

City of Rosemead, CA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



CITY OF ROSEMEAD, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

Prepared by:
Finance Department

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CITY OF ROSEMEAD, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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MAYOR:
STEVEN LY

MAYOR PRO TEM:
MARGARET CLARK

COUNCIL MEMBERS:
SANDRA ARMENTA
SEAN DANG
POLLY LOW



City of Rosemead

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

December 17, 2018

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

We proudly present to you the City of Rosemead's Comprehensive Annual Financial Report (CAFR). This report consists of management's representations concerning the finances of the City of Rosemead. It was prepared by the Finance Department in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. We believe that the data presented is complete and reliable in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of the City's various funds; and that all disclosures necessary to enable the reader to gain a good understanding of the City's financial activity have been included.

The City of Rosemead's financial statements have been audited by Lance, Soll, Lunghard, LLP ("LSL"), 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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rosemead's financial statements for the fiscal year ended June 30, 2018, 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 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Rosemead's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Rosemead, incorporated in 1959, is located in the southwestern part of the state. The City occupies a land area of 5.5 square miles and serves a population of more than 55,000. The City 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. The City Council consists of five members elected to four-year staggered terms of office. The Mayor is selected from among the City Council members and serves 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

The City of Rosemead continues to remain in satisfactory financial condition thanks to a relatively diverse and stable revenue base including sales tax, property tax, transient occupancy tax, and various licenses and permits. The region has a varied retail and industrial base including two national general merchandise stores that continues to perform well along with some new restaurants and retail businesses have helped the City's sales tax to show modest growth.

Property tax is the City's largest tax source at \$9.1 million and makes up approximately 37% of the General Fund revenues. The City experienced a net taxable value increase of 4% for the 2017/18 tax roll, while Los Angeles County experienced an increase in assessed values of 6% over the prior year due to an increase in residential real estate values. In the City of Rosemead, assessed values increased by \$170 million over FY 2016/17. The median sale price of a detached single family residential home in 2018 was \$585,000, which is a 17% increase from 2017. The current median home prices are above the pre-recession peak values of \$499,000. Rosemead's assessed values and property taxes are expected to continue performing strongly as the general economy improves. Data also show that Rosemead retains \$0.0668 for every dollar of property tax collected within the City.

Sales tax is the second largest revenue source for the General Fund, at \$5.9 million and makes up approximately 24% of the General Fund revenues. Our City receives only one cent for every dollar of sales tax collected within the City. The City has three large general consumer goods businesses, Walmart, Target and Macy's, who generate 33% of sales tax revenues to the City's General Fund.

Long-term Financial Planning

In December 2009, the City Council adopted a Strategic Plan to guide the organizational efforts of the Council, Commission, and staff. The initial strategic planning process included an extensive public outreach process and a series of public meetings. In 2012, the first biannual update of the Strategic Plan was adopted by the City Council. The Strategic Plan was later updated in 2016, both of which included public community meetings. The City Council held two special public workshop meetings to develop a Strategic Plan update for 2018-2020 on August 1, 2018 and September 27, 2018. During these workshops, the City Council, community members and staff participated in discussions to set the City's priorities. The updated strategic plan for 2018-2020 uses the City of Rosemead's vision and key organizational goals, to set clear priorities and action items for the next two years. The vision, key organizational goals, and action items in the Strategic Plan update are designed to guide the decisions of the City Council, focus of the City administration, and daily work of City staff. The

Strategic Plan and action items also provide accountability for City Council and City administration.

The three Key Organizational Goals are: 1) Ensure the City's continued financial viability by actively pursuing quality economic development. 2) Beautify residential neighborhoods and commercial corridors. 3) Enhance public safety and quality of life.

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 over 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance and reinsurance, and to arrange for group-purchased insurance for property and other coverage. Additional information can be found in Note 9 in the notes to the Basic Financial Statements.

Pension and other postemployment benefits

The City of Rosemead is contracted with the California Public Employees Retirement System (CalPERS) for retirement benefits for full-time employees. Supplemental retirement benefits are offered to qualified full-time employees, retirees, and part-time employees through Public Agency Retirement Services (PARS). The City also provides health insurance benefits for certain qualified retirees. In accordance with GASB Statement No. 68 and GASB Statement No. 75, additional information on the City of Rosemead's pension plans and postemployment benefits can be found in Notes 10, 11, and 12 in the notes to the Basic Financial Statements.

Debt Administration

The City has no outstanding general obligation bonds as of June 30, 2018. The Successor Agency to the Rosemead Community Development Commission includes the 2016 Tax Allocation Bonds for \$23,295,000 and 2010A Tax Allocation Bonds for \$6,160,000. Additional information on the Successor Agency's debt can be found in Note 14 in the notes to the Basic Financial Statements.

Construction In Progress (CIP) Projects

Current projects that are currently in progress and will complete in FY 2018/19 include the Safe Route to School Project (Savannah Elementary), Garvey Avenue Resurfacing Project (from Del Mar Ave to Eastern City Limit), Circulation Study of Klingerman and Angelus streets, Traffic Signal Upgrades, Walnut Grove Avenue Resurfacing Project, and Garvey Center Electric Charging Station Project.

Major Accomplishments

Substantial progress has been made during the past fiscal year toward responding to priorities previously identified by City Council and staff. Some of those accomplishments include the completion of Zapopan Park, Jay Imperial Park, Hellman/Del Mar intersection improvements, Earle/Wells Street sidewalk installation, pedestrian lighting in Rosemead Park, and improvements to various roadways, sidewalks, parks, storm water, and traffic signal upgrades. Additionally, the City has updated the City's website to enhance the user experience, simplify content management, and provide better information and customer services to residents and businesses.

Lastly, the City completed the Garvey Avenue Specific Plan (GASP), which will help revitalize Garvey Avenue and bring more economic development to the area. The GASP establishes allowed land uses, development standards, policies and guidelines to create an attractive and desirable neighborhood "main street" focusing on creating a vibrant corridor with visible pedestrian activity. The GASP encompasses 88 acres (153 parcels) abutting or nearby Garvey Avenue, which would support the development of approximately 1.18 million square feet of commercial development, 892 dwelling units, and 0.77 acres of open space. Street and sidewalk improvements remodels the 100' wide Garvey Avenue with street landscaping, bicycle lanes, multimodal improvements, and lane reconfigurations. The GASP is structured around flexible, innovative, and proven approaches that ensure the area will have adequate infrastructure and public services to support the area's transformation.

Future Initiatives

Future projects include Panda Express and several mixed-use projects including Garvey Earle, Garvey Willard, and The Elements. These mixed-use projects are currently under construction and anticipate a completion date either in late FY 2018/19 or early FY 2019/20. Revenues are projected to increase in future years. The City also anticipates the Hampton Inn and Suites and several mixed-use projects coming to the City of Rosemead in FY 2019/20.

Acknowledgements

The preparation and publication of this report is made possible through the dedication of the entire Finance Department staff, and especially from Colleen Ishibashi, Finance Services Supervisor. The department coordinated the closing of the books for the fiscal year, ensuring timely and accurate reporting. This report would also not have been possible without the leadership of the City Manager, Gloria Molleda, and continued commitment from the Mayor and City Council in conducting the financial operations and corresponding financial disclosures of the City in an open, public and transparent manner. Finally, thanks are extended to the firm of Lance, Soll, & Lunghard, LLP for their contributions towards improving our financial reporting.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Pearl Lieu', with a long horizontal flourish extending to the right.

Pearl Lieu
Director of Finance

CITY OF ROSEMEAD

Directory of Officials

June 30, 2018

City Council

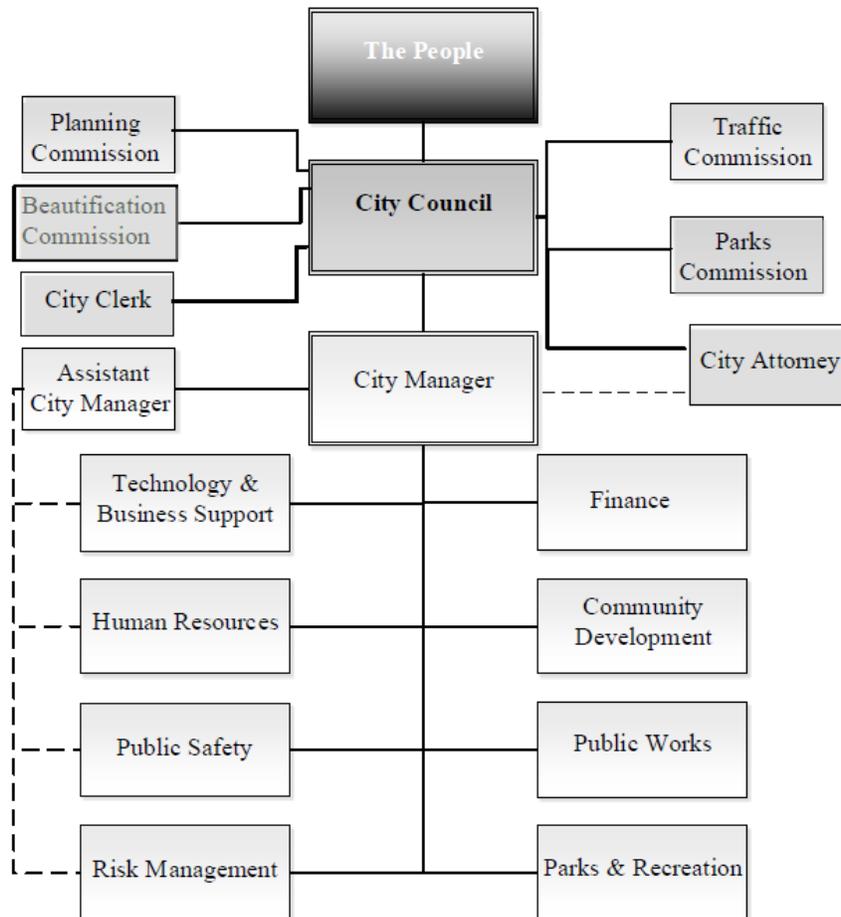
Steven Ly, Mayor
Margaret Clark, Mayor Pro Tem
Sandra Armenta, Council Member
Sean Dang, Council Member
Polly Low, Council Member

City Management Staff

Gloria Molleda, City Manager
Greg Tsujiuchi, Assistant City Manager
Lt. Chris Kusayanagi, Chief of Police
Rachel H. Richman, City Attorney
Ericka Hernandez, City Clerk
Reynold P. Alfonso, Public Works Director
Benjamin Kim, Community Development Director
Pearl Lieu, Finance Director
Vacant, Parks and Recreation Director

CITY OF ROSEMEAD

Function Based Organization Chart



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Rosemead, California

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 City of Rosemead, California, (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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.

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



To the Honorable Mayor and Members of the City Council
City of Rosemead, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of the City of Rosemead, California, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is 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, the budgetary comparison schedules for the general fund and gas tax fund, the schedule of changes in net pension asset and related ratio, the schedules of plan contributions, the schedule of proportionate share of the net pension liability, and the schedule of changes in net OPEB and related ratio 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 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 and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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. The 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 schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



To the Honorable Mayor and Members of the City Council
City of Rosemead, California

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, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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.

Lance, Solt & Lughard, LLP

December 17, 2018
Brea, California

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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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

Financial Highlights

- General Fund fund balance at the end of Fiscal Year 2017/18 increased \$1.45 million. This increase is due to an increase in property tax, sales tax, transient occupancy tax (TOT), and building permit revenues.
- At the end of the current fiscal year, *unassigned* fund balance for the General Fund was \$10.7 million or 47 percent of total General Fund expenditures. \$7.6 million or 31% is set aside to meet the City's reserve policy.
- The assets related to Governmental Activities has increased by approximately \$3.7 million which is largely due to an increase in both cash and investments and capital assets.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 16-17 of this report.

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

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

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

The City of Rosemead and its component units maintain 18 active governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and State Gas Tax Fund, all two of which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Rosemead adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for the General Fund, State Gas Tax Fund, Local Transportation/Sidewalk Grant, Proposition A Fund, Proposition C Fund, Measure R Fund, Measure M Fund, Air Quality Management District Fund, Street Lighting Fund, Development Impact Fee Funds, Community Development Block Grant Fund, HOME Program Fund, Rosemead Housing Development Corporation Fund, Road Maintenance and Rehabilitation Account SB1 Fund, and City Capital Projects Fund, to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the Basic Financial Statements can be found on pages 27-61 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Rosemead's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information and notes can be found beginning on pages 63-71 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 72-103 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by \$74.4 million at the close of the most recent fiscal year.

A significant portion of the City of Rosemead's net position (72%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets. The City of Rosemead uses these capital assets to provide services to the citizens; consequently, these assets are *not* available for future spending. Although the City of Rosemead's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Rosemead's Net Position
As of June 30, 2018 and 2017
(thousands)

	Governmental Activities	
	2018	2017
Current and other assets	\$ 30,515	\$ 27,620
Capital assets	53,587	52,806
Total assets	84,102	80,426
Deferred outflows of resources	4,232	5,018
Long-term liabilities outstanding	10,268	8,876
Other liabilities	2,930	2,652
Total liabilities	13,198	11,528
Deferred inflows of resources	783	1,033
Net position:		
Net investment in capital assets	53,587	52,806
Restricted	5,467	4,387
Unrestricted	15,299	15,690
Total net position	\$ 74,353	\$ 72,883

An additional portion of the City of Rosemead's net position (4.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$17.2 million) may be used to meet the government's ongoing obligations to citizens and creditors.

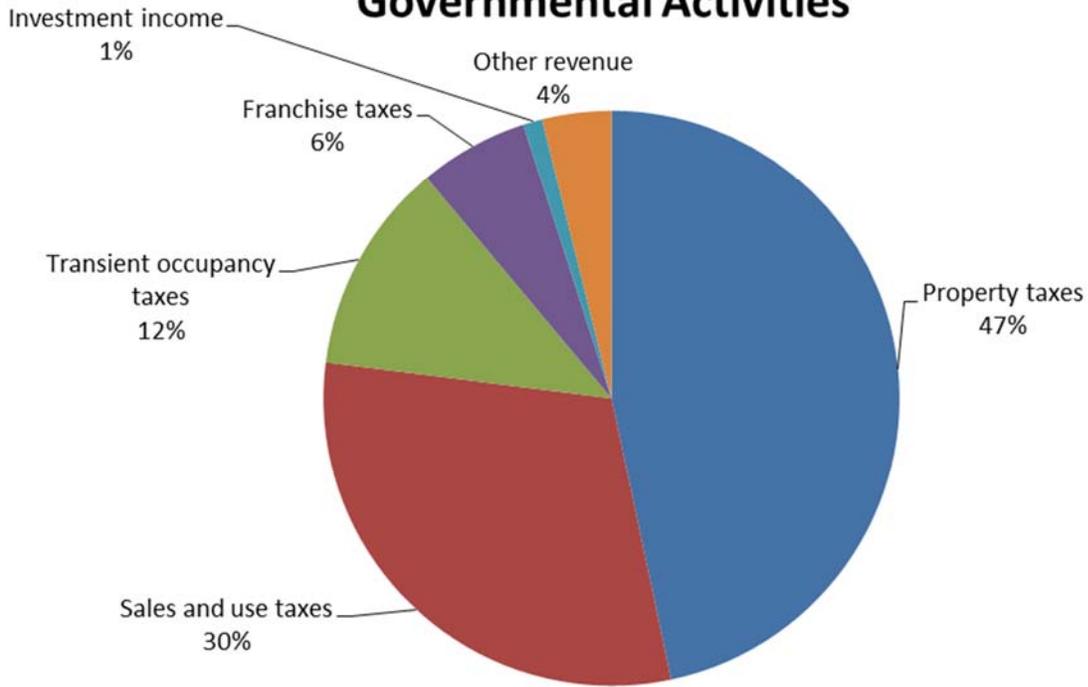
At the end of the current fiscal year, the City of Rosemead is able to report positive net position balances. The situation also held true for the prior fiscal year.

