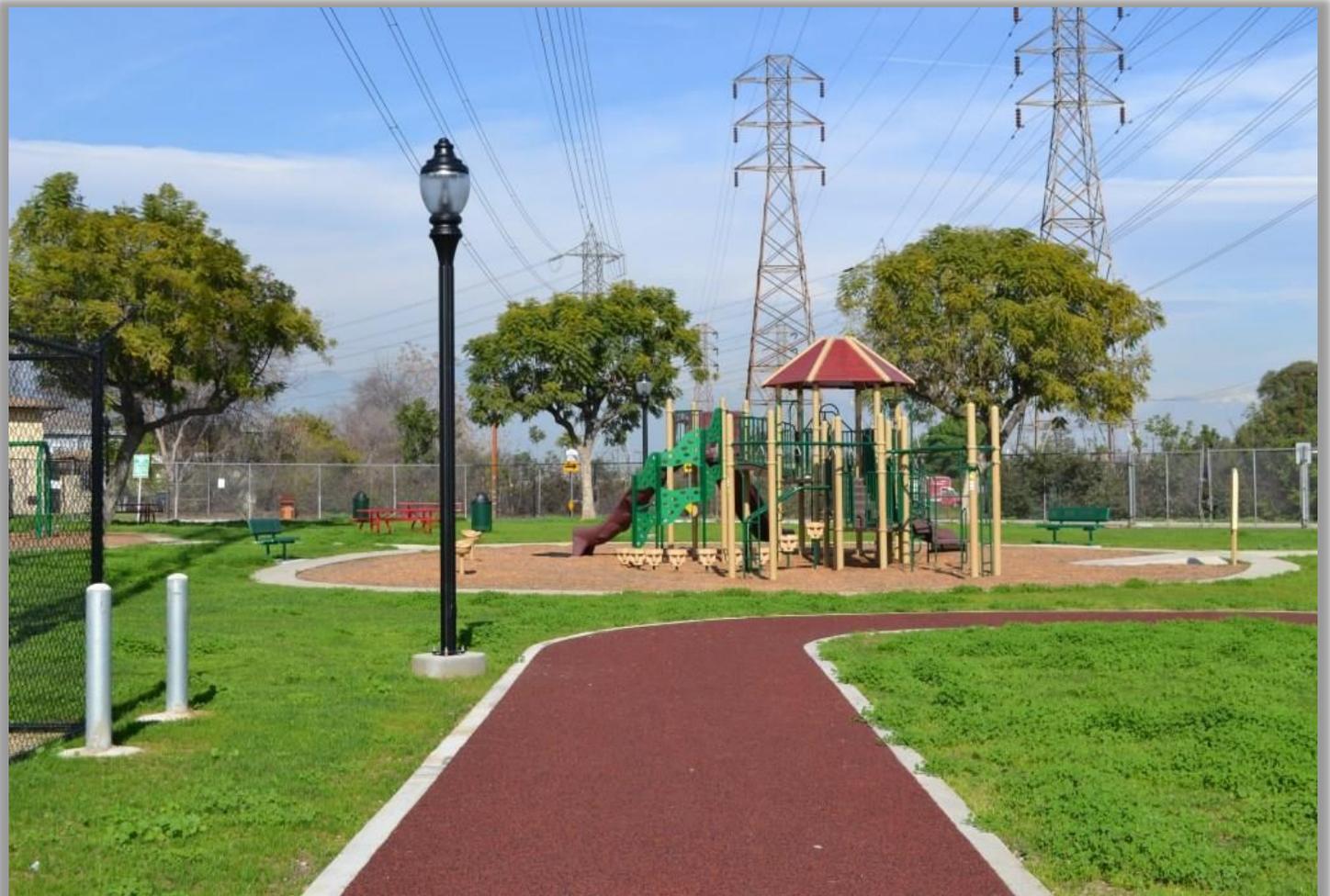


City of Rosemead

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017



CITY OF ROSEMEAD
Rosemead, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

Prepared by the Finance Department
Pearl Lieu
Director of Finance

CITY OF ROSEMEAD
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2017

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MAYOR:
POLLY LOW

MAYOR PRO TEM:
STEVEN LY

COUNCIL MEMBERS
WILLIAM ALARCON



City of Rosemead

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

December 28, 2017

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

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

The City of Rosemead's financial statements have been audited by 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, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Rosemead's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Rosemead, incorporated in 1959, is located in the southwestern part of the state. The City occupies a land area of 5.5 square miles and serves a population of more than 55,000. The City has operated under the council-manager form of government since 1959. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and four other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and commissioners, and hiring the government's manager, attorney and clerk. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. The City Council consists of five members elected to four-year staggered terms of office. The Mayor is selected from among the City Council members and serves a one year term.

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

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

Factors Affecting Financial Condition

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

Local Economy

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

Property tax is the City's largest tax source at \$8.6 million and make up approximately 38% of the General Fund revenues. The City experienced a net taxable value increase of 4% for the 2017/18 tax roll, while Los Angeles County experienced an increase in assessed values of 6% over the prior year due to an increase in residential real estate values. In the City of Rosemead, assessed values increased by \$170 million over FY 2016/17. The housing market has fully recovered from the recent recession. Current median home prices are at or above the pre-recession peak values. Inventory constraints are the main contributor to increases in home prices over the last year. Lack of significant new home construction is one of the main factors affecting supply. The median sale price of a detached single family residential home in Rosemead from January through September 2017 was \$553,500, which represents a 10.7% increase in median sale price from 2016. Rosemead's assessed values and property taxes are expected to continue performing strongly as the general economy improves. Data also show that Rosemead retains \$0.0668 for every dollar of property tax collected within the City.

Sales tax is the second largest revenue source for the General Fund, at \$5.4 million and make up approximately 24% of the General Fund revenues. Our City receives only one cent for every dollar of sales tax collected within the City. The City has three large general consumer goods businesses, Walmart, Target and Macy's, who generate 40% of sales tax revenues to the City's General Fund.

Long-term Financial Planning

In 2009, the City Council embraced the strategic plan process, which enabled us to identify our threats and opportunities as well as develop strategies and action items to accomplish key organizational goals. In the summer of 2016, the City Council held several community workshops that resulted in an updated two-year strategic plan that was adopted by the City Council. The updated strategic plan serves as a "roadmap" to help City staff navigate the goals of the community through June 2018. Through the development and refinement of this vital document, the City Council has affirmed three Key Organizational Goals: 1) Ensure the City's continued financial viability by actively pursuing quality economic development. 2) Beautify residential neighborhoods and commercial corridors. 3) Enhance public safety and quality of life. Many action items designed to meet these goals include pursuing economic development, combating crime, enhancing the City's public infrastructure and public right-of-way, exploring parks facilities, and maintaining a structurally balanced General Fund budget. The City's five-year financial plan is 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 in the notes to the Basic Financial Statements.

Pension and other postemployment benefits

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

Debt Administration

The City has no outstanding general obligation bonds as of June 30, 2017. Debt outstanding of the Successor Agency to the Rosemead Community Development Commission includes the 2016 Tax Allocation Bonds for \$24,730,000 and 2010A Tax Allocation Bonds for \$7,045,000.

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 the Quality of Life Team, completion of the Rosemead Skate Plaza, City Maintenance Yard, and Temple City Resurfacing project, and improvements to various roadways, sidewalks, parks, storm water, and traffic signal upgrades. Way Finding signs were installed throughout the community during fiscal year 2016/17.

Future Initiatives

The City anticipates an increase in TOT due to the opening of the Hartford Hotel in July 2017. The City anticipates the opening of the Starbucks Drive-Thru and Lucille's Smokehouse BBQ restaurant. Future projects include Ross, Panda Express, and Hampton Inn and Suites. There are several mixed-use projects under construction that will be completed in FY 2017/18. All of these are expected to increase our revenues in the upcoming year. During fiscal year 2017/18, the City will continue to work on the Garvey Specific Plan which will help revitalize Garvey Avenue and bring more economic development to the area.

Acknowledgements

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

Respectfully submitted,



Pearl Lieu
Director of Finance

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CITY OF ROSEMEAD

Directory of Officials

June 30, 2017

CITY COUNCIL

Polly Low, Mayor

Steven Ly, Mayor Pro Tem

William Alarcon, Council Member

Sandra Armenta, Council Member

Margaret Clark, Council Member

CITY MANAGEMENT

William R. Manis, City Manager

Brad McKinney, Assistant City Manager

Lt. Robert Hahnlein, Chief of Police

Jason C. Chacon, Parks and Recreation Director

Pearl Lieu, Finance Director

Michelle Ramirez, Community Development Director

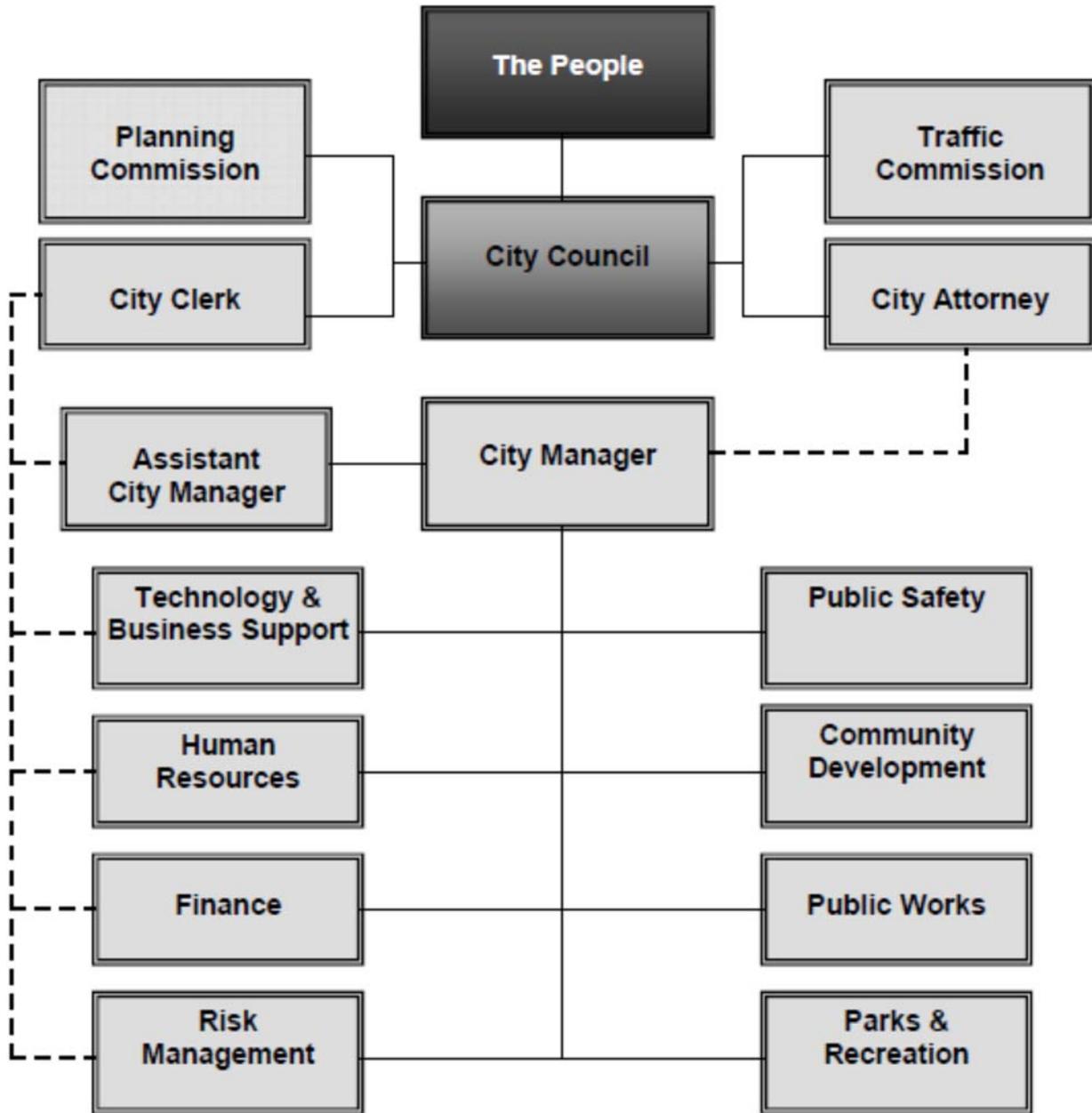
Vacant, Public Works Director

Marc Donohue, City Clerk

Rachel H. Richman, City Attorney

CITY OF ROSEMEAD

Function Based Organizational Chart



FINANCIAL SECTION

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

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

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, 2017, 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.

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
Lisa Dongxue Guo, CPA, MSA

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 City'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 City'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, 2017, 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 December 28, 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
December 28, 2017

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Management's Discussion and Analysis

As management of the City of Rosemead, we offer readers of the City of Rosemead's financial statements this narrative overview and analysis of the financial activities of the City of Rosemead for the fiscal year ended June 30, 2017. 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 2016/17 increased \$566 thousand. This increase is largely due to an increase in sales tax and transient occupancy tax revenues.
- At the end of the current fiscal year, *unassigned* fund balance for the General Fund was \$11.3 million or 54% of total General Fund expenditures. \$6.9 million or 31% is set aside to meet the City's reserve policy.
- The assets related to Governmental Activities has increased by approximately \$2.8 million which is largely due to an increase in both cash and investments and capital assets.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City of Rosemead's assets, deferred outflows of resources and liabilities, deferred inflows of resources with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Rosemead is improving or deteriorating.

