	-	-	3,400	3,400
Total revenues	<u>809,240</u>	<u>809,240</u>	<u>989,547</u>	<u>180,307</u>
<b>Expenditures:</b>				
Current:				
Public works	<u>2,409,630</u>	<u>2,176,215</u>	<u>1,025,315</u>	<u>1,150,900</u>
Total expenditures	<u>2,409,630</u>	<u>2,176,215</u>	<u>1,025,315</u>	<u>1,150,900</u>
Net change in fund balance	(1,600,390)	(1,366,975)	(35,768)	1,331,207
Fund balance at beginning of year	<u>4,462,249</u>	<u>4,462,249</u>	<u>4,462,249</u>	-
Fund balance at end of year	<u>\$ 2,861,859</u>	<u>3,095,274</u>	<u>4,426,481</u>	<u>1,331,207</u>

CITY OF ROSEMEAD

Proposition A

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

Fiscal Year ended June 30, 2007

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Intergovernmental	\$ 820,000	915,432	95,432
Investment income	-	16,114	16,114
Total revenues	<u>820,000</u>	<u>931,546</u>	<u>111,546</u>
Expenditures:			
Current:			
Public works	<u>904,200</u>	<u>766,401</u>	<u>137,799</u>
Total expenditures	<u>904,200</u>	<u>766,401</u>	<u>137,799</u>
Change in fund balances	(84,200)	165,145	249,345
Fund balance at beginning of year	<u>214,573</u>	<u>214,573</u>	-
Fund balance at end of year	<u>\$ 130,373</u>	<u>379,718</u>	<u>249,345</u>

CITY OF ROSEMEAD

State Gas Tax

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

Fiscal Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 1,085,500	1,025,374	(60,126)
Investment income	940	28,210	27,270
Other	-	145	145
Total revenues	<u>1,086,440</u>	<u>1,053,729</u>	<u>(32,711)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Public works	<u>1,486,300</u>	<u>831,518</u>	<u>654,782</u>
Total expenditures	<u>1,486,300</u>	<u>831,518</u>	<u>654,782</u>
Change in fund balance	(399,860)	222,211	622,071
Fund balance at beginning of year	<u>400,690</u>	<u>400,690</u>	<u>-</u>
Fund balance at end of year	<u>\$ 830</u>	<u>622,901</u>	<u>622,071</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 65,000	69,392	4,392
Investment income	<u>30</u>	<u>7,242</u>	<u>7,212</u>
Total revenues	<u>65,030</u>	<u>76,634</u>	<u>11,604</u>
Expenditures:			
Current:			
Public works	234,000	160,107	73,893
Community development	<u>7,000</u>	<u>6,857</u>	<u>143</u>
Total expenditures	<u>241,000</u>	<u>166,964</u>	<u>74,036</u>
Change in fund balances	(175,970)	(90,330)	85,640
Fund balance at beginning of year	<u>191,983</u>	<u>191,983</u>	<u>-</u>
Fund balance at end of year	<u>\$ 16,013</u>	<u>101,653</u>	<u>85,640</u>

CITY OF ROSEMEAD

Local Transportation

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

Fiscal Year ended June 30, 2007

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Intergovernmental	\$ 74,000	3,840	(70,160)
Investment income	<u>120</u>	<u>-</u>	<u>(120)</u>
Total revenues	<u>74,120</u>	<u>3,840</u>	<u>(70,280)</u>
Expenditures:			
Current:			
Public works	<u>74,000</u>	<u>3,985</u>	<u>70,015</u>
Total expenditures	<u>74,000</u>	<u>3,985</u>	<u>70,015</u>
Change in fund balances	120	(145)	(265)
Fund balance (deficit) at beginning of year	<u>(59)</u>	<u>(59)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 61</u>	<u>(204)</u>	<u>(265)</u>

CITY OF ROSEMEAD  
Street Lighting

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Fiscal Year ended June 30, 2007