Governmental activities. Governmental activities increased the City of Rosemead's net position by \$3.7 million. General revenue and program revenue exceeded expenses by this amount. The expenses increased in General Government, Public Safety, and Public Works; however, the total Program and General Revenues offset these increases. These expense increases are largely due to salary and benefit costs, litigation costs, law enforcement increases, capital expenditures increases for construction projects, and equipment and machinery purchases including the purchase of two pool heaters, tables and chairs for events, bingo machine, wood chipper machine, and a newly redesigned City's website.

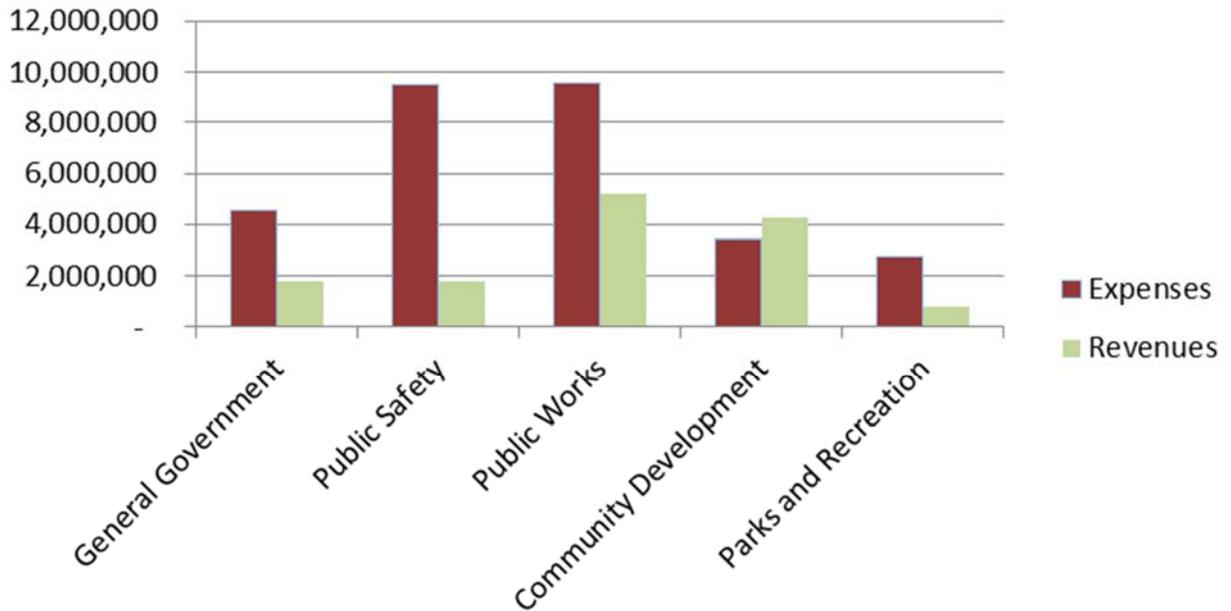
City of Rosemead's Changes in Net Position
Years Ended June 30, 2018 and 2017
(thousands)

	Governmental Activities	
	2018	2017
Program revenues:		
Charges for services	\$ 7,864	\$ 4,646
Operating grants and contributions	4,822	5,636
Capital grants and contributions	1,172	1,019
General revenues:		
Property taxes	9,129	8,643
Other taxes	9,570	8,804
Investment income	210	21
Other	648	738
Total revenues	33,415	29,507
Expenses:		
General government	4,554	3,706
Public safety	9,500	8,935
Public works	9,554	7,324
Community development	3,410	3,161
Parks and recreation	2,746	2,154
Total expenses	29,764	25,280
Change in net position	3,651	4,227
Net position - June 30, 2017	72,884	68,657
Restatement	(2,182)	-
Net position - June 30, 2018	\$ 74,353	\$ 72,884

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 \$25.9 million, an increase of \$3.1 million in comparison with the prior year. Approximately 41% of this total amount, \$10.6 million 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 \$10.7 million, while total fund balance reached \$20.5 million. 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 47% of total General Fund expenditures, while total fund balance represents 89% of that same amount.

The fund balance of the City of Rosemead's General Fund increased by \$1.5 million during the current year. Highlights of the change in fund balance are presented below:

- The General Fund revenues exceeded expenditures and; therefore, fund balance had an increase of \$1.5 million. Several revenues had large increases including Property Tax, Sales Tax, TOT, County Grants, Miscellaneous Revenues, and Building Permits. Additional highlights of the change in fund balance are presented below.
- General Fund revenues increased \$2.1 million in FY 2017/18 over the prior year. The largest revenue categories were: property tax increased \$486 thousand, sales tax increased \$563 thousand, TOT increased \$114 thousand, County Grants increased \$100 thousand, Miscellaneous Revenues increased \$295 thousand, and Building Permits increased \$412 thousand. Property taxes increased due to the net tax value increasing by 4% for the 2017/18 tax roll. Sales tax increase is attributed to the growth in the overall economy and in consumer spending. The opening of Ross, Sunshine Seafood restaurant, and taking into account a full-year operation of Lucille's BBQ restaurant and two used car automotive also contributed to the increase in sales tax revenues. TOT increase is due to the addition of the Hartford Hotel, bringing in a total of \$120 thousand TOT in FY 2017/18. The City received a reimbursement of \$100 thousand from the LA County for the city-wide tree planting grant. The City also received a reimbursement of \$276 thousand from Southern CA Edison for participating in the LED light conversion. Lastly, the substantial increase in building permits is due to the collection of fees for several mixed-used projects, a 21-unit residential planned development, and several new single-family dwelling development.

- General Fund expenditures increased \$1.9 million over the prior year for the following reasons:
 - Public safety expenditures is one of the City's largest area of expenditures. The Los Angeles County's Sheriff's Department contract increased by 2.57% over the previous year and the Liability Trust Fund increased 0.5% as well. This attributed to an increase in public safety expenditures of \$263 thousand.
 - Public works expenditures increased \$324 thousand primarily due to the addition of one new maintenance worker and one temporary part-time maintenance worker to backfill a position that was on leave. The City also had an increase in janitorial service costs when the contract went out for bid; the new contract was almost doubled in costs. The water and utility costs increased as a result of the opening of the new Zapopan Park. In addition, the City complied with the ruling of the Ninth Circuit Court of Appeals for the Flores v. City of San Gabriel case and made retroactive payments of overtime for changes in FLSA regulations.
 - Parks and Recreation expenditures increased \$82 thousand primarily due to the purchase of two pool heaters replacement which amounted to \$90 thousand. The brochure costs were previously allocated to multiple departments. In the current year, the City recorded the total brochure costs in the Parks and Recreation department in order to improve the tracking of costs; therefore, the brochure costs increased in this department by \$20 thousand. The department also purchased a new bingo machine and tables and chairs to replace the old machine and furniture that were deteriorated. Fireworks costs for the 4th of July special event also increased by \$24 thousand. These increases were offset by decreases in other Parks and Recreation expenditures.
 - Legal fees increased \$530 thousand as a result of attorney fee increases and litigations.
 - The City, like all other cities, are faced with an increase in retirement costs as a result of the discount rate and assumption changes approved by the CalPERS board; this has impacted the actuarial valuation performed and caused an increase to participants' retirement contributions.

General Fund Budget Analysis. The City's General Fund collected revenues of slightly less than \$2.2 million in comparison to the budgeted estimates or 10% more than the budget. Property tax increases of \$486 thousand due to an increase in tax values. Sales tax increases of \$563 thousand was driven by an improving economy and the opening of some new restaurants and businesses and the increase of \$114 thousand in Transient Occupancy Tax was due to the addition of a new hotel. Building permits increased \$412 thousand due to various mixed-use projects.

The General Fund expenditure budget to actual variance of \$207 thousand was due to the City did not budget for the increase in building fees as a result of more mixed-used projects than anticipated; however, the costs were offset by revenues.

Proposition A, C, Measure R and Measure M Funds. These four 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 and Measure M mainly focus on new transportation infrastructure development. Expenditures for the Proposition A fund are increasing as greater efforts are being made to increase fixed route ridership as are the operating expenditures for Dial-A-Ride in the Proposition C Fund. The City is utilizing Measure R and Measure M funds for capital improvement projects for street improvements, paving, sidewalk installation, traffic study, and transportation program 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, 2018, amounts to \$53.6 million (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:

- Completion of the new Zapopan Park
- Completion of the new Jay Imperial Park
- Completion of the Hellman/Del Mar intersection improvements
- Earle/Wells Street sidewalk installation
- Pedestrian lighting in Rosemead Park

- Redesign of City's Website
- Construction in progress for Safe Route to School Project (Savannah Elementary)
- Construction in progress for Garvey Avenue Resurfacing Project (from Del Mar Ave to Eastern City Limit)
- Construction in progress for Circulation Study of Klingerman and Angelus streets
- Construction in progress for Traffic Signal Upgrades
- Construction in progress for Walnut Grove Avenue Resurfacing Project
- Construction in progress for Garvey Center Electric Charging Station Project

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

	Governmental Activities	
	2018	2017
Land	\$ 4,417	\$ 4,417
Buildings	14,411	14,897
Improvements other than Buildings	3,955	995
Machinery and equipment	131	52
Autos and trucks	351	521
Furniture and office equipment	133	189
Infrastructure	28,590	28,725
Construction in progress	1,599	3,010
Total	\$ 53,587	\$ 52,806

Additional information on the City of Rosemead's capital assets can be found in note No. 7, found on page 41 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 \$29,455,000. 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	
	2018	2017
Tax Allocation Bonds	\$ 29,455	\$ 31,775

- The Successor Agency's total bonded debt decreased by \$2.3 million during the current fiscal year due to principal and interest payments. For more detailed information about the Successor's Agency Long Term Debt, please refer to Note No. 14 on page 60 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 large General Fund revenue increases in FY 2017/18. Property tax revenues have shown modest increases and are projected to continue with steady growth pattern. Sales taxes are expected to increase significantly due to new restaurants and stores addition to the community. License and permit revenues are expected to increase due to an increase in growth and development in the City. Additionally, TOT revenues are expected to increase due to future projects with the Hampton Inn & Suites.
- The local economy is projected to continue its modest growth in the coming year and has been reflected in the City's FY 2018/19 Revenue budget. At the time of budget preparation and up to its adoption, General Fund Revenue is projected to increase 6% over the FY 2017/18 budgeted amount.
- The City adopted the General Fund FY 2018/19 budget with a projected \$18 million fund balance reserve. With the FY 2017/18 revenue surplus, the projected fund balance for the General Fund is \$19 million. The Operating Budget for Fiscal Year 2018/19 is a well balanced budget. In order to maintain a balanced budget, it will be essential for the City to continue its history of conservative spending.

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:

Finance Director
8838 East Valley Boulevard
Rosemead, CA 91770.

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
Assets:	
Cash and investments	\$ 25,888,483
Receivables:	
Accounts	2,895,972
Notes and loans	355,113
Accrued interest	79,015
Prepaid costs	853,920
Inventories	2,034
Capital assets, not being depreciated	6,016,414
Capital assets, net of depreciation	47,570,829
Net pension asset	440,540
	<hr/>
Total Assets	84,102,320
	<hr/>
Deferred Outflows of Resources:	
Deferred outflows related to pensions	4,232,015
	<hr/>
Total Deferred Outflows of Resources	4,232,015
	<hr/>
Liabilities:	
Accounts payable	2,260,192
Accrued liabilities	292,370
Deposits payable	102,531
Noncurrent liabilities:	
Compensated absences, due within one year	275,103
Compensated absences, due in more than one year	397,882
Net pension liability	9,309,566
Net other post employment benefits liability	560,139
	<hr/>
Total Liabilities	13,197,783
	<hr/>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	669,194
Deferred inflows related to other post employment benefits	113,894
	<hr/>
Total Deferred Inflows of Resources	783,088
	<hr/>
Net Position:	
Investment in capital assets	53,587,243
Restricted:	
Community services	246,135
Low and moderate income housing	286,648
Public works	3,021,851
Capital projects	1,912,732
Unrestricted	15,298,855
	<hr/>
Total Net Position	\$ 74,353,464
	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

CITY OF ROSEMEAD, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General</u>	<u>Special Revenue Fund State Gas Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments	\$ 19,525,880	\$ 452,151	\$ 5,288,930	\$ 25,266,961
Receivables:				
Accounts	2,124,711	484,656	286,605	2,895,972
Notes and loans	355,113	-	-	355,113
Accrued interest	79,015	-	-	79,015
Prepaid costs	853,920	-	-	853,920
Due from other funds	63,521	-	-	63,521
Inventories	2,034	-	-	2,034
Total Assets	\$ 23,004,194	\$ 936,807	\$ 5,575,535	\$ 29,516,536
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,876,474	\$ 66,165	\$ 317,509	\$ 2,260,148
Accrued liabilities	255,928	3,474	32,968	292,370
Deposits payable	484	-	39,529	40,013
Due to other funds	-	-	63,521	63,521
Retentions payable	-	29,150	33,368	62,518
Total Liabilities	2,132,886	98,789	486,895	2,718,570
Deferred Inflows of Resources:				
Unavailable revenues	387,027	484,656	5,660	877,343
Total Deferred Inflows of Resources	387,027	484,656	5,660	877,343
Fund Balances:				
Nonspendable:				
Prepaid costs	853,920	-	-	853,920
Notes and loans	128,026	-	-	128,026
Restricted:				
Community services	-	-	246,135	246,135
Low and moderate income housing	-	-	286,648	286,648
Public works	-	96,439	2,925,412	3,021,851
Capital projects	-	256,923	1,655,809	1,912,732
Committed:				
Capital projects	1,174,500	-	-	1,174,500
Reserve contingency	7,585,789	-	-	7,585,789
Assigned:				
Building maintenance	63,298	-	-	63,298
Tree in lieu	16,500	-	-	16,500
Unassigned	10,662,248	-	(31,024)	10,631,224
Total Fund Balances	20,484,281	353,362	5,082,980	25,920,623
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 23,004,194	\$ 936,807	\$ 5,575,535	\$ 29,516,536

The notes to financial statements are an integral part of this statement.

