

CITY OF ROSEMEAD  
Rosemead, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

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

CITY OF ROSEMEAD  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS

	Page
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
Directory of Officials	vi
Organizational Chart	vii
 <u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	1
Management’s Discussion and Analysis (Required Supplementary Information)	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Government Wide Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government Wide Statement of Activities and Changes in Net Position	22
Internal Service Funds:	
Statement of Net Position	23
Statement of Revenues, Expenses, and Changes in Net Position	24
Statement of Cash Flows	25
Fiduciary Funds:	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to the Basic Financial Statements	28
 <u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Notes to the Required Supplementary Information	74
Budgetary Comparison Schedule:	
General Fund	75
Rosemead Housing Development Corporation – Special Revenue Fund	76
Other Post-Employment Benefits Plan - Schedule of Funding Progress	77
Schedule of the City’s Proportionate Share of the Plan’s Net Pension Liability And Related Ratios as of the Measurement Date – Last 10 Years*	78
Schedule of Plan Contributions – Last 10 Years	79
Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Years – Retirement Enhancement Plan	80
Schedule of Plan Contributions – Last 10 Years – Retirement Enhancement Plan	81

CITY OF ROSEMEAD

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS, (continued)

	<u>Page</u>
<u>FINANCIAL SECTION, (continued)</u>	
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Community Development Block Grant	89
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Proposition A	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Proposition C	91
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – State Gas Tax	92
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Air Quality Management District	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Street Lighting	94
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – HOME Program	95
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Measure R	96
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – City Capital Project – Major Fund	97
Combining Statement of Net Position – Internal Service Funds	99
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	100
Combining Statement of Cash Flows	101
Statement of Changes in Fiduciary Assets and Liabilities – Agency Fund	102

CITY OF ROSEMEAD  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS, (continued)

	<u>Page</u>
<u>STATISTICAL SECTION</u>	
Net Position by Component	103
Changes in Net Position	105
Fund Balances of Governmental Funds	107
Changes in Fund Balances of Governmental Funds	109
Assessed Value and Estimated Actual Value of Taxable Property	111
Direct and Overlapping Property Tax Rates	112
Principal Property Taxpayers	113
Property Tax Levies and Collections	114
Ratios of Outstanding Debt by Type	115
Ratio of General Bonded Debt Outstanding	116
Direct and Overlapping Governmental Activities Debt	117
Legal Debt Margin	118
Pledged-Revenue Coverage	120
Demographic and Economic Statistics	121
Principal Employers	122
Full-time and Part-time City Employees by Function	123
Operating Indicators by Function	124
Capital Assets Statistics by Function	125

MAYOR:  
SANDRA ARMENTA

MAYOR PRO TEM:  
POLLY LOW

COUNCIL MEMBERS:  
WILLIAM ALARCON  
MARGARET CLARK  
STEVEN LY



## City of Rosemead

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

January 16, 2017

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

It is with great pleasure that we present to you the City of Rosemead's Comprehensive Annual Financial Report (CAFR) for the 2015/16 fiscal year. Sound financial practice dictates that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Rosemead for the fiscal year ended June 30, 2016.

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

The City of Rosemead's financial statements have been audited by Rogers, Anderson, Malody & Scott, LLP ("RAMS"), a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rosemead for the fiscal year ended June 30, 2016, 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, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

### **Profile of the Government**

The City of Rosemead, incorporated in 1959, is located in the southwestern part of the state. The City of Rosemead currently occupies a land area of 5.5 square miles and serves a population of more than 55,000. Property tax is levied and collected by the County of Los Angeles. The City and Community Development Commission's portion is remitted to the City by the County.

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

Many of the functions often provided by municipal government are provided by special districts. Examples of some of Rosemead's special districts, which usually encompass areas larger than the City itself, are the Fire Protection District, the Library District, and the County Flood Control District. Certain other governmental functions are paid for by the City, but performed by a variety of other public and private agencies under contract. Some of the contracts in effect during the fiscal year were for police and street maintenance. The City also has two blended component units: 1) the Rosemead Financing Authority (the Authority) and 2) the Rosemead Housing Development Corporation (RHDC). The City of Rosemead also provides a full range of services, including recreational activities and cultural events. Additional information on all three of these legally separate entities can be found in Note 1(a) in the notes to the financial statements.

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

### **Factors Affecting Financial Condition**

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

#### **Local economy**

The City of Rosemead has a diverse revenue base including sales tax, property tax, transient occupancy tax and various licenses and permits. Considering the slow recovery from the recessionary economy, the City of Rosemead currently enjoys a reasonably favorable economic environment and local indicators point to stability with moderate growth. The region has a varied retail and industrial base including two national general merchandise stores that historically perform well in a recessionary economy. They have continued to perform fairly well and along with some new restaurants and retail businesses have helped the City's sales tax to show modest growth. A direct comparison with the previous fiscal year will show an increase in sales tax revenues which indicates the economy is improving. It should be noted that while the stability and growth has been positive, sales tax receipts are still down in comparison to the 2008/09 peak. The stability realized in retail has helped keep Rosemead's unemployment rate down to 7.7%. Major employers are listed in the statistical section of the accompanying financial report. Several stores and restaurants including Ulta, PetSmart, The Grocery Outlet, and Boiling Crab opened during the prior two years and Lucille's BBQ has signed an agreement to locate in Rosemead in the near future.

#### **Long-term Financial Planning**

On December 8, 2009 the City Council approved its vision for the year 2020 and on February 11, 2014 the City Council amended its implementation plan for the years 2014 and 2015. The implementation plan identifies three Key Organizational Goals: 1) Ensure the City's Continued Financial Viability. 2) Enhance Public Safety and Quality of Life. 3) Beautify Residential

Neighborhoods and Commercial Corridors. Many action items designed to meet these goals were started in the 2011-12 Fiscal Year and continued throughout the 2015/16 Fiscal Year including capital improvement projects for street resurfacing, slurry sealing, curb and ramp improvements and tree planting as well as other park and facility renovations and improvements. Additionally, one of the new implementation strategies that was added is to complete a formal long-term financial plan for the City. The City's first five-year financial plan was developed during the 2012-13 fiscal year and has been used annually as part of the budget development process to identify capital and operating needs over the next five years.

#### **Cash management policies and practices**

Cash, temporarily idle during the year, was invested in federally insured certificates of deposit, medium term notes, Federal agency debt issuances and the State Treasurer's Local Agency Investment Fund (LAIF). In accordance with State law, and the City's more conservative investment policy all City investments strictly adhere to the priorities, in order of importance, of: 1) safety, 2) liquidity and 3) yield.

#### **Risk Management**

The City is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of over 120 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance and reinsurance, and to arrange for group-purchased insurance for property and other coverage. Additional information can be found in Note 10 on page 49 in the notes to the Basic Financial Statements.

#### **Pension and other postemployment benefits**

The City of Rosemead is contracted with the California Public Employees Retirement System (CalPERS) for retirement benefits for full-time employees. Supplemental retirement benefits are offered to qualified full-time employees, retirees and part-time employees through Public Agency Retirement Services (PARS). The City also provides health insurance benefits for certain qualified retirees. In accordance with GASB Statement No.45, additional information on the City of Rosemead's pension arrangements and postemployment benefits can be found in Note 11 on page 52 in the notes to the Basic Financial Statements.

#### **Debt Administration**

The City has no outstanding general obligation bonds as of June 30, 2016. Debt outstanding of the Successor Agency to the Rosemead Community Development Commission includes 2006A Tax Allocation Bonds for \$4,780,000 and 2006 B Tax Allocation Bonds for \$23,295,000 and 2010A Tax Allocation Bonds for \$7,895,000. The Successor Agency refinanced the Series 2006A and 2006B bonds in fiscal year 2016/17.

#### **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

implementing four new Development Impact Fees; completion of Rosemead Community Recreation Center remodel with new façade and lighting; completion of City Hall façade improvements including painting, trim and lighting; and, the Lighting project at Duff School and Garvey Park. The City also purchased five new buses with propane tanks to be used for the Rosemead Explorer program. The City also opened several new stores and restaurants including The Grocery Outlet, Ulta, PetSmart, the Boiling Crab and is also anticipating the opening of a Lucille's BBQ Restaurant in FY 2016/17.

### **Future Initiatives**

The City continues to work on the Garvey Specific Plan which will help revitalize Garvey Avenue and bring more economic development to the area. Lucille's BBQ restaurant will be opening in 2016/17. The City will finalize the refurbishment of the new City Maintenance Yard including the addition of new conference room, new showers and additional tenant improvements. Also, the Successor Agency will finalize the last two projects funded from the redevelopment bond proceeds which are the Zapopan Park project and the Skate Plaza project. The Successor Agency will refinance the 2006A and 2006B tax allocation bonds in December 2016. The City continues to work with developers interested in developing in our City. The elimination of Redevelopment Agencies in 2011 was a significant event which eliminated nearly \$7 million of annual tax increment revenue to the City. However, even without redevelopment, we are committed to bringing new projects to the area.

### **Acknowledgements**

The City's Comprehensive Annual Financial Report was prepared through the combined efforts of City staff. Special recognition is due the Finance Department. The department coordinated the closing of the books for the fiscal year, ensuring timely and accurate reporting. We would also like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report.

Lastly, a special thank you goes to the Mayor, City Council and the City Manager for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Rosemead's finances.

Respectfully submitted,



Carolyn A. Chu  
Director of Finance

(This page intentionally left blank)

# **CITY OF ROSEMEAD**

## **Directory of Officials**

**June 30, 2016**

### **CITY COUNCIL**

Sandra Armenta, Mayor

Polly Low, Mayor Pro Tem

William Alarcon, Council Member

Margaret Clark, Council Member

Steven Ly, Council Member

### **CITY MANAGEMENT**

William R. Manis, City Manager

Carolyn A. Chu, Finance Director

Michelle Ramirez, Community Development Director

Jason Chacon, Director of Parks and Recreation

Rafael Fajardo, Interim Director of Public Works

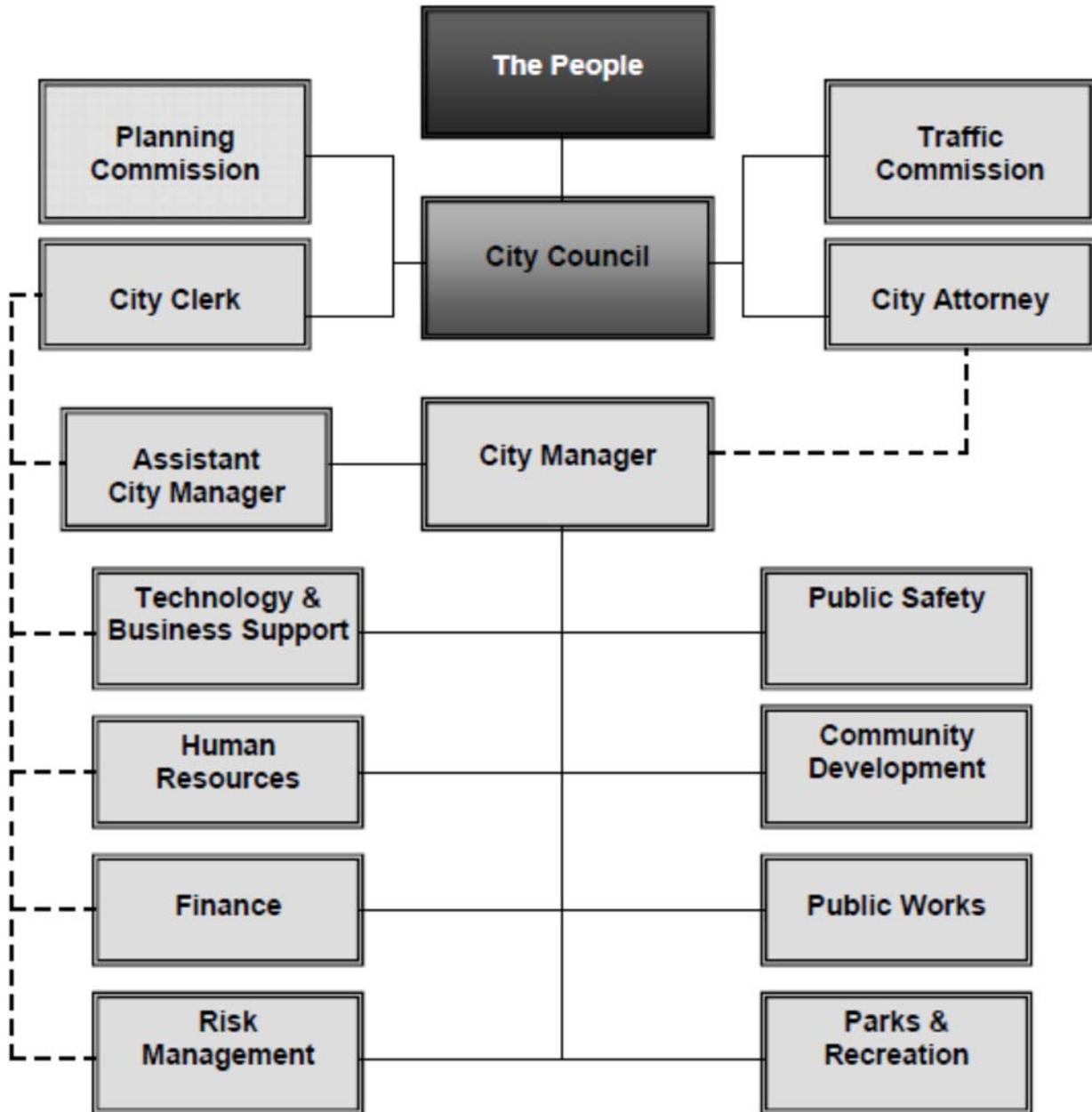
Lt. Ignacio Somoano, Chief of Police

Ericka Hernandez, Interim City Clerk

Burke, Williams & Sorensen, LLP, City Attorney

# CITY OF ROSEMEAD

## Function Based Organizational Chart



## **FINANCIAL SECTION**

(This page intentionally left blank)



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

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

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

**PARTNERS**

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

**MANAGERS / STAFF**

Jenny Liu, CPA, MST  
Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA  
Nathan Statham, CPA, MBA  
Gardenya Duran, CPA  
Brianna Schultz, CPA  
Daniel Hernandez, CPA, MBA  
Lisa Dongxue Guo, CPA, MSA

## Independent Auditor's Report

### 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 (City), as of and for the year ended June 30, 2016, 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*

The City's 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.

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of City of Rosemead, as of June 30, 2016, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Other Post-Employment Benefits Plan-Schedule of Funding Progress, Schedule of the City's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date-Last 10 Years, Schedule of Plan Contributions-Last 10 Years, Schedule of Changes in Net Pension Liability and Related Ratios-Last 10 Years-Retirement Enhancement Plan, Schedule of Plan Contributions-Last 10 Years-Retirement Enhancement Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of 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 City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and nonmajor fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and nonmajor fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2017 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 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 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.

*Rogers, Anderson, Malody & Scott, LLP*

San Bernardino, California  
January 16, 2017

(This page intentionally left blank)

## 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, 2016. 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 2015-16 increased \$1,997,788. This increase is largely due to increases in several different revenue categories as well as a decrease in several expenditure categories:
- Since the downturn in the economy back in 2007-08 the City has worked diligently to reduce expenditures while maintaining programs and service levels. The fund balance has increased significantly this year. The increase in fund balance relates to several increases in revenues including Property Tax, Sales Tax, Licenses and Permits and Transient Occupancy Tax (TOT). The licenses and permit revenues increase is a good sign of the economy improving as well as continued development in the City. The City has made difficult decisions over the last several years to live within our means. The City's staff and elected officials are committed to setting aside funds in the good years to ensure reserves are available during the lean years.
- At the end of the *current* fiscal year *unassigned* fund balance for the General Fund was \$11,514,894 or 61 percent of total General Fund expenditures.
- The assets related to Governmental Activities has increased by approximately \$1.6 million which is largely due to an increase in both Cash and Investments as well as an increase in Accounts Receivable at year end.

### 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them 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 15-16 of this report.

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

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

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

The City of Rosemead and its component units maintain 14 active governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Rosemead Housing Development Corporation, Successor Agency Private Purpose Trust Fund, and Capital Project Fund, all four of which are considered to be major funds. Data from the other 10 governmental funds are combined into a single, aggregated

presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17-22 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Rosemead's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the Basic Financial Statements can be found on pages 28-73 of this report.

**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 74-81 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 83-102 of this report.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rosemead, assets exceeded liabilities (net position) by \$68,656,751 at the close of the most recent fiscal year.

