

CITY OF ROSEMEAD  
Rosemead, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

Prepared by the Finance Department  
Steve Brisco  
Director of Finance

CITY OF ROSEMEAD  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2011

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MAYOR:  
STEVEN LY

MAYOR PRO TEM:  
SANDRA ARMENTA

COUNCIL MEMBERS:  
BILL ALARCON  
MARGARET CLARK  
POLLY LOW



## City of Rosemead

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

January 18, 2012

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, 2011.

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 Rogers, Anderson, Malody & Scott, LLP, 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, 2011, 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 basic financial statements for the fiscal year ended June 30, 2011, were 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 requires 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 the 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 of California, 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 commissioners, 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 enforcement and street maintenance. The City also has three blended component units: 1) the Rosemead Financing Authority (the Authority), 2) the Rosemead Community Development Commission (the Commission), and 3) the Rosemead Housing Development Corporation (the Corporation). 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) of the Basic Financial Statements.

The annual budget serves as the foundation for the City of Rosemead and its component unit 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 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 and the Low-Moderate Income Housing Set-Aside Fund, this comparison is presented on pages 60 – 61, as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund and the Low-Moderate Income Housing Set-Aside Fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 71.

### **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 although 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 fairly well and helped the City's sales tax to decline only .97% compared with the same period a year earlier. Modest sales tax losses have helped keep Rosemead's unemployment rate down to 10.7%, whereas the larger Los Angeles, Long Beach and Glendale areas, the rate is 12.3%. Major employers are listed in the statistical section of the accompanying financial report. No new major retail establishments opened during the year, but a number of major establishments have signed agreements to locate in Rosemead or have shown serious interest in doing so in the near future.

**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. Many of these goals have been met including capital improvement projects for street resurfacing, slurry sealing, curb and ramp improvements and tree planting as well as other park and facility renovations and improvements. On January 10, 2012, the City Council approved a new long-term financial plan for the coming two years. One of the new strategies that were added is to complete a formal long-term financial plan for the City. The goal of the long-term financial plan is to identify capital and operating needs over the next ten years and create a plan on how to fund them and continue to improve the City.

**Cash Management Policies and Practices.** Cash, temporarily idle during the year, was invested in Federally insured certificates of deposit, Federal agency debt issuances and the State Treasurer's Local Agency Investment Fund (LAIF). In accordance with State law, and the City's more conservative investment policy, all City investments strictly adhere to the following priorities, in order of importance: 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, found on pages 50 - 51 of the Basic 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 Statement No. 45, additional information on the City of Rosemead's pension arrangements and postemployment benefits can be found in Note 10, found on pages 52 - 54 of the Basic Financial Statements.

**Dissolution of the Redevelopment Agency.** On December 29, 2011 the California State Supreme court upheld the ruling that allows the legislature to dissolve redevelopment agencies. The dissolution becomes effective on February 1, 2012, thus eliminating nearly \$7 million of tax increment revenue to the City in FY 2011-12. The State will provide money to the City to pay existing debt service, but the remainder will be re-directed to the State. The consequence will be a significantly smaller City budget in FY 2012-13 with accompanying reductions in programs, service levels and service quality.

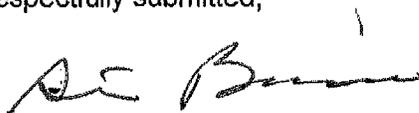
**Awards and Acknowledgements**

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, 2010. 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 departments 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  
Director of Finance

# **CITY OF ROSEMEAD**

## **Directory of Officials**

**June 30, 2011**

### **CITY COUNCIL**

Steven Ly, Mayor

Sandra Armenta, Mayor Pro Tem

Margaret Clark, Council Member

Polly Low, Council Member

William Alarcon, Council Member

### **CITY MANAGEMENT**

Jeff Allred, City Manager

Matthew E. Hawkesworth, Assistant City Manager

Stan Wong, Community Development Director

Steve Brisco, Director of Finance

David Montgomery-Scott, Director of Parks and Recreation

Chris Marcarello, Public Works Director

Lt. Tim Murakami, Chief of Police

Gloria Molleda, City Clerk

Rachel Richman, City Attorney

# 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, 2010

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.



*Linda C. Dandson*

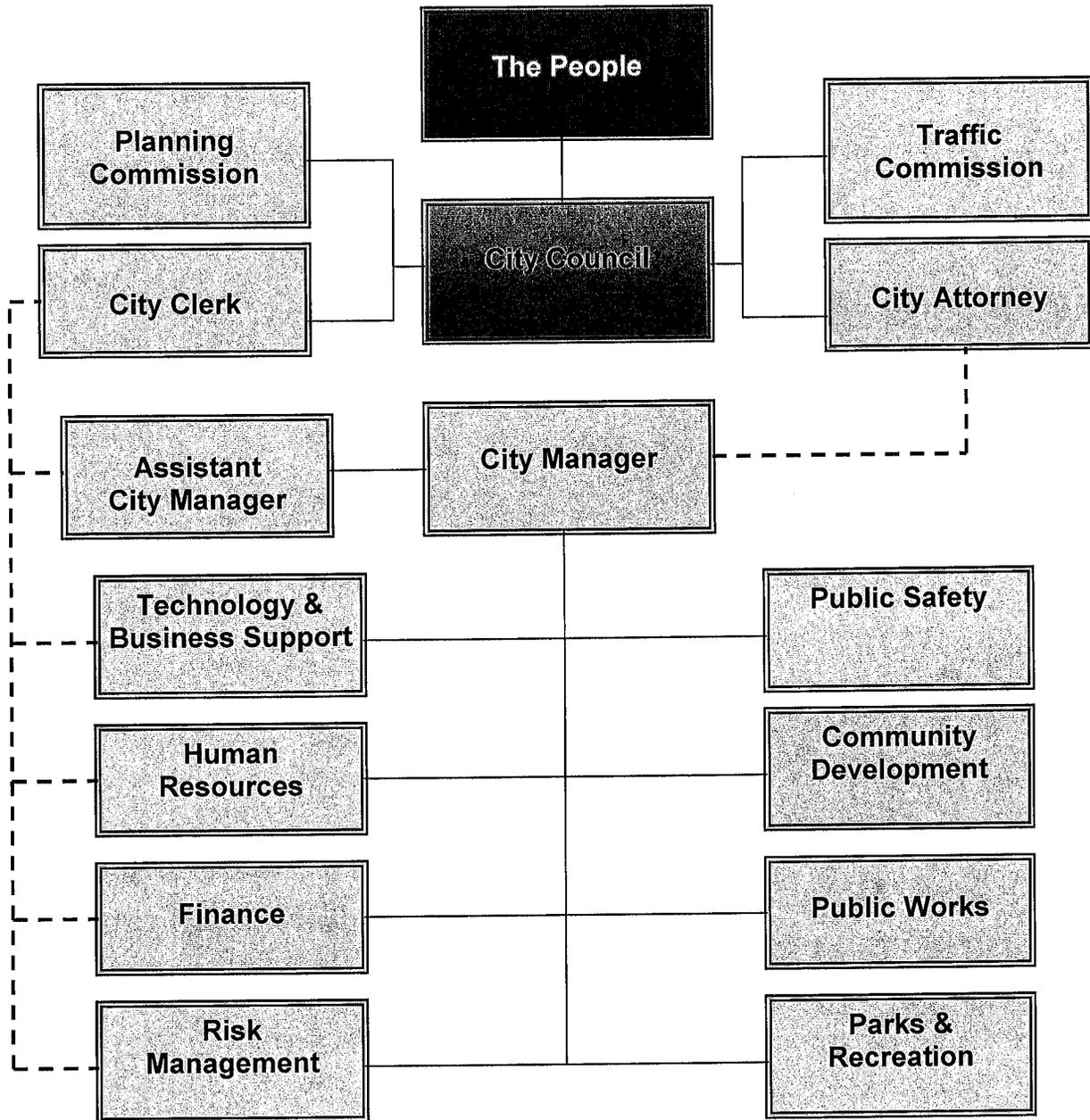
President

*Jeffrey R. Emery*

Executive Director

# CITY OF ROSEMEAD

## Function Based Organizational Chart



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## **FINANCIAL SECTION**

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscca.net

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

**PARTNERS**

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Kirk A. Franks, CPA  
Matthew B. Wilson, CPA, MSA  
Scott W. Manno, CPA  
Leena Shanbhag, CPA, MST  
Jay H. Zercher, CPA (Retired)  
Phillip H. Waller, CPA (Retired)

**MANAGERS / STAFF**

Nancy O'Rafferty, CPA, MBA  
Bradferd A. Welebir, CPA, MBA  
Jenny Liu, CPA, MST  
Katie L. Millsom, CPA  
Papa Matar Thiaw, CPA, MBA  
Maya S. Ivanova, CPA, MBA  
Danielle E. Odgers, CPA  
William C. Clayton, CPA  
Peter E. Murray, CPA  
Genivive Schwarzkopf, CPA  
Megan Hackney, CPA  
Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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 (City), as of and for the year ended June 30, 2011, 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, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in note 14 to the basic financial statements, it is uncertain as to the future continuation of redevelopment agencies (a significant component unit of the City of Rosemead) in the State of California as a result of certain legislative actions enacted by the California State Legislature.

During the year under audit, the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 18, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of the management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, the combining and individual nonmajor fund financial statements, and the 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 financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

*Rogers, Anderson, Malody & Smith, LLP*

January 18, 2012

## 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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report. All amounts, unless otherwise indicated, are in thousands of dollars.

### Financial Highlights

- Beginning in FY 2010-11 the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 54 designation. Frequent references are made to GASB Statement No. 54 "unassigned fund balance" which is the *rough equivalent* of "unreserved, undesignated fund balance" from prior years. There is an expanded explanation presented later in this report.
- The assets of the City of Rosemead exceeded its liabilities at the close of the most recent fiscal year by \$50,316 (*net assets*). Of this amount, \$10,748 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$3,914 (8.4 percent) mostly due to grants for capital projects; these will be discussed in greater detail later in this report. As of the current fiscal year, the City of Rosemead's governmental funds reported combined ending fund balances of \$38,392, an increase of \$2,333 in comparison with the prior year. Approximately 15 percent of the ending fund balance, or \$5,806 (unassigned fund balance), is *available for spending* at the government's discretion.
- At the end of the current fiscal year *unassigned* fund balance for the General Fund was \$10,209, or 57.6 percent, of total General Fund expenditures.
- The City of Rosemead's total long-term debt increased by \$10,203, or 28.3 percent, during the current fiscal year. Major changes in total debt were: 1) the issuance of \$11,230 of tax allocation bonds, 2) bond principal payments of \$975, and 3) a new capital lease of \$275 to pay for financial software. For more detailed information about the City's long-term debt please refer to Note 7, Changes in Long-Term Liabilities, found on page 44 of the Basic Financial Report.

### 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 these *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 funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Low-Moderate Income Housing Set-Aside Fund, Debt Service Fund, Redevelopment Agency Capital Projects Fund and City Capital Projects Fund, all five of which are considered to be major funds. Data from the other 12 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 governmental funds. A budgetary comparison statement has been provided for the General Fund, Low-Moderate Income Housing Set-Aside 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, Local Transportation Fund, Street Lighting Fund, Narcotic Forfeiture and Seizure Fund, Measure R Fund, Rosemead Housing Development Corporation Fund, Redevelopment Agency Debt Service Fund, Redevelopment Agency Capital Projects Fund and the City 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.

**Proprietary funds.** The City uses internal service funds to account for its Equipment Replacement and Information Technology Replacement. Because these services predominantly benefits governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on page 22 – 24 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 statements 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 25 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 Basic Financial Statements can be found on pages 26 – 57 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 62 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 beginning on page 65 of this report.

In February 2009, GASB released Statement No. 54 which substantially altered the focus and terminology used in fund balance reporting. The City was required to implement GASB Statement No. 54 no later than June 30, 2011. Therefore, the components of fund balance, as directed by Statement No. 54, which are used throughout the financial reports are:

1. Nonspendable fund balance
2. Restricted fund balance
3. Committed fund balance
4. Assigned fund balance
5. Unassigned fund balance

## 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 (*net assets*) by \$50,316 at the close of the most recent fiscal year.

A significant portion of the City of Rosemead's net assets (29.3 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets. The City of Rosemead uses these capital assets to provide services to its 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, 2011 and 2010 (thousands)

	Governmental Activities	
	2011	2010
Current and other assets	\$ 49,410	\$ 42,101
Capital assets	52,137	44,861
Total assets	101,547	86,962
Long-term liabilities outstanding	46,208	36,005
Other liabilities	5,023	4,556
Total liabilities	51,231	40,561
Net assets:		
Invested in capital assets, net of related debt	14,761	12,712
Restricted	24,807	13,199
Unrestricted	10,748	20,490
Total net assets	\$ 50,316	\$ 46,401

An additional portion of the City of Rosemead's net assets (49.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$10,748) 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.