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Special assessments	\$ 580,000	744,019	164,019
Total revenues	<u>580,000</u>	<u>744,019</u>	<u>164,019</u>
Expenditures:			
Current:			
Public safety	<u>337,000</u>	<u>369,502</u>	<u>(32,502)</u>
Total expenditures	<u>337,000</u>	<u>369,502</u>	<u>(32,502)</u>
Change in fund balances	243,000	374,517	131,517
Fund balances at beginning of year	<u>1,294,529</u>	<u>1,294,529</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,537,529</u>	<u>1,669,046</u>	<u>131,517</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Public safety	<u>71,910</u>	<u>68,005</u>	<u>3,905</u>
Total expenditures	<u>71,910</u>	<u>68,005</u>	<u>3,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,910)</u>	<u>(68,005)</u>	<u>3,905</u>
Other financing sources (uses):			
Transfers in	<u>71,910</u>	<u>68,005</u>	<u>(3,905)</u>
Total other financing sources (uses)	<u>71,910</u>	<u>68,005</u>	<u>(3,905)</u>
Change in fund balances	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>-</u>	<u>-</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Investment income	\$ 406,500	415,566	9,066
Other	<u>6,100</u>	<u>-</u>	<u>(6,100)</u>
Total revenues	<u>412,600</u>	<u>415,566</u>	<u>2,966</u>
Expenditures:			
Current:			
General government	<u>795,900</u>	<u>316,849</u>	<u>479,051</u>
Total expenditures	<u>795,900</u>	<u>316,849</u>	<u>479,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(383,300)</u>	<u>98,717</u>	<u>482,017</u>
Other financing sources (uses):			
Transfers in	250,000	401,600	151,600
Transfers out	<u>-</u>	<u>(351,600)</u>	<u>(351,600)</u>
Total other financing sources (uses)	<u>250,000</u>	<u>50,000</u>	<u>(200,000)</u>
Change in fund balances	(133,300)	148,717	282,017
Fund balances at beginning of year	<u>209,438</u>	<u>209,438</u>	<u>-</u>
Fund balances at end of year	<u>\$ 76,138</u>	<u>358,155</u>	<u>282,017</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Expenditures:			
Debt service:			
Principal	\$ -	780,000	(780,000)
Interest and fiscal charges	1,293,320	1,505,781	(212,461)
Payment to bond escrow agent	<u>-</u>	<u>1,323,238</u>	<u>(1,323,238)</u>
Total expenditures	<u>1,293,320</u>	<u>3,609,019</u>	<u>(2,315,699)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,293,320)</u>	<u>(3,609,019)</u>	<u>(2,315,699)</u>
Other financing sources (uses):			
Transfers in	1,293,320	24,342,791	23,049,471
Payment to bond escrow agent	<u>-</u>	<u>(22,075,305)</u>	<u>(22,075,305)</u>
Total other financing sources (uses)	<u>1,293,320</u>	<u>2,267,486</u>	<u>974,166</u>
Net change in fund balance	-	(1,341,533)	(1,341,533)
Fund balance at beginning of year	<u>1,342,085</u>	<u>1,342,085</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,342,085</u>	<u>552</u>	<u>(1,341,533)</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Taxes	\$ 3,700,000	4,029,714	329,714
Investment income	171,200	441,824	270,624
Other	-	352	352
Total revenues	<u>3,871,200</u>	<u>4,471,890</u>	<u>600,690</u>
Expenditures:			
Current:			
General government	2,657,720	1,480,714	1,177,006
Public works	5,327,750	765,672	4,562,078
Community development	55,500	80,367	(24,867)
Debt service:			
Interest and fiscal charges	-	1,006,944	(1,006,944)
Total expenditures	<u>8,040,970</u>	<u>3,333,697</u>	<u>4,707,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,169,770)</u>	<u>1,138,193</u>	<u>5,307,963</u>
Other financing sources (uses):			
Transfers in	2,370,000	-	(2,370,000)
Transfers out	(5,031,700)	(25,713,473)	(20,681,773)
Proceeds of bonds	-	24,230,000	24,230,000
Total other financing sources (uses)	<u>(2,661,700)</u>	<u>(1,483,473)</u>	<u>1,178,227</u>
Net change in fund balance	(6,831,470)	(345,280)	6,486,190
Fund balance at beginning of year, as restated	<u>7,742,734</u>	<u>7,742,734</u>	<u>-</u>
Fund balance at end of year	<u>\$ 911,264</u>	<u>7,397,454</u>	<u>6,486,190</u>