A significant portion of the City of Rosemead's net position (75 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets. The City of Rosemead uses these capital assets to provide services to the citizens; consequently, these assets are *not* available for future spending.

Although the City of Rosemead's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Rosemead's Summarized Statement of Net Position**  
**As of June 30, 2016 and 2015**  
**(thousands)**

	Governmental Activities	
	2016	2015
Current and other assets	\$ 26,130	\$ 24,316
Capital assets	51,542	52,251
<b>Total assets</b>	<b>77,672</b>	<b>76,567</b>
Deferred outflows of resources	2,937	2,779
Other liabilities	2,216	3,198
Long-term liabilities outstanding	8,826	8,378
<b>Total liabilities</b>	<b>11,042</b>	<b>11,576</b>
Deferred inflows of resources	910	1,294
Net position:		
Net investment in capital assets	51,442	52,038
Restricted	4,006	3,420
Unrestricted	13,109	11,018
<b>Total net position</b>	<b>\$ 68,557</b>	<b>\$ 66,476</b>

An additional portion of the City of Rosemead's net position (5.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* - (\$13.1 million) may be used to meet the government's ongoing obligations to citizens and creditors.

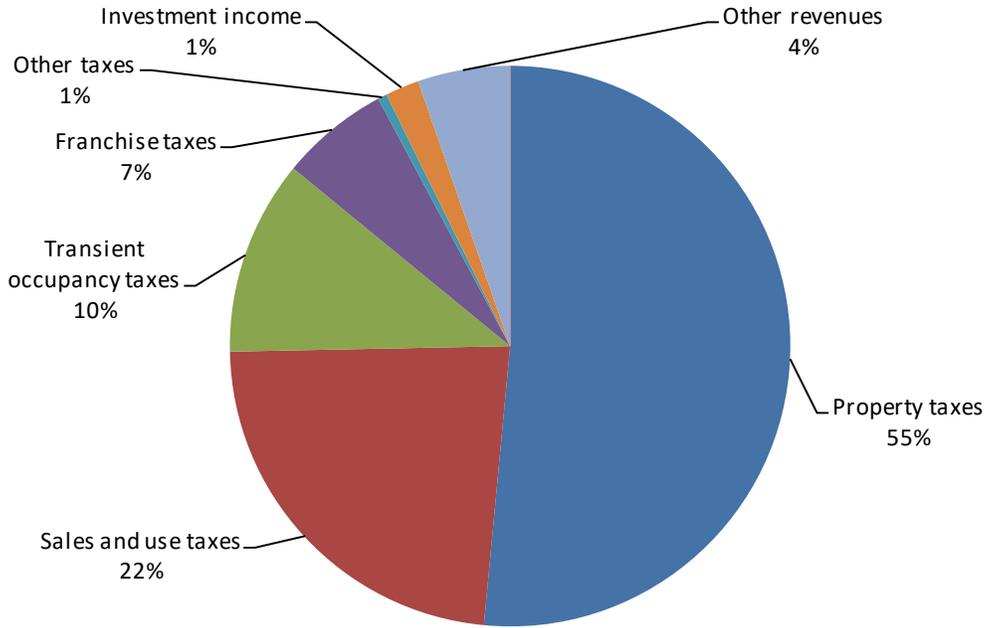
At the end of the current fiscal year, the City of Rosemead is able to report positive net position balances. The situation also held true for the prior fiscal year.

**Governmental activities.** Governmental activities increased the City of Rosemead's net position (as restated) by \$3,348,112. General revenue and program revenue exceeded expenses by this amount. The expenses increased in General Government, Public Safety, Public Works, Community Development, and Parks and Recreation; however, the total Program and General Revenues offset these increases. These expense increases are largely due to salary and benefit costs as well as law enforcement increases.

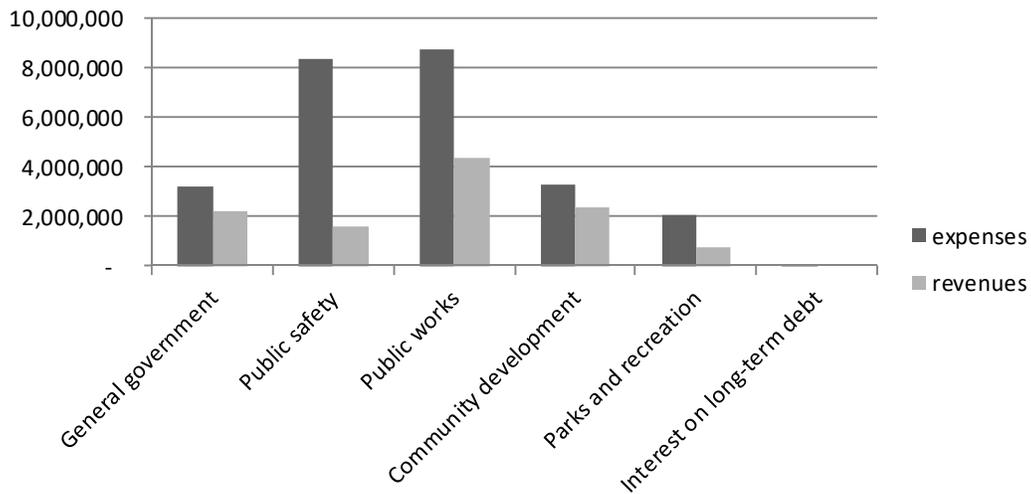
**City of Rosemead's Sumarized Statement of Activities**  
**Years Ended June 30, 2016 and 2015**  
**(thousands)**

	Governmental Activities	
	2016	2015
Program revenues:		
Charges for services	\$ 4,400	\$ 4,542
Operating grants and contributions	5,848	6,067
Capital grants and contributions	973	947
General revenues:		
Property taxes	9,158	9,034
Other taxes	7,333	6,275
Investment income	349	98
Other	945	794
Total revenues	29,006	27,757
Expenses:		
General government	3,217	2,739
Public safety	8,382	7,748
Public works	8,739	8,704
Community development	3,246	2,879
Parks and recreation	2,073	2,050
Interest on long-term debt	1	3
Total expenses	25,658	24,123
Change in net position	3,348	3,634
Net position - June 30, 2015 (as restated)	65,309	62,842
Net position - June 30, 2016	\$ 68,657	\$ 66,476

## 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 \$21,641,991 an increase of \$3,396,089 in comparison with the prior year. Approximately 49% of this total amount \$10,682,889 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 \$11,514,894, while total fund balance reached \$18,468,149. 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 61 percent of total general fund expenditures, while total fund balance represents 97 percent of that same amount.

The fund balance of the City of Rosemead's General Fund increased by \$1,997,788 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 \$1,997,788. Several revenues had large increases including Sales Tax, Property Tax, TOT and Licenses and Permits. Additional highlights of the change in fund balance are presented below.
- General Fund revenues increased \$1,813,336 in 2015/16 over the prior year. The largest revenue categories were: property tax increased \$124,000, sales tax increased \$672,000, TOT increased \$423,500 and building permits and public works permits increased \$474,000. The substantial increase in both building permits and public works permits is a result of increased development projects in the City as well as an indication of an improving economy. The TOT increase is a result of the improved economy and tourism activity within California on the rise, as well as the expansion of rooms at the Doubletree Hotel. Sales tax growth is attributed to growth in the overall economy and in consumer spending.
- General Fund expenditures decreased \$1,440,474 over the prior year due to the large property purchase expenditure in the prior year. This decrease in expenditures was also the result of vacancies in several key management positions for most of FY 15/16 which resulted in salary and benefit savings as well.

- In addition, Risk Management expenditures decreased \$190,000 due to positive actual experience.
- These decreases in expenditures were partially offset by an increase in Public Safety expenditures in 2015/16 of approximately \$331,600. These expenditures were a result of additional law enforcement costs in the 2015/16 fiscal year.

General Fund Budget Analysis. The City's General Fund collected revenues of slightly more than \$1,713,437 in comparison to the budgeted estimates or 8.63% more than the budget. This variance resulted from Property Tax increases of \$152,000 which partially resulted from the reallocation of former redevelopment tax increment, Sales Tax increases of \$263,000 which was driven by an improving economy and the opening of some new restaurants and businesses, and increase of \$269,000 in Transient Occupancy Tax from an improving travel industry as well as increased expansion in the DoubleTree Hotel. In addition Licenses and Permit revenue increased almost \$630,000 due to increased development and projects during FY 2015/16. Interest earnings were underestimated by approximately \$200,000 due to slightly higher interest rates as well as end of year changes in market valuation. Shortfalls from budgeted estimates were mostly due to Fines and Forfeitures as the revenue from parking citations came in less than the prior year.

The General Fund original expenditure budget was increased by \$434,500. The main contributors to this increase was an additional \$100,000 for professional services for the Sewer System Comprehensive Study, an additional \$175,000 for Plan Checks due to increased projects and an additional \$73,600 to retrofit the Garvey Median. Additional adjustments were made for expenditures such as legal advertising, human resources recruiting expenses and Information Technology contract services. These three items increased the budget by \$85,900. Net actual expenditures were \$529,323 less than the amended budget. There were significant budget savings in most departments, including General Government, Parks and Recreation and Public Works. These budget savings were achieved through staffing vacancies and other cost saving measures implemented by the City's operating departments. The Community Development Department was slightly over budget by \$83,260 due to higher building inspection costs, however this was due to more projects and was offset by revenues.

Proposition A, C and Measure R Funds. These three funds are for transportation purposes and they are all funded with voter approved additions to Sales Tax on gasoline. The Prop A Fund is used mainly for public transportation services (fixed route bus service and Dial-A-Ride services); Proposition C has some transportation elements to it but it is focused more on transportation infrastructure maintenance purposes. Measure R mainly focuses on new transportation infrastructure development. Combined revenues in all three funds exceeded revenue estimated by \$135,000. Since the transportation taxes are an enhancement to sales tax we can see that consumer sales is beginning to increase, an early sign of economic recovery. Expenditures for the Proposition A fund are increasing as greater efforts are being made to increase fixed route

ridership as are the operating expenditures for Dial-A-Ride in the Proposition C Fund. Also, the City purchased five buses from the Proposition A funds in 2015/16 to be used for the Rosemead Explorer program. Measure R, the newest of the funds, is beginning to spend its revenue for future project planning.

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

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

## **Capital Asset and Debt Administration**

**Capital assets.** The City of Rosemead's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$51,542,030 (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 Rosemead Community Recreation Center remodel including new façade and lighting.
- Completion of City Hall façade improvements including painting, trim and lighting.
- Refurbishment of new building on River Avenue for City Maintenance Yard, including addition of new conference room, new showers and additional tenant improvements.
- Zapopan Park project with new walking trail, basketball and volleyball courts and new parking lot.
- New Skate Park Plaza at Rosemead Park.
- Completion of Lighting project at Duff School and Garvey Park.
- Installation of Garvey Avenue sewer relief line.
- Completion of new medians, sidewalks and landscaping on Walnut Grove.

Purchase of five new vehicles (buses) to be used for the Rosemead Explorer program.

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

	Governmental Activities	
	2016	2015
Land	\$ 4,417	\$ 4,417
Buildings	14,795	13,819
Improvements other than buildings	555	363
Machinery and equipment	73	92
Autos and trucks	621	239
Furniture and office equipment	245	302
Infrastructure	30,271	30,851
Construction in progress	565	2,168
<b>Total</b>	<b>\$ 51,542</b>	<b>\$ 52,251</b>

Additional information on the City of Rosemead's capital assets can be found in note 7, found on page 45 of the Basic Financial Statements.

**Long-term debt.** At the end of the current fiscal year, the Successor Agency for the Rosemead Community Development Commission had total bonded debt outstanding of \$35,970,000. 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	
	2016	2015
Tax Allocation Bonds	\$ 35,970	\$ 37,965

- The Successor Agency's total bonded debt decreased by \$1,995,000 during the current fiscal year due to debt service payments. For more detailed information about the City's long-term debt please refer to Note No. 8, Changes in Long-Term Liabilities found on page No. 46 of the Basic Financial Statements. The Successor Agency has since refinanced the Series 2006A and 2006B bonds in fiscal year 2016/17.

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

- The City has included in the FY 2016/17 budget, capital improvement projects that were funded from the bond proceeds from the former redevelopment agency. The final

projects to be funded from these bond proceeds include the Zapoppan Park project and the Skate Plaza project. Progress was made on both of these projects during 2015/16 and they are projected to be completed by the end of the 2016/17 fiscal year

- As discussed throughout this Management's Discussion and Analysis report, there were large General Fund revenue increases in FY 2015/16. Both Sales Tax and Property Tax revenues have shown modest increases and are projected to continue in a slow but steady growth pattern. In addition the Licenses and Permits revenue increased substantially due to increased growth and development in the City. Also, TOT revenue showed a large increase over the prior year due to most hotels showing strong occupancy rates and the expansion at the Doubletree Hotel.
- The local economy is projected to continue its modest growth in the coming year and has been reflected in the City's FY 2016/17 Revenue budget. At the time of budget preparation and up to its adoption, General Fund Revenue is projected to increase 4.0% over the FY 2015/16 budgeted amount.
- The City adopted the General Fund FY 2016/17 budget with a projected \$16 million fund balance reserve. The Operating Budget for Fiscal Year 2016/17 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.

(This page intentionally left blank)

# City of Rosemead

## Statement of Net Position Government-wide Financial Statement June 30, 2016

---

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments (note 2)	\$ 20,642,885
Receivables:	
Accounts	3,068,964
Interest	39,569
Loans (note 3)	381,700
Due from Successor Agency (note 6)	204,029
Prepaid expenses	187,247
OPEB asset (note 9)	1,605,989
Capital assets (note 7):	
Land	4,417,104
Construction in progress	564,500
Other capital assets, net	<u>46,560,426</u>
 Total assets	 <u>77,672,413</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related (note 11,12)	<u>2,936,578</u>
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	1,871,427
Accrued salaries and benefits	208,369
Retentions payable	134,609
Unearned revenue	1,694
Non-current liabilities (note 8):	
Due within one year	548,789
Due in more than one year	<u>8,277,016</u>
 Total liabilities	 <u>11,041,904</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related (note 11,12)	<u>910,336</u>
 <b>NET POSITION</b>	
Net investment in capital assets	51,542,030
Restricted for:	
Public safety	10,450
Public works	3,785,139
Community service	210,258
Unrestricted	<u>13,108,874</u>
 Total net position	 <u>\$ 68,656,751</u>

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

(This page intentionally left blank)

# City of Rosemead

## Statement of Activities Government-wide Financial Statement For the year ended June 30, 2016

	Expenses	Program Revenues		Governmental Activities	Net (expense) revenue and changes in net position
		Charges for Services	Operating Contributions and Grants		
Governmental activities:					
General government	\$ 3,218,363	\$ 168,194	\$ 2,035,039	\$ -	\$ (1,015,130)
Public safety	8,381,588	590,533	-	973,119	(6,817,936)
Public works	8,738,495	617,375	3,743,533	-	(4,377,587)
Community development	3,246,081	2,282,580	69,557	-	(893,944)
Parks and recreation	2,073,145	741,171	-	-	(1,331,974)
Interest and other charges	787	-	-	-	(787)
Total governmental activities	<u>\$25,658,459</u>	<u>\$4,399,853</u>	<u>\$ 5,848,129</u>	<u>\$ 973,119</u>	<u>(14,437,358)</u>
General revenues:					
Taxes:					
Property taxes					8,245,944
Sales and use taxes					4,124,745
Property taxes in lieu of sales and use taxes					912,555
Transient occupancy taxes					1,998,954
Franchise taxes					1,116,978
Other taxes					92,271
Investment income					348,651
Other					945,372
Total general revenues					<u>17,785,470</u>
Change in net position					3,348,112
Net position, beginning of year, as restated (see note 18)					<u>65,308,639</u>
Net position, end of year					<u>\$ 68,656,751</u>

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

# City of Rosemead

## Balance Sheet Governmental Funds June 30, 2016

	General	Special Revenue Rosemead Housing Development Corporation	Capital Projects City
<b>ASSETS</b>			
Cash and investments (note 2)	\$ 15,969,077	\$ 214,594	\$ -
Receivables:			
Accounts	2,201,983	11,546	664,086
Interest	39,569	-	-
Loans (note 3)	381,700	-	-
Prepaid items	187,247	-	-
Due from other funds (note 5)	1,164,073	-	-
Due from Successor Agency (note 6)	-	-	204,029
	<u>\$ 19,943,649</u>	<u>\$ 226,140</u>	<u>\$ 868,115</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,065,788	\$ 39,207	\$ 464,086
Accrued salaries and benefits	166,491	-	7,037
Retention payable	-	-	125,264
Due to other funds (note 5)	-	-	844,638
Unearned revenue	-	-	-
	<u>1,232,279</u>	<u>39,207</u>	<u>1,441,025</u>
Deferred inflows of resources:			
Deferred loans	227,086	-	-
Unavailable revenues	16,135	-	-
	<u>243,221</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	187,247	-	-
Restricted for:			
Public safety	-	-	-
Public works	-	-	-
Community services	-	-	-
Low and moderate income housing	-	186,933	-
Committed	6,682,495	-	-
Assigned	83,513	-	-
Unassigned	11,514,894	-	(572,910)
	<u>18,468,149</u>	<u>186,933</u>	<u>(572,910)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,943,649</u>	<u>\$ 226,140</u>	<u>\$ 868,115</u>

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

---

Total Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,032,512	\$ 20,216,183
191,349	3,068,964
-	39,569
-	381,700
-	187,247
-	1,164,073
-	204,029
<u>\$ 4,223,861</u>	<u>\$ 25,261,765</u>
\$ 298,727	\$ 1,867,808
34,841	208,369
9,345	134,609
319,435	1,164,073
1,694	1,694
<u>664,042</u>	<u>3,376,553</u>
-	227,086
-	16,135
<u>-</u>	<u>243,221</u>
-	187,247
10,450	10,450
3,785,139	3,785,139
23,325	23,325
-	186,933
-	6,682,495
-	83,513
<u>(259,095)</u>	<u>10,682,889</u>
<u>3,559,819</u>	<u>21,641,991</u>
<u>\$ 4,223,861</u>	<u>\$ 25,261,765</u>

(This page intentionally left blank)

# City of Rosemead

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position Government Funds June 30, 2016

---

**Fund balances of governmental funds** \$ 21,641,991

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

Capital assets, net of depreciation, have not been included as financial resources in the governmental fund activity.