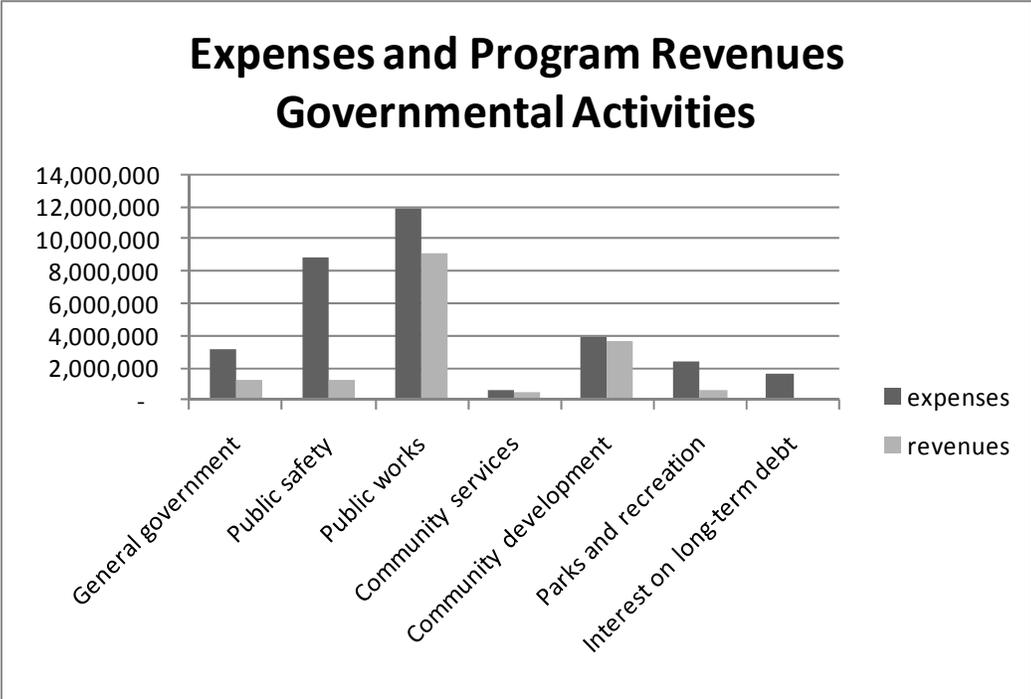
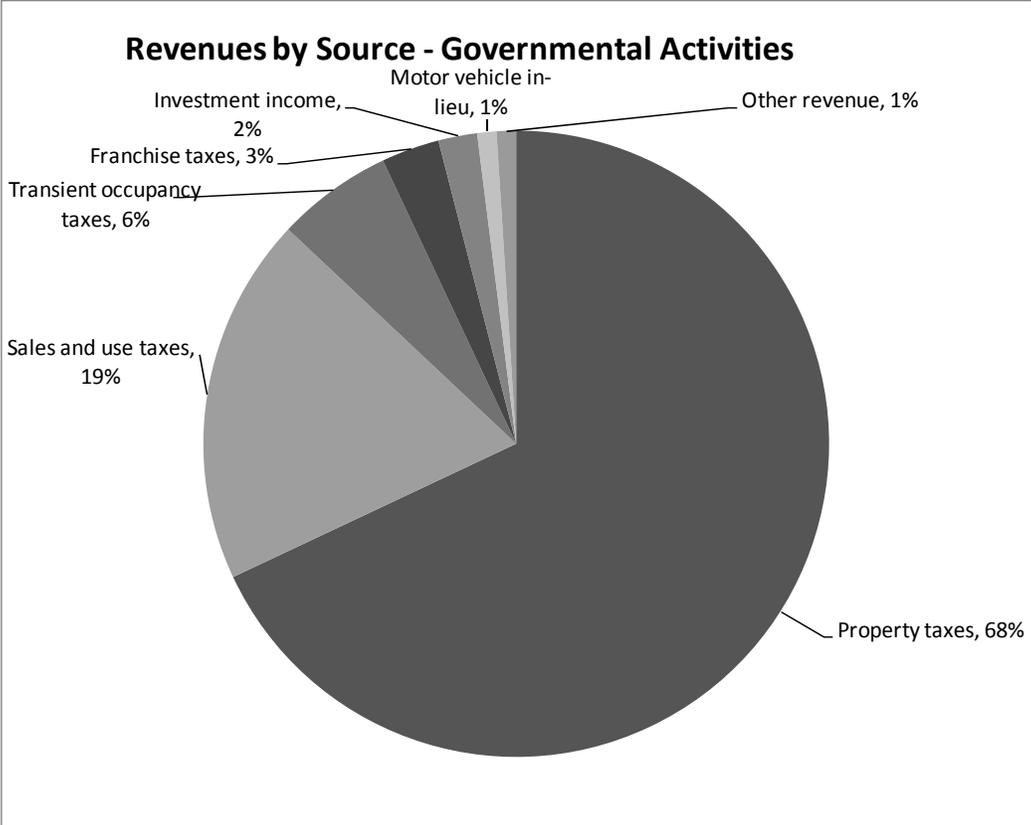
The government's net assets increased by \$3,915 during the current fiscal year. The increase can be credited to the construction of the Splash Zone aquatic facility which will be paid for with park grant funds from the State.

**Governmental activities.** Governmental activities increased the City of Rosemead's net assets by \$3,915. Contributing to this change in net assets are the following single-occurrence events:

- As mentioned above the construction a new aquatic facility that was paid for entirely with park grant funds,
- Less: An installment to fund Other Post Employment Benefits (OPEB) liabilities of \$645.

**City of Rosemead's Changes in Net Assets**  
**Years Ended June 30, 2011 and 2010**  
**(thousands)**

	Governmental Activities	
	2011	2010
Program revenues:		
Charges for services	\$ 3,108	\$ 2,830
Operating grants and contributions	9,039	8,214
Capital grants and contributions	4,252	680
General revenues:		
Property taxes	13,656	12,329
Other taxes	5,534	6,100
Investment income	368	389
Intergovernmental, unrestricted	264	169
Other	253	337
Total revenues	36,474	31,048
Expenses:		
General government	3,160	5,992
Public safety	8,882	8,880
Public works	11,907	12,891
Community services	596	590
Community development	3,969	2,141
Parks and recreation	2,363	2,734
Interest on long-term debt	1,682	1,492
Total expenses	32,559	34,720
Increase in net assets before transfers	3,915	(3,672)
Transfers		
Increase in net assets	3,915	(3,672)
Net assets - June 30, 2010	46,401	50,073
Net assets - June 30, 2011	\$ 50,316	\$ 46,401



## 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Rosemead's governmental funds reported combined fund balances of \$38,392, an increase of \$2,333 in comparison with the prior year. Approximately 15 percent of this total amount, \$5,806, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is segregated into *nonspendable fund balance*, *restricted fund balance*, *committed fund balance* or *assigned fund balance* to indicate that it is not available for new spending because it has already been designated for other purposes.

*General Fund.* The General Fund is the chief operating fund of the City of Rosemead. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$10,209, while total fund balance reached \$15,319. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57 percent of total general fund expenditures, while total fund balance represents 86 percent of that same amount.

The fund balance of the City of Rosemead's General Fund decreased by \$1,635 during the current year. Highlights of the change in fund balance are presented below:

- General Fund revenue increased \$625 over last year. The main driver relating to revenue increases came from building permits. Southern California Edison underwent a major facility expansion to their corporate headquarters; the expansion helped increase building permit revenue by \$668, or 87 percent, over FY 2009-10. The expansion is now complete and revenues are expected to return to previous levels.
- An updated business license fee resolution was approved by City Council which more than doubled business fee revenue from \$51 in FY 2009-10 to \$118 in FY 2010-11.
- A comprehensive fee resolution was also adopted by City Council which resulted in a \$48 increase over the prior year for planning, animal control, recreation and aquatic activities. While the revenue increase of \$48 may seem small, it must be pointed out that during the year the City's two public pools were demolished to make way for two new pools. The loss of aquatic-based revenue prevented the \$48 increase from being greater this year. The pools will be open FY 2011-12 and a return of aquatic-based revenue is projected for the coming year.
- Planned capital expenditures were partially funded with \$381 of General Fund reserves. The expenditures included: 1) new generator, 2) impact fee planning work, 3) playground equipment at various parks, 4) planning work for Hellman Park, and 5) a central irrigation control system.

- Operating cost overruns in the General Services Division were caused by the initial costs of a new phone system; the Finance Department cost overages were caused by unexpected expenses for data conversion associated with the implementation of new financial software; excess bank charges, which were resolved with adjustments to service levels; excess audit costs associated with changing audit firms; and excess printing charges. There were additional costs for engineering and building regulation services that were related to the Edison Company expansion and public safety costs exceeded budgeted amounts due to labor and benefit costs.

General Fund Budget Analysis. Overall, adjustments to the General Fund revenue budget were modest, just a 1.8 percent increase. The majority of the adjustments were re-evaluations of revenue projections for the full year, once six months of actual revenue history was factored into the estimates. The actual revenue variance was \$292, or 1.8 percent, more than the adjusted budget. Major contributors to the variance in Tax revenues included a shortfall of \$130 in Transient Occupancy Tax caused by non-payment of tax by one of the large hotels, and a sluggish travel economy as well as a decline in cable TV franchise fees. A positive variance of \$178 in Intergovernmental revenues was due to \$54 more than what was projected in Vehicle License Fees, and \$99 more in Sales Tax In-lieu fees. The variances were the outcome of many variations of projected fees, by the State, to be passed through to local governments. Due to a large building expansion by Southern California Edison Company an additional \$604 than the original budget was received by the City. Charges for Services, primarily in the Parks and Recreation Division, were underestimated by approximately \$143. Interest earnings were underestimated by almost 50 percent due to extremely low interest rates and a stagnant economic recovery. The remainder, Other revenues, was \$185 lower than estimated revenue because of lower than expected collections of law enforcement cost reimbursements, crossing guard reimbursements from the school district and Federal grants for public safety.

The General Fund original budget was increased by \$1,155. The primary contributors to the increase were: \$645 appropriation for the City's unfunded retirement liability, an additional \$218 for building inspections needed for the Southern California Edison building expansion, \$172 for additional building and grounds maintenance, \$19 for department supplies and \$28 for the purchase of a new service truck. Net actual expenditures were \$391 more than the amended budget because the Finance Department overspent \$37 for unexpected costs for hiring replacement City auditors and additional costs for converting existing data for use in the new finance software system, as well as \$58 for a new telephone system and department supplies. Public Works was over budget by net \$203 due to Park Maintenance overspending. Park Maintenance salaries and benefits had a \$114 deficit, tree maintenance was \$30 over budget, and the water utilities line item was overspent by \$52. The Community Development Department overspent their budget by \$224 for plan check fees, netted with other line item savings for a total deficit of \$182. The extra plan check services were needed for the Southern California Edison building expansion. Parks and Recreation had aggregate savings of \$147 largely because of construction of two new aquatics centers, one at Rosemead Park and one at Garvey Park. The pool construction was paid for with redevelopment and grant money, but pool operations were General Fund expenditure. There was \$190 in savings in the Aquatics Division because during construction of the pools there were no salary and benefit charges; however, Aquatics savings were offset by minor operating cost overruns in other Parks & Recreation divisions.

Proposition A, C and Measure R Funds. These three funds are for transportation purposes and they are all funded with voter approved additions to sales tax. Proposition A Fund is used mainly for public transportation services (fixed route bus service and Dial-A-Ride services). Proposition C has some transportation elements to it but it is focused more on transportation infrastructure maintenance purposes. Measure R mainly focuses on new transportation infrastructure development. Combined revenues in these three funds have increased \$205, or 11.3 percent, over FY 2009-10. Since the transportation taxes are an enhancement to sales tax we can see that consumer sales are beginning to increase, an early sign of economic recovery. Expenditures for the Proposition A Fund are increasing as greater efforts are being made to increase fixed route ridership as are the operating expenditures for Dial-A-Ride in the Proposition C Fund. The Proposition C Fund had capital expenditures of \$329 in FY 2009-10 that were not repeated in FY 2010-11, as the focus is back to operations. Measure R, the newest of the funds, is beginning to spend its revenue for future project planning.

Low-Moderate Income Housing Fund. The Low-Moderate Income Housing Fund (Low-Mod Fund), including transfers, finished the year with a \$333 increase in fund balance. The Low-Mod Fund received its funding primarily from transfers of property tax increment from the Community Development Commission and then transferred \$355 to the Rosemead Housing Development Corporation, a low income senior housing corporation to subsidize operations of the Corporation's senior low income housing apartments. As a FY 2011-12 budget balancing measure, the California legislature and the Governor voted to eliminate redevelopment agencies. By doing so, the Low-Moderate Income Housing Fund will be eliminated. Without funding from the Low-Moderate Income Housing Fund the future of the Housing Corporation is uncertain.

Equipment Replacement and Technology Replacement Funds. As a City budget balancing measure, departments were not charged an internal service fund allocation in FY 2009-10. In FY 2010-11 the internal service fund allocations resumed. There were charges to using departments during the year of \$120 and operating expenses of \$86. Using departments are assessed charges for equipment they use. 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, increased fund balance by \$6,488 from prior year. The major elements in the change of fund balance were the construction of a new aquatics facility at Rosemead Park for \$2,713, miscellaneous capital projects totaling \$1,601 for various capital projects and other operating charges, as well as the issuance of tax allocation bonds totaling \$11,230.

As discussed in the Low-Moderate Income Housing Fund section, the California State legislature and the Governor have passed legislation dissolving all redevelopment agencies as a means of reducing the State budget deficit. The consequence will be the confiscation of most redevelopment assets during the 2011-12 fiscal year by the State and dissolution of the Agency.

## **Capital Assets and Debt Administration**

**Capital assets.** The City of Rosemead's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$52,137 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways, bridges and construction in progress.

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

- Construction of the Rosemead Park Aquatic Facility
- Construction of the “Splash Zone” Aquatic Facility
- Freeway overpass beautification project

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

	Governmental Activities	
	2011	2010
Land	\$ 2,969	\$ 2,969
Buildings	16,054	16,612
Improvements other than Buildings	567	81
Machinery and equipment	170	215
Autos and trucks	375	349
Furniture and office equipment	67	108
Infrastructure	24,503	24,144
Construction in progress	7,432	384
<b>Total</b>	<b>\$ 52,137</b>	<b>\$ 44,862</b>

Additional information on the City of Rosemead’s capital assets can be found in Note 6, found on pages 43 - 44 of the Basic Financial Report.

**Long-term debt.** At the end of the current fiscal year, the Rosemead Community Development Commission had total bonded debt outstanding of \$44,745. Of this amount, all of it is backed by future property tax increment revenues.

**City of Rosemead's Outstanding Debt**  
Revenue Bonds  
(thousands)

	Governmental Activities	
	2011	2010
Tax Allocation Bonds	\$ 44,745	\$ 34,490

The Rosemead Community Development Commission’s total bonded debt increased by \$10,255 during the current fiscal year due to debt service payments of \$975 and the issuance of tax allocation bonds of \$11,230, leaving bonded indebtedness at \$44,745. For more detailed information about the City’s long-term debt please refer to Note 7, Changes in Long-Term Liabilities, beginning on page 44 of the Basic Financial Report.