CITY OF ROSEMEAD  
Agency Fund

Combining Statement of Changes in Assets and Liabilities

Fiscal Year ended June 30, 2007

	<u>Balance at June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2007</u>
<u>Assets</u>				
Cash and investments	\$ 302,957	82,598	-	385,555
Total assets	<u>\$ 302,957</u>	<u>82,598</u>	<u>-</u>	<u>385,555</u>
<u>Liabilities</u>				
Deposits payable	\$ 302,957	82,598	-	385,555
Total liabilities	<u>\$ 302,957</u>	<u>82,598</u>	<u>-</u>	<u>385,555</u>

## 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	73
<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>	
Revenue Capacity	77
<i>These schedules contain trend information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	81
<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>	
Demographic and Economic Information	87
<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>	
Operating Information	89
<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>	

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 Four Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Invested in capital assets, net of related debt	\$ 10,439,445	12,130,249	13,345,433	10,541,606
Restricted	6,526,788	6,035,250	6,901,454	8,181,231
Unrestricted	<u>26,498,620</u>	<u>31,114,414</u>	<u>30,299,115</u>	<u>35,293,732</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>

*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 Four Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 4,803,476	4,800,168	5,629,316	4,980,519
Public safety	5,797,080	6,058,824	6,065,066	6,618,779
Public works	2,058,252	3,252,252	3,403,699	6,120,563
Public health	65,583	60,828	51,286	-
Community services	3,121,996	2,862,328	3,223,843	602,114
Community development	-	-	-	2,467,842
Parks and recreation	3,201,236	3,456,308	3,959,590	4,178,000
Interest expense	1,854,185	1,830,836	1,832,219	2,698,372
Total governmental activities expenses	<u>20,901,808</u>	<u>22,321,544</u>	<u>24,165,019</u>	<u>27,666,189</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
General government	7,026,282	6,299,415	3,288,225	316,849
Public safety	726,345	984,965	900,359	1,598,159
Public works	3,091,146	3,760,495	4,144,733	7,600,778
Public health	-	-	-	-
Community services	1,691,586	1,211,615	814,754	1,403,059
Community development	-	-	-	3,206,303
Parks and recreation	287,137	266,398	337,815	-
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>
<b>Net revenues (expenses):</b>				
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>
<b>General revenues and other changes in net assets:</b>				
Governmental activities:				
Taxes:				
Property taxes	3,941,383	4,077,332	3,915,980	9,121,682
Sales and use taxes	2,865,887	3,518,657	3,525,557	2,501,106
Transient occupancy taxes	1,081,174	1,102,756	1,207,298	1,311,697
Other taxes	149,737	765,215	1,076,806	713,821
Intergovernmental/ in-lieu VLF	-	3,165,148	2,966,002	-
Investment income	187,278	1,260,095	1,930,059	2,028,128
Motor vehicle in-lieu, unrestricted	-	1,716,656	1,290,667	856,701
Other general revenues	-	7,857	32,853	478,473
Total governmental activities	<u>8,225,459</u>	<u>15,613,716</u>	<u>15,945,222</u>	<u>17,011,608</u>
<b>Changes in net assets</b>				
Governmental activities				
Total primary government	<u>\$ 146,147</u>	<u>5,815,060</u>	<u>1,266,089</u>	<u>3,470,567</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 Four Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
General fund:				
Reserved	\$ 353,616	1,719,044	256,765	150,000
Unreserved	<u>20,053,506</u>	<u>19,896,581</u>	<u>22,228,341</u>	<u>22,460,545</u>
Total general fund	<u>\$ 20,407,122</u>	<u>21,615,625</u>	<u>22,485,106</u>	<u>22,610,545</u>
All other governmental funds:				
Reserved	\$ 3,195,415	-	7,693,216	4,947,087
Unreserved, reported in:				
Special revenue funds	5,653,208	7,336,247	6,821,660	6,142,833
Debt service funds	32,835	2,354,835	-	552
Capital projects funds	<u>6,264,457</u>	<u>8,433,842</u>	<u>6,435,798</u>	<u>7,397,454</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>