Capital assets (net of Internal Service Funds)	98,129,244
Accumulated depreciation (net of Internal Service Funds)	(46,774,413)

Long-term assets that are not available for current use. Amounts are not reported in the governmental funds.

OPEB asset	1,605,989
------------	-----------

Long term liabilities and compensated absences that have not been included in the governmental fund activity.

Compensated absences	(601,998)
Retrospective deposits payable	(369,505)
Net pension liability	(7,854,302)

Long-term notes receivable are not current financial resources and, therefore, are deferred in the governmental funds.

	227,086
--	---------

Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.

	16,135
--	--------

Deferred inflows and outflows of resources related to pensions are not reported in the governmental funds.

Net deferred inflows of resources	(910,336)
Net deferred outflows of resources	2,936,578

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net position of the internal service funds must be added to the statement of net position.

	<u>610,282</u>
--	----------------

**Net position of governmental activities**

	<u><u>\$ 68,656,751</u></u>
--	-----------------------------

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

# City of Rosemead

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the year ended June 30, 2016

	General	Special Revenue Rosemead Housing Development Corporation	Capital Projects  City
<b>REVENUES</b>			
Taxes	\$ 16,491,447	\$ -	\$ -
Intergovernmental	278,898	414,986	1,160,181
Licenses and permits	2,520,937	-	-
Charges for services	1,109,558	-	1,623
Fines, forfeitures and penalties	597,373	-	-
Special assessments	-	-	-
Investment income	491,148	440,871	-
Other	67,076	4,076	-
Total revenues	<u>21,556,437</u>	<u>859,933</u>	<u>1,161,804</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,492,072	-	-
Public safety	8,203,948	-	-
Public works	3,400,220	-	139,908
Community development	1,758,060	839,201	-
Parks and recreation	2,107,611	-	-
Capital outlay	466	-	1,795,357
Total expenditures	<u>18,962,377</u>	<u>839,201</u>	<u>1,935,265</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,594,060</u>	<u>20,732</u>	<u>(773,461)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (note 5)	-	-	1,371,223
Transfers out (note 5)	(596,272)	-	-
Total other financing sources (uses)	<u>(596,272)</u>	<u>-</u>	<u>1,371,223</u>
Net change in fund balances	1,997,788	20,732	597,762
Fund balances (deficit), beginning of year	<u>16,470,361</u>	<u>166,201</u>	<u>(1,170,672)</u>
Fund balances (deficit), end of year	<u>\$ 18,468,149</u>	<u>\$ 186,933</u>	<u>\$ (572,910)</u>

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

---

Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 16,491,447
4,911,060	6,765,125
-	2,520,937
80,094	1,191,275
-	597,373
969,870	969,870
70,816	1,002,835
-	71,152
<u>6,031,840</u>	<u>29,610,014</u>
172,561	3,664,633
248,984	8,452,932
2,806,051	6,346,179
726,672	3,323,933
15,663	2,123,274
507,151	2,302,974
<u>4,477,082</u>	<u>26,213,925</u>
<u>1,554,758</u>	<u>3,396,089</u>
15,248	1,386,471
(790,199)	(1,386,471)
<u>(774,951)</u>	<u>-</u>
779,807	3,396,089
<u>2,780,012</u>	<u>18,245,902</u>
<u>\$ 3,559,819</u>	<u>\$ 21,641,991</u>

# City of Rosemead

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government Wide Statement of Activities and Changes in Net Position Government Funds For the year ended June 30, 2016

---

**Net change in fund balances - total governmental funds** \$ 3,396,089

Amounts reported for governmental activities in the statement of activities differ from the amounts reported in the statement of activities because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current year. This activity is reconciled as follows:

Cost of assets capitalized, less disposals at net book value (net of Internal Service Funds)	2,119,298
Depreciation expense (net of Internal Service Funds)	(2,789,186)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in OPEB asset	(84,400)
Pension related adjustments	936,134

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

Decrease in retrospective deposits payable	199,961
Decrease in compensated absences payable	80,070

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

(603,443)

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

93,589

**Change in net position of governmental activities** \$ 3,348,112

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

# City of Rosemead

## Statement of Net Position Internal Service Funds June 30, 2016

---

	<u>Governmental Activities Internal Service Funds</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments (note 2)	<u>\$ 426,702</u>
Total current assets	<u>426,702</u>
Non-current assets:	
Capital assets:	
Other capital assets, net (note 7)	<u>187,199</u>
Total non-current assets	<u>187,199</u>
Total assets	<u>613,901</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	<u>3,619</u>
Total current liabilities	<u>3,619</u>
Total liabilities	<u>3,619</u>
<b>NET POSITION</b>	
Net investment in capital assets	187,199
Unrestricted	<u>423,083</u>
Total net position	<u><u>\$ 610,282</u></u>

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

# City of Rosemead

## Statement of Revenues, Expenses, and Changes in Net Position Internal Service Funds For the year ended June 30, 2016

---

	<u>Governmental Activities Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 297,600
Other revenue	<u>4,840</u>
Total operating revenues	<u>302,440</u>
<b>OPERATING EXPENSES</b>	
Contractual services	101,061
Depreciation	<u>107,003</u>
Total operating expenses	<u>208,064</u>
Operating income	<u>94,376</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest expense	<u>(787)</u>
Total non-operating revenues (expenses)	<u>(787)</u>
Change in net position	93,589
Net position, beginning of year	<u>516,693</u>
Net position, end of year	<u><u>\$ 610,282</u></u>

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

# City of Rosemead

## Statement of Cash Flows Internal Service Funds For the year ended June 30, 2016

---

	Governmental Activities <u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from users departments	\$ 301,333
Cash payments to suppliers for goods and services	<u>(100,691)</u>
Net cash provided by operating activities	<u>200,642</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on capital lease	(44,850)
Interest paid on capital lease	(787)
Cash paid to purchase capital asset	<u>(67,697)</u>
Net cash used for capital and related financing activities	<u>(113,334)</u>
Net increase in cash and investments	87,308
Cash and investments, beginning of year	<u>339,394</u>
Cash and investments, end of year	<u>\$ 426,702</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	<u>\$ 94,376</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	107,003
Increase (decrease) in accounts payable	<u>(737)</u>
Total adjustments	<u>106,266</u>
Net cash provided by operating activities	<u>\$ 200,642</u>

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

# City of Rosemead

## Statement of Fiduciary Net Position Fiduciary Funds June 30, 2016

---

	Successor Agency Private-purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and investments (note 2)	\$ 7,967,565	\$ 355,426
Receivables:		
Interest	59,866	-
Notes	1,159,165	-
	<hr/>	<hr/>
Total assets	9,186,596	\$ 355,426
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accounts payable	1,611	\$ -
Deposits payable	-	355,426
Accrued interest payable	337,013	-
Due to City of Rosemead (note 6)	204,029	-
Long-term debt (note 17):		
Due within one year	2,090,022	-
Due in more than one year	33,891,635	-
	<hr/>	<hr/>
Total liabilities	36,524,310	\$ 355,426
	<hr/>	<hr/>
<b>NET POSITION (DEFICIT)</b>		
Held in trust for the Successor Agency	<hr/> (27,337,714)	
	<hr/>	
Total net position (deficit)	\$ (27,337,714)	
	<hr/>	

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

# City of Rosemead

## Statement of Changes in Fiduciary Net Position Fiduciary Funds For the year ended June 30, 2016

---

	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS</b>	
Property taxes	\$ 5,724,292
Investment earnings	105,656
Other	3,000
	<hr/>
Total additions	5,832,948
	<hr/>
<b>DEDUCTIONS</b>	
Administrative expenses	1,877,629
Affected taxing entities	1,382,894
Interest expense	1,613,745
	<hr/>
Total deductions	4,874,268
	<hr/>
Change in net position	958,680
Net position (deficit), beginning of period	<hr/> (28,296,394)
Net position (deficit), end of period	<hr/> <u>\$ (27,337,714)</u>

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

(This page intentionally left blank)

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

### Note 1: Summary of Significant Accounting Policies

#### (a) Reporting Entity

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

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

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

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

#### Rosemead Financing Authority

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

(a) Reporting Entity, (continued)

Rosemead Housing Development Corporation

The Corporation accounts for the construction, financing and operations of low and moderate-income housing. It is a California nonprofit benefit corporation organized under Section 501(c)(3) of the Internal Revenue Code. The activities of the Corporation are recorded in the RHDC special revenue fund. Separately issued financial statements of the Corporation can be obtained from the Finance Department.

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

(b) Basis of Accounting and Measurement Focus

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

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

Financial reporting is based upon all Governmental Accounting Standards Board pronouncements.

Government-wide Financial Statements

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

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

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

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

#### Fund Financial Statements

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

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

##### Governmental Funds

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

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

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

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

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

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

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

#### Fiduciary Funds

The City maintains two fiduciary fund types. The first is a private-purpose trust fund which uses the economic resources measurement focus and the accrual basis of accounting. The second is an agency fund which has no measurement focus. The agency fund is custodial in nature (assets equal liabilities) and does not involve the recording of City revenues and expenses.

#### (c) Major and Fiduciary Fund Types

The City's major governmental funds are as follows:

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

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

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

The City's Fiduciary Funds are as follows:

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

Agency Fund - Accounts for the assets held in a trustee capacity or as an agent. The cash being held primarily represents amounts placed on deposit for refundable permits and performance bonds.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

(d) Investments

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

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

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

(e) Cash Equivalents

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

(f) Capital Assets

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

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

(f) Capital Assets, (continued)

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

The following schedule summarizes capital asset useful lives:

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

(g) Compensated Absences

Vacation is payable to employees at the time used or upon termination of employment. All vacation is accrued when incurred in the government-wide level financial statements.

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

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

(h) Prepaid Items

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

(i) Fund Balance

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

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

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

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

### 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](http://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.

PERS-Cost sharing Multiple-Employer Plan:

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

PARS-Single Employer Agent Plan:

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	July 1, 2015 to June 30, 2016

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

(l) Implementation of new GASB pronouncements

The City implemented GASB Statement No. 72, Fair Value Measurement and Application. The objective of this statement is to address accounting and financial reporting issues related to fair value measurement. The statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants. This statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The City implemented GASB Statement No. 82, Pension Issues. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The statement addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

### Note 2: Cash and Investments

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 20,642,885
Statement of Fiduciary Net Position:	
Cash and investments	<u>8,322,991</u>
Total cash and investments	<u>\$ 28,965,876</u>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

Cash and investments as of June 30, 2016, consist of the following:

Deposits with financial institutions	\$ 10,938,965
Investments	<u>18,026,911</u>
Total cash and investments	<u>\$ 28,965,876</u>

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

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

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
US Treasury Obligations	Yes	5 years	None	None
US Agency Securities	Yes	5 years	70%	35%
Banker's Acceptances	Yes	180 days	20%	30%
Commercial Paper	Yes	180 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Medium-Term Notes	Yes	5 years	30%	None
Money Market Mutual Funds	Yes	N/A	20%	10%
Local Agency Investment Funds (LAIF)	Yes	N/A	None	\$65M

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

### Investments Authorized by Debt Agreements

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

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

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

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Total	Remaining Maturity		
		12 months or less	13 to 24 months	25 to 60 months
State investment pool	\$ 7,129,762	\$ 7,129,762	\$ -	\$ -
Certificates of deposits	5,557,264	-	248,208	5,309,056
US agency securities	1,005,300	-	-	1,005,300
Medium-term notes	2,037,070	-	276,650	1,760,420
Held by bond trustee:				
Money market mutual funds	1,149,079	1,149,079	-	-
Certificates of deposit	1,148,436	-	-	1,148,436
Total	<u>\$ 18,026,911</u>	<u>\$ 8,278,841</u>	<u>\$ 524,858</u>	<u>\$ 9,223,212</u>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

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

#### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Total	Minimum Legal Rating	Rating as of Year End					Not Rated
			AAA	AA+	A+	A	A-	
State investment pool	\$ 7,129,762	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,129,762
Certificates of deposits	5,557,264	N/A	-	-	-	-	-	5,557,264
US agency securities	1,005,300	N/A	-	1,005,300	-	-	-	-
Medium-term notes	2,037,070	A	-	-	500,227	528,520	1,008,323	-
Held by bond trustee:								
Money market mutual funds	1,149,079	Multiple	1,143,058	-	-	-	-	6,021
Certificates of deposit	1,148,436	N/A	-	-	-	-	-	1,148,436
<b>Total</b>	<b>\$18,026,911</b>		<b>\$1,143,058</b>	<b>\$1,005,300</b>	<b>\$ 500,227</b>	<b>\$ 528,520</b>	<b>\$1,008,323</b>	<b>\$13,841,483</b>

#### Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	US Agency Securities	\$ 1,005,300

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

#### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2016, the City had no deposits with financial institutions in excess of federal depository insurance limits held in uncollateralized accounts.

#### Investment in State Investment Pool

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

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

#### Fair Value Measurements

GASB Statement No. 72, Fair Value Measurements and Application, 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 District has the following fair value measurements as of June 30, 2016:

Investments by Fair Value Level	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Certificates of deposits	\$ 6,705,700	\$ -	\$ 6,705,700	\$ -
US agency securities	1,005,300	-	1,005,300	-
Medium-term notes	2,037,070	-	2,037,070	-
Total investments by fair value	9,748,070	\$ -	\$ 9,748,070	\$ -
Investments measured at the Net Asset Value (NAV)				
State investment pool	7,129,762			
Money market mutual funds	1,149,079			
Total	\$ 18,026,911			

### Note 3: Loans receivable

Loans receivable consisted of the following at June 30, 2016:

	Balance			Balance June 30, 2016
	June 30, 2015	Additions	Deletions	
Computer Loans	\$ 12,601	\$ 5,945	\$ (9,328)	\$ 9,218
San Gabriel Valley Water Co. Loan - Phase I	98,760	-	(8,230)	90,530
San Gabriel Valley Water Co. Loan - Phase II	49,381	-	(4,115)	45,266
Rio Honda Community Development Co. Loan	227,086	-	-	227,086
El Monte Cemetery Association Loan	10,800	-	(1,200)	9,600
Total	\$ 398,628	\$ 5,945	\$ (22,873)	\$ 381,700

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

### Note 4: Property Taxes

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

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes are recorded initially in a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City of Rosemead accrues only those taxes that are received from the County within sixty days after year-end.

