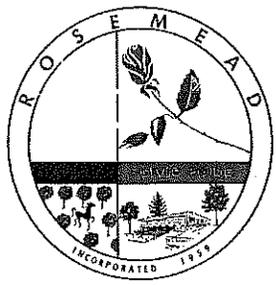
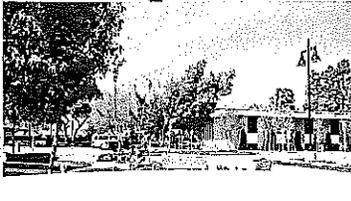
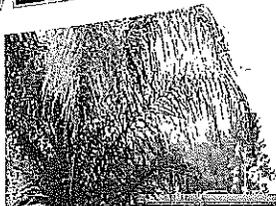
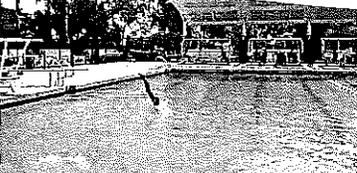


City of
ROSEMEAD
CALIFORNIA

Today's Small Town America



Comprehensive Annual Financial Report

FISCAL YEAR ENDED
JUNE 30, 2012

CITY OF ROSEMEAD
Rosemead, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

Prepared by the Finance Department
Steve Brisco
Director of Finance

CITY OF ROSEMEAD

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

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CITY OF ROSEMEAD

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Fiscal Year Ended June 30, 2012

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Fiscal Year Ended June 30, 2012

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MAYOR:
SANDRA ARMENTA

MAYOR PRO TEM:
POLLY LOW

COUNCIL MEMBERS:
BILL ALARCON
MARGARET CLARK
STEVEN LY



City of Rosemead

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

January 16, 2013

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, 2012.

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 ("RAMS"), 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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rosemead's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Rosemead was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal

awards. These reports are available in the City of Rosemead's separately issued Single Audit Report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Rosemead's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Rosemead, incorporated in 1959, is located in the southwestern part of the state, which is considered to be the top growth area in the state, and one of the top growth areas in the country. The City of Rosemead currently occupies a land area of 5.5 square miles and serves a population of more than 54,000. 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 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 RCDC) and 3) the Rosemead Housing Development Corporation (RHDC). The City of Rosemead also provides a full range of services, including recreational activities and cultural events. Additional information on all three of these legally separate entities can be found in Note 1(a) in the notes to the financial statements.

The annual budget serves as the foundation for the City of Rosemead and its component unit's financial planning and control. All business units and component units of the City of Rosemead are required to submit requests for appropriation to the City Manager in mid March of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review prior to June 30. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget 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. These

comparison schedules are presented in the governmental fund subsection of this report, which starts on page 61.

Factors Affecting Financial Condition

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

Local economy. Considering the current recessionary economy, the City of Rosemead currently enjoys a reasonably favorable economic environment and local indicators point to stability with slow growth 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 stabilize with some growth compared with the same period a year earlier. It should be noted that while the stability and growth has been positive, sales tax receipts are still down approximately 1% in comparison to the 2008/09 peak. The stability realized in retail has helped keep Rosemead's unemployment rate down to 9.7% whereas the larger Los Angeles, Long Beach, Glendale area rate is 11.1%. 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 its vision for the year 2020 and on January 10, 2012 the City Council amended its implementation plan for the years 2012 and 2013. The implementation plan identifies three Key Organizational Goals: 1) Ensure the City's Continued Financial Viability. 2) Enhance Public Safety and Quality of Life. 3) Beautify Residential Neighborhoods and Commercial Corridors. Many of these goals were started in the 2011-12 fiscal year 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. Additionally, one of the new implementation strategies that was 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 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 priorities, in order of importance, of: 1) safety, 2) liquidity and 3) yield.

Risk Management. The City is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 121 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance and reinsurance, and to arrange for group-purchased insurance for property and other coverage. Additional information can be found in Note 9 in the notes to the 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 11 in the notes to the Basic Financial Statements.

Dissolution of the Redevelopment Agency (RDCD). On December 29, 2011 the California State Supreme court upheld the ruling that allows the legislature to dissolve redevelopment agencies. The dissolution became 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 and other enforceable obligations, but the remainder will be re-directed to the County and 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.

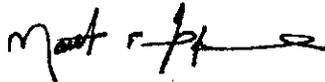
Awards and Acknowledgement

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, 2011. 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; however, we are not submitting it to the GFOA for review due to budgetary concerns.

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 city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Rosemead's finances.

Respectfully submitted,



Matthew E. Hawkesworth
Assistant City Manager/Director of Finance

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CITY OF ROSEMEAD

Directory of Officials

June 30, 2012

CITY COUNCIL

Sandra Armenta, Mayor
Polly Low, Mayor Pro Tem
Margaret Clark, Council Member
Steven Ly, Council Member
William Alarcon, Council Member

CITY MANAGEMENT

Jeff Allred, City Manager
Matthew E. Hawkesworth, Assistant City Manager
Michelle Ramirez, 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, 2011

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.



Christopher P. Morinell

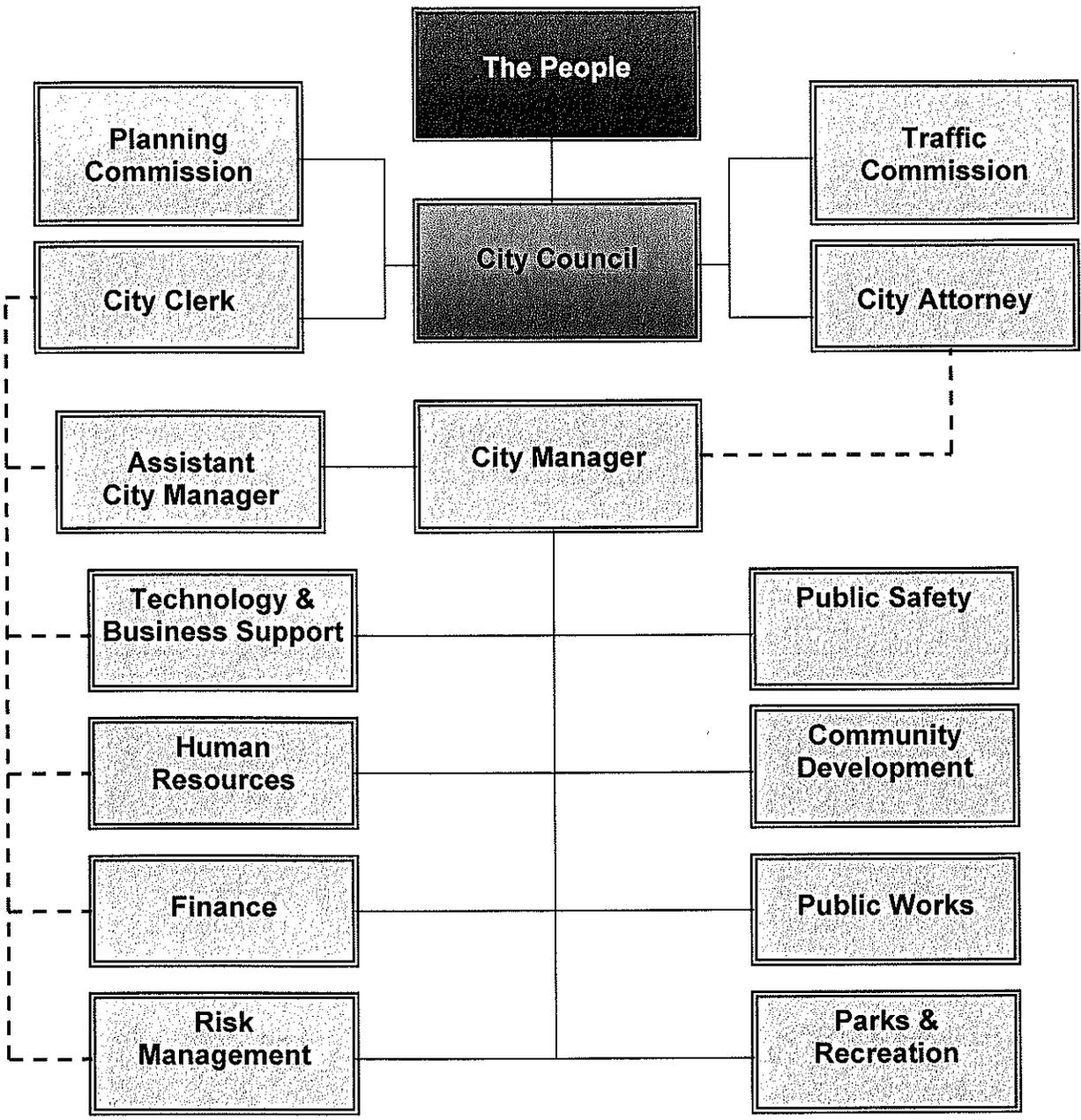
President

Jeffrey R. Emery

Executive Director

CITY OF ROSEMEAD

Function Based Organizational Chart



FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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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, CGMA
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

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, 2012, 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, 2012, 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 15 to the basic financial statements, on December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. Therefore, as of February 1, 2012, the Community Development Commission of the City of Rosemead, a component unit of the City, ceased to exist. All functions of the former redevelopment agency either passed to the City or to the Successor Agency to the Community Development Commission to the City of Rosemead.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2013, 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, combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison schedules, and statistical section 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 and nonmajor fund budgetary comparison schedules 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 and statistical sections 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 Maloney & Scott, LLP

January 16, 2013

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, 2012. 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

- On January 31, 2012 the Rosemead Community Development Commission (RCDC) was dissolved through actions of the state to eliminate redevelopment agencies. The City of Rosemead has elected to become the Successor Agency for the RCDC and will receive tax increment funding to fund payments for any enforceable obligations. Additionally, the Successor Agency is holding approximately \$7 million in bond proceeds from the 2010 Tax Increment Bonds and will be able to expend these once the California Department of Finance issues a Finding of Completion to the Successor Agency in early 2013.
- The General Fund budget assumed for a decrease in unassigned reserves of approximately \$1.36 million due to contributions to the Other Post Employment Benefit fund, the absorption of salary and benefit related costs from redevelopment and other Capital Improvement Projects; however, due to increased revenues and a reduction in expenditures, only \$497,900 was used in FY 2011-12.
- The net assets related to Government Activities has changed by more than \$28 million in FY 2011-12 due to creation of the Successor Agency which absorbed the assets of the former Rosemead Community Development Commission.
- At the end of the current fiscal year unassigned fund balance for the General Fund was \$9,519,173 or 56 percent of total General Fund expenditures.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 and moderate income housing corporation, for which the City of Rosemead is financially accountable. Financial information for the *component units* is reported separately from the financial information presented for the primary government itself.

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

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

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

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

The City of Rosemead and its component units maintain 18 active governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Rosemead Housing Development Corporation Fund, Low and Moderate Income Housing Asset Fund, Low and Moderate Income Housing Set-Aside Fund, Redevelopment Agency Debt Service Fund, Redevelopment Agency Capital Projects Fund and City Capital

Projects Fund, all seven of which are considered to be major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Rosemead adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for the General Fund, Rosemead Housing Development Corporation Fund, Low and Moderate Income Housing Asset Fund, Low and 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, Narcotics Seizure Fund, Measure R Fund, City Capital Projects Fund, Redevelopment Agency Debt Service Fund and the Redevelopment Agency Capital Projects Fund to demonstrate compliance with this budget.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Rosemead's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 25 - 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the Basic Financial Statements can be found on pages 27 – 58 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 and notes can be found beginning on page 59 - 65 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 section. Combining and individual fund statements and schedules can be found on pages 68 – 92 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Rosemead, assets exceeded liabilities (net assets) by \$78,568,855 at the close of the most recent fiscal year.

A significant portion of the City of Rosemead's net assets (68.8 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 the citizens; consequently, these assets are *not* available for future spending. Although the City of Rosemead's investment in its capital assets is reported net of related debt,

it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Rosemead's Net Assets
As of June 30, 2012 and 2011
(thousands)

	Governmental Activities	
	2012	2011
Current and other assets	\$ 30,709	\$ 49,410
Capital assets	53,312	52,137
Total assets	84,021	101,547
Long-term liabilities outstanding	1,616	46,208
Other liabilities	3,836	5,023
Total liabilities	5,452	51,231
Net assets:		
Invested in capital assets, net of related debt	54,010	14,761
Restricted	10,871	24,807
Unrestricted	13,688	10,748
Total net assets	\$ 78,569	\$ 50,316

An additional portion of the City of Rosemead's net assets (13.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$13.7 million) 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 \$28.3 million during the current fiscal year. The increase can be credited to the dissolution of redevelopment agency and all of the assets of the former agency being transferred to the City as the Successor Agency.