## **Economic Factors and Next Year's Budgets and Rates**

- As discussed throughout this Management's Discussion and Analysis report, there were modest revenue increases in the FY 2011-12 budget. Accordingly, the budget was balanced using such items as the sale of Proposition A surplus funds and careful reductions to service delivery. Sales tax in the City has remained remarkably stable with only a small decline projected for budget purposes.
- At the time the FY 2011-12 budget was being prepared, State legislators and the Governor had not revealed their budget balancing scheme of dissolving redevelopment agencies and confiscating the Agency assets. Therefore the balance is adjusted charging some staffing to redevelopment and funding projects and programs with redevelopment money. Prior to the dissolution of redevelopment agencies, all of these factors were considered in preparing the City of Rosemead's budget for the 2011 fiscal year. The operating budget was balanced without the use of reserves.

## **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 Director of Finance, 8838 East Valley Boulevard, Rosemead, CA 91770.

CITY OF ROSEMEAD  
Statement of Net Assets  
June 30, 2011

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash and investments (note 2)	\$ 35,788,364
<b>Receivables:</b>	
Accounts	6,320,301
Interest	38,549
Notes	1,364,142
Prepaid expenses	863,171
Deferred charges	628,120
Land held for resale	4,407,616
<b>Capital assets (note 6):</b>	
Land	2,968,824
Construction in progress	7,431,882
Other capital assets, net	<u>41,735,938</u>
<b>Total assets</b>	<u>101,546,907</u>
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	3,785,704
Accrued salaries and benefits	298,165
Retentions payable	395,603
Accrued interest payable	402,454
Unearned revenue	141,108
<b>Non-current liabilities (note 7 to 9):</b>	
Due within one year	1,581,546
Due in more than one year	<u>44,626,736</u>
<b>Total liabilities</b>	<u>51,231,316</u>
<b>Net assets:</b>	
Invested in capital assets, net of related debt	14,760,940
<b>Restricted for:</b>	
Public safety	2,655,692
Public works	9,672,504
Community service	94,416
Low and moderate housing	6,841,367
Debt service	5,542,423
Unrestricted	<u>10,748,249</u>
<b>Total net assets</b>	<u><u>\$ 50,315,591</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEMEAD  
Statement of Activities  
Fiscal Year Ended June 30, 2011

	Program Revenues			Net (expense) revenue and changes in net assets	
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities
Governmental activities:					
General government	\$ 3,160,306	\$ 362,029	\$ 686,698	\$ -	\$ (2,111,579)
Public safety	8,881,926	303,102	249,040	741,382	(7,588,402)
Public works	11,907,245	154,506	5,478,481	3,510,324	(2,763,934)
Community services	595,904	34,053	415,951	-	(145,900)
Community development	3,969,502	1,558,531	2,195,081	-	(215,890)
Parks and recreation	2,362,860	634,070	20,367	-	(1,708,423)
Interest and other charges	1,681,875	-	-	-	(1,681,875)
Total governmental activities	<u>\$ 32,559,618</u>	<u>\$ 3,046,291</u>	<u>\$ 9,045,618</u>	<u>\$ 4,251,706</u>	<u>(16,216,003)</u>
General revenues:					
Taxes:					
Property taxes					13,656,347
Sales and use taxes					3,737,363
Transient occupancy taxes					1,219,977
Franchise taxes					576,904
Motor vehicle in lieu, unrestricted					263,983
Investment income					367,961
Other					<u>307,658</u>
Total general revenues					<u>20,130,193</u>
Change in net assets					3,914,190
Net assets, beginning of year					<u>46,401,401</u>
Net assets, end of year					<u><u>\$ 50,315,591</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEMEAD  
Governmental Funds  
Balance Sheet  
June 30, 2011

<u>Assets</u>	<u>General</u>	<u>Special Revenue Low-Moderate Income Housing Set-Aside</u>	<u>Debt Service Redevelopment Agency</u>
Cash and investments (note 2)	\$ 11,177,197	\$ 2,342,659	\$ 10,044,954
Receivables:			
Accounts	1,279,879	-	376,350
Interest	28,775	2,157	1,533
Notes	1,079,277	-	-
Prepaid items	2,034	-	-
Due from other funds (note 4)	4,494,551	-	-
Land held for resale	-	-	-
Advances to other funds	-	4,477,945	-
	<u>\$ 18,061,713</u>	<u>\$ 6,822,761</u>	<u>\$ 10,422,837</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,573,825	\$ 1,814	\$ 15
Accrued salaries and benefits	158,842	-	-
Retentions payable	-	-	-
Due to other funds (note 4)	-	25,153	-
Deferred revenue	1,009,974	-	-
Advances from other funds (note 4)	-	-	4,477,945
	<u>2,742,641</u>	<u>26,967</u>	<u>4,477,960</u>
Fund balances:			
Nonspendable	2,034	-	-
Restricted for:			
Public safety	-	-	-
Public works	-	-	-
Community services	-	-	-
Low and moderate income housing	-	6,795,794	-
Debt service	-	-	5,944,877
Committed	5,107,963	-	-
Unassigned	10,209,075	-	-
	<u>15,319,072</u>	<u>6,795,794</u>	<u>5,944,877</u>
Total fund balances (deficit)	<u>\$ 18,061,713</u>	<u>\$ 6,822,761</u>	<u>\$ 10,422,837</u>
Total liabilities and fund balances	<u>\$ 18,061,713</u>	<u>\$ 6,822,761</u>	<u>\$ 10,422,837</u>

The accompanying notes are an integral part of these financial statements.

Capital Projects

Redevelopment Agency	City	Non-Major Governmental	Totals
\$ 3,365,822	\$ -	\$ 8,587,798	\$ 35,518,430
56,862	3,919,755	687,455	6,320,301
4,523	-	1,561	38,549
226,314	-	58,551	1,364,142
-	-	-	2,034
-	647,283	-	5,141,834
4,407,616	-	-	4,407,616
-	-	-	4,477,945
<u>\$ 8,061,137</u>	<u>\$ 4,567,038</u>	<u>\$ 9,335,365</u>	<u>\$ 57,270,851</u>
\$ 856,740	\$ 789,701	\$ 408,440	\$ 3,630,535
100,000	11,299	28,024	298,165
-	372,535	23,068	395,603
702,325	3,467,733	961,835	5,157,046
53,315	3,793,895	62,184	4,919,368
-	-	-	4,477,945
<u>1,712,380</u>	<u>8,435,163</u>	<u>1,483,551</u>	<u>18,878,662</u>
-	-	-	2,034
-	-	2,655,692	2,655,692
6,348,757	-	5,590,972	11,939,729
-	-	94,416	94,416
-	-	45,573	6,841,367
-	-	-	5,944,877
-	-	-	5,107,963
-	(3,868,125)	(534,839)	5,806,111
<u>6,348,757</u>	<u>(3,868,125)</u>	<u>7,851,814</u>	<u>38,392,189</u>
<u>\$ 8,061,137</u>	<u>\$ 4,567,038</u>	<u>\$ 9,335,365</u>	<u>\$ 57,270,851</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, 2011

Fund balances of governmental funds	\$	38,392,189
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 the governmental fund activity.		
Capital assets		89,264,479
Accumulated depreciation		(37,359,371)
Long term debt and compensated absences that have not been included in the governmental fund activity.		
Compensated absences		(505,394)
Retrospective deposits payable		(623,456)
Unamortized bond premiums		(217,820)
Capital leases payable		(36,007)
Tax allocation bonds		(44,745,000)
Costs associated with the issuance of debt are capitalized and amortized in the statement of net assets and expensed in the governmental funds.		
Deferred charges		628,120
Discount on bonds		181,054
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.		
		(402,454)
Long-term assets that are not available for current use. Amounts are not reported in the governmental funds.		
		861,137
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.		
		4,778,260
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.		
		99,854
Net assets of governmental activities	\$	50,315,591

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEMEAD  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Fiscal Year Ended June 30, 2011

	General	Special Revenue Low-Moderate Income Housing Set-Aside	Debt Service Redevelopment Agency
<b>Revenues:</b>			
Taxes	\$ 12,419,519	\$ -	\$ 6,893,575
Intergovernmental	751,955	-	-
Licenses and permits	1,764,162	-	-
Charges for services	677,861	-	-
Fines, forfeitures and penalties	462,389	-	-
Special assessments	-	-	-
Investment income	156,032	6,268	56,578
Other	245,382	-	-
<b>Total revenues</b>	<b>16,477,300</b>	<b>6,268</b>	<b>6,950,153</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	3,684,113	-	115,623
Public safety	7,253,698	-	995,468
Public works	2,762,543	-	-
Community services	163,742	-	-
Community development	1,410,866	292,372	-
Parks and recreation	2,362,860	-	-
Capital outlay	93,121	-	-
<b>Debt service:</b>			
Principal	-	-	975,000
Interest and fiscal charges	-	-	1,882,092
Bond issuance costs	-	-	-
<b>Total expenditures</b>	<b>17,730,943</b>	<b>292,372</b>	<b>3,968,183</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,253,643)</b>	<b>(286,104)</b>	<b>2,981,970</b>
<b>Other financing sources (uses):</b>			
Transfers in (note 4)	-	974,464	1,133,461
Transfers out (note 4)	(381,241)	(355,000)	(974,464)
Discount on bonds	-	-	-
Issuance of long-term debt	-	-	-
<b>Total other financing sources and (uses)</b>	<b>(381,241)</b>	<b>619,464</b>	<b>158,997</b>
<b>Net change in fund balances</b>	<b>(1,634,884)</b>	<b>333,360</b>	<b>3,140,967</b>
Fund balances (defecit), beginning of year	16,953,956	6,462,434	2,803,910
<b>Fund balances (deficit), end of year</b>	<b>\$ 15,319,072</b>	<b>\$ 6,795,794</b>	<b>\$ 5,944,877</b>

The accompanying notes are an integral part of these financial statements.

Capital Projects

Redevelopment Agency	City	Non-Major Governmental	Totals
\$ -	\$ -	\$ -	\$ 19,313,094
-	1,715,181	6,916,120	9,383,256
-	-	-	1,764,162
-	-	-	677,861
-	-	-	462,389
-	-	741,382	741,382
59,176	-	89,902	367,956
7,997	-	-	253,379
<u>67,173</u>	<u>1,715,181</u>	<u>7,747,404</u>	<u>32,963,479</u>
1,750	-	-	3,801,486
-	-	633,749	8,882,915
5,803,685	7,601,816	3,234,880	19,402,924
-	-	432,162	595,904
-	-	1,693,834	3,397,072
-	-	-	2,362,860
-	-	-	93,121
-	-	-	975,000
-	-	-	1,882,092
275,344	-	-	275,344
<u>6,080,779</u>	<u>7,601,816</u>	<u>5,994,625</u>	<u>41,668,718</u>
<u>(6,013,606)</u>	<u>(5,886,635)</u>	<u>1,752,779</u>	<u>(8,705,239)</u>
-	2,361,994	355,000	4,824,919
(1,677,344)	-	(1,436,870)	(4,824,919)
(192,139)	-	-	(192,139)
11,230,000	-	-	11,230,000
<u>9,360,517</u>	<u>2,361,994</u>	<u>(1,081,870)</u>	<u>11,037,861</u>
3,346,911	(3,524,641)	670,909	2,332,622
3,001,846	(343,484)	7,180,905	36,059,567
<u>\$ 6,348,757</u>	<u>\$ (3,868,125)</u>	<u>\$ 7,851,814</u>	<u>\$ 38,392,189</u>

CITY OF ROSEMEAD  
 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, 2011

Net change in fund balances - total governmental funds	\$	2,332,622
Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlays		9,215,562
Depreciation		(2,137,513)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net assets.		
Principal payments on debt		975,000
Proceeds from long-term debt		(11,230,000)
Discount on issuance		192,139
Cost of issuance		275,344
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in OPEB asset		536,299
Decrease in accrued interest payable		193,372
Amortization of bond issuance costs		(68,059)
Amortization of issuance discounts		(11,085)
Amortization of bond premiums		19,802
Compensated absences and retrospective deposits payable expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in retrospective deposits payable		96,095
Increase in compensated absences payable		(17,630)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		3,510,324
Internal service funds 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 are reported with governmental activities.		
		31,918
Change in net assets of governmental activities	\$	3,914,190

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEMEAD  
Statement of Net Assets  
Internal Service Funds  
June 30, 2011

<u>Assets</u>	
Current assets:	
Cash and investments	\$ 269,934
Due from other funds	15,212
	285,146
Total current assets	
Non-current assets:	
Capital assets:	
Other capital assets, net (note 6)	231,536
	231,536
Total non-current assets	
	516,682
Total assets	
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	155,169
Lease payable - current	50,848
	206,017
Total current liabilities	
Non-current liabilities:	
Lease payable	210,811
	210,811
Total non-current liabilities	
	416,828
Total liabilities	
<u>Net assets</u>	
Invested in capital assets, net of related debt	(30,123)
Unrestricted	129,977
	99,854
Total net assets	
	\$ 99,854

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEMEAD  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Internal Service Funds  
Fiscal Year Ended June 30, 2011

Operating revenues:	
Charges for services	\$ 119,576
Total operating revenues	119,576
Operating expenses:	
Contractual services	47,202
Depreciation	38,589
Total operating expenses	85,791
Operating income	33,785
Non-operating revenues (expenses):	
Investment income	5
Interest expense	(1,872)
Total non-operating revenues (expenses)	(1,867)
Changes in net assets	31,918
Net assets, beginning of year	67,936
Net assets, end of year	\$ 99,854

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEMEAD  
Statement of Cash Flows  
Internal Service Funds  
Fiscal Year Ended June 30, 2011

Cash flows from operating activities:	
Cash received from users departments	\$ 104,364
Cash payments to suppliers for goods and services	<u>(49,216)</u>
Net cash provided by operating activities	<u>55,148</u>
Cash flows from capital and related financing activities:	
Proceeds from capital lease	275,603
Principal paid on capital lease	(13,944)
Interest paid on capital lease	(1,872)
Cash paid to purchase capital asset	<u>(115,241)</u>
Net cash provided by capital and related financing activities	<u>144,546</u>
Cash flows from investing activities:	
Interest on investment	<u>5</u>
Net cash provided by investing activities	<u>5</u>
Net increase in cash and investments	199,699
Cash and investments, beginning of year	<u>70,235</u>
Cash and investments, end of year	<u><u>\$ 269,934</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 33,785</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	38,589
(Increase) decrease in due from other funds	(15,212)
Increase (decrease) in accounts payable	<u>(2,014)</u>
Total adjustments	<u>21,363</u>
Net cash provided by operating activities	<u><u>\$ 55,148</u></u>
Noncash capital, financing and investing activities:	
Capital asset acquired through accounts payable	<u><u>\$ 154,884</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEMEAD  
Statement of Fiduciary Assets and Liabilities  
June 30, 2011

<u>Assets</u>	
Cash and investments	\$ 591,716
Accounts receivable	5,758
	<hr/>
Total assets	\$ 597,474
	<hr/>
<u>Liabilities</u>	
Deposits payable	597,474
	<hr/>
Total liabilities	\$ 597,474
	<hr/>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(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).