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

## CITY OF ROSEMEAD

### Changes in Fund Balances of Governmental Funds

Last Four Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
<b>Revenues:</b>				
Taxes	\$ 9,041,026	9,189,326	9,527,384	13,648,306
Intergovernmental	8,826,909	14,379,314	10,785,591	9,419,698
Licenses and permits	1,508,009	1,595,115	1,528,864	1,683,204
Charges for services	581,848	550,478	660,890	414,375
Fines, forfeitures and penalties	589,890	857,135	753,224	437,117
Special assessments	-	-	-	789,089
Investment income	1,372,591	1,260,286	1,947,566	2,028,128
Other	37	30,316	29,332	478,473
Total revenues	<u>21,920,310</u>	<u>27,861,970</u>	<u>25,232,851</u>	<u>28,898,390</u>
<b>Expenditures</b>				
Current:				
General government	2,965,572	3,023,192	3,790,631	4,780,837
Public safety	5,797,080	6,087,918	6,536,043	6,737,912
Public works	3,144,358	5,208,142	6,064,980	8,898,768
Community services	65,583	60,828	51,286	1,419,424
Community development	3,259,505	3,424,954	3,216,935	2,690,420
Parks and recreation	3,201,236	3,383,358	3,881,469	4,249,462
Capital outlay	26,639	184,301	149,641	-
Debt service:				
Principal	445,000	465,000	490,000	780,000
Interest and fiscal charges	1,859,747	1,836,765	1,559,114	2,512,725
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>
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>
<b>Other financing sources (uses):</b>				
Transfers in	3,905,993	4,941,103	13,300,319	26,183,078
Transfers out	(3,905,993)	(4,941,103)	(13,300,319)	(26,183,078)
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>
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>
Debt service as a percentage of noncapital expenditures	11.1%	9.8%	9.9%	13.8%

The City of Rosemead has elected to show only four 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
	Secured	Unsecured	SBE	
			Non-Unitary	
1998	\$ 1,676,290,709	\$ 38,648,676	\$ 1,077,155	\$1,716,016,540
1999	1,689,227,961	40,360,462	1,833,455	1,731,421,878
2000	1,733,311,605	44,424,487	1,415,275	1,779,151,367
2001	1,801,399,282	48,058,831	664,802	1,850,122,915
2002	1,894,448,049	49,217,140	1,632,754	1,945,297,943
2003	2,017,936,508	50,453,472	2,601,128	2,070,991,108
2004	2,168,666,818	52,904,496	19,367,174	2,240,938,488
2005	2,345,083,686	57,368,008	20,426,612	2,422,878,306
2006	2,561,631,859	64,776,971	18,555,208	2,644,964,038
2007	2,826,876,615	55,851,646	19,173,832	2,901,902,093

<sup>1</sup> 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 assessed value)  
 Current Fiscal Year

1 Year Detail of Rates producing Revenue for City and Associated Redevelopment Agencies						
City General Fund Direct Rates				RDA Incremental Rate		Total Direct Rate
City Share of 1% Levy				Prop 13 1% + applicable		
Roll Year	per Prop 13	Debt Rates	Total City Rates	RDA TRA	voter approved debt	
2006/07	0.06682%	0.00000%	0.06682%	03985	1.00541%	0.23351%

