

CITY OF ROSEMEAD, CA

Comprehensive Annual Financial Report

Fiscal Year 2018-2019



CITY OF ROSEMEAD, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019

Prepared by:
Finance Department

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF ROSEMEAD, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Directory of Officials	vii
Organizational Chart	viii
Certificate of Achievement of Excellence	ix
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Statement of Fiduciary Net Position – Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	26
Notes to Financial Statements	27
REQUIRED SUPPLEMENTARY INFORMATION	
Notes to Required Supplementary Information	61
Budgetary Comparison Schedules	
General Fund	63

CITY OF ROSEMEAD, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION (Continued)	
Pension Plan	
Schedule of Proportionate Share of Net Pension Liability	64
Schedule of Plan Contributions	65
Schedule of Changes in Net Pension Liability/(Asset)and Related Ratios	66
Schedule of Plan Contributions	67
Schedule of Changes in Net OPEB Liability and Related Ratios.....	68
Schedule of Plan Contributions	69
 COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Combining Balance Sheet – Nonmajor Governmental Funds.....	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	76
Budgetary Comparison Schedules	
State Gas Tax Fund	82
Local Transportation/ Sidewalk Grant	83
Proposition A	84
Proposition C	85
Measure R	86
Measure M.....	87
Air Quality Management District.....	88
Street Lighting	89
Development Impact Fee Traffic	90
Development Impact Fee Public Safety	91
Development Impact Fee General Government	92
Development Impact Fee Parks	93
Community Development Block Grant (CDBG)	94
Home Program	95
Rosemead Housing Development Corporation	96
Road Maintenance and Rehabilitation Account SB1	97
Combining Statement of Net Position – Internal Service Funds	98
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	99
Combining Statement of Cash Flows – Internal Service Funds	100
Combining Statement of Assets and Liabilities – Agency Fund	101

CITY OF ROSEMEAD, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page Number</u>
 STATISTICAL SECTION	
Net Position by Component.....	104
Changes in Net Position	106
Fund Balances of Governmental Funds	108
Changes in Fund Balances of Governmental Funds.....	110
Assessed Value and Estimated Actual Value of Taxable Property.....	112
Direct and Overlapping Property Tax Rates.....	113
Principal Property Taxpayers	114
Property Tax Levies and Collections	115
Ratios of Outstanding Debt by Type.....	116
Ratio of General Bonded Debt Outstanding	117
Direct and Overlapping General Bonded Debt Outstanding	118
Legal Debt Margin	120
Pledged-Revenue Coverage	122
Demographic and Economic Statistics	123
Principal Employers	124
Full-time and Part-time City Employees by Function	125
Operating Indicators by Function.....	126
Capital Assets Statistics by Function	128

THIS PAGE INTENTIONALLY LEFT BLANK

MAYOR:
MARGARET CLARK

MAYOR PRO TEM:
SANDRA ARMENTA

COUNCIL MEMBERS:
SEAN DANG
POLLY LOW
STEVEN LY



City of Rosemead

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

November 25, 2019

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

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

The City of Rosemead's financial statements have been audited by Lance, Soll, Lunghard, LLP ("LSL"), a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rosemead for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rosemead's financial statements for the fiscal year ended June 30, 2019, 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 Council consists of five City Council Members who are elected at large by the citizens of Rosemead and are on a rotational Mayor and Mayor Pro Tem term. The Council, as the legislative body, represents the citizens of Rosemead to formulate Citywide policy, enact local legislation, adopt budgets, and appoint the City Manager, City Attorney, and City Clerk. The Council conducts City Council meetings and study sessions as required. The Council establish policies and ordinances to ensure the development and maintenance of a balanced and stable community for citizens, by servicing the community with resourceful, efficient, progressive and professional leadership.

Public schools serving residents of Rosemead are under the authority of independent school districts, but the City works closely with them to provide quality educational opportunities for grades K-12. Garvey School District, Rosemead School District, and El Monte Union High School District serve residents of Rosemead. There are 9 elementary schools, 3 middle schools, and 1 high school. The City of Rosemead and El Monte Union High School District share a 50/50 % contribution to fund one full-time Los Angeles County Sheriff's Deputy to service as a Rosemead High School Resource Officer (SRO). The City of Rosemead shares a 50% contribution to fund crossing guard services for 15 location sites; and the Garvey School District and Rosemead School District share the remaining 50% contribution. Additionally, the City implemented the Success Through Awareness & Resistance (STAR) program with the Rosemead and Garvey School Districts. A Deputy will teach in-classroom instruction to 4th, 5th, and 6th grade level students of the STAR program on school grounds.

