

CITY OF ROSEMEAD  
Rosemead, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

Prepared by the Finance Department  
Carolyn A. Chu  
Director of Finance

CITY OF ROSEMEAD  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2015

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MAYOR:  
MARGARET CLARK

MAYOR PRO TEM:  
SANDRA ARMENTA

COUNCIL MEMBERS:  
WILLIAM ALARCON  
POLLY LOW  
STEVEN LY



## City of Rosemead

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

December 17, 2015

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, 2015.

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, 2015, 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 unmodified opinion that the City of Rosemead's financial statements for the fiscal year ended June 30, 2015, 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. The City of Rosemead currently occupies a land area of 5.5 square miles and serves a population of more than 55,000. 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 two blended component units: 1) the Rosemead Financing Authority (the Authority) and 2) 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. For the general fund and major special revenue funds, these comparison schedules are presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund, and major special revenue funds, these comparison schedules are presented in the other supplementary section of the accompanying financial statements.

## **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 slow recovery from the 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 along with some new restaurants and retail businesses have helped the City's sales tax to show modest growth. A direct comparison with the previous fiscal year will show a slight increase in sales tax revenues which indicates the economy is slowly improving. While the stability and growth have been improving, Rosemead's unemployment rate is up to 9.5% whereas the larger Los Angeles, Long Beach, Glendale area rate is 7.4%. Major employers are listed in the statistical section of the accompanying financial report. PetSmart and Ulta opened during this year and both TGI Fridays and Olive Garden during the prior year. Also, 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 action items designed to meet these goals were started in the 2011-12 Fiscal Year and continued throughout the

2014/15 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 added is to complete a formal long-term financial plan for the City. The City's first five-year financial plan was developed during the 2012-13 fiscal year and will be used annually as part of the budget development process to identify capital and operating needs over the next five years.

**Cash management policies and practices.** Cash, temporarily idle during the year, was invested in federally insured certificates of deposit, medium term notes, 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 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 and reinsurance, and to arrange for group-purchased insurance for property and other coverage. Additional information can be found in Note 10 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. New this year, the City is required to provide additional pension information in the footnotes and to disclose the pension liability per GASB Statement No. 68. Therefore, footnotes 11 and 12 are revised and new this year in accordance with GASB 68.

**Dissolution of the Redevelopment Agency (RCDC).** Although the focus of this Comprehensive Annual Financial Report is the economic condition of the City at June 30, 2015, the dissolution of the Redevelopment Agency (RCDC) has had an effect on our City and needs to be discussed. The dissolution became effective on February 1, 2012 thus eliminating nearly \$7 million of annual tax increment revenue to the City. The State has continued to provide funding for enforceable obligations such as debt service and the Rosemead Housing Development Corporation's Operating and Assistance agreement and will continue to do so until all of the obligations have been repaid in full. The consequence is that the City lost more than \$2 million in funding for economic development and job creation. While the funding for redevelopment is gone, the City and the Successor Agency will continue to use the remaining bond proceeds funds to complete the approved capital improvement projects.

## **Acknowledgements**

The preparation of the City's Comprehensive Annual Financial 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,

A handwritten signature in cursive script that reads "Carolyn A. Chu".

Carolyn A. Chu  
Director of Finance

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# **CITY OF ROSEMEAD**

## **Directory of Officials**

**June 30, 2015**

### **CITY COUNCIL**

Margaret Clark, Mayor

Sandra Armenta, Mayor Pro Tem

William Alarcon, Council Member

Polly Low, Council Member

Steven Ly, Council Member

### **CITY MANAGEMENT**

Jeff Allred, City Manager

Matthew E. Hawkesworth, Assistant City Manager/Public Works Director

Carolyn A. Chu/Finance Director

Michelle Ramirez, Community Development Director

David Montgomery-Scott, Director of Parks and Recreation

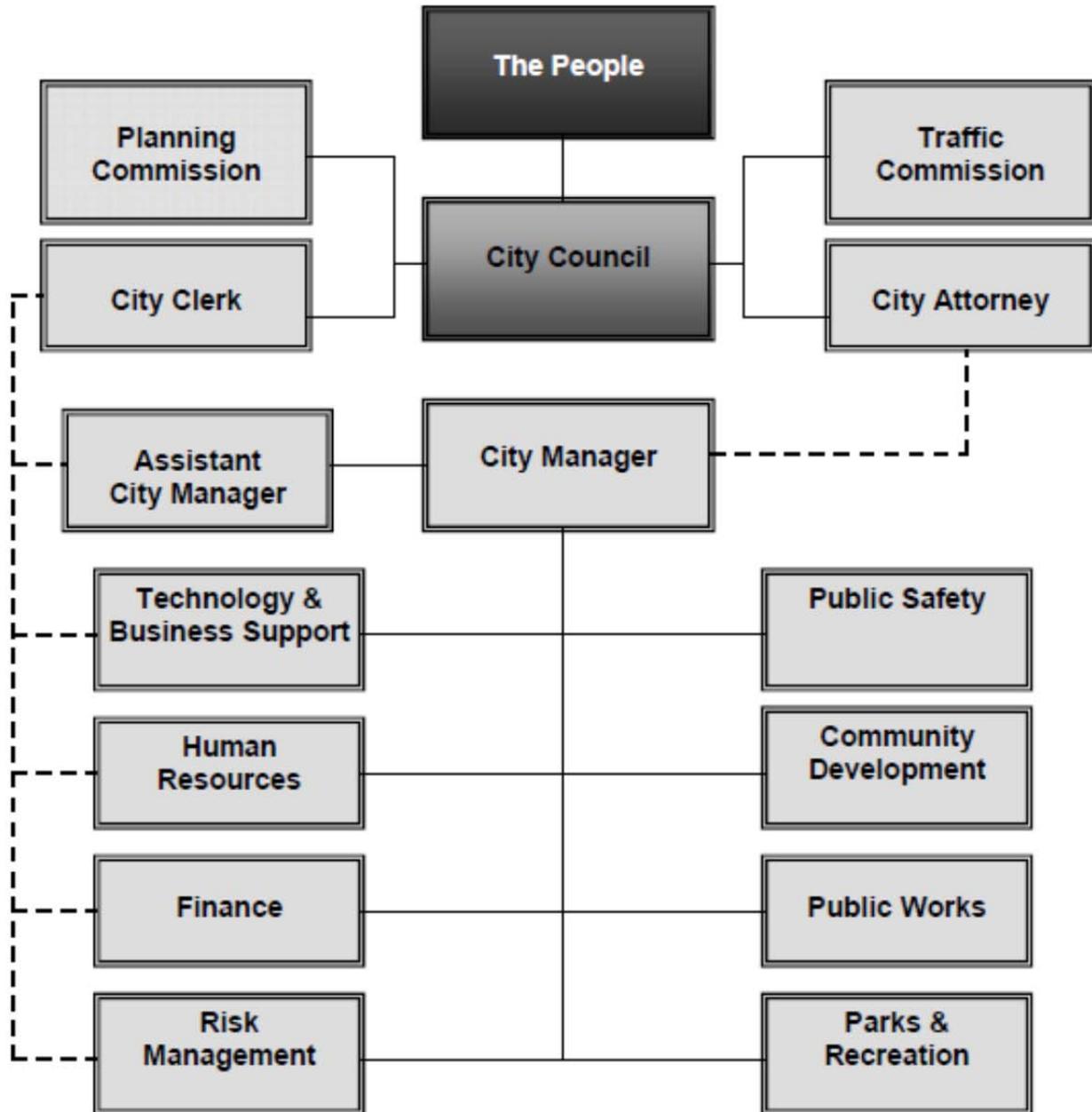
Lt. Ignacio Somoano, Chief of Police

Gloria Molleda, City Clerk/Director of Public Information & Communications

Burke, Williams & Sorensen, LLP, City Attorney

# CITY OF ROSEMEAD

## Function Based Organizational Chart



## **FINANCIAL SECTION**

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

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

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### PARTNERS

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Kirk A. Franks, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Jay H. Zercher, CPA (Partner Emeritus)  
Phillip H. Waller, CPA (Partner Emeritus)

#### DIRECTORS

Bradferd A. Welebir, CPA, MBA

#### MANAGERS / STAFF

Jenny Liu, CPA, MST  
Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA  
Yiann Fang, CPA  
Nathan Statham, CPA, MBA  
Brigitta Bartha, CPA  
Gardenya Duran, CPA  
Juan Romero, CPA  
Ivan Gonzales, CPA, MSA  
Brianna Pascoe, CPA  
Daniel Hernandez, CPA, MBA

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

#### MEMBERS

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### *Change in Accounting Principle*

As discussed in Note 1 of the financial statements, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of funding progress, schedule of the City's proportionate share of the plan's net pension liability and related ratios as of the measurement date, schedule of plan contributions, schedule of changes in net pension liability and related ratios-retirement enhancement plan, schedule of plan contributions-retirement enhancement plan 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and nonmajor fund budgetary comparison schedules are 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015, 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* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Rogers Anderson Malooly & Scott, LLP". The signature is written in black ink and is positioned above the typed name of the firm.

San Bernardino, California  
December 17, 2015

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## 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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report. All amounts, unless otherwise indicated, are in thousands of dollars.

### Financial Highlights

- General Fund fund balance at the end of Fiscal Year 2014-15 has decreased \$1,226,705. This decrease is largely due to a one time expenditure of \$1,846,136 for the purchase of property (land and building) to be used as a City Yard and offset by an increase in revenues over the prior year. Since the downturn in the economy back in 2007-08 the City has worked diligently to reduce expenditures while maintaining programs and service levels. While fund balance has decreased this year, this property expenditure is a one time expenditure to replace and improve our City Yard. The increase in revenues relates mostly to licenses and permit revenues and is a good sign of the economy improving as well as continued development in the City. The City has made difficult decisions over the last several years to live within our means. The City's staff and elected officials are committed to setting aside funds in the good years to ensure reserves are available during the lean years.
- At the end of the *current* fiscal year *unassigned* fund balance for the General Fund was \$10,128,160 or 50 percent of total General Fund expenditures.
- The assets related to Governmental Activities has increased by approximately \$1.2 million due to an increase in capital assets for the acquisition of property.

### Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City of Rosemead's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 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 Successor Agency, 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 15-16 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 14 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, Successor Agency Private Purpose Trust Fund, and Capital Project Fund, all four of which are considered to be major funds. Data from the other 10 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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, Community Development Block Grant Fund, Proposition A Fund, Proposition C Fund, Measure R, State Gas Tax Fund, Air Quality Management District Fund, Street Lighting Fund, HOME Program Fund, Narcotic Forfeiture and Seizure Fund, and City Capital Projects Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-22 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 26-27 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 28-73 of this report. Notes 11 and 12 are new in 2014/15 and replace the prior year footnote for disclosing pension information due to GASB 68 which is a new GASB requirement.

**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 74-81 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 83-103 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position 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 position) by \$66,475,650 at the close of the most recent fiscal year.

A significant portion of the City of Rosemead's net position (78 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.

	Governmental Activities	
	2015	2014
Current and other assets	\$ 24,316	\$ 25,190
Capital assets	52,251	50,145
Total assets	76,567	75,335
Deferred outflows of resources	2,779	-
Long-term liabilities outstanding	8,378	2,123
Other liabilities	3,198	2,691
Total liabilities	11,576	4,814
Deferred inflows of resources	1,294	-
Net position:		
Net investment in capital assets	52,038	50,043
Restricted	3,420	3,110
Unrestricted	11,018	17,368
Total net position	\$ 66,476	\$ 70,521

An additional portion of the City of Rosemead's net position (5.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* - (\$11.0 million) may be used to meet the government's ongoing obligations to citizens and creditors.

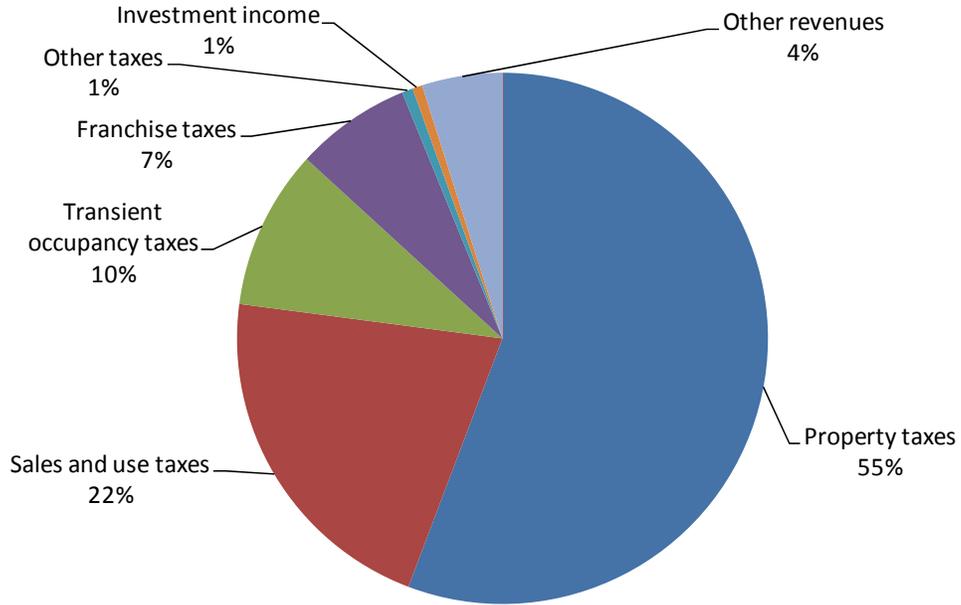
At the end of the current fiscal year, the City of Rosemead is able to report positive net position balances. The situation also held true for the prior fiscal year.

**Governmental activities.** Governmental activities increased the City of Rosemead's net position (as restated) by \$3,633,739. General revenue and program revenue exceeded expenses from the prior year. The expenses decreased in General Government since the GASB 68 was not applicable in the prior year. The decrease in expenses in Public Works was also due to the GASB 68 as well as the reclassification of capital assets from the prior year.