The *statement of activities* presents information showing how the government's net 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 16 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 and Capital Project Fund, all three of which are considered to be major funds. Data from the other 13 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, City Capital Projects Fund, Community Development Block Grant Fund, Proposition A Fund, Proposition C Fund, Measure R, State Gas Tax Fund, Air Quality Management District Fund, Street Lighting Fund, HOME Program Fund, DIF Traffic Fund, DIF Public Safety Fund, DIF General Government Fund, and DIF Parks Fund and 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 page 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 28-72 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 73-81 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 84-108 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 \$72.9 million at the close of the most recent fiscal year.

A significant portion of the City of Rosemead's net position (72%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets. The City of Rosemead uses these capital assets to provide services to the citizens; consequently, these assets are *not* available for future spending.

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

City of Rosemead's Summarized Statement of Net Position
As of June 30, 2017 and 2016
(thousands)

	Governmental Activities	
	2017	2016
Current and other assets	\$ 27,620	\$ 26,130
Capital assets	52,806	51,542
Total assets	80,426	77,672
Deferred outflows of resources	5,018	2,937
Long-term liabilities outstanding	8,876	8,826
Other liabilities	2,652	2,216
Total liabilities	11,528	11,042
Deferred inflows of resources	1,033	910
Net position:		
Net investment in capital assets	52,806	51,542
Restricted	4,387	4,006
Unrestricted	15,690	13,109
Total net position	\$ 72,883	\$ 68,657

An additional portion of the City of Rosemead's net position (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$15.7 million) may be used to meet the government's ongoing obligations to citizens and creditors.

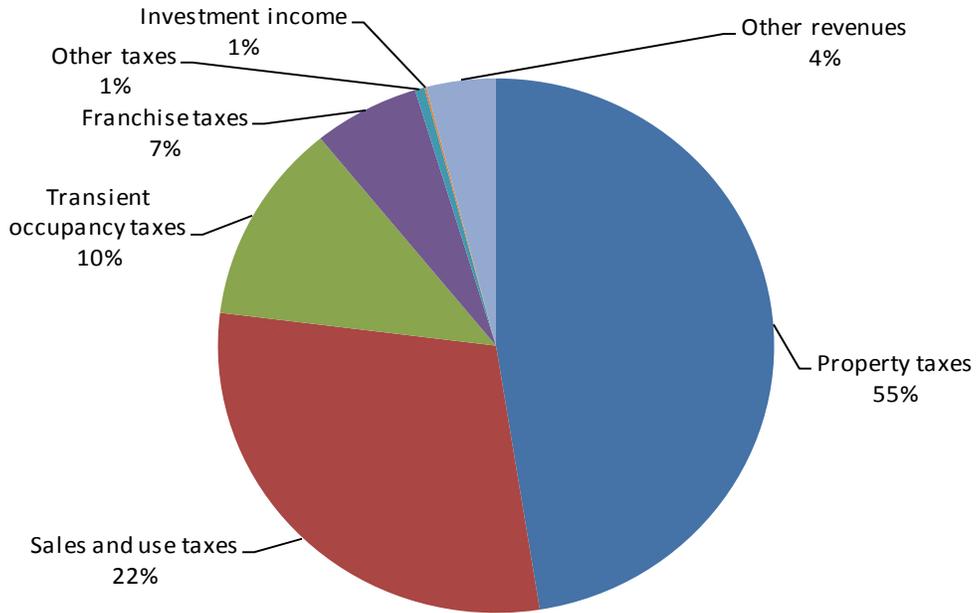
At the end of the current fiscal year, the City of Rosemead is able to report positive net position balances. The situation also held true for the prior fiscal year.

Governmental activities. Governmental activities increased the City of Rosemead's net position by \$4.2 million. General revenue and program revenue exceeded expenses by this amount. The expenses increased in General Government and Public Safety; 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.

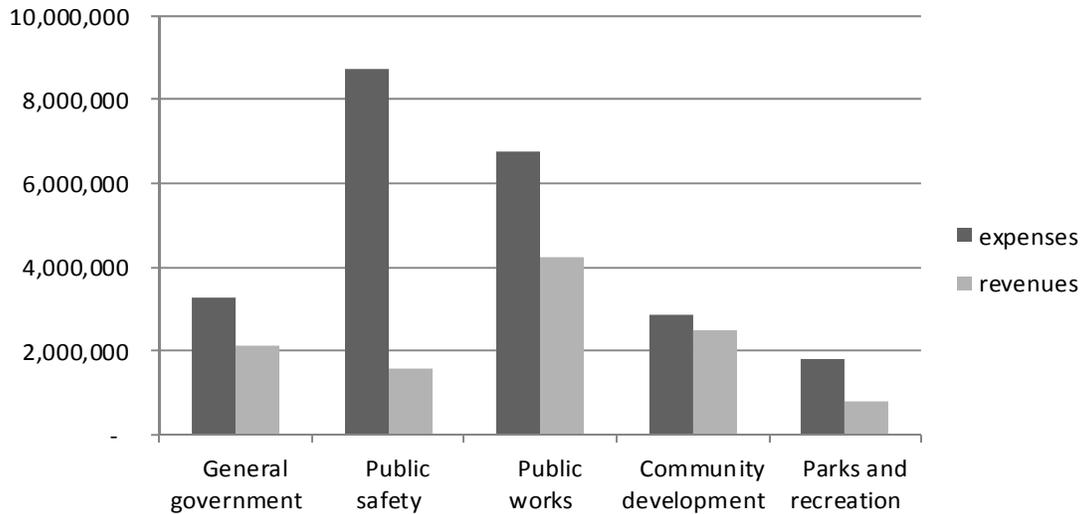
City of Rosemead's Sumarized Statement of Activities
Years Ended June 30, 2017 and 2016
(thousands)

	Governmental Activities	
	2017	2016
Program revenues:		
Charges for services	\$ 4,646	\$ 4,400
Operating grants and contributions	5,636	5,848
Capital grants and contributions	1,019	973
General revenues:		
Property taxes	8,643	9,158
Other taxes	8,804	7,333
Investment income	20	349
Other	738	945
Total revenues	29,506	29,006
Expenses:		
General government	3,706	3,217
Public safety	8,935	8,382
Public works	7,324	8,739
Community development	3,161	3,246
Parks and recreation	2,154	2,073
Interest on long-term debt	-	1
Total expenses	25,280	25,658
Change in net position	4,226	3,348
Net position - June 30, 2016	68,657	65,309
Net position - June 30, 2017	\$ 72,883	\$ 68,657

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 \$22.8 million, an increase of \$1.1 million in comparison with the prior year. Approximately 47% of this total amount, \$10.6 million constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *segregated into nonspendable fund balance, restricted fund balance, committed fund balance or assigned fund balance* to indicate that it is not available for new spending because it has already been 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 \$11.3 million, while total fund balance reached \$19 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 54% of total General Fund expenditures, while total fund balance represents 91% of that same amount.

The fund balance of the City of Rosemead's General Fund increased by \$566 thousand 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 \$566 thousand. Several revenues had large increases including Sales Tax, TOT and Licenses and Permits. Additional highlights of the change in fund balance are presented below.
- General Fund revenues increased \$816 thousand in 2016/17 over the prior year. The largest revenue categories were: property tax increased \$130 thousand, sales tax increased \$1.2 million, TOT increased \$214 thousand and building permits and public works permits increased \$189 thousand. The substantial increase in both building permits and public works permits is a result of increased development projects in the City. The TOT increase is a result of the improved economy and tourism activity within California on the rise. Sales tax growth is attributed to growth in the overall economy and in consumer spending. In the prior year, the City no longer received property tax in lieu. This attributed to a \$912 thousand decrease in property tax in lieu; therefore, causing the net increase in the General Fund to be only \$816 thousand for the current year.
- General Fund expenditures increased \$2.2 million over the prior year due to an increase in legal fees of \$146 thousand as a result of attorney fee increases and litigations, HR consultant fees of \$42 thousand, and general liability and worker's comp insurance increase of \$149 thousand relating to retrospective deposits billed from CJPIA.
- Sales tax consultant fees increased \$60 thousand. As a result of the sales tax audits conducted, the City saw an increase in sales tax revenues.

- Community development expenditures increased due to building and planning costs increased \$134 thousand; however, these costs are offsetted by building permit and plan check revenues.
- Public safety expenditures is one of the City's largest areas of expenditures. The Los Angeles County's Sheriff's Department contract increased by 3.8% over the previous year and the Liability Trust Fund increased as well. This attributed to an increase in public safety expenditures of \$485 thousand.
- Public works expenditures increased \$318 thousand primarily due to \$200 thousand increase in engineering costs, \$58 thousand in tree maintenance costs, and \$49 thousand in water costs. In the prior year, the City had turnover in the Public Works department causing a backlog in capital improvement projects. In the current year, the City was able to complete some of the capital improvement projects that were delayed in the prior year, which attributed to increased engineering costs and tree maintenance costs. The increase in water costs is a result of new parks and facilities in the City.
- Parks and recreation expenditures increased primarily due to additional staffing in FY 2016/17. The department hired a new Parks and Recreation Manager and converted a $\frac{3}{4}$ part-time staff into a full-time staff. This attributed to the increase of \$134 thousand in parks and recreation expenditures.
- The City was also faced with an increase in retirement costs as a result of the discount rate and assumption changes approved by the CalPERS board, which impacted the actuarial valuation performed and this caused an increase to participants' retirement contributions.

General Fund Budget Analysis. The City's General Fund collected revenues of slightly more than \$1.4 million in comparison to the budgeted estimates or 7% more than the budget. Sales tax increases of \$344 thousand was driven by an improving economy and the opening of some new restaurants and businesses and the increase of \$213 thousand in Transient Occupancy Tax was due to an improving travel industry. In addition Licenses and Permit revenue increased almost \$680 thousand due to increased development and projects during FY 2016/17.

The General Fund expenditure budget to actual variance of \$232 thousand was due to the City not budgeting for unexpected litigation costs, sales tax consultant fees, and general liability and worker's compensation insurance retrospective payments from CJPIA. Additionally, the City budgeted conservatively for building and planning expenditures, the costs went over by \$287 thousand due to more projects than anticipated and the costs were 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. Expenditures for the Proposition A fund are increasing as greater efforts are being made to increase fixed route ridership as are the operating expenditures for Dial-A-Ride in the Proposition C Fund. The City is utilizing Measure R funds for capital improvement projects for street improvements, paving, sidewalk installation, traffic study, and transportation program planning.

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

City Capital Projects Fund. The City Capital Projects Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities within the City. During the fiscal year ending June 30, 2017, the City constructed a new Rosemead Skate Park Plaza, acquired a new building for the City Maintenance Yard, purchased three new Public Safety vehicles, and used funding on street and park improvements projects.

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, 2017, amounts to \$52.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways, bridges and construction in progress.

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

- Completion of the new Rosemead Skate Park Plaza
- Completion of the new building on River Avenue for City Maintenance Yard
- Completion of the Temple City Resurfacing project
- Purchase of three new Ford F150 trucks for the Public Safety Department
- Construction in progress for Hellman/Del Mar CIP project
- Construction in progress for Rosemead Pedestrian Lighting CIP project
- Construction in progress for Zapopan Park
- Construction in progress for Jay Imperial Park

	Governmental Activities	
	2017	2016
Land	\$ 4,417	\$ 4,417
Buildings	14,897	14,795
Improvements other than buildings	995	555
Machinery and equipment	52	73
Autos and trucks	521	621
Furniture and office equipment	189	245
Infrastructure	28,725	30,271
Construction in progress	3,010	565
Total	\$ 52,806	\$ 51,542

Additional information on the City of Rosemead's capital assets can be found in note No. 7, found on page 44 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 \$31,775,000. 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	
	2017	2016
Tax Allocation Bonds	\$ 31,775	\$ 35,970

- The Successor Agency's total bonded debt decreased by \$4.2 million during the current fiscal year due to the refinance of the Series 2006A and 2006B bonds. For more detailed information about the Successor's Agency Long Term Debt, please refer to Note No. 17 on page 71 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

- The City has included in the FY 2017/18 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, which will be completed early in the 2017/18 fiscal year.
- As discussed throughout this Management's Discussion and Analysis report, there were large General Fund revenue increases in FY 2016/17. Property tax revenues have shown modest increases and are projected to continue with steady growth pattern. Sales taxes are expected to increase significantly due to new restaurants and stores addition to the community. License and permit revenues are expected to increase due to an increase in growth and development in the City. Additionally, TOT revenues are expected to increase as a result of the new Hartford Hotel opening in July 2017 and future projects with the Hampton Inn & Suites.
- The local economy is projected to continue its modest growth in the coming year and has been reflected in the City's FY 2017/18 Revenue budget. At the time of budget preparation and up to its adoption, General Fund Revenue is projected to increase 6% over the FY 2016/17 budgeted amount.
- The City adopted the General Fund FY 2017/18 budget with a projected \$17.9 million fund balance reserve. The Operating Budget for Fiscal Year 2017/18 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.