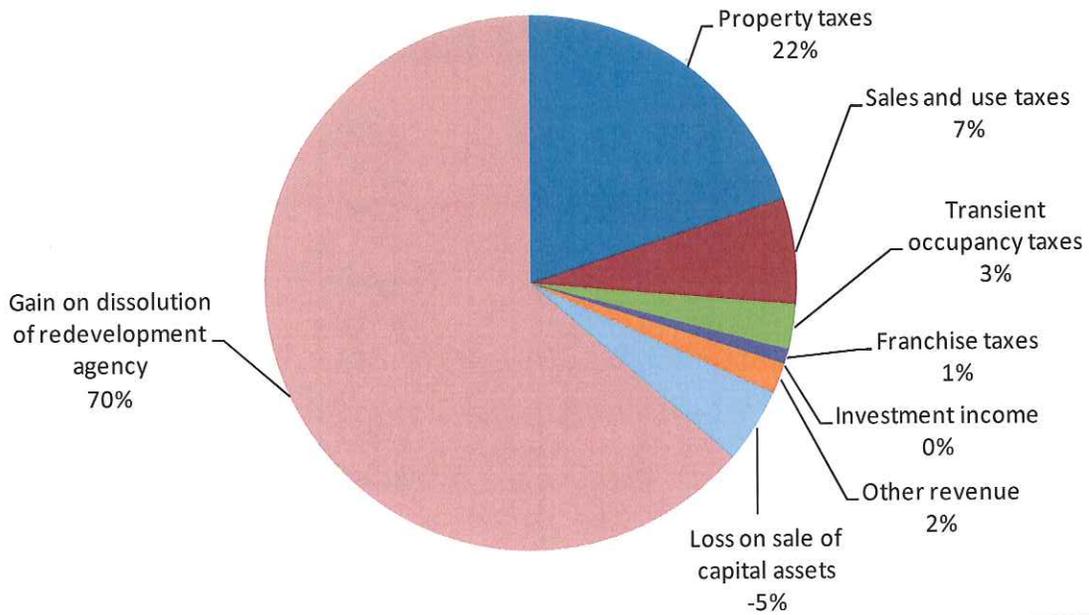
Governmental activities. Governmental activities increased the City of Rosemead's net assets by \$28.3 million. Contributing to the change in net assets are several single occurrence events described below.

- As mentioned above the dissolution of the redevelopment agency transferred all the assets to the City totaling \$34.3 million.
- Less: Operating contributions and Property Tax contributions decreased as a result of the dissolution of redevelopment agency.

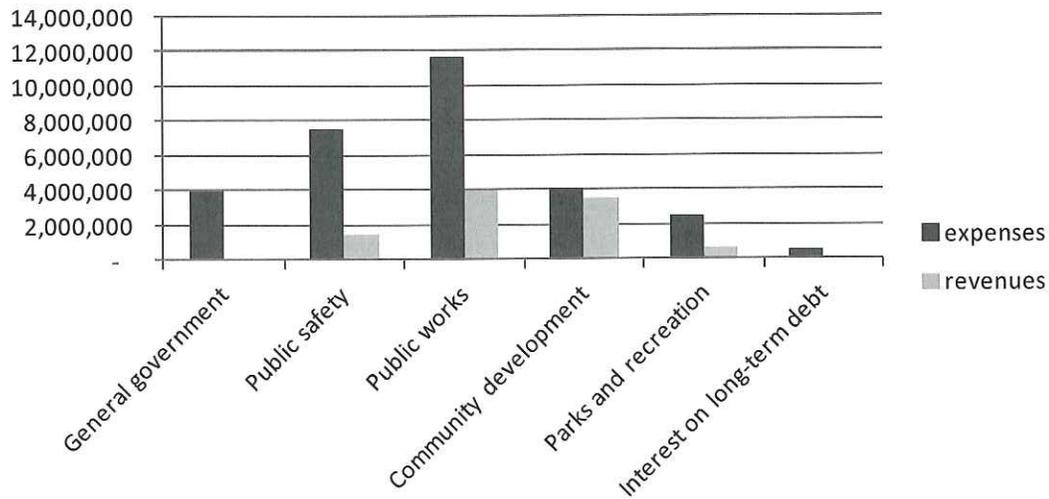
City of Rosemead's Changes in Net Assets
Years Ended June 30, 2012 and 2011
(thousands)

	Governmental Activities	
	2012	2011
Program revenues:		
Charges for services	\$ 3,206	\$ 3,108
Operating grants and contributions	5,051	9,039
Capital grants and contributions	1,568	4,252
General revenues:		
Property taxes	10,567	13,656
Other taxes	5,158	5,534
Investment income	195	368
Intergovernmental, unrestricted	-	264
Other	854	253
Loss on sale of capital assets	(2,340)	-
Extraordinary item:		
Gain on dissolution of redevelopment agency	34,271	-
Total revenues	58,530	36,474
Expenses:		
General government	3,989	3,160
Public safety	7,517	8,882
Public works	11,588	11,907
Community services	-	596
Community development	4,080	3,969
Parks and recreation	2,533	2,363
Interest on long-term debt	570	1,682
Total expenses	30,277	32,559
Increase in net assets	28,253	3,915
Net assets - June 30, 2011	50,316	46,401
Net assets - June 30, 2012	\$ 78,569	\$ 50,316

Revenues by Source Governmental Activities



Expenses and Program Revenues Governmental Activities



Financial Analysis of the Government's Funds

The focus of the City of Rosemead's *governmental funds* is to provide information on the near-term inflows, and balances of *spendable* resources. Such information is useful in assessing the City of Rosemead's financing requirements. In particular, *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.

As of the end of the current fiscal year, the City of Rosemead's governmental funds reported combined fund balances of \$24,399,514 a decrease of \$13,992,675 in comparison with the prior year. Approximately 33.7 percent or \$8,226,768 of this total fund balance, constitutes *unassigned, undesignated 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 committed 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 \$9,519,173, while total fund balance reached \$14,821,172. 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 56 percent of total general fund expenditures, while total fund balance represents 87 percent of that same amount.

The fund balance of the City of Rosemead's general fund decreased by \$497,900 during the current year. Highlights of the change in fund balance are presented below:

- General Fund revenues increased by \$600,936 over last year. The main driver relating to revenue increases came from tax increases in property tax, sales tax, transient occupancy tax (hotel tax), and building permit fees due to an improving economy. Additionally, the City realized increases in recreation related revenue due to increases in facility rentals for the new aquatics facilities and an increase in program participation.
- Continued outreach by Code Enforcement and Administration resulted in an increase in business license fees of approximately \$62,000 in comparison to FY 2010-11.
- The City Council implemented an Administrative Citation Process which is being used instead of issuing criminal citations for many civil code violations. Along with this new process, the City has contracted with a new third-party provider to handle the processing of all the parking citation and administrative citations. Despite only being in place for part of the year, an increase of \$70,000 has been realized due to improved collection efforts.
- The City continued to make payments towards the unfunded portion of the Other Post Employment Benefits liability in the amount of \$644,548 from Unassigned General Fund Balance. Despite this budgeted reduction in Fund Balance, the actual fund balance reduction was only \$497,900 for the General Fund.

- Operating cost overruns in the City as a whole were due to the elimination of Redevelopment as of January 31, 2012. Although Tax Increment funding was eliminated, the City absorbed all staffing related costs and some program related costs in the General Fund for the remaining five months of the fiscal year. The costs totaled approximately \$408,000 for the five month period. Additional costs overruns, such as those for citation processing and building inspections were covered by increases in revenue which more than offset the related costs. There were also additional costs related to fuel and vehicle maintenance. Fuel prices increased during the year at rates above those originally projected, resulting in additional costs of \$62,000.

General Fund Budget Analysis. Due to some transition in staffing and the additional work created by the elimination of redevelopment, budget adjustments to revenue were not made during the fiscal year. Staff continued to track individual revenues, but did not make any adjustments to the original budget. The actual revenue variance was \$782,000 or 4.8 percent more than the adjusted budget. Major contributors to the variance in Taxes revenue includes an increase of \$154,000 in Property Taxes resulting from the reallocation of former redevelopment tax increment, Sales Tax increases of \$252,000 which was driven by an improving economy and the increase in fuel prices, and Transient Occupancy Tax increases from an improving travel industry. Shortfalls from budgeted estimates in Vehicle License Fees (VLF) of \$170,000, due to the State eliminating VLF funding which is currently being challenged in court, and in interest earnings of \$120,000, due to an investment market that continues to struggle, 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 \$141,000 in Licenses and Permits was a result of increased building and development activity in the City. Charges for services, primarily in the Parks and Recreation Division were underestimated by approximately \$37,000, which can be credited to increased usage of the new aquatics facilities. The remainder, Other Revenue, was \$178,000 higher than estimated revenue because of grants and other reimbursements provided to the City during the year.

The General Fund original expenditure budget was increased by \$644,548. The contributor to the increase was the \$644 appropriation for the City's unfunded retirement liability. Net actual expenditures were \$234,692 more than the amended budget primarily due to the absorption of staffing costs formerly charged to the redevelopment agency. General Government overspent by \$202,193 due to additional legal costs of \$72,000 and employee related costs from redevelopment and retirements of \$130,000. Public works was over budget by net \$138,218 due to increased fuel costs of \$62,000 and employee related costs of \$76,000. Public Safety overspent by \$65,338 which was a direct result of increased costs related to parking and administrative citation processing which was more than covered by increases in revenue from improved collection efforts. The Community Development Department overspent their budget by \$164,885 for building and plan check fees or \$73,000 and employee related costs of \$92,000. Parks and Recreation had aggregate savings of \$342,243 largely because of the temporary closure of one community center due to renovations, a consolidation of many recreational programs to community parks and the reduction in reliance on part-time staffing for many day-to-day and special event tasks which are now performed by full-time personnel.

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. Prop 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 all three funds exceeded revenue estimated by \$187,000. Since the transportation taxes are an enhancement to sales tax we can see that consumer sales is 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. Measure R, the newest of the funds, is beginning to spend its revenue for future project planning.

Rosemead Housing Development Corporation (RHDC). The RHDC Fund has traditionally received its funding from tenant rents and subsidies from the former Low-Moderate Income Housing Fund. As operational costs have continued to increase and tenant rents have remained relatively constant, the reliance on the subsidy from the Low-Moderate Income Housing Fund has become more important. Through the elimination of redevelopment this obligation was submitted and subsequently approved by the Department of Finance as an enforceable obligation which will ensure ongoing funding for the RHDC into the future. As such, revenues and expenditures in this fund will typically balance out at the end of each fiscal year with just a minimal balance remaining due to timing issues.

Vehicle Replacement and Technology Replacement Funds. These funds are utilized to cover the costs of equipment and vehicle replacement over time. Using departments are assessed charges for equipment used by them. The charges are accumulated in the internal service funds for future replacement of vehicles and equipment.

Capital Asset and Debt Administration

Capital assets. The City of Rosemead's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$53,311,995 (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 new parking lot for the Rosemead Community Recreation Center and Library
- Various street resurfacing and construction related projects
- City Hall Emergency Generator acquisition and installation
- City-wide energy efficiency upgrades including new HVAC systems at the Rosemead Community Recreation Center and City Hall
- Catch Basin Insert installations in compliance with NPDES regulations

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

	Governmental Activities	
	2012	2011
Land	\$ 2,912	\$ 2,969
Buildings	15,032	16,054
Improvements other than Buildings	526	567
Machinery and equipment	116	170
Autos and trucks	381	375
Furniture and office equipment	34	67
Infrastructure	34,299	24,503
Construction in progress	12	7,432
Total	\$ 53,312	\$ 52,137

Additional information on the City of Rosemead's capital assets can be found in Note 7, found on pages 44-45 of the Basic Financial Statements.

Long-term debt. At the end of the current fiscal year, the Successor Agency to the Rosemead Community Development Commission had total bonded debt outstanding of \$43,535,000. 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	
	2012	2011
Tax Allocation Bonds	\$ 43,535	\$ 44,745

The Successor Agency's total bonded debt decreased by \$1,210,000 during the current fiscal year due to debt service payments. For more detailed information about the City's long-term debt please refer to Note 8, Changes in Long-Term Liabilities, found on page 45 of the Basic Financial Statements.

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 and has started to show slow improvements.

- At the time the FY 2012-13 budget was being prepared, State legislators and the Governor had not resolved their significant budget deficit and assumptions were made that no additional reductions would be made to local revenues since redevelopment was eliminated and VLF funds were seized in FY 2011-12. The budget is balanced; however, some revenue sources such as the sale of Proposition A funds will not provide a permanent ongoing revenue source for the General Fund. The operating budget was balanced without the use of reserves, and another payment to the unfunded other post employment benefit liability will be made.

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 Assistant City Manager/Finance Director, 8838 East Valley Boulevard, Rosemead, CA 91770.