Lien date	January 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

### Note 5: Interfund Transactions

Due to/due from other funds for the year ending June 30, 2016, consisted of the following:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	City Capital Projects Fund	\$ 844,638
	Nonmajor Governmental Funds	<u>319,435</u>
	Total	<u>\$ 1,164,073</u>

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

### Note 5: Interfund Transactions, (continued)

#### Transfers

Interfund transfers for the year ending June 30, 2016, consisted of the following:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
City Capital Projects Fund	General Fund	\$ 581,024
	Nonmajor Governmental Funds	790,199
		<u>1,371,223</u>
Nonmajor Governmental Funds	General Fund	15,248
		<u>15,248</u>
	Total	<u>\$ 1,386,471</u>

Transfers were made to subsidize various programs and capital projects.

### Note 6: Intergovernmental Transactions

#### Due to/Due from Successor Agency

Current intergovernmental receivables and payables balances at June 30, 2016, are as follows:

<u>Due to City</u>	<u>Due from Successor Agency</u>	<u>Amount</u>
Successor Agency	City Capital Projects Fund	<u>\$ 204,029</u>
	Total	<u>\$ 204,029</u>

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

### Note 7: Capital Assets

Capital asset activity was as follows for the year ended June 30, 2016:

<b>Governmental activities:</b>	Beginning balance	Additions	Deletions	Ending balance
Capital assets, not being depreciated:				
Land	\$ 4,417,104	\$ -	\$ -	\$ 4,417,104
Construction in progress	2,167,976	564,500	(2,167,976)	564,500
<b>Total capital assets, not being depreciated</b>	<b>6,585,080</b>	<b>564,500</b>	<b>(2,167,976)</b>	<b>4,981,604</b>
Capital assets, being depreciated:				
Buildings	21,987,078	1,436,408	-	23,423,486
Improvements other than buildings	1,397,090	335,715	-	1,732,805
Machinery and equipment	566,225	16,000	-	582,225
Autos and trucks	1,160,013	558,848	(33,730)	1,685,131
Furniture and office equipment	1,485,125	-	-	1,485,125
Infrastructure	63,407,563	1,443,500	-	64,851,063
<b>Total capital assets, being depreciated</b>	<b>90,003,094</b>	<b>3,790,471</b>	<b>(33,730)</b>	<b>93,759,835</b>
Less accumulated depreciation for:				
Buildings	(8,168,333)	(460,248)	-	(8,628,581)
Improvements other than buildings	(1,034,080)	(143,289)	-	(1,177,369)
Machinery and equipment	(474,383)	(35,163)	-	(509,546)
Autos and trucks	(921,439)	(176,136)	33,730	(1,063,845)
Furniture and office equipment	(1,182,628)	(57,133)	-	(1,239,761)
Infrastructure	(32,556,087)	(2,024,220)	-	(34,580,307)
<b>Total accumulated depreciation</b>	<b>(44,336,950)</b>	<b>(2,896,189)</b>	<b>33,730</b>	<b>(47,199,409)</b>
<b>Total capital assets, being depreciated, net</b>	<b>45,666,144</b>	<b>894,282</b>	<b>-</b>	<b>46,560,426</b>
<b>Governmental activities capital assets, net of accumulated depreciation</b>	<b>\$52,251,224</b>	<b>\$ 1,458,782</b>	<b>\$(2,167,976)</b>	<b>\$51,542,030</b>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

### Note 7: Capital Assets, (continued)

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

Governmental activities:	
General government	\$ 40,978
Public safety	36,065
Public works	2,617,242
Community development	71,669
Parks and recreation	130,235
	<hr/>
Total depreciation expense	<u>\$ 2,896,189</u>

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

Long-term debt consists of the following at June 30, 2016:

<i>Governmental activities:</i>	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Net pension liability (see Note 11,12)	\$ 7,082,035	\$ 2,238,653	\$ 1,466,386	\$ 7,854,302	\$ -
Computer lease	44,850	-	44,850	-	-
Retrospective deposit	569,466	408,784	608,745	369,505	289,930
Compensated absences	682,068	257,898	337,968	601,998	258,859
	<hr/>				
Total long-term debt	<u>\$ 8,378,419</u>	<u>\$ 2,905,335</u>	<u>\$ 2,457,949</u>	<u>\$ 8,825,805</u>	<u>\$ 548,789</u>

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

#### Capital Lease

In 2011, the City entered into a lease agreement for the acquisition of finance computer software. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The equipment acquired during the fiscal year under this lease agreement is recorded at its acquisition cost of \$270,125. The outstanding balance at June 30, 2016 was \$-0-.

#### JPIA Retrospective Deposit

Liability and workers' compensation coverage are pooled self-insurance programs administered by the California JPIA. Since its inception, the California JPIA, "Authority," has operated under a retrospective funding model for its liability and workers' compensation programs. Retrospective adjustments are based on the ongoing claim development of past coverage periods, and can result in either an additional deposit or a refund. As of June 30, 2016, the City's retrospective deposit payable for the Worker's compensation portion is \$369,505.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

### Note 9: Post Employment Benefit Plan

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

*Eligibility:* Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for a PERS pension. After age 65, Medicare automatically becomes the primary provider of health coverage. The City's defined benefit plan becomes the secondary provider. Eligible retirees will have no noticeable change in health benefits or plan administration; however, there is a reduction in the City's cost of health coverage as the secondary provider. The City's defined benefit plan administrator establishes the cost of secondary provider rates annually. The City will pay 100% for eligible retirees' health coverage. Membership of the plan consisted of the following at January 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	18
Active plan members	<u>56</u>
Total	<u>74</u>

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

The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2015-16, the City contributed \$0 to the plan.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

### Note 9: Post Employment Benefit Plan, (continued)

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

Annual required contribution	\$ 48,431
Interest on net OPEB obligation	(101,423)
Adjustment to annual required contribution	137,392
Annual OPEB cost (expense)	<u>84,400</u>
Contributions made	<u>-</u>
Increase in net OPEB obligation	84,400
Net OPEB obligation (asset)	
beginning of year	<u>(1,690,389)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (1,605,989)</u></u>

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016, and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 343,442	235%	\$(2,299,456)
6/30/2015	\$ 83,336	0%	\$(1,690,389)
6/30/2016	\$ 84,400	0%	\$(1,605,989)

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

### **Note 9: Post Employment Benefit Plan, (continued)**

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

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

The ARC for the plan for the current fiscal year ended June 30, 2016, was determined as part of the January 1, 2014 actuarial valuation. The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Actuarial Cost Method. The actuarial assumptions included a 6.0% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.8% initially, reduced by decrements of 0.3%-0.4% per year to an ultimate rate of 5% after the fifth year. The UAAL is being amortized on a level dollar approach over 30 years on a closed basis. It is assumed the City's payroll will increase 3.25% per year.

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

#### Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City 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.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

#### 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. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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

#### *Liability*

In the liability program claims are pooled separately between police and 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.

For 2015-16 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million x/s \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

##### *Workers' Compensation*

In the workers' compensation program claims are pooled separately between public safety (police and fire) and 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 2015-16 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.

#### 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 a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

#### Purchased Insurance, (continued)

##### *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 \$65,835,925. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

##### *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. Premiums are paid annually and are not subject to retrospective adjustments.

##### *Special Event Tenant User Liability Insurance*

The City of Rosemead further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Rosemead according to a schedule. The City of Rosemead then pays for the insurance. The insurance is arranged by the Authority.

#### 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 2015-16.

As of June 30, 2016, the City had retrospective deposits payable to the Authority in the amount of \$369,505. The deposit will be repaid through adjustments to premiums over the next three years. The retrospective deposit payable has been included in noncurrent liabilities on the Statement of Net Position.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

##### 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 Plans consist 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 miscellaneous pool. Accordingly, rate plans within the miscellaneous pool are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous pool. The City sponsors three miscellaneous rate plans. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

##### Benefits Provided

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

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

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<u>Miscellaneous Tier I</u>	<u>Miscellaneous Tier II</u>	<u>Miscellaneous PEPRA</u>
Hire date	Prior to July 1, 2010	From July 1, 2010 to December 31, 2012	On or after January 1, 2013
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	10.958%	8.512%	6.237%

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The District's required contribution for the unfunded liability was \$761,820.

#### 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. Employer contribution rates may change if plan contracts are amended. Employer Contributions to the Plan for the fiscal year ended June 30, 2016 were \$1,113,875. The actual employer payments of \$999,981 made to CalPERS by the City during the measurement period ended June 30, 2015 differed from the City's proportionate share of the employer's contributions of \$606,923 by \$393,058, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

#### B. Net Pension Liability

The City's net pension liability for the Plans is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plans were measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

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

	Miscellaneous Plans
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate <sup>(2)</sup>	7.65%. For measurement date June 30, 2014, 7.50%.
Inflation	2.75%
Salary Increases <sup>(1)</sup>	3.3% - 14.2%
Investment Rate of Return <sup>(2)</sup>	7.65%. For measurement date June 30, 2014, 7.50%.
Mortality Rate Table <sup>(3)</sup>	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

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

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

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

All other actuarial assumptions used in the June 30, 2014, 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.

#### **Change of Assumptions**

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

##### ***Discount Rate***

The discount rate used to measure the total pension liability for measurement date June 30, 2015 was 7.65 percent. The discount rate used to measure the total pension liability in the previous year was 7.50 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 of the plan, the test revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement 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.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	<u>100%</u>		

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

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

#### Pension Plan Fiduciary Net Position

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

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

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

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

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

Miscellaneous Plans	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2014 (VD)	\$ 24,689,181	\$ 17,846,951	\$ 6,842,230
Balance at: 6/30/2015 (MD)	25,183,842	17,545,778	7,638,064
Net changes during 2014-15	\$ 494,661	\$ (301,173)	\$ 795,834

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

The City's net pension liability for the Plan are measured as the proportionate share of the net pension liability. The net pension liability of the Plan are measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows.

	Plans
Proportionate Share - June 30, 2014	0.27685%
Proportionate Share - June 30, 2015	0.27841%
Change - Increase (Decrease)	0.00156%

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

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

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

Plans	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Net Pension Liability	\$11,067,768	\$ 7,638,064	\$ 4,806,445

#### **Subsequent Events**

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

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

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

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

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

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

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

The EARSL for the Plan for the 2014-15 measurement period is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2014), the net pension liability for the plan was \$6,842,230. For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension expense of \$321,941 for the Plan.

As of June 30, 2016, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 64,091	\$ -
Changes of Assumptions	-	(606,360)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(303,976)
Change in Employer's Proportion	1,050,138	-
Difference in Actual vs Projected Contributions	492,427	-
Pension Contributions Subsequent to Measurement Date	1,113,875	-
<b>Total</b>	<b>\$ 2,720,531</b>	<b>\$ (910,336)</b>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

These amounts above are net of outflows and inflow recognized in the 2014-15 measurement period expense. \$1,113,875 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, 2017. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<b>Measurement Period Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2016	\$ 236,163
2017	218,511
2018	87,786
2019	153,860
2020	-
Remaining	-

#### *E. Payable to the Pension Plan*

At June 30, 2016, the City reported a payable of \$14,142 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

##### *Plan Description*

The Plan is a single-employer, agent, supplemental employee defined benefit pension plan (the plan II) administered by the Public Agency Retirement Services (PARS) Phase II Systems. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the July 1, 2015 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained from the actuarial valuation reports. PARS issues a publicly available financial report that includes financial statement and required supplementary information for the plan II. That report may be obtained writing to PARS, 3961 MacArthur Boulevard, Suite 200, Newport Beach, California, 92660.

##### *Benefits Provided*

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

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

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

##### Benefits Provided, continued

The Plan's provisions and benefits in effect at June 30, 2016, (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 CalPERS 2.7% @55
Benefit vesting schedule	from date of hire
Benefit payments	life only annuity
Retirement age	55
Monthly benefits, as a % of eligible compensation	0.680%
Required employee contribution rates	none
Required employer contribution rates	3.790%

##### Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms:

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

##### 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, 2016 (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, 2016 are \$265,241.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

#### B. Net Pension Liability

The City's net pension liability for the Retirement Enhancement Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2014. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

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

	<u>Supplemental</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	None
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.75%
Salary Increases (1)	3.5% - 12.2%
Investment Rate of Return	6.50%
Cost of Living Adjustment	2.00%
Mortality Rate Table	<b>Pre-retirement:</b> CalPERS Miscellaneous Non-Industrial Rates. <b>Post-retirement:</b> CalPERS 1997-2011 Healthy Retiree Tables(sex distinct) projected using Scale AA and base year of 2008.

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

#### **Discount rate**

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

##### *Discount rate, continued*

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

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

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

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

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Discount rate	6.50%	6.50%
Long-term expected rate of return, net of investment expense	6.50%	6.50%
Municipal bond rate	N/A	N/A

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

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

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

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

##### Pension Plan Fiduciary Net Position

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

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
<b>Balances as of June 30, 2015</b>	<b>\$ 3,004,673</b>	<b>\$ 2,764,868</b>	<b>\$ 239,805</b>
<b>Changes for the year:</b>			
• Service Cost	45,435	-	45,435
• Interest on the Total Pension Liability	191,270	-	191,270
• Effect of plan changes	-	-	-
• Effect of economic Demographic gains or Losses	-	-	-
• Effect of assumptions Changes or inputs	-	-	-
• Benefit Payments	(218,411)	(218,411)	-
• Employer contributions	-	265,241	(265,241)
• Member contributions	-	-	-
• Net Investment Income	-	(2,345)	2,345
• Administrative expenses	-	(2,624)	2,624
<b>Net Changes during 2015-16</b>	<b>\$ 18,294</b>	<b>\$ 41,861</b>	<b>\$ (23,567)</b>
<b>Balance as of June 30, 2016</b>	<b>\$ 3,022,967</b>	<b>\$ 2,806,729</b>	<b>\$ 216,238</b>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

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

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

	Discount Rate - 1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate + 1% (7.50%)
Net Pension Liability/(Asset)	\$ 572,516	\$ 216,238	\$ (84,008)

#### **Subsequent Events**

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

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

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

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

As of the start of the measurement period (July 1, 2015), the net pension liability is \$239,805.

For the measurement period ending June 30, 2016 (the measurement date), the City incurred a pension expense of \$117,984 for the Plan. A complete breakdown of the pension expense is as follows:

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

Description	<u>Amount</u>
Service Cost	\$ 45,435
Interest on the Total Pension Liability	191,270
Effect of plan changes	-
Administrative expenses	2,624
Member contributions	-
Expected investment return net of investment expenses	(181,129)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	-
Recognition of assumption changes or inputs	-
Recognition of investment gains or losses	<u>59,784</u>
 <b>Total Pension Expense</b>	 <b><u>\$ 117,984</u></b>

As of June 30, 2016, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan	216,047	-
Pension Contributions Subsequent to Measurement Date	-	-
<b>Total</b>	<b>\$ 216,047</b>	<b>\$ -</b>

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

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

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

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2017	\$ 59,784
2018	59,784
2019	59,784
2020	36,695
2021	-
Thereafter	-

#### E. Payable to the Pension Plan

At June 30, 2016, the City reported a payable of \$3,825 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

### Note 13: Employees Retirement Plan

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

The City currently offers an alternative plan for employees classified as part-time, seasonal or temporary (PST). The plan is administered by the Public Agency Retirement Services (PARS) and is a qualified deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). All amounts of compensation deferred under the plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the plan. Deferred compensation funds are not subject to claims of the City's general creditor; consequently the assets and related liabilities of the plan are not included within the City's financial statements. The City contributes 3.75% percent of the employee's compensation. In addition, each participant is required to contribute 3.75% of their salary. During the current fiscal year, the City contributed \$25,011 to the plan.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

### Note 14: Commitments and Contingencies

The City is a member of the Los Angeles County Liability Trust Fund (the Trust Fund), which was set up to pay for litigation involving the Los Angeles County Sheriffs' Department within any of the 40 cities that are served by the Los Angeles County Sheriffs' Department. The Trust Fund was and is being funded by the 40 cities based upon each city's allocated surcharge, calculated as a percentage of each city's contribution to the total contracted amount with the County paid to Los Angeles County for the use of its deputies. Based upon the agreement signed by all of the 40 cities at the time the Trust Fund originated, the cities will be jointly liable for any and all claims filed against the Los Angeles County Sheriffs' Department, regardless of the location within the 40 cities.