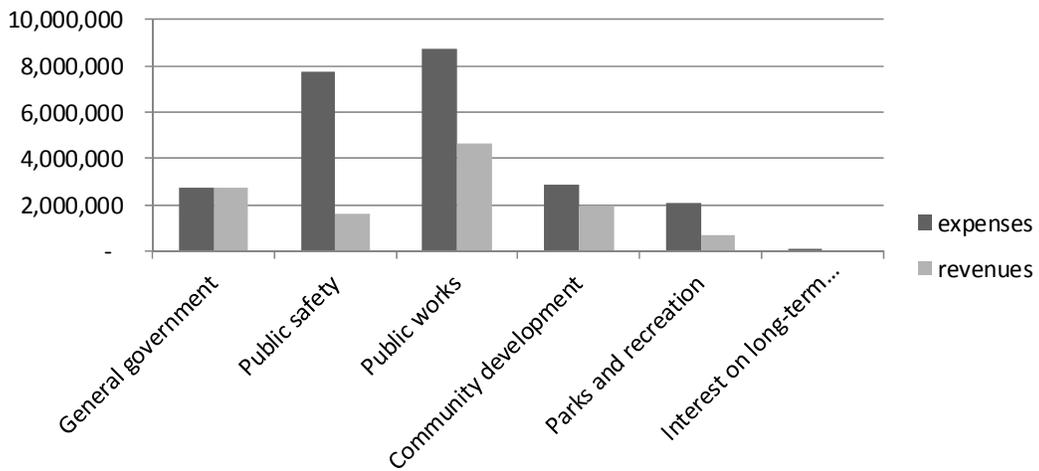
**City of Rosemead's Changes in Net Position**  
**Years Ended June 30, 2015 and 2014**  
**(thousands)**

	Governmental Activities	
	2015	2014
Program revenues:		
Charges for services	\$ 4,542	\$ 3,408
Operating grants and contributions	6,067	6,034
Capital grants and contributions	947	887
General revenues:		
Property taxes	9,034	8,668
Other taxes	6,275	6,405
Investment income	98	216
Intergovernmental, unrestricted	-	-
Other	794	604
Total revenues	27,757	26,222
Expenses:		
General government	2,739	4,271
Public safety	7,748	7,923
Public works	8,704	10,072
Community services	-	-
Community development	2,879	2,853
Parks and recreation	2,050	2,275
Interest on long-term debt	3	6
Total expenses	24,123	27,400
Increase in net position	3,634	(1,178)
Net position - June 30, 2014 (as restated)	62,842	71,699
Net position - June 30, 2015	\$ 66,476	\$ 70,521

## 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 \$18,245,902 a decrease of \$1,368,926 in comparison with the prior year. Approximately 47% of this total amount \$8,484,633 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 \$10,128,160, while total fund balance reached \$16,470,361. 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 50 percent of total general fund expenditures, while total fund balance represents 81 percent of that same amount.

The fund balance of the City of Rosemead's general fund decreased by \$1,226,705 during the current year. Highlights of the change in fund balance are presented below:

- The General Fund expenditures exceeded revenues and therefore, fund balance had a decrease of \$1,226,705. The major increase in expenditures was the \$1,846,136 purchase of property to be used as the City Yard. Additional highlights of the change in fund balance are presented below.
- The increase in expenditures for the property purchase was offset by a \$448,553 decrease in transfers out in the current year. This decrease was the result of less capital improvement projects funded from the General Fund in 2014/15.
- Revenues increased \$765,000 in 2014/15. While property tax increased \$216,000, the largest revenue increase was in Licenses and Permits. This category increased \$538,000 as both building permits and public works permits were up substantially in 2014/15. This substantial increase is result of increased development projects in the City as well as an indication of an improving economy.
- The increase in expenditures in 2014/15 in the Community Development division were a result of additional costs of \$163,000 for professional services to work on the Specific Plan as well as \$224,000 additional costs for building inspections and plan checking. The Specific Plan is intended to enhance the community and stimulate the economy to bring in future revenues. The building inspection and plan checking costs are offset by the additional revenues received.

General Fund Budget Analysis. The City's General Fund collected revenues of slightly more than \$830,000 in comparison to the budgeted estimates or 4.4% more than the budget. This variance resulted from Property Tax increases of \$228,000 which partially resulted from the reallocation of former redevelopment tax increment, Sales Tax increases of \$87,000 which was driven by an improving economy and the opening of some new restaurants and businesses, and increase of \$151,000 in Transient Occupancy Tax from an improving travel industry as well as increased rooms in the DoubleTree Hotel. In addition Licenses and Permit revenue increased almost \$350,000 due to increased development and projects during FY 2014/15. Interest earnings were underestimated by approximately \$5,000 due to end of year changes in market valuation. Shortfalls from budgeted estimates were isolated to grant revenue, primarily due to County grants that were flat as well as Fines and Forfeitures as the revenue from parking citations came in less than the prior year. Planning Fees and Development Review Fees were underestimated by approximately \$15,000 which can be credited to increased development and projects in the City.

The General Fund original expenditure budget was increased by \$650,000. The main contributor to the increase was an increase of \$370,000 for professional services for the Garvey Specific Plan, and the second major adjustment of \$100,000 was to retrofit the Garvey Median. Additional adjustments were made for expenditures such as maintenance on the Garvey Center as well as law enforcement liability cost increases and the cleaning of the homeless camp. Net actual expenditures were \$1,221,736 more than the amended budget largely due to the purchase of the property. General Government underspent by \$225,136 due to Housing Development Corporation obligations being covered by the Successor Agency rather than the General Fund. Public Safety underspent by \$37,887 because of some personnel related costs due to temporary vacancies. Public works also underspent their budget by \$79,366 due to salary savings and less storm drain expenditures. The Community Development Department was slightly over budget by \$16,016 due to higher building inspection costs, however this was due to more projects and was offset by revenues. Parks and Recreation had aggregate savings of \$298,027 largely due to the reduced reliance on part-time staffing and temporary staffing vacancies, larger than anticipated utility savings at the two new aquatic centers and reduced costs for special events. The department also realized some savings due to the reduced participation in programs such as excursions and the senior lunch program.

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 on gasoline. The 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 \$158,000. 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 receives its funding from tenant rents and subsidies from the Successor Agency. As operational costs have continued to increase and tenant rents have remained relatively constant, the reliance on the subsidy from the Successor Agency 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, 2015, amounts to \$52,251,224 (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:

- Purchase of new land and building on River Avenue for City Yard
- Completion of the new public plaza including water features, seating areas and extensive landscaping
- Lighting project at Rosemead Park
- Rosemead Community Recreation Center remodel including new façade and lighting
- Lighting project at Duff School and Garvey Park
- New catch basins on Rose Street
- Completed residential resurfacing projects in several neighborhoods
- Installation of new electric vehicle charging stations at City Hall parking lot

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

	Governmental Activities	
	2015	2014
Land	\$ 4,417	\$ 2,912
Buildings	13,819	13,937
Improvements other than Buildings	363	335
Machinery and equipment	92	102
Autos and trucks	239	252
Furniture and office equipment	302	360
Infrastructure	30,851	31,240
Construction in progress	2,168	1,007
<b>Total</b>	<b>\$ 52,251</b>	<b>\$ 50,145</b>

Additional information on the City of Rosemead's capital assets can be found in note No. 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 for the Rosemead Community Development Commission had total bonded debt outstanding of \$37,965,000. 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	
	2015	2014
Tax Allocation Bonds	\$ 37,965	\$ 39,885

- The Successor Agency's total bonded debt decreased by \$1,920,000 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 No. 8, Changes in Long-Term Liabilities found on page No. 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 General Fund revenue increases in FY 2014-15. Both Sales Tax and Property Tax revenues have shown modest increases and are projected to continue in a slow but steady growth pattern. In addition the Licenses and Permits revenue increased substantially due to increased growth and development in the City.

- During the 2012/13 fiscal year, the City received the Finding of Completion from the State's Department of Finance, which was the final step needed to utilize approximately \$7 million in tax increment bond proceeds from the former redevelopment agency. During FY 2014-15, the City has included capital improvement project funding from these bond proceeds in order to complete several projects that were either started in the prior year or have been on hold for more than two years. These projects included the Rosemead Community Recreation Center Expansion and Downtown Plaza as well as the Rosemead Park Improvements. Progress was made on all of these projects during 2014/15 and should be completed by the end of the 2015/16 fiscal year.

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

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# City of Rosemead

## Statement of Net Position Government-wide Financial Statement June 30, 2015

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	Governmental Activities
<b>ASSETS</b>	
Cash and investments (note 2)	\$ 19,310,760
Receivables:	
Accounts	2,405,976
Interest	36,244
Loans (note 3)	398,628
Due from Successor Agency (note 6)	330,715
Prepaid expenses	143,560
OPEB asset (note 9)	1,690,389
Capital assets (note 7):	
Land	4,417,104
Construction in progress	2,167,976
Other capital assets, net	45,666,144
	<hr/>
Total assets	76,567,496
	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related (note 11,12)	2,779,044
	<hr/>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	2,857,142
Accrued salaries and benefits	173,192
Retentions payable	167,945
Non-current liabilities (note 8):	
Due within one year	452,032
Due in more than one year	7,926,387
	<hr/>
Total liabilities	11,576,698
	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related (note 11,12)	1,294,192
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	52,038,429
Restricted for:	
Public safety	13,126
Public works	3,205,691
Community service	200,251
Unrestricted	11,018,153
	<hr/>
Total net position	\$ 66,475,650
	<hr/>

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

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# City of Rosemead

## Statement of Activities Government-wide Financial Statement For the year ended June 30, 2015

	Expenses	Program Revenues		Governmental Activities	Net (expense) revenue and changes in net position
		Charges for Services	Operating Contributions and Grants		
Governmental activities:					
General government	\$ 2,739,281	\$ 777,667	\$ 1,947,624	\$ -	\$ (13,990)
Public safety	7,747,949	627,027	-	946,505	(6,174,417)
Public works	8,703,817	575,494	4,051,837	-	(4,076,486)
Community development	2,879,028	1,847,885	67,672	-	(963,471)
Parks and recreation	2,049,540	713,484	-	-	(1,336,056)
Interest and other charges	3,198	-	-	-	(3,198)
<b>Total governmental activities</b>	<b>\$ 24,122,813</b>	<b>\$ 4,541,557</b>	<b>\$ 6,067,133</b>	<b>\$ 946,505</b>	<b>(12,567,618)</b>
General revenues:					
Taxes:					
Property taxes					7,846,955
Sales and use taxes					3,452,605
Property taxes in lieu of sales and use taxes					1,187,186
Transient occupancy taxes					1,575,401
Franchise taxes					1,139,934
Other taxes					108,007
Investment income					97,589
Other					793,680
Total general revenues					16,201,357
Change in net position					3,633,739
Net position, beginning of year, as restated (see note 18)					62,841,911
Net position, end of year					\$ 66,475,650

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

# City of Rosemead

## Balance Sheet Governmental Funds June 30, 2015

	General	Special Revenue Rosemead Housing Development Corporation	Capital Projects  City
<b>ASSETS</b>			
Cash and investments (note 2)	\$ 15,409,766	\$ 193,514	\$ -
Receivables:			
Accounts	1,428,878	11,907	783,122
Interest	36,244	-	-
Loans (note 3)	398,628	-	-
Prepaid items	143,560	-	-
Due from other funds (note 5)	1,327,434	-	-
Due from Successor Agency (note 6)	-	-	330,715
<b>Total assets</b>	<b>\$ 18,744,510</b>	<b>\$ 205,421</b>	<b>\$ 1,113,837</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	1,776,372	\$ 39,220	\$ 748,585
Accrued salaries and benefits	133,401	-	5,675
Retention payable	-	-	167,945
Due to other funds (note 5)	18,602	-	861,414
<b>Total liabilities</b>	<b>1,928,375</b>	<b>39,220</b>	<b>1,783,619</b>
Deferred inflows of resources:			
Deferred loans	227,086	-	-
Unavailable revenues	118,688	-	500,890
<b>Total deferred inflows of resources</b>	<b>345,774</b>	<b>-</b>	<b>500,890</b>
Fund balances:			
Nonspendable	143,560	-	-
Restricted for:			
Public safety	-	-	-
Public works	-	-	-
Community services	-	-	-
Low and moderate income housing	-	166,201	-
Committed	6,120,361	-	-
Assigned	78,280	-	-
Unassigned	10,128,160	-	(1,170,672)
<b>Total fund balances (deficit)</b>	<b>16,470,361</b>	<b>166,201</b>	<b>(1,170,672)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 18,744,510</b>	<b>\$ 205,421</b>	<b>\$ 1,113,837</b>

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

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Total Nonmajor Governmental Funds		Total Governmental Funds	
\$	3,368,086	\$	18,971,366
	182,069		2,405,976
	-		36,244
	-		398,628
	-		143,560
	18,602		1,346,036
	-		330,715
<u>\$</u>	<u>3,568,757</u>	<u>\$</u>	<u>23,632,525</u>

\$	288,609	\$	2,852,786
	34,116		173,192
	-		167,945
	466,020		1,346,036
<u></u>	<u>788,745</u>	<u></u>	<u>4,539,959</u>

	-		227,086
	-		619,578
<u></u>	<u>-</u>	<u></u>	<u>846,664</u>

	-		143,560
	13,126		13,126
	3,205,691		3,205,691
	34,050		34,050
	-		166,201
	-		6,120,361
	-		78,280
	(472,855)		8,484,633
<u></u>	<u>2,780,012</u>	<u></u>	<u>18,245,902</u>
<u>\$</u>	<u>3,568,757</u>	<u>\$</u>	<u>23,632,525</u>

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# City of Rosemead

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position Government Funds June 30, 2015

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<b>Fund balances of governmental funds</b>	\$ 18,245,902
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of depreciation, have not been included as financial resources in the governmental fund activity.	
Capital assets (net of Internal Service Funds)	96,043,676
Accumulated depreciation (net of Internal Service Funds)	(44,018,957)
Long-term assets that are not available for current use. Amounts are not reported in the governmental funds.	
OPEB asset	1,690,389
Long term liabilities and compensated absences that have not been included in the governmental fund activity.	
Compensated absences	(682,068)
Retrospective deposits payable	(569,466)
Net pension liability	(7,082,035)
Long-term notes receivable are not current financial resources and, therefore, are deferred in the governmental funds.	227,086
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.	619,578
Deferred inflows and outflows of resources related to pensions are not reported in the governmental funds.	
Net deferred inflows of resources	(1,294,192)
Net deferred outflows of resources	2,779,044
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net position of the internal service funds must be added to the statement of net position.	516,693
<b>Net position of governmental activities</b>	<u>\$ 66,475,650</u>

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

# City of Rosemead

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the year ended June 30, 2015

	General	Special Revenue Rosemead Housing Development Corporation	Capital Projects City
<b>REVENUES</b>			
Taxes	\$ 15,537,262	\$ -	\$ -
Intergovernmental	217,658	425,589	374,376
Licenses and permits	1,846,997	-	-
Charges for services	1,049,812	-	1,002
Fines, forfeitures and penalties	676,830	-	-
Special assessments	-	-	-
Investment income	306,002	428,764	-
Other	108,540	5,534	-
Total revenues	<u>19,743,101</u>	<u>859,887</u>	<u>375,378</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,672,264	-	-
Public safety	7,872,313	-	-
Public works	3,235,934	-	163,760
Community development	1,725,731	824,023	-
Parks and recreation	2,050,473	-	-
Capital outlay	1,846,136	-	3,055,605
Total expenditures	<u>20,402,851</u>	<u>824,023</u>	<u>3,219,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(659,750)</u>	<u>35,864</u>	<u>(2,843,987)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (note 5)	1,865	-	2,398,206
Transfers out (note 5)	(568,820)	-	(1,865)
Total other financing sources (uses)	<u>(566,955)</u>	<u>-</u>	<u>2,396,341</u>
Net change in fund balances	(1,226,705)	35,864	(447,646)
Fund balances (deficit), beginning of year	<u>17,697,066</u>	<u>130,337</u>	<u>(723,026)</u>
Fund balances (deficit), end of year	<u>\$ 16,470,361</u>	<u>\$ 166,201</u>	<u>\$ (1,170,672)</u>

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

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Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 15,537,262
5,150,980	6,168,603
-	1,846,997
87,917	1,138,731
-	676,830
923,538	923,538
20,099	754,865
-	114,074
6,182,534	27,160,900
206,858	3,879,122
284,172	8,156,485
2,948,407	6,348,101
600,486	3,150,240
20,970	2,071,443
22,694	4,924,435
4,083,587	28,529,826
2,098,947	(1,368,926)
33,903	2,433,974
(1,863,289)	(2,433,974)
(1,829,386)	-
269,561	(1,368,926)
2,510,451	19,614,828
\$ 2,780,012	\$ 18,245,902

# City of Rosemead

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government Wide Statement of Activities and Changes in Net Position Government Funds For the year ended June 30, 2015

---

**Net change in fund balances - total governmental funds** \$ (1,368,926)

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 Funds)	4,779,968
Depreciation expense (net of Internal Service Funds)	(2,676,514)

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.