CITY OF ROSEMEAD
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and investments (note 2)	\$ 21,921,833
Receivables:	
Accounts	1,738,372
Interest	27,387
Notes	1,117,667
Due from Successor Agency (note 5)	76,042
Advances to Successor Agency (note 5)	4,477,945
Prepaid expenses	1,349,202
Capital assets (note 7):	
Land	2,912,284
Construction in progress	11,515
Other capital assets, net	<u>50,388,196</u>
Total assets	<u>84,020,443</u>
Liabilities:	
Accounts payable and accrued liabilities	3,373,896
Accrued salaries and benefits	202,595
Retentions payable	259,298
Non-current liabilities (note 8):	
Due within one year	379,575
Due in more than one year	<u>1,236,224</u>
Total liabilities	<u>5,451,588</u>
Net assets:	
Invested in capital assets, net of related debt	54,010,031
Restricted for:	
Public safety	2,715
Public works	4,416,083
Community service	59,071
Low and moderate housing	6,392,878
Unrestricted	<u>13,688,077</u>
Total net assets	<u><u>\$ 78,568,855</u></u>

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

CITY OF ROSEMEAD
Statement of Activities
Fiscal Year Ended June 30, 2012

	Program Revenues			Net (expense) revenue and changes in net assets	
	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants		
Expenses				Governmental Activities	
Governmental activities:					
General government	\$ 3,989,359	\$ 108,748	\$ 21,702	\$ -	\$ (3,858,909)
Public safety	7,517,101	681,499	-	773,260	(6,062,342)
Public works	11,588,278	193,278	3,840,596	-	(7,554,404)
Community development	4,080,294	1,518,211	1,188,424	794,447	(579,212)
Parks and recreation	2,532,665	704,029	-	-	(1,828,636)
Interest and other charges	569,045	-	-	-	(569,045)
Total governmental activities	\$ 30,276,742	\$ 3,205,765	\$ 5,050,722	\$ 1,567,707	(20,452,548)
General revenues:					
Taxes:					
Property taxes					9,653,228
Sales and use taxes					3,200,911
Property taxes in lieu of sales and use taxes					914,281
Transient occupancy taxes					1,323,886
Franchise taxes					587,109
Other taxes					46,284
Investment income					195,165
Other					853,956
Loss on sale of capital assets					(2,340,090)
Extraordinary item:					
Gain on dissolution of redevelopment agency					34,271,082
Total general revenues and extraordinary item					48,705,812
Change in net assets					28,253,264
Net assets, beginning of year					50,315,591
Net assets, end of year					\$ 78,568,855

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

CITY OF ROSEMEAD
Governmental Funds
Balance Sheet
June 30, 2012

	General	Special Revenue		
		Rosemead Housing Development Corporation	Low & Moderate Income Housing Asset	Low & Moderate Income Housing Set-Aside
<u>Assets</u>				
Cash and investments (note 2)	\$ 14,061,333	\$ 90,609	\$ 1,915,783	\$ -
Receivables:				
Accounts	1,297,857	13,734	-	-
Interest	24,655	-	-	-
Notes	1,059,116	-	-	-
Prepaid items	2,034	-	-	-
Due from other funds (note 4)	1,284,416	-	-	-
Due from Successor Agency (note 5)	13,796	-	-	-
Advances to Successor Agency (note 5)	-	-	4,477,945	-
Total assets	\$ 17,743,207	\$ 104,343	\$ 6,393,728	\$ -
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,870,557	\$ 45,272	\$ -	\$ -
Accrued salaries and benefits	152,735	-	-	-
Retentions payable	-	-	-	-
Due to other funds (note 4)	-	-	850	-
Deferred revenue	898,743	-	-	-
Total liabilities	2,922,035	45,272	850	-
Fund balances:				
Nonspendable	2,034	-	-	-
Restricted for:				
Public safety	-	-	-	-
Public works	-	-	-	-
Low and moderate income housing	-	59,071	6,392,878	-
Committed	5,294,253	-	-	-
Assigned	5,712	-	-	-
Unassigned	9,519,173	-	-	-
Total fund balances (deficit)	14,821,172	59,071	6,392,878	-
Total liabilities and fund balances	\$ 17,743,207	\$ 104,343	\$ 6,393,728	\$ -

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

Debt Service		Capital Projects		
Redevelopment Agency	Redevelopment Agency	City	Non-Major Governmental	Totals
\$ -	\$ -	\$ 1,149,397	\$ 4,546,751	\$ 21,763,873
-	-	-	426,781	1,738,372
-	-	-	2,732	27,387
-	-	-	58,551	1,117,667
-	-	-	-	2,034
-	-	-	-	1,284,416
-	-	50,974	2,028	66,798
-	-	-	-	4,477,945
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200,371</u>	<u>\$ 5,036,843</u>	<u>\$ 30,478,492</u>
\$ -	\$ -	\$ 1,010,963	\$ 445,851	\$ 3,372,643
-	-	7,077	42,783	202,595
-	-	244,649	14,649	259,298
-	-	-	1,283,566	1,284,416
-	-	-	61,283	960,026
-	-	1,262,689	1,848,132	6,078,978
-	-	-	-	2,034
-	-	-	2,715	2,715
-	-	-	4,416,083	4,416,083
-	-	-	-	6,451,949
-	-	-	-	5,294,253
-	-	-	-	5,712
-	-	(62,318)	(1,230,087)	8,226,768
-	-	(62,318)	3,188,711	24,399,514
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200,371</u>	<u>\$ 5,036,843</u>	<u>\$ 30,478,492</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, 2012

Fund balances of governmental funds	\$	24,399,514
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets, net of depreciation, have not been included as financial resources in the governmental fund activity.</p>		
Capital assets, net of depreciation		53,050,005
<p>Long term debt and compensated absences that have not been included in the governmental fund activity.</p>		
Compensated absences		(563,774)
Retrospective deposits payable		(841,214)
<p>Long-term assets that are not available for current use. Amounts are not reported in the governmental funds.</p>		
		1,347,168
<p>Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.</p>		
		960,026
<p>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.</p>		
		217,130
Net assets of governmental activities	\$	78,568,855

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, 2012

	General	Special Revenue		
		Rosemead Housing Development Corporation	Low & Moderate Income Housing Asset	Low & Moderate Income Housing Set-Aside
Revenues:				
Taxes	\$ 13,358,683	\$ -	\$ -	\$ -
Intergovernmental	187,349	-	-	-
Licenses and permits	1,156,719	-	-	-
Charges for services	1,025,797	-	-	-
Fines, forfeitures and penalties	619,397	-	-	-
Special assessments	-	-	-	-
Investment income	79,669	412,471	-	2,550
Other	650,622	6,234	-	1,814
Total revenues	17,078,236	418,705	-	4,364
Expenditures:				
Current:				
General government	3,799,041	-	-	-
Public safety	7,071,438	-	-	-
Public works	2,574,618	-	-	-
Community development	1,094,885	805,235	109	146,867
Parks and recreation	2,455,457	-	-	-
Capital outlay	6,301	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	17,001,740	805,235	109	146,867
Excess (deficiency) of revenues over (under) expenditures	76,496	(386,530)	(109)	(142,503)
Other financing sources (uses):				
Transfers in (note 6)	-	400,028	-	139,724
Transfers out (note 6)	(574,396)	-	(191,175)	(208,853)
Total other financing sources (uses)	(574,396)	400,028	(191,175)	(69,129)
Extraordinary item:				
Gain (loss) on dissolution of redevelopment agency (note 15)	-	-	6,584,162	(6,584,162)
Net change in fund balances	(497,900)	13,498	6,392,878	(6,795,794)
Fund balances (deficit), beginning of year	15,319,072	45,573	-	6,795,794
Fund balances (deficit), end of year	\$ 14,821,172	\$ 59,071	\$ 6,392,878	\$ -

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

Debt Service		Capital Projects			
Redevelopment Agency	Redevelopment Agency	City	Non-Major Governmental	Totals	
\$ 2,601,979	\$ -	\$ -	\$ -	\$ 15,960,662	
-	-	3,992,578	5,381,991	9,561,918	
-	-	-	-	1,156,719	
-	-	737	28,857	1,055,391	
-	-	-	-	619,397	
-	-	-	768,997	768,997	
22,362	17,645	-	47,479	582,176	
-	-	-	-	658,670	
<u>2,624,341</u>	<u>17,645</u>	<u>3,993,315</u>	<u>6,227,324</u>	<u>30,363,930</u>	
-	6,767	-	397,494	4,203,302	
-	-	-	445,663	7,517,101	
-	-	395,264	3,447,921	6,417,803	
534,130	-	-	1,100,677	3,681,903	
-	-	-	77,208	2,532,665	
-	3,339,723	5,683,866	60,186	9,090,076	
1,210,000	-	-	-	1,210,000	
961,506	-	-	-	961,506	
<u>2,705,636</u>	<u>3,346,490</u>	<u>6,079,130</u>	<u>5,529,149</u>	<u>35,614,356</u>	
<u>(81,295)</u>	<u>(3,328,845)</u>	<u>(2,085,815)</u>	<u>698,175</u>	<u>(5,250,426)</u>	
-	-	5,891,622	-	6,431,374	
<u>(139,724)</u>	<u>(124,521)</u>	<u>-</u>	<u>(5,315,705)</u>	<u>(6,554,374)</u>	
<u>(139,724)</u>	<u>(124,521)</u>	<u>5,891,622</u>	<u>(5,315,705)</u>	<u>(123,000)</u>	
<u>(5,723,858)</u>	<u>(2,895,391)</u>	<u>-</u>	<u>-</u>	<u>(8,619,249)</u>	
<u>(5,944,877)</u>	<u>(6,348,757)</u>	<u>3,805,807</u>	<u>(4,617,530)</u>	<u>(13,992,675)</u>	
<u>5,944,877</u>	<u>6,348,757</u>	<u>(3,868,125)</u>	<u>7,806,241</u>	<u>38,392,189</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (62,318)</u>	<u>\$ 3,188,711</u>	<u>\$ 24,399,514</u>	

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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, 2012

Net change in fund balances - total governmental funds \$ (13,992,675)

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 expense exceeded capital outlays in the current year. This activity is reconciled as follows:

Cost of assets capitalized, less disposals at net book value (net of Internal Service Fund)	3,679,953
Depreciation expense (net of Internal Service Fund)	(2,499,049)

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	1,210,000
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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	486,031
Decrease in accrued interest payable	402,454

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.

Increase in retrospective deposits payable	(217,758)
Increase in compensated absences payable	(58,380)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,764,919)
--	-------------

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.	117,276
--	---------

The transfer of long-term assets and liabilities to the Successor Agency resulted in an extraordinary gain/loss due to the dissolution of the redevelopment agency. Deferred charges were not current resources and the long-term liabilities were not payable in the current period, and, therefore, were not reported in the governmental funds:

Extraordinary loss from transfer of deferred revenues to the Successor Agency	(53,315)
Extraordinary loss from transfer of deferred charges to the Successor Agency	(591,354)
Extraordinary gain from transfer of long-term debt to the Successor Agency	43,535,000

Change in net assets of governmental activities	<u>\$ 28,253,264</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF ROSEMEAD
Statement of Net Assets
Internal Service Funds
June 30, 2012

<u>Assets</u>	
Current assets:	
Cash and investments (note 2)	\$ 157,960
Due from Successor Agency (note 5)	9,244
Total current assets	167,204
Non-current assets:	
Capital assets:	
Other capital assets, net (note 7)	261,990
Total non-current assets	261,990
Total assets	429,194
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	1,253
Lease payable - current (note 8)	53,022
Total current liabilities	54,275
Non-current liabilities:	
Lease payable (note 8)	157,789
Total non-current liabilities	157,789
Total liabilities	212,064
<u>Net assets</u>	
Invested in capital assets, net of related debt	51,179
Unrestricted	165,951
Total net assets	\$ 217,130

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, 2012

Operating revenues:	
Charges for services	\$ 95,500
Total operating revenues	95,500
Operating expenses:	
Contractual services	35,385
Depreciation	55,849
Total operating expenses	91,234
Operating income	4,266
Non-operating revenues (expenses):	
Investment income	3
Interest expense	(9,993)
Total non-operating revenues (expenses)	(9,990)
Income (loss) before transfers	(5,724)
Transfers in (note 6)	123,000
Changes in net assets	117,276
Net assets, beginning of year	99,854
Net assets, end of year	\$ 217,130

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, 2012

Cash flows from operating activities:	
Cash received from users departments	\$ 101,468
Cash payments to suppliers for goods and services	<u>(189,301)</u>
Net cash (used for) operating activities	<u>(87,833)</u>
Cash flows from noncapital financing activities:	
Cash received from other funds	<u>123,000</u>
Net cash provided by noncapital financing activities	<u>123,000</u>
Cash flows from capital and related financing activities:	
Principal paid on capital lease	(50,848)
Interest paid on capital lease	(9,993)
Cash paid to purchase capital asset	<u>(86,303)</u>
Net cash (used for) capital and related financing activities	<u>(147,144)</u>
Cash flows from investing activities:	
Interest on investment	<u>3</u>
Net cash provided by investing activities	<u>3</u>
Net (decrease) in cash and investments	(111,974)
Cash and investments, beginning of year	<u>269,934</u>
Cash and investments, end of year	<u><u>\$ 157,960</u></u>
Reconciliation of operating income to net cash (used for) operating activities:	
Operating income	\$ 4,266
Adjustments to reconcile operating income to net cash (used for) operating activities:	
Depreciation	55,849
(Increase) decrease in due from other funds	5,968
Increase (decrease) in accounts payable	<u>(153,916)</u>
Total adjustments	<u>(92,099)</u>
Net cash (used for) operating activities	<u><u>\$ (87,833)</u></u>

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

CITY OF ROSEMEAD
Statement of Fiduciary Net Assets
June 30, 2012

	Successor Agency Private-purpose Trust Fund	Agency Fund
<u>Assets</u>		
Cash and investments (note 2)	\$ 12,086,245	\$ 510,715
Receivables:		
Accounts	56,862	-
Interest	140,481	-
Notes	2,474,014	-
Deferred charges	554,765	-
	<u>\$ 15,312,367</u>	<u>\$ 510,715</u>
<u>Liabilities</u>		
Accounts payable	1,238,684	\$ -
Deposits payable	375	510,715
Accrued interest payable	393,116	-
Due to City of Rosemead (note 5)	76,042	-
Advances from City of Rosemead (note 5)	4,477,945	-
Deferred revenue	140,481	-
Long-term debt (note 15):		
Due within one year	1,800,022	-
Due in more than one year	41,766,722	-
	<u>49,893,387</u>	<u>\$ 510,715</u>
<u>Net Assets</u>		
Held in trust for the Successor Agency	(34,581,020)	
	<u>\$ (34,581,020)</u>	

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

CITY OF ROSEMEAD
Statement of Changes in Fiduciary Net Assets
For the Period of Inception February 1, 2012 through June 30, 2012

	Successor Agency Private-purpose Trust Fund
<u>Additions</u>	
Property taxes	\$ 3,081,085
Investment earnings	41,948
Other	3,601
	3,126,634
<u>Deductions</u>	
Administrative expenses	69,858
Affected taxing entities	742,427
AB 1484 demand payment	1,222,008
Interest expense	1,402,279
	3,436,572
Extraordinary loss on dissolution of redevelopment agency (note 15)	(34,271,082)
Change in net assets	(34,581,020)
Net assets (deficit), beginning of period	-
Net assets (deficit), end of period	\$ (34,581,020)

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, 2012

(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 building and safety.