**1 Year Detail of all Taxpayer Rates for Largest General Fund Tax Rate Area 03917 (direct rate agencies in bold)**

Agency:	2006/07
<b>City Rosemead Tax District 1</b>	<b>0.06682</b>
Alhambra City High School Dist.	0.09549
Alhambra High-Elem. School Fund	0.04267
Children's Institutional Tuition Fund	0.00273
City Rosemead Lighting District	0.02705
Co. Sch. Serv. Fund Alhambra High	0.00034
Co. Sch. Serv. Fund -Garvey Union	0.00730
Consolidated Fire Protection Dist of LA Co.	0.17056
County Sanitation District No. 15 Operating	0.01273
County School Services	0.00138
Dev. Center Handicapped Minors Garvey	0.00080
Educational Augmentation Fund Impound	0.13752
Educational Revenue Augmentation Fund	0.06904
Garvey School District	0.06120
LA County Library	0.02257
LA City Community College Dist.	0.02936
LA Community College Children's Center Fd	0.00030
LA County Accumulative Capital Outlay	0.00011
LA County Fire - Ffw	0.00697
LA County Flood Control Improvement Dist.	0.00166
LA County Flood Control Maintenance	0.00940
Los Angeles County General	0.23344
Upper San Gabriel Valley Municipal Water	0.00055
<b>Total Prop. 13 Rate</b>	<b>1.00000</b>
Detention Facilities 1987 Debt S	0.00066
Garvey Sch Dist Ds 2000 Ser A	0.01913
Garvey Sch Dist Ds 2000 Ser B	0.00470
Garvey Sch Dist 2004 Series 2005	0.02692
L.A. Ccd Ds 2001 Ser-A	0.00115
L.A. Ccd Ds 2001 Tax'ble Ser 2004 A	0.00079
L.A. Ccd Ds 2003 Ser-B	0.00128
L.A. Ccd Ds 2003 Tax'ble Ser 2004B	0.00079
L.A. Ccd Ds 2001, 2006 Series B	0.00437
L.A. Ccd Ds 2003, 2006 Series C	0.00859
La Co Fl. Con. Storm Dr. D.S. #4	0.00005
Lacc Ds Ref 2001 Series 2005 A	0.00449
Orig Area Up S G Vy Mwd 1116001	0.00470
<b>Total Voter Approved Rate</b>	<b>0.07762</b>
<b>Total Tax Rate</b>	<b>1.07762</b>

Notes: General fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rate area (TRA) by net taxable value.  
 Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information. The percentages presented in the columns above do not sum across rows.  
 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 overlapping rates are applied only to the incremental property values.

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

# CITY OF ROSEMEAD

Principal Property Tax Payers  
Current Year and Nine Years Ago

Taxpayer	2006/07			1997/98		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Rosemead Hwang, LLC	\$ 30,361,500	1	1.05%			
Rosemead Place, LLC	42,508,398	2	1.46%			
May Department Stores Company	15,430,000	3	0.53%	14,019,496	2	0.82%
California Federal Savings	12,643,700	4	0.44%	21,281,361	1	1.24%
1683 Walnut Grove, LLC	8,543,336	5	0.29%			
Talking, LLC	5,935,013	6	0.20%			
Rosemead Shopping Center, LLC	8,161,000	7	0.28%			
Diamond Flower Investment Group	3,506,527	8	0.12%			
Raymond K. Chiang Trust	3,468,000	9	0.12%			
Irish Construction	3,266,177	10	0.11%	3,551,344	6	0.21%
Chicago Title Insurance Company				10,500,000	3	0.61%
Builder Square, LLC				6,844,315	4	0.40%
Vikon Development, Inc.				3,800,000	5	0.22%
Shiung Kuo Yuan				3,268,993	7	0.19%
Ruey M. & Shu N. Chen, Et. Al.				28,412,087	8	1.66%
Ming T. & Grace T. Chen				2,542,950	9	0.15%
Frederick Capriccio Company Trust				2,208,597	10	0.13%
	<u>\$ 133,823,651</u>		<u>4.61%</u>	<u>96,429,143</u>		<u>5.62%</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 2006/07 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
1998	\$ 965,643	\$1,054,459	109.20%	-	\$1,054,459	109.20%
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%