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City of Rosemead

Statement of Net Position Government-wide Financial Statement June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (note 2)	\$ 21,709,010
Receivables:	
Accounts	2,840,338
Interest	49,945
Loans (note 3)	369,949
Due from Successor Agency (note 6)	220,018
Prepaid expenses	765,218
OPEB asset (note 9)	1,665,840
Capital assets (note 7):	
Land	4,417,104
Construction in progress	3,009,630
Other capital assets, net	<u>45,379,459</u>
 Total assets	 <u>80,426,511</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related (note 11,12)	<u>5,017,945</u>
 LIABILITIES	
Accounts payable and accrued liabilities	1,974,805
Accrued salaries and benefits	246,114
Retentions payable	150,523
Unearned revenue	8,000
Non-current liabilities (note 8):	
Due within one year	272,602
Due in more than one year	<u>8,875,940</u>
 Total liabilities	 <u>11,527,984</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension related (note 11,12)	<u>1,032,503</u>
 NET POSITION	
Net investment in capital assets	52,806,193
Restricted for:	
Public works	4,141,615
Community service	245,440
Unrestricted	<u>15,690,721</u>
 Total net position	 <u>\$ 72,883,969</u>

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

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City of Rosemead

Statement of Activities Government-wide Financial Statement For the year ended June 30, 2017

	Expenses	Program Revenues		Governmental Activities	Net (expense) revenue and changes in net position
		Charges for Services	Operating Contributions and Grants		
Governmental activities:					
General government	\$ 3,705,685	\$ 211,217	\$ 1,980,387	\$ -	\$ (1,514,081)
Public safety	8,935,164	560,787	-	1,004,488	(7,369,889)
Public works	7,323,865	648,141	3,584,170	-	(3,091,554)
Community development	3,161,310	2,437,458	71,164	14,728	(637,960)
Parks and recreation	2,153,986	788,931	-	-	(1,365,055)
Total governmental activities	<u>\$25,280,010</u>	<u>\$4,646,534</u>	<u>\$5,635,721</u>	<u>\$ 1,019,216</u>	<u>(13,978,539)</u>
General revenues:					
Taxes:					
Property taxes					8,643,019
Sales and use taxes					5,366,975
Transient occupancy taxes					2,213,286
Franchise taxes					1,123,383
Other taxes					100,847
Investment income					20,526
Other					<u>737,721</u>
Total general revenues					<u>18,205,757</u>
Change in net position					4,227,218
Net position, beginning of year					<u>68,656,751</u>
Net position, end of year					<u>\$ 72,883,969</u>

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

City of Rosemead

Balance Sheet Governmental Funds June 30, 2017

	General	Special Revenue Rosemead Housing Development Corporation	Capital Projects City
ASSETS			
Cash and investments (note 2)	\$ 16,554,162	\$ 266,710	\$ -
Receivables:			
Accounts	1,860,843	9,003	548,340
Interest	49,945	-	-
Loans (note 3)	369,949	-	-
Prepaid items	765,218	-	-
Due from other funds (note 5)	1,165,392	-	-
Due from Successor Agency (note 6)	12,532	207,486	-
	<u>20,778,041</u>	<u>483,199</u>	<u>548,340</u>
Total assets	<u>\$ 20,778,041</u>	<u>\$ 483,199</u>	<u>\$ 548,340</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,230,572	\$ 51,130	\$ 258,243
Accrued salaries and benefits	210,238	-	3,332
Retention payable	-	-	133,201
Due to other funds (note 5)	-	204,800	639,653
Unearned revenue	-	-	-
	<u>1,440,810</u>	<u>255,930</u>	<u>1,034,429</u>
Total liabilities	<u>1,440,810</u>	<u>255,930</u>	<u>1,034,429</u>
Deferred inflows of resources:			
Unavailable revenues	302,955	-	-
	<u>302,955</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>302,955</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	765,218	-	-
Restricted for:			
Public works	-	-	-
Community services	-	-	-
Low and moderate income housing	-	227,269	-
Committed	6,935,969	-	-
Assigned	63,298	-	-
Unassigned	11,269,791	-	(486,089)
	<u>19,034,276</u>	<u>227,269</u>	<u>(486,089)</u>
Total fund balances (deficit)	<u>19,034,276</u>	<u>227,269</u>	<u>(486,089)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,778,041</u>	<u>\$ 483,199</u>	<u>\$ 548,340</u>

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

Total Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,387,770	\$ 21,208,642
422,152	2,840,338
-	49,945
-	369,949
-	765,218
-	1,165,392
-	220,018
<u>\$ 4,809,922</u>	<u>\$ 26,619,502</u>
\$ 434,827	\$ 1,974,772
32,544	246,114
17,322	150,523
320,939	1,165,392
8,000	8,000
<u>813,632</u>	<u>3,544,801</u>
-	302,955
-	302,955
-	765,218
4,141,615	4,141,615
18,171	18,171
-	227,269
-	6,935,969
-	63,298
(163,496)	10,620,206
<u>3,996,290</u>	<u>22,771,746</u>
<u>\$ 4,809,922</u>	<u>\$ 26,619,502</u>

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City of Rosemead

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position Government Funds June 30, 2017

Fund balances of governmental funds \$ 22,771,746

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)	102,121,595
Accumulated depreciation (net of Internal Service Funds)	(49,471,113)

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

OPEB asset	1,665,840
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Long term liabilities and compensated absences that have not been included in the governmental fund activity.

Compensated absences	(633,958)
Retrospective deposits payable	(231,905)
Net pension liability	(8,282,679)

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

	302,955
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Deferred inflows and outflows of resources related to pensions are not reported in the governmental funds.

Net deferred inflows of resources	(1,032,503)
Net deferred outflows of resources	5,017,945

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>656,046</u>
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Net position of governmental activities \$ 72,883,969

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, 2017

	General	Special Revenue Rosemead Housing Development Corporation	Capital Projects City
REVENUES			
Taxes	\$ 17,447,510	\$ -	\$ -
Intergovernmental	209,332	412,286	589,523
Licenses and permits	2,754,881	-	-
Charges for services	923,412	-	1,240
Fines, forfeitures and penalties	607,754	-	-
Special assessments	-	-	-
Investment income	229,378	433,130	-
Other	201,825	5,767	23,953
Total revenues	<u>22,374,092</u>	<u>851,183</u>	<u>614,716</u>
EXPENDITURES			
Current:			
General government	4,104,242	-	-
Public safety	8,868,713	-	-
Public works	3,718,525	-	159,013
Community development	2,034,505	810,847	-
Parks and recreation	2,284,393	-	-
Capital outlay	-	-	2,790,493
Total expenditures	<u>21,010,378</u>	<u>810,847</u>	<u>2,949,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,363,714</u>	<u>40,336</u>	<u>(2,334,790)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (note 5)	-	-	2,421,611
Transfers out (note 5)	(797,587)	-	-
Total other financing sources (uses)	<u>(797,587)</u>	<u>-</u>	<u>2,421,611</u>
Net change in fund balances	566,127	40,336	86,821
Fund balances (deficit), beginning of year	<u>18,468,149</u>	<u>186,933</u>	<u>(572,910)</u>
Fund balances (deficit), end of year	<u>\$ 19,034,276</u>	<u>\$ 227,269</u>	<u>\$ (486,089)</u>

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

Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 17,447,510
4,512,899	5,724,040
-	2,754,881
87,905	1,012,557
-	607,754
1,002,239	1,002,239
4,460	666,968
-	231,545
5,607,503	29,447,494
176,583	4,280,825
192,127	9,060,840
2,621,682	6,499,220
540,103	3,385,455
16,513	2,300,906
-	2,790,493
3,547,008	28,317,739
2,060,495	1,129,755
20,830	2,442,441
(1,644,854)	(2,442,441)
(1,624,024)	-
436,471	1,129,755
3,559,819	21,641,991
\$ 3,996,290	\$ 22,771,746

City of Rosemead

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government Wide Statement of Activities Government Funds For the year ended June 30, 2017

Net change in fund balances - total governmental funds \$ 1,129,755

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)	3,992,351
Depreciation expense (net of Internal Service Funds)	(2,696,700)

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

Increase in OPEB asset	59,851
Pension related adjustments	1,530,823

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	137,600
Increase in compensated absences payable	(31,960)

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

59,734

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.

45,764

Change in net position of governmental activities \$ 4,227,218

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

City of Rosemead

Statement of Net Position Internal Service Funds June 30, 2017

	<u>Governmental Activities Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and investments (note 2)	\$ 500,368
Total current assets	<u>500,368</u>
Non-current assets:	
Capital assets:	
Other capital assets, net (note 7)	<u>155,711</u>
Total non-current assets	<u>155,711</u>
Total assets	<u>656,079</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>33</u>
Total current liabilities	<u>33</u>
Total non-current liabilities	<u>-</u>
Total liabilities	<u>33</u>
NET POSITION	
Net investment in capital assets	155,711
Unrestricted	<u>500,335</u>
Total net position	<u>\$ 656,046</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, 2017

	<u>Governmental Activities Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	<u>\$ 269,400</u>
Total operating revenues	<u>269,400</u>
OPERATING EXPENSES	
Contractual services	119,329
Depreciation	<u>104,307</u>
Total operating expenses	<u>223,636</u>
Change in net position	45,764
Net position, beginning of year	<u>610,282</u>
Net position, end of year	<u><u>\$ 656,046</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, 2017

	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users departments	\$ 269,400
Cash payments to suppliers for goods and services	<u>(122,915)</u>
Net cash provided by operating activities	<u>146,485</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash paid to purchase capital asset	<u>(72,819)</u>
Net cash used for capital and related financing activities	<u>(72,819)</u>
Net increase in cash and investments	73,666
Cash and investments, beginning of year	<u>426,702</u>
Cash and investments, end of year	<u><u>\$ 500,368</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 45,764</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	104,307
Increase (decrease) in accounts payable	<u>(3,586)</u>
Total adjustments	<u>100,721</u>
Net cash provided by operating activities	<u><u>\$ 146,485</u></u>

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

City of Rosemead

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2017

	Successor Agency Private-purpose Trust Fund	Agency Fund
ASSETS		
Cash and investments (note 2)	\$ 7,240,319	\$ 399,361
Receivables:		
Notes	201,314	-
Prepaid	172,278	-
	<hr/>	<hr/>
Total assets	7,613,911	\$ 399,361
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	3,507	\$ -
Deposits payable	-	399,361
Accrued interest payable	299,366	-
Due to City of Rosemead (note 6)	220,018	-
Long-term debt (note 17):		
Due within one year	2,412,014	-
Due in more than one year	30,979,320	-
	<hr/>	<hr/>
Total liabilities	33,914,225	\$ 399,361
	<hr/>	<hr/>
NET POSITION (DEFICIT)		
Held in trust for the Successor Agency	<hr/> (26,300,314)	
	<hr/>	
Total net position (deficit)	\$ (26,300,314)	
	<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, 2017

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Property taxes	\$ 4,711,788
Investment earnings	59,874
	<hr/>
Total additions	4,771,662
	<hr/>
DEDUCTIONS	
Administrative expenses	2,033,687
Interest expense	1,155,821
Debt financing	544,754
	<hr/>
Total deductions	3,734,262
	<hr/>
Change in net position	1,037,400
Net position (deficit), beginning of year	<hr/> (27,337,714)
Net position (deficit), end of year	<hr/> <u>\$ (26,300,314)</u>

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

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City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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, 2017

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, 2017

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 generally accepted accounting principles.

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

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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

(j) Use of Estimates

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

(k) Pension plans

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

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

PERS-Cost sharing Multiple-Employer Plan:

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

PARS-Single Employer Agent Plan:

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

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

Note 2: Cash and Investments

Cash and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 21,709,010
Statement of Fiduciary Net Position:	
Cash and investments	<u>7,639,680</u>
 Total cash and investments	 <u><u>\$ 29,348,690</u></u>

Cash and investments as of June 30, 2017, consist of the following:

Deposits with financial institutions	\$ 11,679,533
Investments	<u>17,669,157</u>
 Total cash and investments	 <u><u>\$ 29,348,690</u></u>

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

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

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	70%	35%
Banker's Acceptances	Yes	180 days	20%	30%
Commercial Paper	Yes	180 days	15%	10%
Negotiable Certificates 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.

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

Note 2: Cash and Investments, (continued)

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. 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	\$ 6,070,651	\$ 6,070,651	\$ -	\$ -
Certificates of deposits	5,186,402	-	-	5,186,402
U.S. agency securities	2,105,960	-	-	2,105,960
Medium-term notes	2,008,629	-	226,498	1,782,131
Held by bond trustee:				
Money market mutual funds	1,149,079	1,149,079	-	-
Certificates of deposit	1,148,436	-	-	1,148,436
Total	\$ 17,669,157	\$ 7,219,730	\$ 226,498	\$10,222,929

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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					
			AAA	AA+	A+	A	A-	Not Rated
State investment pool	\$ 6,070,651	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,070,651
Certificates of deposits	5,186,402	N/A	-	-	-	-	-	5,186,402
U.S. agency securities	2,105,960	N/A	-	2,105,960	-	-	-	-
Medium-term notes	2,008,629	A	-	-	251,480	1,261,916	495,233	-
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
Total	\$ 17,669,157		\$1,143,058	\$2,105,960	\$ 251,480	\$1,261,916	\$ 495,233	\$ 12,411,510

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	\$ 1,618,775

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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, 2017, the City had deposits with financial institutions in excess of federal depository insurance limits by \$7,348,034 that were held in collateralized accounts. As of June 30, 2017, the Successor Agency had deposits with financial institutions in excess of federal depository insurance limits by \$5,828,269 that were held in collateralized accounts.