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, 2012

(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.

The activities of the Commission are recorded in the Low Moderate Income Housing special revenue fund, the CDC Debt Service fund, and the CDC Capital Projects fund. On December 29, 2011, a Supreme Court ruling directed that all redevelopment agencies dissolved on February 1, 2012; therefore, these funds account for activities of the Commission through January 31, 2012. See footnote 15 for additional information on the redevelopment dissolution.

Due to the dissolution, the Commission did not issue separate financial statements for the fiscal year ending June 30, 2012. Prior year financial statements 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. The activities of the Corporation are recorded in the RHDC special revenue fund. Separately issued financial statements of the Corporation can be obtained from the Finance Department.

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.

(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 Governmental Accounting Standards Board pronouncements.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(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, 2012

(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, 2012

(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. However, special reporting treatments are used to indicate 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 maintains two fiduciary fund types. The first is a private-purpose trust fund which uses the economic resources measurement focus and the accrual basis of accounting. The second is an agency fund which has no measurement focus. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30,2012

(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.

Rosemead Housing Development Corporation – Accounts for the construction, financing and operations of low and moderate income housing. The Corporation is a blended component unit of the City of Rosemead

Low and Moderate Income Housing Asset Special Revenue Fund - Accounts for the housing assets transferred from the former redevelopment agency and the low and moderate housing activities of the City.

Low and 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 Funds are as follows:

Private-purpose Trust Fund – Accounts for the activity of the Successor Agency to the Community Development Commission of the City of Rosemead.

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.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

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

(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.

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 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, 2012

(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 is 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.

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. Full-time employees can accumulate up to four weeks of accrued vacation per year depending on the length of employment. In addition, employees can accrue compensatory time.

The City allows full-time employees who have earned vacation time an opportunity to have the City buy back up to 80 hours 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, 2012

(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, 2012

(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.

(2) Cash and Investments

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 21,921,833
Statement of Fiduciary Net Assets:	
Cash and investments	12,596,960
	12,596,960
Total cash and investments	\$ 34,518,793

Cash and investments as of June 30, 2012 consist of the following:

Deposits with financial institutions	\$ 13,917,263
Investments	20,601,530
	20,601,530
Total cash and investments	\$ 34,518,793

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(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	180 days	40%	10%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	No	N/A	N/A	N/A
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	Yes	5 years	30%	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, 2012

(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 trustees. 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 Portfolios	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, 2012

(2) Cash and Investments, (continued)

Investment Type	Total	Remaining Maturity		
		12 months or less	13 to 24 months	25 to 60 months
State investment pool	\$ 12,267,696	\$ 12,267,696	\$ -	\$ -
Certificates of deposits	3,877,120	146,687	905,000	2,825,433
US agency securities	2,160,630	-	-	2,160,630
Held by bond trustee:				
Money market mutual funds	1,144,221	1,144,221	-	-
Certificates of deposit	1,151,863	-	568,626	583,237
Total	\$ 20,601,530	\$ 13,558,604	\$ 1,473,626	\$ 5,569,300

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			
			AA-	AA+	AAA	Not Rated
State investment pool	\$12,267,696	N/A	\$ -	\$ -	\$ -	\$12,267,696
Certificates of deposits	3,877,120	N/A	-	-	-	3,877,120
US agency securities	2,160,630	N/A	1,152,480	1,008,150	-	-
Held by bond trustee:						
Money market mutual funds	1,144,221	N/A	-	-	1,144,221	-
Certificates of deposit	1,151,863	N/A	-	-	-	1,151,863
Total	\$20,601,530		\$1,152,480	\$1,008,150	\$1,144,221	\$17,296,679

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(2) Cash and Investments, (continued)

Concentration of Credit Risk

The investment policy of the City contains certain limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	US Agency Securities	\$ 1,152,480

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, 2012 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, 2012

(3) Property Taxes

Property tax revenue is recognized in accordance with GASB Codification Section P70; that is, in the fiscal year for which the taxes have been levied providing they become available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities in the current period.

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

(4) Interfund Receivables and Payables

Current interfund receivables and payables balances at June 30, 2012 are as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Low & Moderate	
	Income Housing Asset Fund	\$ 850
	Non-Major Governmental Funds	<u>1,283,566</u>
	Total	<u>\$ 1,284,416</u>

The interfund amounts are for short-term loans to cover temporary cash deficits.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(5) Intergovernmental Receivables and Payables

Current intergovernmental receivables and payables balances at June 30, 2012 are as follows:

<u>Due to City of Rosemead</u>	<u>Due from Successor Agency</u>	<u>Amount</u>
Successor Agency	General Fund	\$ 13,796
	City Capital Projects Fund	50,974
	Non-Major Governmental Funds	2,028
	Internal Service Fund	<u>9,244</u>
	Total	<u>\$ 76,042</u>

Intergovernmental amounts between the Successor Agency and the City are for reimbursement of payroll expenses and short-term loans to cover operations.

Noncurrent intergovernmental receivables and payables balances at June 30, 2012 are as follows:

<u>Advances from</u>	<u>Advances to</u>	<u>Amount</u>
Successor Agency	Low & Moderate Income Housing Asset Fund	<u>\$ 4,477,945</u>

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, 2012, 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. On February 1, 2012, the outstanding balances of the receivable and payable, respectively, were transferred to the Successor Agency and the Low and Moderate Income Housing Asset fund.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(6) Interfund Transfers

Interfund transfers were as follows for the year ended June 30, 2012:

Transfers In	Transfers Out	Amount
City Capital Projects Fund	General Fund	\$ 451,396
	Redevelopment Agency	
	Capital Projects Fund	124,521
	Non-Major Governmental Funds	5,315,705
		<u>5,891,622 (A)</u>
Rosemead Housing Development Corporation	Low & Moderate	
	Income Housing Asset Fund	191,175
	Low & Moderate Income	
	Housing Set-Aside	208,853
		<u>400,028 (B)</u>
Low & Moderate Income Housing Set-Aside	Redevelopment Agency	
	Debt Service Funds	139,724
		<u>139,724</u>
Internal Service Fund	General Fund	123,000
		<u>123,000</u>
	Total	<u>\$ 6,554,374</u>

(A) To subsidize various programs and capital projects.

(B) To subsidize the shortfall of rents for affordable housing units.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(7) Capital Assets

Capital asset activity was as follows for the year ended June 30, 2012:

Governmental activities:	Beginning balance	Additions	Deletions	Ending balance
Capital assets, not being depreciated:				
Land	\$ 2,968,824	\$ -	\$ (56,540)	\$ 2,912,284
Construction in progress	7,431,882	3,461,688	(10,882,055)	11,515
Total capital assets, not being depreciated	10,400,706	3,461,688	(10,938,595)	2,923,799
Capital assets, being depreciated:				
Buildings	23,994,956	556,640	(3,050,998)	21,500,598
Improvements other than buildings	1,639,703	86,025	(460,028)	1,265,700
Machinery and equipment	1,013,935	16,164	(555,343)	474,756
Autos and trucks	927,426	110,824	(140,818)	897,432
Furniture and office equipment	2,501,386	11,620	(1,394,918)	1,118,088
Infrastructure	49,056,492	11,549,517	-	60,606,009
Total capital assets, being depreciated	79,133,898	12,330,790	(5,602,105)	85,862,583
Less accumulated depreciation for:				
Buildings	(7,940,577)	(496,015)	1,968,224	(6,468,368)
Improvements other than buildings	(1,072,982)	(126,880)	460,028	(739,834)
Machinery and equipment	(844,169)	(36,233)	520,897	(359,505)
Autos and trucks	(552,900)	(118,371)	155,184	(516,087)
Furniture and office equipment	(2,434,310)	(23,671)	1,374,138	(1,083,843)
Infrastructure	(24,553,022)	(1,753,728)	-	(26,306,750)
Total accumulated depreciation	(37,397,960)	(2,554,898)	4,478,471	(35,474,387)
Total capital assets, being depreciated, net	41,735,938	9,775,892	(1,123,634)	50,388,196
Governmental activities capital assets, net of accumulated depreciation	<u>\$52,136,644</u>	<u>\$13,237,580</u>	<u>\$(12,062,229)</u>	<u>\$53,311,995</u>

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(7) Capital Assets, (continued)

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

Governmental activities:

Public works	\$	2,156,507
Community development		398,391
Total depreciation expense	\$	2,554,898

(8) Changes in Long-Term Liabilities

Long-term debt consists of the following at June 30, 2012:

<i>Governmental activities:</i>	Beginning Balance	Additions	Deletions	Balance transferred to Successor Agency	Ending Balance	Due in One Year
Bonds:						
Tax Allocation Bonds, Series 2006A	\$ 9,800,000	\$ -	\$ 930,000	\$ 8,870,000	\$ -	\$ -
Tax Allocation Bonds, Series 2006B	23,715,000	-	80,000	23,635,000	-	-
Tax Allocation Bonds, Series 2010A	11,230,000	-	200,000	11,030,000	-	-
Subtotal bonds	44,745,000	-	1,210,000	43,535,000	-	-
Deferred amounts:						
Unamortized bond premiums	217,820	-	-	217,820	-	-
Discount on issuance	(181,054)	-	-	(181,054)	-	-
Total bonds	44,781,766	-	1,210,000	43,571,766	-	-
Capital lease	36,007	-	36,007	-	-	-
Computer lease	261,659	-	50,848	-	210,811	53,022
Retrospective deposit	623,456	217,758	-	-	841,214	84,130
Compensated absences	505,394	292,974	234,594	-	563,774	242,423
Total long-term debt	\$ 46,208,282	\$ 510,732	\$ 1,531,449	\$ 43,571,766	\$ 1,615,799	\$ 379,575

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, 2012

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

Capital Lease

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, 2012 was \$210,811.

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

Amount of future lease payments for the year ending June 30,	Governmental Activities
2013	\$ 60,849
2014	60,849
2015	60,849
2016	45,637
Subtotal	228,184
Less amount representing interest	(17,373)
Present value of future lease payments	\$ 210,811

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

	Activities
Assets:	
Improvements other than buildings	\$ 270,125
Less: accumulated depreciation	(77,178)
Total	\$ 192,947

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(9) Post Employment Benefit Plan

Plan Description: The City administers a single-employer defined benefit plan which provides medical benefits to eligible retirees and their spouses in accordance with various labor agreements.

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. 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. Membership of the plan consisted of the following at January 1, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	63
Active plan members	<u>17</u>
Total	<u>80</u>

Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. On May 26, 2009, the City Council passed a resolution to participate in the PARS Public Agencies Post-Retirement Health Care Plan Trust, an irrevocable trust established to fund post-employment benefits for its employees. The purpose of the trust is to accumulate, hold, and distribute medical benefit plan assets for the exclusive benefit of retirees and beneficiaries within the IRS Code Section 115 and in conformance with the accounting standard. The trust is administered by Public Agency Retirement Services (PARS). PARS issues a separate Comprehensive Annual Financial Report. Copies of the PARS annual financial report may be obtained from PARS, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

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 2011-12, the City contributed \$809,509 to the plan.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(9) Post Employment Benefit Plan, (continued)

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	\$	309,960
Interest on net OPEB obligation		(51,668)
Adjustment to annual required contribution		65,186
Annual OPEB cost (expense)		323,478
Contributions made		(809,509)
Increase in net OPEB obligation		(486,031)
Net OPEB obligation - beginning of year		(861,137)
Net OPEB obligation - end of year	\$	(1,347,168)

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 2012 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2010	\$ 284,778	268%	\$ (324,838)
6/30/2011	\$ 270,403	298%	\$ (861,137)
6/30/2012	\$ 323,478	250%	\$ (1,347,168)

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(9) Post Employment Benefit Plan, (continued)

Annual OPEB Cost and Net OPEB Obligation: 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 ARC for the plan for the current fiscal year ended June 30, 2012, was determined as part of the January 1, 2011 actuarial valuation. The actuarial cost method used for determining the benefit obligations is the Entry Age Actuarial Cost Method. The actuarial assumptions included a 6.0% 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 7.6% initially, reduced by decrements of 0.4%-0.5% per year to an ultimate rate of 5% after the tenth year. The UAAL is being amortized on a level dollar approach over 30 years on a closed basis. It is assumed the City's payroll will increase 3.25% per year.

(10) 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.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(10) Risk Management, (continued)

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.

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.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(10) Risk Management, (continued)

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 the 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, 2011 through July 1, 2014. 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, 2012 the City had retrospective deposits payable to the Authority in the amount of \$841,214. 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.

(11) Retirement Plan

Defined Benefit Pension Plan

Plan Description: 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. Benefit provisions and all other requirements are established by state statute and City ordinance. For employees hired prior to July 1, 2010, the 2.7% at 55 retirement plan (First-Tier Plan) is applicable. For employees hired after July 1, 2010, the 2% at 55 (Second-Tier Plan) retirement plan is applicable. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained by writing to 400 "P" Street, Sacramento, California 95814.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(11) Retirement Plan, (continued)

Funding Policy: Miscellaneous First-Tier and Second-Tier participants are required to contribute 8% and 7%, respectively, of their annual covered payroll. The City is required to contribute at an actuarially determined rate. The First-Tier and Second-Tier employer contribution rates for the year ended June 30, 2012 were 24.712% and 10.059%, respectively, 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, 2010, 2011, and 2012 were \$1,361,873, \$1,191,665, and \$1,299,866, respectively, and were equal to the required contributions for each year.