\* 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

---

Fiscal Year	Tax Allocation Bonds	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
1997/98	35,610,000	2.59%	646
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	1.77%	649
2006/07	37,455,000	1.68%	655

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

<sup>1</sup> 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)

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<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percent of Assessed Value <sup>1</sup></u>	<u>Per Capita</u>
1997/98	35,610	2.08%	646
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

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

<sup>1</sup> 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, 2007

City Assessed Valuation	\$2,456,279,183	\$2,456,279,183	
Redevelopment Agency Incremental Valuation	\$445,622,910	<u>445,622,910</u>	
Total Assessed Valuation		<u>\$2,901,902,093</u>	
	Percentage Applicable <sup>1</sup>	Outstanding Debt 6/30/07	Estimated Share of Overlapping Debt
<b>Overlapping Debt Repaid with Property Taxes:</b>			
Los Angeles County Flood Control District	0.312%	\$ 370,000	1,154
Metropolitan Water District	0.335%	165,681,509	555,033
Garvey School District DS 2000 Series A	50.525%	7,254,903	3,665,540
Garvey School District DS 2000 Series B	50.525%	6,444,519	3,256,093
Garvey School District 2004 Series 2005	50.525%	20,713,634	10,465,564
Rosemead School District DS 2000 Series A	70.187%	7,105,000	4,986,786
Rosemead School District DS 2000 Series B	70.187%	9,730,000	6,829,195
El Monte Union HSD DS 2002 Series A	14.185%	6,095,000	864,576
El Monte Union HI DS 2002 Series B	14.185%	8,470,000	1,201,470
El Monte Union HSD DS 2006 Refunding Bond	14.185%	38,929,927	5,522,210
L.A. CCD DS 2001 Series A	0.314%	40,260,000	126,416
L.A. CCD DS 2003 Series B	0.314%	27,774,898	87,213
L.A. CCD DS 2003 Series 2004 B	0.314%	103,900,000	326,246
L.A. CCD DS 2001 Series 2004 A	0.314%	82,000,000	257,480
LACC DS REF 2001 Series 2005 A	0.314%	433,540,000	1,361,316
LA CCD DS 2001 2006 Series B	0.314%	350,000,000	1,099,000
Pasadena Area CCD DS 2002 Series A	2.691%	5,405,000	145,449
Pasadena CCD DS 2006 Series B	2.691%	87,657,774	2,358,871
Montebello Unif DS 1998 Series 98	1.534%	17,044,698	261,466
Montebello Unif SD DS 98 Series 99	1.534%	15,222,854	233,519
Montebello USD DS 1998 Series 2001	1.534%	14,357,827	220,249
Montebello USD DS 1998 Series 2004	1.534%	15,485,273	237,544
Montebello Unified DS 1998 Series 2002	1.534%	15,426,849	236,648
Montebello Unif DS 2004 Ser 2004	1.534%	29,230,000	448,388
San Gabriel USD DS 2002 Series A	0.930%	11,697,600	108,788
San Gabriel USD DS 2002 Series B	0.930%	6,728,892	62,579
San Gabriel USD DS 2005 Refunding Bonds	0.930%	17,435,000	162,146
<b>Total overlapping debt repaid with property taxes</b>		<u>1,543,961,157</u>	<u>45,080,937</u>
<b>Debt to Assessed Valuation Ratios:</b>			
Direct Debt			0.00%
Overlapping Debt			1.84%
Total Debt			1.84%

**Notes:**

<sup>1</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Hdl Coren & Cone, L.A. County Assessor and Auditor Combined 2006/07 Lien Date Tax Rolls.