Investment in State Investment Pool

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

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

Note 2: Cash and Investments, (continued)

Fair Value Measurements

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

The District has the following fair value measurements as of June 30, 2017:

Investments by Fair Value Level	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposits	\$ 6,334,838	\$ -	\$ 6,334,838	\$ -
U.S. agency securities	2,105,960	-	2,105,960	-
Medium-term notes	2,008,629	-	2,008,629	-
Total investments by fair value	10,449,427	<u>\$ -</u>	<u>\$ 10,449,427</u>	<u>\$ -</u>
Investments measured at the Net Asset Value (NAV)				
State investment pool	6,070,651			
Money market mutual funds	1,149,079			
Total	<u>\$ 17,669,157</u>			

Note 3: Loans receivable

Loans receivable consisted of the following at June 30, 2017:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Computer Loans	\$ 9,218	\$ 11,106	\$ (9,312)	\$ 11,012
San Gabriel Valley Water Co.Loan - Phase I	90,530	-	(8,230)	82,300
San Gabriel Valley Water Co.Loan - Phase II	45,266	-	(4,115)	41,151
Rio Hondo Community Development Co. Loan	227,086	-	-	227,086
El Monte Cemetary Association Loan	9,600	-	(1,200)	8,400
Total	<u>\$ 381,700</u>	<u>\$ 11,106</u>	<u>\$ (22,857)</u>	<u>\$ 369,949</u>

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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, 2017, consisted of the following:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	RHDC	\$ 204,800
	Capital Projects - City	639,653
	Nonmajor Governmental Funds	<u>320,939</u>
	Total	<u>\$1,165,392</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, 2017

Note 5: Interfund Transactions, (continued)

Transfers

Interfund transfers for the year ending June 30, 2017, consisted of the following:

Transfers out	Transfers In		Total
	City Capital Projects Fund	Non- Major Governmental Funds	
General Fund	\$ 797,587	\$ -	\$ 797,587
Nonmajor Governmental Funds	1,624,024	20,830	1,644,854
Total	<u>\$ 2,421,611</u>	<u>\$ 20,830</u>	<u>\$ 2,442,441</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, 2017, are as follows:

<u>Due to City</u>	<u>Due from Successor Agency</u>	<u>Amount</u>
Successor Agency	RHDC	\$ 207,486
	General Fund	<u>12,532</u>
	Total	<u>\$ 220,018</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, 2017

Note 7: Capital Assets

Capital asset activity was as follows for the year ended June 30, 2017:

Governmental activities:	Beginning balance	Additions	Deletions	Reclassifications	Ending balance
Capital assets, not being depreciated:					
Land	\$ 4,417,104	\$ -	\$ -	\$ -	\$ 4,417,104
Construction in progress	564,500	2,918,386	(473,256)	-	3,009,630
Total capital assets, not being depreciated	4,981,604	2,918,386	(473,256)	-	7,426,734
Capital assets, being depreciated:					
Buildings	23,423,486	588,075	-	-	24,011,561
Improvements other than buildings	1,732,805	932,413	-	(452,986)	2,212,232
Machinery and equipment	582,225	-	-	-	582,225
Autos and trucks	1,685,131	72,819	-	-	1,757,950
Furniture and office equipment	1,485,125	-	-	-	1,485,125
Infrastructure	64,851,063	26,733	-	452,986	65,330,782
Total capital assets, being depreciated	93,759,835	1,620,040	-	-	95,379,875
Less accumulated depreciation for:					
Buildings	(8,628,581)	(486,002)	-	-	(9,114,583)
Improvements other than buildings	(1,177,369)	(99,621)	-	59,703	(1,217,287)
Machinery and equipment	(509,546)	(20,559)	-	-	(530,105)
Autos and trucks	(1,063,845)	(173,216)	-	-	(1,237,061)
Furniture and office equipment	(1,239,761)	(55,991)	-	-	(1,295,752)
Infrastructure	(34,580,307)	(1,965,618)	-	(59,703)	(36,605,628)
Total accumulated depreciation	(47,199,409)	(2,801,007)	-	-	(50,000,416)
Total capital assets, being depreciated, net	46,560,426	(1,180,967)	-	-	45,379,459
Governmental activities capital assets, net of accumulated depreciation	\$51,542,030	\$ 1,737,419	\$ (473,256)	\$ -	\$52,806,193

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

Note 7: Capital Assets, (continued)

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

Governmental activities:	
General government	\$ 39,180
Public safety	39,744
Public works	2,568,968
Community development	14,352
Parks and recreation	<u>138,763</u>
 Total depreciation expense	 <u>\$ 2,801,007</u>

Note 8: Changes in Long-Term Liabilities

Long-term debt consists of the following at June 30, 2017:

<i>Governmental activities:</i>	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Net pension liability (see Note 11,12)	\$ 7,854,302	\$ 1,542,252	\$ 1,113,875	\$ 8,282,679	\$ -
Retrospective deposit	369,505	451,479	589,079	231,905	-
Compensated absences	601,998	299,529	267,569	633,958	272,602
 Total long-term debt	 <u>\$ 8,825,805</u>	 <u>\$ 2,293,260</u>	 <u>\$ 1,970,523</u>	 <u>\$ 9,148,542</u>	 <u>\$ 272,602</u>

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

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, 2017, the City's retrospective deposit payable for the Worker's compensation portion is \$231,905.

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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 2016-17, the City contributed \$145,293.

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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	(96,359)
Adjustment to annual required contribution	133,370
Annual OPEB cost (expense)	<u>85,442</u>
Contributions made	<u>(145,293)</u>
Increase in net OPEB obligation	(59,851)
Net OPEB obligation (asset)	
beginning of year	<u>(1,605,989)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (1,665,840)</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 2017, and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$ 83,336	0%	\$(1,690,389)
6/30/2016	\$ 84,400	0%	\$(1,605,989)
6/30/2017	\$ 85,442	170%	\$(1,665,840)

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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, 2017, 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, 2017

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 2016-17 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, 2017

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 2016-17 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, 2017

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 \$25,000,000. 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 2016-17.

As of June 30, 2017, the City had retrospective deposits payable to the Authority in the amount of \$231,905. 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, 2017

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 Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

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

The 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, 2017, are summarized as follows:

	<u>Miscellaneous Tier I</u>	<u>Miscellaneous Tier II</u>	<u>Miscellaneous PEPRA</u>
	Prior to July 1, 2010	From July 1, 2010 to December 31, 2012	On or after January 1, 2013
Hire date			
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, 2017

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2017 were \$1,204,223. The actual employer payments of \$1,113,875 made to CalPERS by the City during the measurement period ended June 30, 2016 differed from the City's proportionate share of the employer's contributions of \$673,753 by \$440,122 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 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, 2015 rolled forward to June 30, 2016 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, 2017

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, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate ⁽²⁾	7.65%
Inflation	2.75%
Salary Increases ⁽¹⁾	3.3% - 14.2%
Investment Rate of Return ⁽²⁾	7.65%
Mortality Rate Table ⁽³⁾	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) 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

There were no changes of assumptions.

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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

B. Net Pension Liability, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests 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 (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 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 (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), 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 equal 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, 2017

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, 2015.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	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	1.0%	(0.55%)	(1.05%)
Total	<u>100%</u>		

¹ An expected inflation of 2.5% used for this period

² 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. 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 the plan. Investments are reported at fair value.

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

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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: 6/30/2015 (VD)	\$ 25,183,842	\$ 17,545,778	\$ 7,638,064
Balance at: 6/30/2016 (MD)	26,709,970	18,092,554	8,617,416
Net changes during 2015-16	\$ 1,526,128	\$ 546,776	\$ 979,352

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

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, 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, 2015 rolled forward to June 30, 2016 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. The City's proportionate share of the net pension liability for the Plan as of the June 30, 2015 and 2016 measurement dates was as follows:

	Plans
Proportionate Share - June 30, 2015	0.27841%
Proportionate Share - June 30, 2016	0.24806%
Change - Increase (Decrease)	-0.03035%

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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	\$12,213,411	\$ 8,617,416	\$ 5,645,506

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, 2017

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 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (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, 2015), the City's net pension liability was \$7,638,064. For the measurement period ending June 30, 2016 (the measurement date), the City incurred a pension expense of \$739,402.

As of June 30, 2017, 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	\$ 41,201	\$ 9,020
Changes of Assumptions	-	389,803
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,407,830	-
Adjustment due to Differences in Proportions	-	26,488
Change in Employer's Proportion	703,319	305,640
Difference in Actual vs Projected Contributions	573,771	-
Pension Contributions Subsequent to Measurement Date	1,204,223	-
Total	\$ 4,930,344	\$ 730,951

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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 inflows recognized in the 2015-16 measurement period expense. Contributions subsequent to the measurement date of \$1,204,223 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other 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	\$ 850,393
2018	750,364
2019	892,328
2020	502,085
2021	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2017, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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, 2017

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, 2017, (measurement date) are summarized as follows:

	<u>Supplemental</u>
Hire date	On or after September 25, 2007 On or before June 30, 2010
Benefit formula	3% @ 55 less CalPERS 2.7% @55
Benefit vesting schedule	from date of hire
Benefit payments	life only annuity
Retirement age	55
Monthly benefits, as a % of eligible compensation	0.576%
Required employee contribution rates	none
Required employer contribution rates	3.790%

Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms:

	<u>Supplemental</u>
Inactive employees or beneficiaries currently receiving benefits	12
Active employees	41
	<u>53</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through PARS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the measurement period ended June 30, 2017 (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, 2017 are \$164,389.

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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, 2017, using an annual actuarial valuation as of June 30, 2016. 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, 2016
Measurement Date	June 30, 2017
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	Pre-retirement: CalPERS Miscellaneous Non-Industrial Rates. Post-retirement: 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, 2017

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, 2016</u>	<u>June 30, 2017</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, 2017

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 (Asset) (c) = (a) - (b)
Balances as of June 30, 2016	\$ 3,022,967	\$ 2,806,729	\$ 216,238
Changes for the year:			
• Service Cost	36,410	-	36,410
• Interest on the Total Pension Liability	192,440	-	192,440
• Effect of plan changes	-	-	-
• Effect of economic Demographic gains or Losses	(355,400)	-	(355,400)
• Effect of assumptions Changes or inputs	-	-	-
• Benefit Payments	(200,693)	(200,693)	-
• Employer contributions	-	164,389	(164,389)
• Member contributions	-	-	-
• Net Investment Income	-	266,884	(266,884)
• Administrative expenses	-	(6,848)	6,848
Net Changes during 2016-17	\$ (327,243)	\$ 223,732	\$ (550,975)
Balance as of June 30, 2017	\$ 2,695,724	\$ 3,030,461	\$ (334,737)

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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 (asset) 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)	\$ (22,815)	\$ (334,737)	\$ (600,185)

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, 2016), the net pension liability is \$216,238.

For the measurement period ending June 30, 2017 (the measurement date), the City incurred a pension expense of \$43,412 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, 2017

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	Amount
Service Cost	\$ 36,410
Interest on the Total Pension Liability	192,440
Administrative expenses	6,848
Expected investment return net of investment expenses	(181,057)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	(53,848)
Recognition of investment gains or losses	42,619
Total Pension Expense	<u>\$ 43,412</u>

As of June 30, 2017, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 301,552
Net Difference between Projected and Actual Earnings on Pension Plan	87,601	-
Total	\$ 87,601	\$ 301,552

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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
2018	\$ (11,229)
2019	(11,229)
2020	(34,318)
2021	(71,015)
2022	(53,848)
Thereafter*	(32,312)

E. Payable to the Pension Plan

At June 30, 2017, the City reported a payable of \$6,289 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

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 \$26,265 to the plan.