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

### Note 15: Fund Deficits

The following funds had deficit balances as of June 30, 2016:

Major Governmental Fund:		
City Capital Projects Fund	\$	(572,910)
Nonmajor Governmental Funds:		
HOME Program		(259,095)

### Note 16: Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Major Governmental Fund:			
Rosemead Housing Development Corporation	\$ 825,500	\$ 839,201	\$ (13,701)
Nonmajor Governmental Funds:			
Proposition A	1,200,360	1,333,205	(132,845)
Air Quality Management	130,140	146,140	(16,000)

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

### Note 17: Successor Agency

#### Successor Agency Long-Term Debt

The debt of the Successor Agency as of June 30, 2016, is as follows:

<b>Successor Agency:</b>	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
<b>Bonds:</b>					
Tax Allocation Bonds, Series 2006A	\$ 5,870,000	\$ -	\$ 1,090,000	\$ 4,780,000	\$ 1,145,000
Tax Allocation Bonds, Series 2006B	23,385,000	-	90,000	23,295,000	90,000
Tax Allocation Bonds, Series 2010A	8,710,000	-	815,000	7,895,000	850,000
Subtotal bonds	37,965,000	-	1,995,000	35,970,000	2,085,000
<b>Deferred amounts:</b>					
Unamortized bond premiums	138,613	-	19,802	118,811	19,802
Discount on issuance	(121,934)	-	(14,780)	(107,154)	(14,780)
Total bonds	37,981,679	-	2,000,022	35,981,657	2,090,022
Total long-term debt	\$ 37,981,679	\$ -	\$ 2,000,022	\$ 35,981,657	\$ 2,090,022

Future debt service requirements are as follows:

Fiscal years ending June 30,	Principal	Interest
2017	\$ 2,085,000	\$ 1,545,190
2018	2,180,000	1,453,347
2019	2,265,000	1,360,306
2020	2,365,000	1,261,152
2021	2,465,000	1,157,221
2022-2026	10,515,000	4,188,559
2027-2031	8,215,000	2,279,891
2032-2034	5,880,000	399,406
Totals	\$ 35,970,000	\$ 13,645,072

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

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

#### Successor Agency Long-Term Debt, (continued)

##### Tax Allocation Bonds, Series 2006A

On March 9, 2006, the Commission issued tax allocation bonds in the amount of \$14,005,000 (Series 2006A) to: (1) refund a portion of the Commission's outstanding Series 1993A bonds and (2) to finance redevelopment activity in Redevelopment Project Area No.1. The bonds bear interest ranging from 3.25% to 5.00% and mature in annual installments of \$780,000 to \$1,250,000 on various dates through October 1, 2022. The Commission purchased a surety bond in lieu of cash reserve in the amount of \$1,323,238. Portions of the bonds are subject to early redemption, at the option of the Commission, beginning October 1, 2017. Bond premiums are amortized over the life of the bonds. The unamortized balance as of June 30, 2016 was \$118,811. As of June 30, 2016 the outstanding balance was \$4,780,000.

##### Tax Allocation Bonds, Series 2006B

In December 2006, the Commission issued \$24,230,000 in Project Area No.1 Tax Allocation Bonds. The bonds mature in amounts ranging from \$70,000 to \$1,430,000 with interest rates ranging from 3.25% to 4.25% through October 1, 2033. The net proceeds were used to refund the remaining \$23,095,000 amount outstanding on the 1993 Tax Allocation Bonds. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 Bonds. As a result, the entire 1993 Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statements. A surety bond has been acquired to satisfy the reserve requirements. As of June 30, 2016 the outstanding balance was \$23,295,000.

##### Tax Allocation Bonds, Series 2010A

In July 2010, the Commission issued \$11,230,000 in Merged Project Area Tax Allocation Bonds. The bonds mature in amounts ranging from \$200,000 to \$1,135,000 with interest rates ranging from 3.00% to 5.00% through December 1, 2023. The bonds were issued to provide funds to finance the costs of certain redevelopment projects within the Merged Project Area including infrastructure improvements and the acquisition of land. Principal is payable annually on December 1, beginning on December 1, 2011. Interest is payable semi-annually on June 1 and December 1. Per the bond indenture, a reserve is required to be maintained. At June 30, 2016, the balance held in the reserve account was \$1,148,436. As of June 30, 2016 the outstanding balance was \$7,895,000.

# City of Rosemead

## Notes to the Basic Financial Statements For the year ended June 30, 2016

---

### Note 18: Prior period restatements

A total prior period adjustment of \$1,167,011 was made to decrease beginning net position due to an overstatement of deferred outflow of resources, pension contributions subsequent to the measurement date, in the prior year.

#### Government Wide Statement of Activities

Beginning net position, as previously reported	\$	66,475,650
Restatement due to error correction		<u>(1,167,011)</u>
Beginning net position, as previously restated	\$	<u>65,308,639</u>

### Note 19: Subsequent event

The Successor Agency approved the issuance of the 2016 Subordinate Tax Allocation Refunding Bonds by resolution adopted on August 23, 2016. The DOF released its letter approving the resolution approving the issuance of the 2016 Bonds on October 14, 2016. The 2016 bonds are being issued to refund, 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.

**Required Supplementary Information**

(This page intentionally left blank)

# City of Rosemead

## Notes to the Required Supplementary Information Fiscal Year Ended June 30, 2016

---

### **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 with the exception of the Narcotics Seizure Fund.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, and contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

# City of Rosemead

## Required Supplementary Information Budgetary Comparison Schedule General Fund Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 15,679,200	\$ 15,799,200	\$ 16,491,447	\$ 692,247
Intergovernmental	162,000	257,000	278,898	21,898
Licenses and permits	1,656,200	1,881,200	2,520,937	639,737
Charges for services	877,400	877,400	1,109,558	232,158
Fines, forfeitures and penalties	709,300	709,300	597,373	(111,927)
Investment income	288,300	288,300	491,148	202,848
Other	30,600	30,600	67,076	36,476
<b>Total revenues</b>	<b>19,403,000</b>	<b>19,843,000</b>	<b>21,556,437</b>	<b>1,713,437</b>
<b>EXPENDITURES</b>				
Current:				
General government	3,622,100	3,708,000	3,492,072	215,928
Public safety	8,290,700	8,290,700	8,203,948	86,752
Public works	3,315,800	3,489,400	3,400,220	89,180
Community development	1,499,800	1,674,800	1,758,060	(83,260)
Park and recreation	2,328,800	2,328,800	2,107,611	221,189
Capital outlay	-	-	466	(466)
<b>Total expenditures</b>	<b>19,057,200</b>	<b>19,491,700</b>	<b>18,962,377</b>	<b>529,323</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>345,800</b>	<b>351,300</b>	<b>2,594,060</b>	<b>2,242,760</b>
Other financing sources (uses):				
Transfers out	(1,050,000)	(1,050,000)	(596,272)	453,728
<b>Total other financing sources (uses)</b>	<b>(1,050,000)</b>	<b>(1,050,000)</b>	<b>(596,272)</b>	<b>453,728</b>
<b>Net change in fund balance</b>	<b>(704,200)</b>	<b>(698,700)</b>	<b>1,997,788</b>	<b>2,696,488</b>
Fund balance, beginning of year	16,470,361	16,470,361	16,470,361	-
<b>Fund balance, end of year</b>	<b>\$ 15,766,161</b>	<b>\$ 15,771,661</b>	<b>\$ 18,468,149</b>	<b>\$ 2,696,488</b>

# City of Rosemead

**Required Supplementary Information  
 Budgetary Comparison Schedule  
 Rosemead Housing Development Corporation - Special Revenue Fund  
 Fiscal Year Ended June 30, 2016**

---

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 414,986	\$ 414,986
Investment income	422,900	422,900	440,871	17,971
Other	6,300	6,300	4,076	(2,224)
<b>Total revenues</b>	<b>429,200</b>	<b>429,200</b>	<b>859,933</b>	<b>430,733</b>
<b>EXPENDITURES</b>				
Current:				
Community development	825,500	825,500	839,201	(13,701)
<b>Total expenditures</b>	<b>825,500</b>	<b>825,500</b>	<b>839,201</b>	<b>(13,701)</b>
<b>Net change in fund balance</b>	<b>(396,300)</b>	<b>(396,300)</b>	<b>20,732</b>	<b>417,032</b>
Fund balance, beginning of year	166,201	166,201	166,201	-
<b>Fund balance, end of year</b>	<b>\$ (230,099)</b>	<b>\$ (230,099)</b>	<b>\$ 186,933</b>	<b>\$ 417,032</b>

# City of Rosemead

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

---

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a - b)	Funded Ratio (b / a)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
1/1/2008	\$ 3,548,605	\$ -	\$ 3,548,605	0%	\$ 1,682,985	211%
1/1/2011	3,378,875	615,576	2,763,299	18%	3,876,698	71%
1/1/2014	2,920,067	3,361,427	(441,360)	115%	3,248,298	-14%

# City of Rosemead

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

---

	Measurement Date 6/30/2014	Measurement Date 6/30/2015
	Miscellaneous Plans	Miscellaneous Plans
Employer's Proportion of the Net Pension Liability <sup>1</sup>	0.10996%	0.27841%
Employer's Proportionate Share of the Net Pension Liability	\$ 6,842,230	\$ 7,638,064
Employer's Covered payroll <sup>2</sup>	\$ 4,604,511	\$ 3,444,503
Employer's Proportionate Share of the Net Pension Liability as a percentage of its Employer's Covered Payroll	148.60%	221.75%
Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	155.32%	69.67%

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

<sup>2</sup>Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

\* Measurement date 6/30/2014 (fiscal year 2015) was the 1st year of implementation, therefore, only two years are shown.

# City of Rosemead

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

---

	Fiscal Year <b>2014-2015</b>	Fiscal Year <b>2015-2016</b>
Actuarially Determined Contribution	\$ 910,907	\$ 1,113,875
Contributions in Relation to the Actuarially Determined Contribution	(910,907)	(1,113,875)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll <sup>1</sup>	\$ 4,604,511	\$ 3,444,503
Contributions as a Percentage of Covered Payroll	19.78%	32.34%

1 Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

\* Fiscal year 2014-15 was the 1st year of implementation, therefore, only two years are shown.

### **Notes to Schedule:**

Change in Benefit Terms: None

Change in Assumptions: The discount rate was changed from 7.5 percent (net of adm) to 7.65 percent to correct for an adjustment to exclude administrative expenses.

# City of Rosemead

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

Measurement Period	<u>2014-15</u>	<u>2015-16</u>
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 44,112	\$ 45,435
Interest on total pension liability	190,667	191,270
Effect of plan changes	-	-
Effect of economic/demographic gains or losses	-	-
Effect of assumptions changes or inputs	-	-
Benefit payments	(234,960)	(218,411)
<b>Net Change in Total Pension Liability</b>	<b>(181)</b>	<b>18,294</b>
<b>Total Pension Liability - Beginning</b>	<b>3,004,854</b>	<b>3,004,673</b>
<b>Total Pension Liability - Ending (a)</b>	<b><u>\$ 3,004,673</u></b>	<b><u>\$ 3,022,967</u></b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - Employer	\$ 273,711	\$ 265,241
Contributions - Employee Paid Member Contributions	-	-
Contributions - Employee	-	-
Net Investment Income	59,329	(2,345)
Benefit Payments	(234,960)	(218,411)
Administrative expenses	(5,864)	(2,624)
<b>Net Change in Fiduciary Net Position</b>	<b>92,216</b>	<b>41,861</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,672,652</b>	<b>2,764,868</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b><u>\$ 2,764,868</u></b>	<b><u>\$ 2,806,729</u></b>
<b>Plan Net Position Liability - Ending (a) - (b)</b>	<b><u>\$ 239,805</u></b>	<b><u>\$ 216,238</u></b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	92.02%	92.85%
<b>Covered Payroll</b>	<b>\$ 3,049,663</b>	<b>\$ 2,678,466</b>
<b>Plan Net Pension Liability as a Percentage of Covered Payroll</b>	<b>7.86%</b>	<b>8.07%</b>

\* Measurement date 6/30/2015 (fiscal year 2015) was the 1st year of implementation, therefore, only two years are shown.

### Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: There were no changes in assumptions.

# City of Rosemead

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

---

	Fiscal Year 2014-15	Fiscal Year 2015-16
Actuarially Determined Contribution	\$ 133,267	\$ 116,244
Contributions in Relation to the Actuarially Determined Contribution	(273,711)	(265,241)
Contribution Deficiency (Excess)	<u>\$ (140,444)</u>	<u>\$ (148,997)</u>
Covered Payroll	\$ 3,049,663	\$ 2,678,466
Contributions as a Percentage of Covered Payroll	4.37%	4.34%

Fiscal year 2015 was the 1st year of implementation, therefore, only two years are shown.

### Notes to Schedule:

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

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level dollar, closed periods, 8 years amortization period 0.00% growth rate
Asset Valuation Method	The actuarial value of assets is the market value of assets as provided by Public Agency Retirement Services.
Inflation	2.75%
Salary Increases	Varies by years of Service
Cost of Living Adjustments	2.00%
Investment Rate of Return	6.50%
Retirement Age	For miscellaneous employees and the contract City Attorney: Retirement rate of 20% at ages 60 and older with between 10 and 20 years of service, and retirement rate of 30% at ages 55 and older with more than 20 years of service. For City Council members: Retirement rates of 30% per year starting at age 55.
Mortality	Pre-Retirement: Consistent with the Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans. Post-Retirement: CalPERS 1997-2001 Healthy Retiree Mortality Tables (sex-distinct) with an assumed base year of 2008 and full generational improvements using Scale AA.

## **Other Supplementary Information**

(This page intentionally left blank)

# City of Rosemead

## Nonmajor Governmental Funds June 30, 2016

---

### Special Revenue Funds:

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

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

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

State Gas Tax Fund - This fund is used to account for monies that are collected by the State under the title of Motor Vehicle Fuel License Tax and represent an additional + or - \$.10 per gallon of gas sold.

Air Quality Management District Fund - This fund accounts for the receipt of monies from the Air Quality Maintenance District. These funds shall be used to implement programs to reduce air pollution from mobile sources pursuant to the California Clean Air Act.

Street Lighting Fund - This fund is used to account for monies collected by ad valorem property tax based on \$0.2495 per \$1000 of assessed property value to provide for energy cost and maintenance of the Rosemead Lighting District, whose boundaries, with the exception of the Southern California Edison company property, coincide with the City's boundaries. Proposition 13 has limited the ad valorem tax that can be collected.

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

Narcotics Seizure Fund - This fund is used to account for funds received from the County of Los Angeles for monies forfeited, and the proceeds from the sale of assets seized from illegal narcotic activities within the City of Rosemead. The forfeited funds must be used by the law enforcement and prosecutorial agencies exclusively to support law enforcement and prosecutorial efforts. No budget has been adopted for this fund.