Supplemental Defined Benefit Pension Plan

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

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

Funding Policy: An actuarial valuation of the City of Rosemead Supplemental Defined Benefit Pension Plan was performed as of July 1, 2010 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 2011 and 2012 was 14.63%.

Annual Pension Cost: For fiscal year ended June 30, 2012, the City's annual pension cost of \$136,440 for PARS was equal to the City's required and actual contributions.

Three-year trend information			
<i>Annual Pension Cost (Employer Contribution)</i>			
Fiscal Year	Employer Contribution	Percentage Contributed	Net Pension Obligation
6/30/2010	\$ 70,019	100%	\$ -
6/30/2011	\$ 69,010	100%	\$ -
6/30/2012	\$ 136,440	100%	\$ -

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(11) Retirement Plan, (continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, 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.

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

Valuation Date	July 1, 2010
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 11 years remaining at July 1, 2011. Payments are assumed to be made throughout the year.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(12) 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.

The City is a defendant in certain legal actions arising in the normal course of operations. In the opinion of management, any liability resulting from such actions will not have a material adverse effect on the City's financial position.

(13) Fund Deficits

The following funds had deficit balances as of June 30, 2012:

Major Governmental Fund:	
Capital Project:	
City Capital Projects	\$ 62,318
Non-Major Funds:	
Special Revenue:	
CDBG Grant	400,847
HOME Program	477,162
Proposition C	279,985
Federal Highway Grant	72,093

The fund deficits noted above primarily relate to expenditures charged to projects during the fiscal year ended June 30, 2012, which were submitted for reimbursement.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(14) Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Variance
General	\$ 16,767,048	\$ 17,001,740	\$ (234,692)
Successor Agency Low and Moderate Income Housing	-	109	(109)
Proposition C	788,601	854,034	(65,433)
State Gas Tax	893,400	907,794	(14,394)
Street Lighting	710,201	749,441	(39,240)
Narcotics Forfeiture & Seizure	-	4,013	(4,013)
Measure R	173,300	228,039	(54,739)
Redevelopment Agency Capital Projects Fund	1,330,600	3,346,490	(2,015,890)

(15) Successor Agency Trust for Assets of the Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City since the City had previously reported its redevelopment agency as a blended component unit on the City's financial statements.

The Bill provides that upon dissolution of the redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets of the dissolved redevelopment agency until they are distributed to other units of state and local government. On January 10, 2012, the City Council adopted resolution 2012-08, electing to become the Successor Agency for the former redevelopment agency in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California were prohibited from entering into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution, including the completion of any unfinished projects that were subject to legally enforceable contractual commitments.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(15) Successor Agency Trust for Assets of the Former Redevelopment Agency, (continued)

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill 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 the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in the governmental funds of the City. These funds included the Low and Moderate Income Housing Special Revenue Fund, the CDC Debt Service Fund, and the CDC Projects Capital Projects Fund. After the date of dissolution, the assets, liabilities, and activities of the dissolved redevelopment agency are reported in a private-purpose trust fund, a type of fiduciary fund, in the financial statements of the City.

In accordance with the provisions of AB X1 26 (Bill) and the California Supreme Court's decision to uphold the Bill, the obligations of the former redevelopment agency became vested with the funds established for the successor agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former redevelopment agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

(15) Successor Agency Trust for Assets of the Former Redevelopment Agency, (continued)

The debt of the Successor Agency as of June 30, 2012 is as follows:

Successor Agency:	Balance transferred from Redevelopment Agency			Ending Balance	Due in One Year
	Agency	Additions	Deletions		
Bonds:					
Tax Allocation Bonds, Series 2006A	\$ 8,870,000	\$ -	\$ -	\$ 8,870,000	\$ 965,000
Tax Allocation Bonds, Series 2006B	23,635,000	-	-	23,635,000	80,000
Tax Allocation Bonds, Series 2010A	11,030,000	-	-	11,030,000	750,000
Subtotal bonds	43,535,000	-	-	43,535,000	1,795,000
Deferred amounts:					
Unamortized bond premiums	217,820	-	19,802	198,018	19,802
Discount on issuance	(181,054)	-	(14,780)	(166,274)	(14,780)
Total bonds	43,571,766	-	5,022	43,566,744	1,800,022
Total long-term debt	\$43,571,766	\$ -	\$ 5,022	\$43,566,744	\$ 1,800,022

Future debt service requirements are as follows:

Fiscal years ending June 30,	Principal	Interest
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	2,085,000	1,545,190
2018-2022	11,845,000	6,279,178
2023-2027	9,440,000	3,745,110
2028-2032	8,595,000	1,896,125
2033-2034	4,005,000	179,469
Totals	\$ 43,535,000	\$ 20,641,860

CITY OF ROSEMEAD
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2012

- (15) Successor Agency Trust for the Assets of the Former Redevelopment Agency,
(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, 2012 was \$198,018. As of June 30, 2012 the outstanding balance was \$8,870,000.

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, 2033. 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, 2012 the outstanding balance was \$23,635,000.

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, 2012, the balance held in the reserve account was \$1,143,054. As of June 30, 2012 the outstanding balance was \$11,030,000.

Required Supplementary Information

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CITY OF ROSEMEAD
Note to the Required Supplementary Information
Fiscal Year Ended June 30, 2012

(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 (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Council made several supplemental budgetary appropriations throughout the year. The supplemental budgetary appropriations made in the various governmental funds are detailed in the required supplementary information.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, 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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 12,782,500	\$ 12,782,500	\$ 13,358,683	\$ 576,183
Intergovernmental	260,400	260,400	187,349	(73,051)
Licenses and permits	1,015,100	1,015,100	1,156,719	141,619
Charges for services	988,900	988,900	1,025,797	36,897
Fines, forfeitures and penalties	576,900	576,900	619,397	42,497
Investment income	200,300	200,300	79,669	(120,631)
Other	471,900	471,900	650,622	178,722
Total revenues	16,296,000	16,296,000	17,078,236	782,236
Expenditures:				
Current:				
General government	2,952,300	3,596,848	3,799,041	(202,193)
Public safety	7,006,100	7,006,100	7,071,438	(65,338)
Public works	2,436,400	2,436,400	2,574,618	(138,218)
Community development	930,000	930,000	1,094,885	(164,885)
Park and recreation	2,797,700	2,797,700	2,455,457	342,243
Capital outlay	-	-	6,301	(6,301)
Total expenditures	16,122,500	16,767,048	17,001,740	(234,692)
Excess (deficiency) of revenues over (under) expenditures	173,500	(471,048)	76,496	547,544
Other financing sources (uses):				
Transfers out	(891,000)	(891,000)	(574,396)	316,604
Total other financing sources (uses)	(891,000)	(891,000)	(574,396)	316,604
Net change in fund balance	(717,500)	(1,362,048)	(497,900)	864,148
Fund balance, beginning of year	15,319,072	15,319,072	15,319,072	-
Fund balance, end of year	\$ 14,601,572	\$ 13,957,024	\$ 14,821,172	\$ 864,148

CITY OF ROSEMEAD
Rosemead Housing Development Corporation
Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Investment income	\$ 412,200	\$ 412,200	\$ 412,471	\$ 271
Other	4,600	4,600	6,234	1,634
Total revenues	416,800	416,800	418,705	1,905
Expenditures:				
Current:				
Community development	854,500	854,500	805,235	49,265
Total expenditures	854,500	854,500	805,235	49,265
Excess (deficiency) of revenues over (under) expenditures	(437,700)	(437,700)	(386,530)	51,170
Other financing sources (uses):				
Transfers in	-	451,500	400,028	(51,472)
Total other financing sources (uses)	-	451,500	400,028	(51,472)
Net change in fund balance	(437,700)	13,800	13,498	(302)
Fund balance, beginning of year	45,573	45,573	45,573	-
Fund balance, end of year	\$ (392,127)	\$ 59,373	\$ 59,071	\$ (302)

CITY OF ROSEMEAD
 Low and Moderate Income Housing Asset
 Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
 Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Community development	-	-	109	(109)
Total expenditures	-	-	109	(109)
Excess (deficiency) of revenues over (under) expenditures	-	-	(109)	(109)
Other financing sources (uses):				
Transfers out	-	-	(191,175)	(191,175)
Total other financing sources (uses)	-	-	(191,175)	(191,175)
Extraordinary item:				
Gain on dissolution of redevelopment agency	-	-	6,584,162	6,584,162
Net change in fund balance	-	-	6,392,878	6,392,878
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,392,878</u>	<u>\$ 6,392,878</u>

CITY OF ROSEMEAD
 Low and Moderate Income Housing Set-Aside
 Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
 Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Investment Income	\$ -	\$ -	\$ 2,550	\$ 2,550
Other income	-	-	1,814	1,814
Total revenues	-	-	4,364	4,364
Expenditures:				
Current:				
Community development	264,100	264,100	146,867	117,233
Total expenditures	264,100	264,100	146,867	117,233
Excess (deficiency) of revenues over (under) expenditures	(264,100)	(264,100)	(142,503)	121,597
Other financing sources (uses):				
Transfers in	903,500	935,000	139,724	(795,276)
Transfers out	(250,000)	(451,500)	(208,853)	242,647
Total other financing sources (uses)	653,500	483,500	(69,129)	(552,629)
Extraordinary item:				
Loss on dissolution of redevelopment agency	-	-	(6,584,162)	(6,584,162)
Net change in fund balance	389,400	219,400	(6,795,794)	(7,015,194)
Fund balance, beginning of year	6,795,794	6,795,794	6,795,794	-
Fund balance, end of year	\$ 7,185,194	\$ 7,015,194	\$ -	\$ (7,015,194)

CITY OF ROSEMEAD
Required Supplementary Information
Fiscal Year Ended June 30, 2012

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

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)
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 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%
1/1/2011	\$ 3,378,875	\$ 615,576	\$ 2,763,299	18%	\$ 3,876,698	71%
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Other Supplementary Information

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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.

CITY OF ROSEMEAD
 Non-Major Governmental Funds
 Combining Balance Sheet
 June 30, 2012

	Special Revenue Funds		
	CDBG Grant	HOME Program	Proposition A
<u>Assets</u>			
Cash and investments	\$ -	\$ -	\$ 1,065,370
Receivables:			
Accounts	147,699	93,532	-
Interest	-	-	-
Notes	-	-	-
Due from Successor Agency	71	-	1,931
	<u>\$ 147,770</u>	<u>\$ 93,532</u>	<u>\$ 1,067,301</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 48,941	\$ 75,363	\$ 25,532
Accrued salaries and benefits	18,629	1,201	8,157
Retentions payable	-	7,534	-
Due to other funds	481,047	486,596	-
Deferred revenue	-	-	-
	<u>548,617</u>	<u>570,694</u>	<u>33,689</u>
Fund balances:			
Restricted for:			
Public safety	-	-	-
Public works	-	-	1,033,612
Unassigned	(400,847)	(477,162)	-
	<u>(400,847)</u>	<u>(477,162)</u>	<u>1,033,612</u>
Total liabilities and fund balances	<u>\$ 147,770</u>	<u>\$ 93,532</u>	<u>\$ 1,067,301</u>

Special Revenue Funds

Proposition C	Federal Highway Grant	State Gas Tax	Air Quality Management District	Local Transportation	Street Lighting
\$ -	\$ -	\$ 536,381	\$ 95,767	\$ -	\$ 2,155,594
-	-	8,000	16,900	47,932	61,501
-	-	-	-	-	2,732
-	-	-	-	-	58,551
-	-	-	-	-	14
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,381</u>	<u>\$ 112,667</u>	<u>\$ 47,932</u>	<u>\$ 2,278,392</u>
\$ 80,344	\$ -	\$ 102,177	\$ -	\$ -	\$ 89,752
3,743	-	6,188	-	-	2,861
-	-	7,115	-	-	-
195,898	72,093	-	-	47,932	-
-	-	-	-	-	61,283
<u>279,985</u>	<u>72,093</u>	<u>115,480</u>	<u>-</u>	<u>47,932</u>	<u>153,896</u>
-	-	-	-	-	-
-	-	428,901	112,667	-	2,124,496
<u>(279,985)</u>	<u>(72,093)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(279,985)</u>	<u>(72,093)</u>	<u>428,901</u>	<u>112,667</u>	<u>-</u>	<u>2,124,496</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,381</u>	<u>\$ 112,667</u>	<u>\$ 47,932</u>	<u>\$ 2,278,392</u>

(continued)

CITY OF ROSEMEAD
 Non-Major Governmental Funds
 Combining Balance Sheet, Continued
 June 30, 2012

	Special Revenue Funds		
<u>Assets</u>	Narcotics Seizure	Measure R	Totals
Cash and investments	\$ 2,715	\$ 690,924	\$ 4,546,751
Receivables:			
Accounts	-	51,217	426,781
Interest	-	-	2,732
Notes	-	-	58,551
Due from Successor Agency	-	12	2,028
	<u>\$ 2,715</u>	<u>\$ 742,153</u>	<u>\$ 5,036,843</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 23,742	\$ 445,851
Accrued salaries and benefits	-	2,004	42,783
Retentions payable	-	-	14,649
Due to other funds	-	-	1,283,566
Deferred revenue	-	-	61,283
Total liabilities	<u>-</u>	<u>25,746</u>	<u>1,848,132</u>
Fund balances:			
Restricted for:			
Public safety	2,715	-	2,715
Public works	-	716,407	4,416,083
Unassigned	-	-	(1,230,087)
Total fund balances (deficit)	<u>2,715</u>	<u>716,407</u>	<u>3,188,711</u>
Total liabilities and fund balances	<u>\$ 2,715</u>	<u>\$ 742,153</u>	<u>\$ 5,036,843</u>