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.

Property tax is the City's largest tax source at \$9.6 million and makes up approximately 39% of the General Fund revenues. Total gross assessed value from the 2018/19 tax roll is \$4.7 billion, up \$220 million from last year. This is primarily due to an increase in residential properties from 9,681 to 9,730 parcels/assessment counts and an increase in median sales price for single family homes from \$557,000 to \$593,500. The residential category assessed value increased approximately \$183 million, which represents a 5.4% increase. The peak median price before recession in 2006 was \$495,000 and the current median price is \$593,500, an increase of 19.9%. 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 \$5.7 million and makes up approximately 23% of the General Fund revenues. The City continues to receive sales tax from three large general consumer goods businesses (Walmart, Target and Macy's), which generate 40% of sales tax revenues. The City has continuously added new businesses such as Ross, Lucille's Smokehouse Bar-B-Que, Boiling Crab, Starbucks, Sunshine Seafood, Skechers (Walgreen's location), and St. Exotics over the last two years. The City anticipates new retailers/restaurants opening when several mixed-used projects are completed.

Hotel transient occupancy tax (TOT) revenues are the third largest source of income to the General Fund at \$2.3 million and makes up approximately 9% of the General Fund revenues. The three largest revenue producers are Double Tree, Fairfield Inn & Suites, and Motel 6, which generates 69% of TOT tax revenues.

Long-term Financial Planning

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

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

Cash management policies and practices

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

Risk Management

The City is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of over 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 9 in the notes to the Basic Financial Statements.

Pension and other postemployment benefits

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

Debt Administration

The City has no outstanding general obligation bonds as of June 30, 2019. The Successor Agency to the Rosemead Community Development Commission includes the 2016 Tax Allocation Bonds for \$23,295,000 and 2010A Tax Allocation Bonds for \$6,160,000. Additional information on the Successor Agency's debt can be found in Note 14 in the notes to the Basic Financial Statements.

Construction In Progress (CIP) Projects

Each year, Rosemead makes significant investments in maintaining, expanding, and improving civic infrastructure for the benefit of residents and businesses. The City currently has a city-wide Pavement Condition Index (PCI) of 75.6, which is higher than neighboring cities.

Current projects that are currently in progress and will complete in FY 2019/20 include the City Hall Basement Improvement Project, Phase II, Traffic Signal Upgrade Project, Garvey Park Restroom Renovation Project, Walnut Grove Avenue Resurfacing Project, Safe Routes (SR2S) Sidewalk Gap Closure Project, and High Intensity Activated Crosswalk Project – Mission/Ivar.

Major Accomplishments

Substantial progress has been made during the past fiscal year toward responding to priorities previously identified by City Council and staff. Some of those accomplishments include the completion of Safe Route to School Project (Savannah Elementary), Garvey Avenue Resurfacing Project (from Del Mar Ave to Eastern City Limit), Sidewalk Installation at Klingerman, Bridge Maintenance Program, Garvey Center Electric Charging Station Project, City Hall Basement Improvement Project, Phase I, WIFI Installation for Garvey Center and Rosemead Park, and improvements to various roadways, sidewalks, parks, storm water, and traffic signal upgrades.

With the completion of the Garvey Avenue Specific Plan, the City will continue its efforts to bring national name-brand businesses to Rosemead to spur and guide economic development. Recent project completion includes a residential/commercial mixed-use project called the "New Garvey 168 Plaza"; the location site is at 8479 Garvey Avenue. They received a Certificate of Occupancy and held their grand opening event on April 27, 2019. The New Garvey 168 Plaza comprises of a 10,460 square feet commercial property and 36 residential units.

Future Initiatives

Future development includes the Garvey Garden Plaza Project with a location site at 8408 Garvey Ave; this project is currently under construction and will complete in early 2020. The project comprises a 11,860 square feet commercial property and 46 residential units. The City also received entitlement applications for a dual hotel project, Residence Inn and Courtyard by Marriott, with the location site at 500 Montebello Blvd. next to Doubletree Hotel. The project will demolish all existing building and improvements on the property and is expected to build 97 rooms for the Marriot Residence Inn and 105 rooms for the Marriott Courtyard. The City also anticipates the Hampton Inn and Suites coming to the City of Rosemead in FY 2019/20. These projects will generate more Transient Occupancy Tax (TOT) revenues in the future.