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

# City of Rosemead

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2016

	Special Revenue Funds		
	CDBG Grant	Proposition A	Proposition C
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 242,605	\$ 396,126
Receivables:			
Accounts	117,404	-	-
Total assets	<u>\$ 117,404</u>	<u>\$ 242,605</u>	<u>\$ 396,126</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 21,713	\$ 69,154	\$ 6,096
Accrued salaries and benefits	16,615	5,795	2,746
Retentions payable	-	-	-
Due to other funds	54,057	-	-
Deferred revenue	1,694	-	-
Total liabilities	<u>94,079</u>	<u>74,949</u>	<u>8,842</u>
Fund balances:			
Restricted for:			
Public safety	-	-	-
Public works	-	167,656	387,284
Community services	23,325	-	-
Unassigned	-	-	-
Total fund balances	<u>23,325</u>	<u>167,656</u>	<u>387,284</u>
Total liabilities and fund balances	<u>\$ 117,404</u>	<u>\$ 242,605</u>	<u>\$ 396,126</u>

State Gas Tax	Air Quality Management District	Street Lighting	HOME Program
\$ 701,954	\$ 125,577	\$ 1,848,616	\$ 13,132
9,417	18,190	17,361	28,977
<u>\$ 711,371</u>	<u>\$ 143,767</u>	<u>\$ 1,865,977</u>	<u>\$ 42,109</u>
\$ 102,311	\$ -	\$ 70,179	\$ 28,886
3,371	-	3,789	600
3,005	-	-	6,340
-	-	-	265,378
-	-	-	-
<u>108,687</u>	<u>-</u>	<u>73,968</u>	<u>301,204</u>
-	-	-	-
602,684	143,767	1,792,009	-
-	-	-	-
-	-	-	(259,095)
<u>602,684</u>	<u>143,767</u>	<u>1,792,009</u>	<u>(259,095)</u>
<u>\$ 711,371</u>	<u>\$ 143,767</u>	<u>\$ 1,865,977</u>	<u>\$ 42,109</u>

(This page intentionally left blank)

# City of Rosemead

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2016

	<u>Special Revenue Funds</u>		
	Narcotics Seizure	Measure R	Totals
<b>ASSETS</b>			
Cash and investments	\$ 10,838	\$ 693,664	\$ 4,032,512
Receivables:			
Accounts	-	-	191,349
Total assets	<u>\$ 10,838</u>	<u>\$ 693,664</u>	<u>\$ 4,223,861</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 388	\$ -	\$ 298,727
Accrued salaries and benefits	-	1,925	34,841
Retentions payable	-	-	9,345
Due to other funds	-	-	319,435
Deferred revenue	-	-	1,694
Total liabilities	<u>388</u>	<u>1,925</u>	<u>664,042</u>
Fund balances:			
Restricted for:			
Public safety	10,450	-	10,450
Public works	-	691,739	3,785,139
Community services	-	-	23,325
Unassigned	-	-	(259,095)
Total fund balances	<u>10,450</u>	<u>691,739</u>	<u>3,559,819</u>
Total liabilities and fund balances	<u>\$ 10,838</u>	<u>\$ 693,664</u>	<u>\$ 4,223,861</u>

# City of Rosemead

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the year ended June 30, 2016

	Special Revenue Funds		
	CDBG Grant	Proposition A	Proposition C
<b>REVENUES</b>			
Intergovernmental	\$ 618,863	\$ 1,119,672	\$ 821,375
Charges for services	13,177	26,228	40,689
Special assessments	-	-	-
Investment income	-	2,986	4,462
Total revenues	<u>632,040</u>	<u>1,148,886</u>	<u>866,526</u>
<b>EXPENDITURES</b>			
Current:			
General government	5,739	116,651	-
Public safety	221,647	-	23,074
Public works	-	855,543	363,577
Community development	399,716	-	-
Parks and recreation	15,663	-	-
Capital outlay	-	361,011	-
Total expenditures	<u>642,765</u>	<u>1,333,205</u>	<u>386,651</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,725)</u>	<u>(184,319)</u>	<u>479,875</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(21,524)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(21,524)</u>
Net change in fund balances	(10,725)	(184,319)	458,351
Fund balances (deficit), beginning of year	<u>34,050</u>	<u>351,975</u>	<u>(71,067)</u>
Fund balances (deficit), end of year	<u>\$ 23,325</u>	<u>\$ 167,656</u>	<u>\$ 387,284</u>

State Gas Tax	Air Quality Management District	Street Lighting	Home Program
\$ 1,195,259	\$ 69,557	\$ -	\$ 469,649
-	-	-	-
-	-	969,870	-
17,587	3,340	33,456	-
<u>1,212,846</u>	<u>72,897</u>	<u>1,003,326</u>	<u>469,649</u>
2,238	-	12,005	-
-	-	-	-
856,454	-	633,027	-
-	-	-	326,956
-	-	-	-
-	146,140	-	-
<u>858,692</u>	<u>146,140</u>	<u>645,032</u>	<u>326,956</u>
354,154	(73,243)	358,294	142,693
15,248	-	-	-
(478,628)	-	(283,344)	-
<u>(463,380)</u>	<u>-</u>	<u>(283,344)</u>	<u>-</u>
(109,226)	(73,243)	74,950	142,693
711,910	217,010	1,717,059	(401,788)
<u>\$ 602,684</u>	<u>\$ 143,767</u>	<u>\$ 1,792,009</u>	<u>\$ (259,095)</u>

# City of Rosemead

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the year ended June 30, 2016

	<u>Special Revenue Funds</u>		
	Narcotics Seizure	Measure R	Totals
<b>REVENUES</b>			
Intergovernmental	\$ 1,383	\$ 615,302	\$ 4,911,060
Charges for services	-	-	80,094
Special assessments	-	-	969,870
Investment income	204	8,781	70,816
	<u>1,587</u>	<u>624,083</u>	<u>6,031,840</u>
Total revenues			
<b>EXPENDITURES</b>			
Current:			
General government	-	35,928	172,561
Public safety	4,263	-	248,984
Public works	-	97,450	2,806,051
Community development	-	-	726,672
Parks and recreation	-	-	15,663
Capital outlay	-	-	507,151
	<u>4,263</u>	<u>133,378</u>	<u>4,477,082</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(2,676)</u>	<u>490,705</u>	<u>1,554,758</u>
Other financing sources (uses):			
Transfers in	-	-	15,248
Transfers out	-	(6,703)	(790,199)
	<u>-</u>	<u>(6,703)</u>	<u>(774,951)</u>
Total other financing sources (uses)			
Net change in fund balances	(2,676)	484,002	779,807
Fund balances (deficit), beginning of year	<u>13,126</u>	<u>207,737</u>	<u>2,780,012</u>
Fund balances (deficit), end of year	<u>\$ 10,450</u>	<u>\$ 691,739</u>	<u>\$ 3,559,819</u>

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual Community Development Block Grant (CDBG) Fund For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 759,000	\$ 618,863	\$ (140,137)
Charges for services	18,000	13,177	(4,823)
	<u>777,000</u>	<u>632,040</u>	<u>(144,960)</u>
<b>EXPENDITURES</b>			
Current:			
General government	5,900	5,739	161
Public safety	216,500	221,647	(5,147)
Community development	523,100	399,716	123,384
Parks and recreation	31,500	15,663	15,837
	<u>777,000</u>	<u>642,765</u>	<u>134,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(10,725)</u>	<u>(10,725)</u>
Net change in fund balance	-	(10,725)	(10,725)
Fund balance, beginning of year	<u>34,050</u>	<u>34,050</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 34,050</u></u>	<u><u>\$ 23,325</u></u>	<u><u>\$ (10,725)</u></u>

# City of Rosemead

## Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Proposition A For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 1,030,000	\$ 1,119,672	\$ 89,672
Charges for services	30,000	26,228	(3,772)
Investment income	-	2,986	2,986
	<u>1,060,000</u>	<u>1,148,886</u>	<u>88,886</u>
<b>EXPENDITURES</b>			
Current:			
General government	166,000	116,651	49,349
Public works	673,300	855,543	(182,243)
Capital outlay	361,060	361,011	49
	<u>1,200,360</u>	<u>1,333,205</u>	<u>(132,845)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(140,360)</u>	<u>(184,319)</u>	<u>(43,959)</u>
Net change in fund balance	(140,360)	(184,319)	(43,959)
Fund balance, beginning of year	<u>351,975</u>	<u>351,975</u>	<u>-</u>
Fund balance, end of year	<u>\$ 211,615</u>	<u>\$ 167,656</u>	<u>\$ (43,959)</u>

# City of Rosemead

## Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Proposition C For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 807,800	\$ 821,375	\$ 13,575
Charges for services	35,000	40,689	5,689
Investment income	-	4,462	4,462
Total revenues	<u>842,800</u>	<u>866,526</u>	<u>23,726</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	16,600	23,074	(6,474)
Public works	385,300	363,577	21,723
Total expenditures	<u>401,900</u>	<u>386,651</u>	<u>15,249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>440,900</u>	<u>479,875</u>	<u>38,975</u>
Other financing sources (uses):			
Transfers out	<u>(475,000)</u>	<u>(21,524)</u>	<u>453,476</u>
Total other financing sources (uses)	<u>(475,000)</u>	<u>(21,524)</u>	<u>453,476</u>
Net change in fund balance	(34,100)	458,351	492,451
Fund balance, beginning of year	<u>(71,067)</u>	<u>(71,067)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (105,167)</u>	<u>\$ 387,284</u>	<u>\$ 492,451</u>

# City of Rosemead

## Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual State Gas Tax For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 1,233,100	\$ 1,195,259	\$ (37,841)
Investment income	-	17,587	17,587
	<u>1,233,100</u>	<u>1,212,846</u>	<u>(20,254)</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,000	2,238	(238)
Public works	871,800	856,454	15,346
	<u>873,800</u>	<u>858,692</u>	<u>15,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>359,300</u>	<u>354,154</u>	<u>(5,146)</u>
Other financing sources (uses):			
Transfers in	-	15,248	15,248
Transfers out	(575,000)	(478,628)	96,372
	<u>(575,000)</u>	<u>(463,380)</u>	<u>111,620</u>
Net change in fund balance	(215,700)	(109,226)	106,474
Fund balance, beginning of year	<u>711,910</u>	<u>711,910</u>	<u>-</u>
Fund balance, end of year	<u>\$ 496,210</u>	<u>\$ 602,684</u>	<u>\$ 106,474</u>

# City of Rosemead

## Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Air Quality Management District For the year ended June 30, 2016

---

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 66,000	\$ 69,557	\$ 3,557
Investment income	-	3,340	3,340
	<u>66,000</u>	<u>72,897</u>	<u>6,897</u>
Total revenues			
<b>EXPENDITURES</b>			
Current:			
Capital outlay	130,140	146,140	(16,000)
	<u>130,140</u>	<u>146,140</u>	<u>(16,000)</u>
Total expenditures			
	(64,140)	(73,243)	(9,103)
Net change in fund balance			
Fund balance, beginning of year	217,010	217,010	-
	<u>217,010</u>	<u>217,010</u>	<u>-</u>
Fund balance, end of year	<u>\$ 152,870</u>	<u>\$ 143,767</u>	<u>\$ (9,103)</u>

# City of Rosemead

## Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Street Lighting For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Special assessments	\$ 816,400	\$ 969,870	\$ 153,470
Investment income	-	33,456	33,456
Total revenues	816,400	1,003,326	186,926
<b>EXPENDITURES</b>			
Current:			
General government	14,400	12,005	2,395
Public works	779,100	633,027	146,073
Total expenditures	793,500	645,032	148,468
Excess (deficiency) of revenues over (under) expenditures	22,900	358,294	335,394
Other financing sources (uses):			
Transfers out	(225,000)	(283,344)	(58,344)
Total other financing sources (uses)	(225,000)	(283,344)	(58,344)
Net change in fund balance	(202,100)	74,950	277,050
Fund balance, beginning of year	1,717,059	1,717,059	-
Fund balance, end of year	<u>\$ 1,514,959</u>	<u>\$ 1,792,009</u>	<u>\$ 277,050</u>

# City of Rosemead

## Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual HOME Program For the year ended June 30, 2016

---

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 222,300	\$ 469,649	\$ 247,349
Total revenues	<u>222,300</u>	<u>469,649</u>	<u>247,349</u>
<b>EXPENDITURES</b>			
Current:			
Community development	736,100	326,956	409,144
Total expenditures	<u>736,100</u>	<u>326,956</u>	<u>409,144</u>
Net change in fund balance	(513,800)	142,693	656,493
Fund balance (deficit), beginning of year	<u>(401,788)</u>	<u>(401,788)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (915,588)</u>	<u>\$ (259,095)</u>	<u>\$ 656,493</u>

# City of Rosemead

## Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Measure R For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 601,800	\$ 615,302	\$ 13,502
Investment income	-	8,781	8,781
	<u>601,800</u>	<u>624,083</u>	<u>22,283</u>
<b>EXPENDITURES</b>			
Current:			
General government	44,400	35,928	8,472
Public works	187,600	97,450	90,150
	<u>232,000</u>	<u>133,378</u>	<u>98,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>369,800</u>	<u>490,705</u>	<u>120,905</u>
Other financing sources (uses):			
Transfers out	-	(6,703)	(6,703)
	<u>-</u>	<u>(6,703)</u>	<u>(6,703)</u>
Net change in fund balance	369,800	484,002	114,202
Fund balance, beginning of year	<u>207,737</u>	<u>207,737</u>	<u>-</u>
Fund balance, end of year	<u>\$ 577,537</u>	<u>\$ 691,739</u>	<u>\$ 114,202</u>

# City of Rosemead

## Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual City Capital Project – Major Fund For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 1,160,181	\$ 1,160,181
Charges for services	-	1,623	1,623
<b>Total revenues</b>	<b>-</b>	<b>1,161,804</b>	<b>1,161,804</b>
<b>EXPENDITURES</b>			
Current:			
Public works	203,000	139,908	63,092
Capital outlay	3,709,000	1,795,357	1,913,643
<b>Total expenditures</b>	<b>3,912,000</b>	<b>1,935,265</b>	<b>1,976,735</b>
Excess (deficiency) of revenues over (under) expenditures	(3,912,000)	(773,461)	3,138,539
Other financing sources (uses):			
Transfers in	2,825,000	1,371,223	(1,453,777)
<b>Total other financing sources (uses)</b>	<b>2,825,000</b>	<b>1,371,223</b>	<b>(1,453,777)</b>
<b>Net change in fund balance</b>	<b>(1,087,000)</b>	<b>597,762</b>	<b>1,684,762</b>
Fund balance (deficit), beginning of year	(1,170,672)	(1,170,672)	-
<b>Fund balance (deficit), end of year</b>	<b>\$ (2,257,672)</b>	<b>\$ (572,910)</b>	<b>\$ 1,684,762</b>

(This page intentionally left blank)

# City of Rosemead

Internal Service Funds  
June 30, 2016

---

## INTERNAL SERVICE FUNDS

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

The City of Rosemead has the following Internal Service Funds:

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

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

# City of Rosemead

## Combining Statement of Net Position Internal Service Funds June 30, 2016

---

	<u>Equipment Replacement</u>	<u>Technology Replacement</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 387,039	\$ 39,663	\$ 426,702
Total current assets	<u>387,039</u>	<u>39,663</u>	<u>426,702</u>
Non-current assets:			
Capital assets:			
Other capital assets, net	<u>148,608</u>	<u>38,591</u>	<u>187,199</u>
Total non-current assets	<u>148,608</u>	<u>38,591</u>	<u>187,199</u>
Total assets	<u>535,647</u>	<u>78,254</u>	<u>613,901</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	<u>-</u>	<u>3,619</u>	<u>3,619</u>
Total current liabilities	<u>-</u>	<u>3,619</u>	<u>3,619</u>
Total liabilities	<u>-</u>	<u>3,619</u>	<u>3,619</u>
<b>NET POSITION</b>			
Net investment in capital assets	148,608	38,591	187,199
Unrestricted	<u>387,039</u>	<u>36,044</u>	<u>423,083</u>
Total net position	<u>\$ 535,647</u>	<u>\$ 74,635</u>	<u>\$ 610,282</u>

# City of Rosemead

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Internal Service Funds For the year ended June 30, 2016

---

	Equipment Replacement	Technology Replacement	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 123,000	\$ 174,600	\$ 297,600
Other revenue	4,840	-	4,840
Total operating revenues	<u>127,840</u>	<u>174,600</u>	<u>302,440</u>
<b>OPERATING EXPENSES</b>			
Contractual services	-	101,061	101,061
Depreciation	68,414	38,589	107,003
Total operating expenses	<u>68,414</u>	<u>139,650</u>	<u>208,064</u>
Operating income	<u>59,426</u>	<u>34,950</u>	<u>94,376</u>
Non-operating revenues (expenses):			
Interest expense	-	(787)	(787)
Total non-operating revenues (expenses)	<u>-</u>	<u>(787)</u>	<u>(787)</u>
Changes in net position	59,426	34,163	93,589
Net position, beginning of year	<u>476,221</u>	<u>40,472</u>	<u>516,693</u>
Net position, end of year	<u>\$ 535,647</u>	<u>\$ 74,635</u>	<u>\$ 610,282</u>

# City of Rosemead

## Combining Statement of Cash Flows Internal Service Funds For the year ended June 30, 2016

	Equipment Replacement	Technology Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from users departments	\$ 126,733	\$ 174,600	\$ 301,333
Cash payments to suppliers for goods and services	-	(100,691)	(100,691)
Net cash provided by operating activities	126,733	73,909	200,642
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on capital lease	-	(44,850)	(44,850)
Interest paid on capital lease	-	(787)	(787)
Cash paid to purchase capital asset	(67,697)	-	(67,697)
Net cash (used for) capital and related financing activities	(67,697)	(45,637)	(113,334)
Net increase in cash and investments	59,036	28,272	87,308
Cash and investments, beginning of year	328,003	11,391	339,394
Cash and investments, end of year	<u>\$ 387,039</u>	<u>\$ 39,663</u>	<u>\$ 426,702</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 59,426	\$ 34,950	\$ 94,376
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	68,414	38,589	107,003
Increase (decrease) in accounts payable	(1,107)	370	(737)
Total adjustments	67,307	38,959	106,266
Net cash provided by operating activities	<u>\$ 126,733</u>	<u>\$ 73,909</u>	<u>\$ 200,642</u>