Decrease in OPEB asset	(83,336)
Pension related adjustments	1,556,335

Compensated absences and retrospective deposits payable expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in retrospective deposits payable	758,754
Decrease in compensated absences payable	9,706

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

595,652

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.

62,100

**Change in net position of governmental activities** \$ 3,633,739

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

# City of Rosemead

## Statement of Net Position Internal Service Funds June 30, 2015

---

	<u>Governmental Activities Internal Service Funds</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments (note 2)	\$ 339,394
Total current assets	<u>339,394</u>
Non-current assets:	
Capital assets:	
Other capital assets, net (note 7)	<u>226,505</u>
Total non-current assets	<u>226,505</u>
Total assets	<u>565,899</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	4,356
Lease payable - current (note 8)	<u>44,850</u>
Total current liabilities	<u>49,206</u>
Total liabilities	<u>49,206</u>
<b>NET POSITION</b>	
Net investment in capital assets	181,655
Unrestricted	<u>335,038</u>
Total net position	<u>\$ 516,693</u>

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

# City of Rosemead

## Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the year ended June 30, 2015

---

	Governmental Activities
	<u>Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 303,800
Total operating revenues	<u>303,800</u>
<b>OPERATING EXPENSES</b>	
Contractual services	145,039
Depreciation	<u>93,463</u>
Total operating expenses	<u>238,502</u>
Operating income	<u>65,298</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest expense	<u>(3,198)</u>
Total non-operating revenues (expenses)	<u>(3,198)</u>
Change in net position	62,100
Net position, beginning of year	<u>454,593</u>
Net position, end of year	<u>\$ 516,693</u>

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

# City of Rosemead

## Statement of Cash Flows Internal Service Funds For the year ended June 30, 2015

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	Governmental Activities <u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from users departments	\$ 304,907
Cash payments to suppliers for goods and services	<u>(141,790)</u>
Net cash provided by operating activities	<u>163,117</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on capital lease	(57,651)
Interest paid on capital lease	(3,198)
Cash paid to purchase capital asset	<u>(96,101)</u>
Net cash used for capital and related financing activities	<u>(156,950)</u>
Net increase in cash and investments	6,167
Cash and investments, beginning of year	<u>333,227</u>
Cash and investments, end of year	<u><u>\$ 339,394</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	<u>\$ 65,298</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	93,463
Increase (decrease) in accounts payable	<u>4,356</u>
Total adjustments	<u>97,819</u>
Net cash provided by operating activities	<u><u>\$ 163,117</u></u>

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

# City of Rosemead

## Statement of Fiduciary Net Position Fiduciary Funds June 30, 2015

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	Successor Agency Private-purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and investments (note 2)	\$ 8,854,959	\$ 460,445
Receivables:		
Interest	77,521	-
Notes	1,441,644	-
	<hr/>	<hr/>
Total assets	10,374,124	\$ 460,445
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accounts payable	4,299	\$ -
Deposits payable	-	460,445
Accrued interest payable	353,825	-
Due to City of Rosemead (note 6)	330,715	-
Long-term debt (note 17):		
Due within one year	2,000,022	-
Due in more than one year	35,981,657	-
	<hr/>	<hr/>
Total liabilities	38,670,518	\$ 460,445
	<hr/>	<hr/>
<b>NET POSITION (DEFICIT)</b>		
Held in trust for the Successor Agency	<hr/> (28,296,394)	
	<hr/>	
Total net position (deficit)	\$ (28,296,394)	
	<hr/>	

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

# City of Rosemead

## Statement of Changes in Fiduciary Net Position Fiduciary Funds For the year ended June 30, 2015

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	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS</b>	
Property taxes	\$ 5,521,038
Investment earnings	87,405
Total additions	<u>5,608,443</u>
<b>DEDUCTIONS</b>	
Administrative expenses	3,107,401
Affected taxing entities	1,209,136
Interest expense	<u>1,697,787</u>
Total deductions	<u>6,014,324</u>
Change in net position	(405,881)
Net position (deficit), beginning of period	<u>(27,890,513)</u>
Net position (deficit), end of period	<u><u>\$ (28,296,394)</u></u>

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

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# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 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, solid waste disposal, 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) 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 For the year ended June 30, 2015

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### Note 1: Summary of Significant Accounting Policies (continued)

(a) Reporting Entity, (continued)

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.

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 business-type activities and 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.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 1: Summary of Significant Accounting Policies (continued)

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

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.

#### 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.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 1: Summary of Significant Accounting Policies (continued)

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

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.

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.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 1: Summary of Significant Accounting Policies (continued)

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

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. The agency fund is custodial in nature (assets equal liabilities) and does not involve the recording of City revenues and expenses.

#### (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 Special Revenue Fund. 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.

City Capital Projects Fund - Accounts for financial resources to be used for the acquisition and construction of major capital facilities within the City.

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 For the year ended June 30, 2015

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### Note 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.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 1: Summary of Significant Accounting Policies (continued)

(f) Capital Assets, (continued)

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

The following schedule summarizes capital asset useful lives:

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

(g) Compensated Absences

Vacation 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.

The City allows full-time employees who have earned vacation time an opportunity to have the City buy back up to 40 hours of vacation time per year.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 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 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 For the year ended June 30, 2015

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### Note 1: Summary of Significant Accounting Policies (continued)

(j) Use of Estimates

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

(k) Pension plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Plan Administrators. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications. Copies of the PARS annual financial report may be obtained from PARS, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

PERS-Cost sharing Multiple-Employer Plan:

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

PARS- Single Employer Agent Plan:

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	July 1, 2014 to June 30, 2015

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 1: Summary of Significant Accounting Policies (continued)

(l) Implementation of new GASB pronouncements

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

These pronouncements have been implemented for purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense/expenditures. Information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. Information about the fiduciary net position of the City's Public Agency Retirement Services (PARS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by PARS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Note 2: Cash and Investments

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 19,310,760
Statement of Fiduciary Net Position:	
Cash and investments	<u>9,315,404</u>
Total cash and investments	<u>\$ 28,626,164</u>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 2: Cash and Investments (continued)

Cash and investments as of June 30, 2015 consist of the following:

Deposits with financial institutions	\$ 11,580,656
Investments	17,045,508
	<hr/>
Total cash and investments	<u>\$ 28,626,164</u>

### 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	70%	35%
Banker's Acceptances	Yes	180 days	20%	30%
Commercial Paper	Yes	180 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Medium-Term Notes	Yes	5 years	30%	None
Money Market Mutual Funds	Yes	N/A	20%	10%
Local Agency Investment Funds (LAIF)	Yes	N/A	None	\$50M

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

### Investments Authorized by Debt Agreements

Investments 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.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

### Note 2: Cash and Investments (continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
US Treasury Obligations	5 years	None	None
US Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	10%
Commercial Paper	180 days	10%	10%
Money Market Portfolios	1 year	None	None
Investment Agreements	None	None	None

### 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:

Investment Type	Total	Remaining Maturity		
		12 months or less	13 to 24 months	25 to 60 months
State investment pool	\$ 5,416,231	\$ 5,416,231	\$ -	\$ -
Certificates of deposits	4,648,346	-	500,391	4,147,955
US agency securities	2,722,525	-	-	2,722,525
Medium-term notes	1,991,204	-	-	1,991,204
Held by bond trustee:				
Money market mutual funds	1,704,618	1,704,618	-	-
Certificates of deposit	562,584	562,584	-	-
Total	\$ 17,045,508	\$ 7,683,433	\$ 500,391	\$8,861,684

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

### Note 2: Cash and Investments (continued)

#### 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					Not Rated
			AAA	AA+	AA-	A+	A	
State investment pool	\$ 5,416,231	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,416,231
Certificates of deposits	4,648,346	N/A	-	-	-	-	-	4,648,346
US agency securities	2,722,525	N/A	-	2,722,525	-	-	-	-
Medium-term notes	1,991,204	A	-	232,718	749,433	488,793	520,260	-
Held by bond trustee:								
Money market mutual funds	1,704,618	N/A	1,143,054	-	-	-	-	561,564
Certificates of deposit	562,584	N/A	-	-	-	-	-	562,584
<b>Total</b>	<b>\$17,045,508</b>		<b>\$1,143,054</b>	<b>\$2,955,243</b>	<b>\$749,433</b>	<b>\$ 488,793</b>	<b>\$ 520,260</b>	<b>\$11,188,725</b>

#### 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 Mortgage Corporation	US Agency Securities	\$ 1,239,763
Federal National Mortgage Association	US Agency Securities	\$ 986,643

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 2: Cash and Investments (continued)

#### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2015, 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.

### Note 3: Loans receivable

Loans receivable consisted of the following at June 30, 2015.

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Computer Loans	\$ 7,138	\$ 14,664	\$ (9,201)	\$ 12,601
San Gabriel Valley Water Co. Loan - Phase I	106,990	-	(8,230)	98,760
San Gabriel Valley Water Co. Loan - Phase II	53,496	-	(4,115)	49,381
Rio Honda Community Development Co. Loan	227,086	-	-	227,086
El Monte Cemetary Association Loan	-	12,000	(1,200)	10,800
Total	<u>\$ 394,710</u>	<u>\$ 26,664</u>	<u>\$(22,746)</u>	<u>\$ 398,628</u>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 4: Property Taxes

Property tax revenue is recognized 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

### Note 5: Interfund Transactions

#### Due to/Due From

Due to/due from other funds for the year ending June 30, 2015, consisted of the following:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	City Capital Projects Fund	\$ 861,414
	Nonmajor Governmental Funds	466,020
	Total	<u>1,327,434</u>
Nonmajor Governmental Funds	General Fund	<u>18,602</u>
	Total	<u>\$ 1,346,036</u>

The due to General Fund from various funds was a result of temporary deficit cash balances in those funds. Due to Nonmajor Governmental Funds from General fund represents the City's match portion of HOME funds.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 5: Interfund Transactions (continued)

#### Transfers

Interfund transfers for the year ending June 30, 2015, consisted of the following:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Fund	City Capital Projects Fund	\$ 1,865
		<u>1,865</u>
City Capital Projects Fund	General Fund	550,218
	Nonmajor Governmental Funds	1,847,988
		<u>2,398,206</u>
Nonmajor Governmental Funds	General Fund	18,602
	Nonmajor Governmental Funds	15,301
		<u>33,903</u>
	Total	<u>\$ 2,433,974</u>

Transfers were made to subsidize various programs and capital projects.

### Note 6: Intergovernmental Transactions

#### Due to/Due from Successor Agency

Current intergovernmental receivables and payables balances at June 30, 2015 are as follows:

<u>Due to City</u>	<u>Due from Successor Agency</u>	<u>Amount</u>
Successor Agency	City Capital Projects Fund	\$ 330,715
	Total	<u>\$ 330,715</u>

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

### Note 7: Capital Assets

Capital asset activity was as follows for the year ended June 30, 2015:

<b>Governmental activities:</b>	Beginning balance	Additions	Deletions	Ending balance
Capital assets, not being depreciated:				
Land	\$ 2,912,284	\$ 1,504,820	\$ -	\$ 4,417,104
Construction in progress	1,006,820	2,167,976	(1,006,820)	2,167,976
<b>Total capital assets, not being depreciated</b>	<b>3,919,104</b>	<b>3,672,796</b>	<b>(1,006,820)</b>	<b>6,585,080</b>
Capital assets, being depreciated:				
Buildings	21,656,755	330,323	-	21,987,078
Improvements other than buildings	1,265,700	131,390	-	1,397,090
Machinery and equipment	543,532	22,693	-	566,225
Autos and trucks	1,063,913	96,100	-	1,160,013
Furniture and office equipment	1,485,125	-	-	1,485,125
Infrastructure	61,777,976	1,629,587	-	63,407,563
<b>Total capital assets, being depreciated</b>	<b>87,793,001</b>	<b>2,210,093</b>	<b>-</b>	<b>90,003,094</b>
Less accumulated depreciation for:				
Buildings	(7,719,401)	(448,932)	-	(8,168,333)
Improvements other than buildings	(931,344)	(102,736)	-	(1,034,080)
Machinery and equipment	(441,256)	(33,127)	-	(474,383)
Autos and trucks	(811,852)	(109,587)	-	(921,439)
Furniture and office equipment	(1,125,495)	(57,133)	-	(1,182,628)
Infrastructure	(30,537,625)	(2,018,462)	-	(32,556,087)
<b>Total accumulated depreciation</b>	<b>(41,566,973)</b>	<b>(2,769,977)</b>	<b>-</b>	<b>(44,336,950)</b>
<b>Total capital assets, being depreciated, net</b>	<b>46,226,028</b>	<b>(559,884)</b>	<b>-</b>	<b>45,666,144</b>
<b>Governmental activities capital assets, net of accumulated depreciation</b>	<b>\$50,145,132</b>	<b>\$ 3,112,912</b>	<b>\$(1,006,820)</b>	<b>\$52,251,224</b>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 7: Capital Assets (continued)

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

Governmental activities:	
General government	\$ 40,979
Public safety	27,303
Public works	2,556,930
Community development	14,528
Parks and recreation	130,237
	<hr/>
Total depreciation expense	<u>\$ 2,769,977</u>

### Note 8: Changes in Long-Term Liabilities

Long-term debt consists of the following at June 30, 2015:

<i>Governmental activities:</i>	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Net pension liability (see Note 11,12)	\$ -	\$ 8,331,483	\$ 1,249,448	\$ 7,082,035	\$ -
Computer lease	102,501	-	57,651	44,850	44,850
Retrospective deposit	1,328,220	17,634	776,388	569,466	113,893
Compensated absences	691,774	253,775	263,481	682,068	293,289
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total long-term debt	<u>\$ 2,122,495</u>	<u>\$ 8,602,892</u>	<u>\$ 2,346,968</u>	<u>\$ 8,378,419</u>	<u>\$ 452,032</u>

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

#### 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, 2015 was \$44,850.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 8: Changes in Long-Term Liabilities (continued)

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
2016	\$ 45,637
Subtotal	45,637
Less amount representing interest	(787)
Present value of future lease payments	<u>\$ 44,850</u>

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

	Governmental Activities
Assets:	
Improvements other than buildings	\$ 270,125
Less: accumulated depreciation	(192,945)
Total	<u>\$ 77,180</u>

### JPIA Retrospective Deposit

Liability and workers' compensation coverage are pooled self-insurance programs administered by the California JPIA. Since its inception, the California JPIA, "Authority," has operated under a retrospective funding model for its liability and workers' compensation programs. Retrospective adjustments are based on the ongoing claim development of past coverage periods, and can result in either an additional deposit or a refund. As of June 30, 2015 The City's retrospective deposit payable for the Worker's compensation portion is \$569,466.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 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, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	18
Active plan members	<u>56</u>
Total	<u>74</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 2014-15, the City contributed \$0 to the plan.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 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	\$ 48,431
Interest on net OPEB obligation	(106,424)
Adjustment to annual required contribution	141,329
Annual OPEB cost (expense)	<u>83,336</u>
Contributions made	<u>-</u>
Increase in net OPEB obligation	83,336
Net OPEB obligation (asset)	
beginning of year as restated (see note 18)	<u>(1,773,725)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (1,690,389)</u></u>

The net OPEB asset is reported in the government-wide statements as a separate line item.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$ 332,733	247%	\$ (1,836,982)
6/30/2014	343,442	235%	(2,299,456)
6/30/2015	83,336	0%	(1,690,389)

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### **Note 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, 2015, was determined as part of the January 1, 2014 actuarial valuation. The actuarial cost method used for determining the benefit obligations is the Entry Age Normal 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 6.8% initially, reduced by decrements of 0.3%-0.4% per year to an ultimate rate of 5% after the fifth 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.

