

CITY OF ROSEMEAD
Rosemead, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

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, 2009

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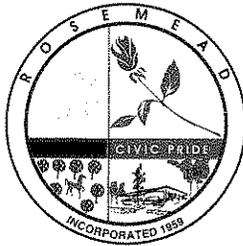
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MAYOR:
MARGARET CLARK

MAYOR PRO TEM:
GARY TAYLOR

COUNCIL MEMBERS:
SANDRA ARMENTA
POLLY LOW
STEVEN LY



City of Rosemead

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

December 18, 2009

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

Sound financial practice dictates that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Rosemead for the fiscal year ended June 30, 2009.

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

The City of Rosemead's financial statements have been audited by Mayer Hoffman McCann P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rosemead for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent

auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rosemead's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

Many of the functions often provided by municipal government are provided by special districts. Examples of some of Rosemead's 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 in effect during the fiscal year were for police, street maintenance and animal control. Animal Control will fall under the direct control of the City in FY 2009-10. The City also has three blended component units: 1) the Rosemead Financing Authority (the Authority), 2) the Rosemead Community Development Commission (the RCDC) and 3) the Rosemead Housing Development Corporation (RHDC). The City of Rosemead also provides a full range of services, including recreational activities and cultural events. Additional information on all three of these legally separate entities can be found in Note 1(a) in the notes to the financial statements.

The annual budget serves as the foundation for the City of Rosemead and its component unit's financial planning and control. All business units and component units of the City of Rosemead are required to submit requests for appropriation to the City Manager in mid March of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review prior to June 30. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Rosemead's fiscal year. The appropriated budget is prepared by fund and department (e.g., public safety). Department heads, with City Manager approval, may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 59 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 60.

Factors Affecting Financial Condition

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

Local economy. Considering the current recessionary economy, the City of Rosemead currently enjoys a reasonably favorable economic environment and local indicators point to moderate

declines due to the current economy. The region has a varied retail and industrial base including two national general merchandise stores that historically perform well in a recessionary economy. They have continued to perform relatively well and helped the City's sales tax decline only 10.3% compared to a 16.4% decline County average. Lower than County average sales tax losses have helped keep Rosemead's unemployment rates down to 11.1% whereas the larger Los Angeles, Long Beach, Glendale area is at 12.6% . Major employers are listed in the statistical section of the accompanying financial report. A new grocery store and major gym have been approved to open during FY 2009-10 and should help relieve some of the City's unemployment.

Long-term Financial Planning. On December 8, 2009 the City Council approved a strategic long-term plan that identifies three Key Organizational Goals: 1) Beautify Community Infrastructure and Improve Public Facilities. 2) Enhance Public Safety and Quality of Life. 3) Ensure the City's Financial Viability With Balanced Budgets and Prudent Reserves. To meet these goals the City Council has approved capital improvement projects for street resurfacing and slurry sealing, curb and ramp improvements, tree planting as well as other park and facility renovations and improvements. Additionally new revenue sources such as the 2009 American Recovery and Reinvestment Act (ARRA) grants have been applied for and awarded to the City. The new grant awards will provide funding for infrastructure improvements during FY 2009-10. Also, a new ten-year comprehensive capital improvement program (CIP) is scheduled for development during FY 2009-10 and a facilities master plan is nearing completion.

Cash management policies and practices. Cash, temporarily idle during the year, was invested in a money market account and the State Treasurer's Local Agency Investment Fund (LAIF). Due to the unsettled state of California finances, \$2.25 million remained invested in a money market account which has a lower yield than LAIF, but will avoid some potential LAIF liquidity risk in the event that the State should withdraw significant amounts of cash from LAIF. The State also invests in LAIF and although they are legally prohibited from borrowing local agency cash, a large run on the State's LAIF cash could potentially limit the amount of liquid cash available for local withdrawals. With LAIF yields declining and other investments increasing in yield without unnecessary safety risks, City staff is preparing to diversify investments. In accordance with State law, all City investment strictly adhere to the priorities, in order of importance, of: 1) safety, 2) liquidity and 3) yield.

Risk Management. The City is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 107 California public entities and is organized under a joint powers agreement pursuant to California Government Code 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance and reinsurance, and to arrange for group-purchased

insurance for property and other coverage. Additional information can be found in Note 9 in the notes to the financial statements.

Pension and other postemployment benefits. The City of Rosemead is contracted with the California Public Employees Retirement System (CalPERS) for retirement benefits for full time employees. Supplemental retirement benefits are offered to qualified full-time employees, retirees and part-time employees through Public Agency Retirement Services (PARS). The City also provides health insurance benefits for certain qualified retirees. In accordance with GASB 45, additional information on the City of Rosemead's pension arrangements and postemployment benefits can be found in Note 8 in the notes to the financial statements.

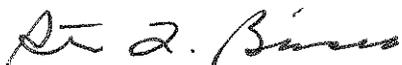
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rosemead for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Steven L. Brisco
Finance Director

City of Rosemead

Directory of Officials

June 30, 2009

CITY COUNCIL

Margaret Clark, Mayor
Gary Taylor, Mayor Pro Tem
Polly Low, Council Member
Sandra Armenta, Council Member
Steven Ly, Council Member

CITY MANAGEMENT

Jeff Allred, City Manager
Matthew E. Hawkesworth, Assistant City Manager
Brian Saeki, Community Development Director
Steve Brisco, Director of Finance
Lt. Tim Murakami, Chief of Police (Contracted)
David Montgomery-Scott, Director of Parks and Recreation
Chris Marcarello, Deputy Public Works Director
Gloria Molleda, City Clerk
Joseph M. Montes, City Attorney (Contracted)

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rosemead
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

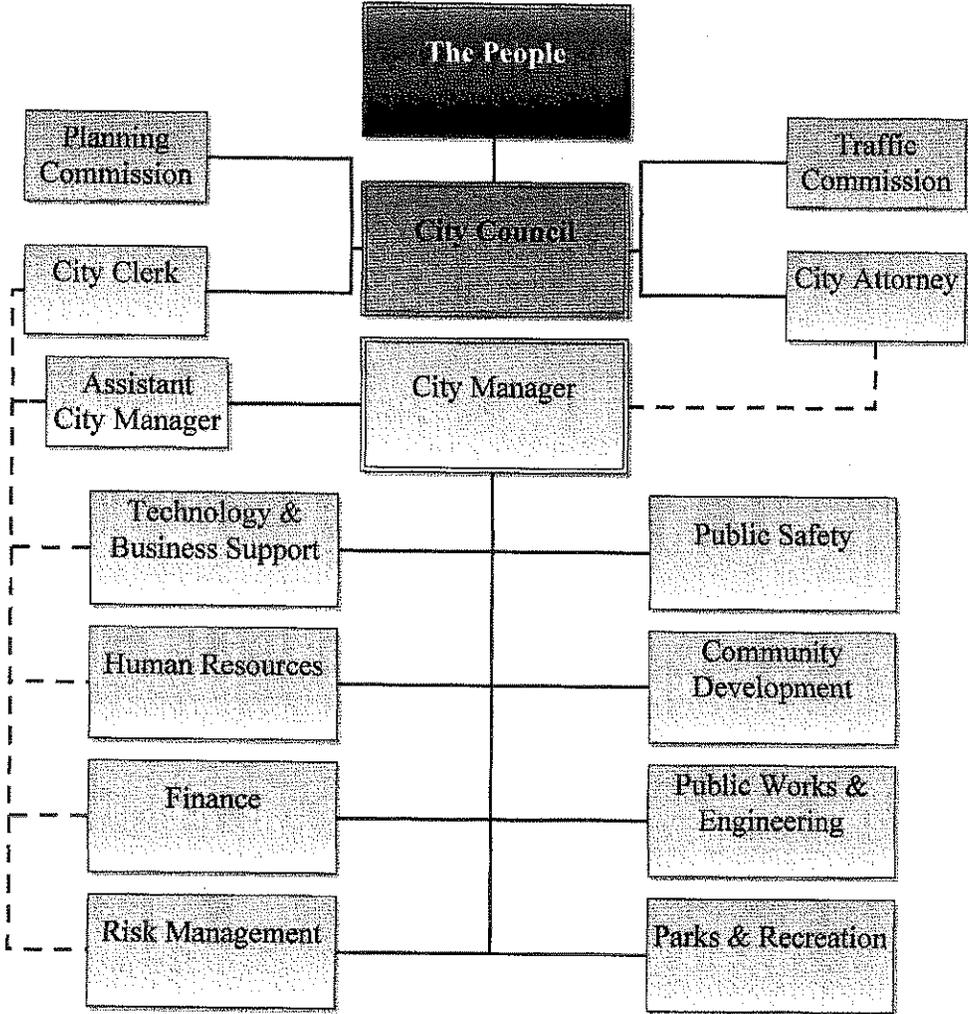


President

Executive Director

City of Rosemead

Function Based Organizational Chart



FINANCIAL SECTION

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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, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Rosemead. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rosemead, California, as of June 30, 2009, 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.

As described further in note 8 to the financial statements, the City changed its method of accounting for postemployment benefits for the years ending on and after June 30, 2009.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rosemead's basic financial statements. The introductory section, combining and individual 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 fund 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 December 18, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
December 18, 2009

Management's Discussion and Analysis

As management of the City of Rosemead, we offer readers of the City of Rosemead's financial statements this narrative overview and analysis of the financial activities of the City of Rosemead for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i -v of this report. All amounts, unless otherwise indicated, are in thousands of dollars.

Financial Highlights

- The assets of the City of Rosemead exceed its liabilities at the close of the most recent fiscal year by \$50,073 (*net assets*). Of this amount, \$24,883 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$473 primarily due to the addition of the Rosemead Park walking/jogging trail.
- As of the of the current fiscal year, the City of Rosemead's governmental funds reported combined ending fund balances of \$40,032, a decrease of \$16 in comparison with the prior year. Approximately 70 percent of this total amount, \$27,908, is *available for spending* at the governments discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$16,135 or 81 percent of total General Fund expenditures.
- The City of Rosemead's total long-term debt decreased by \$673 (-1.8 percent) during the current fiscal year. The decrease was less than the prior year due to the recognition of Other Post Employment Benefits (OPEB) as required by Governmental Accounting Standards Board (GASB) Statement No. 45, recognition of a retrospective insurance deposit and an increase in the compensated absences balance.

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the City of Rosemead's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net

assets may serve as a useful indicator of whether the financial position of the City of Rosemead is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Rosemead that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City of Rosemead does not have any business-type activities. The governmental activities of the City of Rosemead include general government, public safety, public works, community services, community development, and parks and recreation.

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

The government-wide financial statements can be found on pages 14-15 of this report.

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

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

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

The City of Rosemead and its component units maintain 17 active 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, Low-Moderate Income Housing Set-Aside Fund, Debt Service Funds and Capital Projects Funds, all four of which are considered to be major funds. Data from the other 10 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Rosemead adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for the General Fund, Low-Moderate Income Housing Set-Aside Fund, Traffic Safety Fund, Community Development Block Grant Fund, HOME Program Fund, Proposition A Fund, Proposition C Fund, Federal Highway Grant Fund, State Gas Tax Fund, Air Quality Management District Fund, Street Lighting Fund, Narcotic Forfeiture and Seizure Fund, Rosemead Housing Development Corporation Fund, City Capital Projects Fund, Redevelopment Agency debt Service Fund and the Redevelopment Agency Capital Projects Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-21 of this report.

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

The basic fiduciary fund financial statements can be found on page 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-55 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Rosemead's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 57 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 57-87 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Rosemead, assets exceeded liabilities by \$50,073 at the close of the most recent fiscal year.

The largest portion of the City of Rosemead's net assets (24 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Rosemead uses these capital assets to provide services to the citizens; consequently, these assets are *not* available for future spending. Although the City of Rosemead's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Rosemead's Net Assets
As of June 30, 2009 and 2008
(thousands)**

	Governmental Activities	
	2009	2008
Current and other assets	\$ 44,504	\$ 46,278
Capital assets	46,369	47,965
Total assets	90,873	94,243
Long-term liabilities outstanding	36,476	37,149
Other liabilities	4,324	4,963
Total liabilities	40,800	42,112
Net assets:		
Invested in capital assets, net of related debt	11,829	12,982
Restricted	13,361	11,443
Unrestricted	24,883	27,706
Total net assets	\$ 50,073	\$ 52,131

An additional portion of the City of Rosemead's net assets (27 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$24,883) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets decreased by \$2,058 during the current fiscal year. The two main contributors to the decrease in net assets are: 1) Payment of AB 1290 tax increment pass-through payments of \$1,336 which consisted of FY 2008-09 obligations of \$771 and FY 2005-06 through

FY 2007-08 one-time reconciling obligations of \$565. 2) Rapidly falling interest rates resulted in a \$794 decline in interest earned over the previous year, in spite of the ending balance of cash and investments increasing by \$2,227. Most of the City's surplus cash was invested in the State's Local Agency Investment Fund (LAIF) investment pool which suffered a 48.6 percent decline in average annual yields for the year.