CITY OF ROSEMEAD
 Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Fiscal Year Ended June 30, 2012

	Special Revenue Funds		
	CDBG Grant	HOME Program	Proposition A
Revenues:			
Intergovernmental	\$ 1,125,418	\$ 450,347	\$ 843,986
Charges for services	14,425	-	14,432
Special assessments	-	-	-
Investment income	-	-	7,024
Total revenues	1,139,843	450,347	865,442
Expenditures:			
Current:			
General government	31,192	-	229,373
Public safety	418,885	-	-
Public works	-	-	904,323
Community development	635,914	464,763	-
Parks and recreation	77,208	-	-
Capital outlay	-	-	-
Total expenditures	1,163,199	464,763	1,133,696
Excess (deficiency) of revenues over (under) expenditures	(23,356)	(14,416)	(268,254)
Other financing sources (uses):			
Transfers out	(471,907)	-	-
Total other financing sources (uses)	(471,907)	-	-
Net change in fund balances	(495,263)	(14,416)	(268,254)
Fund balances (deficit), beginning of year	94,416	(462,746)	1,301,866
Fund balances (deficit), end of year	\$ (400,847)	\$ (477,162)	\$ 1,033,612

Special Revenue Funds

Proposition C	Federal Highway Grant	State Gas Tax	Air Quality Management District	Local Transportation	Street Lighting
\$ 758,408	\$ -	\$ 1,617,102	\$ 65,078	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	768,997
7,775	-	11,792	645	-	15,392
766,183	-	1,628,894	65,723	-	784,389
37,013	-	17,540	-	-	26,817
22,765	-	-	-	-	-
794,256	-	872,246	-	-	704,616
-	-	-	-	-	-
-	-	-	-	-	-
-	-	18,008	24,171	-	18,007
854,034	-	907,794	24,171	-	749,440
(87,851)	-	721,100	41,552	-	34,949
(1,838,707)	-	(2,039,968)	(64,259)	-	(559,442)
(1,838,707)	-	(2,039,968)	(64,259)	-	(559,442)
(1,926,558)	-	(1,318,868)	(22,707)	-	(524,493)
1,646,573	(72,093)	1,747,769	135,374	-	2,648,989
<u>\$ (279,985)</u>	<u>\$ (72,093)</u>	<u>\$ 428,901</u>	<u>\$ 112,667</u>	<u>\$ -</u>	<u>\$ 2,124,496</u>

(continued)

CITY OF ROSEMEAD
 Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Continued
 Fiscal Year Ended June 30, 2012

	Special Revenue Funds		
	Narcotics Seizure	Measure R	Totals
Revenues:			
Intergovernmental	\$ -	\$ 521,652	\$ 5,381,991
Charges for services	-	-	28,857
Special assessments	-	-	768,997
Investment income	25	4,826	47,479
	25	526,478	6,227,324
Total revenues			
Expenditures:			
Current:			
General government	-	55,559	397,494
Public safety	4,013	-	445,663
Public works	-	172,480	3,447,921
Community development	-	-	1,100,677
Parks and recreation	-	-	77,208
Capital outlay	-	-	60,186
	4,013	228,039	5,529,149
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(3,988)	298,439	698,175
Other financing sources (uses):			
Transfers out	-	(341,422)	(5,315,705)
	-	(341,422)	(5,315,705)
Total other financing sources (uses)			
Net change in fund balances	(3,988)	(42,983)	(4,617,530)
Fund balances (deficit), beginning of year	6,703	759,390	7,806,241
Fund balances (deficit), end of year	\$ 2,715	\$ 716,407	\$ 3,188,711

CITY OF ROSEMEAD
Community Development Block Grant
Non-Major Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 779,100	\$ 1,125,418	\$ 346,318
Charges for services	-	14,425	14,425
Total revenues	779,100	1,139,843	360,743
Expenditures:			
Current:			
General government	29,400	31,192	(1,792)
Public safety	448,100	418,885	29,215
Community development	771,700	635,914	135,786
Parks and recreation	93,600	77,208	16,392
Total expenditures	1,342,800	1,163,199	179,601
Excess (deficiency) of revenues over (under) expenditures	(563,700)	(23,356)	540,344
Other financing sources (uses):			
Transfers out	-	(471,907)	(471,907)
Total other financing sources (uses)	-	(471,907)	(471,907)
Net change in fund balance	(563,700)	(495,263)	68,437
Fund balance, beginning of year	94,416	94,416	-
Fund balance, end of year	\$ (469,284)	\$ (400,847)	\$ 68,437

CITY OF ROSEMEAD
HOME Program
Non-Major Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,013,500	\$ 450,347	\$ (563,153)
Total revenues	<u>1,013,500</u>	<u>450,347</u>	<u>(563,153)</u>
Expenditures:			
Current:			
Community development	<u>1,013,500</u>	<u>464,763</u>	<u>548,737</u>
Total expenditures	<u>1,013,500</u>	<u>464,763</u>	<u>548,737</u>
Net change in fund balance	-	(14,416)	(14,416)
Fund balance, beginning of year	<u>(462,746)</u>	<u>(462,746)</u>	-
Fund balance, end of year	<u>\$ (462,746)</u>	<u>\$ (477,162)</u>	<u>\$ (14,416)</u>

CITY OF ROSEMEAD
Proposition A
Non-Major Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 783,000	\$ 843,986	\$ 60,986
Charges for services	-	14,432	14,432
Investment Income	6,200	7,024	824
	<u>789,200</u>	<u>865,442</u>	<u>76,242</u>
Total revenues			
Expenditures:			
Current:			
General government	248,800	229,373	19,427
Public works	1,105,330	904,323	201,007
	<u>1,354,130</u>	<u>1,133,696</u>	<u>220,434</u>
Total expenditures			
Net change in fund balance	(564,930)	(268,254)	296,676
Fund balance, beginning of year	<u>1,301,866</u>	<u>1,301,866</u>	<u>-</u>
Fund balance, end of year	<u>\$ 736,936</u>	<u>\$ 1,033,612</u>	<u>\$ 296,676</u>

CITY OF ROSEMEAD
Proposition C
Non-Major Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 703,200	\$ 758,408	\$ 55,208
Investment income	-	7,775	7,775
Total revenues	703,200	766,183	62,983
Expenditures:			
Current:			
General government	36,600	37,013	(413)
Public safety	23,600	22,765	835
Public works	680,901	794,256	(113,355)
Capital outlay	47,500	-	47,500
Total expenditures	788,601	854,034	(65,433)
Excess (deficiency) of revenues over (under) expenditures	(85,401)	(87,851)	(2,450)
Other financing sources (uses):			
Transfers out	(1,450,000)	(1,838,707)	(388,707)
Total other financing sources (uses)	(1,450,000)	(1,838,707)	(388,707)
Net change in fund balance	(1,535,401)	(1,926,558)	(391,157)
Fund balance, beginning of year	1,646,573	1,646,573	-
Fund balance, end of year	\$ 111,172	\$ (279,985)	\$ (391,157)

CITY OF ROSEMEAD
 Federal Highway Grant
 Non-Major Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Total revenues	\$ -	\$ -	\$ -
Total expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance (deficit), beginning of year	(72,093)	(72,093)	-
Fund balance (deficit), end of year	<u>\$ (72,093)</u>	<u>\$ (72,093)</u>	<u>\$ -</u>

CITY OF ROSEMEAD
State Gas Tax
Non-Major Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,540,900	\$ 1,617,102	\$ 76,202
Investment income	10,300	11,792	1,492
Charges for services	8,000	-	(8,000)
Total revenues	1,559,200	1,628,894	69,694
Expenditures:			
Current:			
General government	15,500	17,540	(2,040)
Public works	862,800	872,246	(9,446)
Capital outlay	15,100	18,008	(2,908)
Total expenditures	893,400	907,794	(14,394)
Excess (deficiency) of revenues over (under) expenditures	665,800	721,100	55,300
Other financing sources (uses):			
Transfers out	(1,330,000)	(2,039,968)	(709,968)
Total other financing sources (uses)	(1,330,000)	(2,039,968)	(709,968)
Net change in fund balance	(664,200)	(1,318,868)	(654,668)
Fund balance, beginning of year	1,747,769	1,747,769	-
Fund balance, end of year	\$ 1,083,569	\$ 428,901	\$ (654,668)

CITY OF ROSEMEAD
 Air Quality Management District
 Non-Major Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 65,000	\$ 65,078	\$ 78
Investment income	300	645	345
Total revenues	65,300	65,723	423
Expenditures:			
Current:			
Capital outlay	25,000	24,171	829
Total expenditures	25,000	24,171	829
Excess (deficiency) of revenues over (under) expenditures	40,300	41,552	1,252
Other financing sources (uses):			
Transfers out	(100,000)	(64,259)	35,741
Total other financing sources (uses)	(100,000)	(64,259)	35,741
Net change in fund balance	(59,700)	(22,707)	36,993
Fund balance, beginning of year	135,374	135,374	-
Fund balance, end of year	\$ 75,674	\$ 112,667	\$ 36,993

CITY OF ROSEMEAD
 Local Transportation
 Non-Major Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment Income	\$ 9,200	\$ -	\$ (9,200)
Total revenues	9,200	-	(9,200)
Total expenditures	-	-	-
Net change in fund balance	9,200	-	(9,200)
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ 9,200</u>	<u>\$ -</u>	<u>\$ (9,200)</u>

CITY OF ROSEMEAD
Street Lighting
Non-Major Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Special Assessments	\$ 742,000	\$ 768,997	\$ 26,997
Investment income	13,000	15,392	2,392
Total revenues	755,000	784,389	29,389
Expenditures:			
Current:			
General government	26,000	26,817	(817)
Public works	612,401	704,616	(92,215)
Parks and recreation	71,800	-	71,800
	-	18,007	(18,007)
Total expenditures	710,201	749,440	(39,239)
Excess (deficiency) of revenues over (under) expenditures	44,799	34,949	(9,850)
Other financing sources (uses):			
Transfers out	(250,000)	(559,442)	(309,442)
Total other financing sources (uses)	(250,000)	(559,442)	(309,442)
Net change in fund balance	(205,201)	(524,493)	(319,292)
Fund balance, beginning of year	2,648,989	2,648,989	-
Fund balance, end of year	\$ 2,443,788	\$ 2,124,496	\$ (319,292)

CITY OF ROSEMEAD
Narcotics Seizure
Non-Major Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment income	\$ -	\$ 25	\$ 25
Total revenues	-	25	25
Expenditures:			
Current:			
Public safety	-	4,013	(4,013)
Total expenditures	-	4,013	(4,013)
Net change in fund balance	-	(3,988)	(3,988)
Fund balance, beginning of year	6,703	6,703	-
Fund balance, end of year	<u>\$ 6,703</u>	<u>\$ 2,715</u>	<u>\$ (3,988)</u>

CITY OF ROSEMEAD
Measure R
Non-Major Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 478,000	\$ 521,652	\$ 43,652
Investment income	-	4,826	4,826
Total revenues	478,000	526,478	48,478
Expenditures:			
Current:			
General government	62,500	55,559	6,941
Public works	110,800	172,480	(61,680)
Total expenditures	173,300	228,039	(54,739)
Excess (deficiency) of revenues over (under) expenditures	304,700	298,439	(6,261)
Other financing sources (uses):			
Transfers out	(1,050,000)	(341,422)	708,578
Total other financing sources (uses)	(1,050,000)	(341,422)	708,578
Net change in fund balance	(745,300)	(42,983)	702,317
Fund balance, beginning of year	759,390	759,390	-
Fund balance, end of year	\$ 14,090	\$ 716,407	\$ 702,317

CITY OF ROSEMEAD
Redevelopment Agency Debt Service Fund
Major Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 7,021,000	\$ 2,601,979	\$ (4,419,021)
Investment income	10,000	22,362	12,362
Total revenues	<u>7,031,000</u>	<u>2,624,341</u>	<u>(4,406,659)</u>
Expenditures:			
Current:			
Community development	1,014,000	534,130	479,870
Debt Service:			
Principal	1,210,000	1,210,000	-
Interest	1,902,400	961,506	940,894
Total expenditures	<u>4,126,400</u>	<u>2,705,636</u>	<u>1,420,764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,904,600</u>	<u>(81,295)</u>	<u>(2,985,895)</u>
Other financing sources (uses):			
Transfers out	<u>(935,000)</u>	<u>(139,724)</u>	<u>795,276</u>
Total other financing sources (uses)	<u>(935,000)</u>	<u>(139,724)</u>	<u>795,276</u>
Extraordinary item:			
Loss on dissolution of redevelopment agency	<u>-</u>	<u>(5,723,858)</u>	<u>(5,723,858)</u>
Net change in fund balance	1,969,600	(5,944,877)	(7,914,477)
Fund balance, beginning of year	<u>5,944,877</u>	<u>5,944,877</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 7,914,477</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,914,477)</u></u>

CITY OF ROSEMEAD
Redevelopment Agency Capital Projects Fund
Major Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment income	\$ 5,000	\$ 17,645	\$ 12,645
Total revenues	5,000	17,645	12,645
Expenditures:			
Current:			
General government	11,600	6,767	4,833
Capital outlay	1,319,000	3,339,723	(2,020,723)
Total expenditures	1,330,600	3,346,490	(2,015,890)
Excess (deficiency) of revenues over (under) expenditures	(1,325,600)	(3,328,845)	(2,003,245)
Other financing sources (uses):			
Transfers in	423,600	-	(423,600)
Transfers out	(2,310,000)	(124,521)	2,185,479
Total other financing sources (uses)	(1,886,400)	(124,521)	1,761,879
Extraordinary item:			
Loss on dissolution of redevelopment agency	-	(2,895,391)	(2,895,391)
Net change in fund balance	(3,212,000)	(6,348,757)	(3,136,757)
Fund balance, beginning of year	6,348,757	6,348,757	-
Fund balance, end of year	\$ 3,136,757	\$ -	\$ (3,136,757)

CITY OF ROSEMEAD
City Capital Projects
Major Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,600,000	\$ 3,992,578	\$ 2,392,578
Charges for services	-	737	737
 Total revenues	 1,600,000	 3,993,315	 2,393,315
Expenditures:			
Current:			
Public works	433,199	395,264	37,935
Capital outlay	9,639,000	5,683,866	3,955,134
 Total expenditures	 10,072,199	 6,079,130	 3,993,069
 Excess (deficiency) of revenues over (under) expenditures	 (8,472,199)	 (2,085,815)	 6,386,384
Other financing sources (uses):			
Transfers in	7,225,000	5,891,622	1,333,378
 Total other financing sources (uses)	 7,225,000	 5,891,622	 1,333,378
 Net change in fund balance	 (1,247,199)	 3,805,807	 7,719,762
Fund balance, beginning of year	(3,868,125)	(3,868,125)	-
Fund balance, end of year	<u>\$ (5,115,324)</u>	<u>\$ (62,318)</u>	<u>\$ 7,719,762</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.