### **Note 10: Risk Management**

#### Description of 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 lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 10: Risk Management (continued)

#### Self-Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

#### *Liability*

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies. The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### **Note 10: Risk Management (continued)**

#### Self-Insurance Programs of the Authority, (continued)

##### *Workers' Compensation*

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

#### Purchased Insurance

##### *Pollution Legal Liability Insurance*

The City of Rosemead participates in the pollution legal liability insurance program (formerly called environmental 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 million for the 3-year period from July 1, 2012 through July 1, 2015. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

#### Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2014-15.

As of June 30, 2015 the City had retrospective deposits payable to the Authority in the amount of \$569,466. 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 Position.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 11: Defined Benefit Pension Plans - CalPERS

#### A. General Information about the Pension Plans

##### *Plan Descriptions*

The Plans are cost-sharing, multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report for each plan. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation reports. The actuarial valuation reports and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

##### *Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans operate under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plans' authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 11: Defined Benefit Pension Plans - CalPERS (continued)

#### A. General Information about the Pension Plans (continued)

##### Benefits Provided (continued)

The miscellaneous Tier I, miscellaneous Tier II and miscellaneous PEPRA (miscellaneous plans) provisions and benefits in effect at June 30, 2014 (measurement date) are summarized as follows:

	<u>Miscellaneous Tier I</u>	<u>Miscellaneous Tier II</u>	<u>Miscellaneous PEPRA</u>
	Prior to	From July 1, 2010 to	On or after
Hire date	July 1, 2010	December 31, 2012	January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 to 55&up	50 to 63&up	52 to 67&up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.426 to 2.418	1.0% to 2.5%
Required employee contribution rates	8.000%	7.000%	6.25%
Required employer contribution rates	27.445%	10.781%	10.781%

##### Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by the Miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate for the First Tier is 7.947 percent, and for the Second Tier is 6.891 percent of annual pay, and the average employer's contribution rate is 27.445 percent, and 10.781 percent of annual payroll.

Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2014 for the Plans are \$910,753. Employer Paid Member Contributions for the measurement period ended June 30, 2014 for the Plans are \$267,212, or an average rate of 5.806 percent of annual payroll. The actual employer payments of \$910,753 made to CalPERS by the City during the measurement period ended June 30, 2014 differed from the City's proportionate share of the employer's contributions of \$482,611 by \$428,142, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 11: Defined Benefit Pension Plans - CalPERS (continued)

#### B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

#### **Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous Plans
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate <sup>(2)</sup>	7.50%
Inflation	2.75%
Salary Increases <sup>(1)</sup>	3.30% - 14.20%
Investment Rate of Return <sup>(2)</sup>	7.50%
Mortality Rate Table <sup>(3)</sup>	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investments and administrative expenses, includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 11: Defined Benefit Pension Plans - CalPERS (continued)

#### B. Net Pension Liability (continued)

##### **Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. Refer to the *sensitivity of the net pension liability to changes in the discount rate* section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 11: Defined Benefit Pension Plans - CalPERS (continued)

#### B. Net Pension Liability (continued)

##### Discount Rate (continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10<sup>1</sup></u>	<u>Real Return Years 11+<sup>2</sup></u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	<u>100%</u>		

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 11: Defined Benefit Pension Plans - CalPERS (continued)

#### B. Net Pension Liability (continued)

##### Pension Plan Fiduciary Net Position

Information about the pension plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

#### C. Proportionate Share of Net Pension Liability

The following table shows the Plans' proportionate share of the net pension liability over the measurement period.

<b>Miscellaneous Plans</b>	Increase (Decrease)		
	Plan Total		Plan Net
	Pension	Plan Fiduciary	Pension
	Liability	Net Position	Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2013 (VD)	\$ 23,302,460	\$ 15,303,179	\$ 7,999,281
Balance at: 6/30/2014 (MD)	24,689,181	17,846,951	\$ 6,842,230
Net changes during 2013-14	\$ 1,386,721	\$ 2,543,772	\$ (1,157,051)

Valuation Date (VD), Measurement Date (MD).

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 11: Defined Benefit Pension Plans - CalPERS (continued)

#### C. Proportionate Share of Net Pension Liability (continued)

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2014, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website under Forms and Publications, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The City's proportionate share of the net pension liability for the Plans as of June 30, 2013 and 2014 was as follows:

	Plans
Proportionate Share - June 30, 2013	0.24413%
Proportionate Share - June 30, 2014	0.27684%
Change - Increase (Decrease)	0.03271%

#### ***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City's proportionate share of the net pension liability for the Plans as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

Plans	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Net Pension Liability	\$ 10,117,564	\$ 6,842,230	\$ 4,124,014

#### ***Subsequent Events***

There were no subsequent events that would materially affect the results presented in this disclosure.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 11: Defined Benefit Pension Plans - CalPERS (continued)

#### C. *Proportionate Share of Net Pension Liability (continued)*

##### **Recognition of Gains and Losses**

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the Plans for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

#### D. *Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions*

As of the start of the measurement period (July 1, 2013), the net pension liability for the Plans is \$7,999,281, (the net pension liability of the aggregate plans as of June 30, 2013 is \$3,276,668,431).

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

### Note 11: Defined Benefit Pension Plans - CalPERS (continued)

#### D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

For the measurement period ending June 30, 2014 (the measurement date), the City's Plans incurred a pension expense of \$732,414, (the pension expense for the aggregate plans for the measurement period is \$239,824,465). A complete breakdown of the pension expense is as follows:

Description	Miscellaneous Plans		Percentage of Employer's Share
	Risk Pool Amounts	Employer's Share	
Service Cost	\$ 338,829,351	\$ 675,052	0.19923%
Interest on the Total Pension Liability	921,162,366	1,734,637	0.18831%
Recognized Differences between Expected and Actual Experience	-	-	N/A
Recognized Changes of Assumptions	-	-	N/A
Employee Contributions	(159,834,203)	(318,409)	0.19921%
Projected Earnings on Pension Plan Investments	(678,133,636)	(1,140,662)	0.16821%
Recognized Differences between Projected and Actual Earnings on Plan Investments	(182,199,413)	(306,470)	0.16821%
Other Changes in Fiduciary Net Position	-	-	N/A
Recognized Portion of Adjustment due to Differences in Proportions	-	(24,396)	N/A
Recognized Differences Between Contributions and Proportionate Share of Contributions	-	112,669	N/A
<b>Subtotal: Employer's Share of Expense Components</b>	<b>\$ 239,824,465</b>	732,414	0.30540%
Changes of Benefit Terms		-	
<b>Employer's Proportionate Share of Pension Expense</b>		<b>\$ 732,414</b>	

Note: Plan administrative expenses are not displayed in the previous pension expense tables. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the tables, but implicitly included as part of investment earnings

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

### Note 11: Defined Benefit Pension Plans - CalPERS (continued)

#### D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(1,225,883)
Adjustment due to Differences in Proportions	-	(68,309)
Net Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	315,473	-
Pension Contributions Subsequent to Measurement Date	2,371,215	-
<b>Total</b>	<b>\$ 2,686,688</b>	<b>\$ (1,294,192)</b>

These amounts above are net of outflows and inflow recognized in the 2013-14 measurement period expense. \$2,371,215 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
	<b>Miscellaneous Plans</b>
2015	\$ (218,197)
2016	(218,197)
2017	(235,852)
2018	(306,473)
2019	-
Thereafter	-

#### E. Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$13,929 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### **Note 12: Defined Benefit Pension Plans – Retirement Enhancement Plan**

#### **A. General Information about the Pension Plan**

##### ***Plan Description***

The Plan is a single-employer, agent, supplemental employee defined benefit pension plan (the plan II) administered by the Public Agency Retirement Services (PARS) Phase II Systems. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the July 1, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained from the actuarial valuation reports. PARS issues a publicly available financial report that includes financial statement and required supplementary information for the plan II. That report may be obtained writing to PARS, 3961 MacArthur Boulevard, Suite 200, Newport Beach, California, 92660.

##### ***Benefits Provided***

The Retirement Enhancement Plan provides a benefit equal to the PARS "3.0% at 55" plan factor (formula is a static 3.0% at age 55 and older), less the CalPERS "2.7% at 55" plan factors (a static 2.7% at age 55 and older) for all years of full-time continuous City service. The benefit from this plan when added to the CalPERS benefit may not exceed 90% of final compensation.

The Plan includes a pre-retirement death benefit for those eligible employees who die while actively employed with the City and meet the age and service eligibility requirements for a supplemental retirement benefit. The benefit will be paid to a surviving spouse or domestic partner as a life annuity equal to the employee's supplemental retirement benefit actuarially reduced as if the employee had elected a 100% joint-and-survivor annuity.

The Plan is closed to all employees in the eligible classes hired on or after July 1, 2010 ("soft-freeze").

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 12: Defined Benefit Pension Plans – Retirement Enhancement Plan (continued)

#### A. General Information about the Pension Plan (continued)

##### Benefits Provided

The Plan's provisions and benefits in effect at June 30, 2014 (measurement date) are summarized as follows:

	<u>Supplemental</u>
Hire date	On or after September 25, 2007 On or before June 30, 2010
Benefit formula	3% @ 55 less CalPERS 2.7% @55
Benefit vesting schedule	from date of hire
Benefit payments	life only annuity
Retirement age	55
Monthly benefits, as a % of eligible compensation	0.642%
Required employee contribution rates	none
Required employer contribution rates	3.950%

##### Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms:

	<u>Supplemental</u>
Inactive employees or beneficiaries currently receiving benefits	13
Active employees	51
Total	<u>64</u>

##### Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through PARS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the measurement period ended June 30, 2015 (the measurement date), the employer's contribution rate is 8.975 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2015 are \$273,711.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 12: Defined Benefit Pension Plans – Retirement Enhancement Plan (continued)

#### B. Net Pension Liability

The City's net pension liability for the Retirement Enhancement Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

#### **Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

	<u>Supplemental</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	None
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.75%
Salary Increases (1)	3.5% - 12.2%
Investment Rate of Return	6.50%
Cost of Living Adjustment	2.00%
Mortality Rate Table	<b>Pre-retirement:</b> CalPERS Miscellaneous Non-Industrial Rates. <b>Post-retirement:</b> CalPERS 1997-2011 Healthy Retiree Tables(sex distinct) projected using Scale AA and base year of 2008.

(1) Includes inflation. Graded based on years of service, 3.50% after 30 years of service.

#### **Discount rate**

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 12: Defined Benefit Pension Plans – Retirement Enhancement Plan (continued)

#### B. Net Pension Liability (continued)

##### Discount rate

GASB 67 and 68 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the City of Rosemead:

- The City of Rosemead has at least a 5-year history of generally paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution).
- The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.
- GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, the City believes that the detailed depletion date projections outlined in GASB 67 and 68 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Discount rate	6.50%	6.50%
Long-term expected rate of return, net of investment expense	6.50%	6.50%
Municipal bond rate	N/A	N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

### Note 12: Defined Benefit Pension Plans – Retirement Enhancement Plan (continued)

#### B. Net Pension Liability (continued)

##### Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in the City's GASB 68 Employer Accounting Information report. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

#### C. Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
<b>Balances as of June 30, 2014</b>	<b>\$ 3,004,854</b>	<b>\$ 2,672,652</b>	<b>\$ 332,202</b>
<b>Changes for the year:</b>			
• Service Cost	44,112	-	44,112
• Interest on the Total Pension Liability	190,667	-	190,667
• Effect of plan changes	-	-	-
• Effect of economic Demographic gains or Losses	-	-	-
• Effect of assumptions Changes or inputs	-	-	-
• Benefit Payments	(234,960)	(234,960)	-
• Employer contributions	-	273,711	(273,711)
• Member contributions	-	-	-
• Net Investment Income	-	59,329	(59,329)
• Administrative expenses	-	(5,864)	5,864
<b>Net Changes during 2014-15</b>	<b>\$ (181)</b>	<b>\$ 92,216</b>	<b>\$ (92,397)</b>
<b>Balance as of June 30, 2015</b>	<b>\$ 3,004,673</b>	<b>\$ 2,764,868</b>	<b>\$ 239,805</b>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 12: Defined Benefit Pension Plans – Retirement Enhancement Plan (continued)

#### C. Changes in the Net Pension Liability (continued)

##### **Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City of Rosemead Retirement Enhancement Plan, calculated using the discount rate of 6.50%, as well as what the City of Rosemead Retirement Enhancement Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate.

	Discount Rate - 1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate + 1% (7.50%)
Net Pension Liability/(Asset)	\$ 592,656	\$ 239,805	\$ (57,122)

#### **Subsequent Events**

There were no subsequent events that would materially affect the results presented in this disclosure.

#### **Recognition of Gains and Losses**

Investment gains/losses are recognized in pension expense over a period of five years; economic/demographic gains/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

#### **D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

As of the start of the measurement period (July 1, 2014), the net pension liability is \$332,202.

For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension expense of \$88,958 for the Plan. A complete breakdown of the pension expense is as follows:

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 12: Defined Benefit Pension Plans – Retirement Enhancement Plan (continued)

#### D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

Description	<u>Amount</u>
Service Cost	\$ 44,112
Interest on the Total Pension Liability	190,667
Effect of plan changes	-
Administrative expenses	5,864
Member contributions	-
Expected investment return net of investment expenses	(174,774)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	-
Recognition of assumption changes or inputs	-
Recognition of investment gains or losses	<u>23,089</u>
 <b>Total Pension Expense</b>	 <b><u>\$ 88,958</u></b>

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan	92,356	
Pension Contributions Subsequent to Measurement Date	-	-
<b>Total</b>	<b>\$ 92,356</b>	<b>\$ -</b>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 12: Defined Benefit Pension Plans – Retirement Enhancement Plan (continued)

#### D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ 23,089
2017	23,089
2018	23,089
2019	23,089
2020	-
Thereafter	-

#### E. Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$3,706 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

### Note 13: Employees Retirement Plan

#### PARS Alternate Retirement System (ARS) (Plan)

The City currently offers an alternative plan for employees classified as part-time, seasonal or temporary (PST). The plan is administered by the Public Agency Retirement Services (PARS) and is a qualified deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). All amounts of compensation deferred under the plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the plan. Deferred compensation funds are not subject to claims of the City's general creditor; consequently the assets and related liabilities of the plan are not included within the City's financial statements. The City contributes 3.75% percent of the employee's compensation. In addition, each participant is required to contribute 3.75% of their salary. During the current fiscal year, the City contributed \$21,499 to the plan.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 14: 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.