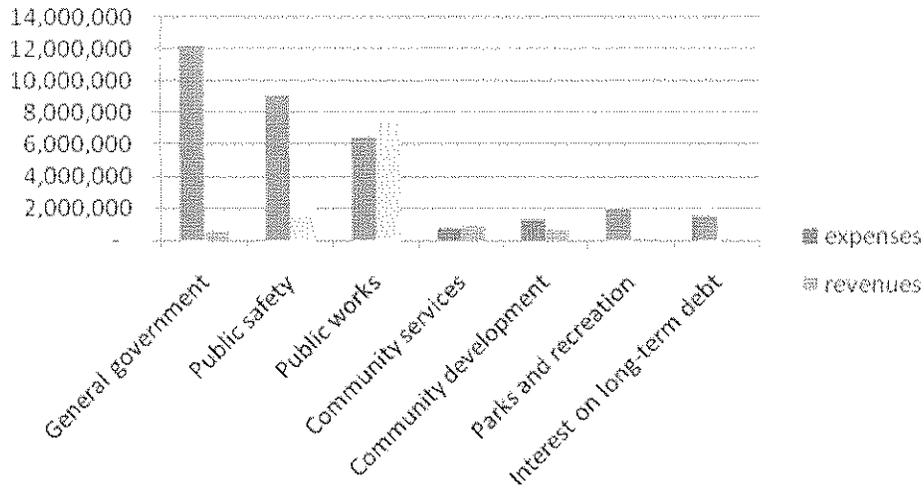
Governmental activities. Governmental activities decreased the City of Rosemead's net assets by \$2,058, thereby accounting for all of the reduction in the net assets of the City of Rosemead. Key elements of this decrease are as follows:

Total revenues declined by \$5,508. The loss of revenue is attributable to a \$2,392 loss in charges for services. As expected, with the current recessionary economy, building permit revenue declined by \$331 because construction projects started in the previous year were in FY 2008-09. Final inspections were completed in the current year and contracted inspections were charged to the City in FY 2008-09.

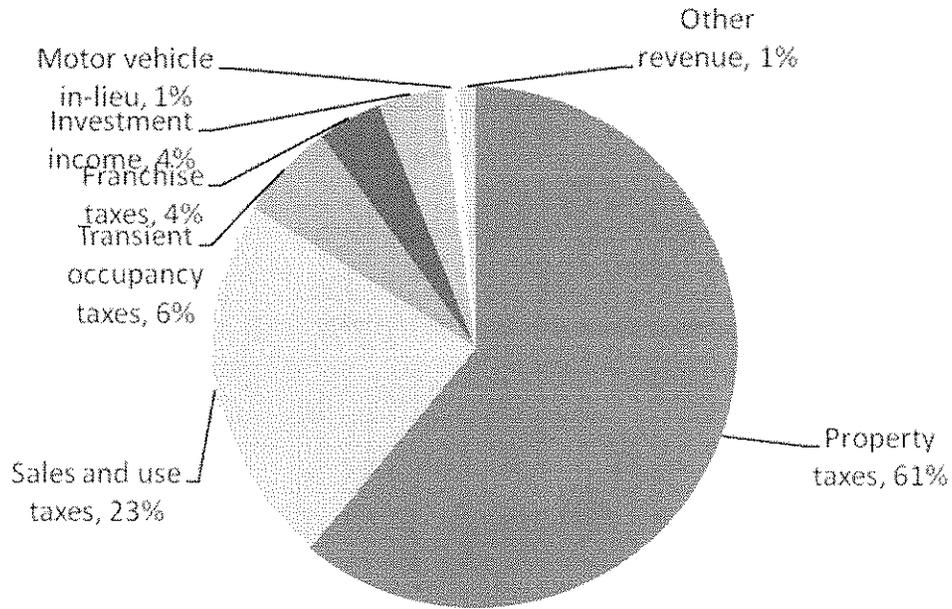
City of Rosemead's Changes in Net Assets
Years Ended June 30, 2009 and 2008
(thousands)

	Governmental Activities	
	2009	2008
Program revenues:		
Charges for services	\$ 3,006	\$ 5,398
Operating grants and contributions	6,403	3,490
Capital grants and contributions	1,748	6,718
General revenues:		
Property taxes	12,288	13,182
Other taxes	6,624	6,108
Investment income	885	1,679
Intergovernmental, unrestricted	195	255
Other	134	143
Total revenues	31,283	36,973
Expenses:		
General government	12,177	7,259
Public safety	9,082	8,044
Public works	6,465	13,550
Community services	773	670
Community development	1,290	3,645
Parks and recreation	2,031	4,079
Interest on long-term debt	1,523	1,790
Total expenses	33,341	39,037
Increase in net assets before transfers	(2,058)	(2,064)
Net assets - June 30, 2008	52,131	54,195
Net assets - June 30, 2009	\$50,073	\$52,131

Expenses and Program Revenues Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the City of Rosemead's governmental funds reported combined fund balances of \$40,016 a decrease of \$16 in comparison with the prior year. Approximately 70% of this total amount (\$27,908) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$115) 2) for advances to other funds (\$6,976) 3) for land held for resale (\$4,408) 4) for prepaid expenses (\$310) or 5) for a variety of purposes (\$299).

General Fund. The general fund is the chief operating fund of the City of Rosemead. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$16,135, while total fund balance reached \$19,242. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 81 percent of total general fund expenditures, while total fund balance represents 96 percent of that same amount.

The fund balance of the City of Rosemead's general fund decreased by \$2,466 during the current year. Key factors in this decline are as follows:

- General Fund revenue increased \$896 over last year primarily due to the recovery of misallocated sales tax revenue, an increase in property tax revenue and cleanup payments of property tax in-lieu payments from the State. However, the State is projecting a decline in future year property tax in-lieu payments as their allocation formulas "catch up" with current years. At the same time, building permit revenues were \$331 below last year's building permit revenues due to current economic conditions.
- Salaries and benefits that were charged to the Community Development Commission in prior years were shifted to the General Fund to more accurately reflect payment for services provided. Also, about \$425 was expended for severance pay and leave payouts and buy-back..
- Extraordinary special legal matters costing \$321 were paid during the year.
- The cost of contracted building inspections increased \$396 over the prior year due to timing differences between when building permit revenue was collected (FY 2007-08) and when the projects were completed and final inspections were made (FY 2008-09). Consequently revenue was received in the prior year with costs for inspections being paid by the City in the subsequent year.

- The City contracts with a sales tax consultant to find and collect mis-allocated (by the State) sales tax. During the year a sizeable mis-allocation was identified and paid to the City. For their work in recovering the mis-allocated sales tax, the consultant was paid \$187.
- Engineering costs were \$171 more than the previous year. During the year the City transitioned from contract engineering services to in-house engineering services. Included in the increased costs were computers, office furniture and equipment and costs related to an increased level of construction activity by the City. There were also costs related to planning and engineering for Federal government stimulus related projects. Beginning in FY 2009-10 a significant portion of engineering costs will be allocated to specific projects funded by sources other than the General Fund.

Proposition C Fund. Proposition C expenditures have dropped from \$2,317 in FY 2007-08 to \$1,403 in FY 2008-09. The reconstruction of the Garvey Avenue Bridge was completed in FY 2007-08 thus eliminating further expenditures for bridge construction in FY 2008-09. However, almost \$300 was spent for resurfacing of Del Mar Avenue. The balance of the fund's expenditures was for transportation related costs.

Low-Moderate Income Housing Fund. The Low-Moderate Income Housing Fund (Low-Mode Fund), including transfers, finished the year with a \$444 increase in fund balance. The Low-Mod Fund receives its funding primarily from transfers of property tax increment from the Community Development Commission and then transfers \$250 to the Rosemead Housing Development Corporation to subsidize operations of the Corporations' senior low income housing apartments. Additionally, \$256 was spent on planning and administrative costs related to low income housing planning and fund administration.

Federal Highway Grant Fund. As described in the discussion of Proposition C fund balance, the only activity in this fund is a final receipt for retention totaling \$1,012. This fund will not be used in the foreseeable future.

Vehicle Replacement and Technology Replacement Funds. For the first time in Rosemead's history internal service funds have been used. The Vehicle Replacement Fund received \$92 for the year and the Technology Replacement Fund received \$48 from other City funds. Using departments are assessed charges for equipment used by the departments. The charges are accumulated in the internal service funds for future replacement of vehicles and equipment.

Community Development Commission Funds. The combined Community Development Commission (CDC) funds, debt service and capital projects, decreased fund balance by \$433. The CDC Capital Projects Fund paid for salaries and benefits for general government and public safety as well as contributing \$388 for the Rosemead park walking/jogging trail. Debt service of \$2, 447 and \$1,034 pass-through obligations was paid from the debt service funds. Included in the \$1,034 of pass-through payments was \$543 of additional pass-through payments required by AB 1389, legislation that mandated a recalculation of pass-through agreements back to FY 2003-04. AB 1389 was a one-time adjustment that will not impact the City in future years.

Capital Asset and Debt Administration

Capital assets. The City of Rosemead's investment in capital assets for its governmental activities as of June 30, 2009, amounts to \$46,369 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Rosemead's investment in capital assets for the current fiscal year was 0.6 percent.

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

- Construction of Rosemead Park walking/jogging trail
- City web site development

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

	Governmental Activities	
	2009	2008
Land	\$ 2,969	\$ 2,969
Buildings	17,365	17,930
Improvements other than Buildings	120	68
Machinery and equipment	205	151
Autos and trucks	204	283
Furniture and office equipment	157	223
Infrastructure	25,349	25,953
Construction in progress	0	388
Total	\$ 469,369	\$ 47,965

Additional information on the City of Rosemead's capital assets can be found in note 6 on pages 44-45 of this report.

Long-term debt. At the end of the current fiscal year, the Rosemead Community Development Commission had total bonded debt outstanding of \$35,435. Of this amount, all of it is backed by future property tax increment revenues.

City of Rosemead's Outstanding Debt
Tax Allocation Bonds

	Governmental Activities	
	2009	2008
Tax Allocation Bonds	\$ 35,435	\$ 36,350

The Rosemead Community Development Commission's total debt decreased by \$915 during the current fiscal year due to debt service payments on bonded indebtedness of \$36,350.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Rosemead is currently 11.1 percent. Rosemead is included in the Bureau of Labor Statistics (BLS) Los Angeles , Long Beach, Glendale unemployment data set which has unemployment of 12.6 percent compared to 4.1 percent a year ago. The City's unemployment rate compares favorably to the state's average unemployment rate of 12.3 percent and the national average rate of 9.8 percent.
- Sales tax in the City has remained remarkably stable. Even in the current troubled economy sales tax for the 2nd quarter 2009 declined 10.3 percent year over year but compares favorably to other cities in the County. The City has a diverse sales tax base including a three year old Super Wal-Mart store. Nationally, Wal-Mart stores have shown continued solid sales during the current down economy and the City's Wal-Mart is no exception. The sales tax projection for FY 2009-10 is expected to be relatively flat for the year, however, this may need to be adjusted downward somewhat in the mid-year analysis.
- Recent inflation was slightly negative and news sources project only moderate increases for the year.

All of these factors were considered in preparing the City of Rosemead's budget for the 2010 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund decreased to \$16,135. The City of Rosemead did not appropriate any General Fund unreserved, undesignated fund balance for spending in the 2010 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Rosemead's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 8838 East Valley Boulevard, Rosemead, CA 91770.