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

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, 2017:

Major Governmental Fund:	
City Capital Projects Fund	\$ (486,089)
Nonmajor Governmental Funds:	
HOME Program	(163,496)

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

Note 16: Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Variance
Major Governmental Fund:			
General Fund			
General Government	\$ 3,974,800	\$ 4,104,242	\$ (129,442)
Community Development	1,747,700	2,034,505	(286,805)

Note 17: Successor Agency

Successor Agency Long-Term Debt

The debt of the Successor Agency as of June 30, 2017, is as follows:

<i>Successor Agency:</i>	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
<i>Bonds:</i>					
Tax Allocation Bonds, Series 2006A	\$ 4,780,000	\$ -	\$ 4,780,000	\$ -	\$ -
Tax Allocation Bonds, Series 2006B	23,295,000	-	23,295,000	-	-
Tax Allocation Bonds, Series 2010A	7,895,000	-	850,000	7,045,000	885,000
Tax Allocation Bonds, Series 2016	-	24,730,000	-	24,730,000	1,435,000
Subtotal bonds	35,970,000	24,730,000	28,925,000	31,775,000	2,320,000
<i>Deferred amounts:</i>					
Unamortized bond premiums	118,811	1,815,502	225,605	1,708,708	106,794
Discount on issuance	(107,154)	-	(14,780)	(92,374)	(14,780)
Total bonds	35,981,657	26,545,502	29,135,825	33,391,334	2,412,014
Total long-term debt	<u>\$ 35,981,657</u>	<u>\$ 26,545,502</u>	<u>\$ 29,135,825</u>	<u>\$ 33,391,334</u>	<u>\$ 2,412,014</u>

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

Note 17: Successor Agency, (continued)

Future debt service requirements are as follows:

Fiscal years ending June 30,	Principal	Interest
2018	\$ 2,320,000	\$ 1,386,038
2019	2,160,000	1,314,191
2020	2,205,000	1,229,000
2021	2,295,000	1,126,375
2022	2,405,000	1,010,125
2023-2027	8,770,000	3,487,000
2028-2032	7,930,000	1,664,900
2033	3,690,000	149,000
Totals	<u>\$ 31,775,000</u>	<u>\$ 11,366,629</u>

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. As of June 30, 2017, the Tax Allocation Bonds, Series 2006A were refinanced with proceeds from the 2016 Subordinate Tax Allocation Refunding Bonds.

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 deceased and the liability for those bonds has been removed from the government-wide financial statements. As of June 30, 2017, the Tax Allocation Bonds, Series 2006B were refinanced with proceeds from the 2016 Subordinate Tax Allocation Refunding Bonds.

City of Rosemead

Notes to the Basic Financial Statements For the year ended June 30, 2017

Note 17: Successor Agency, (continued)

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, 2017, the balance held in the reserve account was \$1,125,671. As of June 30, 2017 the outstanding balance was \$7,045,000.

2016 Subordinate Tax Allocation Refunding Bonds

In October 2016, the Successor Agency to the Rosemead Redevelopment Agency (Successor Agency) issued the 2016 Subordinate Tax Allocation Refunding Bonds in the amount of \$24,230,000 for the purpose of refunding, on a current basis, all of the outstanding Rosemead Community Development Commission Redevelopment Project Area No. 1 Tax Allocation Bonds, Series 2006A, initially issued in the principal amount of \$14,005,000, and the Rosemead Community Development Commission Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2006B, initially issued in the principal amount of \$24,230,000. Interest is payable semi-annually on April 1 and October 1. As of June 30, 2017 the outstanding balance was \$24,730,000. The Successor Agency reduced its aggregate debt service payments by \$3,102,962, which resulted in an economic gain of \$2,308,787.

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Required Supplementary Information

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City of Rosemead

Notes to the Required Supplementary Information Fiscal Year Ended June 30, 2017

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 appropriated and honored during the subsequent year.

City of Rosemead

Required Supplementary Information Budgetary Comparison Schedule General Fund Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 16,554,500	\$ 16,754,500	\$ 17,447,510	\$ 693,010
Intergovernmental	239,600	239,600	209,332	(30,268)
Licenses and permits	1,919,700	2,075,000	2,754,881	679,881
Charges for services	846,600	846,600	923,412	76,812
Fines, forfeitures and penalties	634,300	634,300	607,754	(26,546)
Investment income	288,300	288,300	229,378	(58,922)
Other	156,200	156,200	201,825	45,625
Total revenues	20,639,200	20,994,500	22,374,092	1,379,592
EXPENDITURES				
Current:				
General government	3,674,300	3,974,800	4,104,242	(129,442)
Public safety	8,940,700	8,941,900	8,868,713	73,187
Public works	3,613,200	3,761,200	3,718,525	42,675
Community development	1,639,000	1,747,700	2,034,505	(286,805)
Park and recreation	2,352,100	2,352,100	2,284,393	67,707
Total expenditures	20,219,300	20,777,700	21,010,378	(232,678)
Excess (deficiency) of revenues over (under) expenditures	419,900	216,800	1,363,714	1,146,914
Other financing sources (uses):				
Transfers out	(835,000)	(835,000)	(797,587)	37,413
Total other financing sources (uses)	(835,000)	(835,000)	(797,587)	37,413
Net change in fund balance	(415,100)	(618,200)	566,127	1,184,327
Fund balance, beginning of year	18,468,149	18,468,149	18,468,149	-
Fund balance, end of year	\$ 18,053,049	\$ 17,849,949	\$ 19,034,276	\$ 1,184,327

City of Rosemead

Required Supplementary Information Budgetary Comparison Schedule Rosemead Housing Development Corporation - Special Revenue Fund Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 412,286	\$ 412,286
Investment income	437,400	437,400	433,130	(4,270)
Other	8,100	8,100	5,767	(2,333)
	<u>445,500</u>	<u>445,500</u>	<u>851,183</u>	<u>405,683</u>
Total revenues				
EXPENDITURES				
Current:				
Community development	843,600	843,600	810,847	32,753
	<u>843,600</u>	<u>843,600</u>	<u>810,847</u>	<u>32,753</u>
Total expenditures				
Net change in fund balance	(398,100)	(398,100)	40,336	438,436
Fund balance, beginning of year	186,933	186,933	186,933	-
Fund balance, end of year	<u>\$ (211,167)</u>	<u>\$ (211,167)</u>	<u>\$ 227,269</u>	<u>\$ 438,436</u>

City of Rosemead

Required Supplementary Information Budgetary Comparison Schedule City Capital Project – Capital Projects Fund Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 589,523	\$ 589,523
Charges for services	-	-	1,240	1,240
Other	-	-	23,953	23,953
Total revenues	-	-	614,716	614,716
EXPENDITURES				
Current:				
Public works	226,800	226,800	159,013	67,787
Capital outlay	3,955,000	3,955,000	2,790,493	1,164,507
Total expenditures	4,181,800	4,181,800	2,949,506	1,232,294
Excess (deficiency) of revenues over (under) expenditures	(4,181,800)	(4,181,800)	(2,334,790)	1,847,010
Other financing sources (uses):				
Transfers in	3,754,300	3,754,300	2,421,611	(1,332,689)
Total other financing sources (uses)	3,754,300	3,754,300	2,421,611	(1,332,689)
Net change in fund balance	(427,500)	(427,500)	86,821	514,321
Fund balance (deficit), beginning of year	(572,910)	(572,910)	(572,910)	-
Fund balance (deficit), end of year	<u>\$ (1,000,410)</u>	<u>\$ (1,000,410)</u>	<u>\$ (486,089)</u>	<u>\$ 514,321</u>

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* CalPERS

	Measurement Date		
	6/30/2014	6/30/2015	6/30/2016
Employer's Proportion of the Net Pension Liability ¹	0.10996%	0.27841%	0.24806%
Employer's Proportionate Share of the Net Pension Liability	\$ 6,842,230	\$ 7,638,064	\$ 8,617,416
Employer's Covered payroll	\$ 3,543,958	\$ 3,388,767	\$ 3,690,780
Employer's Proportionate Share of the Net Pension Liability as a percentage of its Employer's Covered Payroll	193.07%	225.39%	233.48%
Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	155.32%	69.67%	67.74%

¹Proportion 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

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

City of Rosemead

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

	Fiscal Year		
	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Actuarially Determined Contribution	\$ 1,183,855	\$ 1,276,087	\$ 1,113,875
Contributions in Relation to the Actuarially Determined Contribution	(1,183,855)	(1,276,087)	(1,113,875)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 3,543,958	 \$ 3,388,767	 \$ 3,690,780
 Contributions as a Percentage of Covered Payroll	 33.40%	 37.66%	 30.18%

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

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: None

City of Rosemead

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

Measurement Period	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
TOTAL PENSION LIABILITY			
Service Cost	\$ 44,112	\$ 45,435	\$ 36,410
Interest on total pension liability	190,667	191,270	192,440
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	-	-	(355,400)
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(234,960)	(218,411)	(200,693)
Net Change in Total Pension Liability	(181)	18,294	(327,243)
Total Pension Liability - Beginning	3,004,854	3,004,673	3,022,967
Total Pension Liability - Ending (a)	<u>\$ 3,004,673</u>	<u>\$ 3,022,967</u>	<u>\$ 2,695,724</u>
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 273,711	\$ 265,241	\$ 164,389
Contributions - Employee Paid Member Contributions	-	-	-
Contributions - Employee	-	-	-
Net Investment Income	59,329	(2,345)	266,884
Benefit Payments	(234,960)	(218,411)	(200,693)
Administrative expenses	(5,864)	(2,624)	(6,848)
Net Change in Fiduciary Net Position	92,216	41,861	223,732
Plan Fiduciary Net Position - Beginning	2,672,652	2,764,868	2,806,729
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,764,868</u>	<u>\$ 2,806,729</u>	<u>\$ 3,030,461</u>
Plan Net Position Liability - Ending (a) - (b)	<u>\$ 239,805</u>	<u>\$ 216,238</u>	<u>\$ (334,737)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.02%	92.85%	112.42%
Covered Payroll	\$ 3,049,663	\$ 2,678,466	\$ 2,376,888
Plan Net Pension Liability as a Percentage of Covered Payroll	7.86%	8.07%	-14.08%

* Measurement date 6/30/2015 (fiscal year 2015) was the 1st year of implementation, therefore, only three 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 Ending		
	6/30/2015	6/30/2016	6/30/2017
Actuarially Determined Contribution	\$ 133,267	\$ 116,244	\$ 88,845
Contributions in Relation to the Actuarially Determined Contribution	(273,711)	(265,241)	(164,389)
Contribution Deficiency (Excess)	<u>\$ (140,444)</u>	<u>\$ (148,997)</u>	<u>\$ (75,544)</u>
Covered Payroll	\$ 3,049,663	\$ 2,678,466	\$ 2,376,888
Contributions as a Percentage of Covered Payroll	4.37%	4.34%	3.74%

*Fiscal year 2015 was the 1st year of implementation, therefore, only three 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.

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Other Supplementary Information

City of Rosemead

Nonmajor Governmental Funds June 30, 2017

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.

Development Impact Fee Traffic Fund - This fund is used to account for monies received by development projects for the purpose of mitigating the impact of the development on the ability of the City to provide specified public improvements and service, specifically for Traffic.

City of Rosemead

Nonmajor Governmental Funds June 30, 2017

Special Revenue Funds, continued:

Development Impact Fee Public Safety Fund - This fund is used to account for monies received by development projects for the purpose of mitigating the impact of the development on the ability of the City to provide specified public improvements and service, specifically for Public Safety.

Development Impact Fee General Government Fund - This fund is used to account for monies received by development projects for the purpose of mitigating the impact of the development on the ability of the City to provide specified public improvements and service, specifically for General Government.

Development Impact Fee Parks Fund - This fund is used to account for monies received by development projects for the purpose of mitigating the impact of the development on the ability of the City to provide specified public improvements and service, specifically for Parks.

City of Rosemead

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2017

	Special Revenue Funds		
	CDBG Grant	Proposition A	Proposition C
ASSETS			
Cash and investments	\$ -	\$ 251,588	\$ 697,931
Receivables:			
Accounts	157,483	76,413	-
Total assets	<u>\$ 157,483</u>	<u>\$ 328,001</u>	<u>\$ 697,931</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 10,113	\$ -	\$ 143,259
Accrued salaries and benefits	12,782	6,592	3,301
Retentions payable	-	-	-
Due to other funds	128,782	-	-
Unearned revenue	-	-	-
Total liabilities	<u>151,677</u>	<u>6,592</u>	<u>146,560</u>
Fund balances:			
Restricted for:			
Public works	-	321,409	551,371
Community services	5,806	-	-
Unassigned	-	-	-
Total fund balances (deficit)	<u>5,806</u>	<u>321,409</u>	<u>551,371</u>
Total liabilities and fund balances	<u>\$ 157,483</u>	<u>\$ 328,001</u>	<u>\$ 697,931</u>

Special Revenue Funds

State Gas Tax	Air Quality Management District	Street Lighting	HOME Program
\$ 890,829	\$ 197,151	\$ 1,131,020	\$ -
<u>81,146</u>	<u>17,929</u>	<u>33,230</u>	<u>55,951</u>
<u>\$ 971,975</u>	<u>\$ 215,080</u>	<u>\$ 1,164,250</u>	<u>\$ 55,951</u>
\$ 121,407	\$ -	\$ 148,899	\$ 9,514
3,265	-	4,181	454
-	-	-	17,322
-	-	-	192,157
<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>132,672</u>	<u>-</u>	<u>153,080</u>	<u>219,447</u>
839,303	215,080	1,011,170	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(163,496)</u>
<u>839,303</u>	<u>215,080</u>	<u>1,011,170</u>	<u>(163,496)</u>
<u>\$ 971,975</u>	<u>\$ 215,080</u>	<u>\$ 1,164,250</u>	<u>\$ 55,951</u>