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.

### Note 15: Fund Deficits

The following funds had deficit balances as of June 30, 2015:

Major Governmental Fund:	
City Capital Projects Fund	\$ (1,170,672)
Nonmajor Governmental Funds:	
HOME Program	(401,788)
Proposition C	(71,067)

### Note 16: Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Major Governmental Fund:			
General Fund	\$ 19,181,115	\$ 20,402,851	\$ (1,221,736)
Rosemead Housing Development Corporation	819,800	824,023	(4,223)
Nonmajor Governmenta Funds:			
Proposition C	475,901	546,897	(70,996)

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

### Note 17: Successor Agency

#### Successor Agency Long-Term Debt

The debt of the Successor Agency as of June 30, 2015 is as follows:

<b>Successor Agency:</b>	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Bonds:					
Tax Allocation Bonds, Series 2006A	\$ 6,905,000	\$ -	\$ 1,035,000	\$ 5,870,000	\$ 1,090,000
Tax Allocation Bonds, Series 2006B	23,470,000	-	85,000	23,385,000	90,000
Tax Allocation Bonds, Series 2010A	9,510,000	-	800,000	8,710,000	815,000
Subtotal bonds	39,885,000	-	1,920,000	37,965,000	1,995,000
Deferred amounts:					
Unamortized bond premiums	158,415	-	19,802	138,613	19,802
Discount on issuance	(136,714)	-	(14,780)	(121,934)	(14,780)
Total bonds	39,906,701	-	1,925,022	37,981,679	2,000,022
Total long-term debt	<u>\$ 39,906,701</u>	<u>\$ -</u>	<u>\$ 1,925,022</u>	<u>\$ 37,981,679</u>	<u>\$ 2,000,022</u>

Future debt service requirements are as follows:

Fiscal years ending June 30,	Principal	Interest
2016	\$ 1,995,000	\$ 1,635,578
2017	2,085,000	1,545,190
2018	2,180,000	1,453,347
2019	2,265,000	1,360,306
2020	2,365,000	1,261,152
2021-2025	11,550,000	4,676,862
2026-2030	7,850,000	2,646,263
2031-2034	7,675,000	701,953
Totals	<u>\$ 37,965,000</u>	<u>\$ 15,280,651</u>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### **Note 17: Successor Agency (continued)**

#### Successor Agency Long-Term Debt, (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, 2015 was \$138,613. As of June 30, 2015 the outstanding balance was \$5,870,000.

##### 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, 2015 the outstanding balance was \$23,385,000.

##### 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, 2015, the balance held in the reserve account was \$1,134,427. As of June 30, 2015 the outstanding balance was \$8,710,000.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2015

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### Note 18: Prior year restatements

#### *Change in Accounting Principle*

As discussed in Note 1, the City implemented GASB Statement No. 68 effective July 1, 2014. GASB 68, among other provisions, amended prior guidance with respect to the reporting of pensions. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the City's net pension liability was not previously recorded on the statement of net position. GASB 68 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements.

Accordingly, beginning net position on the Statement of Activities has been restated for changes related to GASB 68.

#### *Error Correction*

A restatement of \$525,731 was needed to correct beginning net position due to an error in previous years relating to the OPEB asset. Health insurance premiums paid by the City in previous years were considered as contributions; however, the City was reimbursed from the PARS trust for these contributions, which resulted in reduction of the OPEB asset. The error overstated the OPEB asset at June 30, 2014.

A summary of the effects of the restatements are as follows:

#### Government Wide Statement of Activities

Beginning net position, as previously reported	\$	70,521,160
Restatement due to change in accounting principle		(7,153,518)
Restatement due to error correction		(525,731)
Beginning net position, as previously restated	\$	<u>62,841,911</u>

## **Required Supplementary Information**

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# City of Rosemead

## Notes to the Required Supplementary Information Fiscal Year Ended June 30, 2015

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### **Note 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

## Required Supplementary Information Budgetary Comparison Schedule General Fund Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 15,054,050	\$ 15,054,050	\$ 15,537,262	\$ 483,212
Intergovernmental	187,700	270,050	217,658	(52,392)
Licenses and permits	1,225,000	1,497,000	1,846,997	349,997
Charges for services	1,040,950	1,045,940	1,049,812	3,872
Fines, forfeitures and penalties	677,800	698,700	676,830	(21,870)
Investment income	311,000	311,000	306,002	(4,998)
Other	36,200	36,200	108,540	72,340
Total revenues	18,532,700	18,912,940	19,743,101	830,161
<b>EXPENDITURES</b>				
Current:				
General government	3,887,400	3,897,400	3,672,264	225,136
Public safety	7,873,200	7,910,200	7,872,313	37,887
Public works	3,108,300	3,315,300	3,235,934	79,366
Community development	1,313,900	1,709,715	1,725,731	(16,016)
Park and recreation	2,348,500	2,348,500	2,050,473	298,027
Capital outlay	-	-	1,846,136	(1,846,136)
Total expenditures	18,531,300	19,181,115	20,402,851	(1,221,736)
Excess (deficiency) of revenues over (under) expenditures	1,400	(268,175)	(659,750)	(391,575)
Other financing sources (uses):				
Transfers in	-	-	1,865	1,865
Transfers out	(640,000)	(640,000)	(568,820)	71,180
Total other financing sources (uses)	(640,000)	(640,000)	(566,955)	73,045
Net change in fund balance	(638,600)	(908,175)	(1,226,705)	(318,530)
Fund balance, beginning of year	17,697,066	17,697,066	17,697,066	-
Fund balance, end of year	\$ 17,058,466	\$ 16,788,891	\$ 16,470,361	\$ (318,530)

# City of Rosemead

## Required Supplementary Information

### Budgetary Comparison Schedule

#### Rosemead Housing Development Corporation - Special Revenue Fund

Fiscal Year Ended June 30, 2015

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	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 425,589	\$ 425,589
Investment income	418,500	418,500	428,764	10,264
Other	6,800	6,800	5,534	(1,266)
Total revenues	425,300	425,300	859,887	434,587
<b>EXPENDITURES</b>				
Current:				
Community development	819,800	819,800	824,023	(4,223)
Total expenditures	819,800	819,800	824,023	(4,223)
Net change in fund balance	(394,500)	(394,500)	35,864	430,364
Fund balance, beginning of year	130,337	130,337	130,337	-
Fund balance, end of year	\$ (264,163)	\$ (264,163)	\$ 166,201	\$ 430,364

# City of Rosemead

## Required Supplementary Information Other Post-Employment Benefits Plan Schedule of Funding Progress

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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%
1/1/2014	2,920,067	3,361,427	(441,360)	115%	3,248,298	-14%

# City of Rosemead

## Required Supplementary Information Schedule of the City's Proportionate Share of the Plan's Net Pension Liability And Related Ratios as of the Measurement Date – Last 10 Years\*

	Measurement Date 6/30/2014	
	<b>Miscellaneous Plans</b>	
Plan's Proportion of the Net Pension Liability <sup>1</sup>		0.10996%
Plan's Proportionate Share of the Net Pension Liability	\$	6,842,230
Plan's Covered-Employee Payroll <sup>2</sup>	\$	4,604,511
Plan's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll		148.60%
Plan's Proportion of the Fiduciary Net Position <sup>3</sup>		0.168%
Plan's Share of Risk Pool Fiduciary Net Position <sup>3</sup>	\$	17,846,951
Plan's Additional Payments to Side Fund During Measurement Period	\$	-
Plan's Proportionate Share of the Fiduciary Net Position ( <i>sum of the two preceding lines</i> )	\$	17,846,951
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability		155.32%
Plan's Proportionate Share of Aggregate Employer Contributions <sup>4</sup>	\$	482,611

<sup>1</sup>Proportion of the Net Pension Liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

<sup>2</sup>Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

<sup>3</sup>The term Fiduciary Net Position (FNP) as used in this line denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all employers' additional side fund contributions made during the measurement period.

<sup>4</sup>The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the Measurement Period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of Fiduciary Net Position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

\* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

# City of Rosemead

## Required Supplementary Information Schedule of Plan Contributions – Last 10 Years\*

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	Measurement Period 2013-2014	
	<b>Miscellaneous Plans</b>	
Actuarially Determined Contribution	\$	910,907
Contributions in Relation to the Actuarially Determined Contribution		(910,907)
Contribution Deficiency (Excess)	\$	-
Covered-Employee Payroll <sup>1</sup>	\$	4,604,511
Contributions as a Percentage of Covered- Employee Payroll		19.78%

<sup>1</sup>Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

\* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

### **Notes to Schedule:**

Change in Benefit Terms: None

Change in Assumptions: None

# City of Rosemead

## Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios – Last 10 Years Retirement Enhancement Plan

Measurement Period	<u>2014-15</u>
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 44,112
Interest	190,667
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	-
Benefit payments	(234,960)
<b>Net Change in Total Pension Liability</b>	<b>(181)</b>
<b>Total Pension Liability - Beginning</b>	<b>3,004,854</b>
<b>Total Pension Liability - Ending (a)</b>	<b><u>\$ 3,004,673</u></b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - Employer	\$ 273,711
Contributions - Employee Paid Member Contributions	-
Contributions - Employee	-
Net Investment Income	59,329
Benefit Payments	(234,960)
Administrative expenses	(5,864)
<b>Net Change in Fiduciary Net Position</b>	<b>92,216</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,672,652</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b><u>\$ 2,764,868</u></b>
<b>Plan Net Position Liability - Ending (a) - (b)</b>	<b><u>\$ 239,805</u></b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	92.02%
<b>Covered-Employee Payroll</b>	<b>\$ 4,152,555</b>
<b>Plan Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	<b>5.77%</b>

\* Measurement period 2014-15 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

### Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from

Changes in Assumptions: The disability, salary scale and pre-retirement mortality assumptions were updated to be consistent with those recommended for CalPERS actuarial valuations of public agency pension plans. These new demographic assumptions are described in the January 2014 experience study of the California Public Employees Retirement System This study used data from 1997 to 2011. the post-retirement mortality was updated to the CalPERS 1997-2011 Healthy Retiree Mortality Tables (sex-distinct) with an assumed base year of 2008 and full generational projections using Scale AA. The inflation assumption was lowered from 3.0% to 2.75% to be consistent with CalPERS economic assumptions.

# City of Rosemead

## Required Supplementary Information Schedule of Plan Contributions – Last 10 Years Retirement Enhancement Plan

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	<b>Measurement Period 2014-15</b>
Actuarially Determined Contribution	\$ 133,267
Contributions in Relation to the Actuarially Determined Contribution	(273,711)
Contribution Deficiency (Excess)	<u>\$ (140,444)</u>
Covered-Employee Payroll	\$ 4,152,555
Contributions as a Percentage of Covered-Employee Payroll	3.21%

\* Measurement period 2014-15 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

### **Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the July 1, 2014 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level dollar, closed periods, 8 years amortization period 0.00% growth rate
Asset Valuation Method	The actuarial value of assets is the market value of assets as provided by Public Agency Retirement Services.
Inflation	2.75%
Salary Increases	Varies by years of Service
Cost of Living Adjustments	2.00%
Investment Rate of Return	6.50%
Retirement Age	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 starting at age 55.
Mortality	Pre-Retirement: Consistent with the Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans. Post-Retirement: CalPERS 1997-2001 Healthy Retiree Mortality Tables (sex-distinct) with an assumed base year of 2008 and full generational improvements using Scale AA.

## **Other Supplementary Information**

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# City of Rosemead

## Nonmajor Governmental Funds June 30, 2015

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### Special Revenue Funds:

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

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.

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.

Street Lighting Fund - This fund is used to account for monies collected by ad valorem property tax based on \$0.2495 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.

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

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.

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. The City does not present a Budget to Actual schedule for this fund.

# City of Rosemead

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2015

	Special Revenue Funds		
	CDBG Grant	Proposition A	Proposition C
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 414,252	\$ -
Receivables:			
Accounts	135,392	-	-
Due from other funds	-	-	-
	<u>\$ 135,392</u>	<u>\$ 414,252</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 47,650	\$ 48,965	\$ 57,819
Accrued salaries and benefits	15,968	7,212	2,711
Due to other funds	37,724	6,100	10,537
	<u>101,342</u>	<u>62,277</u>	<u>71,067</u>
Fund balances:			
Restricted for:			
Public safety	-	-	-
Public works	-	351,975	-
Community services	34,050	-	-
Unassigned	-	-	(71,067)
	<u>34,050</u>	<u>351,975</u>	<u>(71,067)</u>
Total fund balances	<u>34,050</u>	<u>351,975</u>	<u>(71,067)</u>
Total liabilities and fund balances	<u>\$ 135,392</u>	<u>\$ 414,252</u>	<u>\$ -</u>

State Gas Tax	Air Quality Management District	Street Lighting	Home Program
\$ 755,782	\$ 199,410	\$ 1,757,286	\$ -
8,000	17,600	19,307	1,527
-	-	-	18,602
<u>\$ 763,782</u>	<u>\$ 217,010</u>	<u>\$ 1,776,593</u>	<u>\$ 20,129</u>
\$ 49,085	\$ -	\$ 56,329	\$ 9,448
2,787	-	3,205	810
-	-	-	411,659
<u>51,872</u>	<u>-</u>	<u>59,534</u>	<u>421,917</u>
-	-	-	-
711,910	217,010	1,717,059	-
-	-	-	-
-	-	-	(401,788)
<u>711,910</u>	<u>217,010</u>	<u>1,717,059</u>	<u>(401,788)</u>
<u>\$ 763,782</u>	<u>\$ 217,010</u>	<u>\$ 1,776,593</u>	<u>\$ 20,129</u>

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# City of Rosemead

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2015

	Special Revenue Funds			Totals
	Narcotics Seizure	Measure R	Local Transportation	
<b>ASSETS</b>				
Cash and investments	\$ 12,883	\$ 228,473	\$ -	\$ 3,368,086
Receivables:				
Accounts	243	-	-	182,069
Due from other funds	-	-	-	18,602
	<u>\$ 13,126</u>	<u>\$ 228,473</u>	<u>\$ -</u>	<u>\$ 3,568,757</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 19,313	\$ -	\$ 288,609
Accrued salaries and benefits	-	1,423	-	34,116
Due to other funds	-	-	-	466,020
Total liabilities	-	20,736	-	788,745
Fund balances:				
Restricted for:				
Public safety	13,126	-	-	13,126
Public works	-	207,737	-	3,205,691
Community services	-	-	-	34,050
Unassigned	-	-	-	(472,855)
Total fund balances	13,126	207,737	-	2,780,012
Total liabilities and fund balances	<u>\$ 13,126</u>	<u>\$ 228,473</u>	<u>\$ -</u>	<u>\$ 3,568,757</u>

# City of Rosemead

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the year ended June 30, 2015