CITY OF ROSEMEAD
Statement of Net Assets
June 30, 2009

	<u>Governmental Activities</u>
Assets:	
Cash and investments (note 2)	\$ 36,830,249
Receivables:	
Accounts	2,071,746
Accrued interest	131,867
Notes	219,730
Prepaid expenses	310,106
Deposits	79,161
Deferred charges	453,207
Land held for resale	4,407,616
Capital assets (note 6):	
Land	2,968,824
Other capital assets, net	<u>43,399,763</u>
Total assets	<u>90,872,269</u>
Liabilities:	
Accounts payable and accrued liabilities	2,441,418
Accrued salaries and benefits	365,351
Deposits payable	34,527
Retentions payable	48,141
Accrued interest payable	618,346
Unearned revenue	815,473
Noncurrent liabilities (note 7 to 9):	
Due within one year	1,207,964
Due in more than one year	<u>35,268,077</u>
Total liabilities	<u>40,799,297</u>
Net assets:	
Invested in capital assets, net of related debt	11,828,993
Restricted for:	
Public works	5,008,317
Public safety	2,386,928
Low-moderate income housing	5,966,004
Unrestricted	<u>24,882,730</u>
Total net assets	<u>\$ 50,072,972</u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD
Statement of Activities
Fiscal Year ended June 30, 2009

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>		<u>Capital Contributions and Grants</u>
Governmental activities:					
General government	\$ 12,176,877	547,327	250	-	(11,629,300)
Public safety	9,081,719	549,979	226,262	736,234	(7,569,244)
Public works	6,465,355	1,064,394	5,505,147	1,012,260	1,116,446
Community services	773,374	187,315	671,494	-	85,435
Community development	1,290,108	621,375	-	-	(668,733)
Parks and recreation	2,030,698	36,000	-	-	(1,994,698)
Interest expense	1,523,391	-	-	-	(1,523,391)
Total governmental activities	<u>\$ 33,341,522</u>	<u>3,006,390</u>	<u>6,403,153</u>	<u>1,748,494</u>	<u>(22,183,485)</u>
General revenues:					
Taxes:					
Property taxes					12,288,177
Sales and use taxes					4,589,998
Transient occupancy taxes					1,272,092
Franchise taxes					761,410
Investment income					884,847
Motor vehicle in lieu, unrestricted					195,273
Other general revenues					133,825
Total general revenues					<u>20,125,622</u>
Change in net assets					(2,057,863)
Net assets at beginning of year					<u>52,130,835</u>
Net assets at end of year					<u>\$ 50,072,972</u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD
Balance Sheet - Governmental Funds
June 30, 2009

	<u>General</u>	<u>Special Revenue Low-Moderate Income Housing Set-Aside</u>	<u>Debt Service Redevelopment Agency</u>
Assets:			
Cash and investments	\$ 15,885,533	1,499,153	7,551,374
Receivables:			
Accounts	989,992	-	104,557
Accrued interest	79,842	1,773	26,951
Notes	219,730	-	-
Prepaid items	310,106	-	-
Due from other funds (note 4)	1,218,036	-	-
Deposits	79,161	-	-
Land held for resale	-	-	-
Advances to other funds (note 4)	<u>2,497,920</u>	<u>4,477,945</u>	<u>-</u>
Total assets	<u>\$ 21,280,320</u>	<u>5,978,871</u>	<u>7,682,882</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,584,972	2,615	401,011
Accrued salaries and benefits	298,865	-	16
Deposits payable	-	-	-
Retentions payable	6,085	-	-
Due to other funds (note 4)	140,243	10,252	-
Deferred revenue	8,136	-	-
Advances from other funds (note 4)	<u>-</u>	<u>-</u>	<u>4,477,945</u>
Total liabilities	<u>2,038,301</u>	<u>12,867</u>	<u>4,878,972</u>
Fund balance:			
Reserved for:			
Encumbrances	-	-	-
Notes receivable	219,730	-	-
Prepaid items	310,106	-	-
Deposits	79,161	-	-
Land held for Resale	-	-	-
Advances to other funds	2,497,920	4,477,945	-
Unreserved, reported in:			
General fund	16,135,102	-	-
Special revenue funds	-	1,488,059	-
Debt service funds	-	-	2,803,910
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>19,242,019</u>	<u>5,966,004</u>	<u>2,803,910</u>
Total liabilities and fund balance	<u>\$ 21,280,320</u>	<u>5,978,871</u>	<u>7,682,882</u>

See accompanying notes to the basic financial statements.

Capital Projects

<u>Redevelopment Agency</u>	<u>Non-Major Governmental</u>	<u>Total</u>
2,714,105	9,180,084	36,830,249
-	977,197	2,071,746
23,301	-	131,867
-	-	219,730
-	-	310,106
351	50,974	1,269,361
-	-	79,161
4,407,616	-	4,407,616
-	-	6,975,865
<u>7,145,373</u>	<u>10,208,255</u>	<u>52,295,701</u>
55,820	397,000	2,441,418
110	66,360	365,351
-	34,527	34,527
-	42,056	48,141
123,230	1,135,630	1,409,355
-	997,254	1,005,390
<u>2,497,920</u>	<u>-</u>	<u>6,975,865</u>
<u>2,677,080</u>	<u>2,672,827</u>	<u>12,280,047</u>
115,000	-	115,000
-	-	219,730
-	-	310,106
-	-	79,161
4,407,616	-	4,407,616
-	-	6,975,865
-	-	16,135,102
-	7,535,428	9,023,487
-	-	2,803,910
<u>(54,323)</u>	<u>-</u>	<u>(54,323)</u>
<u>4,468,293</u>	<u>7,535,428</u>	<u>40,015,654</u>
<u>7,145,373</u>	<u>10,208,255</u>	<u>52,295,701</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, 2009

Fund balances of governmental funds	\$ 40,015,654
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	79,307,775
Accumulated depreciation	(32,939,188)
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Compensated absences	(422,850)
Other post employment benefits	(153,291)
Retrospective deposits payable	(207,476)
Unamortized bond premiums	(257,424)
Tax allocation bonds	(35,435,000)
Debt issuance costs are not current financial resources and, therefore, are not reported in the governmental funds.	453,207
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(618,346)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.	189,917
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets of the internal service funds must be added to the statement of net assets.	<u>139,994</u>
Net assets of governmental activities	<u>\$ 50,072,972</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, 2009

	<u>General</u>	<u>Special Revenue Low-Moderate Income Housing Set-Aside</u>	<u>Debt Service Redevelopment Agency</u>
Revenues:			
Taxes	\$ 11,485,062	-	5,649,896
Intergovernmental	3,107,790	-	-
Licenses and permits	1,178,362	-	-
Charges for services	638,244	-	-
Fines, forfeitures and penalties	394,117	-	-
Special assessments	-	-	-
Investment income	397,881	22,643	261,591
Other	380,823	-	606
	<u>17,582,279</u>	<u>22,643</u>	<u>5,912,093</u>
Total revenues			
Expenditures:			
Current:			
General government	9,947,996	-	103,885
Public safety	7,071,584	-	1,016,479
Public works	417,174	-	-
Community services	363,531	-	-
Community development	-	256,220	-
Parks and recreation	2,030,698	-	-
Capital outlay	202,752	-	-
Debt service:			
Principal	-	-	915,000
Interest and fiscal charges	-	-	1,531,986
	<u>20,033,735</u>	<u>256,220</u>	<u>3,567,350</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(2,451,456)</u>	<u>(233,577)</u>	<u>2,344,743</u>
Other financing sources (uses):			
Transfers in (note 5)	-	928,000	-
Transfers out (note 5)	(14,175)	(250,000)	(3,258,531)
	<u>(14,175)</u>	<u>678,000</u>	<u>(3,258,531)</u>
Total other financing sources (uses)			
Change in fund balances	(2,465,631)	444,423	(913,788)
Fund balances at beginning of year	<u>21,707,650</u>	<u>5,521,581</u>	<u>3,717,698</u>
Fund balances at end of year	<u>\$ 19,242,019</u>	<u>5,966,004</u>	<u>2,803,910</u>

See accompanying notes to the basic financial statements.

Capital Projects

<u>Redevelopment Agency</u>	<u>Non-Major Governmental</u>	<u>Total</u>
18,667	-	17,153,625
-	7,884,445	10,992,235
-	-	1,178,362
-	-	638,244
-	171,526	565,643
-	736,213	736,213
6,818	195,914	884,847
-	-	381,429
<u>25,485</u>	<u>8,988,098</u>	<u>32,530,598</u>
1,184,280	720,018	11,956,179
-	1,025,946	9,114,009
303,371	4,244,322	4,964,867
-	419,921	783,452
-	791,309	1,047,529
-	-	2,030,698
-	-	202,752
-	-	915,000
-	-	1,531,986
<u>1,487,651</u>	<u>7,201,516</u>	<u>32,546,472</u>
<u>(1,462,166)</u>	<u>1,786,582</u>	<u>(15,874)</u>
2,330,533	819,950	4,078,483
<u>(388,020)</u>	<u>(167,757)</u>	<u>(4,078,483)</u>
<u>1,942,513</u>	<u>652,193</u>	<u>-</u>
480,347	2,438,775	(15,874)
<u>3,987,946</u>	<u>5,096,653</u>	<u>40,031,528</u>
<u>4,468,293</u>	<u>7,535,428</u>	<u>40,015,654</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, 2009

Net changes in fund balances of governmental funds \$ (15,874)

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	522,753
Depreciation expense	(2,119,183)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 915,000

To record as an expense the net change in the other post employment benefit obligation in the statement of activities. (153,291)

To record as an expense the net change in retrospective deposit payable in the statement of activities. (207,476)

Bond issuance costs, premiums, discounts, and similar items are recorded as expenditures in governmental funds when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net offset of the differences. (12,570)

The statement of net assets includes accrued interest on long term debt. 21,165

To record as an expense the net change in compensated absences in the statement of activities. 98,558

Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting. (1,246,939)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 139,994

Change in net assets of governmental activities \$ (2,057,863)

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD
Statement of Net Assets

Proprietary Funds

June 30, 2009

	<u>Assets</u>	<u>Internal Service</u>
Current assets:		
Due from other funds (note 4)		\$ 139,994
Total assets		<u>139,994</u>
	<u>Net assets</u>	
Unrestricted		<u>139,994</u>
Total net assets		<u>\$ 139,994</u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2009

	Internal Service
Operating revenues:	
Charges for services	\$ 139,994
Total operating revenues	139,994
Changes in net assets	139,994
Net assets at beginning of year	-
Net assets at end of year	\$ 139,994

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2009

	<u>Internal Service</u>
Net cash provided by (used for) operating activities	\$ <u>-</u>
Net cash proved by (used for) capital and related financing activities	<u>-</u>
Net cash provided by (used for) investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>-</u>
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ -</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>139,994</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in due to other funds	<u>(139,994)</u>
Total adjustments	<u>(139,994)</u>
Net cash provided by operating activities	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2009

<u>Assets</u>	
Cash and investments (note 2)	<u>\$ 360,557</u>
Total assets	<u>\$ 360,557</u>
<u>Liabilities</u>	
Deposits payable	<u>\$ 360,557</u>
Total liabilities	<u>\$ 360,557</u>

See accompanying notes to the basic financial statements.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

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

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

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

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

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

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

(a) Reporting Entity, (Continued)

Rosemead Financing Authority

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

Rosemead Community Development Commission

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

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

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

Rosemead Housing Development Corporation

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

Since the City Council and/or other City officials serve as the Governing Board for these component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Therefore, data from these units are reported with the funds of the primary government, the City. The Commission and the Corporation issue separate component unit financial statements. The financial statements of these component units can be obtained from the Finance Department.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

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

(b) Basis of Accounting and Measurement Focus

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

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

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

Government-wide Financial Statements

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

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

CITY OF ROSEMEAD, CALIFORNIA
Notes to the Basic Financial Statements

(Continued)

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

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

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

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

Fund Financial Statements

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

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

Governmental Funds

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

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

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

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

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

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

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

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

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

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

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

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

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

Fiduciary Funds

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

(c) Major and Fiduciary Fund Types

The City's major governmental funds are as follows:

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

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

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

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

Internal Service Funds – These funds are used to account for vehicle and technology replacement. Departments of the City are charged for the services provided or benefits received from these funds.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

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

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

The City's Fiduciary Fund is as follows:

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

(d) Investments

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

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

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

(e) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of Rosemead. Cash equivalents have an original maturity date of three months or less from the date of purchase. For purposes of the statement of cash flows, the entire balance of cash and investments on the combined balance sheet for the internal service fund is considered cash and cash equivalents.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

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

(f) Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$10,000 are capitalized if they have an expected useful life of one year or more.