CITY OF ROSEMEAD, CALIFORNIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		\$ 25,920,623
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		53,471,900
Compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.		(672,985)
Governmental funds report all pension contributions as expenditures; however, in the statement of activities, the excess/deficiency of the total pension liability over/under the plan fiduciary net position is reported as a net pension liability/asset.		
CalPERS Miscellaneous Plan net pension liability	\$ (9,309,566)	
PARS Retirement Enhancement Plan net pension asset	<u>440,540</u>	(8,869,026)
Pension-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Contributions made after the actuarial measurement date	1,487,464	
Changes in assumptions	1,194,717	
Difference between expected and actual experiences	9,629	
Net difference between projected and actual earnings on plan investments	330,676	
Adjustments due to differences in proportions	263,329	
Difference in proportionate share	<u>946,200</u>	4,232,015
Pension-related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Changes in assumptions	(91,098)	
Difference between expected and actual experiences	(385,656)	
Difference in proportionate share	<u>(192,440)</u>	(669,194)
Governmental funds report all other post-employment benefits contributions as expenditures; however, in the statement of net position, the excess of the total other post-employment benefits liability over the plan fiduciary net position is reported as a net other post-employment benefits liability.		(560,139)
Other post-employment-related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Net difference between projected and actual earnings on plan investments		(113,894)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities.		877,343
Internal service funds are used by management to charge the costs of certain activities, such as equipment and technology replacement, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>736,821</u>
Net position of governmental activities		<u><u>\$ 74,353,464</u></u>

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General	Special Revenue Fund State Gas Tax	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 18,698,988	\$ -	\$ -	\$ 18,698,988
Licenses and permits	3,128,000	-	-	3,128,000
Intergovernmental	268,249	1,185,995	6,548,392	8,002,636
Charges for services	1,035,353	-	536,913	1,572,266
Use of money and property	207,128	432	2,728	210,288
Fines and forfeitures	633,711	-	-	633,711
Contributions	2,522	-	-	2,522
Developer participation	-	-	28,591	28,591
Miscellaneous	496,335	62,507	4,974	563,816
Total Revenues	24,470,286	1,248,934	7,121,598	32,840,818
Expenditures:				
Current:				
General government	4,366,806	2,304	177,679	4,546,789
Public safety	9,132,154	-	186,704	9,318,858
Community development	2,032,927	-	1,246,161	3,279,088
Parks and recreation	2,366,338	-	20,125	2,386,463
Public works	4,042,401	567,515	1,944,732	6,554,648
Capital outlay	958,294	1,165,056	1,482,745	3,606,095
Total Expenditures	22,898,920	1,734,875	5,058,146	29,691,941
Excess of Revenues over Expenditures	1,571,366	(485,941)	2,063,452	3,148,877
Other Financing Sources (Uses):				
Transfers in	-	-	121,361	121,361
Transfers out	(121,361)	-	-	(121,361)
Total Other Financing Sources (Uses)	(121,361)	-	121,361	-
Net Change in Fund Balances	1,450,005	(485,941)	2,184,813	3,148,877
Fund Balances at the Beginning of the Year	19,034,276	839,303	2,898,167	22,771,746
Fund Balances at the End of the Year	\$ 20,484,281	\$ 353,362	\$ 5,082,980	\$ 25,920,623

The notes to financial statements are an integral part of this statement.

CITY OF ROSEMEAD, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 3,148,877
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlay	\$ 3,631,802	
Depreciation	<u>(2,810,384)</u>	821,418
Compensated absences 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.		(39,027)
CJPIA retrospective deposit 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.		231,905
Pension obligation 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.		(1,008,968)
Other post-employment benefits obligation 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.		(158,162)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. These are included in the operating contributions and miscellaneous income in the statement of activities.		574,388
Internal service funds are used by management to charge the costs of certain activities, such as equipment and technology replacement, to individual funds. The net revenues of the internal service funds are reported with governmental activities.		<u>80,775</u>
Change in net position of governmental activities		<u><u>\$ 3,651,206</u></u>

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2018

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Assets:	
Current Assets:	
Cash and investments	\$ 621,522
Total Current Assets	<u>621,522</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	115,343
Total Noncurrent Assets	<u>115,343</u>
Total Assets	<u>736,865</u>
Liabilities:	
Current Assets:	
Accounts payable	44
Total Current Liabilities	<u>44</u>
Total Liabilities	<u>44</u>
Net Position:	
Investment in capital assets	115,343
Unrestricted	<u>621,478</u>
Total Net Position	<u>\$ 736,821</u>

The notes to financial statements are an integral part of this statement.

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Operating Revenues:	
Charges for services	\$ 279,200
Total Operating Revenues	279,200
Operating Expenses:	
Contractual services	127,483
Depreciation expense	70,942
Total Operating Expenses	198,425
Operating Income	80,775
Net Position at the Beginning of the Year	656,046
Net Position at the End of the Year	\$ 736,821

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from interfund service provided	\$ 279,200
Cash paid to suppliers for goods and services	<u>(127,472)</u>
Net Cash Provided by Operating Activities	<u>151,728</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	<u>(30,574)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(30,574)</u>
Net Increase in Cash and Cash Equivalents	121,154
Cash and Cash Equivalents at the Beginning of the Year	<u>500,368</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 621,522</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	<u>\$ 80,775</u>
Adjustments to reconcile operating income net cash provided by operating activities:	
Depreciation	70,942
Increase in accounts payable	<u>11</u>
Total Adjustments	<u>70,953</u>
Net Cash Provided by Operating Activities	<u>\$ 151,728</u>

The notes to financial statements are an integral part of this statement.

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2018

	<u>Agency Funds</u>	<u>Private-Purpose Trust Fund</u>
		<u>Successor Agency</u>
Assets:		
Cash and investments	\$ 1,048,328	\$ 5,633,510
Notes and loans receivable	-	201,314
Prepaid costs	-	161,511
Restricted cash and investments with fiscal agents	-	1,112,018
Total Assets	<u>\$ 1,048,328</u>	<u>7,108,353</u>
Deferred Outflows of Resources:		
Deferred charge on refunding		186,019
Total Deferred Outflows of Resources		<u>186,019</u>
Liabilities:		
Accrued liabilities	-	35
Accrued interest	-	291,995
Deposits payable	1,048,328	-
Long-term liabilities:		
Bonds payable, due within one year	-	2,252,014
Bonds payable, due in more than one year	-	28,727,306
Total Liabilities	<u>\$ 1,048,328</u>	<u>31,271,350</u>
Net Position:		
Held in trust for the dissolution of the former Redevelopment Agency		(23,976,978)
Total Net Position		<u>\$ (23,976,978)</u>

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Private-Purpose Trust Fund</u>
	<u>Successor Agency</u>
Additions:	
Taxes	\$ 3,916,792
Interest and change in fair value of investments	(7,128)
Total Additions	<u>3,909,664</u>
Deductions:	
Administrative expenses	54,449
Interest expense	1,309,821
Contributions to other governments	420,478
Total Deductions	<u>1,784,748</u>
Change in Net Position	2,124,916
Net Position at the Beginning of the Year as Originally Reported	(26,300,314)
Restatement	<u>198,420</u>
Net Position at the Beginning of the Year, as Restated	<u>(26,101,894)</u>
Net Position at the End of the Year	<u>\$ (23,976,978)</u>

The notes to financial statements are an integral part of this statement.

I. SIGNIFICANT ACCOUNTING POLICIES

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. Separate financial statements are not prepared.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

a. Reporting Entity (Continued)

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.

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 generally accepted accounting principles.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

b. Basis of Accounting and measurement Focus (Continued)

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

b. Basis of Accounting and measurement Focus (Continued)

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

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

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

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

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

Proprietary Funds

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

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.
- State Gas Tax – This fund is used to account for monies that are collected by the State under the title of Motor Vehicle License Tax and represent an addition + or - \$0.10 per gallon of gas sold.

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.

Additionally, the City reports:

- Internal Service Funds – Account for the financing of goods and services provided by one department to other departments on a cost reimbursement basis. The City has internal service funds for equipment replacement and technology replacement.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are recorded at acquisition value at the point of acquisition. Generally, capital asset purchases in excess of \$10,000 are capitalized if they have an expected useful life of one or more years.

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

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

The following schedule summarizes capital asset useful lives:

Building improvements	50 years
Improvements other than buildings	3-15 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.

Note 1: Summary of Significant Accounting Policies (Continued)

The sick leave liability is estimated based on the City's past experience of making termination payments from sick leave, adjusted for the effect of changes in its termination payment policy and other current factors. A liability for these amounts is reported in governmental funds only if it has matured or will be paid from available resources of the current period. City employees accumulate vacation hours that may be paid upon termination, death or retirement. 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.

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 Balance

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable** – This includes amounts that cannot be spent because they are either not in spendable form or must be maintained intact pursuant to legal or contractual requirements, such as prepaids, inventory, or endowments.
- **Restricted** – This includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws and regulations of other governments through enabling litigations.
- **Committed** – This includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the City's highest authority, the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is Council resolution.
- **Assigned** – This includes amounts that are designated by the City Council, City Manager, or Finance Committee for specific purposes and do not meet the criteria to be classified as restricted or committed.
- **Unassigned** – This is the residual classification that includes all spendable amounts not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

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, at www.calpers.ca.gov. 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.

CalPERS-Cost sharing Multiple-Employer Plan:

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

PARS-Single Employer Agent Plan:

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2016 to June 30, 2018

l. Other Post Employment Benefit Plans (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by Public Agency Retirement Services (PARS), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	December 31, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

Net different between projected and actual earning on OPEB plan Investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (4.0 Years at June 30, 2017)

m. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources on pensions and OPEB (described previously) in the statement of net position. The pension-related deferred outflows include such items as: contributions made after the actuarial measurement date, changes in assumptions, differences between expected and actual experiences, the net difference between projected and actual earnings on plan investments, adjustments due to differences in proportionate share, and differences in the proportionate share. All of the items, with the exception of the net difference between projected and actual earnings on plan investments which is recognized over five years, are recognized over the expected average remaining service life of plan members.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflow of resources deferred revenue on the fund financial statements – unavailable revenue. Deferred inflows related to pensions and OPEB (described previously) are reported in the statement of net position. The deferred inflows related to pensions include changes in assumptions, the difference in expected and actual experiences, and the difference in proportionate share; these items are recognized over the expected average remaining service life of plan members.

n. Change in Accounting Principle

During the fiscal year ended June 30, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits other than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting for Financial Reporting by Employers for Post-Employment Benefits other than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.

As a result of this change in accounting principle, beginning net position as reported in the government-wide statement of net position as been restated (see Note 15 for more information).

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Note 2: Stewardship, Compliance, and Accountability

a. Deficit Fund Balances/Net Position

The Community Development Block Grant (CDBG) nonmajor special revenue fund reported a deficit in fund balance in the amount of \$31,024 at June 30, 2018. The Successor Agency private-purpose trust fund also reported a deficit in net position of \$23,976,978 at June 30, 2018. The CDBG fund deficit balance is due to the timing of grant reimbursement from the grantor agency. The Successor Agency deficit is due to long-term bonds payable being repaid incrementally from tax funding received from the State of California.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 25,888,483
Statement of Fiduciary Net Position	
Cash and investments	6,681,838
Restricted cash and investments with fiscal agents	<u>1,112,018</u>
Total Cash and Investments	<u><u>\$ 33,682,339</u></u>

Cash and Investments as of June 30, 2018, consist of the following:

Deposits with financial institutions	\$ 11,944,788
Investments	<u>21,737,551</u>
Total Cash and Investments	<u><u>\$ 33,682,339</u></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.

Authorized Investment Type	Authorized by investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	70%	35%
Banker's Acceptances	Yes	180 days	20%	30%
Commercial Paper	Yes	180 days	15%	10%
Negotiable Certificates for Deposits	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	\$65M

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 3: Cash and Investments (Continued)

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	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 months	25 to 60 months	
State investment pool	\$ 11,124,037	\$ -	\$ -	\$ 11,124,037
Certifices of Deposit	243,258	1,441,877	3,535,401	5,220,536
U.S. agency securities	-	483,825	1,578,278	2,062,103
Money Market Mutual Funds	275,139	-	-	275,139
Medium-term notes	-	754,882	1,188,836	1,943,718
Held by bond trustee				
Money Market Mutual Funds	1,112,018	-	-	1,112,018
Total	\$ 12,754,452	\$ 2,680,584	\$ 6,302,515	\$ 21,737,551

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	Totals	Minimum Legal Rating	Ratings at End of Year			
			Not Rated	A-	A	AA+
State Investment pool	\$ 11,124,037	N/A	\$ 11,124,037	\$ -	\$ -	\$ -
Certifices of Deposits	5,220,536	N/A	5,220,536	-	-	-
U. S. agency securities	2,062,103	N/A	-	-	-	2,062,103
Medium-term notes	1,943,718	A	-	245,528	1,698,190	-
Money Market Mutual Funds	275,139	Multiple	275,139	-	-	-
Held by bond trustee						
Money Market Mutual Funds	1,112,018	Multiple	1,112,018	-	-	-
Totals	\$ 21,737,551		\$ 17,731,730	\$ 245,528	\$ 1,698,190	\$ 2,062,103

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 3: Cash and Investments (Continued)Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>% of Investment</u>
Federal National Mortgage Association	U.S. Agency Securities	\$ 1,583,643	7.29%

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, 2018, the City had deposits with financial institutions in excess of federal depository insurance limits by \$5,946,206 that were held in collateralized accounts. As of June 30, 2018, the Successor Agency had deposits with financial institutions in excess of federal depository insurance limits by \$5,366,193 that were held in collateralized 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. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 3: Cash and Investments (Continued)

Fair Value Measurements

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

The City has the following fair value measurements as of June 30, 2018:

Investments	Totals	Level 2	Uncategorized
Certificates of deposits	\$ 5,220,536	\$ 5,220,536	\$ -
U.S. agency securities	2,062,103	2,062,103	-
Medium-term notes	1,943,718	1,943,718	-
State investment Pool	-	-	-
Money market mutual funds	275,139	275,139	-
LAIF	11,124,037	-	11,124,037
Held by fiscal agent:			
Money market mutual funds	1,112,018	1,112,018	-
Total	\$ 21,737,551	\$ 10,613,514	\$ 11,124,037

Note 4: Loans receivable

Loans receivable consisted of the following at June 30, 2018:

Governmental Activities:	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Computer Loans	11,012	9,969	11,260	9,721
San Gabriel Valley Water Co. Loan Phase I	82,300	-	8,230	74,070
San Gabriel Valley Water Co. Loan Phase II	41,151	-	4,115	37,036
Rio Hondo Community Development Co. Loan	227,086	-	-	227,086
El Monte Cemetary Association Loan	8,400	-	1,200	7,200
Total	\$ 369,949	\$ 9,969	\$ 24,805	\$ 355,113

Note 5: 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.

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 5: Property Taxes (Continued)

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 6: Interfund Transactions

Interfund Balances

Due to/due from other funds for the year ending June 30, 2018, consisted of the following:

	Due From Other Funds	Due To Other Funds
	<u> </u>	<u>Governmental Funds</u>
General Fund		\$ 63,521

The due to General Fund from various funds was a result of temporary deficit cash balances in those funds.

Transfers

Interfund transfers for the year ending June 30, 2018, consisted of the following:

	Transfers Out	Transfers In	
	<u> </u>	City Capital Projects Fund	<u>Total</u>
General Fund		\$ 121,361	\$ 121,361
Total		<u>\$ 121,361</u>	<u>\$ 121,361</u>

Transfers were made to subsidize various programs and capital projects.