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.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

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

(a) Reporting Entity, (continued)

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.

(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.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

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

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

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 discretely 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.

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 an 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 an expenditure.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

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

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

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 non major 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 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.

Revenue recognition is subject to the *measurable* and *available* criteria for the government 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.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

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

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

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.

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.

When both restricted and unrestricted resources are combined in a fund, expenditures 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.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30,2011

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

(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.

City Capital Projects Fund - Accounts for financial resources to be used for the acquisition and 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.

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 value and the carrying amount is material.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

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

(d) Investments, (continued)

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.

(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 years.

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.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

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

(f) Capital Assets, (continued)

The following schedule summarizes capital asset useful lives:

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

(g) Compensated Absences

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

The sick leave liability is estimated based on the City'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.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

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

(h) Prepaid Items

Prepaid items are reported in the governmental funds under the consumption method and are offset by a nonspendable designation in fund balance to indicate that they are not available for appropriation and are not expendable financial resources.

(i) Fund Equity

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. The City Council has designated the Finance Committee and City Manager as the City officials to determine, define, and make the necessary account or fund transfers for the amounts to those components of fund balance that are classified as "Assigned Fund Balance".

When both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

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

(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.

(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, 2011 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 35,788,364
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	<u>591,716</u>
Total cash and investments	<u><u>\$ 36,380,080</u></u>

Cash and investments as of June 30, 2011 consist of the following:

Deposits with financial institutions	\$ 10,042,476
Investments	<u>26,337,604</u>
Total cash and investments	<u><u>\$ 36,380,080</u></u>

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(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.

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
US Treasury Obligations	Yes	5 years	None	None
US Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	270 days	40%	10%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificate of Deposit	Yes	3 year	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 Funds (LAIF)	Yes	N/A	None	None

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

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(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 of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
US Treasury Obligations	5 years	None	None
US 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 purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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:

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(2) Cash and Investments, (continued)

Investment Type	Total	Remaining Maturity (in months)		
		12 months or less	13 to 24 months	25 to 60 months
State investment pool	\$ 21,089,353	\$ 21,089,353	\$ -	\$ -
Certificates of deposits	1,483,526	490,000	490,000	503,526
US agency securities	1,497,500	-	-	1,497,500
Held by bond trustee:				
Money market mutual funds	1,144,225	1,144,225	-	-
Certificates of deposit	1,123,000	-	-	1,123,000
<b>Total</b>	<b>\$ 26,337,604</b>	<b>\$ 22,723,578</b>	<b>\$ 490,000</b>	<b>\$3,124,026</b>

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.

Investment Type	Total	Minimum Legal Rating	Rating as of Year End	
			AAA	Not Rated
State investment pool	\$ 21,089,353	N/A	\$ -	\$ 21,089,353
Certificates of deposits	1,483,526	N/A	-	1,483,526
US agency securities	1,497,500	AAA	1,497,500	-
Held by bond trustee:				
Money market mutual funds	1,144,225	N/A	1,144,225	-
Certificates of deposit	1,123,000		-	1,123,000
<b>Total</b>	<b>\$ 26,337,604</b>		<b>\$ 2,641,725</b>	<b>\$ 23,695,879</b>

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(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, 2011 the City had no deposits with financial institutions in excess of federal depository insurance limits 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  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(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  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(4) Interfund Receivables and Payables

Current interfund receivables and payables balances at June 30, 2011 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 City Capital Projects Fund Non-Major Governmental Funds	\$ 25,153 98,563 3,467,733 (A) 903,102 (A) <u>4,494,551</u>
City Capital Projects Fund	Redevelopment Agency Capital Projects Fund Non-Major Governmental Funds	599,351 47,932 <u>647,283</u>
Proprietary Funds	Non-Major Governmental Funds Redevelopment Agency Capital Projects Fund	10,801 4,411 <u>15,212</u>
	Total	<u>\$ 5,157,046</u>

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

Noncurrent interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Advances from other funds</u>	<u>Advances to other funds</u>	<u>Amount</u>
Redevelopment Agency Debt Service Fund	Low-Moderate Income Housing Set-Aside	\$ 4,477,945 (B)
	Total	<u>\$ 4,477,945</u>

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(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, 2011, 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.

(5) Interfund Transfers

Interfund transfers were as follows for the year ended June 30, 2011:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
City Capital Projects Fund	General Fund	\$ 381,241
	Redevelopment Agency	
	Capital Projects Fund	543,883
	Non-Major Governmental Funds	<u>1,436,870</u>
		<u>2,361,994 (A)</u>
Low-Moderate Income	Redevelopment Agency	
Housing Set-Aside	Debt Service Funds	<u>974,464 (B)</u>
Redevelopment Agency	Redevelopment Agency	
Debt Service Fund	Capital Projects Fund	<u>1,133,461 (C)</u>
Non-Major Governmental Funds	Low-Moderate Income	
	Housing Set-Aside	<u>355,000</u>
	Total	<u>\$ 4,824,919</u>

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

- (A) To subsidize various programs and capital projects.
- (B) To record the low and moderate income housing set-aside for the year ended June 30, 2011.
- (C) To record the Series 2010A Tax Allocation Bond proceeds deposited into the 2010 Debt Service Reserve Fund.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(6) Capital Assets

Capital asset activity was as follows for the year ended June 30, 2011:

Governmental activities:	Beginning balance	Additions	Deletions	Ending balance
Capital assets, not being depreciated:				
Land	\$ 2,968,824	\$ -	\$ -	\$ 2,968,824
Construction in progress	383,536	7,431,882	(383,536)	7,431,882
Total capital assets, not being	3,352,360	7,431,882	(383,536)	10,400,706
Capital assets, being depreciated:				
Buildings	23,994,956	-	-	23,994,956
Improvements other than buildings	1,027,097	612,606	-	1,639,703
Machinery and equipment	1,013,935	-	-	1,013,935
Autos and trucks	866,298	61,128	-	927,426
Furniture and office equipment	2,501,386	-	-	2,501,386
Infrastructure	47,327,022	1,729,470	-	49,056,492
Total capital assets, being depreciated	76,730,694	2,403,204	-	79,133,898
Less accumulated depreciation for:				
Buildings	(7,383,199)	(557,378)	-	(7,940,577)
Improvements other than buildings	(946,473)	(126,509)	-	(1,072,982)
Machinery and equipment	(798,659)	(45,510)	-	(844,169)
Autos and trucks	(517,539)	(35,361)	-	(552,900)
Furniture and office equipment	(2,393,202)	(41,108)	-	(2,434,310)
Infrastructure	(23,182,786)	(1,370,236)	-	(24,553,022)
Total accumulated depreciation	(35,221,858)	(2,176,102)	-	(37,397,960)
Total capital assets, being depreciated, net	41,508,836	227,102	-	41,735,938
Governmental activities capital assets, net of accumulated depreciation	<u>\$44,861,196</u>	<u>\$ 7,658,984</u>	<u>\$(383,536)</u>	<u>\$52,136,644</u>

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(6) Capital Assets, (continued)

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

Governmental activities:

Public works	\$ 1,670,990
Community development	505,112
Total depreciation expense	\$ 2,176,102

(7) Changes in Long-Term Liabilities

Long-term debt consists of the following at June 30, 2011:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Governmental activities:					
Bonds:					
Tax Allocation Bonds, Series 2006A	\$10,700,000	\$ -	\$ 900,000	\$ 9,800,000	\$ 930,000
Tax Allocation Bonds, Series 2006B	23,790,000	-	75,000	23,715,000	80,000
Tax Allocation Bonds, Series 2010A	-	11,230,000	-	11,230,000	200,000
Subtotal bonds	34,490,000	11,230,000	975,000	44,745,000	1,210,000
Deferred amounts:					
Unamortized bond premiums	237,622	-	19,802	217,820	19,802
Discount on issuance	-	(192,139)	(11,085)	(181,054)	(14,780)
Total bonds	34,727,622	11,037,861	983,717	44,781,766	1,215,022
Capital lease	70,144	-	34,137	36,007	36,007
Computer lease	-	275,000	13,341	261,659	50,848
Retrospective deposit	719,551	-	96,095	623,456	62,350
Compensated absences	487,764	265,661	248,031	505,394	217,319
Total long-term debt	\$36,005,081	\$11,578,522	\$ 1,375,321	\$46,208,282	\$1,581,546

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

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

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

Capital Lease

In 2010, the City entered into a lease agreement for the acquisition of an aerial lift truck. The lease agreement qualifies as a capital lease for accounting purposes (title transfer at end of lease) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The equipment acquired during the fiscal year under this lease agreement is recorded at its acquisition cost of \$102,851. The outstanding balance at June 30, 2011 was \$36,007.

In 2011, the City entered into a lease agreement for the acquisition of finance computer software. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The equipment acquired during the fiscal year under this lease agreement is recorded at its acquisition cost of \$270,125. The outstanding balance at June 30, 2011 was \$261,659.

The calculation of the present value of the future lease payments is as follows:

<u>Amount of future lease payments for the year ending June 30,</u>	<u>Governmental Activities</u>
2012	\$ 98,836
2013	60,849
2014	60,849
2015	60,849
2016	<u>45,637</u>
Subtotal	327,020
Less amount representing interest	<u>(29,354)</u>
Present value of future lease payments	<u>\$ 297,666</u>

Accumulated depreciation on assets purchased through lease agreements are as follows:

	<u>Governmental Activities</u>
Assets:	
Autos and trucks	\$ 102,851
Improvements other than buildings	270,125
Less: accumulated depreciation	<u>(59,159)</u>
Total	<u>\$ 313,817</u>

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(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. Bond premiums are amortized over the life of the bonds. The unamortized balance as of June 30, 2011 was \$217,820. As of June 30, 2011 the outstanding balance was \$9,800,000.

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, 2011 the outstanding balance was \$23,715,000.

Tax Allocation Bonds, Series 2010A

In July 2010, the Commission issued \$11,230,000 in Merged Project Area Tax Allocation Bonds. The bonds mature in amounts ranging from \$200,000 to \$1,135,000 with interest rates ranging from 3.00% to 5.00% through December 1, 2023. The bonds were issued to provide funds to finance the costs of certain redevelopment projects within the Merged Project Area including infrastructure improvements and the acquisition of land. Principal is payable annually on December 1, beginning on December 1, 2011. Interest is payable semi-annually on June 1 and December 1. Per the bond indenture, a reserve is required to be maintained. At June 30, 2011, the balance held in the reserve account was \$1,143,054. As of June 30, 2011 the outstanding balance was \$11,230,000.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

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

At June 30, 2011, debt service requirements to maturity for governmental activities long-term debt are as follows:

Fiscal years ending June 30,	Principal	Interest
2012	\$ 1,210,000	\$ 1,902,336
2013	1,795,000	1,852,124
2014	1,855,000	1,790,511
2015	1,920,000	1,718,574
2016	1,995,000	1,635,579
2017-2021	11,360,000	6,777,216
2022-2026	10,515,000	4,188,559
2027-2031	8,215,000	2,279,891
2032-2034	<u>5,880,000</u>	<u>399,406</u>
Totals	<u>\$ 44,745,000</u>	<u>\$ 22,544,196</u>

(8) Post Employment Benefit Plan

*Plan Description:* The City administers a single 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  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(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 2010-11, the City contributed \$127,584 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	\$	273,591
Interest on net OPEB obligation		(14,618)
Adjustment to annual required contribution		11,430
Annual OPEB cost (expense)		<u>270,403</u>
Contributions made		<u>(806,702)</u>
Increase in net OPEB obligation		(536,299)
Net OPEB obligation - beginning of year		<u>(324,838)</u>
Net OPEB obligation - end of year	\$	<u><u>(861,137)</u></u>

The net OPEB asset is reported in the government-wide statements as part of prepaid expenses.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2009	\$ 284,778	46%	\$ 153,291
6/30/2010	\$ 284,778	268%	\$ (324,838)
6/30/2011	\$ 270,403	298%	\$ (861,137)

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(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 on a closed basis. It is assumed the City's payroll will increase 3.25% per year.

Required Supplementary Information: Schedule of Funding Progress

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a - b)	Funded Ratio (b / a)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
1/1/2008	\$ 3,548,605	\$ -	\$ 3,548,605	0%	\$ 1,682,985	211%
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(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 prefunded 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: \$35,000,000 per occurrence with a \$20,000,000 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  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(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 \$5,000,000 is purchased as part of an excess insurance policy, and losses from \$5,000,000 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, 2011 the City had retrospective deposits payable to the Authority in the amount of \$623,456. The deposit will be repaid through adjustments to premiums over the next three years. The retrospective deposit payable has been included in noncurrent liabilities on the Statement of Net Assets.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(10) Retirement Plan

Defined Benefit Pension Plan

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

Contributions and Funding Policy

Miscellaneous participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2011 is 22.476% percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by City Council in conjunction with applicable labor contracts. The City's contributions to the miscellaneous plan for the years ending June 30, 2009, 2010, and 2011 were \$1,428,348, \$1,361,873, and \$1,191,665 respectively, and were equal to the required contributions for each year.

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 11. That report may be obtained by writing to PARS, 3961 MacArthur Boulevard, Suite 200, Newport Beach, California, 92660.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(10) Retirement Plan, (continued)

An actuarial valuation of the City of Rosemead Supplemental Defined Benefit Pension Plan was performed as of July 1, 2011 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 2010 and 2011 was 14.63%.

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

Valuation Date	July 1, 2011
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.50 % 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.