City of Rosemead

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2017

	Special Revenue Funds		
	Narcotics Seizure	Measure R	DIF Traffic
ASSETS			
Cash and investments	\$ -	\$ 1,204,523	\$ 1,951
Receivables:			
Accounts	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 1,204,523</u>	<u>\$ 1,951</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 1,635	\$ -
Accrued salaries and benefits	-	1,969	-
Retentions payable	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	<u>-</u>	<u>3,604</u>	<u>-</u>
Fund balances:			
Restricted for:			
Public works	-	1,200,919	-
Community services	-	-	1,951
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>1,200,919</u>	<u>1,951</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,204,523</u>	<u>\$ 1,951</u>

Special Revenue Funds			
DIF Public Safety	DIF General Government	DIF Parks	Totals
\$ 339	\$ 2,363	\$ 10,075	\$ 4,387,770
-	-	-	422,152
<u>\$ 339</u>	<u>\$ 2,363</u>	<u>\$ 10,075</u>	<u>\$ 4,809,922</u>
\$ -	\$ -	\$ -	\$ 434,827
-	-	-	32,544
-	-	-	17,322
-	-	-	320,939
-	-	-	8,000
-	-	-	813,632
-	2,363	-	4,141,615
339	-	10,075	18,171
-	-	-	(163,496)
<u>339</u>	<u>2,363</u>	<u>10,075</u>	<u>3,996,290</u>
<u>\$ 339</u>	<u>\$ 2,363</u>	<u>\$ 10,075</u>	<u>\$ 4,809,922</u>

City of Rosemead

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the year ended June 30, 2017

	Special Revenue Funds		
	CDBG Grant	Proposition A	Proposition C
REVENUES			
Intergovernmental	\$ 470,492	\$ 1,080,328	\$ 834,641
Charges for services	13,819	21,485	37,873
Special assessments	-	-	-
Investment income	-	232	692
Total revenues	<u>484,311</u>	<u>1,102,045</u>	<u>873,206</u>
EXPENDITURES			
Current:			
General government	7,289	116,050	-
Public safety	156,253	-	25,424
Public works	-	832,242	295,333
Community development	321,775	-	-
Parks and recreation	16,513	-	-
Total expenditures	<u>501,830</u>	<u>948,292</u>	<u>320,757</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,519)</u>	<u>153,753</u>	<u>552,449</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(388,362)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(388,362)</u>
Net change in fund balances	(17,519)	153,753	164,087
Fund balances (deficit), beginning of year	<u>23,325</u>	<u>167,656</u>	<u>387,284</u>
Fund balances (deficit), end of year	<u>\$ 5,806</u>	<u>\$ 321,409</u>	<u>\$ 551,371</u>

Special Revenue Funds			
State Gas Tax	Air Quality Management District	Street Lighting	HOME Program
\$ 1,117,655	\$ 71,164	\$ -	\$ 313,927
-	-	-	-
-	-	1,002,239	-
826	149	1,635	-
<u>1,118,481</u>	<u>71,313</u>	<u>1,003,874</u>	<u>313,927</u>
2,168	-	16,867	-
-	-	-	-
719,026	-	736,465	-
-	-	-	218,328
-	-	-	-
<u>721,194</u>	<u>-</u>	<u>753,332</u>	<u>218,328</u>
<u>397,287</u>	<u>71,313</u>	<u>250,542</u>	<u>95,599</u>
-	-	-	-
<u>(160,668)</u>	<u>-</u>	<u>(1,031,381)</u>	<u>-</u>
<u>(160,668)</u>	<u>-</u>	<u>(1,031,381)</u>	<u>-</u>
236,619	71,313	(780,839)	95,599
<u>602,684</u>	<u>143,767</u>	<u>1,792,009</u>	<u>(259,095)</u>
<u>\$ 839,303</u>	<u>\$ 215,080</u>	<u>\$ 1,011,170</u>	<u>\$ (163,496)</u>

City of Rosemead

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the year ended June 30, 2017

	Special Revenue Funds			
	Narcotics Seizure	Measure R	DIF Traffic	DIF Public Safety
REVENUES				
Intergovernmental	\$ -	\$ 624,692	\$ -	\$ -
Charges for services	-	-	1,951	339
Special assessments	-	-	-	-
Investment income	-	926	-	-
Total revenues	-	625,618	1,951	339
EXPENDITURES				
Current:				
General government	-	34,209	-	-
Public safety	10,450	-	-	-
Public works	-	38,616	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Total expenditures	10,450	72,825	-	-
Excess (deficiency) of revenues over (under) expenditures	(10,450)	552,793	1,951	339
Other financing sources (uses):				
Transfers in	-	20,830	-	-
Transfers out	-	(64,443)	-	-
Total other financing sources (uses)	-	(43,613)	-	-
Net change in fund balances	(10,450)	509,180	1,951	339
Fund balances (deficit), beginning of year	10,450	691,739	-	-
Fund balances (deficit), end of year	\$ -	\$ 1,200,919	\$ 1,951	\$ 339

Special Revenue Funds

DIF General Government	DIF Parks	Totals
\$ -	\$ -	\$ 4,512,899
2,363	10,075	87,905
-	-	1,002,239
-	-	4,460
<u>2,363</u>	<u>10,075</u>	<u>5,607,503</u>
-	-	176,583
-	-	192,127
-	-	2,621,682
-	-	540,103
-	-	16,513
<u>-</u>	<u>-</u>	<u>3,547,008</u>
<u>2,363</u>	<u>10,075</u>	<u>2,060,495</u>
-	-	20,830
<u>-</u>	<u>-</u>	<u>(1,644,854)</u>
<u>-</u>	<u>-</u>	<u>(1,624,024)</u>
2,363	10,075	436,471
<u>-</u>	<u>-</u>	<u>3,559,819</u>
<u>\$ 2,363</u>	<u>\$ 10,075</u>	<u>\$ 3,996,290</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 667,700	\$ 470,492	\$ (197,208)
Charges for services	14,000	13,819	(181)
 Total revenues	 681,700	 484,311	 (197,389)
EXPENDITURES			
Current:			
General government	6,600	7,289	(689)
Public safety	156,100	156,253	(153)
Community development	493,600	321,775	171,825
Parks and recreation	25,400	16,513	8,887
 Total expenditures	 681,700	 501,830	 179,870
 Net change in fund balance	 -	 (17,519)	 (17,519)
 Fund balance, beginning of year	 23,325	 23,325	 -
 Fund balance, end of year	 <u>\$ 23,325</u>	 <u>\$ 5,806</u>	 <u>\$ (17,519)</u>

City of Rosemead

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Proposition A For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,078,000	\$ 1,080,328	\$ 2,328
Charges for services	28,000	21,485	(6,515)
Investment income	-	232	232
	<hr/>	<hr/>	<hr/>
Total revenues	1,106,000	1,102,045	(3,955)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General government	146,000	116,050	29,950
Public works	911,000	832,242	78,758
	<hr/>	<hr/>	<hr/>
Total expenditures	1,057,000	948,292	108,708
	<hr/>	<hr/>	<hr/>
Net change in fund balance	49,000	153,753	104,753
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	167,656	167,656	-
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 216,656</u>	<u>\$ 321,409</u>	<u>\$ 104,753</u>

City of Rosemead

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Proposition C For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 836,100	\$ 834,641	\$ (1,459)
Charges for services	41,500	37,873	(3,627)
Investment income	-	692	692
	<u>877,600</u>	<u>873,206</u>	<u>(4,394)</u>
EXPENDITURES			
Current:			
Public safety	18,300	25,424	(7,124)
Public works	314,000	295,333	18,667
	<u>332,300</u>	<u>320,757</u>	<u>11,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>545,300</u>	<u>552,449</u>	<u>7,149</u>
Other financing sources (uses):			
Transfers out	<u>(60,000)</u>	<u>(388,362)</u>	<u>(328,362)</u>
Total other financing sources (uses)	<u>(60,000)</u>	<u>(388,362)</u>	<u>(328,362)</u>
Net change in fund balance	485,300	164,087	(321,213)
Fund balance, beginning of year	<u>387,284</u>	<u>387,284</u>	<u>-</u>
Fund balance, end of year	<u>\$ 872,584</u>	<u>\$ 551,371</u>	<u>\$ (321,213)</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 2,081,900	\$ 1,117,655	\$ (964,245)
Investment income	-	826	826
Total revenues	<u>2,081,900</u>	<u>1,118,481</u>	<u>(963,419)</u>
EXPENDITURES			
Current:			
General government	2,000	2,168	(168)
Public works	814,700	719,026	95,674
Total expenditures	<u>816,700</u>	<u>721,194</u>	<u>95,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,265,200</u>	<u>397,287</u>	<u>(867,913)</u>
Other financing sources (uses):			
Transfers out	(1,253,300)	(160,668)	1,092,632
Total other financing sources (uses)	<u>(1,253,300)</u>	<u>(160,668)</u>	<u>1,092,632</u>
Net change in fund balance	11,900	236,619	224,719
Fund balance, beginning of year	<u>602,684</u>	<u>602,684</u>	<u>-</u>
Fund balance, end of year	<u>\$ 614,584</u>	<u>\$ 839,303</u>	<u>\$ 224,719</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 67,000	\$ 71,164	\$ 4,164
Investment income	-	149	149
	<hr/>	<hr/>	<hr/>
Total revenues	67,000	71,313	4,313
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Capital outlay	16,000	-	16,000
	<hr/>	<hr/>	<hr/>
Total expenditures	16,000	-	16,000
	<hr/>	<hr/>	<hr/>
Net change in fund balance	51,000	71,313	20,313
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	143,767	143,767	-
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 194,767</u>	<u>\$ 215,080</u>	<u>\$ 20,313</u>

City of Rosemead

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Street Lighting For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Special assessments	\$ 849,000	\$ 1,002,239	\$ 153,239
Investment income	-	1,635	1,635
Total revenues	<u>849,000</u>	<u>1,003,874</u>	<u>154,874</u>
EXPENDITURES			
Current:			
General government	15,500	16,867	(1,367)
Public works	<u>762,400</u>	<u>736,465</u>	<u>25,935</u>
Total expenditures	<u>777,900</u>	<u>753,332</u>	<u>24,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71,100</u>	<u>250,542</u>	<u>179,442</u>
Other financing sources (uses):			
Transfers out	<u>(1,105,000)</u>	<u>(1,031,381)</u>	<u>73,619</u>
Total other financing sources (uses)	<u>(1,105,000)</u>	<u>(1,031,381)</u>	<u>73,619</u>
Net change in fund balance	(1,033,900)	(780,839)	253,061
Fund balance, beginning of year	<u>1,792,009</u>	<u>1,792,009</u>	-
Fund balance, end of year	<u>\$ 758,109</u>	<u>\$ 1,011,170</u>	<u>\$ 253,061</u>

City of Rosemead

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual HOME Program For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 752,200	\$ 313,927	\$ (438,273)
Total revenues	<u>752,200</u>	<u>313,927</u>	<u>(438,273)</u>
EXPENDITURES			
Current:			
Community development	<u>752,200</u>	<u>218,328</u>	<u>533,872</u>
Total expenditures	<u>752,200</u>	<u>218,328</u>	<u>533,872</u>
Net change in fund balance	-	95,599	95,599
Fund balance (deficit), beginning of year	<u>(259,095)</u>	<u>(259,095)</u>	-
Fund balance (deficit), end of year	<u>\$ (259,095)</u>	<u>\$ (163,496)</u>	<u>\$ 95,599</u>

City of Rosemead

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Measure R For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 627,000	\$ 624,692	\$ (2,308)
Investment income	-	926	926
	<u>627,000</u>	<u>625,618</u>	<u>(1,382)</u>
Total revenues			
EXPENDITURES			
Current:			
General government	45,500	34,209	11,291
Public works	442,600	38,616	403,984
	<u>488,100</u>	<u>72,825</u>	<u>415,275</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>138,900</u>	<u>552,793</u>	<u>413,893</u>
Other financing sources (uses):			
Transfers in	-	20,830	20,830
Transfers out	(501,000)	(64,443)	436,557
	<u>(501,000)</u>	<u>(43,613)</u>	<u>436,557</u>
Total other financing sources (uses)			
Net change in fund balance	(362,100)	509,180	850,450
Fund balance, beginning of year	<u>691,739</u>	<u>691,739</u>	<u>-</u>
Fund balance, end of year	<u>\$ 329,639</u>	<u>\$ 1,200,919</u>	<u>\$ 850,450</u>

City of Rosemead

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Development Impact Traffic For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 44,900	\$ 1,951	\$ (42,949)
Total revenues	44,900	1,951	(42,949)
EXPENDITURES			
Current:			
General government	44,900	-	44,900
Total expenditures	44,900	-	44,900
Net change in fund balance	-	1,951	1,951
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ 1,951	\$ 1,951

City of Rosemead

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Development Impact Public Safety For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 3,400	\$ 339	\$ (3,061)
Total revenues	3,400	339	(3,061)
EXPENDITURES			
Current:			
General government	-	-	-
Total expenditures	-	-	-
Net change in fund balance	3,400	339	(3,061)
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ 3,400</u>	<u>\$ 339</u>	<u>\$ (3,061)</u>