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 7: Capital Assets

Capital asset activity was as follows for the year ended June 30, 2018:

<u>Governmental Activities:</u>	<u>Balance June 30, 2017</u>	<u>CIP Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital assets not being depreciated:					
Land	\$ 4,417,104	\$ -	\$ -	\$ -	\$ 4,417,104
Construction in progress	3,009,630	(4,756,183)	3,345,863	-	1,599,310
Total capital assets not being depreciated	<u>7,426,734</u>	<u>(4,756,183)</u>	<u>3,345,863</u>	<u>-</u>	<u>6,016,414</u>
Depreciable capital assets:					
Buildings	24,011,561	-	-	-	24,011,561
Improvements other than buildings	2,212,232	2,931,226	214,953	-	5,358,411
Machinery and equipment	582,225	-	96,337	-	678,562
Autos and trucks	1,757,950	-	5,223	-	1,763,173
Furniture and office equipment	1,485,125	-	-	-	1,485,125
Infrastructure	65,330,782	1,824,957	-	-	67,155,739
Total capital assets being depreciated	<u>95,379,875</u>	<u>4,756,183</u>	<u>316,513</u>	<u>-</u>	<u>100,452,571</u>
Less: accumulated depreciation for:					
Buildings	(9,114,583)	-	(486,620)	-	(9,601,203)
Improvements other than buildings	(1,217,287)	-	(185,631)	-	(1,402,918)
Machinery and equipment	(530,105)	-	(17,247)	-	(547,352)
Autos and trucks	(1,237,061)	-	(175,648)	-	(1,412,709)
Furniture and office equipment	(1,295,752)	-	(55,991)	-	(1,351,743)
Infrastructure	(36,605,628)	-	(1,960,189)	-	(38,565,817)
Total accumulated depreciation	<u>(50,000,416)</u>	<u>-</u>	<u>(2,881,326)</u>	<u>-</u>	<u>(52,881,742)</u>
Total capital assets, being depreciated, net	<u>45,379,459</u>	<u>4,756,183</u>	<u>(2,564,813)</u>	<u>-</u>	<u>47,570,829</u>
Government activities capital assets, net	<u>\$ 52,806,193</u>	<u>\$ -</u>	<u>\$ 781,050</u>	<u>\$ -</u>	<u>\$ 53,587,243</u>

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

<u>Governmental Activities</u>	<u>Total</u>
General Government	\$ 40,807
Public Safety	46,856
Public Works	2,539,170
Community development	14,353
Parks and recreation	169,198
Internal Service Funds	70,942
Totals	<u>\$ 2,881,326</u>

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 8: Changes in Long-Term Liabilities

Long-term debt consists of the following at June 30, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Compensated Absences	\$ 633,958	\$ 298,177	\$ 259,150	\$ 672,985	\$ 275,103
Totals	<u>\$ 633,958</u>	<u>\$ 298,177</u>	<u>\$ 259,150</u>	<u>\$ 672,985</u>	<u>\$ 275,103</u>

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

Note 9: Risk Management

a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Rosemead is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 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.

b. Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

In the liability program claims are pooled separately between police and general government 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 from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

Note 9: Risk Management (Continued)

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government 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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits 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.

c. Purchased Insurance

Pollution Legal Liability Insurance

The City of Rosemead participates in the pollution legal liability insurance program 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 an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

Property Insurance

The City of Rosemead participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Rosemead property is currently insured according to a schedule of covered property submitted by the City of Rosemead to the Authority. City of Rosemead property currently has all-risk property insurance protection in the amount of \$69,114,134. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 9: Risk Management (Continued)

Crime Insurance

The City of Rosemead purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

d. 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 2017-18.

Note 10: Defined Benefit Pension Plans

a. Aggregate Information on all Defined Benefit Pension Plans

The City participates in two defined benefit pension plans, the Miscellaneous Cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), and the Public Agency Retirement System (PARS) retirement enhancement plan, a single-employer defined benefit pension plan. These two plans are presented in aggregate on the government-wide financial statement of net position. The schedule below summarizes the components of the information presented on the government-wide statement broken out by each plan and in aggregate:

	CalPERS Miscellaneous Plan	PARS Retirement Enhancement Plan	Total
Net Pension Liability	\$ 9,309,566	\$ -	\$ 9,309,566
Net Pension Asset	-	440,540	440,540
Deferred Outflows of Resources	4,171,535	60,480	4,232,015
Deferred Inflows of Resources	421,490	247,704	669,194
Pension Expense	2,628,962	(132,530)	2,496,432

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10: Defined Benefit Pension Plans (Continued)**b. Defined Benefit Pension Plan - CalPERS**Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at 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 Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Tier 1 *	Tier 2 *	PEPRA
Hire date	Prior to July 1, 2010	From July 1, 2010 to December 31, 2012	January 1, 2013 and after
Benefit formula	2.7% @ 55	2% @ 55	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%	6.250%
Required employer contribution rates	11.675%	8.921%	6.533%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018
Note 10: Defined Benefit Pension Plans (Continued)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 either the Miscellaneous or Safety 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 year ended June 30, 2018 the contributions recognized as a reduction to the net pension liability was \$1,113,875.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources

At June 30, 2018, the City of Rosemead reported a net pension liability for its proportionate share of the net pension liability in the amount of \$9,309,566.

The City's pension liability is measured as the proportionate share of the net pension liability. The net pensions liability is measured as of June 30, 2017 and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2016 and 2017 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2016	0.24806%
Proportion - June 30, 2017	0.23616%
Change - Increase (Decrease)	-0.01190%

For the year ended June 30, 2018, the City of Rosemead recognized pension expense of \$2,628,962. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,487,464	\$ -
Changes in assumptions	1,194,717	91,098
Difference between expected and actual experiences	9,629	137,952
Net differences between projected and actual earnings on plan investments	270,196	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	946,200	-
Adjustment due to differences in proportions	263,329	192,440
Total	<u>\$ 4,171,535</u>	<u>\$ 421,490</u>

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Defined Benefit Pension Plans (Continued)

The \$1,487,464 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended	Deferred Outflow / (Inflows) of Resources
June 30,	
2018	\$ 909,385
2019	920,045
2020	593,572
2021	(160,421)
	\$ 2,262,581

Actuarial Assumptions and Methods

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016, total pension liability. The June 30, 2016 and the June 30, 2017, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method Actuarial Assumptions	Entry Age Normal Cost Method
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	3.00%
Investment Rate of Return	7.00% (2)
Mortality Rate Table (3)	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) Depending on age, service and type of employment
- (2) Net of Pension Plan Investment 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 on the CalPERS website.

All other actuarial assumptions used in the June 30, 2016 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.

Note 10: Defined Benefit Pension Plans (Continued)

Change of Assumptions

For the measurement date June 30, 2017, the financial reporting discount rate was lowered from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board approved lowering the funding discount rate used from 7.50 percent to 7.00 percent, which is to be phased-in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2016 valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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.

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.

In determining the long-term expected rate of return, staff 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Defined Benefit Pension Plans (Continued)

The table below 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.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0	0.80	2.27
Inflation Assets	6.0	0.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure and Forestland	3.0	3.90	5.36
Liquidity	2.0	(0.40)	(0.90)

- (1) An expected inflation of 2.5% used for this period.
 (2) An expected inflation of 3.0% used for this period.

Sensitivity of Net Pension Liability to Changes in Discount Rate

The following presents the City's proportionate share of the net pension liability/ (asset) of the Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15 percent) or 1% point higher (8.15 percent) than the current rate:

Plan's Net Pension Liability/(Assets)	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous	\$ 13,247,695	\$ 9,309,566	\$ 6,047,935

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS' website for additional information.

Payable to the Pension Plan

At June 30, 2018, the City reported no payable for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

c. PARS Retirement Enhancement Plan

Plan Description

The Plan is an agent, multiple-employer 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, 2016 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Defined Benefit Pension Plans (Continued)

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 II 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").

The Plan II's provisions and benefits in effect at June 30, 2018, (measurement date) are summarized as follows:

	<u>Supplemental</u>
	On or after September 25, 2007
	On or before June 30, 2010
Hire Date	
Benefit Formula	3% @ 55 less Cal PERS 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	0.576%
Required employee contribution rates	none
Required employer contribution rates	3.790%

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms:

<u>Description</u>	<u>Number of Members</u>
Inactive employees or beneficiaries	
currently receiving benefits	12
Active employees	41
Total	<u>53</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Defined Benefit Pension Plans (Continued)

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, 2018 (the measurement date), the employer's contribution rate is 8.41 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2018 are \$140,376.

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 II is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2016.

Total pension liability	\$ 2,702,951
Plan fiduciary net position	<u>(3,143,491)</u>
Net pension (asset)	<u>\$ (440,540)</u>
Plan fiduciary net position as a % of total pension liability	116.3%

Actuarial Assumptions and Methods

The following actuarial methods and assumptions were used in the June 30, 2016 funding valuation:

Actuarial Cost Method	Entry Age Normal
Amortization Method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 06/30/2016	6 years
Amortization growth rate	0.00%
Asset Valuation Method	
Smoothing period	None
Recognition method	None
Corridor	None
Inflation	2.75%
Salary Increases	3.5% to 12.20% depending on year of service
Investment Rate of Return	6.50%
Cost of Living Adjustments	2.00%
Mortality	RP-2000 Combined Health mortality tables for males and females projected with Scale BB to 2020

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Defined Benefit Pension Plans (Continued)

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.

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.

	June 30, 2017	June 30, 2018
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 II'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, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Defined Benefit Pension Plans (Continued)

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of administrative expenses.

The money-weighted rate of return for the fiscal year ended June 30, 2018 was 5.84%.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2018.

Asset Class	Index	Current Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	8.04%	0.31%	0.31%
US Core Fixed Income	Barclays Aggregate	44.02%	2.14%	2.02%
US Equity Market	Russell 3000	35.14%	4.59%	3.32%
Foreign Developed Equity	MSCI EAFE NR	8.10%	5.52%	3.91%
Emerging Markets Equity	MSCI EM NR	3.37%	7.82%	4.59%
US REITs	FTSE NAREIT Equity REIT	1.33%	5.04%	3.27%

Changes in Net Pension Liability

Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2017	\$ 2,695,724	\$ 3,030,461	\$ (334,737)
Changes for the year:			
Service cost	37,502	-	37,502
Interest on total pension liability	171,215	-	171,215
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(201,490)	(201,490)	-
Employer contributions	-	140,376	(140,376)
Member contributions	-	-	-
Net investment income	-	175,605	(175,605)
Administrative expenses	-	(1,461)	1,461
Balances as of June 30, 2018	\$ 2,702,951	\$ 3,143,491	\$ (440,540)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Defined Benefit Pension Plans (Continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 6.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
\$ (126,802)	\$ (440,540)	\$ (708,240)

Pension Plan Fiduciary Net Position

The Plan II fiduciary net position at June 30, 2018, was as follows:

Assets:	
Cash and cash equivalents	\$ 252,657
Investments:	
Fixed income	1,383,629
Stocks	1,465,357
Real estate	41,848
Total Investments	<u>2,890,834</u>
Total Assets	<u>3,143,491</u>
Net Position Restricted for Pensions	<u>\$ 3,143,491</u>

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense of (\$132,530). At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 247,704
Net difference between projected and actual earnings	<u>60,480</u>	<u>-</u>
Total	<u>\$ 60,480</u>	<u>\$ 247,704</u>

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

<u>Year ended June 30:</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$ (7,357)
2020	(30,443)
2021	(67,139)
2022	(49,974)
2023	(32,311)
	<u>\$ (187,224)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 11: 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 \$59,435 to the plan.

Note 12: Post-Employment Benefit Plan

Plan Description

The City administers an agent-multiple employer defined benefit plan which provides medical benefits to eligible retirees and their spouses in accordance with various labor agreements.

Employees Covered

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 December 31, 2016, the date of the latest actuarial valuation:

Active	59
Inactive employees or beneficiaries currently receiving benefits	<u>28</u>
Total	<u><u>87</u></u>

Contributions

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.

For the measurement date ended June 30, 2017, the City's cash contributions were \$146,811 in total payments, which were recognized as a reduction to the OPEB liability.

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 12: Post-Employment Benefit Plan (Continued)

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2016 that was rolled forward to determine the June 30, 2017 total OPEB liability, based on the following actuarial methods and assumptions:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percent of pay
Amortization Period	21-year fixed period for 2017/18
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.00%
General Inflation	2.75%
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality Improvement Scale 2017 for post-retirement mortality
All Other Assumptions	Same as those used to determine the total OPEB liability

Expected Long-Term Rate of Return

<u>Asset Class Component</u>	<u>Target Allocation PARS-Moderate</u>	<u>Expected Real Rate of Return</u>
Global Equity	48%	4.82%
Fixed Income	45%	1.47%
REITs	2%	3.76%
Cash	5%	0.06%
(1) Assumed Long-Term Rate of Inflation		2.75%
(2) Expected Long-Term Net Rate of Return, rounded to the nearest quarter percent		6.00%

The long-term expected real rates of return are presented as geometric means.

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 12: Post-Employment Benefit Plan (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2017 (valuation date 12/31/2016)	\$ 3,878,150	\$ 3,216,986	\$ 661,164
Changes recognized for the measurement period:			
Service cost	147,009	-	147,009
Interest	237,920	-	237,920
Contributions - employer	-	158,082	(158,082)
Net investment income	-	336,797	(336,797)
Benefit payments	(119,682)	(119,682)	-
Administrative expenses	-	(8,925)	8,925
Net changes	265,247	366,272	(101,025)
Balance at June 30, 2018 (measurement date 6/30/2017)	\$ 4,143,397	\$ 3,583,258	\$ 560,139

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability	\$ 1,105,471	\$ 560,139	\$ 105,382

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease	Current Healthcare Cost Trent Rates	1% Increase
Net OPEB Liability	\$ 272,591	\$ 560,139	\$ 893,490

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 12: Post-Employment Benefit Plan (Continued)

OPEB Plan Fiduciary Net Position

PARS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the Public Agency Retirement Services, 4350 Von Karman Ave, Newport Beach, CA 92660.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$170,951. As of fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	-	\$ 113,894
Total	-	\$ 113,894

The amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30	Deferred Outflow / (Inflows) of Resources
2018	\$ (28,474)
2019	(28,474)
2020	(28,474)
2021	(28,472)
	\$ (113,894)

Note 13: 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 14: Successor Agency

On December 29, 2011, the California Supreme Court upheld AB lx 26 that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported the former Agency within the reporting entity of the City as a blended component unit. In June 2012, the Legislature adopted AR 1484, which amended portions of AB lx 26 and added certain new provisions. AB lx 26 and AB 1484 are collectively referred to herein as the "Bill."

The Bill provides that upon dissolution of a redevelopment agency, either city or another unit local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. The successor agency is defined as being a separate legal entity from the City. On January 10, 2012, the City Council elected to become the Successor Agency for the former Redevelopment Agency in accordance with the Bill as part of City resolution number 28029. The assets and activities of the Successor Agency for the former Agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Subject to the approval of the oversight board and the State of California Department of Finance (DOF), remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are allocated property tax revenue in the amount that is necessary to pay the estimated installment payments on enforceable obligations of the former redevelopment agencies until all enforceable obligations of the prior redevelopment agencies have been paid in full and all assets have been liquidated.

a. Cash and Investments

Cash and investments of the Successor Agency consist of demand deposit held with financial institutions and restricted cash held with fiscal agents for the purpose of debt service payments and bond covenants. The cash and investments reported in the accompanying financial statements consisted of the following:

Cash and Investments	\$5,633,510
Restricted:	
Cash with Fiscal Agents	<u>1,112,018</u>
Total Cash and Investments:	<u>\$6,745,528</u>

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 14: Successor Agency (Continued)

b. Long-Term Debt

The debt of the Successor Agency as of June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Bonds:					
Tax Allocation Bonds					
Series 2010A	7,045,000	-	885,000	6,160,000	915,000
Tax Allocation Bonds					
Series 2016	24,730,000	-	1,435,000	23,295,000	1,245,000
Subtotal Bonds	<u>31,775,000</u>	<u>-</u>	<u>2,320,000</u>	<u>29,455,000</u>	<u>2,160,000</u>
Deferred amounts:					
Unamortized bond premium	1,708,708	-	106,794	1,601,914	106,794
Discount on Issuance	(92,374)	-	(14,780)	(77,594)	(14,780)
Total Bonds	<u>1,616,334</u>	<u>-</u>	<u>92,014</u>	<u>1,524,320</u>	<u>92,014</u>
Total Long-term Debt	<u>\$ 33,391,334</u>	<u>\$ -</u>	<u>\$ 2,412,014</u>	<u>30,979,320</u>	<u>\$ 2,252,014</u>

Future debt service requirements are as follows:

Year Ending June 30	Principal	Interest
2019	2,160,000	1,352,881
2020	2,205,000	1,275,500
2021	2,295,000	1,182,500
2022	2,405,000	1,070,250
2023	2,530,000	950,000
2024-2028	7,680,000	3,267,750
2029-2033	8,300,000	1,482,950
2034	1,880,000	75,200
Total	<u>\$ 29,455,000</u>	<u>\$ 10,657,031</u>

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, 2018, the balance held in the reserve account was \$1,099,531. As of June 30, 2018, the outstanding balance was \$6,160,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 14: Successor Agency (Continued)

2016 Subordinate Tax Allocation Refunding Bonds

In October 2016, the Successor Agency to the Rosemead Redevelopment Agency (Successor Agency) issued the 2016 Subordinate Tax Allocation Refunding Bonds in the amount of \$24,230,000 for the purpose of refunding, on a current basis, all of the outstanding Rosemead Community Development Commission Redevelopment Project Area No. 1 Tax Allocation Bonds, Series 2006A, initially issued in the principal amount of \$14,005,000, and the Rosemead Community Development Commission Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2006B, initially issued in the principal amount of \$24,230,000. Interest is payable semi-annually on April 1 and October 1. As of June 30, 2018, the outstanding balance was \$23,295,000.

c. Restatement of Fiduciary Net Position

Beginning net position in the Statement of Changes in Fiduciary Net Position was increased by \$198,420 to account for a deferred charge on refunding that was not reported at June 30, 2017.

d. Pledged Revenue

The City pledged, as security for the bonds issued, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it received. The bonds were issued to providing financing for various capital projects, accomplish Low and Moderate Income Housing projects, and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the redevelopment activities of the redevelopment agency, property taxes allocated to redevelopment activities are not longer deemed tax increment, but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt as of June 30, 2018 is \$40,112,031 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the successor agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$3,916,792 and the debt service obligation on the bonds was \$3,706,038.