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: Schedule of Funding Progress

Actuarial Valuation Date	Entry Age Actuarial Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a - b)	Funded Ratio (b / a)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/2006	\$ 2,973,299	\$ 1,438,282	\$ 1,535,017	48.37%	\$2,367,310	64.84%
7/1/2008	\$ 2,242,154	\$ 1,910,854	\$ 331,300	85.22%	\$3,747,667	8.84%
7/1/2010	\$ 2,778,943	\$ 1,833,895	\$ 945,048	65.99%	\$3,678,700	25.69%

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(10) Retirement Plan, (continued)

Supplemental Defined Benefit Pension Plan - continued

Three-year trend information:

*Annual Pension Cost (Employer Contribution)*

Fiscal Year	Employer Contribution	Percentage Contributed	Net Pension Obligation
6/30/2009	\$ 74,317	100%	\$ -
6/30/2010	\$ 70,019	100%	\$ -
6/30/2011	\$ 69,010	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.

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

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(12) Fund Deficits

The following funds had deficit balances as of June 30, 2011:

Major Governmental Fund:	
Capital Project:	
City Capital Projects	\$ 3,868,125
Non-Major Funds:	
Special Revenue:	
HOME Program	462,746
Federal Highway Grant	72,093

The fund deficits noted above primarily relate to expenditures charged to projects during the fiscal year ended June 30, 2011, which were submitted for reimbursement.

(13) Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Variance
General	\$ 17,339,924	\$ 17,730,943	\$ (391,019)
Low-Moderate Income			
Housing Set-Aside	261,200	292,372	(31,172)
RDA Debt Service	3,529,700	3,968,183	(438,483)
Proposition C	732,695	745,020	(12,325)
State Gas Tax	984,634	1,075,439	(90,805)
AQMD	-	20,757	(20,757)
RHDC	797,500	803,834	(6,334)

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(14) Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each agency would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the agency "may use any available funds not otherwise obligated for other uses" to make this payment. The Agency intends to use available monies of its redevelopment agency for this purpose. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

CITY OF ROSEMEAD  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011

(14) Recent Changes in Legislation Affecting California Redevelopment Agencies,  
(continued)

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or state government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in ABX1 26.

On August 9, 2011, the Commission adopted Ordinance No. 917 indicating it will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the agency is estimated to be \$2,112,991 with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$500,000 will be due annually. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any new debt is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low and moderate income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments.

On December 29, 2011, the California Supreme Court upheld the constitutionality of Assembly Bill X1 26 and declared Assembly Bill X1 27 to be unconstitutional. This decision, which will abolish all redevelopment agencies unless further action is taken by the California Legislature, will have various implications on the City, the extent of which is unknown as of the date of this report.

**Required Supplementary Information**

CITY OF ROSEMEAD  
Note to the Required Supplementary Information  
Fiscal Year Ended June 30, 2011

(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 business units and component units 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 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 (Le.. 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, and contracts) outstanding at year end 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 Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 12,608,323	\$ 12,608,323	\$ 12,419,519	\$ (188,804)
Intergovernmental	574,000	574,000	751,955	177,955
Licenses and permits	1,217,500	1,217,500	1,764,162	546,662
Charges for services	535,000	535,000	677,861	142,861
Fines, forfeitures and penalties	520,000	520,000	462,389	(57,611)
Investment income	300,000	300,000	156,032	(143,968)
Other	430,000	430,000	245,382	(184,618)
<b>Total revenues</b>	<b>16,184,823</b>	<b>16,184,823</b>	<b>16,477,300</b>	<b>292,477</b>
Expenditures:				
Current:				
General government	2,932,500	3,579,600	3,684,113	(104,513)
Public safety	7,196,500	7,203,700	7,253,698	(49,998)
Public works	2,365,000	2,560,010	2,762,543	(202,533)
Community services	-	160,000	163,742	(3,742)
Community development	1,001,000	1,229,025	1,410,866	(181,841)
Park and recreation	2,689,800	2,509,800	2,362,860	146,940
Capital outlay	-	97,789	93,121	4,668
<b>Total expenditures</b>	<b>16,184,800</b>	<b>17,339,924</b>	<b>17,730,943</b>	<b>(391,019)</b>
Excess (deficiency) of revenues over (under) expenditures	23	(1,155,101)	(1,253,643)	(98,542)
Other financing sources (uses):				
Transfers out	-	-	(381,241)	(381,241)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(381,241)</b>	<b>(381,241)</b>
<b>Net change in fund balance</b>	<b>23</b>	<b>(1,155,101)</b>	<b>(1,634,884)</b>	<b>(479,783)</b>
Fund balance, beginning of year	16,953,956	16,953,956	16,953,956	-
<b>Fund balance, end of year</b>	<b>\$ 16,953,979</b>	<b>\$ 15,798,855</b>	<b>\$ 15,319,072</b>	<b>\$ (479,783)</b>

CITY OF ROSEMEAD  
 Low-Moderate Income Housing Set-Aside  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Fiscal Year Ended June 30, 2011

	Orginal Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Investment Income	\$ -	\$ -	\$ 6,268	\$ 6,268
Total revenues	<u>-</u>	<u>-</u>	<u>6,268</u>	<u>6,268</u>
Expenditures:				
Current:				
Community development	511,200	261,200	292,372	(31,172)
Total expenditures	<u>511,200</u>	<u>261,200</u>	<u>292,372</u>	<u>(31,172)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(511,200)</u>	<u>(261,200)</u>	<u>(286,104)</u>	<u>(24,904)</u>
Other financing sources (uses):				
Transfers in	903,500	-	974,464	974,464
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(355,000)</u>	<u>(105,000)</u>
Total other financing sources (uses)	<u>653,500</u>	<u>(250,000)</u>	<u>619,464</u>	<u>869,464</u>
Net change in fund balance	142,300	(511,200)	333,360	844,560
Fund balance, beginning of year	<u>6,462,434</u>	<u>6,462,434</u>	<u>6,462,434</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,604,734</u>	<u>\$ 5,951,234</u>	<u>\$ 6,795,794</u>	<u>\$ 844,560</u>

CITY OF ROSEMEAD  
 Required Supplementary Information  
 Fiscal Year Ended June 30, 2011

(2) Public Agency Retirement Services (PARS) – Retirement Enhancement Plan

**Schedule of Funding Progress**

Actuarial Valuation Date	Entry Age Actuarial Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a - b)	Funded Ratio (b / a)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/2006	\$ 2,973,299	\$ 1,438,282	\$ 1,535,017	48.37%	\$2,367,310	64.84%
7/1/2008	\$ 2,242,154	\$ 1,910,854	\$ 331,300	85.22%	\$3,747,667	8.84%
7/1/2010	\$ 2,778,943	\$ 1,833,895	\$ 945,048	65.99%	\$3,678,700	25.69%

(3) Other Post Employment Benefits Plan

**Schedule of Funding Progress**

Actuarial Valuation Date	Entry Age Actuarial Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a - b)	Funded Ratio (b / a)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
1/1/2008	\$ 3,548,605	\$ -	\$ 3,548,605	0%	\$ 1,682,985	211%
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

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## **Other Supplementary Information**

## NONMAJOR GOVERNMENTAL FUNDS

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

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.

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.

Measure R Fund - A county-wide one half percent sales tax to fund transportation projects. Receipts can be used to synchronize traffic signals, repair potholes, keep senior, student, and disabled bus fares low and provide community traffic relief. The tax receipts will be used primarily to improve public transit and street maintenance projects.

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.

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CITY OF ROSEMEAD  
Non-Major Governmental Funds  
Combining Balance Sheet  
June 30, 2011

Special Revenue Funds

	CDBG Grant	HOME Program	Proposition A
<u>Assets</u>			
Cash and investments	\$ -	\$ -	\$ 1,334,907
Receivables:			
Accounts	356,188	204,413	-
Interest	-	-	-
Notes	-	-	-
	<u>\$ 356,188</u>	<u>\$ 204,413</u>	<u>\$ 1,334,907</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 47,223	\$ 17,786	\$ 27,277
Accrued salaries and benefits	12,609	909	5,764
Retentions payable	-	15,953	-
Due to other funds	199,868	632,511	-
Deferred revenue	2,072	-	-
	<u>261,772</u>	<u>667,159</u>	<u>33,041</u>
Fund balances:			
Restricted for:			
Public safety	-	-	-
Public works	-	-	1,301,866
Community services	94,416	-	-
Low and moderate income housing	-	-	-
Unassigned	-	(462,746)	-
	<u>94,416</u>	<u>(462,746)</u>	<u>1,301,866</u>
Total fund balances (deficit)	<u>94,416</u>	<u>(462,746)</u>	<u>1,301,866</u>
Total liabilities and fund balances	<u>\$ 356,188</u>	<u>\$ 204,413</u>	<u>\$ 1,334,907</u>

Special Revenue Funds

Proposition C	Federal Highway Grant	State Gas Tax	Air Quality Management District	Local Transportation	Street Lighting
\$ 1,708,201	\$ -	\$ 1,913,937	\$ 118,874	\$ -	\$ 2,670,293
-	-	7,305	16,500	47,932	40,675
-	-	-	-	-	1,561
-	-	-	-	-	58,551
<u>\$ 1,708,201</u>	<u>\$ -</u>	<u>\$ 1,921,242</u>	<u>\$ 135,374</u>	<u>\$ 47,932</u>	<u>\$ 2,771,080</u>
\$ 59,067	\$ -	\$ 158,556	\$ -	\$ -	\$ 55,413
2,561	-	3,391	-	-	1,546
-	-	7,115	-	-	-
-	72,093	4,411	-	47,932	5,020
-	-	-	-	-	60,112
<u>61,628</u>	<u>72,093</u>	<u>173,473</u>	<u>-</u>	<u>47,932</u>	<u>122,091</u>
-	-	-	-	-	2,648,989
1,646,573	-	1,747,769	135,374	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(72,093)	-	-	-	-
<u>1,646,573</u>	<u>(72,093)</u>	<u>1,747,769</u>	<u>135,374</u>	<u>-</u>	<u>2,648,989</u>
<u>\$ 1,708,201</u>	<u>\$ -</u>	<u>\$ 1,921,242</u>	<u>\$ 135,374</u>	<u>\$ 47,932</u>	<u>\$ 2,771,080</u>

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CITY OF ROSEMEAD  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 June 30, 2011

Special Revenue Funds

	Narcotics Seizure	Measure R	Rosemead Housing Development Corporation	Totals
<u>Assets</u>				
Cash and investments	\$ 6,703	\$ 761,286	\$ 73,597	\$ 8,587,798
Receivables:				
Accounts	-	-	14,442	687,455
Interest	-	-	-	1,561
Notes	-	-	-	58,551
	<u>\$ 6,703</u>	<u>\$ 761,286</u>	<u>\$ 88,039</u>	<u>\$ 9,335,365</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 652	\$ 42,466	\$ 408,440
Accrued salaries and benefits	-	1,244	-	28,024
Retentions payable	-	-	-	23,068
Due to other funds	-	-	-	961,835
Deferred revenue	-	-	-	62,184
Total liabilities	<u>-</u>	<u>1,896</u>	<u>42,466</u>	<u>1,483,551</u>
Fund balances:				
Restricted for:				
Public safety	6,703	-	-	2,655,692
Public works	-	759,390	-	5,590,972
Community services	-	-	-	94,416
Low and moderate income housing	-	-	45,573	45,573
Unassigned	-	-	-	(534,839)
Total fund balances (deficit)	<u>6,703</u>	<u>759,390</u>	<u>45,573</u>	<u>7,851,814</u>
Total liabilities and fund balances	<u>\$ 6,703</u>	<u>\$ 761,286</u>	<u>\$ 88,039</u>	<u>\$ 9,335,365</u>

CITY OF ROSEMEAD  
Non-Major Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Fiscal Year Ended June 30, 2011

Special Revenue Funds

	CDBG Grant	HOME Program	Proposition A
Revenues:			
Intergovernmental	\$ 1,303,721	\$ 891,296	\$ 790,507
Special assessments	-	-	-
Investment income	-	-	13,601
<b>Total revenues</b>	<b>1,303,721</b>	<b>891,296</b>	<b>804,108</b>
Expenditures:			
Current:			
Public safety	-	-	-
Public works	664,713	-	633,833
Community services	432,162	-	-
Community development	-	890,000	-
<b>Total expenditures</b>	<b>1,096,875</b>	<b>890,000</b>	<b>633,833</b>
Excess (deficiency) of revenues over (under) expenditures	206,846	1,296	170,275
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(285,773)	-	-
<b>Total other financing sources (uses)</b>	<b>(285,773)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(78,927)</b>	<b>1,296</b>	<b>170,275</b>
Fund balances (deficit), beginning of year	173,343	(464,042)	1,131,591
Fund balances (deficit), end of year	<u>\$ 94,416</u>	<u>\$ (462,746)</u>	<u>\$ 1,301,866</u>

Special Revenue Funds

Proposition C	Federal Highway Grant	State Gas Tax	Air Quality Management District	Local Transportation	Street Lighting
\$ 708,431	\$ -	\$ 2,202,877	\$ 66,059	\$ 47,932	\$ -
-	-	-	-	-	741,382
<u>20,018</u>	<u>-</u>	<u>21,242</u>	<u>883</u>	<u>-</u>	<u>27,897</u>
<u>728,449</u>	<u>-</u>	<u>2,224,119</u>	<u>66,942</u>	<u>47,932</u>	<u>769,279</u>
-	-	-	-	-	633,749
745,020	-	1,075,439	20,757	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>745,020</u>	<u>-</u>	<u>1,075,439</u>	<u>20,757</u>	<u>-</u>	<u>633,749</u>
<u>(16,571)</u>	<u>-</u>	<u>1,148,680</u>	<u>46,185</u>	<u>47,932</u>	<u>135,530</u>
-	-	-	-	-	-
<u>(127,818)</u>	<u>-</u>	<u>(970,712)</u>	<u>-</u>	<u>(47,932)</u>	<u>(4,500)</u>
<u>(127,818)</u>	<u>-</u>	<u>(970,712)</u>	<u>-</u>	<u>(47,932)</u>	<u>(4,500)</u>
(144,389)	-	177,968	46,185	-	131,030
<u>1,790,962</u>	<u>(72,093)</u>	<u>1,569,801</u>	<u>89,189</u>	<u>-</u>	<u>2,517,959</u>
<u>\$ 1,646,573</u>	<u>\$ (72,093)</u>	<u>\$ 1,747,769</u>	<u>\$ 135,374</u>	<u>\$ -</u>	<u>\$ 2,648,989</u>