City of Rosemead

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Development Impact General Government For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 24,000	\$ 2,363	\$ (21,637)
Total revenues	24,000	2,363	(21,637)
EXPENDITURES			
Current:			
General government	-	-	-
Total expenditures	-	-	-
Net change in fund balance	24,000	2,363	(21,637)
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ 24,000</u>	<u>\$ 2,363</u>	<u>\$ (21,637)</u>

City of Rosemead

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual Development Impact Parks For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 80,900	\$ 10,075	\$ (70,825)
Total revenues	80,900	10,075	(70,825)
EXPENDITURES			
Current:			
General government	-	-	-
Total expenditures	-	-	-
Net change in fund balance	80,900	10,075	(70,825)
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ 80,900</u>	<u>\$ 10,075</u>	<u>\$ (70,825)</u>

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City of Rosemead

Internal Service Funds
June 30, 2017

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, 2017

	<u>Equipment Replacement</u>	<u>Technology Replacement</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 424,620	\$ 75,748	\$ 500,368
Total current assets	<u>424,620</u>	<u>75,748</u>	<u>500,368</u>
Non-current assets:			
Capital assets:			
Other capital assets, net	<u>155,709</u>	<u>2</u>	<u>155,711</u>
Total non-current assets	<u>155,709</u>	<u>2</u>	<u>155,711</u>
Total assets	<u>580,329</u>	<u>75,750</u>	<u>656,079</u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>-</u>	<u>33</u>	<u>33</u>
Total current liabilities	<u>-</u>	<u>33</u>	<u>33</u>
Total liabilities	<u>-</u>	<u>33</u>	<u>33</u>
NET POSITION			
Net investment in capital assets	155,709	2	155,711
Unrestricted	<u>424,620</u>	<u>75,715</u>	<u>500,335</u>
Total net position	<u>\$ 580,329</u>	<u>\$ 75,717</u>	<u>\$ 656,046</u>

City of Rosemead

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Internal Service Funds For the year ended June 30, 2017

	Equipment Replacement	Technology Replacement	Total
OPERATING REVENUES			
Charges for services	\$ 110,400	\$ 159,000	\$ 269,400
Total operating revenues	110,400	159,000	269,400
OPERATING EXPENSES			
Contractual services	-	119,329	119,329
Depreciation	65,718	38,589	104,307
Total operating expenses	65,718	157,918	223,636
Operating income	44,682	1,082	45,764
Changes in net position	44,682	1,082	45,764
Net position, beginning of year	535,647	74,635	610,282
Net position, end of year	<u>\$ 580,329</u>	<u>\$ 75,717</u>	<u>\$ 656,046</u>

City of Rosemead

Combining Statement of Cash Flows Internal Service Funds For the year ended June 30, 2017

	Equipment Replacement	Technology Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from users departments	\$ 110,400	\$ 159,000	\$ 269,400
Cash payments to suppliers for goods and services	-	(122,915)	(122,915)
Net cash provided by operating activities	110,400	36,085	146,485
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash paid to purchase capital asset	(72,819)	-	(72,819)
Net cash (used for) capital and related financing activities	(72,819)	-	(72,819)
Net increase in cash and investments	37,581	36,085	73,666
Cash and investments, beginning of year	387,039	39,663	426,702
Cash and investments, end of year	\$ 424,620	\$ 75,748	\$ 500,368
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 44,682	\$ 1,082	\$ 45,764
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	65,718	38,589	104,307
Increase (decrease) in accounts payable	-	(3,586)	(3,586)
Total adjustments	65,718	35,003	100,721
Net cash provided by operating activities	\$ 110,400	\$ 36,085	\$ 146,485

City of Rosemead

Statement of Changes in Fiduciary Assets and Liabilities Agency Fund For the year ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
<u>Assets</u>				
Cash and investments	<u>\$ 355,426</u>	<u>\$ 304,296</u>	<u>\$ (260,361)</u>	<u>\$ 399,361</u>
Total assets	<u>\$ 355,426</u>	<u>\$ 304,296</u>	<u>\$ (260,361)</u>	<u>\$ 399,361</u>
<u>Liabilities</u>				
Deposits payable	<u>\$ 355,426</u>	<u>\$ 304,296</u>	<u>\$ (260,361)</u>	<u>\$ 399,361</u>
Total liabilities	<u>\$ 355,426</u>	<u>\$ 304,296</u>	<u>\$ (260,361)</u>	<u>\$ 399,361</u>

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STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	109
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant revenue source, property tax.</i>	117
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>	121
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>	127
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>	130

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			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets, net of related debt	\$ 12,981,537	\$ 11,828,993	\$ 12,712,242	\$ 14,760,940
Restricted	11,443,583	13,361,249	13,199,438	24,806,402
Unrestricted	<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>\$ 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	2017
\$ 54,010,031	\$ 51,132,854	\$ 50,042,631	\$ 52,038,429	\$ 51,542,030	\$ 52,806,193
10,870,747	2,829,147	3,110,688	3,419,068	4,005,847	4,387,055
<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>15,690,721</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>	<u>\$ 72,883,969</u>

CITY OF ROSEMEAD

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

	2008	2009	2010	2011
Expenses:				
Governmental activities:				
General government	\$ 7,259,587	\$12,176,877	\$ 5,991,796	\$ 3,160,306
Public safety	8,043,771	9,081,719	8,879,854	8,881,926
Public works	13,550,042	6,465,355	11,469,614	11,907,245
Community services	669,827	773,374	589,650	595,904
Community development	3,645,207	1,290,108	2,141,218	3,969,502
Parks and recreation	4,078,631	2,030,698	2,733,885	2,362,860
Interest and other charges	1,790,348	1,523,391	1,491,717	1,681,875
Total governmental activities expenses	<u>39,037,413</u>	<u>33,341,522</u>	<u>33,297,734</u>	<u>32,559,618</u>
Program revenues:				
Governmental activities:				
General government	642,716	547,577	1,573,695	1,048,727
Public safety	1,547,182	1,512,475	1,293,677	1,293,524
Public works	11,729,725	7,581,801	8,052,011	9,143,311
Community services	166,118	858,809	186,283	450,004
Community development	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>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>(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 position:				
Governmental activities:				
Taxes:				
Property taxes	13,181,837	12,288,177	12,328,634	13,656,347
Sales and use taxes	3,747,416	4,589,998	4,408,367	3,737,363
Transient occupancy taxes	1,411,421	1,272,092	1,129,146	1,219,977
Other taxes	949,007	761,410	562,317	576,904
Intergovernmental/ in-lieu VLF	-	-	-	-
Investment income	1,678,791	884,847	389,310	367,961
Motor vehicle in-lieu, unrestricted	254,527	195,273	169,042	263,983
Other general revenues	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>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>\$ (2,064,060)</u>	<u>\$ (2,057,863)</u>	<u>\$ (2,250,382)</u>	<u>\$ 3,914,190</u>

	2012	2013	2014	2015	2016	2017
\$	3,989,359	\$ 3,381,686	\$ 4,271,354	\$ 2,739,281	\$ 3,218,363	\$ 3,705,685
	7,517,101	7,791,073	7,923,316	7,747,949	8,381,588	8,935,164
	11,588,278	11,717,276	10,072,081	8,703,817	8,738,495	7,323,865
	-	-	-	-	-	-
	4,080,294	2,616,531	2,853,472	2,879,028	3,246,081	3,161,310
	2,532,665	2,594,863	2,274,920	2,049,540	2,073,145	2,153,986
	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>	<u>25,280,010</u>
	130,450	2,408,362	2,030,063	2,725,291	2,203,233	2,191,604
	1,454,759	1,622,911	1,586,557	1,573,532	1,563,652	1,565,275
	4,033,874	3,869,285	4,356,486	4,627,331	4,360,908	4,232,311
	-	-	-	-	-	-
	3,501,082	1,896,876	1,632,508	1,915,557	2,352,137	2,523,350
	704,029	785,611	724,197	713,484	741,171	788,931
	<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>11,301,471</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>	<u>(13,978,539)</u>
	10,567,509	8,900,228	8,667,709	9,034,141	9,158,499	8,643,019
	3,200,911	3,215,897	3,504,285	3,452,605	4,124,745	5,366,975
	1,323,886	1,447,820	1,593,640	1,575,401	1,998,954	2,213,286
	633,393	2,275,986	1,307,280	1,247,941	1,209,249	1,224,230
	-	-	-	-	-	-
	195,165	28,202	216,499	97,589	348,651	20,526
	-	-	-	-	-	-
	853,956	1,180,688	604,053	793,680	945,372	737,721
	(2,340,090)	-	-	-	-	-
	-	(6,392,878)	-	-	-	-
	<u>34,271,082</u>	<u>-</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>18,205,757</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>	<u>\$ 4,227,218</u>

CITY OF ROSEMEAD

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2008	2009	2010	2011
General fund:				
Reserved	\$ 3,074,496	\$ 3,106,917	\$ 3,327,182	\$ -
Unreserved	18,633,154	16,135,102	13,626,774	-
Nonspendable	-	-	-	2,034
Restricted	-	-	-	-
Committed	-	-	-	5,107,963
Assigned	-	-	-	-
Unassigned	-	-	-	10,209,075
Total general fund	<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	\$ 9,000,561	\$ 9,000,561	\$ 8,944,112	\$ -
Unreserved, reported in:				
Special revenue funds	6,140,289	9,023,487	8,763,359	-
Debt service funds	692,475	2,803,910	2,803,910	-
Capital projects funds	2,490,553	(54,323)	(1,405,770)	-
Nonspendable	-	-	-	-
Restricted	-	-	-	27,476,081
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(4,402,964)
Total all other governmental funds	<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.

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,034	2,034	140,893	143,560	187,247	765,218
-	-	-	-	-	-
5,294,253	6,415,416	5,883,235	6,120,361	6,682,495	6,935,969
5,712	5,712	65,343	78,280	83,513	63,298
9,519,173	11,194,278	11,607,595	10,128,160	11,514,894	11,269,791
<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>	<u>\$ 19,034,276</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,870,747	2,829,147	3,110,688	3,419,068	4,005,847	4,387,055
-	-	-	-	-	-
-	-	-	-	-	-
(1,292,405)	(788,224)	(1,192,926)	(1,643,527)	(832,005)	(649,585)
<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>	<u>\$ 3,737,470</u>

CITY OF ROSEMEAD

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

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

	2012	2013	2014	2015	2016	2017
\$	15,960,662	\$ 16,602,329	\$ 15,320,806	\$ 15,537,262	\$ 16,491,447	\$ 17,447,510
	9,561,918	6,435,473	6,066,936	6,168,603	6,765,125	5,724,040
	1,156,719	1,156,968	1,308,482	1,846,997	2,520,937	2,754,881
	1,055,391	1,036,563	1,087,091	1,138,731	1,191,275	1,012,557
	619,397	691,548	700,126	676,830	597,373	607,754
	768,997	937,405	881,543	923,538	969,870	1,002,239
	582,176	474,970	873,631	754,865	1,002,835	666,968
	658,670	928,596	61,690	114,074	71,152	231,545
	<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>	<u>29,447,494</u>
	4,203,302	3,988,156	3,973,364	3,879,122	3,664,633	4,280,825
	7,517,101	7,773,611	7,913,659	8,156,485	8,452,932	9,060,840
	6,417,803	6,909,471	6,184,890	6,348,101	6,346,179	6,499,220
	-	-	-	-	3,323,933	3,385,455
	3,681,903	2,605,654	2,846,112	3,150,240	2,123,274	2,300,906
	2,532,665	2,208,564	2,157,424	2,071,443	2,302,974	2,790,493
	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>28,317,739</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>	<u>1,129,755</u>
	6,431,374	2,772,415	3,053,605	2,433,974	1,386,471	2,442,441
	(6,554,374)	(2,772,415)	(3,053,605)	(2,433,974)	(1,386,471)	(2,442,441)
	-	(6,392,878)	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>(123,000)</u>	<u>(6,392,878)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(8,619,249)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>(13,992,675)</u>	<u>\$ (4,741,151)</u>	<u>\$ (43,535)</u>	<u>\$ (1,368,926)</u>	<u>\$ 3,396,089</u>	<u>\$ 1,129,755</u>
	6.8%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF ROSEMEAD

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	City			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	SBE Non-Unitary		
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%
2017	4,202,108,491	63,820,415	2,051,995	4,267,980,901	9.27%

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

NOTE:

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

Source: L.A. County Assessor 2007/08 - 2016/17 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	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00000	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	0.11822	0.14642	0.14682
El Monte Union High School	0.02820	0.05159	0.09654	0.08475	0.09591	0.08992	0.09799	0.08418	0.09155	0.08469
Garvey School District	0.05060	0.04953	0.05378	0.05733	0.05686	0.06037	0.05978	0.05947	0.05874	0.06067
Garvey-Alhambra	0.00000	0.01882	0.02458	0.02770	0.02718	0.02795	0.03154	0.02912	0.02906	0.02806
Los Angeles Community College District	0.00879	0.02212	0.02311	0.04031	0.03530	0.04875	0.04454	0.04017	0.03575	0.03596
L.A. Co. Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.02000	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800	0.02300
Montebello Unified School District	0.06681	0.08065	0.09673	0.09792	0.10001	0.09630	0.09457	0.08750	0.08715	0.14705
Pasadena Community College District	0.01972	0.01741	0.02300	0.01986	0.01956	0.02056	0.01899	0.01032	0.00872	0.00885
Rio Hondo Community College District	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02821	0.02712	0.02808
Rosemead School District	0.08283	0.06875	0.11358	0.10743	0.10507	0.10240	0.10314	0.09886	0.09997	0.08533
San Gabriel Unified School District	0.05742	0.09294	0.10070	0.10190	0.08454	0.10523	0.10082	0.11444	0.10684	0.10534
Total Direct & Overlapping² Tax Rates	1.33437	1.41981	1.55002	1.55520	1.54243	1.56948	1.56937	1.68849	1.70932	1.75385
City's Share of 1% Levy Per Prop 13³	0.09388									
Voter Approved City Debt Rate										
Redevelopment Rate⁴	1.00450	1.00430	1.00430	1.00370	1.00370					
Total Direct Rate⁵	0.21850	0.22614	0.22270	0.22407	0.22351	0.22113	0.09271	0.09271	0.09273	0.09274