During FY 2019/20, the City will continue its excellent work to improve and maintain the public infrastructure and aesthetics of the community. An aggressive capital improvement program (CIP) administered by the Public Works Department includes, funding for improvements to various roadways, sidewalks and traffic signal upgrades, parks and storm water improvements. The Annual Slurry Seal project, Sidewalk Replacement project, Traffic Impact Analysis, Crosswalk Installation project, and City Hall Basement Improvement Phase I project were completed in FY 2018/19. The City also established its first Community Garden.

In the upcoming year, the community will see the Walnut Grove Resurfacing Project Phase I and II, Valley Boulevard Resurfacing Project Phase I and II, Walnut Grove Utility Underground Project from Marshall Avenue to Valley Boulevard, and City Entry Monuments will be started and completed in FY 2019/20. The City anticipates the Garvey Park Restroom Renovation, Duff Park Improvement project, construction of a dog park, and replacement of picnic tables and trash receptacles will be completed in FY 2019/20.

Acknowledgements

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

Respectfully submitted,



Pearl Lieu
Director of Finance

CITY OF ROSEMEAD

Directory of Officials

June 30, 2019

City Council

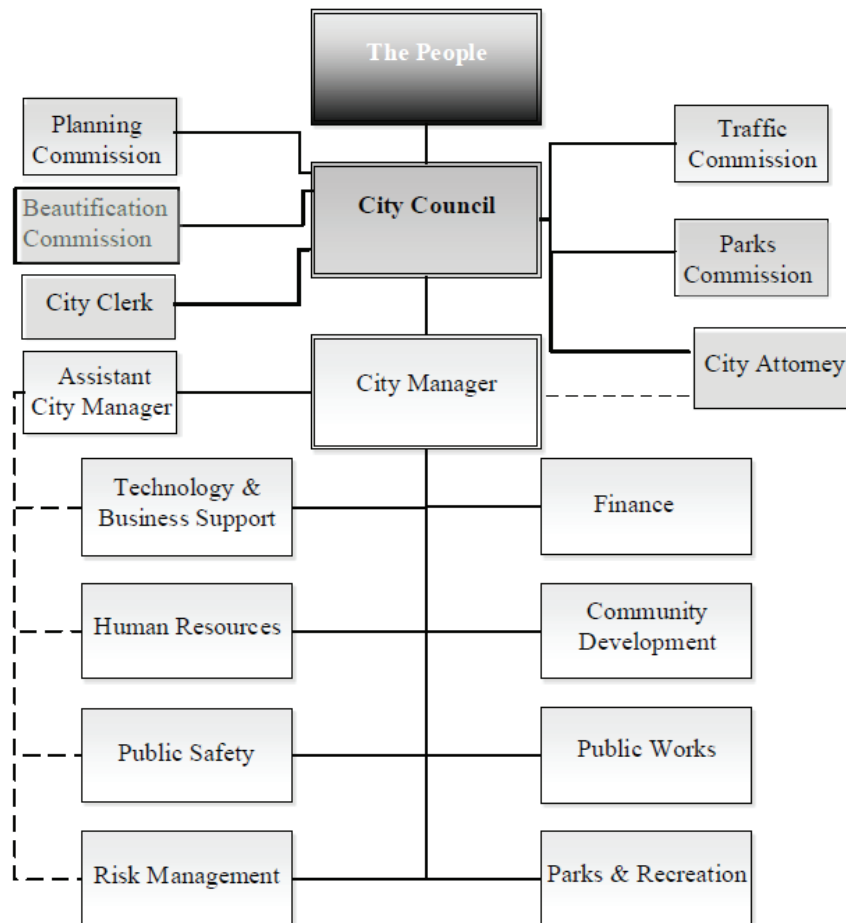
Margaret Clark, Mayor
Sandra Armenta, Mayor Pro Tem
Sean Dang, Council Member
Polly Low, Council Member
Steven Ly, Council Member

City Management Staff

Gloria Molleda, City Manager
Benjamin Kim, Assistant City Manager
Lt. Chris Kusayanagi, Chief of Police
Rachel H. Richman, City Attorney
Ericka Hernandez, City Clerk
Thomas Boecking, Parks and Recreation Director
Christopher Daste, Public Works Director
Pearl Lieu, Finance Director
Vacant, Community Development Director

CITY OF ROSEMEAD

Function Based Organization Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Rosemead
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