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

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

The following schedule summarizes capital asset useful lives:

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

(g) Compensated Absences

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

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

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

(g) Compensated Absences, (Continued)

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

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

(h) Prepaid Items

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

(i) Fund Equity

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

(j) Use of Estimates

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

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

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

(k) Low-Moderate Income Housing Set-Aside

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

(2) Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$36,830,249
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	<u>360,557</u>
Total cash and investments	<u>\$37,190,806</u>

Cash and investments as of June 30, 2009 consist of the following:

Deposits with financial institutions	\$ 4,042,796
Investments	<u>33,148,010</u>
Total cash and investments	<u>\$37,190,806</u>

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

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

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

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

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

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

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

Disclosures Relating to Interest Rate Risk

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

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 Months or Greater</u>
State investment pool	\$ 31,995,180	31,995,180	-	-
Held by bond trustee:				
Money market funds	4	4	-	-
Investment agreement	<u>1,152,826</u>	<u>-</u>	<u>-</u>	<u>1,152,826</u>
Total	<u>\$ 33,148,010</u>	<u>31,995,184</u>	<u>-</u>	<u>1,152,826</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	\$ 31,995,180	N/A	-	31,995,180
Held by bond trustee:				
Money market funds	4	A	4	-
Investment agreement	<u>1,152,826</u>	<u>N/A</u>	<u>-</u>	<u>1,152,826</u>
Total	<u>\$ 33,148,010</u>		<u>4</u>	<u>33,148,006</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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2009, \$2,844,316 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts

Investment in State Investment Pool

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

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, 2009 are as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Low-Moderate Income Redevelopment Agency Capital Projects Fund	\$ 10,252 72,256 <u>1,135,528 (A)</u>
	Total General Fund	<u>1,218,036</u>
Non-Major Governmental Fund	Redevelopment Agency Capital Projects Fund	<u>50,974</u>
Redevelopment Agency Capital Projects Fund	General Fund Non-Major Governmental Fund	249 <u>102</u>
	Total RDA Capital Projects Fund	<u>351</u>
Internal Service Funds	General Fund	<u>139,994(A)</u>
	Total	<u>\$ 1,409,355</u>

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

Noncurrent interfund receivable and payable balances at June 30, 2009 are as follows:

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

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

(4) Interfund Receivables and Payables, (Continued)

- (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, 2009, the accumulated set-aside amount not yet funded was \$4,477,945. As required by law, the Commission devised a plan to fund the accumulating amount.
- (C) In September 2007 the General Fund advanced the Redevelopment Agency Capital Projects Fund \$2,497,920 at an interest rate of 5.25% per annum. Accrued interest is payable in annual installments of \$131,141 beginning on September 28, 2008, and continuing until September 28, 2027, at which time the remaining principal and interest shall be due in full.

(5) Interfund Transfers

Interfund transfers were as follows for the year ended June 30, 2009:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Low-Moderate Income Housing Set-Aside	Redevelopment Agency Debt Service Fund	\$ 928,000 (A)
Redevelopment Agency Capital Projects Fund	Redevelopment Agency Debt Service Fund	2,148,421 (B)
	General Fund	14,175
	Non-Major Governmental Funds	<u>167,937</u>
	Total Redevelopment Agency Capital Projects Fund	<u>2,330,533</u>
Non-Major Governmental	Low-Moderate Income Housing Set-Aside	250,000
	Redevelopment Agency Capital Projects Fund	388,020
	Redevelopment Agency Debt Service Fund	<u>181,930</u>
	Total Non-Major Governmental Funds	<u>819,950</u>
	Total	<u>\$ 4,078,483</u>

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

- (A) To record the low and moderate income housing set-aside for the year ended June 30, 2009.
- (B) To transfer remaining tax increment, net of pass-through payments, 20% set aside and debt service payments to the Capital Projects Fund.

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, 2009:

	<u>Balance at June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2009</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 2,968,824	-	-	2,968,824
Construction in progress	<u>388,448</u>	<u>-</u>	<u>(388,448)</u>	<u>-</u>
Total capital assets not being depreciated	<u>3,357,272</u>	<u>-</u>	<u>(388,448)</u>	<u>2,968,824</u>
Capital assets being depreciated:				
Buildings	23,994,956	-	-	23,994,956
Improvements other than buildings	936,931	90,166	-	1,027,097
Machinery and equipment	892,864	84,167	-	977,031
Autos and trucks	686,296	-	(49,167)	637,129
Furniture and office equipment	2,469,526	31,860	-	2,501,386
Infrastructure	<u>46,496,344</u>	<u>705,008</u>	<u>-</u>	<u>47,201,352</u>
Total capital assets being depreciated	<u>75,476,917</u>	<u>911,201</u>	<u>(49,167)</u>	<u>76,338,951</u>
Less accumulated depreciation for:				
Buildings	(6,064,583)	(565,735)	-	(6,630,318)
Improvements other than buildings	(868,483)	(38,993)	-	(907,476)
Machinery and equipment	(742,030)	(30,289)	-	(772,319)
Autos and trucks	(403,066)	(78,601)	49,167	(432,500)
Furniture and office equipment	(2,247,228)	(97,167)	-	(2,344,395)
Infrastructure	<u>(20,543,782)</u>	<u>(1,308,398)</u>	<u>-</u>	<u>(21,852,180)</u>
Total accumulated depreciation	<u>(30,869,172)</u>	<u>(2,119,183)</u>	<u>49,167</u>	<u>(32,939,188)</u>
Total capital assets being depreciated, net	<u>44,607,745</u>	<u>(1,207,982)</u>	<u>-</u>	<u>43,399,763</u>
Governmental activities capital assets, net	<u>\$47,965,017</u>	<u>(1,207,982)</u>	<u>(388,448)</u>	<u>46,368,587</u>

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(6) Capital Assets, (Continued)

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

Governmental activities:	
Public works	\$ 1,870,842
Community development	<u>248,341</u>
Total depreciation expense	<u>\$2,119,183</u>

(7) Changes in Long-Term Liabilities

Long-term debt consists of the following at June 30, 2009:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2009</u>	<u>Due within One Year</u>	<u>Due Beyond One Year</u>
Governmental activities:						
Tax allocation bonds, Series 2006A	\$12,415,000	-	845,000	11,570,000	870,000	10,700,000
Tax allocation bonds, Series 2006B	23,935,000	-	70,000	23,865,000	75,000	23,790,000
Unamortized bond premiums	277,226	-	19,802	257,424	19,802	237,622
Other post employment benefits	-	284,778	131,487	153,291	-	153,291
Retrospective deposit	-	207,476	-	207,476	69,159	138,317
Compensated absences	<u>521,408</u>	<u>116,002</u>	<u>214,560</u>	<u>422,850</u>	<u>174,003</u>	<u>248,847</u>
	<u>\$37,148,634</u>	<u>608,256</u>	<u>1,280,849</u>	<u>36,476,041</u>	<u>1,207,964</u>	<u>35,268,077</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, 2009 the outstanding balance was \$11,570,000.

Tax Allocation Bonds, Series 2006B

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

A surety bond has been acquired to satisfy the reserve requirements. As of June 30, 2009, \$23,865,000 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, 2009, 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>
2010	\$ 870,000	478,131	75,000	1,037,674
2011	900,000	449,856	75,000	1,035,049
2012	930,000	419,481	80,000	1,032,336
2013	965,000	386,931	80,000	1,029,536
2014	1,000,000	353,156	85,000	1,026,649
2015-2019	5,720,000	1,032,780	460,000	5,088,680
2020-2024	1,185,000	124,223	6,110,000	4,437,556
2025-2029	-	-	7,510,000	2,992,678
2030-2034	-	-	9,390,000	1,084,064
	<u>\$11,570,000</u>	<u>3,244,558</u>	<u>23,865,000</u>	<u>18,764,222</u>

(8) Post Employment Benefit Plan

Plan Description: The City administers a multi-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits. After age 65, Medicare automatically becomes the primary provider of health coverage. The City's defined benefit plan becomes the secondary provider. Eligible retirees will have no noticeable change in health benefits or plan administration; however, there is a reduction in the City's cost of health coverage as the secondary provider. The City's defined benefit plan administrator establishes the cost of secondary provider rates annually. The City will pay 100% for eligible retirees' health coverage.

Eligibility: Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for a PERS pension. Membership of the plan consisted of the following at January 1, 2008, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	14
Active plan members	<u>30</u>
Total	<u>44</u>

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(8) Post Employment Benefit Plan, (Continued)

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2008-09, the City contributed \$131,487 to the plan for current premiums.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$284,778
Interest on net OPEB obligation	-
Adjustments to annual required contributions	<u>-</u>
Annual OPEB cost (expense)	284,778
Contributions made (including premiums paid)	<u>(131,487)</u>
Increase in net OPEB obligation	153,291
Net OPEB obligation-beginning of year	<u>-</u>
Net OPEB obligation-end of year	<u>\$153,291</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/07	N/A	N/A	N/A
6/30/08	N/A	N/A	N/A
6/30/09	\$284,778	54%	\$153,291

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(8) Post Employment Benefit Plan, (Continued)

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

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

The actuarial cost method used for determining the benefit obligations is the Frozen Entry Age Actuarial Cost Method. The actuarial assumptions included a 4.5 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements of 0.5 per year to an ultimate rate of 5 percent after the tenth year. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (ba)/c)
1/01/06	N/A	N/A	N/A	N/A	N/A	N/A
1/01/07	N/A	N/A	N/A	N/A	N/A	N/A
1/01/08	\$0	\$3,548,605	\$3,548,605	0%	\$1,682,985	211%

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(9) Risk Management

Self-insurance pool pursuant to joint powers agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 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 9-member Executive Committee.

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies (4b) subject to a \$3,000,000 annual aggregate deductible (4c) and a quota-sharing agreement whereby the Authority is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with 4a-c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

The City also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(9) Risk Management, (Continued)

Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) 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; (3) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

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 City of Rosemead. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10,000,000 sub-limit during the 3-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.

As of June 30, 2009 the City had retrospective deposits payable to the Authority in the amount of \$207,476. The deposit will be repaid through adjustments to premiums over the next three years.

(10) Retirement Plans

Defined Benefit Pension Plan

The City of Rosemead contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(10) Retirement Plans, (Continued)

Defined Benefit Pension Plan, (Continued)

publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained by writing to 400 "P" Street, Sacramento, California 95814.

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 2.7% of their final compensation for each year of service. Final compensation is defined as the highest annual salary earned. Retirement may begin at age 50 with a reduced benefit rate. The plan also credits employees for unused sick leave. Upon separation from the plan prior to retirement, members' accumulated contributions are refundable with interest credited through the date of separation.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The City's covered payroll for PERS was \$4,160,179 for the year ended June 30, 2009, while the City's total payroll for all employees was \$6,946,135 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2009, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2008 to June 30, 2009.

Three-year trend information:

Annual Pension Cost (Miscellaneous)

<u>Fiscal Years Ended June 30</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2007	20.889%	\$ 471,068	100%	-
2008	19.802%	828,584	100%	-
2009	26.100%	1,428,348	100%	-

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

(10) Retirement Plan, (Continued)

Supplemental Defined Benefit Pension Plan

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

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

An actuarial valuation of the City of Rosemead Supplemental Defined Benefit Pension Plan was performed as of July 1, 2008 to determine the funding level requirement of the plan for the current fiscal period. Actuarial valuations are performed once every two years. The employer contribution rate for the plan years 2009 and 2010 was 5.83%.

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

Valuation Date	July 1, 2008
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.50% for funding purposes
Inflation Rate	3%
Retirement	For miscellaneous employees and the contract City Attorney: Retirement rate of 20% at ages 60 and older with between 10 and 20 years of service, and retirement rate of 30% at ages 55 and older with more than 20 years of service. For City Council members: Retirement rates of 30% per year.
Cost of Living Adjustment	2% compounded annually

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

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(10) Retirement Plan, (Continued)

Supplemental Defined Benefit Pension Plan, (Continued)

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

Required Supplementary Information

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

Three-year trend information:

Annual Pension Cost (Employer Contribution)

Fiscal Years Ended June 30	Employer Contribution	Percentage Contributed	Net Pension Obligation
2007	\$ 298,238	100%	-
2008	246,265	100%	-
2009	74,317	100%	-

(11) 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.

CITY OF ROSEMEAD, CALIFORNIA

Notes to the Basic Financial Statements

(Continued)

(11) Commitments and Contingencies, (Continued)

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.

(12) Fund Deficits

The following funds had deficit balances as of June 30, 2009:

<u>Fund Name</u>	<u>Deficit Fund Balance</u>
CDBG	\$ 947
HOME	339,043
Federal Highway Grant	72,093
Local Transportation	252

CDBG

The fund deficit primarily relates to expenditures that were charged to the grant during the fiscal year ended June 30, 2009, which were submitted for reimbursement. However, the reimbursement was not received within the availability period and therefore has been deferred.

(13) Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Proposition A	\$ 469,910	625,435	(155,525)
Street Lighting	365,000	425,946	(60,946)
AQMD	9,000	13,970	(4,970)

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Required Supplementary Information

CITY OF ROSEMEAD, CALIFORNIA

Note to the Required Supplementary Information

Fiscal Year Ended June 30, 2009

(1) Budgetary Information

Annual budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. 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.