Note 15: Prior Period Adjustments

Beginning net position in the Statement of Activities was reduced by \$2,181,711 to reflect the change in accounting principle by the City in the implementation of GASB Statement No. 75. The table below describes the restatement in detail:

To remove the OPEB asset previously reported, under GASB 45	\$ (1,665,840)
To record the beginning deferred outflows of resources as of June 30, 2017 accordance with GASB 75	145,293
To record the beginning OPEB liability as of June 30, 2017, in accordance with GASB 75	<u>(661,164)</u>
Total Restatement of Net Position due to GASB 75	<u>\$ (2,181,711)</u>

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

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. Budgets were legally adopted for all governmental funds.

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 appropriated and honored during the subsequent year.

Note 2: Excess of Expenditures over Appropriations

For the year ended June 30, 2018, the State Gas Tax special revenue fund had expenditures in excess of the final budgeted amounts of \$936,675.

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 19,034,276	\$ 19,034,276	\$ 19,034,276	\$ -
Resources (Inflows):				
Taxes	17,749,000	17,849,000	18,698,988	849,988
Licenses and permits	2,140,000	2,140,000	3,128,000	988,000
Intergovernmental	218,100	218,100	268,249	50,149
Charges for services	1,002,200	1,027,200	1,035,353	8,153
Use of money and property	288,300	288,300	207,128	(81,172)
Fines and forfeitures	625,000	625,000	633,711	8,711
Contributions	2,000	2,000	2,522	522
Miscellaneous	149,300	149,300	496,335	347,035
Amounts Available for Appropriation	41,208,176	41,333,176	43,504,562	2,171,386
Charges to Appropriation (Outflows):				
General government	3,909,400	4,547,774	4,366,806	180,968
Public safety	9,350,700	9,360,458	9,132,154	228,304
Community development	1,732,500	1,780,700	2,032,927	(252,227)
Parks and recreation	2,486,300	2,476,300	2,366,338	109,962
Public works	4,258,500	4,286,500	4,042,401	244,099
Capital outlay	15,000	175,818	958,294	(782,476)
Transfers out	600,000	600,000	121,361	478,639
Total Charges to Appropriations	22,352,400	23,227,550	23,020,281	207,269
Budgetary Fund Balance, June 30	\$ 18,855,776	\$ 18,105,626	\$ 20,484,281	\$ 2,378,655

The notes to required supplementary information are an integral part of this schedule.

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STATE GAS TAX
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 839,303	\$ 839,303	\$ 839,303	\$ -
Resources (Inflows):				
Intergovernmental	2,432,800	1,171,000	1,185,995	14,995
Use of money and property	-	-	432	432
Miscellaneous	63,200	63,200	62,507	(693)
Amounts Available for Appropriations	3,335,303	2,073,503	2,088,237	14,734
Charges to Appropriation (Outflows):				
General government	2,300	2,300	2,304	(4)
Public works	795,900	795,900	567,515	228,385
Capital outlay	-	-	1,165,056	(1,165,056)
Total Charges to Appropriations	798,200	798,200	1,734,875	(936,675)
Budgetary Fund Balance, June 30	\$ 2,537,103	\$ 1,275,303	\$ 353,362	\$ (921,941)

The notes to required supplementary information are an integral part of this schedule.

CITY OF ROSEMEAD, CALIFORNIA

**COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Miscellaneous				
Proportion of the Net Pension Liability	0.23616%	0.24806%	0.27841%	0.10996%
Proportionate Share of the Net Pension Liability	\$ 9,309,566	\$ 8,617,416	\$ 7,638,064	\$ 6,842,230
Covered Payroll	\$ 3,690,780	\$ 3,388,767	\$ 3,543,958	\$ 3,386,963
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	252%	254%	216%	202%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.30%	74.06%	78.40%	79.82%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities.

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 to 7.15 percent.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only four years are shown.

CITY OF ROSEMEAD, CALIFORNIA

**COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLANS
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Miscellaneous				
Actuarially Determined Contribution	\$ 1,487,464	\$ 1,113,875	\$ 1,276,087	\$ 1,183,855
Contribution in Relation to the Actuarially Determined Contribution	<u>(1,487,464)</u>	<u>(1,113,875)</u>	<u>(1,276,087)</u>	<u>(1,183,855)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 3,761,962	\$ 3,690,780	\$ 3,388,767	\$ 3,543,958
Contributions as a Percentage of Covered Payroll	39.54%	30.18%	18.13%	33.40%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only four years are shown.

Note to Schedule:

Valuation Date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll, closed 20 years
Assets valuation method	Market value
Inflation	2.75%
Salary Increases	3.30% - 14.20% depending on age, service and type of employment
Investment rate of return	7.5% net of pension plan investment and administrative expense, including
Retirement age	50 year
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF ROSEMEAD, CALIFORNIA

**PARS RETIREMENT ENHANCEMENT PLAN
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service Cost	\$ 37,502	\$ 36,410	\$ 45,435	\$ 44,112
Interest	171,215	192,440	191,270	190,667
Effect of Liability Gains or Losses	-	(355,400)	-	-
Effect of Assumption Changes or Inputs	-	-	-	-
Benefit Payments, Including Refunds of employee Contributions	<u>(201,490)</u>	<u>(200,693)</u>	<u>(218,411)</u>	<u>(234,960)</u>
Net Change in Total Pension Liability	\$ 7,227	\$ (327,243)	\$ 18,294	\$ (181)
Total Pension Liability - Beginning	<u>2,695,724</u>	<u>3,022,967</u>	<u>3,004,673</u>	<u>3,004,854</u>
Total Pension Liability - Ending (a)	<u>\$ 2,702,951</u>	<u>\$ 2,695,724</u>	<u>\$ 3,022,967</u>	<u>\$ 3,004,673</u>
Plan Fiduciary Net Position				
Contribution - Employer	\$ 140,376	\$ 164,389	\$ 265,241	\$ 273,711
Net Investment Income	175,605	266,884	(2,345)	59,329
Benefit Payments, Including Refunds of Employee Contributions	(201,490)	(200,693)	(218,411)	(234,960)
Other Changes in Fiduciary Net Position	<u>(1,461)</u>	<u>(6,848)</u>	<u>(2,624)</u>	<u>(5,864)</u>
Net Change in Fiduciary Net Position	\$ 113,030	\$ 223,732	\$ 41,861	\$ 92,216
Plan Fiduciary Net Position - Beginning	<u>3,030,461</u>	<u>2,806,729</u>	<u>2,764,868</u>	<u>2,672,652</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,143,491</u>	<u>\$ 3,030,461</u>	<u>\$ 2,806,729</u>	<u>\$ 2,764,868</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ (440,540)</u>	<u>\$ (334,737)</u>	<u>\$ 216,238</u>	<u>\$ 239,805</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.30%	112.42%	92.85%	92.02%
Covered Payroll	\$ 2,178,892	\$ 2,414,510	\$ 2,344,184	\$ 3,060,587
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-20.22%	-13.86%	9.22%	7.84%

Notes to Schedule:

Changes of Assumptions: There were no changes in assumptions

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

CITY OF ROSEMEAD, CALIFORNIA

**PARS RETIREMENT ENHANCEMENT PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 81,888	\$ 88,845	\$ 116,244	\$ 133,267
Contribution in Relation to the Actuarially Determined Contribution	<u>(140,376)</u>	<u>(164,389)</u>	<u>(265,241)</u>	<u>(273,711)</u>
Contribution Deficiency (Excess)	<u>\$ (58,488)</u>	<u>\$ (75,544)</u>	<u>\$ (148,997)</u>	<u>\$ (140,444)</u>
Covered Payroll	\$2,178,892	\$2,414,510	\$2,344,184	\$3,060,587
Contributions as a Percentage of Covered Payroll	6.44%	6.81%	11.31%	8.94%

Note to Schedule:

Valuation Date:	June 30, 2016
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	6
Inflation	2.75%
Salary Increases	3.5% to 12.20%, depending on years of service
Investment rate of return	6.50%
Payroll Growth	3.00%
Cost of Living Adjustments	2.00%
Mortality	Pre-retirement: Consistent with the Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans. Post-retirement: CalPERS 1997-2011 Healthy Retiree

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

CITY OF ROSEMEAD, CALIFORNIA

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 147,009
Interest on the total OPEB liability	237,920
Benefit payments	<u>(119,682)</u>
Net change in total OPEB liability	265,247
Total OPEB liability - beginning	<u>3,878,150</u>
Total OPEB liability - ending (a)	<u>\$ 4,143,397</u>
Plan Fiduciary Net Position	
Contribution - employer	\$ 158,082
Net investment income	336,797
Benefit payments	(119,682)
Administrative expense	<u>(8,925)</u>
Net change in plan fiduciary net position	366,272
Plan fiduciary net position - beginning	<u>3,216,986</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,583,258</u>
Net OPEB Liability - ending (a) - (b)	<u>\$ 560,139</u>
Plan fiduciary net position as a percentage of the total OPEB liability	86.5%
Covered payroll	\$ 3,690,780
Net OPEB liability as a percentage of covered payroll	15.18%

Notes to Schedule:

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF ROSEMEAD, CALIFORNIA

**SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>
Actuarially Determined Contribution	\$ 192,000
Contribution in Relation to the Actuarially Determined Contributions	-
Contribution Deficiency (Excess)	<u>\$ 192,000</u>
 Covered payroll	 \$ 3,761,962
 Contributions as a percentage of covered payroll	 5.10%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the December 31, 2016 actuarial valuation.

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percent of pay
Amortization Period	21-year fixed period for 2017/18
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
 Discount Rate	 6.00%
General Inflation	2.75%
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076
 Mortality	 CalPERS 1997-2015 experience study
Mortality Improvement	Mortality Improvement Scale 2017 for post-retirement mortality
 All Other Assumptions	 Same as those used to determine the total OPEB liability

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF ROSEMEAD, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

Special Revenue Funds

	Local Transportation/ Sidewalk Grant	Proposition A	Proposition C
Assets:			
Cash and investments	\$ 5	\$ 484,508	\$ 740,983
Accounts receivable	-	-	-
Total Assets	\$ 5	\$ 484,508	\$ 740,983
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Accounts payable	\$ -	\$ 118	\$ 208,201
Accrued liabilities	-	9,618	4,143
Deposits payable	-	-	-
Due to other funds	-	-	-
Retentions payable	-	-	27,568
Total Liabilities	-	9,736	239,912
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted:			
Community services	-	-	-
Low and moderate income housing	-	-	-
Public works	5	474,772	-
Capital projects	-	-	501,071
Unassigned	-	-	-
Total Fund Balances (Deficits)	5	474,772	501,071
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 5	\$ 484,508	\$ 740,983

CITY OF ROSEMEAD, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds		
	Measure R	Measure M	Air Quality Management District
Assets:			
Cash and investments	\$ 1,130,199	\$ 580,191	\$ 267,591
Accounts receivable	-	-	18,102
Total Assets	\$ 1,130,199	\$ 580,191	\$ 285,693
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Accounts payable	\$ 13,854	\$ -	\$ 28,940
Accrued liabilities	2,581	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Retentions payable	-	-	1,490
Total Liabilities	16,435	-	30,430
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted:			
Community services	-	-	-
Low and moderate income housing	-	-	-
Public works	569,626	580,191	255,263
Capital projects	544,138	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	1,113,764	580,191	255,263
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 1,130,199	\$ 580,191	\$ 285,693

CITY OF ROSEMEAD, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds		
	Street Lighting	Development Impact Fee Traffic	Development Impact Fee Public Safety
Assets:			
Cash and investments	\$ 1,312,563	\$ 5,904	\$ 993
Accounts receivable	69,167	-	-
Total Assets	\$ 1,381,730	\$ 5,904	\$ 993
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Accounts payable	\$ 46,302	\$ -	\$ -
Accrued liabilities	4,152	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Retentions payable	4,259	-	-
Total Liabilities	54,713	-	-
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted:			
Community services	-	5,904	993
Low and moderate income housing	-	-	-
Public works	1,030,017	-	-
Capital projects	297,000	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	1,327,017	5,904	993
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 1,381,730	\$ 5,904	\$ 993

CITY OF ROSEMEAD, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds		
	Development Impact Fee General Government	Development Impact Fee Parks	Community Development Block Grant (CDBG)
Assets:			
Cash and investments	\$ 6,925	\$ 29,521	\$ -
Accounts receivable	-	-	69,332
Total Assets	\$ 6,925	\$ 29,521	\$ 69,332
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 20,094
Accrued liabilities	-	-	11,081
Deposits payable	-	-	-
Due to other funds	-	-	63,521
Retentions payable	-	-	-
Total Liabilities	-	-	94,696
Deferred Inflows of Resources:			
Unavailable revenues	-	-	5,660
Total Deferred Inflows of Resources	-	-	5,660
Fund Balances (Deficits):			
Restricted:			
Community services	-	29,521	-
Low and moderate income housing	-	-	-
Public works	6,925	-	-
Capital projects	-	-	-
Unassigned	-	-	(31,024)
Total Fund Balances (Deficits)	6,925	29,521	(31,024)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 6,925	\$ 29,521	\$ 69,332

CITY OF ROSEMEAD, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds		
	HOME Program	Rosemead Housing Development Corporation	Road Maintenance and Rehabilitation Account SB1
Assets:			
Cash and investments	\$ 205,906	\$ 317,086	\$ 205,675
Accounts receivable	4,375	9,091	116,538
Total Assets	\$ 210,281	\$ 326,177	\$ 322,213
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	513	-	-
Deposits payable	-	39,529	-
Due to other funds	-	-	-
Retentions payable	51	-	-
Total Liabilities	564	39,529	-
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted:			
Community services	209,717	-	-
Low and moderate income housing	-	286,648	-
Public works	-	-	8,613
Capital projects	-	-	313,600
Unassigned	-	-	-
Total Fund Balances (Deficits)	209,717	286,648	322,213
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 210,281	\$ 326,177	\$ 322,213

CITY OF ROSEMEAD, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Capital Projects Funds</u>	
	<u>City Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:		
Cash and investments	\$ 880	\$ 5,288,930
Accounts receivable	-	286,605
Total Assets	<u>\$ 880</u>	<u>\$ 5,575,535</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):		
Liabilities:		
Accounts payable	\$ -	\$ 317,509
Accrued liabilities	880	32,968
Deposits payable	-	39,529
Due to other funds	-	63,521
Retentions payable	-	33,368
Total Liabilities	<u>880</u>	<u>486,895</u>
Deferred Inflows of Resources:		
Unavailable revenues	-	5,660
Total Deferred Inflows of Resources	<u>-</u>	<u>5,660</u>
Fund Balances (Deficits):		
Restricted:		
Community services	-	246,135
Low and moderate income housing	-	286,648
Public works	-	2,925,412
Capital projects	-	1,655,809
Unassigned	-	(31,024)
Total Fund Balances (Deficits)	<u>-</u>	<u>5,082,980</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 880</u>	<u>\$ 5,575,535</u>