CITY OF ROSEMEAD  
Non-Major Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Fiscal Year Ended June 30, 2011

	Special Revenue Funds			Totals
	Narcotics Seizure	Measure R	Rosemead Housing Development Corporation	
Revenues:				
Intergovernmental	\$ 6,394	\$ 482,952	\$ 415,951	\$ 6,916,120
Special assessments	-	-	-	741,382
Investment income	15	6,206	40	89,902
<b>Total revenues</b>	<b>6,409</b>	<b>489,158</b>	<b>415,991</b>	<b>7,747,404</b>
Expenditures:				
Current:				
Public safety	-	-	-	633,749
Public works	-	95,118	-	3,234,880
Community services	-	-	-	432,162
Community development	-	-	803,834	1,693,834
<b>Total expenditures</b>	<b>-</b>	<b>95,118</b>	<b>803,834</b>	<b>5,994,625</b>
Excess (deficiency) of revenues over (under) expenditures	6,409	394,040	(387,843)	1,752,779
Other financing sources (uses):				
Transfers in	-	-	355,000	355,000
Transfers out	-	(135)	-	(1,436,870)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(135)</b>	<b>355,000</b>	<b>(1,081,870)</b>
<b>Net change in fund balances</b>	<b>6,409</b>	<b>393,905</b>	<b>(32,843)</b>	<b>670,909</b>
Fund balances (deficit), beginning of year	294	365,485	78,416	7,180,905
Fund balances (deficit), end of year	<u>\$ 6,703</u>	<u>\$ 759,390</u>	<u>\$ 45,573</u>	<u>\$ 7,851,814</u>

CITY OF ROSEMEAD  
Community Development Block Grant  
Non-Major Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,801,930	\$ 1,303,721	\$ (498,209)
Total revenues	<u>1,801,930</u>	<u>1,303,721</u>	<u>(498,209)</u>
Expenditures:			
Current:			
Public works	985,217	664,713	320,504
Community services	403,500	432,162	(28,662)
Total expenditures	<u>1,388,717</u>	<u>1,096,875</u>	<u>291,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>413,213</u>	<u>206,846</u>	<u>(206,367)</u>
Other financing sources (uses):			
Transfers out	-	(285,773)	(285,773)
Total other financing sources (uses)	<u>-</u>	<u>(285,773)</u>	<u>(285,773)</u>
Net change in fund balance	413,213	(78,927)	(492,140)
Fund balance, beginning of year	<u>173,343</u>	<u>173,343</u>	<u>-</u>
Fund balance, end of year	<u>\$ 586,556</u>	<u>\$ 94,416</u>	<u>\$ (492,140)</u>

CITY OF ROSEMEAD  
HOME Program  
Non-Major Special Revenue Funds  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,415,560	\$ 891,296	\$ (524,264)
Total revenues	<u>1,415,560</u>	<u>891,296</u>	<u>(524,264)</u>
Expenditures:			
Current:			
Community development	<u>1,182,200</u>	<u>890,000</u>	<u>292,200</u>
Total expenditures	<u>1,182,200</u>	<u>890,000</u>	<u>292,200</u>
Net change in fund balance	<u>233,360</u>	<u>1,296</u>	<u>(232,064)</u>
Fund balance, beginning of year	<u>(464,042)</u>	<u>(464,042)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (230,682)</u></u>	<u><u>\$ (462,746)</u></u>	<u><u>\$ (232,064)</u></u>

CITY OF ROSEMEAD  
Proposition A  
Non-Major Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 811,800	\$ 790,507	\$ (21,293)
Investment Income	10,000	13,601	3,601
Total revenues	<u>821,800</u>	<u>804,108</u>	<u>(17,692)</u>
Expenditures:			
Current:			
Public works	<u>787,400</u>	<u>633,833</u>	<u>153,567</u>
Total expenditures	<u>787,400</u>	<u>633,833</u>	<u>153,567</u>
Net change in fund balance	<u>34,400</u>	<u>170,275</u>	<u>135,875</u>
Fund balance, beginning of year	<u>1,131,591</u>	<u>1,131,591</u>	-
Fund balance, end of year	<u>\$ 1,165,991</u>	<u>\$ 1,301,866</u>	<u>\$ 135,875</u>

CITY OF ROSEMEAD  
Proposition C  
Non-Major Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 721,500	\$ 708,431	\$ (13,069)
Investment income	23,000	20,018	(2,982)
Total revenues	<u>744,500</u>	<u>728,449</u>	<u>(16,051)</u>
Expenditures:			
Current:			
Public works	<u>732,695</u>	<u>745,020</u>	<u>(12,325)</u>
Total expenditures	<u>732,695</u>	<u>745,020</u>	<u>(12,325)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,805</u>	<u>(16,571)</u>	<u>(28,376)</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(127,818)</u>	<u>(127,818)</u>
Total other financing sources (uses)	<u>-</u>	<u>(127,818)</u>	<u>(127,818)</u>
Net change in fund balance	11,805	(144,389)	(156,194)
Fund balance, beginning of year	<u>1,790,962</u>	<u>1,790,962</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,802,767</u>	<u>\$ 1,646,573</u>	<u>\$ (156,194)</u>

CITY OF ROSEMEAD  
 Federal Highway Grant  
 Non-Major Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Total revenues	-	-	-
Net change in fund balance	-	-	-
Fund balance (deficit), beginning of year	(72,093)	(72,093)	-
Fund balance (deficit), end of year	\$ (72,093)	\$ (72,093)	\$ -

CITY OF ROSEMEAD  
State Gas Tax  
Non-Major Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,472,600	\$ 2,202,877	\$ 730,277
Investment income	17,250	21,242	3,992
Total revenues	<u>1,489,850</u>	<u>2,224,119</u>	<u>734,269</u>
Expenditures:			
Current:			
Public works	984,634	1,075,439	(90,805)
Total expenditures	<u>984,634</u>	<u>1,075,439</u>	<u>(90,805)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>505,216</u>	<u>1,148,680</u>	<u>643,464</u>
Other financing sources (uses):			
Transfers out	-	(970,712)	(970,712)
Total other financing sources (uses)	<u>-</u>	<u>(970,712)</u>	<u>(970,712)</u>
Net change in fund balance	505,216	177,968	(327,248)
Fund balance, beginning of year	<u>1,569,801</u>	<u>1,569,801</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,075,017</u>	<u>\$ 1,747,769</u>	<u>\$ (327,248)</u>

CITY OF ROSEMEAD  
 Air Quality Management District  
 Non-Major Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 65,000	\$ 66,059	\$ 1,059
Investment income	700	883	183
	<u>65,700</u>	<u>66,942</u>	<u>1,242</u>
Total revenues			
Expenditures:			
Current:			
Public works	-	20,757	(20,757)
	<u>-</u>	<u>20,757</u>	<u>(20,757)</u>
Total expenditures			
	65,700	46,185	(19,515)
Net change in fund balance			
Fund balance, beginning of year	<u>89,189</u>	<u>89,189</u>	<u>-</u>
Fund balance, end of year	<u>\$ 154,889</u>	<u>\$ 135,374</u>	<u>\$ (19,515)</u>

CITY OF ROSEMEAD  
 Local Transportation  
 Non-Major Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 47,932	\$ 47,932
Total revenues	-	47,932	47,932
Excess (deficiency) of revenues over (under) expenditures	-	47,932	47,932
Other financing sources (uses):			
Transfers out	-	(47,932)	(47,932)
Total other financing sources (uses)	-	(47,932)	(47,932)
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

CITY OF ROSEMEAD  
Street Lighting  
Non-Major Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Special Assessments	\$ 736,000	\$ 741,382	\$ 5,382
Investment income	32,400	27,897	(4,503)
Total revenues	<u>768,400</u>	<u>769,279</u>	<u>879</u>
Expenditures:			
Current:			
Public safety	<u>686,600</u>	<u>633,749</u>	<u>52,851</u>
Total expenditures	<u>686,600</u>	<u>633,749</u>	<u>52,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>81,800</u>	<u>135,530</u>	<u>53,730</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(4,500)</u>	<u>(4,500)</u>
Total other financing sources (uses)	<u>-</u>	<u>(4,500)</u>	<u>(4,500)</u>
Net change in fund balance	81,800	131,030	49,230
Fund balance, beginning of year	<u>2,517,959</u>	<u>2,517,959</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,599,759</u></u>	<u><u>\$ 2,648,989</u></u>	<u><u>\$ 49,230</u></u>

CITY OF ROSEMEAD  
Narcotics Forfeiture and Seizure  
Non-Major Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 6,394	\$ 6,394
Investment income	-	15	15
	<hr/>	<hr/>	<hr/>
Total revenues	-	6,409	6,409
	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	6,409	6,409
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	294	294	-
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 294</u>	<u>\$ 6,703</u>	<u>\$ 6,409</u>

CITY OF ROSEMEAD  
Measure R  
Non-Major Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 504,000	\$ 482,952	\$ (21,048)
Investment income	-	6,206	6,206
Total revenues	<u>504,000</u>	<u>489,158</u>	<u>(14,842)</u>
Expenditures:			
Current:			
Public works	<u>117,800</u>	<u>95,118</u>	<u>22,682</u>
Total expenditures	<u>117,800</u>	<u>95,118</u>	<u>22,682</u>
Excess (deficiency) of revenues over (under) expenditures	<u>386,200</u>	<u>394,040</u>	<u>7,840</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(135)</u>	<u>(135)</u>
Total other financing sources (uses)	<u>-</u>	<u>(135)</u>	<u>(135)</u>
Net change in fund balance	386,200	393,905	7,705
Fund balance, beginning of year	<u>365,485</u>	<u>365,485</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 751,685</u></u>	<u><u>\$ 759,390</u></u>	<u><u>\$ 7,705</u></u>

CITY OF ROSEMEAD  
Rosemead Housing Development Corporation  
Non-Major Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 416,700	\$ 415,951	\$ (749)
Investment income	-	40	40
Total revenues	<u>416,700</u>	<u>415,991</u>	<u>(709)</u>
Expenditures:			
Current:			
Community development	<u>797,500</u>	<u>803,834</u>	<u>(6,334)</u>
Total expenditures	<u>797,500</u>	<u>803,834</u>	<u>(6,334)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(380,800)</u>	<u>(387,843)</u>	<u>(7,043)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>355,000</u>	<u>355,000</u>
Total other financing sources (uses)	<u>-</u>	<u>355,000</u>	<u>355,000</u>
Net change in fund balance	(380,800)	(32,843)	347,957
Fund balance, beginning of year	<u>78,416</u>	<u>78,416</u>	<u>-</u>
Fund balance, end of year	<u>\$ (302,384)</u>	<u>\$ 45,573</u>	<u>\$ 347,957</u>

CITY OF ROSEMEAD  
Redevelopment Agency Debt Service Fund  
Major Debt Service Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 6,101,800	\$ 6,893,575	\$ 791,775
Investment income	30,000	56,578	26,578
Total revenues	<u>6,131,800</u>	<u>6,950,153</u>	<u>818,353</u>
Expenditures:			
Current:			
General government	101,000	115,623	(14,623)
Public safety	984,000	995,468	(11,468)
Debt Service:			
Principal	975,000	975,000	-
Interest	1,469,700	1,882,092	(412,392)
Total expenditures	<u>3,529,700</u>	<u>3,968,183</u>	<u>(438,483)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,602,100</u>	<u>2,981,970</u>	<u>379,870</u>
Other financing sources (uses):			
Transfers in	-	1,133,461	1,133,461
Transfers out	(903,500)	(974,464)	(70,964)
Total other financing sources (uses)	<u>(903,500)</u>	<u>158,997</u>	<u>1,062,497</u>
Net change in fund balance	1,698,600	3,140,967	1,442,367
Fund balance, beginning of year	<u>2,803,910</u>	<u>2,803,910</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,502,510</u>	<u>\$ 5,944,877</u>	<u>\$ 1,442,367</u>

CITY OF ROSEMEAD  
Redevelopment Agency Capital Projects Fund  
Major Capital Projects Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment income	\$ -	\$ 59,176	\$ 59,176
Other	-	7,997	7,997
	<u>-</u>	<u>67,173</u>	<u>67,173</u>
Total revenues			
	<u>-</u>	<u>67,173</u>	<u>67,173</u>
Expenditures:			
Current:			
General government	10,000	1,750	8,250
Public works	9,279,760	5,803,685	3,476,075
Bond issuance costs	332,500	275,344	57,156
	<u>9,622,260</u>	<u>6,080,779</u>	<u>3,541,481</u>
Total expenditures			
	<u>9,622,260</u>	<u>6,080,779</u>	<u>3,541,481</u>
Excess (deficiency) of revenues over (under) expenditures			
	<u>(9,622,260)</u>	<u>(6,013,606)</u>	<u>3,608,654</u>
Other financing sources (uses):			
Transfers out	-	(1,677,344)	(1,677,344)
Discount on bonds	-	(192,139)	(192,139)
Proceeds from long-term debt	-	11,230,000	11,230,000
	<u>-</u>	<u>9,360,517</u>	<u>9,360,517</u>
Total other financing sources (uses)			
	<u>-</u>	<u>9,360,517</u>	<u>9,360,517</u>
Net change in fund balance			
	<u>(9,622,260)</u>	<u>3,346,911</u>	<u>12,969,171</u>
Fund balance, beginning of year			
	<u>3,001,846</u>	<u>3,001,846</u>	<u>-</u>
Fund balance, end of year			
	<u>\$ (6,620,414)</u>	<u>\$ 6,348,757</u>	<u>\$ 12,969,171</u>

CITY OF ROSEMEAD  
City Capital Projects  
Major Capital Projects Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 3,432,000	\$ 1,715,181	\$ (1,716,819)
Total revenues	<u>3,432,000</u>	<u>1,715,181</u>	<u>(1,716,819)</u>
Expenditures:			
Current:			
Public works	19,514,773	7,601,816	11,912,957
Total expenditures	<u>19,514,773</u>	<u>7,601,816</u>	<u>11,912,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,082,773)</u>	<u>(5,886,635)</u>	<u>10,196,138</u>
Other financing sources (uses):			
Transfers in	-	2,361,994	2,361,994
Total other financing sources (uses)	<u>-</u>	<u>2,361,994</u>	<u>2,361,994</u>
Net change in fund balance	(16,082,773)	(3,524,641)	12,558,132
Fund balance, beginning of year	<u>(343,484)</u>	<u>(343,484)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (16,426,257)</u></u>	<u><u>\$ (3,868,125)</u></u>	<u><u>\$ 12,558,132</u></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:

Equipment Replacement - To account for the accumulation and allocation of costs associated with the repair and maintenance of the City's equipment.