CITY OF ROSEMEAD
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Fiscal Year ended June 30, 2009

	Budgeted Amounts		Actual	Variance-
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$ 5,596,600	5,596,600	5,713,769	117,169
Business license tax	40,700	40,700	48,257	7,557
Sales and use tax	3,853,000	3,853,000	3,589,817	(263,183)
Transient occupancy tax	1,386,400	1,386,400	1,272,092	(114,308)
Franchise tax	781,020	781,020	761,410	(19,610)
Real estate transfer tax	130,000	130,000	99,717	(30,283)
Total taxes	<u>11,787,720</u>	<u>11,787,720</u>	<u>11,485,062</u>	<u>(302,658)</u>
Intergovernmental	2,764,600	2,764,600	3,107,790	343,190
Licenses and permits	1,718,700	1,718,700	1,178,362	(540,338)
Charges for services	643,200	643,200	638,244	(4,956)
Fines and penalties	454,500	454,500	394,117	(60,383)
Investment income	536,000	536,000	397,881	(138,119)
Other	226,280	226,280	380,823	154,543
Total revenues	<u>18,131,000</u>	<u>18,131,000</u>	<u>17,582,279</u>	<u>(548,721)</u>
Expenditures:				
Current:				
General government	9,970,001	9,970,001	9,947,996	22,005
Public safety	6,884,150	6,884,150	7,071,584	(187,434)
Public works	358,900	358,900	417,174	(58,274)
Community services	404,200	404,200	363,531	40,669
Parks and recreation	1,627,474	1,627,474	2,030,698	(403,224)
Capital outlay	251,137	251,137	202,752	48,385
Total expenditures	<u>19,495,862</u>	<u>19,495,862</u>	<u>20,033,735</u>	<u>(537,873)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,364,862)</u>	<u>(1,364,862)</u>	<u>(2,451,456)</u>	<u>(1,086,594)</u>
Other financing sources (uses):				
Transfers out	-	-	(14,175)	(14,175)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(14,175)</u>	<u>(14,175)</u>
Change in fund balances	(1,364,862)	(1,364,862)	(2,465,631)	(1,100,769)
Fund balances at beginning of year	<u>21,707,650</u>	<u>21,707,650</u>	<u>21,707,650</u>	<u>-</u>
Fund balances at end of year	<u>\$ 20,342,788</u>	<u>20,342,788</u>	<u>19,242,019</u>	<u>(1,100,769)</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Investment income	\$ -	-	22,643	22,643
Total revenues	<u>-</u>	<u>-</u>	<u>22,643</u>	<u>22,643</u>
Expenditures:				
Current:				
Community development	336,520	336,520	256,220	80,300
Total expenditures	<u>336,520</u>	<u>336,520</u>	<u>256,220</u>	<u>80,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(336,520)</u>	<u>(336,520)</u>	<u>(233,577)</u>	<u>102,943</u>
Other financing sources (uses):				
Transfers in	1,299,000	1,299,000	928,000	(371,000)
Transfers out	<u>(17,800)</u>	<u>(17,800)</u>	<u>(250,000)</u>	<u>(232,200)</u>
Total other financing sources (uses)	<u>1,281,200</u>	<u>1,281,200</u>	<u>678,000</u>	<u>(603,200)</u>
Change in fund balances	944,680	944,680	444,423	(500,257)
Fund balance at beginning of year	<u>5,521,581</u>	<u>5,521,581</u>	<u>5,521,581</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,466,261</u>	<u>6,466,261</u>	<u>5,966,004</u>	<u>(500,257)</u>

Other Supplementary Information

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NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

Proposition C– 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.

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

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 Capital Projects Fund - To account for the acquisition and construction of major capital facilities

CITY OF ROSEMEAD
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2009

	Special Revenue Funds					
	Traffic Safety	CDBG Grant	HOME Grant	Proposition A	Proposition C	Federal Highway Grant
<u>Assets</u>						
Cash and investments	\$ -	-	-	921,912	2,234,678	-
Receivables:						
Accounts	15,270	333,789	316,848	64,228	52,299	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 15,270</u>	<u>333,789</u>	<u>316,848</u>	<u>986,140</u>	<u>2,286,977</u>	<u>-</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	26,849	26,916	4,317	140,793	-
Accrued salaries and benefits	-	30,657	2,025	14,444	9,930	-
Deposits payable	-	-	-	-	-	-
Retentions payable	-	15,919	-	-	26,137	-
Due to other funds	2,343	79,530	626,950	-	-	72,093
Deferred revenue	-	181,781	-	-	-	-
Total liabilities	<u>2,343</u>	<u>334,736</u>	<u>655,891</u>	<u>18,761</u>	<u>176,860</u>	<u>72,093</u>
Fund balances:						
Unreserved, reported in:						
Special revenue funds	<u>12,927</u>	<u>(947)</u>	<u>(339,043)</u>	<u>967,379</u>	<u>2,110,117</u>	<u>(72,093)</u>
Total fund balances (deficit)	<u>12,927</u>	<u>(947)</u>	<u>(339,043)</u>	<u>967,379</u>	<u>2,110,117</u>	<u>(72,093)</u>
Total liabilities and fund balances	<u>\$ 15,270</u>	<u>333,789</u>	<u>316,848</u>	<u>986,140</u>	<u>2,286,977</u>	<u>-</u>

Special Revenue Funds					Capital Projects Fund		
State Gas Tax	Air Quality Management District	Local Transportation	Street Lighting	Narcotics Seizure	Rosemead Housing Development Corporation	City Capital Projects	Total
2,298,834	32,834	-	2,374,342	31	512,628	804,825	9,180,084
123,368	16,787	2,760	38,166	-	13,682	-	977,197
-	-	-	-	-	-	50,974	50,974
<u>2,422,202</u>	<u>49,621</u>	<u>2,760</u>	<u>2,412,508</u>	<u>31</u>	<u>526,310</u>	<u>855,799</u>	<u>10,208,255</u>
120,026	-	-	38,538	-	-	39,561	397,000
8,641	-	-	-	-	-	663	66,360
-	-	-	-	-	34,527	-	34,527
-	-	-	-	-	-	-	42,056
-	-	3,012	-	-	351,600	102	1,135,630
-	-	-	-	-	-	815,473	997,254
<u>128,667</u>	<u>-</u>	<u>3,012</u>	<u>38,538</u>	<u>-</u>	<u>386,127</u>	<u>855,799</u>	<u>2,672,827</u>
<u>2,293,535</u>	<u>49,621</u>	<u>(252)</u>	<u>2,373,970</u>	<u>31</u>	<u>140,183</u>	<u>-</u>	<u>7,535,428</u>
<u>2,293,535</u>	<u>49,621</u>	<u>(252)</u>	<u>2,373,970</u>	<u>31</u>	<u>140,183</u>	<u>-</u>	<u>7,535,428</u>
<u>2,422,202</u>	<u>49,621</u>	<u>2,760</u>	<u>2,412,508</u>	<u>31</u>	<u>526,310</u>	<u>855,799</u>	<u>10,208,255</u>

CITY OF ROSEMEAD
Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year ended June 30, 2009

Special Revenue Funds

	Traffic Safety	CDBG Grant	HOME Grant	Proposition A	Proposition C	Federal Highway Grant
Revenues:						
Intergovernmental	\$ -	1,332,765	801,901	828,340	689,330	1,012,260
Fines, forfeitures and penalties	171,526	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Investment income	8,390	2,160	-	14,706	70,735	-
Total revenues	<u>179,916</u>	<u>1,334,925</u>	<u>801,901</u>	<u>843,046</u>	<u>760,065</u>	<u>1,012,260</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	600,000	-	-	-	-	-
Public works	-	982,946	-	459,892	1,403,744	-
Community services	-	419,921	-	-	-	-
Community development	-	-	782,231	-	-	-
Total expenditures	<u>600,000</u>	<u>1,402,867</u>	<u>782,231</u>	<u>459,892</u>	<u>1,403,744</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(420,084)</u>	<u>(67,942)</u>	<u>19,670</u>	<u>383,154</u>	<u>(643,679)</u>	<u>1,012,260</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(457)	-	-	(12,198)	-
Total other financing sources (uses)	<u>-</u>	<u>(457)</u>	<u>-</u>	<u>-</u>	<u>(12,198)</u>	<u>-</u>
Change in fund balances	<u>(420,084)</u>	<u>(68,399)</u>	<u>19,670</u>	<u>383,154</u>	<u>(655,877)</u>	<u>1,012,260</u>
Fund balance (deficit) at beginning of year	<u>433,011</u>	<u>67,452</u>	<u>(358,713)</u>	<u>584,225</u>	<u>2,765,994</u>	<u>(1,084,353)</u>
Fund balance (deficit) at end of year	<u>\$ 12,927</u>	<u>(947)</u>	<u>(339,043)</u>	<u>967,379</u>	<u>2,110,117</u>	<u>(72,093)</u>

Special Revenue Funds						Capital Projects Fund	
State Gas Tax	Air Quality Management District	Local Transportation	Street Lighting	Narcotics Seizure	Rosemead Housing Development Corporation	City Capital Projects	Total
2,584,854	64,743	155,102	-	-	415,150	-	7,884,445
-	-	-	-	-	-	-	171,526
-	-	-	736,213	-	-	-	736,213
46,077	-	-	53,705	1	140	-	195,914
<u>2,630,931</u>	<u>64,743</u>	<u>155,102</u>	<u>789,918</u>	<u>1</u>	<u>415,290</u>	<u>-</u>	<u>8,988,098</u>
-	-	-	-	-	720,018	-	720,018
-	-	-	425,946	-	-	-	1,025,946
822,898	4,892	-	-	-	-	569,950	4,244,322
-	-	-	-	-	-	-	419,921
-	9,078	-	-	-	-	-	791,309
<u>822,898</u>	<u>13,970</u>	<u>-</u>	<u>425,946</u>	<u>-</u>	<u>720,018</u>	<u>569,950</u>	<u>7,201,516</u>
<u>1,808,033</u>	<u>50,773</u>	<u>155,102</u>	<u>363,972</u>	<u>1</u>	<u>(304,728)</u>	<u>(569,950)</u>	<u>1,786,582</u>
-	-	-	-	-	250,000	569,950	819,950
-	-	(155,102)	-	-	-	-	(167,757)
-	-	(155,102)	-	-	250,000	569,950	652,193
1,808,033	50,773	-	363,972	1	(54,728)	-	2,438,775
485,502	(1,152)	(252)	2,009,998	30	194,911	-	5,096,653
<u>2,293,535</u>	<u>49,621</u>	<u>(252)</u>	<u>2,373,970</u>	<u>31</u>	<u>140,183</u>	<u>-</u>	<u>7,535,428</u>

CITY OF ROSEMEAD

Traffic Safety

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

Fiscal Year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeitures and penalties	\$ 200,000	200,000	171,526	(28,474)
Investment income	<u>-</u>	<u>-</u>	<u>8,390</u>	<u>8,390</u>
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>179,916</u>	<u>(20,084)</u>
Expenditures:				
Current:				
Public safety	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Total expenditures	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Change in fund balances	(400,000)	(400,000)	(420,084)	(20,084)
Fund balance at beginning of year	<u>433,011</u>	<u>433,011</u>	<u>433,011</u>	<u>-</u>
Fund balance at end of year	<u>\$ 33,011</u>	<u>33,011</u>	<u>12,927</u>	<u>(20,084)</u>

CITY OF ROSEMEAD
Community Development Block Grant

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

Fiscal Year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,953,481	1,953,481	1,332,765	(620,716)
Investment income	<u>-</u>	<u>-</u>	<u>2,160</u>	<u>2,160</u>
Total revenues	<u>1,953,481</u>	<u>1,953,481</u>	<u>1,334,925</u>	<u>(618,556)</u>
Expenditures:				
Current:				
Public works	1,530,480	1,530,480	982,946	547,534
Community services	<u>566,970</u>	<u>566,970</u>	<u>419,921</u>	<u>147,049</u>
Total expenditures	<u>2,097,450</u>	<u>2,097,450</u>	<u>1,402,867</u>	<u>694,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(143,969)</u>	<u>(143,969)</u>	<u>(67,942)</u>	<u>76,027</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(457)</u>	<u>(457)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(457)</u>	<u>(457)</u>
Net change in fund balance	(143,969)	(143,969)	(68,399)	75,570
Fund balance at beginning of year	<u>67,452</u>	<u>67,452</u>	<u>67,452</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (76,517)</u>	<u>(76,517)</u>	<u>(947)</u>	<u>75,570</u>

CITY OF ROSEMEAD
HOME Program

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

Fiscal Year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ 2,208,805	2,208,805	801,901	(1,406,904)
Total revenues	<u>2,208,805</u>	<u>2,208,805</u>	<u>801,901</u>	<u>(1,406,904)</u>
Expenditures:				
Current:				
Community development	<u>2,207,770</u>	<u>2,207,770</u>	<u>782,231</u>	<u>1,425,539</u>
Total expenditures	<u>2,207,770</u>	<u>2,207,770</u>	<u>782,231</u>	<u>1,425,539</u>
Net change in fund balance	1,035	1,035	19,670	18,635
Fund balance (deficit) at beginning of year	<u>(358,713)</u>	<u>(358,713)</u>	<u>(358,713)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (357,678)</u>	<u>(357,678)</u>	<u>(339,043)</u>	<u>18,635</u>