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CITY OF ROSEMEAD
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

<u>Assets</u>	<u>Equipment Replacement</u>	<u>Technology Replacement</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 144,326	\$ 13,634	\$ 157,960
Due from Successor Agency	-	9,244	9,244
Total current assets	144,326	22,878	167,204
Non-current assets:			
Capital assets:			
Other capital assets, net	69,043	192,947	261,990
Total non-current assets	69,043	192,947	261,990
Total assets	213,369	215,825	429,194
 <u>Liabilities</u>			
Current liabilities:			
Accounts payable	-	1,253	1,253
Lease payable - current	-	53,022	53,022
Total current liabilities	-	54,275	54,275
Non-current liabilities:			
Lease payable	-	157,789	157,789
Total non-current liabilities	-	157,789	157,789
Total liabilities	-	212,064	212,064
 <u>Net assets</u>			
Invested in capital assets, net of related debt	69,043	(17,864)	51,179
Unrestricted	144,326	21,625	165,951
Total net assets	\$ 213,369	\$ 3,761	\$ 217,130

CITY OF ROSEMEAD
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Fiscal Year Ended June 30, 2012

	Equipment Replacement	Technology Replacement	Total
Operating revenues:			
Charges for services	\$ -	\$ 95,500	\$ 95,500
Total operating revenues	-	95,500	95,500
Operating expenses:			
Contractual services	-	35,385	35,385
Depreciation	17,260	38,589	55,849
Total operating expenses	17,260	73,974	91,234
Operating income	(17,260)	21,526	4,266
Non-operating revenues (expenses):			
Investment income	-	3	3
Interest expense	-	(9,993)	(9,993)
Total non-operating revenues (expenses)	-	(9,990)	(9,990)
Income (loss) before transfers	(17,260)	11,536	(5,724)
Transfers in	123,000	-	123,000
Changes in net assets	105,740	11,536	117,276
Net assets, beginning of year	107,629	(7,775)	99,854
Net assets, end of year	<u>\$ 213,369</u>	<u>\$ 3,761</u>	<u>\$ 217,130</u>

CITY OF ROSEMEAD
Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended June 30, 2012

	Equipment Replacement	Technology Replacement	Total
Cash flows from operating activities:			
Cash received from users departments	\$ -	\$ 101,468	\$ 101,468
Cash payments to suppliers for goods and services	-	(189,301)	(189,301)
Net cash (used for) operating activities	-	(87,833)	(87,833)
Cash flows from noncapital financing activities:			
Cash received from other funds	123,000	-	123,000
Net cash provided by noncapital financing activities	123,000	-	123,000
Cash flows from capital and related financing activities:			
Principal paid on capital lease	-	(50,848)	(50,848)
Interest paid on capital lease	-	(9,993)	(9,993)
Cash paid to purchase capital asset	(86,303)	-	(86,303)
Net cash (used for) capital and related financing activities	(86,303)	(60,841)	(147,144)
Cash flows from investing activities:			
Interest on investment	-	3	3
Net cash provided by investing activities	-	3	3
Net increase (decrease) in cash and investments	36,697	(148,671)	(111,974)
Cash and investments, beginning of year	107,629	162,305	269,934
Cash and investments, end of year	<u>\$ 144,326</u>	<u>\$ 13,634</u>	<u>\$ 157,960</u>
Reconciliation of operating income (loss) to net cash (used for) operating activities:			
Operating income (loss)	\$ (17,260)	\$ 21,526	\$ 4,266
Adjustments to reconcile operating income (loss) to net cash (used for) operating activities:			
Depreciation	17,260	38,589	55,849
(Increase) decrease in due from other funds	-	5,968	5,968
Increase (decrease) in accounts payable	-	(153,916)	(153,916)
Total adjustments	17,260	(109,359)	(92,099)
Net cash (used for) operating activities	<u>\$ -</u>	<u>\$ (87,833)</u>	<u>\$ (87,833)</u>

CITY OF ROSEMEAD
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
Year ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Assets</u>				
Cash and investments	\$ 591,716	\$ 258,101	\$ (339,102)	\$ 510,715
Accounts receivable	5,758	-	(5,758)	-
Total assets	<u>\$ 597,474</u>	<u>\$ 258,101</u>	<u>\$ (344,860)</u>	<u>\$ 510,715</u>
<u>Liabilities</u>				
Deposits payable	\$ 597,474	\$ 456,955	\$ (543,714)	\$ 510,715
Total liabilities	<u>\$ 597,474</u>	<u>\$ 456,955</u>	<u>\$ (543,714)</u>	<u>\$ 510,715</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>	94
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant revenue source, property tax.</i>	102
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>	106
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>	112
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>	114

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 Nine Fiscal Years
 (accrual basis of accounting)

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

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

Fiscal Year				
2008	2009	2010	2011	2012
\$ 12,981,537	\$ 11,828,993	\$ 12,712,242	\$ 14,760,940	\$ 54,010,031
11,443,583	13,361,249	13,199,438	24,806,402	10,870,747
<u>27,705,715</u>	<u>24,882,730</u>	<u>20,489,721</u>	<u>10,748,249</u>	<u>13,688,078</u>
<u>\$ 52,130,835</u>	<u>\$ 50,072,972</u>	<u>\$ 46,401,401</u>	<u>\$ 50,315,591</u>	<u>\$ 78,568,856</u>

CITY OF ROSEMEAD
Changes in Net Assets
Last Nine 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 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
Loss on sale of capital assets	-	-	-	-
Extraordinary item:				
Gain on dissolution of redevelopment agency	-	-	-	-
Total governmental activities	<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	2012
\$ 7,259,587	\$ 12,176,877	\$ 5,991,796	\$ 3,160,306	\$ 3,989,359
8,043,771	9,081,719	8,879,854	8,881,926	7,517,101
13,550,042	6,465,355	11,469,614	11,907,245	11,588,278
-	-	-	-	-
669,827	773,374	589,650	595,904	-
3,645,207	1,290,108	2,141,218	3,969,502	4,080,294
4,078,631	2,030,698	2,733,885	2,362,860	2,532,665
1,790,348	1,523,391	1,491,717	1,681,875	569,045
<u>39,037,413</u>	<u>33,341,522</u>	<u>33,297,734</u>	<u>32,559,618</u>	<u>30,276,742</u>
642,716	547,577	1,573,695	1,048,727	130,450
1,547,182	1,512,475	1,293,677	1,293,524	1,454,759
11,729,725	7,581,801	8,052,011	9,143,311	4,033,874
166,118	858,809	186,283	450,004	-
1,484,065	621,375	597,402	3,753,612	3,501,082
<u>36,800</u>	<u>36,000</u>	<u>20,800</u>	<u>654,437</u>	<u>704,029</u>
<u>15,606,606</u>	<u>11,158,037</u>	<u>11,723,868</u>	<u>16,343,615</u>	<u>9,824,194</u>
<u>(23,430,807)</u>	<u>(22,183,485)</u>	<u>(21,573,866)</u>	<u>(16,216,003)</u>	<u>(20,452,548)</u>
13,181,837	12,288,177	12,328,634	13,656,347	10,567,509
3,747,416	4,589,998	4,408,367	3,737,363	3,200,911
1,411,421	1,272,092	1,129,146	1,219,977	1,323,886
949,007	761,410	562,317	576,904	633,393
-	-	-	-	-
1,678,791	884,847	389,310	367,961	195,165
254,527	195,273	169,042	263,983	-
143,748	133,825	336,668	307,658	853,956
-	-	-	-	(2,340,090)
-	-	-	-	34,271,082
<u>21,366,747</u>	<u>20,125,622</u>	<u>19,323,484</u>	<u>20,130,193</u>	<u>48,705,812</u>
<u>\$ (2,064,060)</u>	<u>\$ (2,057,863)</u>	<u>\$ (2,250,382)</u>	<u>\$ 3,914,190</u>	<u>\$ 28,253,264</u>

CITY OF ROSEMEAD
Fund Balances of Governmental Funds
Last Nine 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 fund:	<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 nine years of data for this schedule.

The City implemented GASB 54 for the fiscal year ended June 30, 2012. 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	2012
\$ 3,074,496	\$ 3,106,917	\$ 3,327,182	\$ -	\$ -
18,633,154	16,135,102	13,626,774	-	-
-	-	-	2,034	2,034
-	-	-	-	-
-	-	-	5,107,963	5,294,253
-	-	-	-	5,712
-	-	-	10,209,075	9,519,173
<u>\$ 21,707,650</u>	<u>\$ 19,242,019</u>	<u>\$ 16,953,956</u>	<u>\$ 15,319,072</u>	<u>\$ 14,821,172</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	10,870,747
-	-	-	-	-
-	-	-	-	-
-	-	-	(4,402,964)	(1,292,405)
<u>\$ 18,323,878</u>	<u>\$ 20,773,635</u>	<u>\$ 19,105,611</u>	<u>\$ 23,073,117</u>	<u>\$ 9,578,342</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
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>
Expenditures				
Current:				
General government	2,965,572	3,023,192	3,790,631	4,780,837
Public safety	5,797,080	6,087,918	6,536,043	6,737,912
Public works	3,144,358	5,208,142	6,064,980	8,898,768
Community services	65,583	60,828	51,286	1,419,424
Community development	3,259,505	3,424,954	3,216,935	2,690,420
Parks and recreation	3,201,236	3,383,358	3,881,469	4,249,462
Capital outlay	26,639	184,301	149,641	-
Debt service:				
Principal	445,000	465,000	490,000	780,000
Interest and fiscal charges	1,859,747	1,836,765	1,559,114	2,512,725
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>
Other financing sources (uses):				
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>
Extraordinary item:				
Gain (loss) on dissolution of redevelopment agency	-	-	-	-
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%	7.8%	11.8%

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

Fiscal Year				
2008	2009	2010	2011	2012
\$ 17,841,792	\$ 17,153,625	\$ 18,508,896	\$ 19,313,094	\$ 15,960,662
15,716,610	10,992,235	7,856,792	9,383,256	9,561,918
1,503,659	1,178,362	1,079,429	1,764,162	1,156,719
537,430	638,244	708,434	677,861	1,055,391
641,566	565,643	491,574	462,389	619,397
687,568	736,213	680,288	741,382	768,997
1,678,791	884,847	389,310	367,956	582,176
141,930	381,429	254,610	253,379	658,670
<u>38,749,346</u>	<u>32,530,598</u>	<u>29,969,333</u>	<u>32,963,479</u>	<u>30,363,930</u>
7,356,665	11,956,179	5,903,926	3,801,486	4,203,302
8,043,771	9,114,009	8,863,234	8,882,915	7,517,101
12,116,508	4,964,867	11,264,220	19,402,924	6,417,803
669,827	783,452	584,463	595,904	-
3,408,691	1,047,529	1,940,641	3,397,072	3,681,903
4,078,631	2,030,698	2,733,885	2,362,860	2,532,665
1,647,673	202,752	290,885	93,121	9,090,076
1,105,000	915,000	945,000	975,000	1,210,000
1,567,849	1,531,986	1,501,667	1,882,092	961,506
-	-	-	275,344	-
<u>39,994,615</u>	<u>32,546,472</u>	<u>34,027,921</u>	<u>41,668,718</u>	<u>35,614,356</u>
<u>(1,245,269)</u>	<u>(15,874)</u>	<u>(4,058,588)</u>	<u>(8,705,239)</u>	<u>(5,250,426)</u>
2,962,087	4,078,483	4,133,554	4,824,919	6,431,374
(2,962,087)	(4,078,483)	(4,133,554)	(4,824,919)	(6,554,374)
-	-	-	11,230,000	-
-	-	-	(192,139)	-
-	-	-	-	-
-	-	-	-	-
-	-	102,501	-	-
-	-	102,501	11,037,861	(123,000)
-	-	-	-	(8,619,249)
<u>\$ (1,245,269)</u>	<u>\$ (15,874)</u>	<u>\$ (3,956,087)</u>	<u>\$ 2,332,622</u>	<u>\$ (13,992,675)</u>
7.0%	7.6%	7.4%	8.8%	6.8%