# City of Rosemead

## Statement of Changes in Fiduciary Assets and Liabilities Agency Fund For the year ended June 30, 2016

---

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Assets</u>				
Cash and investments	<u>\$ 460,445</u>	<u>\$ 160,760</u>	<u>\$ (265,779)</u>	<u>\$ 355,426</u>
Total assets	<u><u>\$ 460,445</u></u>	<u><u>\$ 160,760</u></u>	<u><u>\$ (265,779)</u></u>	<u><u>\$ 355,426</u></u>
<u>Liabilities</u>				
Deposits payable	<u>\$ 460,445</u>	<u>\$ 160,760</u>	<u>\$ (265,779)</u>	<u>\$ 355,426</u>
Total liabilities	<u><u>\$ 460,445</u></u>	<u><u>\$ 160,760</u></u>	<u><u>\$ (265,779)</u></u>	<u><u>\$ 355,426</u></u>

(This page intentionally left blank)

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	103
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant revenue source, property tax.</i>	111
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>	115
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>	121
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>	124

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

## CITY OF ROSEMEAD

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

---

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental activities:					
Invested in capital assets, net of related debt	\$ 10,541,606	\$ 12,981,537	\$ 11,828,993	\$ 12,712,242	\$ 14,760,940
Restricted	8,181,231	11,443,583	13,361,249	13,199,438	24,806,402
Unrestricted	<u>35,293,732</u>	<u>27,705,715</u>	<u>24,882,730</u>	<u>20,489,721</u>	<u>10,748,249</u>
Total governmental activities net position	<u>\$ 54,016,569</u>	<u>\$ 52,130,835</u>	<u>\$ 50,072,972</u>	<u>\$ 46,401,401</u>	<u>\$ 50,315,591</u>

Fiscal Year				
2012	2013	2014	2015	2016
\$ 54,010,031	\$ 51,132,854	\$ 50,042,631	\$ 52,038,429	\$ 51,542,030
10,870,747	2,829,147	3,110,688	3,419,068	4,005,847
<u>13,688,078</u>	<u>17,724,709</u>	<u>17,367,841</u>	<u>11,018,153</u>	<u>13,108,874</u>
<u>\$ 78,568,856</u>	<u>\$ 71,686,710</u>	<u>\$ 70,521,160</u>	<u>\$ 66,475,650</u>	<u>\$ 68,656,751</u>

## CITY OF ROSEMEAD

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2007	2008	2009	2010	2011
Expenses:					
Governmental activities:					
General government	\$ 4,980,519	\$ 7,259,587	\$ 12,176,877	\$ 5,991,796	\$ 3,160,306
Public safety	6,618,779	8,043,771	9,081,719	8,879,854	8,881,926
Public works	6,120,563	13,550,042	6,465,355	11,469,614	11,907,245
Community services	602,114	669,827	773,374	589,650	595,904
Community development	2,467,842	3,645,207	1,290,108	2,141,218	3,969,502
Parks and recreation	4,178,000	4,078,631	2,030,698	2,733,885	2,362,860
Interest and other charges	2,698,372	1,790,348	1,523,391	1,491,717	1,681,875
Total governmental activities expenses	<u>27,666,189</u>	<u>39,037,413</u>	<u>33,341,522</u>	<u>33,297,734</u>	<u>32,559,618</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	316,849	642,716	547,577	1,573,695	1,048,727
Public safety	1,598,159	1,547,182	1,512,475	1,293,677	1,293,524
Public works	7,600,778	11,729,725	7,581,801	8,052,011	9,143,311
Community services	1,403,059	166,118	858,809	186,283	450,004
Community development	3,206,303	1,484,065	621,375	597,402	3,753,612
Parks and recreation	-	36,800	36,000	20,800	654,437
Total governmental activities program revenues	<u>14,125,148</u>	<u>15,606,606</u>	<u>11,158,037</u>	<u>11,723,868</u>	<u>16,343,615</u>
Net revenues (expenses):					
Governmental activities					
Total net revenues (expenses)	<u>(13,541,041)</u>	<u>(23,430,807)</u>	<u>(22,183,485)</u>	<u>(21,573,866)</u>	<u>(16,216,003)</u>
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Property taxes	9,121,682	13,181,837	12,288,177	12,328,634	13,656,347
Sales and use taxes	2,501,106	3,747,416	4,589,998	4,408,367	3,737,363
Transient occupancy taxes	1,311,697	1,411,421	1,272,092	1,129,146	1,219,977
Other taxes	713,821	949,007	761,410	562,317	576,904
Investment income	2,028,128	1,678,791	884,847	389,310	367,961
Motor vehicle in-lieu, unrestricted	856,701	254,527	195,273	169,042	263,983
Other general revenues	478,473	143,748	133,825	336,668	307,658
Loss on sale of capital assets	-	-	-	-	-
Transfer to Successor Agency	-	-	-	-	-
Extraordinary item:					
Gain on dissolution of redevelopment agency	-	-	-	-	-
Total governmental activities	<u>17,011,608</u>	<u>21,366,747</u>	<u>20,125,622</u>	<u>19,323,484</u>	<u>20,130,193</u>
Changes in net position					
Governmental activities					
Total primary government	<u>\$ 3,470,567</u>	<u>\$ (2,064,060)</u>	<u>\$ (2,057,863)</u>	<u>\$ (2,250,382)</u>	<u>\$ 3,914,190</u>

2012	2013	2014	2015	2016
\$ 3,989,359	\$ 3,381,686	\$ 4,271,354	\$ 2,739,281	\$ 3,218,363
7,517,101	7,791,073	7,923,316	7,747,949	8,381,588
11,588,278	11,717,276	10,072,081	8,703,817	8,738,495
-	-	-	-	-
4,080,294	2,616,531	2,853,472	2,879,028	3,246,081
2,532,665	2,594,863	2,274,920	2,049,540	2,073,145
569,045	7,827	5,561	3,198	787
<u>30,276,742</u>	<u>28,109,256</u>	<u>27,400,704</u>	<u>24,122,813</u>	<u>25,658,459</u>
130,450	2,408,362	2,030,063	2,725,291	2,203,233
1,454,759	1,622,911	1,586,557	1,573,532	1,563,652
4,033,874	3,869,285	4,356,486	4,627,331	4,360,908
-	-	-	-	-
3,501,082	1,896,876	1,632,508	1,915,557	2,352,137
704,029	785,611	724,197	713,484	741,171
<u>9,824,194</u>	<u>10,583,045</u>	<u>10,329,811</u>	<u>11,555,195</u>	<u>11,221,101</u>
<u>(20,452,548)</u>	<u>(17,526,211)</u>	<u>(17,070,893)</u>	<u>(12,567,618)</u>	<u>(14,437,358)</u>
10,567,509	8,900,228	8,667,709	9,034,141	9,158,499
3,200,911	3,215,897	3,504,285	3,452,605	4,124,745
1,323,886	1,447,820	1,593,640	1,575,401	1,998,954
633,393	2,275,986	1,307,280	1,247,941	1,209,249
195,165	28,202	216,499	97,589	348,651
-	-	-	-	-
853,956	1,180,688	604,053	793,680	945,372
(2,340,090)	-	-	-	-
-	(6,392,878)	-	-	-
<u>34,271,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>48,705,812</u>	<u>10,655,943</u>	<u>15,893,466</u>	<u>16,201,357</u>	<u>17,785,470</u>
<u>\$ 28,253,264</u>	<u>\$ (6,870,268)</u>	<u>\$ (1,177,427)</u>	<u>\$ 3,633,739</u>	<u>\$ 3,348,112</u>

## CITY OF ROSEMEAD

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

	2007	2008	2009	2010	2011
General fund:					
Reserved	\$ 150,000	\$ 3,074,496	\$ 3,106,917	\$ 3,327,182	\$ -
Unreserved	22,460,545	18,633,154	16,135,102	13,626,774	-
Nonspendable	-	-	-	-	2,034
Committed	-	-	-	-	5,107,963
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	10,209,075
Total general fund	<u>22,610,545</u>	<u>21,707,650</u>	<u>19,242,019</u>	<u>16,953,956</u>	<u>15,319,072</u>
All other governmental funds:					
Reserved	4,947,087	9,000,561	9,000,561	8,944,112	-
Unreserved, reported in:					
Special revenue funds	6,142,833	6,140,289	9,023,487	8,763,359	-
Debt service funds	552	692,475	2,803,910	2,803,910	-
Capital projects funds	7,397,454	2,490,553	(54,323)	(1,405,770)	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	27,476,081
Unassigned	-	-	-	-	(4,402,964)
Total all other governmental funds	<u>\$ 18,487,926</u>	<u>\$ 18,323,878</u>	<u>\$ 20,773,635</u>	<u>\$ 19,105,611</u>	<u>\$ 23,073,117</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.*

---

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
2,034	2,034	140,893	143,560	187,247
5,294,253	6,415,416	5,883,235	6,120,361	6,682,495
5,712	5,712	65,343	78,280	83,513
<u>9,519,173</u>	<u>11,194,278</u>	<u>11,607,595</u>	<u>10,128,160</u>	<u>11,514,894</u>
<u>14,821,172</u>	<u>17,617,440</u>	<u>17,697,066</u>	<u>16,470,361</u>	<u>18,468,149</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,870,747	2,829,147	3,110,688	3,419,068	4,005,847
<u>(1,292,405)</u>	<u>(788,224)</u>	<u>(1,192,926)</u>	<u>(1,643,527)</u>	<u>(832,005)</u>
<u>\$ 9,578,342</u>	<u>\$ 2,040,923</u>	<u>\$ 1,917,762</u>	<u>\$ 1,775,541</u>	<u>\$ 3,173,842</u>

# CITY OF ROSEMEAD

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

	2007	2008	2009	2010	2011
<b>Revenues:</b>					
Taxes	\$ 13,648,306	\$ 17,841,792	\$ 17,153,625	\$ 18,508,896	\$ 19,313,094
Intergovernmental	9,419,698	15,716,610	10,992,235	7,856,792	9,383,256
Licenses and permits	1,683,204	1,503,659	1,178,362	1,079,429	1,764,162
Charges for services	414,375	537,430	638,244	708,434	677,861
Fines, forfeitures and penalties	437,117	641,566	565,643	491,574	462,389
Special assessments	789,089	687,568	736,213	680,288	741,382
Investment income	2,028,128	1,678,791	884,847	389,310	367,956
Other	478,473	141,930	381,429	254,610	253,379
<b>Total revenues</b>	<b>28,898,390</b>	<b>38,749,346</b>	<b>32,530,598</b>	<b>29,969,333</b>	<b>32,963,479</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government	4,780,837	7,356,665	11,956,179	5,903,926	3,801,486
Public safety	6,737,912	8,043,771	9,114,009	8,863,234	8,882,915
Public works	8,898,768	12,116,508	4,964,867	11,264,220	19,402,924
Community services	1,419,424	669,827	783,452	584,463	595,904
Community development	2,690,420	3,408,691	1,047,529	1,940,641	3,397,072
Parks and recreation	4,249,462	4,078,631	2,030,698	2,733,885	2,362,860
Capital outlay	-	1,647,673	202,752	290,885	93,121
<b>Debt service:</b>					
Principal	780,000	1,105,000	915,000	945,000	975,000
Interest and fiscal charges	2,512,725	1,567,849	1,531,986	1,501,667	1,882,092
Bond issuance costs	1,323,238	-	-	-	275,344
<b>Total expenditures</b>	<b>33,392,786</b>	<b>39,994,615</b>	<b>32,546,472</b>	<b>34,027,921</b>	<b>41,668,718</b>
Excess (deficiency) of revenues over (under) expenditures	(4,494,396)	(1,245,269)	(15,874)	(4,058,588)	(8,705,239)
<b>Other financing sources (uses):</b>					
Transfers in	26,183,078	2,962,087	4,078,483	4,133,554	4,824,919
Transfers out	(26,183,078)	(2,962,087)	(4,078,483)	(4,133,554)	(4,824,919)
Transfer to Successor Agency	-	-	-	-	-
Issuance of long-term debt	24,230,000	-	-	-	11,230,000
Discount on bonds	-	-	-	-	(192,139)
Payment to bond escrow agent	(22,075,305)	-	-	-	-
Proceeds of capital lease	-	-	-	102,501	-
<b>Total other financing sources (uses)</b>	<b>2,154,695</b>	<b>-</b>	<b>-</b>	<b>102,501</b>	<b>11,037,861</b>
<b>Extraordinary item:</b>					
Gain (loss) on dissolution of redevelopment agency	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ (2,339,701)</b>	<b>\$ (1,245,269)</b>	<b>\$ (15,874)</b>	<b>\$ (3,956,087)</b>	<b>\$ 2,332,622</b>
Debt service as a percentage of noncapital expenditures	11.8%	7.0%	7.6%	7.4%	8.8%

2012	2013	2014	2015	2016
\$ 15,960,662	\$ 16,602,329	\$ 15,320,806	\$ 15,537,262	\$ 16,491,447
9,561,918	6,435,473	6,066,936	6,168,603	6,765,125
1,156,719	1,156,968	1,308,482	1,846,997	2,520,937
1,055,391	1,036,563	1,087,091	1,138,731	1,191,275
619,397	691,548	700,126	676,830	597,373
768,997	937,405	881,543	923,538	969,870
582,176	474,970	873,631	754,865	1,002,835
658,670	928,596	61,690	114,074	71,152
<u>30,363,930</u>	<u>28,263,852</u>	<u>26,300,305</u>	<u>27,160,900</u>	<u>29,610,014</u>
4,203,302	3,988,156	3,973,364	3,879,122	3,664,633
7,517,101	7,773,611	7,913,659	8,156,485	8,452,932
6,417,803	6,909,471	6,184,890	6,348,101	6,346,179
-	-	-	-	3,323,933
3,681,903	2,605,654	2,846,112	3,150,240	2,123,274
2,532,665	2,208,564	2,157,424	2,071,443	2,302,974
9,090,076	3,126,669	3,268,391	4,924,435	-
1,210,000	-	-	-	-
961,506	-	-	-	-
-	-	-	-	-
<u>35,614,356</u>	<u>26,612,125</u>	<u>26,343,840</u>	<u>28,529,826</u>	<u>26,213,925</u>
<u>(5,250,426)</u>	<u>1,651,727</u>	<u>(43,535)</u>	<u>(1,368,926)</u>	<u>3,396,089</u>
6,431,374	2,772,415	3,053,605	2,433,974	1,386,471
(6,554,374)	(2,772,415)	(3,053,605)	(2,433,974)	(1,386,471)
-	(6,392,878)	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(123,000)</u>	<u>(6,392,878)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(8,619,249)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$(13,992,675)</u></u>	<u><u>\$ (4,741,151)</u></u>	<u><u>\$ (43,535)</u></u>	<u><u>\$ (1,368,926)</u></u>	<u><u>\$ 3,396,089</u></u>
6.8%	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		
2007	\$ 2,826,876,615	\$ 55,851,646	\$ 19,173,832	\$2,901,902,093	20.56%
2008	3,085,354,513	61,564,235	18,883,761	3,165,802,509	21.85%
2009	3,277,256,282	66,506,103	18,883,761	3,362,646,146	22.61%
2010	3,333,876,047	62,148,114	3,307,527	3,399,331,688	22.27%
2011	3,364,287,629	64,231,062	3,301,527	3,431,820,218	22.41%
2012	3,458,570,185	71,320,472	3,301,527	3,533,192,184	22.35%
2013	3,531,097,436	68,996,223	3,301,527	3,603,395,186	22.11%
2014	3,654,495,783	68,912,542	1,901,995	3,725,310,320	9.27%
2015	3,806,028,086	71,498,360	1,901,995	3,879,428,441	9.27%
2016	4,012,426,717	62,768,733	1,901,995	4,077,097,445	9.27%

**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 2006/07 - 2015/16 Combined Tax Rolls and HDL Coren & Cone

# CITY OF ROSEMEAD

## Direct and Overlapping Property Tax Rates

(Rate per \$100 of Taxable Value)