CITY OF ROSEMEAD

Proposition A

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

Fiscal Year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 916,000	916,000	828,340	(87,660)
Investment income	<u>16,600</u>	<u>16,600</u>	<u>14,706</u>	<u>(1,894)</u>
Total revenues	<u>932,600</u>	<u>932,600</u>	<u>843,046</u>	<u>(89,554)</u>
Expenditures:				
Current:				
Public works	<u>469,910</u>	<u>469,910</u>	<u>459,892</u>	<u>10,018</u>
Total expenditures	<u>469,910</u>	<u>469,910</u>	<u>459,892</u>	<u>10,018</u>
Change in fund balances	462,690	462,690	383,154	(79,536)
Fund balance at beginning of year	<u>584,225</u>	<u>584,225</u>	<u>584,225</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,046,915</u>	<u>1,046,915</u>	<u>967,379</u>	<u>(79,536)</u>

CITY OF ROSEMEAD
Proposition C

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

Fiscal Year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ 760,000	760,000	689,330	(70,670)
Investment income	<u>48,000</u>	<u>48,000</u>	<u>70,735</u>	<u>22,735</u>
Total revenues	<u>808,000</u>	<u>808,000</u>	<u>760,065</u>	<u>(47,935)</u>
Expenditures:				
Current:				
Public works	<u>1,471,960</u>	<u>1,471,960</u>	<u>1,403,744</u>	<u>68,216</u>
Total expenditures	<u>1,471,960</u>	<u>1,471,960</u>	<u>1,403,744</u>	<u>68,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(663,960)</u>	<u>(663,960)</u>	<u>(643,679)</u>	<u>20,281</u>
Other financing sources (uses):				
Transfers out	<u>166,000</u>	<u>166,000</u>	<u>(12,198)</u>	<u>(178,198)</u>
Total other financing sources (uses)	<u>166,000</u>	<u>166,000</u>	<u>(12,198)</u>	<u>(178,198)</u>
Net change in fund balance	(497,960)	(497,960)	(655,877)	(157,917)
Fund balance at beginning of year	<u>2,765,994</u>	<u>2,765,994</u>	<u>2,765,994</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,268,034</u>	<u>2,268,034</u>	<u>2,110,117</u>	<u>(157,917)</u>

CITY OF ROSEMEAD
Federal Highway Grant

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

Fiscal Year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ -	-	1,012,260	1,012,260
Total revenues	-	-	1,012,260	1,012,260
Net change in fund balance	-	-	1,012,260	1,012,260
Fund balance (deficit) at beginning of year	<u>(1,084,353)</u>	<u>(1,084,353)</u>	<u>(1,084,353)</u>	-
Fund balance (deficit) at end of year	<u><u>\$ (1,084,353)</u></u>	<u><u>(1,084,353)</u></u>	<u><u>(72,093)</u></u>	<u><u>1,012,260</u></u>

CITY OF ROSEMEAD

State Gas Tax

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

Fiscal Year ended June 30, 2009

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,964,174	1,964,174	2,584,854	620,680
Investment income	28,000	28,000	46,077	18,077
Total revenues	<u>1,992,174</u>	<u>1,992,174</u>	<u>2,630,931</u>	<u>638,757</u>
Expenditures:				
Current:				
Public works	3,495,934	3,495,934	822,898	2,673,036
Total expenditures	<u>3,495,934</u>	<u>3,495,934</u>	<u>822,898</u>	<u>2,673,036</u>
Change in fund balance	(1,503,760)	(1,503,760)	1,808,033	3,311,793
Fund balance at beginning of year	<u>485,502</u>	<u>485,502</u>	<u>485,502</u>	<u>-</u>
Fund balance at end of year	<u>\$ (1,018,258)</u>	<u>(1,018,258)</u>	<u>2,293,535</u>	<u>3,311,793</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ 70,000	70,000	64,743	(5,257)
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>64,743</u>	<u>(5,257)</u>
Expenditures:				
Current:				
Public works	-	-	4,892	(4,892)
Community development	9,000	9,000	9,078	(78)
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>13,970</u>	<u>(4,970)</u>
Change in fund balances	61,000	61,000	50,773	(10,227)
Fund balance (deficit) at beginning of year	<u>(1,152)</u>	<u>(1,152)</u>	<u>(1,152)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 59,848</u>	<u>59,848</u>	<u>49,621</u>	<u>(10,227)</u>

CITY OF ROSEMEAD

Local Transportation

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

Fiscal Year ended June 30, 2009

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 225,000	225,000	155,102	(69,898)
Total revenues	225,000	225,000	155,102	(69,898)
Excess (deficiency) of revenues over (under) expenditures	225,000	225,000	155,102	(69,898)
Other financing sources (uses):				
Transfers out	155,000	155,000	(155,102)	(310,102)
Total other financing sources (uses)	155,000	155,000	(155,102)	(310,102)
Change in fund balances	380,000	380,000	-	(380,000)
Fund balance (deficit) at beginning of year	(252)	(252)	(252)	-
Fund balance (deficit) at end of year	\$ 379,748	379,748	(252)	(380,000)

CITY OF ROSEMEAD
Street Lighting

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

Fiscal Year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 737,000	737,000	736,213	(787)
Investment income	<u>-</u>	<u>-</u>	<u>53,705</u>	<u>53,705</u>
Total revenues	<u>737,000</u>	<u>737,000</u>	<u>789,918</u>	<u>52,918</u>
Expenditures:				
Current:				
Public safety	<u>365,000</u>	<u>365,000</u>	<u>425,946</u>	<u>(60,946)</u>
Total expenditures	<u>365,000</u>	<u>365,000</u>	<u>425,946</u>	<u>(60,946)</u>
Change in fund balances	372,000	372,000	363,972	(8,028)
Fund balance at beginning of year	<u>2,009,998</u>	<u>2,009,998</u>	<u>2,009,998</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,381,998</u>	<u>2,381,998</u>	<u>2,373,970</u>	<u>(8,028)</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 600	600	1	(599)
Total revenues	600	600	1	(599)
Change in fund balances	600	600	1	(599)
Fund balance at beginning of year	30	30	30	-
Fund balance at end of year	\$ 630	630	31	(599)

CITY OF ROSEMEAD
Rosemead Housing Development Corporation

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

Fiscal Year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 421,700	421,700	415,150	(6,550)
Investment income	<u> -</u>	<u> -</u>	<u> 140</u>	<u> 140</u>
Total revenues	<u>421,700</u>	<u>421,700</u>	<u>415,290</u>	<u>(6,410)</u>
Expenditures:				
Current:				
General government	<u>694,400</u>	<u>694,400</u>	<u>720,018</u>	<u>(25,618)</u>
Total expenditures	<u>694,400</u>	<u>694,400</u>	<u>720,018</u>	<u>(25,618)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(272,700)</u>	<u>(272,700)</u>	<u>(304,728)</u>	<u>(32,028)</u>
Other financing sources (uses):				
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u> -</u>
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u> -</u>
Change in fund balances	<u>(22,700)</u>	<u>(22,700)</u>	<u>(54,728)</u>	<u>(32,028)</u>
Fund balance at beginning of year	<u>194,911</u>	<u>194,911</u>	<u>194,911</u>	<u> -</u>
Fund balance at end of year	<u>\$ 172,211</u>	<u>172,211</u>	<u>140,183</u>	<u>(32,028)</u>

CITY OF ROSEMEAD
City Capital Projects

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

Fiscal Year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Expenditures:				
Current:				
Public Works	<u>\$ 1,647,000</u>	<u>1,647,000</u>	<u>569,950</u>	<u>1,077,050</u>
Total expenditures	<u>1,647,000</u>	<u>1,647,000</u>	<u>569,950</u>	<u>1,077,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,647,000)</u>	<u>(1,647,000)</u>	<u>(569,950)</u>	<u>1,077,050</u>
Other financing sources (uses):				
Transfers in	<u>1,177,000</u>	<u>1,177,000</u>	<u>569,950</u>	<u>(607,050)</u>
Total other financing sources (uses)	<u>1,177,000</u>	<u>1,177,000</u>	<u>569,950</u>	<u>(607,050)</u>
Change in fund balances	(470,000)	(470,000)	-	470,000
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ (470,000)</u>	<u>(470,000)</u>	<u>-</u>	<u>470,000</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Taxes	\$ 6,496,000	6,496,000	5,649,896	(846,104)
Investment income	-	-	261,591	261,591
Other	-	-	606	606
Total revenues	<u>6,496,000</u>	<u>6,496,000</u>	<u>5,912,093</u>	<u>(583,907)</u>
Expenditures:				
Current:				
General government	593,000	593,000	103,885	489,115
Public safety	962,900	962,900	1,016,479	(53,579)
Debt service:				
Principal	915,000	915,000	915,000	-
Interest and fiscal charges	1,531,990	1,531,990	1,531,986	4
Total expenditures	<u>4,002,890</u>	<u>4,002,890</u>	<u>3,567,350</u>	<u>435,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,493,110</u>	<u>2,493,110</u>	<u>2,344,743</u>	<u>(148,367)</u>
Other financing sources (uses):				
Transfers out	-	-	(3,258,531)	(3,258,531)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,258,531)</u>	<u>(3,258,531)</u>
Net change in fund balance	2,493,110	2,493,110	(913,788)	(3,406,898)
Fund balance at beginning of year	<u>3,717,698</u>	<u>3,717,698</u>	<u>3,717,698</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,210,808</u>	<u>6,210,808</u>	<u>2,803,910</u>	<u>(3,406,898)</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Taxes	\$ -	-	18,667	18,667
Investment income	<u>465,600</u>	<u>465,600</u>	<u>6,818</u>	<u>(458,782)</u>
Total revenues	<u>465,600</u>	<u>465,600</u>	<u>25,485</u>	<u>(440,115)</u>
Expenditures:				
Current:				
General government	1,625,040	1,625,040	1,184,280	440,760
Public works	<u>4,955,240</u>	<u>4,955,240</u>	<u>303,371</u>	<u>4,651,869</u>
Total expenditures	<u>6,580,280</u>	<u>6,580,280</u>	<u>1,487,651</u>	<u>5,092,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,114,680)</u>	<u>(6,114,680)</u>	<u>(1,462,166)</u>	<u>4,652,514</u>
Other financing sources (uses):				
Transfers in	-	-	2,330,533	2,330,533
Transfers out	<u>-</u>	<u>-</u>	<u>(388,020)</u>	<u>(388,020)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,942,513</u>	<u>1,942,513</u>
Net change in fund balance	(6,114,680)	(6,114,680)	480,347	6,595,027
Fund balance at beginning of year	<u>3,987,946</u>	<u>3,987,946</u>	<u>3,987,946</u>	<u>-</u>
Fund balance at end of year	<u>\$ (2,126,734)</u>	<u>(2,126,734)</u>	<u>4,468,293</u>	<u>6,595,027</u>

INTERNAL SERVICE FUNDS

The internal service funds are used to account for goods and services provided by one City department to other City departments on a cost reimbursements basis.

The City of Rosemead has the following Internal Service Funds:

Vehicle Replacement – To account for the accumulation and allocation of costs associated with the repair and maintenance of City owned vehicles.

Technology Replacement – To account for the accumulation and allocation of costs associated with the repair and maintenance of the City's technological equipment.