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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		
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%
2012	3,458,570,185	71,320,472	3,301,527	3,533,192,184	22.35%

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

NOTE:

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

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

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

Agency	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Basic Levy ¹	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	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000
El Monte School Districts	0.06592	0.05072	0.07246	0.08056	0.06402	0.08067	0.09044	0.11907	0.12388	0.12733
El Monte Union High School	0.00000	0.03573	0.03928	0.05425	0.05846	0.02820	0.05159	0.09654	0.08475	0.09591
Garvey School Districts	0.05286	0.02471	0.02319	0.05221	0.05075	0.05061	0.06835	0.07836	0.08503	0.08404
Los Angeles Community College	0.01460	0.01986	0.01810	0.01430	0.02146	0.00878	0.02212	0.02311	0.04031	0.03530
L.A. Co. Flood Control Bonds	0.00088	0.00047	0.00024	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370
Montebello Unified School District	0.03983	0.04076	0.04172	0.07053	0.06731	0.06681	0.08065	0.09673	0.09792	0.10001
Pasadena Area Community College	0.00000	0.00681	0.00879	0.00410	0.02080	0.01972	0.01741	0.02300	0.01986	0.01956
Rio Hondo Community College	0.00000	0.00000	0.02170	0.01802	0.01469	0.01370	0.02320	0.02714	0.03439	0.03418
Rosemead School Districts	0.00540	0.04517	0.07095	0.07515	0.05420	0.08282	0.06875	0.11358	0.10743	0.10507
San Gabriel Unified School District	0.05803	0.05224	0.05729	0.05284	0.04930	0.05742	0.09294	0.10071	0.10190	0.08454
San Gabriel Valley Mwd Bonds	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01800	0.01800
San Gabriel Vly Mwd State Water Bond	0.02400	0.02200	0.02000	0.02000	0.02000	0.02000	0.01800	0.01800	0.00000	0.00000
Total Direct & Overlapping² Tax Rates	1.26925	1.30556	1.38044	1.44801	1.42640	1.43323	1.53775	1.70054	1.71717	1.70764
City's Share of 1% Levy Per Prop 13³	0.09388									
General Obligation Debt Rate										
Redevelopment Rate⁴	1.00861	1.00755	1.00697	1.00604	1.00541	1.00450	1.00430	1.00430	1.00370	1.00370
Total Direct Rate⁵	0.18152	0.18513	0.19461	0.20733	0.20556	0.21850	0.22614	0.22270	0.22407	0.22351

Notes:

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

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

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

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

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

Source: L.A. County Assessor 2002/03 - 2011/12 Tax Rate Table and HDL Coren & Cone

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

Taxpayer	2011/12			2002/03		
	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	\$ 41,688,891	1	1.18%			
Walmart Real Estate Business Trust	36,517,540	2	1.03%			
Rosemead Hwang, LLC	32,367,942	3	0.92%			
AFG Investment Fund 5 LLC	24,052,238	4	0.68%			
420 Boyd Street LLC	18,555,925	5	0.53%			
Metodo Investments LLC	18,135,525	6	0.51%			
Macy's California Inc.	13,669,299	7	0.39%			
California Federal Savings and Loan Assoc	13,486,586	8	0.38%			
Panda Restaurant Group, Inc.	13,049,543	9	0.37%			
Sunshine Inn	10,444,559	10	0.30%			
Aespace America, Inc.				\$ 31,990,380	1	1.54%
General Electric Credit Auto Auctions				15,742,047	2	0.76%
May Department Stores Company				15,456,334	3	0.75%
California Federal Savings and Loan Assoc				9,643,981	4	0.47%
Sunshine Inn				9,146,029	5	0.44%
1683 Walnut Grove LLC				8,058,000	6	0.39%
Builder Square LLC				7,545,780	7	0.36%
Rosemead Shopping Center LLC				7,024,763	8	0.34%
Prographics LLS				6,448,378	9	0.31%
BHC Alhambra Hospital, Inc.				5,776,622	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
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%
2012	2,711,546	2,699,377	99.55%	-	2,699,377	99.55%

* Information not available.

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

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

CITY OF ROSEMEAD
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percentage of Personal Income ¹</u>	<u>Debt Per Capita ¹</u>
2002/03	33,830,000	2.00%	612
2003/04	33,385,000	1.93%	595
2004/05	32,920,000	1.65%	580
2005/06	37,100,000	7.70%	649
2006/07	37,455,000	7.30%	655
2007/08	36,350,000	6.74%	633
2008/09	35,435,000	6.41%	617
2009/10	34,490,000	6.26%	599
2010/11	44,745,000	8.12%	775
2011/12	43,535,000	7.76%	806

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

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

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

<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percent of Assessed Value ¹</u>	<u>Per Capita</u>
2002/03	33,830	1.63%	612
2003/04	33,385	1.49%	595
2004/05	32,920	1.36%	580
2005/06	37,100	1.40%	649
2006/07	37,455	1.29%	655
2007/08	36,350	1.15%	633
2008/09	35,435	1.05%	617
2009/10	34,490	1.01%	599
2010/11	44,745	1.30%	775
2011/12	43,535	1.23%	806

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

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

CITY OF ROSEMEAD
Direct and Overlapping Governmental Activities Debt
June 30, 2012

	Gross Bonded Debt Balance	Percentage Applicable To City	Net Bonded Debt
Overlapping Debt			
* Metropolitan Water District	\$ 94,031,705	0.339%	318,454
Garvey School District DS 2000 Series A	529,903	51.444%	272,605
Garvey School District DS 2000 Series B	6,244,519	51.444%	3,212,451
Garvey School District 2004 Series 2005	8,023,736	51.444%	4,127,758
Garvey Sch DS 2004 Ser 2006	10,365,155	51.444%	5,332,285
Garvey Sch DS 2004 Ser C & 2011	14,167,964	51.444%	7,288,615
Rosemead Sch Dist DS 2000 Ser B	5,275,000	69.810%	3,682,469
Rosemead Sch DS 2000 Ser C	6,525,000	69.810%	4,555,092
Rosemead SD DS 2007 Ref. Bonds	9,665,000	69.810%	6,747,122
Rosemead School DS 2008 Series A	13,495,000	69.810%	9,420,839
El Monte Union HS Dist 2002 Series A	2,065,000	14.660%	302,739
El Monte Union HS Dist Series B	3,485,000	14.660%	510,918
El Monte Un HSD DS 2006 Ref Bds	35,718,692	14.660%	5,236,538
El Monte Un Hi DS 2002 Ser C	28,705,000	14.660%	4,208,295
El Monte Union High DS 2008 Ser A	53,225,754	14.660%	7,803,160
L.A. CCD DS 2003 Ser B	68,950,000	0.329%	227,018
L.A. CCD DS 2003 Taxable Ser 2004B	15,010,000	0.329%	49,421
L.A. CCD DS 2001 Taxable Ser 2004A	74,615,000	0.329%	245,670
LACC DS Ref 2001 Series 2005 A	430,410,000	0.329%	1,417,127
LA CCD DS 2001 2006 Series B	382,575,000	0.329%	1,259,630
LA CCD DS 2003, 2006 Series C	284,050,000	0.329%	935,236
LACC DS 2001, 2008 Ser E-1	275,580,000	0.329%	907,349
LACC DS 2003, 2008 Ser F-1	344,915,000	0.329%	1,135,634
LACC DS 2003, 2008 Taxable Ser F-2	3,805,000	0.329%	12,528
LACC DS 2008, 2009 Taxable Ser A	350,000,000	0.329%	1,152,377
LACC DS 2008, 2009 Taxable Ser B	75,000,000	0.329%	246,938
LACC Debt 2008, 2010 Tax Ser D	175,000,000	0.329%	576,188
LACC Debt 2008, 2010 Tax Ser E (BABS)	900,000,000	0.329%	2,963,255
LACC DS 2008, 2010 Series C	125,000,000	0.329%	411,563
Pasadena Area CCD DS 2002 Series S-A	980,000	2.647%	25,940
Pasadena CCD DS 2006 Series B	47,560,000	2.647%	1,258,871
Pasadena CCD DS 2006 Ref BD Series C	8,660,106	2.647%	229,225
Pasadena CCD DS 2002, 2006 Ser D	26,615,000	2.679%	713,088
Pasadena CCD 2002, 2009 Series E (BABS)	25,295,000	2.647%	669,536
Montebello Unif DS 1998 Series 98	9,679,140	1.401%	135,613
Montebello Unif SD DS 98 Series 99	7,712,854	1.401%	108,064
Montebello USD DS 1998 Series 2001	2,632,827	1.401%	36,888
Montebello USD DS 1998 Series 2004	8,350,273	1.401%	116,995
Montebello Unified DS 1998 Series 2002	10,829,117	1.401%	151,726
Montebello Unif DS 2004 Ser 2005	25,070,000	1.401%	351,253
Montebello Unif DS 2004 Ser 2008	32,605,000	1.401%	456,825
Montebello Unified DS 2004 Ser 2009	20,000,000	1.401%	280,218
Montebello Unified 04 Series 2009A-2 BABS	12,640,000	1.401%	177,098
Montebello Unified 2010 Refunding Bonds	14,165,000	1.401%	198,464
San Gabriel USD DS 2002 Series A	1,832,600	1.360%	24,921
San Gabriel USD DS 2002 Series B	5,128,892	1.360%	69,746
San Gabriel USD DS 2005 & 2012 Ref. Bonds	26,355,000	1.360%	358,393
San Gabriel USD DS 2002 Ser 2007 C	10,727,878	1.360%	145,885
San Gabriel USD DS 2008 Ser A	34,356,709	1.360%	467,205
Total Overlapping Debt			80,535,228

2011/12 Assessed Valuation: \$2,925,016,943 After Deducting \$608,175,241 Incremental Value.

Debt to Assessed Valuation Ratios:

Direct Debt	0.00%
Overlapping Debt	2.75%
Total Debt	2.75%

* 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 2011/12 Lien Date Tax Rolls.

CITY OF ROSEMEAD
Legal Debt Margin
Last Ten Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
Assessed valuation	2,070,991,108	2,240,938,488	2,422,878,306	2,644,964,038	2,901,902,093
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	517,747,777	560,234,622	605,719,577	661,241,010	725,475,523
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	77,662,167	84,035,193	90,857,936	99,186,151	108,821,328
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>77,662,167</u>	<u>84,035,193</u>	<u>90,857,936</u>	<u>99,186,151</u>	<u>108,821,328</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

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

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

Fiscal Year				
2008	2009	2010	2011	2012
3,165,802,509	3,362,646,146	3,399,331,688	3,431,820,218	3,533,192,184
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
791,450,627	840,661,537	849,832,922	857,955,055	883,298,046
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
118,717,594	126,099,230	127,474,938	128,693,258	132,494,707
-	-	-	-	-
<u>118,717,594</u>	<u>126,099,230</u>	<u>127,474,938</u>	<u>128,693,258</u>	<u>132,494,707</u>
0.0%	0.0%	0.0%	0.0%	0.0%

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

Fiscal Year Ended June 30	Tax Allocation Bonds			Coverage
	Tax Increment	Debt Service		
		Principal	Interest	
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
2012	2,601,979	1,210,000	961,506	1.20

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

CITY OF ROSEMEAD
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
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	561,142	43,688	10.80%
2011/12	54,172	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	2012			2003 *	
	Number of Employees	Percent of Total Employment ¹		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%

¹ Based upon Employment Development Department's estimate of 22,300 residents employed in 2011-12.

* Information for 2003 is not available.

Source: City of Rosemead and Rosemead Chamber of Commerce

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

<u>Function</u>	<u>Full-time and Part-time employees as of June 30,</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	16	14	15	18	17	19	16	22	19	15
Public safety ¹	23	22	17	23	22	34	39	42	42	33
Community development	5	6	6	6	11	23	18	23	23	7
Public Works	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	26
Parks and recreation	<u>117</u>	<u>97</u>	<u>94</u>	<u>103</u>	<u>101</u>	<u>103</u>	<u>135</u>	<u>112</u>	<u>99</u>	<u>68</u>
 Total	 <u>161</u>	 <u>139</u>	 <u>132</u>	 <u>150</u>	 <u>151</u>	 <u>179</u>	 <u>208</u>	 <u>199</u>	 <u>183</u>	 <u>149</u>

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

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

Source: City Finance Department

CITY OF ROSEMEAD
 Operating Indicators
 by Function
 Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Arrests	1,102	1,081	1,230	1,315	1,786	1,506	1,478	1,733	1,888	1,842
Parking citations issued	n/a	14,676	18,357	15,176	13,210	11,766	10,517	8,450	7,515	7,797
Fire:										
Number of emergency calls	2,728	2,589	2,617	2,617	2,749	2,846	2,959	2,853	2,745	2,928
Inspections	-	-	-	-	-	2,518	2,093	2,137	1,845	2,066
Public works:										
Street resurfacing (miles)	-	1.3	-	1.3	2.5	1.1	2.8	3.5	3.5	3.6
Parks and recreation:										
Number of recreation classes	420	450	530	720	775	484	397	727	617	519
Number of facility rentals	n/a	n/a	n/a	n/a	n/a	540	453	236	1,786	3,261

Source: City of Rosemead

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	77.55	77.55	77.55	77.55	77.55
Streetlights	2,700	2,700	2,702	2,705	2,706	2,712	2,712	2,712	2,712	2,712
Traffic signals	39	39	39	39	41	42	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

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