	Special Revenue Funds		
	CDBG Grant	Proposition A	Proposition C
<b>REVENUES</b>			
Intergovernmental	\$ 773,419	\$ 1,035,783	\$ 800,703
Charges for services	14,774	28,344	44,799
Special assessments	-	-	-
Investment income	-	1,976	1,088
<b>Total revenues</b>	<b>788,193</b>	<b>1,066,103</b>	<b>846,590</b>
<b>EXPENDITURES</b>			
Current:			
General government	5,285	153,590	-
Public safety	259,838	-	22,674
Public works	-	800,897	524,223
Community development	500,189	-	-
Parks and recreation	20,970	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>786,282</b>	<b>954,487</b>	<b>546,897</b>
Excess (deficiency) of revenues over (under) expenditures	1,911	111,616	299,693
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(437,500)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(437,500)</b>
<b>Net change in fund balances</b>	<b>1,911</b>	<b>111,616</b>	<b>(137,807)</b>
Fund balances (deficit), beginning of year	32,139	240,359	66,740
Fund balances (deficit), end of year	<b>\$ 34,050</b>	<b>\$ 351,975</b>	<b>\$ (71,067)</b>

State Gas Tax	Air Quality Management District	Street Lighting	Home Program
\$ 1,623,998	\$ 67,672	\$ -	\$ 149,807
-	-	-	-
-	-	923,538	-
4,032	973	10,010	-
<u>1,628,030</u>	<u>68,645</u>	<u>933,548</u>	<u>149,807</u>
2,027	-	10,759	-
-	-	-	-
694,262	-	727,298	-
-	-	-	100,297
-	-	-	-
-	22,694	-	-
<u>696,289</u>	<u>22,694</u>	<u>738,057</u>	<u>100,297</u>
931,741	45,951	195,491	49,510
15,301	-	-	18,602
(552,106)	-	(412,033)	-
<u>(536,805)</u>	<u>-</u>	<u>(412,033)</u>	<u>18,602</u>
394,936	45,951	(216,542)	68,112
<u>316,974</u>	<u>171,059</u>	<u>1,933,601</u>	<u>(469,900)</u>
<u>\$ 711,910</u>	<u>\$ 217,010</u>	<u>\$ 1,717,059</u>	<u>\$ (401,788)</u>

# City of Rosemead

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the year ended June 30, 2015

	Special Revenue Funds			Totals
	Narcotics Seizure	Measure R	Local Transportation	
<b>REVENUES</b>				
Intergovernmental	\$ 243	\$ 599,355	\$ 100,000	\$ 5,150,980
Charges for services	-	-	-	87,917
Special assessments	-	-	-	923,538
Investment income	68	1,952	-	20,099
<b>Total revenues</b>	<b>311</b>	<b>601,307</b>	<b>100,000</b>	<b>6,182,534</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	35,197	-	206,858
Public safety	1,660	-	-	284,172
Public works	-	201,727	-	2,948,407
Community development	-	-	-	600,486
Parks and recreation	-	-	-	20,970
Capital outlay	-	-	-	22,694
<b>Total expenditures</b>	<b>1,660</b>	<b>236,924</b>	<b>-</b>	<b>4,083,587</b>
Excess (deficiency) of revenues over (under) expenditures	(1,349)	364,383	100,000	2,098,947
Other financing sources (uses):				
Transfers in	-	-	-	33,903
Transfers out	-	(361,650)	(100,000)	(1,863,289)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(361,650)</b>	<b>(100,000)</b>	<b>(1,829,386)</b>
<b>Net change in fund balances</b>	<b>(1,349)</b>	<b>2,733</b>	<b>-</b>	<b>269,561</b>
Fund balances (deficit), beginning of year	14,475	205,004	-	2,510,451
Fund balances (deficit), end of year	\$ 13,126	\$ 207,737	\$ -	\$ 2,780,012

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual Community Development Block Grant For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 898,200	\$ 773,419	\$ (124,781)
Charges for services	12,400	14,774	2,374
Total revenues	<u>910,600</u>	<u>788,193</u>	<u>(122,407)</u>
<b>EXPENDITURES</b>			
Current:			
General government	5,200	5,285	(85)
Public safety	256,700	259,838	(3,138)
Community development	599,600	500,189	99,411
Parks and recreation	45,800	20,970	24,830
Total expenditures	<u>907,300</u>	<u>786,282</u>	<u>121,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,300</u>	<u>1,911</u>	<u>(1,389)</u>
Net change in fund balance	3,300	1,911	(1,389)
Fund balance, beginning of year	<u>32,139</u>	<u>32,139</u>	<u>-</u>
Fund balance, end of year	<u>\$ 35,439</u>	<u>\$ 34,050</u>	<u>\$ (1,389)</u>

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual Proposition A For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 937,000	\$ 1,035,783	\$ 98,783
Charges for services	30,000	28,344	(1,656)
Investment income	-	1,976	1,976
	<u>967,000</u>	<u>1,066,103</u>	<u>99,103</u>
<b>EXPENDITURES</b>			
Current:			
General government	160,100	153,590	6,510
Public works	837,600	800,897	36,703
	<u>997,700</u>	<u>954,487</u>	<u>43,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,700)</u>	<u>111,616</u>	<u>142,316</u>
Net change in fund balance	(30,700)	111,616	142,316
Fund balance, beginning of year	<u>240,359</u>	<u>240,359</u>	<u>-</u>
Fund balance, end of year	<u>\$ 209,659</u>	<u>\$ 351,975</u>	<u>\$ 142,316</u>

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual Proposition C For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 778,000	\$ 800,703	\$ 22,703
Charges for services	30,000	44,799	14,799
Investment income	-	1,088	1,088
Total revenues	<u>808,000</u>	<u>846,590</u>	<u>38,590</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	17,700	22,674	(4,974)
Public works	458,201	524,223	(66,022)
Total expenditures	<u>475,901</u>	<u>546,897</u>	<u>(70,996)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>332,099</u>	<u>299,693</u>	<u>(32,406)</u>
Other financing sources (uses):			
Transfers out	<u>(350,000)</u>	<u>(437,500)</u>	<u>(87,500)</u>
Total other financing sources (uses)	<u>(350,000)</u>	<u>(437,500)</u>	<u>(87,500)</u>
Net change in fund balance	(17,901)	(137,807)	(119,906)
Fund balance, beginning of year	<u>66,740</u>	<u>66,740</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 48,839</u>	<u>\$ (71,067)</u>	<u>\$ (119,906)</u>

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual State Gas Tax For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	1,442,700	\$ 1,623,998	\$ 181,298
Investment income	-	4,032	4,032
Charges for services	7,500	-	(7,500)
	<u>1,450,200</u>	<u>1,628,030</u>	<u>177,830</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	2,027	(2,027)
Public works	790,500	694,262	96,238
	<u>790,500</u>	<u>696,289</u>	<u>94,211</u>
Excess (deficiency) of revenues over (under) expenditures	<u>659,700</u>	<u>931,741</u>	<u>272,041</u>
Other financing sources (uses):			
Transfers in	-	15,301	15,301
Transfers out	(750,000)	(552,106)	197,894
	<u>(750,000)</u>	<u>(536,805)</u>	<u>213,195</u>
Net change in fund balance	(90,300)	394,936	485,236
Fund balance, beginning of year	<u>316,974</u>	<u>316,974</u>	<u>-</u>
Fund balance, end of year	<u>\$ 226,674</u>	<u>\$ 711,910</u>	<u>\$ 485,236</u>

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual Air Quality Management District For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 66,000	\$ 67,672	\$ 1,672
Investment income	-	973	973
	<u>66,000</u>	<u>68,645</u>	<u>2,645</u>
Total revenues	<u>66,000</u>	<u>68,645</u>	<u>2,645</u>
<b>EXPENDITURES</b>			
Current:			
Capital outlay	<u>50,000</u>	<u>22,694</u>	<u>27,306</u>
Total expenditures	<u>50,000</u>	<u>22,694</u>	<u>27,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,000</u>	<u>45,951</u>	<u>29,951</u>
Net change in fund balance	16,000	45,951	29,951
Fund balance, beginning of year	<u>171,059</u>	<u>171,059</u>	-
Fund balance, end of year	<u>\$ 187,059</u>	<u>\$ 217,010</u>	<u>\$ 29,951</u>

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual Street Lighting For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Special assessments	\$ 785,000	\$ 923,538	\$ 138,538
Investment income	-	10,010	10,010
Total revenues	<u>785,000</u>	<u>933,548</u>	<u>148,548</u>
<b>EXPENDITURES</b>			
Current:			
General government	12,200	10,759	1,441
Public works	<u>778,601</u>	<u>727,298</u>	<u>51,303</u>
Total expenditures	<u>790,801</u>	<u>738,057</u>	<u>52,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,801)</u>	<u>195,491</u>	<u>201,292</u>
Other financing sources (uses):			
Transfers out	<u>(525,000)</u>	<u>(412,033)</u>	<u>112,967</u>
Total other financing sources (uses)	<u>(525,000)</u>	<u>(412,033)</u>	<u>112,967</u>
Net change in fund balance	(530,801)	(216,542)	314,259
Fund balance, beginning of year	<u>1,933,601</u>	<u>1,933,601</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,402,800</u>	<u>\$ 1,717,059</u>	<u>\$ 314,259</u>

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual HOME Program For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 795,600	\$ 149,807	\$ (645,793)
Total revenues	795,600	149,807	(645,793)
<b>EXPENDITURES</b>			
Current:			
Community development	795,400	100,297	695,103
Total expenditures	795,400	100,297	695,103
Excess (deficiency) of revenues over (under) expenditures	200	49,510	49,310
Other financing sources (uses):			
Transfers in	-	18,602	18,602
Total other financing sources (uses)	-	18,602	18,602
Net change in fund balance	200	68,112	67,912
Fund balance (deficit), beginning of year	(469,900)	(469,900)	-
Fund balance (deficit), end of year	<u>\$ (469,700)</u>	<u>\$ (401,788)</u>	<u>\$ 67,912</u>

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual Narcotics Seizure For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 243	\$ 243
Investment income	-	68	68
Total revenues	-	311	311
Expenditures:			
Current:			
Public safety	5,000	1,660	3,340
Total expenditures	5,000	1,660	3,340
Net change in fund balance	(5,000)	(1,349)	3,651
Fund balance, beginning of year	14,475	14,475	-
Fund balance, end of year	<u>\$ 9,475</u>	<u>\$ 13,126</u>	<u>\$ 3,651</u>

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual Measure R For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 581,000	\$ 599,355	\$ 18,355
Investment income	-	1,952	1,952
Total revenues	581,000	601,307	20,307
<b>EXPENDITURES</b>			
Current:			
General government	42,200	35,197	7,003
Public works	211,900	201,727	10,173
Total expenditures	254,100	236,924	17,176
Excess (deficiency) of revenues over (under) expenditures	326,900	364,383	37,483
Other financing sources (uses):			
Transfers out	(250,000)	(361,650)	(111,650)
Total other financing sources (uses)	(250,000)	(361,650)	(111,650)
Net change in fund balance	76,900	2,733	(74,167)
Fund balance, beginning of year	205,004	205,004	-
Fund balance, end of year	\$ 281,904	\$ 207,737	\$ (74,167)

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual City Capital Project – Major Fund For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 1,150,000	\$ 374,376	\$ (775,624)
Charges for services	-	1,002	1,002
Total revenues	<u>1,150,000</u>	<u>375,378</u>	<u>(774,622)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	201,300	163,760	37,540
Capital outlay	<u>5,682,500</u>	<u>3,055,605</u>	<u>2,626,895</u>
Total expenditures	<u>5,883,800</u>	<u>3,219,365</u>	<u>2,664,435</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,733,800)</u>	<u>(2,843,987)</u>	<u>1,889,813</u>
Other financing sources (uses):			
Transfers in	4,640,000	2,398,206	(2,241,794)
Transfers out	<u>-</u>	<u>(1,865)</u>	<u>(1,865)</u>
Total other financing sources (uses)	<u>4,640,000</u>	<u>2,396,341</u>	<u>(2,243,659)</u>
Net change in fund balance	(93,800)	(447,646)	(353,846)
Fund balance (deficit), beginning of year	<u>(723,026)</u>	<u>(723,026)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (816,826)</u>	<u>\$ (1,170,672)</u>	<u>\$ (353,846)</u>

# City of Rosemead

Internal Service Funds  
June 30, 2015

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## INTERNAL SERVICE FUNDS

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

The City of Rosemead has the following Internal Service Funds:

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

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

# City of Rosemead

## Combining Statement of Net Position Internal Service Funds June 30, 2015

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	Equipment Replacement	Technology Replacement	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 328,003	\$ 11,391	\$ 339,394
Total current assets	328,003	11,391	339,394
Non-current assets:			
Capital assets:			
Other capital assets, net	149,325	77,180	226,505
Total non-current assets	149,325	77,180	226,505
Total assets	477,328	88,571	565,899
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,107	3,249	4,356
Lease payable - current	-	44,850	44,850
Total current liabilities	1,107	48,099	49,206
Total liabilities	1,107	48,099	49,206
<b>NET POSITION</b>			
Net investment in capital assets	149,325	32,330	181,655
Unrestricted	326,896	8,142	335,038
Total net position	\$ 476,221	\$ 40,472	\$ 516,693

# City of Rosemead

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Internal Service Funds For the year ended June 30, 2015

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	Equipment Replacement	Technology Replacement	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 123,000	\$ 180,800	\$ 303,800
Total operating revenues	123,000	180,800	303,800
<b>OPERATING EXPENSES</b>			
Contractual services	-	145,039	145,039
Depreciation	54,874	38,589	93,463
Total operating expenses	54,874	183,628	238,502
Operating income (loss)	68,126	(2,828)	65,298
Non-operating revenues (expenses):			
Interest expense	-	(3,198)	(3,198)
Total non-operating revenues (expenses)	-	(3,198)	(3,198)
Changes in net position	68,126	(6,026)	62,100
Net position, beginning of year	408,095	46,498	454,593
Net position, end of year	\$ 476,221	\$ 40,472	\$ 516,693

# City of Rosemead

## Combining Statement of Cash Flows Internal Service Funds For the year ended June 30, 2015

	Equipment Replacement	Technology Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from users departments	\$ 124,107	\$ 180,800	\$ 304,907
Cash payments to suppliers for goods and services	-	(141,790)	(141,790)
Net cash provided by operating activities	<u>124,107</u>	<u>39,010</u>	<u>163,117</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on capital lease	-	(57,651)	(57,651)
Interest paid on capital lease	-	(3,198)	(3,198)
Cash paid to purchase capital asset	(96,101)	-	(96,101)
Net cash (used for) capital and related financing activities	<u>(96,101)</u>	<u>(60,849)</u>	<u>(156,950)</u>
Net increase (decrease) in cash and investments	28,006	(21,839)	6,167
Cash and investments, beginning of year	<u>299,997</u>	<u>33,230</u>	<u>333,227</u>
Cash and investments, end of year	<u>\$ 328,003</u>	<u>\$ 11,391</u>	<u>\$ 339,394</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 68,126	\$ (2,828)	\$ 65,298
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	54,874	38,589	93,463
Increase (decrease) in accounts payable	1,107	3,249	4,356
Total adjustments	<u>55,981</u>	<u>41,838</u>	<u>97,819</u>
Net cash provided by operating activities	<u>\$ 124,107</u>	<u>\$ 39,010</u>	<u>\$ 163,117</u>