CITY OF ROSEMEAD
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

<u>Assets</u>	<u>Vehicle Replacement</u>	<u>Technology Replacement</u>	<u>Total</u>
Current assets:			
Due from other funds	\$ 91,804	48,190	139,994
Total assets	<u>91,804</u>	<u>48,190</u>	<u>139,994</u>
<u>Net assets</u>			
Unrestricted	<u>91,804</u>	<u>48,190</u>	<u>139,994</u>
Total net assets	<u>\$ 91,804</u>	<u>48,190</u>	<u>139,994</u>

CITY OF ROSEMEAD
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
Year ended June 30, 2009

	<u>Vehicle Replacement</u>	<u>Technology Replacement</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 91,804	48,190	139,994
Total operating revenues	<u>91,804</u>	<u>48,190</u>	<u>139,994</u>
 Changes in net assets	 91,804	 48,190	 139,994
 Net assets at beginning of year	 <u>-</u>	 <u>-</u>	 <u>-</u>
Net assets at end of year	<u>\$ 91,804</u>	<u>48,190</u>	<u>139,994</u>

CITY OF ROSEMEAD
Combining Statement of Cash Flows-Internal Service Funds
Year ended June 30, 2009

	<u>Vehicle Replacement</u>	<u>Technology Replacement</u>	<u>Total</u>
Net cash provided by (used for) operating activities	\$ -	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-
Net cash proved by (used for) capital and related financing activities	-	-	-
Net cash provided by (used for) investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of year	\$ -	-	-
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 91,804	48,190	139,994
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) decrease in due from other funds	(91,804)	(48,190)	(139,994)
Total adjustments	(91,804)	(48,190)	(139,994)
Net cash provided by operating activities	\$ -	-	-

CITY OF ROSEMEAD
Agency Fund

Statement of Changes in Assets and Liabilities

Fiscal Year ended June 30, 2009

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
<u>Assets</u>				
Cash and investments	\$ 469,691	121,409	(230,543)	360,557
Total assets	<u>\$ 469,691</u>	<u>121,409</u>	<u>(230,543)</u>	<u>360,557</u>
<u>Liabilities</u>				
Deposits payable	\$ 469,691	121,409	(230,543)	360,557
Total liabilities	<u>\$ 469,691</u>	<u>121,409</u>	<u>(230,543)</u>	<u>360,557</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 <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>	90
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant local revenue source, the property tax.</i>	94
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	98
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	103
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	105

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

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CITY OF ROSEMEAD

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

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Governmental activities:						
Invested in capital assets, net of related debt	\$ 10,439,445	12,130,249	13,345,433	10,541,606	12,981,537	11,828,993
Restricted	6,526,788	6,035,250	6,901,454	8,181,231	11,443,583	13,361,249
Unrestricted	26,498,620	31,114,414	30,299,115	35,293,732	27,705,715	24,882,730
Total governmental activities net assets	\$ 43,464,853	49,279,913	50,546,002	54,016,569	52,130,835	50,072,972

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 Six Fiscal Years

(accrual basis of accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Expenses:						
Governmental activities:						
General government	\$ 4,803,476	\$ 4,800,168	5,629,316	4,980,519	7,259,587	12,176,877
Public safety	5,797,080	6,058,824	6,065,066	6,618,779	8,043,771	9,081,719
Public works	2,058,252	3,252,252	3,403,699	6,120,563	13,550,042	6,465,355
Public health	65,583	60,828	51,286	-	-	-
Community services	3,121,996	2,862,328	3,223,843	602,114	669,827	773,374
Community development	-	-	-	2,467,842	3,645,207	1,290,108
Parks and recreation	3,201,236	3,456,308	3,959,590	4,178,000	4,078,631	2,030,698
Interest expense	1,854,185	1,830,836	1,832,219	2,698,372	1,790,348	1,523,391
Total governmental activities expenses	<u>20,901,808</u>	<u>22,321,544</u>	<u>24,165,019</u>	<u>27,666,189</u>	<u>39,037,413</u>	<u>33,341,522</u>
Program revenues:						
Governmental activities:						
Charges for services:						
General government	7,026,282	6,299,415	3,288,225	316,849	642,716	547,577
Public safety	726,345	984,965	900,359	1,598,159	1,547,182	1,512,475
Public works	3,091,146	3,760,495	4,144,733	7,600,778	11,729,725	7,581,801
Public health	-	-	-	-	-	-
Community services	1,691,586	1,211,615	814,754	1,403,059	166,118	858,809
Community development	-	-	-	3,206,303	1,484,065	621,375
Parks and recreation	287,137	266,398	337,815	-	36,800	36,000
Total governmental activities program revenues	<u>12,822,496</u>	<u>12,522,888</u>	<u>9,485,886</u>	<u>14,125,148</u>	<u>15,606,606</u>	<u>11,158,037</u>
Net revenues (expenses):						
Governmental activities						
Total net revenues (expenses)	<u>(8,079,312)</u>	<u>(9,798,656)</u>	<u>(14,679,133)</u>	<u>(13,541,041)</u>	<u>(23,430,807)</u>	<u>(22,183,485)</u>
General revenues and other changes in net assets:						
Governmental activities:						
Taxes:						
Property taxes	3,941,383	4,077,332	3,915,980	9,121,682	13,181,837	12,288,177
Sales and use taxes	2,865,887	3,518,657	3,525,557	2,501,106	3,747,416	4,589,998
Transient occupancy taxes	1,081,174	1,102,756	1,207,298	1,311,697	1,411,421	1,272,092
Other taxes	149,737	765,215	1,076,806	713,821	949,007	761,410
Intergovernmental/ in-lieu VLF	-	3,165,148	2,966,002	-	-	-
Investment income	187,278	1,260,095	1,930,059	2,028,128	1,678,791	884,847
Motor vehicle in-lieu, unrestricted	-	1,716,656	1,290,667	856,701	254,527	195,273
Other general revenues	-	7,857	32,853	478,473	143,748	133,825
Total governmental activities	<u>8,225,459</u>	<u>15,613,716</u>	<u>15,945,222</u>	<u>17,011,608</u>	<u>21,366,747</u>	<u>20,125,622</u>
Changes in net assets						
Governmental activities						
Total primary government	<u>\$ 146,147</u>	<u>\$ 5,815,060</u>	<u>\$ 1,266,089</u>	<u>\$ 3,470,567</u>	<u>\$ (2,064,060)</u>	<u>\$ (2,057,863)</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 Six Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
General fund:						
Reserved	\$ 353,616	1,719,044	256,765	150,000	3,074,496	3,106,917
Unreserved	<u>20,053,506</u>	<u>19,896,581</u>	<u>22,228,341</u>	<u>22,460,545</u>	<u>18,633,154</u>	<u>16,135,102</u>
Total general fund	<u>\$20,407,122</u>	<u>21,615,625</u>	<u>22,485,106</u>	<u>22,610,545</u>	<u>21,707,650</u>	<u>19,242,019</u>
All other governmental funds:						
Reserved	\$ 3,195,415	-	7,693,216	4,947,087	9,000,561	9,000,561
Unreserved, reported in:						
Special revenue funds	5,653,208	7,336,247	6,821,660	6,142,833	6,140,289	9,023,487
Debt service funds	32,835	2,354,835	-	552	692,475	2,803,910
Capital projects funds	<u>6,264,457</u>	<u>8,433,842</u>	<u>6,435,798</u>	<u>7,397,454</u>	<u>2,490,553</u>	<u>(54,323)</u>
Total all other governmental funds	<u>\$15,145,915</u>	<u>18,124,924</u>	<u>20,950,674</u>	<u>18,487,926</u>	<u>18,323,878</u>	<u>20,773,635</u>

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

CITY OF ROSEMEAD

Changes in Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Revenues:						
Taxes	\$ 9,041,026	\$ 9,189,326	\$ 9,527,384	\$13,648,306	\$17,841,792	\$17,153,625
Intergovernmental	8,826,909	14,379,314	10,785,591	9,419,698	15,716,610	10,992,235
Licenses and permits	1,508,009	1,595,115	1,528,864	1,683,204	1,503,659	1,178,362
Charges for services	581,848	550,478	660,890	414,375	537,430	638,244
Fines, forfeitures and penalties	589,890	857,135	753,224	437,117	641,566	565,643
Special assessments	-	-	-	789,089	687,568	736,213
Investment income	1,372,591	1,260,286	1,947,566	2,028,128	1,678,791	884,847
Other	37	30,316	29,332	478,473	141,930	381,429
Total revenues	<u>21,920,310</u>	<u>27,861,970</u>	<u>25,232,851</u>	<u>28,898,390</u>	<u>38,749,346</u>	<u>32,530,598</u>
Expenditures						
Current:						
General government	2,965,572	3,023,192	3,790,631	4,780,837	7,356,665	11,956,179
Public safety	5,797,080	6,087,918	6,536,043	6,737,912	8,043,771	9,114,009
Public works	3,144,358	5,208,142	6,064,980	8,898,768	12,116,508	4,964,867
Community services	65,583	60,828	51,286	1,419,424	669,827	783,452
Community development	3,259,505	3,424,954	3,216,935	2,690,420	3,408,691	1,047,529
Parks and recreation	3,201,236	3,383,358	3,881,469	4,249,462	4,078,631	2,030,698
Capital outlay	26,639	184,301	149,641	-	1,647,673	202,752
Debt service:						
Principal	445,000	465,000	490,000	780,000	1,105,000	915,000
Interest and fiscal charges	1,859,747	1,836,765	1,559,114	2,512,725	1,567,849	1,531,986
Payment to bond escrow agent	-	-	550,323	1,323,238	-	-
Total expenditures	<u>20,764,720</u>	<u>23,674,458</u>	<u>26,290,422</u>	<u>33,392,786</u>	<u>39,994,615</u>	<u>32,546,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,155,590</u>	<u>4,187,512</u>	<u>(1,057,571)</u>	<u>(4,494,396)</u>	<u>(1,245,269)</u>	<u>(15,874)</u>
Other financing sources (uses):						
Transfers in	3,905,993	4,941,103	13,300,319	26,183,078	2,962,087	4,078,483
Transfers out	(3,905,993)	(4,941,103)	(13,300,319)	(26,183,078)	(2,962,087)	(4,078,483)
Proceeds of bonds	-	-	14,005,000	24,230,000	-	-
Premium on debt issued	-	-	316,830	-	-	-
Payment to bond escrow agent	-	-	(9,569,028)	(22,075,305)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,752,802</u>	<u>2,154,695</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,155,590</u>	<u>4,187,512</u>	<u>3,695,231</u>	<u>(2,339,701)</u>	<u>(1,245,269)</u>	<u>(15,874)</u>
Debt service as a percentage of noncapital expenditures	11.1%	9.8%	9.9%	16.6%	7.0%	7.6%

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

CITY OF ROSEMEAD

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

Fiscal Year Ended June 30	City			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	SBE Non-Unitary		
2000	\$ 1,733,311,605	\$ 44,424,487	\$ 1,415,275	\$1,779,151,367	20.62%
2001	1,801,399,282	48,058,831	664,802	1,850,122,915	20.30%
2002	1,894,448,049	49,217,140	1,632,754	1,945,297,943	21.07%
2003	2,017,936,508	50,453,472	2,601,128	2,070,991,108	20.82%
2004	2,168,666,818	52,904,496	19,367,174	2,240,938,488	21.36%
2005	2,345,083,686	57,368,008	20,426,612	2,422,878,306	22.57%
2006	2,561,631,859	64,776,971	18,555,208	2,644,964,038	21.89%
2007	2,826,876,615	55,851,646	19,173,832	2,901,902,093	23.35%
2008	3,085,354,513	61,564,235	18,883,761	3,165,802,509	24.57%
2009	3,277,256,282	66,506,103	18,883,761	3,362,646,146	25.29%

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

NOTE:

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

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

CITY OF ROSEMEAD

Direct and Overlapping Property Tax Rates

(Rate per \$100 of Taxable Value)

Last Ten Fiscal Years

Agency	Last 10 Fiscal Years									
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Detention Facilities 1987 Debts	0.00142	0.00131	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000
L.A. Co. Flood Control Bonds	0.00176	0.00156	0.00106	0.00088	0.00047	0.00024	0.00005	0.00005	0.00000	0.00000
San Gabriel Valley Mwd Bonds	0.02500	0.02400	0.02400	0.02400	0.02200	0.02000	0.02000	0.02000	0.02000	0.01800
El Monte School Districts	0.00000	0.04196	0.05196	0.06592	0.05072	0.07246	0.08056	0.06402	0.08067	0.09044
Garvey School Districts	0.00000	0.00000	0.03118	0.05286	0.02471	0.02319	0.05221	0.05075	0.05061	0.06835
Rosemead School Districts	0.00000	0.00000	0.08858	0.00540	0.04517	0.07095	0.07515	0.05420	0.08282	0.06875
El Monte Union High School	0.00000	0.00000	0.00000	0.00000	0.03573	0.03928	0.05425	0.05846	0.02820	0.05159
Los Angeles Community College	0.00000	0.00000	0.01600	0.01460	0.01986	0.01810	0.01430	0.02146	0.00878	0.02212
Pasadena Area Community College	0.00000	0.00000	0.00000	0.00000	0.00681	0.00879	0.00410	0.02080	0.01972	0.01741
Rio Hondo Community College	0.00000	0.00000	0.00000	0.00000	0.00000	0.02170	0.01802	0.01469	0.01370	0.02320
Montebello Unified School District	0.03049	0.03423	0.04370	0.03983	0.04077	0.04172	0.07053	0.06731	0.06681	0.08065
San Gabriel Unified School District	0.00000	0.00000	0.00000	0.05803	0.05224	0.05729	0.05284	0.04930	0.05742	0.09293
Metropolitan Water District	0.00890	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430
Total Direct & Overlapping² Tax Rates	1.06758	1.11186	1.26531	1.26925	1.30556	1.38044	1.44801	1.42640	1.43323	1.53775
City's Share of 1% Levy Per Prop 13³	0.06682	0.06682	0.06682	0.06682	0.06682	0.06682	0.06682	0.06682	0.06682	0.06682
General Obligation Debt Rate										
Redevelopment Rate⁴	1.01209	1.01167	1.00990	1.00861	1.00755	1.00697	1.00604	1.00541	1.00450	1.00430
Total Direct Rate⁵	0.20615	0.20298	0.21070	0.20818	0.21361	0.22574	0.21893	0.23351	0.24566	0.25288

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

³City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

⁴RDA 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.