Last Ten Fiscal Years

Agency	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
El Monte City School District	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.11822	0.14642
El Monte Union High School	0.05847	0.02820	0.05159	0.09654	0.08475	0.09591	0.08992	0.09799	0.08418	0.09155
Garvey School District	0.05074	0.05060	0.04953	0.05378	0.05733	0.05686	0.06037	0.05978	0.05947	0.05874
Garvey-Alhambra	0.00000	0.00000	0.01882	0.02458	0.02770	0.02718	0.02795	0.03154	0.02912	0.02906
Los Angeles Community College District	0.02146	0.00879	0.02212	0.02311	0.04031	0.03530	0.04875	0.04454	0.04017	0.03575
L.A. Co. Flood Control	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.02000	0.02000	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800
Montebello Unified School District	0.06731	0.06681	0.08065	0.09673	0.09792	0.10001	0.09630	0.09457	0.08750	0.08715
Pasadena Community College District	0.02080	0.01972	0.01741	0.02300	0.01986	0.01956	0.02056	0.01899	0.01032	0.00872
Rio Hondo Community College District	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02821	0.02712
Rosemead School District	0.05420	0.08283	0.06875	0.11358	0.10743	0.10507	0.10240	0.10314	0.09886	0.09997
San Gabriel Unified School District	0.04930	0.05742	0.09294	0.10070	0.10190	0.08454	0.10523	0.10082	0.11444	0.10684
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.34299</b>	<b>1.33437</b>	<b>1.41981</b>	<b>1.55002</b>	<b>1.55520</b>	<b>1.54243</b>	<b>1.56948</b>	<b>1.56937</b>	<b>1.68849</b>	<b>1.70932</b>
<b>City's Share of 1% Levy Per Prop 13<sup>3</sup></b>	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388
<b>Voter Approved City Debt Rate</b>										
<b>Redevelopment Rate<sup>4</sup></b>	1.00541	1.00450	1.00430	1.00430	1.00370	1.00370				
<b>Total Direct Rate<sup>5</sup></b>	0.20556	0.21850	0.22614	0.22270	0.22407	0.22351	0.22113	0.09271	0.09271	0.09273

**Notes:**

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

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

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

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

<sup>5</sup>Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenues derived from air: 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 a 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 2006/07 - 2015/16 Tax Rate Table and HDL Coren & Cone

# CITY OF ROSEMEAD

Principal Property Tax Payers  
Current Year and Nine Years Ago

Taxpayer	2015/16			2006/07		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Rosemead Place, LLC	\$ 48,240,384	1	1.18%			
Walmart Stores, Inc	37,961,383	2	0.93%			
Rosemead Hwang, LLC	34,504,384	3	0.85%			
AFG Investment Fund 5 LLC	25,639,791	4	0.63%			
Metodo Investments LLC	19,332,521	5	0.47%			
420 Boyd Street LLC	18,122,081	6	0.44%			
Rosemead Health Holdings LLC	16,176,881	7	0.40%			
Panda Express, Inc.	15,353,993	8	0.38%			
Macy's California Inc.	14,571,528	9	0.36%			
Shurl and Kay Curci Foundation Lessor	14,376,763	10	0.35%			
Rosemead Place, LLC				\$ 42,508,398	1	1.46%
Rosemead Hwang, LLC				30,361,500	2	1.05%
General Electric Credit Auto Auctions				20,400,550	3	0.70%
Rosemead Assisted LP				20,120,127	4	0.69%
Southern California Edison Co.				15,841,947	5	0.55%
May Department Stores Company				15,430,000	6	0.53%
California Federal Savings & Loan Assn.				12,643,700	7	0.44%
Sunshine Inn				9,724,130	8	0.34%
Huy Fong Foods, Inc.				9,393,999	9	0.32%
1683 Walnut Grove LLC				8,543,336	10	0.29%

Source: Hdl Coren & Cone, Los Angeles County Assessor 2015/16 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 <sup>*</sup>	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	\$ 2,269,752	\$2,147,626	94.62%	-	\$ 2,147,626	94.62%
2008	2,442,009	2,406,199	98.53%	-	2,406,199	98.53%
2009	2,569,429	2,435,807	94.80%	-	2,435,807	94.80%
2010	2,609,456	1,898,973	72.77%	-	1,898,973	72.77%
2011	2,633,288	2,595,289	98.56%	-	2,595,289	98.56%
2012	2,711,546	2,699,377	99.55%	-	2,699,377	99.55%
2013	2,771,913	2,710,893	97.80%	-	2,710,893	97.80%
2014	2,865,651	2,850,674	99.48%	-	2,850,674	99.48%
2015	2,981,810	2,935,129	98.43%	-	2,935,129	98.43%
2016	3,134,303	3,114,233	99.36%	-	3,114,233	99.36%

\* Information not available.

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

## CITY OF ROSEMEAD

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years

---

<u>Fiscal Year</u>	<u>Tax Allocation Bonds <sup>2</sup></u>	<u>Percentage of Personal Income <sup>1</sup></u>	<u>Debt Per Capita <sup>1</sup></u>
2006/07	\$ 37,455,000	5.01%	\$ 660
2007/08	36,350,000	4.59%	639
2008/09	35,435,000	4.33%	623
2009/10	34,490,000	4.17%	605
2010/11	44,745,000	5.51%	780
2011/12	43,535,000	4.63%	754
2012/13	41,740,000	4.38%	771
2013/14	39,885,000	4.15%	732
2014/15	37,965,000	4.02%	693
2015/16	35,970,000	3.76%	657

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

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

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

## CITY OF ROSEMEAD

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

---

<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percent of Assessed Value <sup>1</sup></u>	<u>Per Capita</u>
2006/07	\$ 37,455	1.29%	\$ 658
2007/08	36,350	1.15%	639
2008/09	35,435	1.05%	622
2009/10	34,490	1.01%	601
2010/11	44,745	1.30%	775
2011/12	43,535	1.23%	804
2012/13	41,740	1.16%	766
2013/14	39,885	1.07%	728
2014/15	37,965	0.98%	693
2015/16	35,970	0.88%	651

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

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

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

(This page intentionally left blank)

**CITY OF ROSEMEAD**

Direct and Overlapping Governmental Activities Debt  
June 30, 2016

	Gross Bonded Debt Balance	Percentage Applicable To City	Net Bonded Debt
<b>Overlapping Debt</b>			
* Metropolitan Water District	\$ 44,916,916	0.328%	\$ 147,327
Garvey SD DS 2004 Series 2006	13,992,423	50.902%	7,122,423
Garvey SD DS 2004 Series C	8,722,964	50.902%	4,440,163
Garvey SD DS 2011 Refund Bonds	4,415,000	50.902%	2,247,323
Garvey SD DS 2013 Ref Bonds	1,945,000	50.902%	990,044
Garvey SD DS 2014 Ref Bonds	5,415,000	50.902%	2,756,343
Rosemead SD DS 2007 Series D	1,230,000	70.315%	864,875
Rosemead SD DS 2008 Series A	7,880,000	70.315%	5,540,822
Rosemead SD DS 2011 Ref Bond	5,295,000	70.315%	3,723,179
Rosemead SD DS 2012 Ref Bond	8,216,503	70.315%	5,777,434
Rosemead SD DS 2008 Series T 1	6,180,000	70.315%	4,345,467
Rosemead SD DS 2014 Ref Bonds	12,800,000	70.315%	9,000,320
El Monte Union HSD 2002 Series A	1,772,970	14.901%	264,190
El Monte Union HSD 2006 Refund Bonds	30,241,492	14.901%	4,506,285
El Monte Union HSD 2002 Series C	26,525,000	14.901%	3,952,490
El Monte Union HSD DS 2008 Series A	28,315,000	14.901%	4,219,218
El Monte Union HSD DS 2008 Series B	53,785,000	14.901%	8,014,503
LA CCD DS 2001, 2006 Series B	53,535,000	0.312%	167,029
LA CCD DS 2001, 2008 Ser E-1	20,620,000	0.312%	64,334
LA CCD DS 2003, 2008 Ser F-1	20,270,000	0.312%	63,242
LA CCD DS 2008, 2009 Taxable Ser B	75,000,000	0.312%	234,000
LA CCD Debt 2008, 2010 Tax Ser D	175,000,000	0.312%	546,000
LA CCD Debt 2008, 2010 Tax Ser E (BABS)	900,000,000	0.312%	2,808,000
LA CCD DS 2008, 2010 Series C	125,000,000	0.312%	390,000
LA CCD DS 2013 Ref Bonds	261,585,000	0.312%	816,145
LA CCD DS 2015 Ref Series A	230,000,000	0.312%	717,600
LA CCD DS 2015 Ref Series B	1,462,085,000	0.312%	4,561,705
LA CCD DS 2015 Ref Series C	42,000,000	0.312%	131,040
LA CCD DS 2015	305,905,000	0.312%	954,424
Pasadena CCD DS 2006 Series B	1,740,000	2.505%	43,587
Pasadena CCD DS 2002, 2009 Series D	6,870,000	2.505%	172,094
Pasadena CCD 2002, 2009 Series E (BABS)	25,295,000	2.505%	633,640
Pasadena CCD DS 2014 Ref Series A	50,725,000	2.505%	1,270,661
Montebello USD DS 1998 Series 1998	6,007,949	1.466%	88,077
Montebello USD DS 1998 Series 1999	8,110,352	1.466%	118,898
Montebello USD DS 1998 Series 2002	14,283,040	1.466%	209,389
Montebello USD DS 2004 Series 2008	2,135,000	1.466%	31,299
Montebello USD DS 2004 Series 2009-1	3,220,000	1.466%	47,205
Montebello USD DS 2004 Series 2009A-2 BABS	12,640,000	1.466%	185,302
Montebello USD DS 2010 Ref Bonds	7,495,000	1.466%	109,877
Montebello USD DS 2004 Series 2013A	20,285,000	1.466%	297,378
Montebello USD DS Ref Bond Series 2015	43,260,000	1.466%	634,192
San Gabriel USD DS 2002 Series B	1,112,600	1.233%	13,718
San Gabriel USD DS 2005 Ref Bonds	2,308,895	1.233%	28,469
San Gabriel USD DS 2015	36,530,000	1.233%	450,415
San Gabriel USD DS 2008 Series A	5,357,878	1.233%	66,063
San Gabriel USD DS 2010 Ref Bonds	1,658,245	1.233%	20,446
San Gabriel USD DS 2008 Series B	6,380,000	1.233%	78,665
San Gabriel USD DS 2012 Ref Bond Series B	15,563,464	1.233%	191,898
San Gabriel USD DS 2008 Series C	22,997,960	1.233%	283,565
<b>Total Overlapping Debt</b>			<b>\$ 84,340,764</b>

2015/16 Assessed Valuation: \$3,379,759,756 After Deducting \$697,337,689 Incremental Value.

Debt to Assessed Valuation Ratios:

Direct Debt	0.00%
Overlapping Debt	2.50%
Total Debt	2.50%

\* 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: HdI Coren & Cone, L.A. County Assessor and Auditor Combined 2015/16 Lien Date Tax Rolls.

## CITY OF ROSEMEAD

### Legal Debt Margin Information Last Ten Fiscal Years

	2006/07	2007/08	2008/09	2009/10	2010/11
Assessed valuation	\$ 2,901,902,093	\$ 3,165,802,509	\$ 3,362,646,146	\$ 3,399,331,688	\$ 3,431,820,218
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	725,475,523	791,450,627	840,661,537	849,832,922	857,955,055
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	108,821,328	118,717,594	126,099,230	127,474,938	128,693,258
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 108,821,328</u>	<u>\$ 118,717,594</u>	<u>\$ 126,099,230</u>	<u>\$ 127,474,938</u>	<u>\$ 128,693,258</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

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

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

	2011/12	2012/13	2013/14	2014/15	2015/16
\$	3,533,192,184	\$ 3,603,395,186	\$ 3,725,310,320	\$ 3,879,248,441	\$ 4,077,097,445
	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
	883,298,046	900,848,797	931,327,580	969,812,110	1,019,274,361
	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
	132,494,707	135,127,319	139,699,137	145,471,817	152,891,154
	-	-	-	-	-
\$	<u>132,494,707</u>	<u>\$ 135,127,319</u>	<u>\$ 139,699,137</u>	<u>\$ 145,471,817</u>	<u>\$ 152,891,154</u>
	0.0%	0.0%	0.0%	0.0%	0.0%

## CITY OF ROSEMEAD

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

---

Fiscal Year Ended June 30	Tax Allocation Bonds			Coverage
	Tax Increment	Debt Service		
		Principal	Interest	
2006	\$ 3,310,295	\$ 490,000	\$ 1,559,114	1.62
2007	4,029,714	780,000	1,505,781	1.76
2008	6,219,884	1,105,000	1,567,849	2.33
2009	5,649,896	915,000	1,531,987	2.31
2010	6,243,948	945,000	1,501,667	2.55
2011	6,893,575	975,000	1,882,092	2.41
2012	2,601,979	1,210,000	961,506	1.20
2013	5,439,677	1,795,000	1,852,123	1.49
2014	5,517,943	1,855,000	1,790,511	1.51
2015	5,521,038	1,920,000	1,718,573	1.52
2016	5,724,292	1,995,000	1,635,578	1.58

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>
2006/07	56,929	\$ 791,649	\$ 13,906	4.20%
2007/08	56,876	819,088	14,401	4.40%
2008/09	57,003	827,444	14,516	6.50%
2009/10	57,381	812,343	14,157	10.20%
2010/11	57,756	939,575	16,268	11.20%
2011/12	54,172	952,560	17,584	10.80%
2012/13	54,464	959,982	17,626	8.10%
2013/14	54,762	944,918	17,255	6.70%
2014/15	54,786	956,180	17,453	9.50%
2015/16	55,231	932,800	16,889	7.70%

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		2016		2006 *	
		Number of Employees	Percent of Total Employment <sup>1</sup>	Number of Employees	Percent of Total Employment
Southern California Edison	1	4,100	16.73%	-	0.00%
Garvey School District	2	804	3.28%	-	0.00%
Wal-Mart	3	435	1.78%	-	0.00%
Panda Restaurant Group, Inc.	4	400	1.63%	-	0.00%
Rosemead School District	5	337	1.38%	-	0.00%
Target	6	253	1.03%	-	0.00%
Hemetic Seal Corporation	7	150	0.61%	-	0.00%
Olive Garden	8	111	0.45%	-	0.00%
Double Tree	9	120	0.49%	-	0.00%
Don Bosco Tech	10	90	0.37%	-	0.00%

<sup>1</sup> Based upon Employment Development Department's estimate of 24,500 residents employed in 2015-16.

\* Information for 2006 is not available.

Source: City of Rosemead

## CITY OF ROSEMEAD

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

---

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government	17	19	16	22	19	15	13	12	12	11
Public safety <sup>1</sup>	22	34	39	42	42	33	15	20	18	20
Community development	11	23	18	23	23	7	8	8	7	8
Public Works	n/a	n/a	n/a	n/a	n/a	26	22	23	23	21
Parks and recreation	<u>101</u>	<u>103</u>	<u>135</u>	<u>112</u>	<u>99</u>	<u>68</u>	<u>81</u>	<u>86</u>	<u>80</u>	<u>83</u>
Total	<u>151</u>	<u>179</u>	<u>208</u>	<u>199</u>	<u>183</u>	<u>149</u>	<u>139</u>	<u>149</u>	<u>140</u>	<u>143</u>

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

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

Source: City Finance Department

## CITY OF ROSEMEAD

Operating Indicators  
by Function  
Last Ten Fiscal Years

---

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Arrests	1,786	1,506	1,478	1,733	1,888	1,842	1,186	1,356	1,585	1,339
Parking citations issued	13,210	11,766	10,517	8,450	7,515	7,797	8,765	16,110	7,863	8,047
Fire:										
Number of emergency calls	2,749	2,846	2,959	2,853	2,745	2,928	2,785	2,823	3,212	3,352
Inspections	-	2,518	2,093	2,137	1,845	2,066	2,012	2,026	2,793	2,564
Public works:										
Street resurfacing (miles)	2.5	1.1	2.8	3.5	3.5	3.6	0.9	1.6	0.6	1.0
Parks and recreation:										
Number of recreation classes	775	484	397	727	617	519	638	724	839	871
Number of facility rentals	n/a	540	453	236	1,786	3,261	3,124	4,005	2,607	3,070

Source: City of Rosemead

## CITY OF ROSEMEAD

Capital Asset Statistics  
by Function  
Last Ten Fiscal Years

---

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety:										
Sheriff stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works:										
Streets (miles)	76.80	77.55	77.55	77.55	77.55	77.55	77.55	77.55	77.55	81.90
Streetlights	2,706	2,712	2,712	2,712	2,712	2,712	2,712	2,712	2,712	2,712
Traffic signals	41	42	42	42	42	42	42	42	42	41
Parks and recreation:										
Parks	10	10	10	10	10	10	10	10	10	10
Community centers	2	2	2	2	2	2	2	2	2	2

Source: City of Rosemead

(This page intentionally left blank)