# City of Rosemead

## Statement of Changes in Fiduciary Assets and Liabilities Agency Fund For the year ended June 30, 2015

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	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>Assets</u>				
Cash and investments	\$ 327,515	\$ 343,326	\$ (210,396)	\$ 460,445
Total assets	<u>\$ 327,515</u>	<u>\$ 343,326</u>	<u>\$ (210,396)</u>	<u>\$ 460,445</u>
<u>Liabilities</u>				
Deposits payable	\$ 327,515	\$ 521,445	\$ (388,515)	\$ 460,445
Total liabilities	<u>\$ 327,515</u>	<u>\$ 521,445</u>	<u>\$ (388,515)</u>	<u>\$ 460,445</u>

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## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	104
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant revenue source, property tax.</i>	112
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>	116
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>	122
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>	125

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 Position by Component

#### Last Ten Fiscal Years

(accrual basis of accounting)

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	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Invested in capital assets, net of related debt	13,345,433	10,541,606	12,981,537	11,828,993
Restricted	6,901,454	8,181,231	11,443,583	13,361,249
Unrestricted	<u>30,299,115</u>	<u>35,293,732</u>	<u>27,705,715</u>	<u>24,882,730</u>
Total governmental activities net position	<u>50,546,002</u>	<u>54,016,569</u>	<u>52,130,835</u>	<u>50,072,972</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					
2010	2011	2012	2013	2014	2015
12,712,242	14,760,940	54,010,031	51,132,854	50,042,631	52,038,429
13,199,438	24,806,402	10,870,747	2,829,147	3,110,688	3,419,068
<u>20,489,721</u>	<u>10,748,249</u>	<u>13,688,078</u>	<u>17,724,709</u>	<u>17,367,841</u>	<u>11,018,153</u>
<u>46,401,401</u>	<u>50,315,591</u>	<u>78,568,856</u>	<u>71,686,710</u>	<u>70,521,160</u>	<u>66,475,650</u>

# CITY OF ROSEMEAD

## Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Expenses:				
Governmental activities:				
General government	5,629,316	4,980,519	7,259,587	12,176,877
Public safety	6,065,066	6,618,779	8,043,771	9,081,719
Public works	3,403,699	6,120,563	13,550,042	6,465,355
Public health	51,286	-	-	-
Community services	3,223,843	602,114	669,827	773,374
Community development	-	2,467,842	3,645,207	1,290,108
Parks and recreation	3,959,590	4,178,000	4,078,631	2,030,698
Interest and other charges	1,832,219	2,698,372	1,790,348	1,523,391
Total governmental activities expenses	<u>24,165,019</u>	<u>27,666,189</u>	<u>39,037,413</u>	<u>33,341,522</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	3,288,225	316,849	642,716	547,577
Public safety	900,359	1,598,159	1,547,182	1,512,475
Public works	4,144,733	7,600,778	11,729,725	7,581,801
Community services	814,754	1,403,059	166,118	858,809
Community development	-	3,206,303	1,484,065	621,375
Parks and recreation	337,815	-	36,800	36,000
Total governmental activities program revenues	<u>9,485,886</u>	<u>14,125,148</u>	<u>15,606,606</u>	<u>11,158,037</u>
Net revenues (expenses):				
Governmental activities				
Total net revenues (expenses)	<u>(14,679,133)</u>	<u>(13,541,041)</u>	<u>(23,430,807)</u>	<u>(22,183,485)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	3,915,980	9,121,682	13,181,837	12,288,177
Sales and use taxes	3,525,557	2,501,106	3,747,416	4,589,998
Transient occupancy taxes	1,207,298	1,311,697	1,411,421	1,272,092
Other taxes	1,076,806	713,821	949,007	761,410
Intergovernmental/ in-lieu VLF	2,966,002	-	-	-
Investment income	1,930,059	2,028,128	1,678,791	884,847
Motor vehicle in-lieu, unrestricted	1,290,667	856,701	254,527	195,273
Other general revenues	32,853	478,473	143,748	133,825
Loss on sale of capital assets	-	-	-	-
Transfer to Successor Agency	-	-	-	-
Extraordinary item:				
Gain on dissolution of redevelopment agency	-	-	-	-
Total governmental activities	<u>15,945,222</u>	<u>17,011,608</u>	<u>21,366,747</u>	<u>20,125,622</u>
Changes in net position				
Governmental activities				
Total primary government	<u>\$ 1,266,089</u>	<u>\$ 3,470,567</u>	<u>\$ (2,064,060)</u>	<u>\$ (2,057,863)</u>

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
5,991,796	3,160,306	3,989,359	3,381,686	4,271,354	2,739,281
8,879,854	8,881,926	7,517,101	7,791,073	7,923,316	7,747,949
11,469,614	11,907,245	11,588,278	11,717,276	10,072,081	8,703,817
-	-	-	-	-	-
589,650	595,904	-	-	-	-
2,141,218	3,969,502	4,080,294	2,616,531	2,853,472	2,879,028
2,733,885	2,362,860	2,532,665	2,594,863	2,274,920	2,049,540
1,491,717	1,681,875	569,045	7,827	5,561	3,198
<u>33,297,734</u>	<u>32,559,618</u>	<u>30,276,742</u>	<u>28,109,256</u>	<u>27,400,704</u>	<u>24,122,813</u>
1,573,695	1,048,727	130,450	2,408,362	2,030,063	2,725,291
1,293,677	1,293,524	1,454,759	1,622,911	1,586,557	1,573,532
8,052,011	9,143,311	4,033,874	3,869,285	4,356,486	4,627,331
186,283	450,004	-	-	-	-
597,402	3,753,612	3,501,082	1,896,876	1,632,508	1,915,557
20,800	654,437	704,029	785,611	724,197	713,484
<u>11,723,868</u>	<u>16,343,615</u>	<u>9,824,194</u>	<u>10,583,045</u>	<u>10,329,811</u>	<u>11,555,195</u>
<u>(21,573,866)</u>	<u>(16,216,003)</u>	<u>(20,452,548)</u>	<u>(17,526,211)</u>	<u>(17,070,893)</u>	<u>(12,567,618)</u>
12,328,634	13,656,347	10,567,509	8,900,228	8,667,709	9,034,141
4,408,367	3,737,363	3,200,911	3,215,897	3,504,285	3,452,605
1,129,146	1,219,977	1,323,886	1,447,820	1,593,640	1,575,401
562,317	576,904	633,393	2,275,986	1,307,280	1,247,941
-	-	-	-	-	-
389,310	367,961	195,165	28,202	216,499	97,589
169,042	263,983	-	-	-	-
336,668	307,658	853,956	1,180,688	604,053	793,680
-	-	(2,340,090)	-	-	-
-	-	-	(6,392,878)	-	-
-	-	34,271,082	-	-	-
<u>19,323,484</u>	<u>20,130,193</u>	<u>48,705,812</u>	<u>10,655,943</u>	<u>15,893,466</u>	<u>16,201,357</u>
<u>\$ (2,250,382)</u>	<u>\$ 3,914,190</u>	<u>\$28,253,264</u>	<u>\$ (6,870,268)</u>	<u>\$ (1,177,427)</u>	<u>\$ 3,633,739</u>

## CITY OF ROSEMEAD

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

	Fiscal Year			
	2006	2007	2008	2009
General fund:				
Reserved	256,765	150,000	3,074,496	3,106,917
Unreserved	22,228,341	22,460,545	18,633,154	16,135,102
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>22,485,106</u>	<u>22,610,545</u>	<u>21,707,650</u>	<u>19,242,019</u>
All other governmental funds:				
Reserved	7,693,216	4,947,087	9,000,561	9,000,561
Unreserved, reported in:				
Special revenue funds	6,821,660	6,142,833	6,140,289	9,023,487
Debt service funds	-	552	692,475	2,803,910
Capital projects funds	6,435,798	7,397,454	2,490,553	(54,323)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>20,950,674</u>	<u>18,487,926</u>	<u>18,323,878</u>	<u>20,773,635</u>

*The City implemented GASB 54 for the fiscal year ended June 30, 2014. 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					
2010	2011	2012	2013	2014	2015
3,327,182	-	-	-	-	-
13,626,774	-	-	-	-	-
-	2,034	2,034	2,034	140,893	143,560
-	-	-	-	-	-
-	5,107,963	5,294,253	6,415,416	5,883,235	6,120,361
-	-	5,712	5,712	65,343	78,280
-	<u>10,209,075</u>	<u>9,519,173</u>	<u>11,194,278</u>	<u>11,607,595</u>	<u>10,128,160</u>
<u>16,953,956</u>	<u>15,319,072</u>	<u>14,821,172</u>	<u>17,617,440</u>	<u>17,697,066</u>	<u>16,470,361</u>
8,944,112	-	-	-	-	-
8,763,359	-	-	-	-	-
2,803,910	-	-	-	-	-
(1,405,770)	-	-	-	-	-
-	-	-	-	-	-
-	27,476,081	10,870,747	2,829,147	3,110,688	3,419,068
-	-	-	-	-	-
-	-	-	-	-	-
-	<u>(4,402,964)</u>	<u>(1,292,405)</u>	<u>(788,224)</u>	<u>(1,192,926)</u>	<u>(1,643,527)</u>
<u>19,105,611</u>	<u>23,073,117</u>	<u>9,578,342</u>	<u>2,040,923</u>	<u>1,917,762</u>	<u>1,775,541</u>

# CITY OF ROSEMEAD

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Revenues:</b>				
Taxes	\$ 9,527,384	\$ 13,648,306	\$ 17,841,792	\$ 17,153,625
Intergovernmental	10,785,591	9,419,698	15,716,610	10,992,235
Licenses and permits	1,528,864	1,683,204	1,503,659	1,178,362
Charges for services	660,890	414,375	537,430	638,244
Fines, forfeitures and penalties	753,224	437,117	641,566	565,643
Special assessments	-	789,089	687,568	736,213
Investment income	1,947,566	2,028,128	1,678,791	884,847
Other	29,332	478,473	141,930	381,429
<b>Total revenues</b>	<b>25,232,851</b>	<b>28,898,390</b>	<b>38,749,346</b>	<b>32,530,598</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	3,790,631	4,780,837	7,356,665	11,956,179
Public safety	6,536,043	6,737,912	8,043,771	9,114,009
Public works	6,064,980	8,898,768	12,116,508	4,964,867
Community services	51,286	1,419,424	669,827	783,452
Community development	3,216,935	2,690,420	3,408,691	1,047,529
Parks and recreation	3,881,469	4,249,462	4,078,631	2,030,698
Capital outlay	149,641	-	1,647,673	202,752
<b>Debt service:</b>				
Principal	490,000	780,000	1,105,000	915,000
Interest and fiscal charges	1,559,114	2,512,725	1,567,849	1,531,986
Bond issuance costs	550,323	1,323,238	-	-
<b>Total expenditures</b>	<b>26,290,422</b>	<b>33,392,786</b>	<b>39,994,615</b>	<b>32,546,472</b>
Excess (deficiency) of revenues over (under) expenditures	(1,057,571)	(4,494,396)	(1,245,269)	(15,874)
<b>Other financing sources (uses):</b>				
Transfers in	13,300,319	26,183,078	2,962,087	4,078,483
Transfers out	(13,300,319)	(26,183,078)	(2,962,087)	(4,078,483)
Transfer to Successor Agency	-	-	-	-
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	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>4,752,802</b>	<b>2,154,695</b>	<b>-</b>	<b>-</b>
<b>Extraordinary item:</b>				
Gain (loss) on dissolution of redevelopment agency	-	-	-	-
<b>Net change in fund balances</b>	<b>3,695,231</b>	<b>(2,339,701)</b>	<b>(1,245,269)</b>	<b>(15,874)</b>
<b>Debt service as a percentage of noncapital expenditures</b>				
	7.8%	11.8%	7.0%	7.6%

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 18,508,896	\$ 19,313,094	\$ 15,960,662	\$ 16,602,329	\$ 15,320,806	\$ 15,537,262
7,856,792	9,383,256	9,561,918	6,435,473	6,066,936	6,168,603
1,079,429	1,764,162	1,156,719	1,156,968	1,308,482	1,846,997
708,434	677,861	1,055,391	1,036,563	1,087,091	1,138,731
491,574	462,389	619,397	691,548	700,126	676,830
680,288	741,382	768,997	937,405	881,543	923,538
389,310	367,956	582,176	474,970	873,631	754,865
254,610	253,379	658,670	928,596	61,690	114,074
<u>29,969,333</u>	<u>32,963,479</u>	<u>30,363,930</u>	<u>28,263,852</u>	<u>26,300,305</u>	<u>27,160,900</u>
5,903,926	3,801,486	4,203,302	3,988,156	3,973,364	3,879,122
8,863,234	8,882,915	7,517,101	7,773,611	7,913,659	8,156,485
11,264,220	19,402,924	6,417,803	6,909,471	6,184,890	6,348,101
584,463	595,904	-	-	-	-
1,940,641	3,397,072	3,681,903	2,605,654	2,846,112	3,150,240
2,733,885	2,362,860	2,532,665	2,208,564	2,157,424	2,071,443
290,885	93,121	9,090,076	3,126,669	3,268,391	4,924,435
945,000	975,000	1,210,000	-	-	-
1,501,667	1,882,092	961,506	-	-	-
-	275,344	-	-	-	-
<u>34,027,921</u>	<u>41,668,718</u>	<u>35,614,356</u>	<u>26,612,125</u>	<u>26,343,840</u>	<u>28,529,826</u>
<u>(4,058,588)</u>	<u>(8,705,239)</u>	<u>(5,250,426)</u>	<u>1,651,727</u>	<u>(43,535)</u>	<u>(1,368,926)</u>
4,133,554	4,824,919	6,431,374	2,772,415	3,053,605	2,433,974
(4,133,554)	(4,824,919)	(6,554,374)	(2,772,415)	(3,053,605)	(2,433,974)
-	-	-	(6,392,878)	-	-
-	11,230,000	-	-	-	-
-	(192,139)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
102,501	-	-	-	-	-
<u>102,501</u>	<u>11,037,861</u>	<u>(123,000)</u>	<u>(6,392,878)</u>	<u>-</u>	<u>-</u>
-	-	(8,619,249)	-	-	-
<u>(3,956,087)</u>	<u>2,332,622</u>	<u>(13,992,675)</u>	<u>(4,741,151)</u>	<u>(43,535)</u>	<u>(1,368,926)</u>
7.4%	8.8%	6.8%	0.0%	0.0%	0.0%

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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		
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%
2013	3,531,097,436	68,996,223	3,301,527	3,603,395,186	22.11%
2014	3,654,495,783	68,912,542	1,901,995	3,725,310,320	9.27%
2015	3,806,028,086	71,498,360	1,901,995	3,879,428,441	9.27%

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

### NOTE:

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

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

# CITY OF ROSEMEAD

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

Agency	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
El Monte City School District	0.08056	0.06402	0.08067	0.09044	0.11907	0.12388	0.12733	0.13288	0.12735	0.11822
El Monte Union High School	0.05425	0.05846	0.02820	0.05159	0.09654	0.08475	0.09591	0.08992	0.09799	0.08418
Garvey School District	0.05221	0.05075	0.05061	0.06835	0.07836	0.08503	0.08404	0.08832	0.09131	0.08860
La Ccd Ds 2008 2012 Series F	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01119	0.00000	0.00000
Los Angeles Community College District	0.01430	0.02146	0.00878	0.02212	0.02311	0.04031	0.03530	0.03756	0.04454	0.04017
L.A. Co. Flood Control Bonds	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350
Montebello Unified School District	0.07053	0.06731	0.06681	0.08065	0.09673	0.09792	0.10001	0.09630	0.09457	0.08750
Pasadena Ccd Ds 2002, 2006 Ser D	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00225	0.00000	0.00000
Pasadena Community College District	0.00410	0.02080	0.01972	0.01741	0.02300	0.01986	0.01956	0.01830	0.01899	0.01032
Rio Hondo Community College District	0.01802	0.01469	0.01370	0.02320	0.02714	0.03439	0.03418	0.02812	0.02892	0.02821
Rosemead School District	0.07515	0.05420	0.08282	0.06875	0.11358	0.10743	0.10507	0.10240	0.10314	0.09886
San Gabriel Unified School District	0.05284	0.04930	0.05742	0.09294	0.10071	0.10190	0.08454	0.10523	0.10082	0.11444
San Gabriel Vly Mwd State Water Bond	0.02000	0.02000	0.02000	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.44801</b>	<b>1.42640</b>	<b>1.43323</b>	<b>1.53775</b>	<b>1.70054</b>	<b>1.71717</b>	<b>1.70764</b>	<b>1.73397</b>	<b>1.72913</b>	<b>1.69200</b>
<b>City's Share of 1% Levy Per Prop 13<sup>3</sup></b>	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388
<b>General Obligation Debt Rate</b>										
<b>Redevelopment Rate<sup>4</sup></b>	1.00604	1.00541	1.00450	1.00430	1.00430	1.00370	1.00370			
<b>Total Direct Rate<sup>5</sup></b>	0.20733	0.20556	0.21850	0.22614	0.22270	0.22407	0.22351	0.22113	0.09271	0.09271

### Notes:

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

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

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

<sup>4</sup>RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012-13 and years thereafter.