⁵Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Source: L.A. County Assessor 1999/00 - 2008/09 Tax Rate Table and HDL Coren & Conc

CITY OF ROSEMEAD

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2008/09			1999/00		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Rosemead Place, LLC	\$ 44,225,721	1	1.32%			
Walmart Real Estate Business Trust	39,169,235	2	1.16%			
Rosemead Hwang, LLC	31,570,937	3	0.94%			
AFG Investment Fund 5 LLC	23,460,000	4	0.70%			
General Electric Credit Auto Auctions, Inc.	20,654,488	5	0.61%	14,863,882	2	0.84%
420 Boyd Street LLC	18,000,000	6	0.54%			
Macy's California Inc.	16,053,368	7	0.48%			0.00%
Southern California Edison Co.	15,628,091	8	0.46%			
California Federal Savings & Loan	13,154,503	9	0.39%	9,221,467	5	0.52%
Sunshine Inn	10,086,980	10	0.30%	7,469,309	7	0.42%
Aespace America, Inc.				31,629,317	1	1.78%
May Company Department Stores				14,564,858	3	0.82%
Hsi Lai University				11,194,858	4	0.63%
Chicago Title Insurance Company				8,330,000	6	0.47%
Builder Square LLC				7,110,560	8	0.40%
H C C Industries, Inc.				6,813,151	9	0.38%
Tony & Helen Hua Trust, Et. Al.				6,250,000	10	0.35%

Source: Hdl Coren & Cone, Los Angeles County Assessor 2008/09 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 Fiscal Year of Levy		Collections in Subsequent Years *	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2000	\$ 1,013,510	\$1,013,495	100.00%	-	\$1,013,495	100.00% **
2001	1,059,067	1,059,033	100.00%	-	1,059,033	100.00% **
2002	1,111,483	1,111,453	100.00%	-	1,111,453	100.00% **
2003	1,181,683	1,161,629	98.30%	-	1,161,629	98.30%
2004	1,262,684	1,262,622	100.00%	-	1,262,622	100.00% **
2005	1,364,266	1,203,406	88.21%	-	1,203,406	88.21%
2006	2,054,921	2,054,859	100.00%	-	2,054,859	100.00% **
2007	2,269,752	2,147,626	94.62%	-	2,147,626	94.62%
2008	2,442,009	2,406,199	98.53%	-	2,406,199	98.53%
2009	2,569,429	2,435,807	94.80%	-	2,435,807	94.80%

* Information not available.

** Note: For these years the information was not available so an estimate was made to reduce the total collections to date to 100%.

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

CITY OF ROSEMEAD

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percentage of Personal Income ¹</u>	<u>Debt Per Capita ¹</u>
1999/00	\$ 34,970,000	2.31%	617
2000/01	34,625,000	2.14%	604
2001/02	34,255,000	2.10%	619
2002/03	33,830,000	2.00%	612
2003/04	33,385,000	1.93%	595
2004/05	32,920,000	1.65%	580
2005/06	37,100,000	7.70%	649
2006/07	37,455,000	7.30%	655
2007/08	36,350,000	6.74%	633
2008/09	35,435,000	6.41%	617

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

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

CITY OF ROSEMEAD

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

<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percent of Assessed Value ¹</u>	<u>Per Capita</u>
1999/00	34,970	1.97%	617
2000/01	34,625	1.87%	604
2001/02	34,255	1.76%	619
2002/03	33,830	1.63%	612
2003/04	33,385	1.49%	595
2004/05	32,920	1.36%	580
2005/06	37,100	1.40%	649
2006/07	37,455	1.29%	655
2007/08	36,350	1.15%	633
2008/09	35,435	1.05%	617

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

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

CITY OF ROSEMEAD

Direct and Overlapping Governmental Activities Debt
June 30, 2009

	Gross Bonded Debt Balance	Percentage Applicable To City	Net Bonded Debt
Overlapping Debt			
* Metropolitan Water District	\$ 137,096,151	0.322%	441,450
Garvey School District DS 2000 Series A	6,789,903	51.516%	3,497,886
Garvey School District DS 2000 Series B	6,344,519	51.516%	3,268,442
Garvey School District 2004 Series 2005	8,913,736	51.516%	4,592,000
Garvey Sch DS 2004 Ser 2006	10,999,898	51.516%	5,666,707
Garvey Sch DS 2004 Ser C	8,997,964	51.516%	4,635,391
Rosemead Sch Dist DS 2000 Ser A	6,775,000	69.191%	4,687,690
Rosemead Sch Dist DS 2000 Ser B	9,350,000	69.191%	6,469,359
Rosemead Sch DS 2000 Ser C	6,890,000	69.191%	4,767,260
El Monte UN HSD DS 2002 Ser A	4,475,000	14.010%	626,948
El Monte Union HI DS 2002 Series B	6,580,000	14.010%	921,858
El Monte Un HSD DS 2006 Ref Bds	38,005,173	14.010%	5,324,525
El Monte Un Hi DS 2002 Ser C	83,746,269	14.010%	11,732,852
L.A. CCD DS 2001 Ser A	27,815,000	0.316%	87,895
L.A. CCD DS 2003 Ser B	77,040,000	0.316%	243,446
L.A. CCD DS 2003 Taxable Ser 2004B	23,385,000	0.316%	73,897
L.A. CCD DS 2001 Taxable Ser 2004A	75,105,000	0.316%	237,332
LACC DS Ref 2001 Series 2005 A	432,345,000	0.316%	1,366,210
LA CCD DS 2001 2006 Series B	383,000,000	0.316%	1,210,280
LA CCD DS 2003, 2006 Series C	308,500,000	0.316%	974,860
LACC DS 2001, 2008 Ser E-1	276,500,000	0.316%	873,740
LACC DS 2001, 2008 Taxable Ser E-2	15,000,000	0.316%	47,400
LACC DS 2003, 2008 Ser F-1	364,915,000	0.316%	1,153,131
LACC DS 2003, 2008 Taxable Ser F-2	425,000,000	0.316%	1,343,000
Pasadena Area CCD DS 2002 Series A	3,715,000	2.616%	97,184
Pasadena CCD DS 2006 Series B	581,980,000	2.616%	15,224,597
Pasadena CCD DS 2006 Ref BD Series C	20,763,399	2.616%	543,171
Montebello Unif DS 1998 Series 98	14,079,698	1.429%	201,199
Montebello Unif SD DS 98 Series 99	13,072,854	1.429%	186,811
Montebello USD DS 1998 Series 2001	13,397,827	1.429%	191,455
Montebello USD DS 1998 Series 2004	14,540,273	1.429%	207,781
Montebello Unified DS 1998 Series 2002	13,618,989	1.429%	194,615
Montebello Unif DS 2004 Ser 2005	27,640,000	1.429%	394,976
Montebello Unified DS 2004 Ser 2008	35,000,000	1.429%	500,150
San Gabriel USD DS 2002 Series A	11,087,600	1.339%	148,463
San Gabriel USD DS 2002 Series B	6,708,892	1.339%	89,832
San Gabriel USD DS 2005 Ref Bonds	17,285,000	1.339%	231,446
San Gabriel USD DS 2002 Series 2007 C	10,832,878	1.339%	145,052
San Gabriel USD DS 2008 Ser A	20,548,245	1.339%	275,141
Total Overlapping Debt			82,875,433

2008/09 Assessed Valuation: \$2,774,190,090 After Deducting \$588,456,056 Redevelopment Increment

Debt to Assessed Valuation Ratios:

Direct Debt	0.00%
Overlapping Debt	2.99%
Total Debt	2.99%

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

Source: Hdl Coren & Cone, L.A. County Assessor and Auditor Combined 2008/09 Lien Date Tax Rolls.

CITY OF ROSEMEAD

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Assessed valuation	1,779,151,367	1,850,122,915	1,945,297,943	2,070,991,108	2,240,938,488	2,422,878,306	2,644,964,038	2,901,902,093	3,165,802,509	3,362,646,146
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	444,787,842	462,530,729	486,324,486	517,747,777	560,234,622	605,719,577	661,241,010	725,475,523	791,450,627	840,661,537
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	66,718,176	69,379,609	72,948,673	77,662,167	84,035,193	90,857,936	99,186,151	108,821,328	118,717,594	126,099,230
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	66,718,176	69,379,609	72,948,673	77,662,167	84,035,193	90,857,936	99,186,151	108,821,328	118,717,594	126,099,230
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	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

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	
2000	2,990,564	330,000	1,951,663	1.31
2001	2,945,877	345,000	1,932,853	1.29
2002	3,197,754	370,000	1,912,843	1.40
2003	3,105,416	425,000	1,891,273	1.34
2004	3,376,579	445,000	1,870,873	1.46
2005	3,494,330	465,000	1,836,765	1.52
2006	3,310,295	490,000	1,559,114	1.62
2007	4,029,714	780,000	1,505,781	1.76
2008	6,219,884	1,105,000	1,567,849	2.33
2009	5,649,896	915,000	1,531,987	2.31

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
1999/00	57,328	1,621,007	28,276	5.40%
2000/01	55,351	1,634,072	29,522	5.90%
2001/02	55,289	1,692,452	30,611	6.10%
2002/03	56,065	1,727,026	30,804	6.80%
2003/04	56,710	1,991,372	35,115	6.00%
2004/05	57,189	482,011	36,746	4.50%
2005/06	57,144	513,123	39,011	4.60%
2006/07	57,427	539,163	41,875	4.90%
2007/08	57,422	552,450	42,916	4.47%
2008/09	57,594	N/A	N/A	11.10%

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		2009		2000 *	
		Number of Employees	Percent of Total Employment ¹	Number of Employees	Percent of Total Employment
Southern California Edison	1	4,000	16.26%	-	0.00%
Garvey School District	2	953	3.87%	-	0.00%
Panda Restaurant Group, Inc.	3	400	1.63%	-	0.00%
Wal-Mart	4	420	1.71%	-	0.00%
Rosemead School District	5	337	1.37%	-	0.00%
Hemetic Seal Corporation	6	130	0.53%	-	0.00%
Irish Construction	7	75	0.30%	-	0.00%
Target	8	200	0.81%	-	0.00%
Marge Carson, Inc.	9	80	0.33%	-	0.00%
Don Bosco Tech	10	90	0.37%	-	0.00%
Double Tree	11	90	0.37%	-	0.00%

¹ Based upon Employment Development Department's estimate of 24,900 residents employed in 2008-09.

* Information for 2000 is not available.

Source: City of Rosemead and Rosemead Chamber of Commerce

CITY OF ROSEMEAD

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

<u>Function</u>	<u>Full-Time and Part-time Employees as of June 30</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	16	16	19	16	14	15	18	17	19	16
Public safety ¹	25	19	16	23	22	17	23	22	34	39
Community development	8	12	6	5	6	6	6	11	23	18
Parks and recreation	<u>100</u>	<u>101</u>	<u>107</u>	<u>117</u>	<u>97</u>	<u>94</u>	<u>103</u>	<u>101</u>	<u>103</u>	<u>135</u>
Total	<u>149</u>	<u>148</u>	<u>148</u>	<u>161</u>	<u>139</u>	<u>132</u>	<u>150</u>	<u>151</u>	<u>179</u>	<u>208</u>

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

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

CITY OF ROSEMEAD

Operating Indicators
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police:										
Arrests	1,292	1,310	1,299	1,102	1,081	1,230	1,315	1,786	1,506	1,478
Parking citations issued	n/a	n/a	n/a	n/a	14,676	18,357	15,176	13,210	11,766	10,517
Fire:										
Number of emergency calls	n/a	2,634	2,809	2,728	2,733	2,800	2,868	2,994	3,094	1,834
Inspections	117	117	117	117	117	117	117	117	2,518	2,093
Public works:										
Street resurfacing (miles)	4.9	-	1.7	-	1.3	-	1.3	2.5	1.1	1.1
Parks and recreation:										
Number of recreation classes	400	400	400	420	450	530	720	775	484	397
Number of facility rentals	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	540	453

Source: City of Rosemead

CITY OF ROSEMEAD

Capital Asset Statistics
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety:										
Sheriff stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works:										
Streets (miles)	76.80	76.80	76.80	76.80	76.80	76.80	76.80	76.80	77.55	77.55
Streetlights	2,483	2,571	2,506	2,700	2,700	2,702	2,705	2,706	2,712	2,712
Traffic signals	39	39	39	39	39	39	39	41	42	42
Parks and recreation:										
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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