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, 2011

<u>Assets</u>	<u>Equipment Replacement</u>	<u>Technology Replacement</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 107,629	\$ 162,305	\$ 269,934
Due from other funds	-	15,212	15,212
Total current assets	<u>107,629</u>	<u>177,517</u>	<u>285,146</u>
Non-current assets:			
Capital assets:			
Other capital assets, net (note 6)	-	231,536	231,536
Total non-current assets	<u>-</u>	<u>231,536</u>	<u>231,536</u>
Total assets	<u>107,629</u>	<u>409,053</u>	<u>516,682</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	-	155,169	155,169
Lease payable - current	-	50,848	50,848
Total current liabilities	<u>-</u>	<u>206,017</u>	<u>206,017</u>
Non-current liabilities:			
Lease payable	-	210,811	210,811
Total non-current liabilities	<u>-</u>	<u>210,811</u>	<u>210,811</u>
Total liabilities	<u>-</u>	<u>416,828</u>	<u>416,828</u>
<u>Net assets</u>			
Invested in capital assets, net of related debt	-	(30,123)	(30,123)
Unrestricted	<u>107,629</u>	<u>22,348</u>	<u>129,977</u>
Total net assets	<u>\$ 107,629</u>	<u>\$ (7,775)</u>	<u>\$ 99,854</u>

CITY OF ROSEMEAD  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Internal Service Funds  
Fiscal Year Ended June 30, 2011

	Equipment Replacement	Technology Replacement	Total
Operating revenues:			
Charges for services	\$ 63,863	\$ 55,713	\$ 119,576
Total operating revenues	<u>63,863</u>	<u>55,713</u>	<u>119,576</u>
Operating expenses:			
Contractual services	-	47,202	47,202
Depreciation	-	38,589	38,589
Total operating expenses	<u>-</u>	<u>85,791</u>	<u>85,791</u>
Operating income	<u>63,863</u>	<u>(30,078)</u>	<u>33,785</u>
Non-operating revenues (expenses):			
Investment income	-	5	5
Interest expense	-	(1,872)	(1,872)
Total non-operating revenues (expenses)	<u>-</u>	<u>(1,867)</u>	<u>(1,867)</u>
Changes in net assets	<u>63,863</u>	<u>(31,945)</u>	<u>31,918</u>
Net assets, beginning of year	<u>43,766</u>	<u>24,170</u>	<u>67,936</u>
Net assets, end of year	<u>\$ 107,629</u>	<u>\$ (7,775)</u>	<u>\$ 99,854</u>

CITY OF ROSEMEAD  
Combining Statement of Cash Flows  
Internal Service Funds  
Fiscal Year Ended June 30, 2011

	Equipment Replacement	Technology Replacement	Total
Cash flows from operating activities:			
Cash received from users departments	\$ 63,863	\$ 40,501	\$ 104,364
Cash payments to suppliers for goods and services	-	(49,216)	(49,216)
Net cash provided by (used for) operating activities	<u>63,863</u>	<u>(8,715)</u>	<u>55,148</u>
Cash flows from capital and related financing activities:			
Proceeds from capital lease	-	275,603	275,603
Principal paid on capital lease	-	(13,944)	(13,944)
Interest paid on capital lease	-	(1,872)	(1,872)
Cash paid to purchase capital asset	-	(115,241)	(115,241)
Net cash provided by capital and related financing activities	<u>-</u>	<u>144,546</u>	<u>144,546</u>
Cash flows from investing activities:			
Interest on investment	-	5	5
Net cash provided by investing activities	<u>-</u>	<u>5</u>	<u>5</u>
Net increase in cash and investments	63,863	135,836	199,699
Cash and investments, beginning of year	<u>43,766</u>	<u>26,469</u>	<u>70,235</u>
Cash and investments, end of year	<u>\$ 107,629</u>	<u>\$ 162,305</u>	<u>\$ 269,934</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating income	\$ 63,863	\$ (30,078)	\$ 33,785
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	-	38,589	38,589
(Increase) decrease in due from other funds	-	(15,212)	(15,212)
Increase (decrease) in accounts payable	-	(2,014)	(2,014)
Total adjustments	<u>-</u>	<u>21,363</u>	<u>21,363</u>
Net cash provided by (used for) operating activities	<u>\$ 63,863</u>	<u>\$ (8,715)</u>	<u>\$ 55,148</u>
Noncash capital, financing and investing activities:			
Capital asset acquired through accounts payable	<u>\$ -</u>	<u>\$ 154,884</u>	<u>\$ 154,884</u>

CITY OF ROSEMEAD  
Statement of Changes in Fiduciary Assets and Liabilities  
Year ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>Assets</u>				
Cash and investments	\$ 479,080	\$ 8,012,783	\$ (7,900,147)	\$ 591,716
Accounts receivable	-	28,351	(22,593)	5,758
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 479,080</u>	<u>\$ 8,041,134</u>	<u>\$ (7,922,740)</u>	<u>\$ 597,474</u>
<u>Liabilities</u>				
Deposits payable	<u>\$ 479,080</u>	<u>\$ 8,041,134</u>	<u>\$ (7,922,740)</u>	<u>\$ 597,474</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 479,080</u>	<u>\$ 8,041,134</u>	<u>\$ (7,922,740)</u>	<u>\$ 597,474</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>	92
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant revenue source, property tax.</i>	100
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>	104
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>	110
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>	112

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

CITY OF ROSEMEAD  
 Net Assets by Component  
 Last Eight Fiscal Years  
 (accrual basis of accounting)

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

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

Fiscal Year			
2008	2009	2010	2011
\$ 12,981,537	\$ 11,828,993	\$ 12,712,242	\$ 14,760,940
11,443,583	13,361,249	13,199,438	24,806,402
27,705,715	24,882,730	20,489,721	10,748,249
<u>\$ 52,130,835</u>	<u>\$ 50,072,972</u>	<u>\$ 46,401,401</u>	<u>\$ 50,315,591</u>

CITY OF ROSEMEAD  
Changes in Net Assets  
Last Eight Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses:				
Governmental activities:				
General government	\$ 4,803,476	\$ 4,800,168	\$ 5,629,316	\$ 4,980,519
Public safety	5,797,080	6,058,824	6,065,066	6,618,779
Public works	2,058,252	3,252,252	3,403,699	6,120,563
Public health	65,583	60,828	51,286	-
Community services	3,121,996	2,862,328	3,223,843	602,114
Community development	-	-	-	2,467,842
Parks and recreation	3,201,236	3,456,308	3,959,590	4,178,000
Interest and other charges	1,854,185	1,830,836	1,832,219	2,698,372
Total governmental activities expenses	<u>20,901,808</u>	<u>22,321,544</u>	<u>24,165,019</u>	<u>27,666,189</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	7,026,282	6,299,415	3,288,225	316,849
Public safety	726,345	984,965	900,359	1,598,159
Public works	3,091,146	3,760,495	4,144,733	7,600,778
Community services	1,691,586	1,211,615	814,754	1,403,059
Community development	-	-	-	3,206,303
Parks and recreation	287,137	266,398	337,815	-
Total governmental activities program revenues	<u>12,822,496</u>	<u>12,522,888</u>	<u>9,485,886</u>	<u>14,125,148</u>
Net revenues (expenses):				
Governmental activities				
Total primary government net revenues (expenses)	<u>(8,079,312)</u>	<u>(9,798,656)</u>	<u>(14,679,133)</u>	<u>(13,541,041)</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
Sales and use taxes	2,865,887	3,518,657	3,525,557	2,501,106
Transient occupancy taxes	1,081,174	1,102,756	1,207,298	1,311,697
Other taxes	149,737	765,215	1,076,806	713,821
Intergovernmental/ in-lieu VLF	-	3,165,148	2,966,002	-
Investment income	187,278	1,260,095	1,930,059	2,028,128
Motor vehicle in-lieu, unrestricted	-	1,716,656	1,290,667	856,701
Other general revenues	-	7,857	32,853	478,473
Total governmental activities general revenues	<u>8,225,459</u>	<u>15,613,716</u>	<u>15,945,222</u>	<u>17,011,608</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>

*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.*

Fiscal Year			
2008	2009	2010	2011
\$ 7,259,587	\$ 12,176,877	\$ 5,991,796	\$ 3,160,306
8,043,771	9,081,719	8,879,854	8,881,926
13,550,042	6,465,355	11,469,614	11,907,245
-	-	-	-
669,827	773,374	589,650	595,904
3,645,207	1,290,108	2,141,218	3,969,502
4,078,631	2,030,698	2,733,885	2,362,860
1,790,348	1,523,391	1,491,717	1,681,875
<u>39,037,413</u>	<u>33,341,522</u>	<u>33,297,734</u>	<u>32,559,618</u>
642,716	547,577	1,573,695	1,048,727
1,547,182	1,512,475	1,293,677	1,293,524
11,729,725	7,581,801	8,052,011	9,143,311
166,118	858,809	186,283	450,004
1,484,065	621,375	597,402	3,753,612
36,800	36,000	20,800	654,437
<u>15,606,606</u>	<u>11,158,037</u>	<u>11,723,868</u>	<u>16,343,615</u>
<u>(23,430,807)</u>	<u>(22,183,485)</u>	<u>(21,573,866)</u>	<u>(16,216,003)</u>
13,181,837	12,288,177	12,328,634	13,656,347
3,747,416	4,589,998	4,408,367	3,737,363
1,411,421	1,272,092	1,129,146	1,219,977
949,007	761,410	562,317	576,904
-	-	-	-
1,678,791	884,847	389,310	367,961
254,527	195,273	169,042	263,983
143,748	133,825	336,668	307,658
<u>21,366,747</u>	<u>20,125,622</u>	<u>19,323,484</u>	<u>20,130,193</u>
<u>\$ (2,064,060)</u>	<u>\$ (2,057,863)</u>	<u>\$ (2,250,382)</u>	<u>\$ 3,914,190</u>

CITY OF ROSEMEAD  
Fund Balances of Governmental Funds  
Last Eight Fiscal Years  
(modified accrual basis of accounting)

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

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

*The City implemented GASB 54 for the fiscal year ended June 30, 2011. The categories of fund balance for governmental funds have been changed as described more fully in the notes to the basic financial statements. Prior year fund balances reflect the guidance in effect when those financial statements were prepared.*

Fiscal Year			
2008	2009	2010	2011
\$ 3,074,496	\$ 3,106,917	\$ 3,327,182	\$ -
18,633,154	16,135,102	13,626,774	-
-	-	-	2,034
-	-	-	-
-	-	-	5,107,963
-	-	-	-
-	-	-	10,209,075
<u>\$ 21,707,650</u>	<u>\$ 19,242,019</u>	<u>\$ 16,953,956</u>	<u>\$ 15,319,072</u>
\$ 9,000,561	\$ 9,000,561	\$ 8,944,112	\$ -
6,140,289	9,023,487	8,763,359	-
692,475	2,803,910	2,803,910	-
2,490,553	(54,323)	(1,405,770)	-
-	-	-	-
-	-	-	27,476,081
-	-	-	-
-	-	-	-
-	-	-	(4,402,964)
<u>\$ 18,323,878</u>	<u>\$ 20,773,635</u>	<u>\$ 19,105,611</u>	<u>\$ 23,073,117</u>

CITY OF ROSEMEAD  
Changes in Fund Balances of Governmental Funds  
Last Eight Fiscal Years  
(modified accrual basis of accounting)

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

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

Fiscal Year

2008	2009	2010	2011
\$ 17,841,792	\$ 17,153,625	\$ 18,508,896	\$ 19,313,094
15,716,610	10,992,235	7,856,792	9,383,256
1,503,659	1,178,362	1,079,429	1,764,162
537,430	638,244	708,434	677,861
641,566	565,643	491,574	462,389
687,568	736,213	680,288	741,382
1,678,791	884,847	389,310	367,956
141,930	381,429	254,610	253,379
<u>38,749,346</u>	<u>32,530,598</u>	<u>29,969,333</u>	<u>32,963,479</u>
7,356,665	11,956,179	5,903,926	3,801,486
8,043,771	9,114,009	8,863,234	8,882,915
12,116,508	4,964,867	11,264,220	19,402,924
669,827	783,452	584,463	595,904
3,408,691	1,047,529	1,940,641	3,397,072
4,078,631	2,030,698	2,733,885	2,362,860
1,647,673	202,752	290,885	93,121
1,105,000	915,000	945,000	975,000
1,567,849	1,531,986	1,501,667	1,882,092
-	-	-	275,344
<u>39,994,615</u>	<u>32,546,472</u>	<u>34,027,921</u>	<u>41,668,718</u>
<u>(1,245,269)</u>	<u>(15,874)</u>	<u>(4,058,588)</u>	<u>(8,705,239)</u>
2,962,087	4,078,483	4,133,554	4,824,919
(2,962,087)	(4,078,483)	(4,133,554)	(4,824,919)
-	-	-	11,230,000
-	-	-	(192,139)
-	-	-	-
-	-	-	-
-	-	102,501	-
-	-	102,501	11,037,861
<u>\$ (1,245,269)</u>	<u>\$ (15,874)</u>	<u>\$ (3,956,087)</u>	<u>\$ 2,332,622</u>
7.0%	7.6%	7.4%	9.7%

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		
2002	1,894,448,049	49,217,140	1,632,754	1,945,297,943	17.80%
2003	2,017,936,508	50,453,472	2,601,128	2,070,991,108	18.15%
2004	2,168,666,818	52,904,496	19,367,174	2,240,938,488	18.51%
2005	2,345,083,686	57,368,008	20,426,612	2,422,878,306	19.46%
2006	2,561,631,859	64,776,971	18,555,208	2,644,964,038	20.73%
2007	2,826,876,615	55,851,646	19,173,832	2,901,902,093	20.56%
2008	3,085,354,513	61,564,235	18,883,761	3,165,802,509	21.85%
2009	3,277,256,282	66,506,103	18,883,761	3,362,646,146	22.61%
2010	3,333,876,047	62,148,114	3,307,527	3,399,331,688	22.27%
2011	3,364,287,629	64,231,062	3,301,527	3,431,820,218	22.41%