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds		
	Local Transportation/ Sidewalk Grant	Proposition A	Proposition C
Revenues:			
Intergovernmental	\$ 100,000	\$ 1,106,334	\$ 852,592
Charges for services	-	18,352	36,958
Use of money and property	5	262	467
Developer participation	-	-	-
Miscellaneous	-	-	-
Total Revenues	100,005	1,124,948	890,017
Expenditures:			
Current:			
General government	-	94,731	19,396
Public safety	-	-	26,142
Community development	-	-	-
Parks and recreation	-	-	-
Public works	-	876,854	275,011
Capital outlay	100,000	-	619,768
Total Expenditures	100,000	971,585	940,317
Excess (Deficiency) of Revenues Over (Under) Expenditures	5	153,363	(50,300)
Other Financing Sources:			
Transfers in	-	-	-
Total Other Financing Sources:	-	-	-
Net Change in Fund Balances	5	153,363	(50,300)
Fund Balance (Deficit) at the Beginning of the Year	-	321,409	551,371
Fund Balance (Deficit) at the End of the Year	\$ 5	\$ 474,772	\$ 501,071

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds		
	Measure R	Measure M	Air Quality Management District
Revenues:			
Intergovernmental	\$ 640,053	\$ 580,035	\$ 70,464
Charges for services	-	-	-
Use of money and property	788	156	149
Developer participation	-	-	-
Miscellaneous	-	-	-
Total Revenues	640,841	580,191	70,613
Expenditures:			
Current:			
General government	46,337	-	-
Public safety	-	-	-
Community development	-	-	-
Parks and recreation	-	-	-
Public works	91,023	-	-
Capital outlay	590,636	-	30,430
Total Expenditures	727,996	-	30,430
Excess (Deficiency) of Revenues Over (Under) Expenditures	(87,155)	580,191	40,183
Other Financing Sources:			
Transfers in	-	-	-
Total Other Financing Sources:	-	-	-
Net Change in Fund Balances	(87,155)	580,191	40,183
Fund Balance (Deficit) at the Beginning of the Year	1,200,919	-	215,080
Fund Balance (Deficit) at the End of the Year	\$ 1,113,764	\$ 580,191	\$ 255,263

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds		
	Street Lighting	Development Impact Fee Traffic	Development Impact Fee Public Safety
Revenues:			
Intergovernmental	\$ 1,099,438	\$ -	\$ -
Charges for services	-	-	-
Use of money and property	712	3	1
Developer participation	-	3,950	653
Miscellaneous	-	-	-
Total Revenues	1,100,150	3,953	654
Expenditures:			
Current:			
General government	12,011	-	-
Public safety	-	-	-
Community development	-	-	-
Parks and recreation	-	-	-
Public works	630,381	-	-
Capital outlay	141,911	-	-
Total Expenditures	784,303	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	315,847	3,953	654
Other Financing Sources:			
Transfers in	-	-	-
Total Other Financing Sources:	-	-	-
Net Change in Fund Balances	315,847	3,953	654
Fund Balance (Deficit) at the Beginning of the Year	1,011,170	1,951	339
Fund Balance (Deficit) at the End of the Year	\$ 1,327,017	\$ 5,904	\$ 993

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds		
	Development Impact Fee General Government	Development Impact Fee Parks	Community Development Block Grant (CDBG)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ 410,768
Charges for services	-	-	12,634
Use of money and property	4	16	-
Developer participation	4,558	19,430	-
Miscellaneous	-	-	-
Total Revenues	4,562	19,446	423,402
Expenditures:			
Current:			
General government	-	-	5,204
Public safety	-	-	160,562
Community development	-	-	263,822
Parks and recreation	-	-	20,125
Public works	-	-	10,519
Capital outlay	-	-	-
Total Expenditures	-	-	460,232
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,562	19,446	(36,830)
Other Financing Sources:			
Transfers in	-	-	-
Total Other Financing Sources:	-	-	-
Net Change in Fund Balances	4,562	19,446	(36,830)
Fund Balance (Deficit) at the Beginning of the Year	2,363	10,075	5,806
Fund Balance (Deficit) at the End of the Year	\$ 6,925	\$ 29,521	\$ (31,024)

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds		
	HOME Program	Rosemead Housing Development Corporation	Road Maintenance and Rehabilitation Account SB1
Revenues:			
Intergovernmental	\$ 520,376	\$ 420,478	\$ 322,182
Charges for services	-	468,969	-
Use of money and property	107	27	31
Developer participation	-	-	-
Miscellaneous	-	4,974	-
Total Revenues	520,483	894,448	322,213
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	147,270	835,069	-
Parks and recreation	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Total Expenditures	147,270	835,069	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	373,213	59,379	322,213
Other Financing Sources:			
Transfers in	-	-	-
Total Other Financing Sources:	-	-	-
Net Change in Fund Balances	373,213	59,379	322,213
Fund Balance (Deficit) at the Beginning of the Year	(163,496)	227,269	-
Fund Balance (Deficit) at the End of the Year	\$ 209,717	\$ 286,648	\$ 322,213

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Capital Projects Funds</u>	
	<u>City Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:		
Intergovernmental	\$ 425,672	\$ 6,548,392
Charges for services	-	536,913
Use of money and property	-	2,728
Developer participation	-	28,591
Miscellaneous	-	4,974
Total Revenues	425,672	7,121,598
Expenditures:		
Current:		
General government	-	177,679
Public safety	-	186,704
Community development	-	1,246,161
Parks and recreation	-	20,125
Public works	60,944	1,944,732
Capital outlay	-	1,482,745
Total Expenditures	60,944	5,058,146
Excess (Deficiency) of Revenues Over (Under) Expenditures	364,728	2,063,452
Other Financing Sources:		
Transfers in	121,361	121,361
Total Other Financing Sources:	121,361	121,361
Net Change in Fund Balances	486,089	2,184,813
Fund Balance (Deficit) at the Beginning of the Year	(486,089)	2,898,167
Fund Balance (Deficit) at the End of the Year	\$ -	\$ 5,082,980

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 LOCAL TRANSPORTATION/SIDEWALK GRANT
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	35,800	35,800	100,000	64,200
Use of money and property	-	-	5	5
Amounts Available for Appropriations	35,800	35,800	100,005	64,205
Charges to Appropriation (Outflows):				
Capital outlay	-	-	100,000	(100,000)
Total Charges to Appropriations	-	-	100,000	(100,000)
Budgetary Fund Balance, June 30	\$ 35,800	\$ 35,800	\$ 5	\$ (35,795)

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION A
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 321,409	\$ 321,409	\$ 321,409	\$ -
Resources (Inflows):				
Intergovernmental	1,100,600	1,100,600	1,106,334	5,734
Charges for services	26,000	26,000	18,352	(7,648)
Use of money and property	-	-	262	262
Amounts Available for Appropriations	1,448,009	1,448,009	1,446,357	(1,652)
Charges to Appropriation (Outflows):				
General government	116,300	116,300	94,731	21,569
Public works	891,700	891,700	876,854	14,846
Total Charges to Appropriations	1,008,000	1,008,000	971,585	36,415
Budgetary Fund Balance, June 30	\$ 440,009	\$ 440,009	\$ 474,772	\$ 34,763

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION C
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 551,371	\$ 551,371	\$ 551,371	\$ -
Resources (Inflows):				
Intergovernmental	849,900	849,900	852,592	2,692
Charges for services	41,000	41,000	36,958	(4,042)
Use of money and property	-	-	467	467
Amounts Available for Appropriations	1,442,271	1,442,271	1,441,388	(883)
Charges to Appropriation (Outflows):				
General government	22,200	22,200	19,396	2,804
Public safety	16,600	16,600	26,142	(9,542)
Public works	318,400	318,400	275,011	43,389
Capital outlay	-	650,000	619,768	30,232
Transfers out	650,000	-	-	-
Total Charges to Appropriations	1,007,200	1,007,200	940,317	66,883
Budgetary Fund Balance, June 30	\$ 435,071	\$ 435,071	\$ 501,071	\$ 66,000

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MEASURE R
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,200,919	\$ 1,200,919	\$ 1,200,919	\$ -
Resources (Inflows):				
Intergovernmental	637,400	637,400	640,053	2,653
Use of money and property	-	-	788	788
Amounts Available for Appropriations	1,838,319	1,838,319	1,841,760	3,441
Charges to Appropriation (Outflows):				
General government	44,000	44,000	46,337	(2,337)
Public works	320,900	320,900	91,023	229,877
Capital outlay	-	766,100	590,636	175,464
Transfers out	500,000	-	-	-
Total Charges to Appropriations	864,900	1,131,000	727,996	403,004
Budgetary Fund Balance, June 30	\$ 973,419	\$ 707,319	\$ 1,113,764	\$ 406,445

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MEASURE M
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	650,700	650,700	580,035	(70,665)
Use of money and property	-	-	156	156
Amounts Available for Appropriations	650,700	650,700	580,191	(70,509)
Charges to Appropriation (Outflows):				
Capital outlay	-	350,000	-	350,000
Transfers out	350,000	-	-	-
Total Charges to Appropriations	350,000	350,000	-	350,000
Budgetary Fund Balance, June 30	\$ 300,700	\$ 300,700	\$ 580,191	\$ 279,491

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY MANAGEMENT DISTRICT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 215,080	\$ 215,080	\$ 215,080	\$ -
Resources (Inflows):				
Intergovernmental	71,600	71,600	70,464	(1,136)
Use of money and property	-	-	149	149
Amounts Available for Appropriations	286,680	286,680	285,693	(987)
Charges to Appropriation (Outflows):				
Capital outlay	-	50,000	30,430	19,570
Transfers out	50,000	-	-	-
Total Charges to Appropriations	50,000	50,000	30,430	19,570
Budgetary Fund Balance, June 30	\$ 236,680	\$ 236,680	\$ 255,263	\$ 18,583

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,011,170	\$ 1,011,170	\$ 1,011,170	\$ -
Resources (Inflows):				
Intergovernmental	875,000	875,000	1,099,438	224,438
Use of money and property	-	-	712	712
Amounts Available for Appropriations	1,886,170	1,886,170	2,111,320	225,150
Charges to Appropriation (Outflows):				
General government	14,300	14,300	12,011	2,289
Public works	798,500	798,500	630,381	168,119
Capital outlay	-	50,000	141,911	(91,911)
Transfers out	50,000	-	-	-
Total Charges to Appropriations	862,800	862,800	784,303	78,497
Budgetary Fund Balance, June 30	\$ 1,023,370	\$ 1,023,370	\$ 1,327,017	\$ 303,647

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEE TRAFFIC
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,951	\$ 1,951	\$ 1,951	\$ -
Resources (Inflows):				
Use of money and property	-	-	3	3
Developer participation	38,000	38,000	3,950	(34,050)
Amounts Available for Appropriations	39,951	39,951	5,904	(34,047)
Charges to Appropriation (Outflows):				
Public works	38,000	38,000	-	38,000
Total Charges to Appropriations	38,000	38,000	-	38,000
Budgetary Fund Balance, June 30	\$ 1,951	\$ 1,951	\$ 5,904	\$ 3,953

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEE PUBLIC SAFETY
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 339	\$ 339	\$ 339	\$ -
Resources (Inflows):				
Use of money and property	-	-	1	1
Developer participation	3,000	3,000	653	(2,347)
Amounts Available for Appropriations	3,339	3,339	993	(2,346)
Budgetary Fund Balance, June 30	\$ 3,339	\$ 3,339	\$ 993	\$ (2,346)

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEE GENERAL GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,363	\$ 2,363	\$ 2,363	\$ -
Resources (Inflows):				
Use of money and property	-	-	4	4
Developer participation	20,000	20,000	4,558	(15,442)
Amounts Available for Appropriations	22,363	22,363	6,925	(15,438)
Budgetary Fund Balance, June 30	\$ 22,363	\$ 22,363	\$ 6,925	\$ (15,438)

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEE PARKS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,075	\$ 10,075	\$ 10,075	\$ -
Resources (Inflows):				
Use of money and property	-	-	16	16
Developer participation	68,000	68,000	19,430	(48,570)
Amounts Available for Appropriations	78,075	78,075	29,521	(48,554)
Budgetary Fund Balance, June 30	\$ 78,075	\$ 78,075	\$ 29,521	\$ (48,554)

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,806	\$ 5,806	\$ 5,806	\$ -
Resources (Inflows):				
Intergovernmental	599,000	599,000	410,768	(188,232)
Charges for services	18,000	18,000	12,634	(5,366)
Amounts Available for Appropriations	622,806	622,806	429,208	(193,598)
Charges to Appropriation (Outflows):				
General government	6,200	6,200	5,204	996
Public safety	163,200	163,200	160,562	2,638
Community development	559,300	559,300	263,822	295,478
Parks and recreation	30,500	30,500	20,125	10,375
Public works	-	-	10,519	(10,519)
Total Charges to Appropriations	759,200	759,200	460,232	298,968
Budgetary Fund Deficit, June 30	\$ (136,394)	\$ (136,394)	\$ (31,024)	\$ 105,370

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
HOME PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (163,496)	\$ (163,496)	\$ (163,496)	\$ -
Resources (Inflows):				
Intergovernmental	906,000	906,000	520,376	(385,624)
Use of money and property	-	-	107	107
Amounts Available for Appropriations	742,504	742,504	356,987	(385,517)
Charges to Appropriation (Outflows):				
Community development	849,900	849,900	147,270	702,630
Total Charges to Appropriations	849,900	849,900	147,270	702,630
Budgetary Fund Balance (Deficit), June 30	\$ (107,396)	\$ (107,396)	\$ 209,717	\$ 317,113

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
ROSEMEAD HOUSING DEVELOPMENT CORPORATION
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 227,269	\$ 227,269	\$ 227,269	\$ -
Resources (Inflows):				
Intergovernmental	-	-	420,478	420,478
Charges for services	444,000	444,000	468,969	24,969
Use of money and property	-	-	27	27
Miscellaneous	2,500	2,500	4,974	2,474
Amounts Available for Appropriations	673,769	673,769	1,121,717	447,948
Charges to Appropriation (Outflows):				
Community development	854,500	854,500	835,069	19,431
Total Charges to Appropriations	854,500	854,500	835,069	19,431
Budgetary Fund Balance (Deficit), June 30	\$ (180,731)	\$ (180,731)	\$ 286,648	\$ 467,379

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
ROAD MAINTENANCE AND REHABILITATION ACCOUNT SB1
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	318,500	322,182	3,682
Use of money and property	-	-	31	31
Amounts Available for Appropriations	-	318,500	322,213	3,713
Budgetary Fund Balance, June 30	\$ -	\$ 318,500	\$ 322,213	\$ 3,713

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (486,089)	\$ (486,089)	\$ (486,089)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	425,672	425,672
Transfers in	2,200,000	2,200,000	121,361	(2,078,639)
Amounts Available for Appropriation	1,713,911	1,713,911	60,944	(1,652,967)
Charges to Appropriation (Outflows):				
Public works	156,400	156,400	60,944	95,456
Capital outlay	2,200,000	2,200,000	-	2,200,000
Total Charges to Appropriations	2,356,400	2,356,400	60,944	2,295,456
Budgetary Fund Balance (Deficit), June 30	\$ (642,489)	\$ (642,489)	\$ -	\$ 642,489