Notes:

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

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

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

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

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

Source: L.A. County Assessor 2007/08 - 2016/17 Tax Rate Table and HDL Coren & Cone

CITY OF ROSEMEAD

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2016/17			2007/08		
	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	\$ 48,976,049	1	1.15%			
Walmart Stores, Inc	38,364,014	2	0.90%			
Rosemead Hwang, LLC	35,030,575	3	0.82%			
Sunshine Inn	28,827,809	4	0.68%			
AFG Investment Fund 5 LLC	26,030,793	5	0.61%			
Meodo Investments LLC	19,627,334	6	0.46%			
420 Boyd Street LLC	18,398,441	7	0.43%			
MHI Rosemead LP	16,423,576	8	0.38%			
Panda Express Inc	14,935,557	9	0.35%			
Macy's California Inc	14,793,740	10	0.35%			
Rosemead Place, LLC				\$ 43,358,557	1	1.37%
Walmart Real Estate Business Trust				40,245,414	2	1.27%
Rosemead Hwang LLC				30,951,900	3	0.98%
AFG Investment Fund 5 LLC				23,000,000	4	0.73%
General Electric Cred Auto Auctions Inc				20,963,078	5	0.66%
Macy's California Inc				15,738,600	6	0.50%
Southern California Edison				15,628,091	7	0.49%
California Federal Savings and Loan Assoc				12,896,573	8	0.41%
Sunshine Inn				9,906,049	9	0.31%
Rosemead Assisted LLP				9,521,505	10	0.30%

Source: Hdl Coren & Cone, Los Angeles County Assessor 2016/17 Combined Tax Rolls.

CITY OF ROSEMEAD

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years *	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2017	3,187,187	2,632,109	82.58%	-	2,632,109	82.58%

* Information not available.

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

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

CITY OF ROSEMEAD

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Allocation Bonds ²</u>	<u>Percentage of Personal Income ¹</u>	<u>Debt Per Capita ¹</u>
2007/08	\$ 36,350,000	4.44%	\$ 639
2008/09	35,435,000	4.28%	622
2009/10	34,490,000	4.25%	601
2010/11	44,745,000	4.76%	775
2011/12	43,535,000	4.57%	804
2012/13	41,740,000	4.35%	766
2013/14	39,885,000	4.22%	728
2014/15	37,965,000	3.97%	693
2015/16	35,970,000	3.86%	651
2016/17	31,775,000	3.31%	578

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

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

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

CITY OF ROSEMEAD

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

<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percent of Assessed Value ¹</u>	<u>Per Capita</u>
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
2016/17	31,775	0.74%	578

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

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

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

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CITY OF ROSEMEAD

Direct and Overlapping Governmental Activities Debt
June 30, 2017

	Gross Bonded Debt Balance	Percentage Applicable To City	Net Bonded Debt
Overlapping Debt			
* Metropolitan Water District	\$ 36,281,674	0.327%	118,641
Garvey SD DS 2004 Series 2006	13,567,423	50.797%	6,891,844
Garvey SD DS 2004 Series C	8,612,964	50.797%	4,375,127
Garvey SD DS 2011 Refund Bonds	3,960,000	50.797%	2,011,561
Garvey SD DS 2013 Ref Bonds	1,725,000	50.797%	876,248
Garvey SD DS 2014 Ref Bonds	14,850,000	50.797%	7,543,355
Rosemead SD DS 2007 Series D	335,000	69.656%	233,348
Rosemead SD DS 2008 Series A	615,000	69.656%	428,384
Rosemead SD DS 2011 Ref Bond	7,335,000	69.656%	5,109,268
Rosemead SD DS 2012 Ref Bond	5,250,000	69.656%	3,656,940
Rosemead SD DS 2008 Series T 1	8,041,503	69.656%	5,601,389
Rosemead SD DS 2014 Ref Bonds	5,975,000	69.656%	4,161,946
Rosemead SD DS 2016 Ref Bonds	12,550,000	69.656%	8,741,828
El Monte Union HSD DS 2008 Series A	1,209,213	14.832%	179,350
El Monte Union HSD DS 2008 Series B	30,187,623	14.832%	4,477,428
El Monte Union HSD DS 2015 Ref Bonds	26,325,000	14.832%	3,904,524
El Monte Union HSD DS 2016 Ref Dlyd Dlvr	22,950,000	14.832%	3,403,944
LA CCD DS 2003, Taxable Series 2004B	33,670,000	0.308%	103,704
LA CCD DS 2001, 2006 Series B	4,880,000	0.308%	15,030
LA CCD DS 2001, 2008 Ser E-1	14,440,000	0.308%	44,475
LA CCD DS 2003, 2008 Ser F-1	14,320,000	0.308%	44,106
LA CCD DS 2008, 2009 Taxable Ser B	75,000,000	0.308%	231,000
LA CCD DS 2008, 2010 Tax Ser D	125,000,000	0.308%	385,000
LA CCD Debt 2008, 2010 Tax Ser E (BABS)	900,000,000	0.308%	2,772,000
LA CCD DS 2013 Ref Bonds	254,505,000	0.308%	783,875
LA CCD DS 2008 Series G	224,160,000	0.308%	690,413
LA CCD DS 2015 Ref Series A	1,459,300,000	0.308%	4,494,644
LA CCD DS 2015 Ref Series B	37,655,000	0.308%	115,977
LA CCD DS 2015 Ref Series C	289,955,000	0.308%	893,061
LA CCD DS 2008 Ser J	414,995,000	0.308%	1,278,185
Pasadena CCD DS 2002, 2006 Series D	5,265,000	2.494%	131,309
Pasadena CCD DS 2002, 2009 Series E (BABS)	25,295,000	2.494%	630,857
Pasadena CCD DS 2014 Ref Series A	16,680,000	2.494%	415,999
Pasadena CCD DS 2016 Ref Series A	33,390,000	2.494%	832,747
Montebello USD DS 1998 Series 1998	5,165,072	1.586%	81,918
Montebello USD DS 1998 Series 1999	7,421,320	1.586%	117,702
Montebello USD DS 1998 Series 2002	13,557,028	1.586%	215,014
Montebello USD DS 2004 Series 2008	1,540,000	1.586%	24,424
Montebello USD DS 2004 Series 2009-1	2,560,000	1.586%	40,602
Montebello USD DS 2004 Series 2009A-2 BABS	12,640,000	1.586%	200,470
Montebello USD DS 2010 Ref Bonds	5,500,000	1.586%	87,230
Montebello USD DS 2004 Series 2013A	19,310,000	1.586%	306,257
Montebello USD DS Ref Bond Series 2015	28,215,000	1.586%	447,490
Montebello USD DS Ref Bonds 2016 Series A	14,935,000	1.586%	236,869
Montebello USD DS 2016 Series A	100,000,000	1.586%	1,586,000
San Gabriel USD DS 2002 Ser 2007 C	8,604,370	1.217%	104,715
San Gabriel USD DS 2008 Series A	1,608,245	1.217%	19,572
San Gabriel USD DS 2010 Ref Bonds	6,235,000	1.217%	75,880
San Gabriel USD DS 2012 Ref Bond Series B	37,571,424	1.217%	457,244
San Gabriel USD DS 2015 Ref Bond Series A	32,680,000	1.217%	397,716
San Gabriel USD DS 2015 Ref Bond Series B	2,000,000	1.217%	24,340
Total Overlapping Debt			80,000,952

2016/17 Assessed Valuation: \$3,540,381,960 After Deducting \$727,598,941 Incremental Value.

Debt to Assessed Valuation Ratios:

Direct Debt	0.90%
Overlapping Debt	2.26%
Total Debt	3.16%

* This fund is a portion of a larger agency, and is responsible for debt in areas outside the city.

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the city.

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

Source: Hdl Coren & Cone, L.A. County Assessor and Auditor Combined 2016/17 Lien Date Tax Rolls.

CITY OF ROSEMEAD

Legal Debt Margin Information
Last Ten Fiscal Years

	2007/08	2008/09	2009/10	2010/11
Assessed valuation	\$ 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>
Adjusted assessed valuation	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>
Debt limit	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>\$ 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%

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	2016/17
\$	3,533,192,184	\$ 3,603,395,186	\$ 3,725,310,320	\$ 3,879,248,441	\$ 4,077,097,445	\$ 4,267,980,901
	<u>25%</u>	<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	1,066,995,225
	<u>15%</u>	<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	160,049,284
	-	-	-	-	-	-
<u>\$</u>	<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>	<u>\$ 160,049,284</u>
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF ROSEMEAD

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

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2008	\$ 6,219,884	\$ 1,105,000	\$ 1,567,849	2.33
2009	5,649,896	915,000	1,531,987	2.31
2010	6,243,948	945,000	1,501,667	2.55
2011	6,893,575	975,000	1,882,092	2.41
2012	2,601,979	1,210,000	961,506	1.20
2013	5,439,677	1,795,000	1,852,123	1.49
2014	5,517,943	1,855,000	1,790,511	1.51
2015	5,521,038	1,920,000	1,718,573	1.52
2016	5,724,292	1,995,000	1,635,578	1.58
2017	4,711,788	850,000	1,635,578	1.90

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

CITY OF ROSEMEAD

Demographic and Economic Statistics
Last Ten Calendar Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2007/08	56,876	\$ 819,088	\$ 14,401	4.40%
2008/09	57,003	827,444	14,516	6.50%
2009/10	57,381	812,343	14,157	10.20%
2010/11	57,756	939,575	16,268	11.20%
2011/12	54,172	952,560	17,584	10.80%
2012/13	54,464	959,982	17,626	8.10%
2013/14	54,762	944,918	17,255	6.70%
2014/15	54,786	956,180	17,453	9.50%
2015/16	55,231	932,800	16,889	7.70%
2016/17	54,984	960,740	17,473	6.10%

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		2017		2007*	
		Number of Employees	Percent of Total Employment ¹	Number of Employees	Percent of Total Employment
Southern California Edison	1	4,100	16.73%	-	0.00%
Garvey School District	2	837	3.42%	-	0.00%
Panda Restaurant Group, Inc.	3	500	2.04%	-	0.00%
Wal-Mart	4	468	1.91%	-	0.00%
Rosemead School District	5	450	1.84%	-	0.00%
Target	6	220	0.90%	-	0.00%
Hemetic Seal Corporation	7	150	0.61%	-	0.00%
Olive Garden	8	130	0.53%	-	0.00%
Double Tree	9	120	0.49%	-	0.00%
Don Bosco Tech	10	90	0.37%	-	0.00%

CITY OF ROSEMEAD

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

<u>Function</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>	<u>2017</u>
General government	19	16	22	19	15	13	12	12	11	13
Public safety ¹	34	39	42	42	33	15	20	18	20	21
Community										
development	23	18	23	23	7	8	8	7	8	8
Public Works	n/a	n/a	n/a	n/a	26	22	23	23	21	24
Parks and recreation	<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>	<u>109</u>
Total	<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>	<u>175</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Arrests	1,506	1,478	1,733	1,888	1,842	1,186	1,356	1,585	1,339	1,046
Parking citations issued	11,766	10,517	8,450	7,515	7,797	8,765	16,110	7,863	8,047	7,676
Fire:										
Number of emergency calls	2,846	2,959	2,853	2,745	2,928	2,785	2,823	3,212	3,352	3,206
Inspections	2,518	2,093	2,137	1,845	2,066	2,012	2,026	2,793	2,564	2,311
Public works:										
Street resurfacing (miles)	1.1	2.8	3.5	3.5	3.6	0.9	1.6	0.6	1.0	0.7
Parks and recreation:										
Number of recreation classes	484	397	727	617	519	638	724	839	871	873
Number of facility rentals	540	453	236	1,786	3,261	3,124	4,005	2,607	3,070	6,226

Source: City of Rosemead

CITY OF ROSEMEAD

Capital Asset Statistics
by Function
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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)	0.75	77.55	77.55	77.55	77.55	77.55	77.55	77.55	81.90	81.90
Streetlights	6	2,712	2,712	2,712	2,712	2,712	2,712	2,712	2,712	2,712
Traffic signals	1	42	42	42	42	42	42	42	41	42
Parks and recreation:										
Parks	10	10	10	10	10	10	10	10	10	10
Community centers	2	2	2	2	2	2	2	2	2	2

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