Notes:

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

*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	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debts	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000
El Monte School Districts	0.05196	0.06592	0.05072	0.07246	0.08056	0.06402	0.08067	0.09044	0.11907	0.12388
El Monte Union High School	0.00000	0.00000	0.03573	0.03928	0.05425	0.05846	0.02820	0.05159	0.09654	0.08475
Garvey School Districts	0.03118	0.05286	0.02471	0.02319	0.05221	0.05075	0.05061	0.06835	0.07836	0.08503
Los Angeles Community College	0.01600	0.01460	0.01986	0.01810	0.01430	0.02146	0.00878	0.02212	0.02311	0.04031
L.A. Co. Flood Control Bonds	0.00107	0.00088	0.00047	0.00024	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370
Montebello Unified School District	0.04369	0.03983	0.04076	0.04172	0.07053	0.06731	0.06681	0.08065	0.09673	0.09792
Pasadena Area Community College	0.00000	0.00000	0.00681	0.00879	0.00410	0.02080	0.01972	0.01741	0.02300	0.01986
Rio Hondo Community College	0.00000	0.00000	0.00000	0.02170	0.01802	0.01469	0.01370	0.02320	0.02714	0.03439
Rosemead School Districts	0.08858	0.00540	0.04517	0.07095	0.07515	0.05420	0.08282	0.06875	0.11358	0.10743
San Gabriel Unified School District	0.00000	0.05803	0.05224	0.05729	0.05284	0.04930	0.05742	0.09294	0.10071	0.10190
San Gabriel Valley Mwd Bonds	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01800
San Gabriel Vly Mwd State Water Bond	0.02400	0.02400	0.02200	0.02000	0.02000	0.02000	0.02000	0.01800	0.01800	0.00000
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.26531</b>	<b>1.26925</b>	<b>1.30556</b>	<b>1.38044</b>	<b>1.44801</b>	<b>1.42640</b>	<b>1.43323</b>	<b>1.53775</b>	<b>1.70054</b>	<b>1.71717</b>
<b>City's Share of 1% Levy Per Prop 13<sup>3</sup></b>	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388
<b>General Obligation Debt Rate</b>										
<b>Redevelopment Rate<sup>4</sup></b>	1.00990	1.00861	1.00755	1.00697	1.00604	1.00541	1.00450	1.00430	1.00430	1.00370
<b>Total Direct Rate<sup>5</sup></b>	0.17800	0.18152	0.18513	0.19461	0.20733	0.20556	0.21850	0.22614	0.22270	0.22407

Notes:

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

<sup>2</sup> Overlapping 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.

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

<sup>4</sup> RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

<sup>5</sup> Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information. We arrive at this percentage by dividing the City's revenue by total net taxable assessed value.

Source: L.A. County Assessor 2001/02 - 2010/11 Tax Rate Table and HdL Coren & Cone

CITY OF ROSEMEAD  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2011			2002		
	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	\$ 45,003,310	1	1.31%			
Walmart Real Estate Business Trust	36,384,479	2	1.06%			
Rosemead Hwang, LLC	32,126,034	3	0.94%			
AFG Investment Fund 5 LLC	23,872,481	4	0.70%			
Metodo Investments, LLC	19,136,512	5	0.56%			
420 Boyd Street LLC	18,417,245	6	0.54%			
Macy's California Inc.	13,567,141	7	0.40%			
California Federal Savings and Loan Assoc	13,385,792	8	0.39%			
Panda Restaurant Group, Inc.	12,831,374	9	0.37%			
Sunshine Inn	10,557,466	10	0.31%			
Aespace America, Inc.				31,401,714	1	1.61%
General Electric Credit Auto Auctions				15,649,438	2	0.80%
May Department Stores Company				14,961,492	3	0.77%
California Federal Savings and Loan Assoc				9,252,263	4	0.48%
Sunshine Inn				9,042,557	5	0.46%
Chicago Title Insurance Company				8,330,000	6	0.43%
Builder Square LLC				7,397,824	7	0.38%
Tony & Helen Hua Trust				6,288,000	8	0.32%
BHC Alhambra Hospital, Inc.				5,593,485	9	0.29%
Hellman Hospital, LLC				5,409,647	10	0.28%

Source: HdL Coren & Cone, Los Angeles County Assessor 2010/11 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
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%
2010	2,609,456	1,898,973	72.77%	-	1,898,973	72.77%
2011	2,633,288	2,595,289	98.56%	-	2,595,289	98.56%

Notes:

\* Information not available.

\*\* 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

Fiscal Year	Tax Allocation Bonds	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
2002	34,255,000	2.10%	619
2003	33,830,000	2.00%	612
2004	33,385,000	1.93%	595
2005	32,920,000	1.65%	580
2006	37,100,000	7.70%	649
2007	37,455,000	7.30%	655
2008	36,350,000	6.74%	633
2009	35,435,000	6.41%	617
2010	34,490,000	6.26%	599
2011	44,745,000	8.12%	775

*Notes:*

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

<sup>1</sup> *These ratios are calculated using personal income and population for the prior calendar year.*

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

Fiscal Year	Tax Allocation Bonds	Percent of Assessed Value <sup>1</sup>	Per Capita
2002	34,255	1.76%	619
2003	33,830	1.63%	612
2004	33,385	1.49%	595
2005	32,920	1.36%	580
2006	37,100	1.40%	649
2007	37,455	1.29%	655
2008	36,350	1.15%	633
2009	35,435	1.05%	617
2010	34,490	1.01%	599
2011	44,745	1.30%	775

*Notes:*

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

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

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CITY OF ROSEMEAD  
Direct and Overlapping Governmental Activities Debt  
June 30, 2011

	Gross Bonded Debt Balance	Percentage Applicable To City	Net Bonded Debt
<b>Overlapping Debt</b>			
* Metropolitan Water District	\$ 107,259,876	0.334%	358,222
Garvey School District DS 2000 Series A	6,189,903	51.469%	3,185,904
Garvey School District DS 2000 Series B	6,244,519	51.469%	3,214,014
Garvey School District 2004 Series 2005	8,358,736	51.469%	4,302,188
Garvey Sch DS 2004 Ser 2006	10,584,714	51.469%	5,447,885
Garvey Sch DS 2004 Ser C	8,987,964	51.469%	4,626,048
Rosemead Sch Dist DS 2000 Ser A	6,410,000	69.425%	4,450,154
Rosemead Sch Dist DS 2000 Ser B	8,930,000	69.425%	6,199,668
Rosemead Sch DS 2000 Ser C	6,655,000	69.425%	4,620,245
Rosemead Sch DS 2000 Ser D	4,845,000	69.425%	3,363,650
Rosemead School DS 2008 Series A	8,865,000	69.425%	6,154,541
El Monte Union HS Dist 2002 Series A	2,870,000	14.419%	413,826
El Monte Union HS Dist Series B	4,555,000	14.419%	656,787
El Monte Un HSD DS 2006 Ref Bds	36,572,828	14.419%	5,273,445
El Monte Un Hi DS 2002 Ser C	29,140,000	14.419%	4,201,704
El Monte Union High DS 2008 Ser A	53,625,511	14.419%	7,732,275
L.A. CCD DS 2001 Ser A	10,590,000	0.326%	34,518
L.A. CCD DS 2003 Ser B	71,760,000	0.326%	233,275
L.A. CCD DS 2003 Taxable Ser 2004B	17,935,000	0.326%	58,302
L.A. CCD DS 2001 Taxable Ser 2004A	74,760,000	0.326%	243,027
LACC DS Ref 2001 Series 2005 A	431,075,000	0.326%	1,401,323
LA CCD DS 2001 2006 Series B	382,830,000	0.326%	1,244,490
LA CCD DS 2003, 2006 Series C	292,480,000	0.326%	950,783
LACC DS 2001, 2008 Ser E-1	276,500,000	0.326%	898,836
LACC DS 2001, 2008 Taxable Ser E-2	2,420,000	0.326%	7,867
LACC DS 2003, 2008 Ser F-1	344,915,000	0.326%	1,121,237
LACC DS 2003, 2008 Taxable Ser F-2	6,480,000	0.326%	21,065
LACC DS 2008, 2009 Taxable Ser A	350,000,000	0.326%	1,137,767
LACC DS 2008, 2009 Taxable Ser B	75,000,000	0.326%	243,807
LACC Debt 2008, 2010 Tax Ser D	175,000,000	0.326%	568,953
LACC Debt 2010, Tax Ser E (BABS)	900,000,000	0.326%	2,926,042
LACC DS 2008, 2010 Series C	125,000,000	0.326%	406,395
Pasadena Area CCD DS 2002 Series S-A	1,925,000	2.626%	50,550
Pasadena CCD DS 2006 Series B	48,955,000	2.626%	1,285,555
Pasadena CCD DS 2006 Ref BD Series C	12,302,327	2.626%	323,058
Pasadena CCD DS 2002, 2006 Ser D	26,705,000	2.626%	701,271
Pasadena CCD 2002, 2009 Series E (BABS)	25,295,000	2.626%	664,245
Montebello Unif DS 1998 Series 98	10,679,698	1.404%	149,983
Montebello Unif SD DS 98 Series 99	7,712,854	1.404%	108,318
Montebello USD DS 1998 Series 2001	3,282,827	1.404%	46,103
Montebello USD DS 1998 Series 2004	9,090,273	1.404%	127,662
Montebello Unified DS 1998 Series 2002	11,730,999	1.404%	164,747
Montebello Unif DS 2004 Ser 2005	25,955,000	1.404%	364,506
Montebello Unif DS 2004 Ser 2008	32,900,000	1.404%	462,040
Montebello Unified DS 2004 Ser 2009	33,000,000	1.404%	463,444
Montebello Unified 2010 Refunding Bonds	15,770,000	1.404%	221,470
<b>Total Overlapping Debt</b>			<b>80,831,195</b>

2010/11 Assessed Valuation: \$2,837,697,115 After Deducting \$594,123,103 Redevelopment Increment

Debt to Assessed Valuation Ratios:

Direct Debt	0.00%
Overlapping Debt	2.85%
Total Debt	2.85%

\* 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 2010/11 Lien Date Tax Rolls.

CITY OF ROSEMEAD  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
Assessed valuation	1,945,297,943	2,070,991,108	2,240,938,488	2,422,878,306	2,644,964,038
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	486,324,486	517,747,777	560,234,622	605,719,577	661,241,010
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	72,948,673	77,662,167	84,035,193	90,857,936	99,186,151
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>72,948,673</u>	<u>77,662,167</u>	<u>84,035,193</u>	<u>90,857,936</u>	<u>99,186,151</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

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

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

Fiscal Year				
2007	2008	2009	2010	2011
2,901,902,093	3,165,802,509	3,362,646,146	3,399,331,688	3,431,820,218
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
725,475,523	791,450,627	840,661,537	849,832,922	857,955,055
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
108,821,328	118,717,594	126,099,230	127,474,938	128,693,258
-	-	-	-	-
108,821,328	118,717,594	126,099,230	127,474,938	128,693,258
0.0%	0.0%	0.0%	0.0%	0.0%

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

Fiscal Year Ended June 30,	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
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
2010	6,243,948	945,000	1,501,667	2.55
2011	6,893,575	975,000	1,882,092	2.41

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

CITY OF ROSEMEAD  
Demographic and Economic Statistics  
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
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	551,271	42,818	11.10%
2009/10	57,756	550,832	42,784	10.50%
2010/11	54,034	N/A	N/A	0.00%

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		2011		2002 *	
		Number of Employees	Percent of Total Employment <sup>1</sup>	Number of Employees	Percent of Total Employment
Southern California Edison	1	4,100	18.47%	-	0.00%
Garvey School District	2	804	3.62%	-	0.00%
Wal-Mart	3	420	1.89%	-	0.00%
Panda Restaurant Group, Inc.	4	400	1.80%	-	0.00%
Rosemead School District	5	337	1.52%	-	0.00%
Target	6	200	0.90%	-	0.00%
Hemetic Seal Corporation	7	150	0.68%	-	0.00%
Don Bosco Tech	8	90	0.41%	-	0.00%
Double Tree	9	76	0.34%	-	0.00%
Marge Carson, Inc.	10	80	0.36%	-	0.00%

*Notes:*

<sup>1</sup> Based upon Employment Development Department's estimate of 22,200 residents employed in 2010-11.

\* Information for 2001 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

Function	Full-time and Part-time Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	19	16	14	15	18	17	19	16	22	19
Public safety <sup>1</sup>	16	23	22	17	23	22	34	39	42	42
Community										
development	6	5	6	6	6	11	23	18	23	23
Parks and recreation	107	117	97	94	103	101	103	135	112	99
<b>Total</b>	<b>148</b>	<b>161</b>	<b>139</b>	<b>132</b>	<b>150</b>	<b>151</b>	<b>179</b>	<b>208</b>	<b>199</b>	<b>183</b>

Notes:

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

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

Source: City Finance Department

CITY OF ROSEMEAD  
 Operating Indicators by Function  
 Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Arrests	1,299	1,102	1,081	1,230	1,315	1,786	1,506	1,478	1,733	1,888
Parking citations issued	n/a	n/a	14,676	18,357	15,176	13,210	11,766	10,517	8,450	7,515
Fire:										
Number of emergency calls	2,809	2,728	2,733	2,800	2,868	2,994	3,094	1,834	2,574	2,627
Inspections	117	117	117	117	117	117	2,518	2,093	3,137	845
Public works:										
Street resurfacing (miles)	1.7	-	1.3	-	1.3	2.5	1.1	2.8	3.5	3.5
Parks and recreation:										
Number of recreation classes	400	420	450	530	720	775	484	397	727	617
Number of facility rentals	n/a	n/a	n/a	n/a	n/a	n/a	540	453	236	1,786

Source: City of Rosemead

CITY OF ROSEMEAD  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	77.55	77.55	77.55	77.55
Streetlights	2,506	2,700	2,700	2,702	2,705	2,706	2,712	2,712	2,712	2,712
Traffic signals	39	39	39	39	39	41	42	42	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