<sup>5</sup>Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: L.A. County Assessor 2005/06 - 2014/15 Tax Rate Table and HDL Coren & Cone

# CITY OF ROSEMEAD

## Principal Property Tax Payers Current Year and Nine Years Ago

Taxpayer	2014/15			2005/06		
	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	\$ 48,702,092	1	1.26%			
Walmart Stores, Inc	37,517,227	2	0.97%			
Rosemead Hwang, LLC	31,039,000	3	0.80%			
AFG Investment Fund 5 LLC	25,137,546	4	0.65%			
Metodo Investments LLC	18,953,835	5	0.49%			
420 Boyd Street LLC	17,000,000	6	0.44%			
Panda Express, Inc.	15,982,324	7	0.41%			
Macy's California Inc.	14,286,094	8	0.37%			
Shurland Kay Curci Foundation Lessor	14,095,143	9	0.36%			
Sunshine Inn	12,846,829	10	0.33%			
Rosemead Place, LLC				\$41,674,908	1	1.58%
Rosemead Hwang, LLC				29,766,500	2	1.13%
May Department Stores Company				17,472,601	3	0.66%
General Electric Credit Auto Auctions				15,913,126	4	0.60%
Southern California Edison Co.				15,206,842	5	0.58%
California Federal Savings & Loan Assn.				12,395,786	6	0.47%
Panda Restaurant Group, Inc.				11,656,016	7	0.44%
Huy Fong Foods, Inc.				9,233,967	8	0.35%
Sunshine Inn				8,609,991	9	0.33%
Ban V. Nguyen				7,400,000	10	0.28%

Source: Hdl Coren & Cone, Los Angeles County Assessor 2014/15 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
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%
2013	2,771,913	2,710,893	97.80%	-	2,710,893	97.80%
2014	2,865,651	2,850,674	99.48%	-	2,850,674	99.48%
2015	2,981,810	2,935,129	98.43%	-	2,935,129	98.43%

\* 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 <sup>2</sup></u>	<u>Percentage of Personal Income <sup>1</sup></u>	<u>Debt Per Capita <sup>1</sup></u>
2005/06	37,100,000	4.96%	653
2006/07	37,455,000	5.01%	660
2007/08	36,350,000	4.59%	639
2008/09	35,435,000	4.33%	623
2009/10	34,490,000	4.17%	605
2010/11	44,745,000	5.51%	780
2011/12	43,535,000	4.63%	754
2012/13	41,740,000	4.38%	771
2013/14	39,885,000	4.15%	732
2014/15	37,965,000	4.02%	693

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

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

<sup>2</sup> The Rosemead Community Development Commission was dissolved on February 1, 2012. As a result, the tax allocation bonds are not debt of the primary government.

# CITY OF ROSEMEAD

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

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<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percent of Assessed Value <sup>1</sup></u>	<u>Per Capita</u>
2005/06	37,100	1.40%	653
2006/07	37,455	1.29%	658
2007/08	36,350	1.15%	639
2008/09	35,435	1.05%	622
2009/10	34,490	1.01%	601
2010/11	44,745	1.30%	775
2011/12	43,535	1.23%	804
2012/13	41,740	1.16%	766
2013/14	39,885	1.07%	728
2014/15	37,965	0.98%	693

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

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

<sup>2</sup> The Rosemead Community Development Commission was dissolved on February 1, 2012. As a result, the tax allocation bonds are not debt of the primary government.

**CITY OF ROSEMEAD**

**Direct and Overlapping Governmental Activities Debt  
June 30, 2015**

	Gross Bonded Debt Balance	Percentage Applicable To City	Net Bonded Debt
<b>Overlapping Debt</b>			
* Metropolitan Water District	\$ 53,296,395	0.331%	176,411
Garvey SD DS 2004 Series 2005	5,398,255	51.036%	2,755,053
Garvey SD DS 2004 Series 2006	9,479,168	51.036%	4,837,788
Garvey SD DS 2004 Series C	8,812,964	51.036%	4,497,784
Garvey SD DS 2011 Refund Bonds	5,030,000	51.036%	2,567,111
Garvey SD DS 2013 Ref Bonds	7,460,000	51.036%	3,807,286
Rosemead SD DS 2000 Series C	165,000	70.538%	116,388
Rosemead SD DS 2007 Series D	12,770,000	70.538%	9,007,703
Rosemead SD DS 2008 Series A	8,405,000	70.538%	5,928,719
Rosemead SD DS 2011 Ref Bond	5,340,000	70.538%	3,766,729
Rosemead SD DS 2012 Ref Bond	8,326,503	70.538%	5,873,349
Rosemead SD DS 2008 Series T 1	6,240,000	70.538%	4,401,571
El Monte Union HS Dist 2002 Series A	1,105,000	14.867%	164,280
El Monte Union HSD DS 2006 Ref Bds	32,182,565	14.867%	4,784,582
El Monte Union HSD DS 2002 Series C	26,815,000	14.867%	3,986,586
El Monte Union HSD DS 2008 Series A	51,810,339	14.867%	7,702,643
El Monte Union HSD DS 2008 Series B	30,278,694	14.867%	4,501,533
L.A. CCD DS 2003 Taxable Ser 2004B	2,115,000	0.317%	6,705
L.A. CCD DS 2001 Taxable Series 2004A	31,555,000	0.317%	100,029
LACC DS Ref 2001 Series 2005A	18,140,000	0.317%	57,504
LA CCD DS 2001, 2006 Series B	20,360,000	0.317%	64,541
LA CCD DS 2003, 2006 Series C	10,265,000	0.317%	32,540
LACC DS 2001, 2008 Ser E-1	26,160,000	0.317%	82,927
LACC DS 2003, 2008 Ser F-1	25,525,000	0.317%	80,914
LACC DS 2008, 2009 Taxable Ser A	75,000,000	0.317%	237,750
LACC DS 2008, 2009 Taxable Ser B	175,000,000	0.317%	554,750
LACC Debt 2008, 2010 Tax Ser D	125,000,000	0.317%	396,250
LACC Debt 2008, 2010 Tax Ser E (BABS)	900,000,000	0.317%	2,853,000
LA CCD DS 2013 Ref Bonds	268,075,000	0.317%	849,798
LA CCD DS 2008 Series G	2,205,070,000	0.317%	6,990,072
Pasadena CCD DS 2006 Series B	25,385,000	2.545%	646,048
Pasadena CCD DS 2002, 2006 Ser D	24,160,000	2.545%	614,872
Pasadena CCD 2002, 2009 Series E (BABS)	25,295,000	2.545%	643,758
Pasadena CCD DS 2014 Ref Series A	16,780,000	2.545%	427,051
Montebello USD DS 1998 Series 1998	6,882,989	1.395%	96,018
Montebello USD DS 98 Series 1999	8,825,915	1.395%	123,122
Montebello USD DS 1998 Series 2002	15,035,551	1.395%	209,746
Montebello USD DS 2004 Series 2008	2,665,000	1.395%	37,177
Montebello USD DS 2004 Series-1 2009-1	18,585,000	1.395%	259,261
Montebello USD 2004 Series 2009A-2 BABS	12,640,000	1.395%	176,328
Montebello USD DS 2010 Ref Bonds	9,380,000	1.395%	130,851
Montebello USD DS 2004 Series 2013A	50,130,000	1.395%	699,314
San Gabriel USD DS 2002 Series B	1,112,600	1.217%	13,540
San Gabriel USD DS 2005 Ref Bonds	4,918,892	1.217%	59,863
San Gabriel USD DS 2002 Ser 2007 C	15,245,000	1.217%	185,532
San Gabriel USD DS 2008 Series A	10,422,878	1.217%	126,846
San Gabriel USD DS 2010 Ref Bonds	17,748,245	1.217%	215,996
San Gabriel USD DS 2008 Series B	6,390,000	1.217%	77,766
San Gabriel USD DS 2012 Ref Bond Series B	16,873,464	1.217%	205,350
San Gabriel USD DS 2008 Series C	22,997,960	1.217%	279,885
<b>Total Overlapping Debt</b>			<b>86,410,620</b>

2014/15 Assessed Valuation: \$3,215,889,436 After Deducting \$663,539,005 Incremental Value.

Debt to Assessed Valuation Ratios:

Direct Debt	0.00%
Overlapping Debt	2.69%
Total Debt	2.69%

\* 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

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value

Source: Hdl Coren & Cone, L.A. County Assessor and Auditor Combined 2014/15 Lien Date Tax Rolls.

# CITY OF ROSEMEAD

## Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year			
	2005/06	2006/07	2007/08	2008/09
Assessed valuation	2,644,964,038	2,901,902,093	3,165,802,509	3,362,646,146
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	661,241,010	725,475,523	791,450,627	840,661,537
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	99,186,151	108,821,328	118,717,594	126,099,230
Total net debt applicable to limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>99,186,151</u>	<u>108,821,328</u>	<u>118,717,594</u>	<u>126,099,230</u>
Total debt applicable to the limit as a percentage of debt limit	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					
2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3,399,331,688	3,431,820,218	3,533,192,184	3,603,395,186	3,725,310,320	3,879,248,441
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
849,832,922	857,955,055	883,298,046	900,848,797	931,327,580	969,812,110
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
127,474,938	128,693,258	132,494,707	135,127,319	139,699,137	145,471,817
-	-	-	-	-	-
<u>127,474,938</u>	<u>128,693,258</u>	<u>132,494,707</u>	<u>135,127,319</u>	<u>139,699,137</u>	<u>145,471,817</u>
0.0%	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		
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	
2013	5,439,677	1,795,000	1,852,123	1.49	
2014	5,517,943	1,855,000	1,790,511	1.51	
2015	5,521,038	1,920,000	1,718,573	1.52	

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

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<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2005/06	56,786	747,331	13,160	4.70%
2006/07	56,929	791,649	13,906	4.20%
2007/08	56,876	819,088	14,401	4.40%
2008/09	57,003	827,444	14,516	6.50%
2009/10	57,381	812,343	14,157	10.20%
2010/11	57,756	939,575	16,268	11.20%
2011/12	54,172	952,560	17,584	10.80%
2012/13	54,464	959,982	17,626	8.10%
2013/14	54,762	944,918	17,255	6.70%
2014/15	54,786	956,180	17,453	9.50%

Sources: (1) California State Department of Finance  
(2) HDL Coren & Cone and based on the last available census.  
(3) State of California Employment Development Department

**CITY OF ROSEMEAD**

**Principal Employers  
Current Year and Nine Years Ago**

Employer	2015			2006 *	
	Number of Employees	Percent of Total Employment <sup>1</sup>		Number of Employees	Percent of Total Employment
Southern California Edison	1	4,100	17.30%	-	0.00%
Garvey School District	2	804	3.39%	-	0.00%
Wal-Mart	3	400	1.69%	-	0.00%
Panda Restaurant Group, Inc.	4	400	1.69%	-	0.00%
Rosemead School District	5	337	1.42%	-	0.00%
Target	6	225	0.95%	-	0.00%
Hemetic Seal Corporation	7	187	0.79%	-	0.00%
Olive Garden	8	112	0.47%	-	0.00%
Don Bosco Tech	9	90	0.38%	-	0.00%
Double Tree	#	110	0.46%	-	0.00%

<sup>1</sup> Based upon Employment Development Department's estimate of 23,700 residents employed in 2014-15.

\* Information for 2006 is not available.

Source: City of Rosemead

# CITY OF ROSEMEAD

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

Function	Full-time and Part-time employees as of June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government	18	17	19	16	22	19	15	13	12	12
Public safety <sup>1</sup>	23	22	34	39	42	42	33	15	20	18
Community development	6	11	23	18	23	23	7	8	8	7
Public Works	n/a	n/a	n/a	n/a	n/a	n/a	26	22	23	23
Parks and recreation	<u>103</u>	<u>101</u>	<u>103</u>	<u>135</u>	<u>112</u>	<u>99</u>	<u>68</u>	<u>81</u>	<u>86</u>	<u>80</u>
Total	<u>150</u>	<u>151</u>	<u>179</u>	<u>208</u>	<u>199</u>	<u>183</u>	<u>149</u>	<u>139</u>	<u>149</u>	<u>140</u>

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

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

Source: City Finance Department

## CITY OF ROSEMEAD

### Operating Indicators by Function Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Arrests	1,315	1,786	1,506	1,478	1,733	1,888	1,842	1,186	1,356	1,585
Parking citations issued	15,176	13,210	11,766	10,517	8,450	7,515	7,797	8,765	16,110	7,863
Fire:										
Number of emergency calls	2,617	2,749	2,846	2,959	2,853	2,745	2,928	2,785	2,823	3,212
Inspections	-	-	2,518	2,093	2,137	1,845	2,066	2,012	2,026	2,793
Public works:										
Street resurfacing (miles)	1.3	2.5	1.1	2.8	3.5	3.5	3.6	0.9	1.6	0.6
Parks and recreation:										
Number of recreation classes	720	775	484	397	727	617	519	638	724	839
Number of facility rentals	n/a	n/a	540	453	236	1,786	3,261	3,124	4,005	2,607

Source: City of Rosemead

## CITY OF ROSEMEAD

### Capital Asset Statistics by Function Last Ten Fiscal Years

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	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	77.55	77.55	77.55	77.55	77.55	77.55	77.55	77.55
Streetlights	2,705	2,706	2,712	2,712	2,712	2,712	2,712	2,712	2,712	2,712
Traffic signals	39	41	42	42	42	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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