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Equipment Replacement</u>	<u>Technology Replacement</u>	<u>Totals</u>
Assets:			
Current Assets:			
Cash and investments	\$ 544,396	\$ 77,126	\$ 621,522
Total Current Assets	<u>544,396</u>	<u>77,126</u>	<u>621,522</u>
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	89,991	25,352	115,343
Total Noncurrent Assets	<u>89,991</u>	<u>25,352</u>	<u>115,343</u>
Total Assets	<u>634,387</u>	<u>102,478</u>	<u>736,865</u>
Liabilities:			
Current Liabilities:			
Accounts payable	-	44	44
Total Current Liabilities	<u>-</u>	<u>44</u>	<u>44</u>
Total Liabilities	<u>-</u>	<u>44</u>	<u>44</u>
Net Position:			
Investment in capital assets	89,991	25,352	115,343
Unrestricted	<u>544,396</u>	<u>77,082</u>	<u>621,478</u>
Total Net Position	<u>\$ 634,387</u>	<u>\$ 102,434</u>	<u>\$ 736,821</u>

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds		
	Equipment Replacement	Technology Replacement	Totals
Operating Revenues:			
Charges for services	\$ 125,000	\$ 154,200	\$ 279,200
Total Operating Revenues	125,000	154,200	279,200
Operating Expenses:			
Contractual services	-	127,483	127,483
Depreciation expense	70,942	-	70,942
Total Operating Expenses	70,942	127,483	198,425
Operating Income	54,058	26,717	80,775
Net Position at the Beginning of the Year	580,329	75,717	656,046
Net Position at the End of the Year	\$ 634,387	\$ 102,434	\$ 736,821

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Equipment Replacement</u>	<u>Technology Replacement</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from interfund service provided	\$ 125,000	\$ 154,200	\$ 279,200
Cash paid to suppliers for goods and services		(127,472)	(127,472)
Net Cash Provided by Operating Activities	125,000	26,728	151,728
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(5,224)	(25,350)	(30,574)
Net Cash Used for Capital and Related Financing Activities	(5,224)	(25,350)	(30,574)
Net Increase in Cash and Cash Equivalents	119,776	1,378	121,154
Cash and Cash Equivalents at the Beginning of the Year	424,620	75,748	500,368
Cash and Cash Equivalents at the End of the Year	\$ 544,396	\$ 77,126	\$ 621,522
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 54,058	\$ 26,717	\$ 80,775
Adjustments to reconcile operating income net cash provided by operating activities:			
Depreciation	70,942	-	70,942
Increase in accounts payable	-	11	11
Total Adjustments	70,942	11	70,953
Net Cash Provided by Operating Activities	\$ 125,000	\$ 26,728	\$ 151,728

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<u>Agency</u>				
Assets:				
Cash and investments	\$ 399,361	\$ 791,787	\$ 142,820	\$ 1,048,328
Total Assets	<u>\$ 399,361</u>	<u>\$ 791,787</u>	<u>\$ 142,820</u>	<u>\$ 1,048,328</u>
Liabilities:				
Deposits payable	\$ 399,362	\$ 959,707	\$ 310,741	\$ 1,048,328
Total Liabilities	<u>\$ 399,362</u>	<u>\$ 959,707</u>	<u>\$ 310,741</u>	<u>\$ 1,048,328</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 wellbeing have changed over time.</i>	107
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant revenue source, property tax.</i>	115
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>	119
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>	126
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>	129

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

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CITY OF ROSEMEAD

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:				
Investment in capital assets	11,828,993	12,712,242	14,760,940	54,010,031
Restricted	13,361,249	13,199,438	24,806,402	10,870,747
Unrestricted	<u>24,882,730</u>	<u>20,489,721</u>	<u>10,748,249</u>	<u>13,688,078</u>
Total governmental activities net position	<u>50,072,972</u>	<u>46,401,401</u>	<u>50,315,591</u>	<u>78,568,856</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
51,132,854	50,042,631	52,038,429	51,542,030	52,806,193	53,587,243
2,829,147	3,110,688	3,419,068	4,005,847	4,387,055	5,467,366
<u>17,724,709</u>	<u>17,367,841</u>	<u>11,018,153</u>	<u>13,108,874</u>	<u>15,690,721</u>	<u>15,298,855</u>
<u><u>71,686,710</u></u>	<u><u>70,521,160</u></u>	<u><u>66,475,650</u></u>	<u><u>68,656,751</u></u>	<u><u>72,883,969</u></u>	<u><u>74,353,464</u></u>

CITY OF ROSEMEAD

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2009	2010	2011	2012
Expenses:				
Governmental activities:				
General government	12,176,877	5,991,796	3,160,306	3,989,359
Public safety	9,081,719	8,879,854	8,881,926	7,517,101
Public works	6,465,355	11,469,614	11,907,245	11,588,278
Community services	773,374	589,650	595,904	-
Community development	1,290,108	2,141,218	3,969,502	4,080,294
Parks and recreation	2,030,698	2,733,885	2,362,860	2,532,665
Interest and other charges	1,523,391	1,491,717	1,681,875	569,045
Total governmental activities expenses	<u>33,341,522</u>	<u>33,297,734</u>	<u>32,559,618</u>	<u>30,276,742</u>
Program revenues:				
Governmental activities:				
General government	547,577	1,573,695	1,048,727	130,450
Public safety	1,512,475	1,293,677	1,293,524	1,454,759
Public works	7,581,801	8,052,011	9,143,311	4,033,874
Community services	858,809	186,283	450,004	-
Community development	621,375	597,402	3,753,612	3,501,082
Parks and recreation	36,000	20,800	654,437	704,029
Total governmental activities program revenues	<u>11,158,037</u>	<u>11,723,868</u>	<u>16,343,615</u>	<u>9,824,194</u>
Net revenues (expenses):				
Governmental activities				
Total net revenues (expenses)	<u>(22,183,485)</u>	<u>(21,573,866)</u>	<u>(16,216,003)</u>	<u>(20,452,548)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	12,288,177	12,328,634	13,656,347	10,567,509
Sales and use taxes	4,589,998	4,408,367	3,737,363	3,200,911
Transient occupancy taxes	1,272,092	1,129,146	1,219,977	1,323,886
Other taxes	761,410	562,317	576,904	633,393
Investment income	884,847	389,310	367,961	195,165
Motor vehicle in-lieu, unrestricted	195,273	169,042	263,983	-
Other general revenues	133,825	336,668	307,658	853,956
Loss on sale of capital assets	-	-	-	(2,340,090)
Transfer to Successor Agency	-	-	-	-
Extraordinary item:				
Gain on dissolution of redevelopment agency	-	-	-	34,271,082
Total governmental activities	<u>20,125,622</u>	<u>19,323,484</u>	<u>20,130,193</u>	<u>48,705,812</u>
Changes in net position				
Governmental activities				
Total primary government	<u>\$ (2,057,863)</u>	<u>\$ (2,250,382)</u>	<u>\$ 3,914,190</u>	<u>\$ 28,253,264</u>

2013	2014	2015	2016	2017	2018
3,381,686	4,271,354	2,739,281	3,218,363	3,705,685	4,554,063
7,791,073	7,923,316	7,747,949	8,381,588	8,935,164	9,499,683
11,717,276	10,072,081	8,703,817	8,738,495	7,323,865	9,554,073
-	-	-	-	-	-
2,616,531	2,853,472	2,879,028	3,246,081	3,161,310	3,409,699
2,594,863	2,274,920	2,049,540	2,073,145	2,153,986	2,746,482
7,827	5,561	3,198	787	-	-
<u>28,109,256</u>	<u>27,400,704</u>	<u>24,122,813</u>	<u>25,658,459</u>	<u>25,280,010</u>	<u>29,764,000</u>
2,408,362	2,030,063	2,725,291	2,203,233	2,191,604	1,769,171
1,622,911	1,586,557	1,573,532	1,563,652	1,565,275	1,787,151
3,869,285	4,356,486	4,627,331	4,360,908	4,232,311	5,208,427
-	-	-	-	-	-
1,896,876	1,632,508	1,915,557	2,352,137	2,523,350	4,265,255
785,611	724,197	713,484	741,171	788,931	828,038
<u>10,583,045</u>	<u>10,329,811</u>	<u>11,555,195</u>	<u>11,221,101</u>	<u>11,301,471</u>	<u>13,858,042</u>
<u>(17,526,211)</u>	<u>(17,070,893)</u>	<u>(12,567,618)</u>	<u>(14,437,358)</u>	<u>(13,978,539)</u>	<u>(15,905,958)</u>
8,900,228	8,667,709	9,034,141	9,158,499	8,643,019	9,128,934
3,215,897	3,504,285	3,452,605	4,124,745	5,366,975	5,929,492
1,447,820	1,593,640	1,575,401	1,998,954	2,213,286	2,326,863
2,275,986	1,307,280	1,247,941	1,209,249	1,224,230	1,313,699
28,202	216,499	97,589	348,651	20,526	210,288
-	-	-	-	-	-
1,180,688	604,053	793,680	945,372	737,721	647,888
-	-	-	-	-	-
(6,392,878)	-	-	-	-	-
-	-	-	-	-	-
<u>10,655,943</u>	<u>15,893,466</u>	<u>16,201,357</u>	<u>17,785,470</u>	<u>18,205,757</u>	<u>19,557,164</u>
<u>\$ (6,870,268)</u>	<u>\$ (1,177,427)</u>	<u>\$ 3,633,739</u>	<u>\$ 3,348,112</u>	<u>\$ 4,227,218</u>	<u>\$ 3,651,206</u>

CITY OF ROSEMEAD

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

	2009	2010	2011	2012
General fund:				
Reserved	3,106,917	3,327,182	-	-
Unreserved	16,135,102	13,626,774	-	-
Nonspendable	-	-	2,034	2,034
Restricted	-	-	-	-
Committed	-	-	5,107,963	5,294,253
Assigned	-	-	-	5,712
Unassigned	-	-	10,209,075	9,519,173
Total general fund	<u>19,242,019</u>	<u>16,953,956</u>	<u>15,319,072</u>	<u>14,821,172</u>
All other governmental funds:				
Reserved	9,000,561	8,944,112	-	-
Unreserved, reported in:				
Special revenue funds	9,023,487	8,763,359	-	-
Debt service funds	2,803,910	2,803,910	-	-
Capital projects funds	(54,323)	(1,405,770)	-	-
Nonspendable	-	-	-	-
Restricted	-	-	27,476,081	10,870,747
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(4,402,964)	(1,292,405)
Total all other governmental funds	<u>20,773,635</u>	<u>19,105,611</u>	<u>23,073,117</u>	<u>9,578,342</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.

2013	2014	2015	2016	2017	2018
-	-	-	-	-	-
-	-	-	-	-	-
2,034	140,893	143,560	187,247	765,218	981,946
-	-	-	-	-	-
6,415,416	5,883,235	6,120,361	6,682,495	6,935,525	8,760,289
5,712	65,343	78,280	83,513	63,298	79,798
<u>11,194,278</u>	<u>11,607,595</u>	<u>10,128,160</u>	<u>11,514,894</u>	<u>11,270,958</u>	<u>10,662,248</u>
<u>17,617,440</u>	<u>17,697,066</u>	<u>16,470,361</u>	<u>18,468,149</u>	<u>19,034,999</u>	<u>20,484,281</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,829,147	3,110,688	3,419,068	4,005,847	4,376,257	5,467,366
-	-	-	-	-	-
-	-	-	-	-	-
<u>(788,224)</u>	<u>(1,192,926)</u>	<u>(1,643,527)</u>	<u>(832,005)</u>	<u>(639,510)</u>	<u>(31,024)</u>
<u>2,040,923</u>	<u>1,917,762</u>	<u>1,775,541</u>	<u>3,173,842</u>	<u>3,736,747</u>	<u>5,436,342</u>

CITY OF ROSEMEAD

Changes in Fund Balances of Governmental Funds

Last Nine Fiscal Years

(modified accrual basis of accounting)

	2009	2010	2011	2012
Revenues:				
Taxes	\$ 17,153,625	\$ 18,508,896	\$ 19,313,094	\$ 15,960,662
Intergovernmental	11,728,448	8,537,080	10,124,638	10,330,915
Licenses and permits	1,178,362	1,079,429	1,764,162	1,156,719
Charges for services	638,244	708,434	677,861	1,055,391
Fines, forfeitures and penalties	565,643	491,574	462,389	619,397
Development participation	-	-	-	-
Investment income	884,847	389,310	367,956	582,176
Other	381,429	254,610	253,379	658,670
Total revenues	<u>32,530,598</u>	<u>29,969,333</u>	<u>32,963,479</u>	<u>30,363,930</u>
Expenditures				
Current:				
General government	11,956,179	5,903,926	3,801,486	4,203,302
Public safety	9,114,009	8,863,234	8,882,915	7,517,101
Public works	4,964,867	11,264,220	19,402,924	6,417,803
Community services	783,452	584,463	595,904	-
Community development	1,047,529	1,940,641	3,397,072	3,681,903
Parks and recreation	2,030,698	2,733,885	2,362,860	2,532,665
Capital outlay	202,752	290,885	93,121	9,090,076
Debt service:				
Principal	915,000	945,000	975,000	1,210,000
Interest and fiscal charges	1,531,986	1,501,667	1,882,092	961,506
Bond issuance costs	-	-	275,344	-
Total expenditures	<u>32,546,472</u>	<u>34,027,921</u>	<u>41,668,718</u>	<u>35,614,356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,874)</u>	<u>(4,058,588)</u>	<u>(8,705,239)</u>	<u>(5,250,426)</u>
Other financing sources (uses):				
Transfers in	4,078,483	4,133,554	4,824,919	6,431,374
Transfers out	(4,078,483)	(4,133,554)	(4,824,919)	(6,554,374)
Transfer to Successor Agency	-	-	-	-
Issuance of long-term debt	-	-	11,230,000	-
Discount on bonds	-	-	(192,139)	-
Payment to bond escrow agent	-	-	-	-
Proceeds of capital lease	-	102,501	-	-
Total other financing sources (uses)	<u>-</u>	<u>102,501</u>	<u>11,037,861</u>	<u>(123,000)</u>
Extraordinary item:				
Gain (loss) on dissolution of redevelopment agency	-	-	-	(8,619,249)
Net change in fund balances	<u>(15,874)</u>	<u>(3,956,087)</u>	<u>2,332,622</u>	<u>(13,992,675)</u>
Debt service as a percentage of noncapital expenditures				
	7.6%	7.4%	8.8%	6.8%

2013	2014	2015	2016	2017	2018
\$ 16,602,329	\$ 15,320,806	\$ 15,537,262	\$ 16,491,447	\$ 17,447,510	\$ 18,698,988
7,372,878	6,948,479	7,092,141	7,734,995	6,726,279	8,002,636
1,156,968	1,308,482	1,846,997	2,520,937	2,754,881	3,128,000
1,036,563	1,087,091	1,138,731	1,191,275	1,012,557	1,572,266
691,548	700,126	676,830	597,373	607,754	633,711
-	-	-	-	-	28,591
474,970	873,631	754,865	1,002,835	666,968	210,288
928,596	61,690	114,074	71,152	231,545	566,338
<u>28,263,852</u>	<u>26,300,305</u>	<u>27,160,900</u>	<u>29,610,014</u>	<u>29,447,494</u>	<u>32,840,818</u>
3,988,156	3,973,364	3,879,122	3,664,633	4,280,825	4,546,789
7,773,611	7,913,659	8,156,485	8,452,932	9,060,840	9,318,858
6,909,471	6,184,890	6,348,101	6,346,179	6,499,220	6,554,648
-	-	-	-	-	-
2,605,654	2,846,112	3,150,240	3,323,933	3,385,455	3,279,088
2,208,564	2,157,424	2,071,443	2,123,274	2,300,906	2,386,463
3,126,669	3,268,391	4,924,435	2,302,974	2,790,493	3,606,095
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>26,612,125</u>	<u>26,343,840</u>	<u>28,529,826</u>	<u>26,213,925</u>	<u>28,317,739</u>	<u>29,691,941</u>
<u>1,651,727</u>	<u>(43,535)</u>	<u>(1,368,926)</u>	<u>3,396,089</u>	<u>1,129,755</u>	<u>3,148,877</u>
2,772,415	3,053,605	2,433,974	1,386,471	2,442,441	121,361
(2,772,415)	(3,053,605)	(2,433,974)	(1,386,471)	(2,442,441)	(121,361)
(6,392,878)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(6,392,878)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>(4,741,151)</u>	<u>(43,535)</u>	<u>(1,368,926)</u>	<u>3,396,089</u>	<u>1,129,755</u>	<u>3,148,877</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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		
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%
2016	4,012,426,717	62,768,733	1,901,995	4,077,097,445	9.27%
2017	4,202,108,491	63,820,415	2,051,995	4,267,980,901	9.27%
2018	4,375,810,412	60,507,061	2,051,995	4,438,369,468	9.27%