# CITY OF ROSEMEAD

## Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year				
	1997/98	1998/99	1999/00	2000/01	2001/02
Assessed valuation	\$ 1,716,016,540	1,731,421,878	1,779,151,367	1,850,122,915	1,945,297,943
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	\$ 429,004,135	432,855,470	444,787,842	462,530,729	486,324,486
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	64,350,620	64,928,320	66,718,176	69,379,609	72,948,673
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 64,350,620</u>	<u>64,928,320</u>	<u>66,718,176</u>	<u>69,379,609</u>	<u>72,948,673</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				
2002/03	2003/04	2004/05	2005/06	2006/07
2,070,991,108	2,240,938,488	2,422,878,306	2,644,964,038	2,901,902,093
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
517,747,777	560,234,622	605,719,577	661,241,010	725,475,523
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
77,662,167	84,035,193	90,857,936	99,186,151	108,821,328
-	-	-	-	-
<u>77,662,167</u>	<u>84,035,193</u>	<u>90,857,936</u>	<u>99,186,151</u>	<u>108,821,328</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	
1998	2,770,865	295,000	1,989,427	1.21
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

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)
1997/98	55,760	1,434,091	25,719	6.50%
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	2,101,467	36,746	4.50%
2005/06	57,144	2,229,245	39,011	4.60%
2006/07	57,427	N/A	N/A	4.90%

- 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		2007		1998 *	
		Number of Employees	Percent of Total Employment <sup>1</sup>	Number of Employees	Percent of Total Employment
Southern California Edison	1	4,000	16.26%	-	0.00%
Countrywide Home Loans	2	2,500	10.16%	-	0.00%
Garvey School District	3	1,000	4.07%	-	0.00%
Rosemead School District	4	375	1.52%	-	0.00%
Hemetic Seal Corporation	5	260	1.06%	-	0.00%
La Victoria Foods	6	250	1.02%	-	0.00%
Marge Carson, Inc.	7	225	0.91%	-	0.00%
Irish Construction	8	220	0.89%	-	0.00%
Panda Restaurant Group	9	220	0.89%	-	0.00%
Don Bosco Tech	10	200	0.81%	-	0.00%

<sup>1</sup> Based upon Employment Development Department's estimate of 24,600 residents employed in 2006-07.

\* Information for 1998 is not available.

Source: Rosemead Chamber of Commerce

# CITY OF ROSEMEAD

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

Function	Full-Time and Part-time Employees as of June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government	18	17	16	16	19	16	14	15	18	17
Public safety <sup>1</sup>	23	25	25	19	16	23	22	17	23	22
Community development	10	5	8	12	6	5	6	6	6	11
Parks and recreation	<u>87</u>	<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>
Total	<u>138</u>	<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>

<sup>1</sup> 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.

<sup>1</sup> 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Police:</b>										
Arrests	1,510	1,366	1,292	1,310	1,299	1,102	1,081	1,230	1,315	1,786
Parking citations issued	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9,651
<b>Fire:</b>										
Number of emergency calls	n/a	n/a	n/a	2,634	2,809	2,728	2,733	2,800	2,868	2,994
Inspections	117	117	117	117	117	117	117	117	117	117
<b>Public works:</b>										
Street resurfacing (miles)	3.9	1.4	4.9	-	1.7	-	1.3	-	1.3	2.5
<b>Parks and recreation:</b>										
Number of recreation classes	350	350	400	400	400	420	450	530	720	775

Source: City of Rosemead

# CITY OF ROSEMEAD

## Capital Asset Statistics by Function Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Public Safety:</b>										
Sheriff stations	1	1	1	1	1	1	1	1	1	1
<b>Fire:</b>										
Fire stations	2	2	2	2	2	2	2	2	2	2
<b>Public works:</b>										
Streets (miles)	76.80	76.80	76.80	76.80	76.80	76.80	76.80	76.80	76.80	76.80
Streetlights	2,299	2,371	2,483	2,571	2,506	2,700	2,700	2,702	2,705	2,706
Traffic signals	39	39	39	39	39	39	39	39	39	41
<b>Parks and recreation:</b>										
Parks	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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