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

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value 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: L.A. County Assessor 2008/09 - 2017/18 Combined Tax Rolls and HDL Coren & Cone

CITY OF ROSEMEAD

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

Agency	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
El Monte City School District	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.11822	0.14642	0.14682	0.14616
El Monte Union High School	0.05159	0.09654	0.08475	0.09591	0.08992	0.09799	0.08418	0.09155	0.08469	0.08243
Garvey School District	0.04953	0.05378	0.05733	0.05686	0.06037	0.05978	0.05947	0.05874	0.06067	0.08332
Garvey-Alhambra	0.01882	0.02458	0.02770	0.02718	0.02795	0.03154	0.02912	0.02906	0.02806	0.04805
Los Angeles Community College District	0.02212	0.02311	0.04031	0.03530	0.04875	0.04454	0.04017	0.03575	0.03596	0.04599
Metropolitan Water District	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800	0.02300	0.03000
Montebello Unified School District	0.08065	0.09673	0.09792	0.10001	0.09630	0.09457	0.08750	0.08715	0.14705	0.13514
Pasadena Community College District	0.01741	0.02300	0.01986	0.01956	0.02056	0.01899	0.01032	0.00872	0.00885	0.00819
Rio Hondo Community College District	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02821	0.02712	0.02808	0.02748
Rosemead School District	0.06875	0.11358	0.10743	0.10507	0.10240	0.10314	0.09886	0.09997	0.08533	0.11979
San Gabriel Unified School District	0.09294	0.10070	0.10190	0.08454	0.10523	0.10082	0.11444	0.10684	0.10534	0.10078
Total Direct & Overlapping² Tax Rates	1.41981	1.55002	1.55520	1.54243	1.56948	1.56937	1.68849	1.70932	1.75385	1.82733
City's Share of 1% Levy Per Prop 13³	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388
Voter Approved City Debt Rate										
Redevelopment Rate⁴	1.00430	1.00430	1.00370	1.00370						
Total Direct Rate⁵	0.22614	0.22270	0.22407	0.22351	0.22113	0.09271	0.09271	0.09273	0.09274	0.09274

Notes:

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

² 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.

³ 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.

⁴ 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.

⁵ Total Direct Rate is the weighted average of all individual direct rates applied by the government prepaing 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 2008/09 - 2017/18 Tax Rate Table and HDL Coren & Cone

CITY OF ROSEMEAD

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2017/18			2008/09		
	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	\$ 49,955,569	1	1.13%			
Walmart Stores, Inc	36,320,051	2	0.82%			
Rosemead Hwang, LLC	35,731,185	3	0.81%			
AFG Investment Fund 5 LLC	26,551,405	4	0.60%			
Sunshine Inn	20,880,636	5	0.47%			
Metodo Investments LLC	20,019,864	6	0.45%			
420 Boyd Street LLC	18,766,408	7	0.42%			
MHI Rosemead LP	16,752,046	8	0.38%			
Macy's California Inc	15,089,612	9	0.34%			
Shurl and Kay Curci Found Lessor	14,887,927	10	0.34%			
Rosemead Place, LLC				\$ 44,225,721	1	1.32%
Walmart Real Estate Business Trust				39,169,235	2	1.16%
Rosemead Hwang LLC				31,570,937	3	0.94%
AFG Investment Fund 5 LLC				23,460,000	4	0.70%
General Electric Cred Auto Auctions Inc				20,654,488	5	0.61%
420 Boyd Street LLC				18,000,000	6	0.54%
Macy's California Inc				16,053,368	7	0.48%
Southern California Edison				15,628,091	8	0.46%
California Federal Savings and Loan Assoc				13,154,503	9	0.39%
Sunshine Inn				10,086,980	10	0.30%

Source: Hdl Coren & Cone, Los Angeles County Assessor 2017/18 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
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%
2016	3,134,303	3,114,233	99.36%	-	3,114,233	99.36%
2017	3,187,187	2,632,109	82.58%	-	2,632,109	82.58%
2018	3,336,547	2,878,054	86.26%	-	2,878,054	86.26%

* 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 ²</u>	<u>Percentage of Personal Income ¹</u>	<u>Debt Per Capita ¹</u>
2008/09	35,435,000	4.28%	622
2009/10	34,490,000	4.25%	601
2010/11	44,745,000	4.76%	775
2011/12	43,535,000	4.57%	804
2012/13	41,740,000	4.35%	766
2013/14	39,885,000	4.22%	728
2014/15	37,965,000	3.97%	693
2015/16	35,970,000	3.86%	651
2016/17	31,775,000	3.31%	578
2017/18	29,455,000	3.03%	533

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

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

² 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)

<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percent of Assessed Value ¹</u>	<u>Per Capita</u>
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
2015/16	35,970	0.88%	651
2016/17	31,775	0.74%	578
2017/18	29,455	0.66%	533

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

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

² 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, 2018

	Gross Bonded Debt Balance	Percentage Applicable To City	Net Bonded Debt
Overlapping Debt			
*Metropolitan Water District	\$ 29,354,442	0.321%	94,228
Garvey SD DS 2004 Series 2006	13,092,423	50.635%	6,629,348
Garvey SD DS 2004 Series C	8,477,964	50.635%	4,292,817
Garvey SD DS 2011 Refund Bonds	3,555,000	50.635%	1,800,074
Garvey SD DS 2013 Ref Bonds	1,385,000	50.635%	701,295
Garvey SD DS 2014 Ref Bonds	4,240,000	50.635%	2,146,924
Garvey SD DS 2016 Series A	10,000,000	50.635%	5,063,500
Rosemead SD DS 2007 Series D	230,000	68.596%	157,771
Rosemead SD DS 2008 Series A	420,000	68.596%	288,103
Rosemead SD DS 2011 Ref Bond	6,780,000	68.596%	4,650,809
Rosemead SD DS 2012 Ref Bond	5,205,000	68.596%	3,570,422
Rosemead SD DS 2008 Series T 1	7,821,503	68.596%	5,365,238
Rosemead SD DS 2014 Ref Bonds	5,770,000	68.596%	3,957,989
Rosemead SD DS 2016 Ref Bonds	12,395,000	68.596%	8,502,474
Rosemead SD DS 2008 Series C	1,800,000	68.596%	1,234,728
Rosemead SD DS 2014 Series A	7,980,000	68.596%	5,473,961
El Monte Union HSD DS 2008 Series A	617,055	14.625%	90,244
El Monte Union HSD DS 2008 Series B	30,118,828	14.625%	4,404,879
El Monte Union HSD DS 2015 Ref Bonds	26,125,000	14.625%	3,820,781
El Monte Union HSD DS 2016 Ref	17,110,000	14.625%	2,502,338
El Monte Union HSD DS 2008 Series C	52,990,000	14.625%	7,749,788
El Monte Union HSD DS 2016 Ref Bond	10,895,098	14.625%	1,593,408
LA CCD DS 2003, Taxable Series 2004B	2,115,000	0.300%	6,345
LA CCD DS 2001, Taxable Series 2004A	31,555,000	0.300%	94,665
LA CCD DS 2001, 2008 Ser E-1	7,580,000	0.300%	22,740
LA CCD DS 2003, 2008 Ser F-1	7,575,000	0.300%	22,725
LA CCD DS 2008, 2009 Taxable Ser B	75,000,000	0.300%	225,000
LA CCD DS 2008, 2010 Tax Ser D	125,000,000	0.300%	375,000
LA CCD Debt 2008, 2010 Tax Ser E (BABS)	900,000,000	0.300%	2,700,000
LA CCD Debt 2008, 2012 Series F	205,000,000	0.300%	615,000
LA CCD DS 2013 Ref Bonds	42,305,000	0.300%	126,915
LA CCD DS 2008 Series G	1,664,870,000	0.300%	4,994,610
LA CCD DS 2015 Ref Series A	33,270,000	0.300%	99,810
LA CCD DS 2015 Ref Series B	272,085,000	0.300%	816,255
LA CCD DS 2015 Ref Series C	223,910,000	0.300%	671,730
LA CCD DS 2008 Ser I	175,565,000	0.300%	526,695
LA CCD DS 2016 Ref Bonds	300,000,000	0.300%	900,000
LA CCD DS 2016, 2017 Ser A	100,000,000	0.300%	300,000
Pasadena CCD DS 2002, 2006 Series D	3,595,000	2.440%	87,718
Pasadena CCD DS 2002, 2009 Series E (BABS)	25,295,000	2.440%	617,198
Pasadena CCD DS 2014 Ref Series A	15,325,000	2.440%	373,930
Pasadena CCD DS 2016 Ref Series A	32,900,000	2.440%	802,760
Montebello USD DS 1998 Series 1998	4,344,911	1.498%	65,087
Montebello USD DS 1998 Series 1999	6,754,609	1.498%	101,184
Montebello USD DS 1998 Series 2002	12,862,369	1.498%	192,678
Montebello USD DS 2004 Series 2008	870,000	1.498%	13,033

Montebello USD DS 2004 Series 2009-1	1,820,000	1.498%	27,264
Montebello USD DS 2004 Series 2009A-2 BABS	12,640,000	1.498%	189,347
Montebello USD DS 2010 Ref Bonds	3,380,000	1.498%	50,632
Montebello USD DS 2004 Series 2013A	18,300,000	1.498%	274,134
Montebello USD DS Ref Bond Series 2015	28,215,000	1.498%	422,661
Montebello USD DS Ref Bonds 2016 Series A	14,820,000	1.498%	222,004
Montebello USD DS 2016 Series A	92,205,000	1.498%	1,381,231
San Gabriel USD DS 2008 Series A	9,424,370	1.242%	117,051
San Gabriel USD DS 2010 Ref Bonds	6,075,000	1.242%	75,452
San Gabriel USD DS 2012 Ref Bond Series B	12,348,464	1.242%	153,368
San Gabriel USD DS 2008 Series C	2,040,000	1.242%	25,337
San Gabriel USD DS 2015 Ref Bond Series A	22,968,437	1.242%	285,268
San Gabriel USD DS 2015 Ref Bond Series B	33,425,000	1.242%	415,139

Total Overlapping Debt			92,481,082
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2017/18 Assessed Valuation: \$3,684,714,975 After Deducting \$753,654,493 Incremental Value.

Debt to Assessed Valuation Ratios:

Direct Debt	0.00%
Overlapping Debt	2.51%
Total Debt	2.51%

* 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 2017/18 Lien Date Tax Rolls.

CITY OF ROSEMEAD

Legal Debt Margin Information Last Ten Fiscal Years

	2008/09	2009/10	2010/11	2011/12
Assessed valuation	3,362,646,146	3,399,331,688	3,431,820,218	3,533,192,184
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	840,661,537	849,832,922	857,955,055	883,298,046
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	126,099,230	127,474,938	128,693,258	132,494,707
Total net debt applicable to limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>126,099,230</u>	<u>127,474,938</u>	<u>128,693,258</u>	<u>132,494,707</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

2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
3,603,395,186	3,725,310,320	3,879,248,441	4,077,097,445	4,337,892,775	4,525,131,407
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
900,848,797	931,327,580	969,812,110	1,019,274,361	1,084,473,194	1,131,282,852
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
135,127,319	139,699,137	145,471,817	152,891,154	162,670,979	169,692,428
-	-	-	-	-	-
<u>135,127,319</u>	<u>139,699,137</u>	<u>145,471,817</u>	<u>152,891,154</u>	<u>162,670,979</u>	<u>169,692,428</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	
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
2016	5,724,292	1,995,000	1,635,578	1.58
2017	4,711,788	850,000	1,602,713	1.92
2018	3,916,792	2,320,000	1,386,038	1.06

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

CITY OF ROSEMEAD

Demographic and Economic Statistics Last Ten Calendar Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
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%
2015/16	55,231	932,800	16,889	7.70%
2016/17	54,984	960,740	17,473	6.10%
2017/18	55,267	972,350	17,594	4.30%

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		2018		2009	
		Number of Employees	Percent of Total Employment ¹	Number of Employees	Percent of Total Employment
Southern California Edison	1	2,700	10.98%	-	0.00%
Garvey School District	2	834	3.39%	-	0.00%
Wal-Mart	3	482	1.96%	-	0.00%
Rosemead School District	4	420	1.71%	-	0.00%
Panda Restaurant Group, Inc.	5	400	1.63%	-	0.00%
Target	6	350	1.42%	-	0.00%
Hemetic Seal Corporation	7	150	0.61%	-	0.00%
Olive Garden	8	116	0.47%	-	0.00%
Double Tree	9	120	0.49%	-	0.00%
Don Bosco Tech	10	92	0.37%	-	0.00%

CITY OF ROSEMEAD

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

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	16	22	19	15	13	12	12	11	13	18
Public safety ¹	39	42	42	33	15	20	18	20	21	23
Community development	18	23	23	7	8	8	7	8	8	9
Public Works	n/a	n/a	n/a	26	22	23	23	21	24	26
Parks and recreation	<u>135</u>	<u>112</u>	<u>99</u>	<u>68</u>	<u>81</u>	<u>86</u>	<u>80</u>	<u>83</u>	<u>109</u>	<u>118</u>
Total	<u>208</u>	<u>199</u>	<u>183</u>	<u>149</u>	<u>139</u>	<u>149</u>	<u>140</u>	<u>143</u>	<u>175</u>	<u>194</u>

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

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

Source: City Finance Department

CITY OF ROSEMEAD

Operating Indicators by Function Last Ten Fiscal Years

	2009	2010	2011	2012	2013
Police:					
Arrests	1,478	1,733	1,888	1,842	1,186
Parking citations issued	10,517	8,450	7,515	7,797	8,765
Fire:					
Number of emergency calls	2,959	2,853	2,745	2,928	2,785
Inspections	2,093	2,137	1,845	2,066	2,012
Public works:					
Street resurfacing (miles)	2.8	3.5	3.5	3.6	0.9
Parks and recreation:					
Number of recreation classes	397	727	617	519	638
Number of facility rentals	453	236	1,786	3,261	3,124

Source: City of Rosemead

2014	2015	2016	2017	2018
1,356	1,585	1,339	1,046	1,256
16,110	7,863	8,047	7,676	8,086
2,823	3,212	3,352	3,206	3,822
2,026	2,793	2,564	2,311	2,430
1.6	0.6	1.0	0.7	0.8
724	839	871	873	707
4,005	2,607	3,070	6,226	3,679

CITY OF ROSEMEAD

Capital Asset Statistics by Function Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
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)	77.55	77.55	77.55	77.55	77.55	77.55	77.55	81.90	81.90	81.80
Streetlights	2,712	2,712	2,712	2,712	2,712	2,712	2,712	2,712	2,712	2,511
Traffic signals	42	42	42	42	42	42	42	41	42	42
Parks and recreation:										
Parks	10	10	10	10	10	10	10	10	10	11
Community centers	2	2	2	2	2	2	2	2	2	2