THIS PAGE INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Rosemead, California, (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rosemead, California, as of June 30, 2019, 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, the budgetary comparison schedule for the general fund, the schedule of changes in net pension liability/(asset) and related ratio, the schedules of plan contributions, the schedule of proportionate share of the net pension liability, and the schedule of changes in net OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
November 25, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

Management's Discussion and Analysis

As management of the City of Rosemead, we offer readers of the City of Rosemead's financial statements this narrative overview and analysis of the financial activities of the City of Rosemead for the fiscal year ended June 30, 2019. 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

- At the end of Fiscal Year 2018/19, the fund balance of General Fund increased \$2.8 million. This is due to a combination of increases in property tax and interest revenues and a decrease in General Fund expenditures due to less capital spending.
- At the end of the current fiscal year, *unassigned* fund balance for the General Fund was \$13.8 million or 63% of total General Fund expenditures. \$7.7 million or 31% of General Fund revenues is set aside to meet the City's reserve policy.
- The assets related to Governmental Activities has increased by approximately \$3.7 million which is largely due to an increase in cash and investments.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Rosemead that are principally supported by taxes and intergovernmental revenues (*governmental activities*)

from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City of Rosemead does not have any business-type activities. The governmental activities of the City of Rosemead include general government, public safety, public works, community development, and parks and recreation.

The government-wide financial statements include not only the City of Rosemead itself (known as the *primary government*), but also a legally separate Successor Agency, for which the City of Rosemead is financially accountable. Financial information for the *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16-17 of this report.

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

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

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

The City of Rosemead and its component units maintain 17 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, considered to be a major fund. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the Basic Financial Statements can be found on pages 27-60 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 61-69 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 70-101 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 \$78 million at the close of the most recent fiscal year.

A significant portion of the City of Rosemead's net position (65%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets. The City of Rosemead uses these capital assets to provide services to the citizens; consequently, these assets are *not* available for future spending. Although the City of Rosemead's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Rosemead's Net Position
As of June 30, 2019 and 2018
(thousands)

	Governmental Activities	
	2019	2018
Current and other assets	37,251	30,515
Capital assets	50,883	53,587
Total assets	88,134	84,102
Deferred outflows of resources	3,583	4,232
Long-term liabilities outstanding	9,680	10,268
Other liabilities	2,952	2,930
Total liabilities	12,632	13,198
Deferred inflows of resources	989	783
Net assets:		
Invested in capital assets, net of related debt	50,883	53,587
Restricted	9,730	5,467
Unrestricted	17,483	15,299
Total net position	\$ 78,096	\$ 74,353

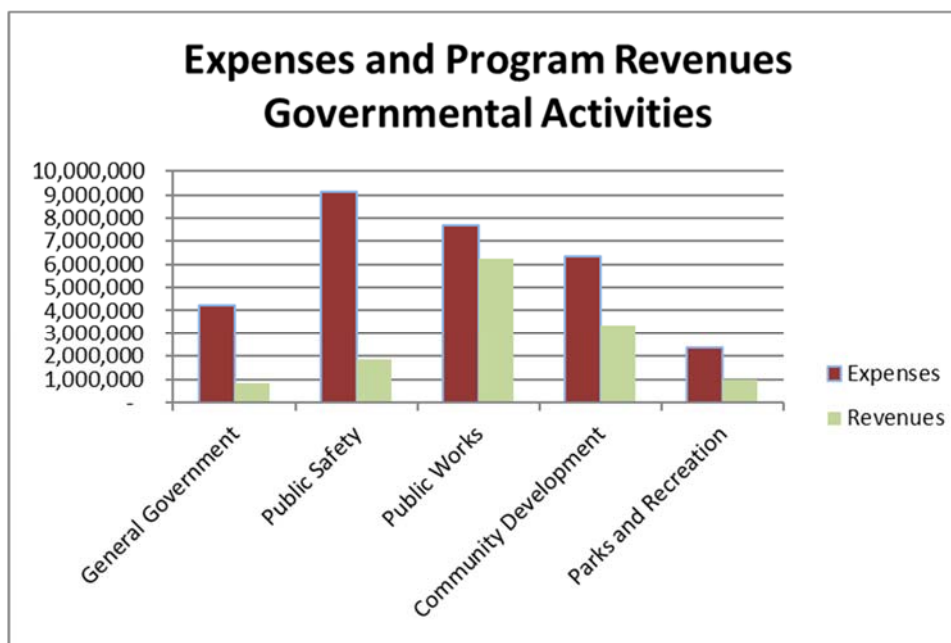
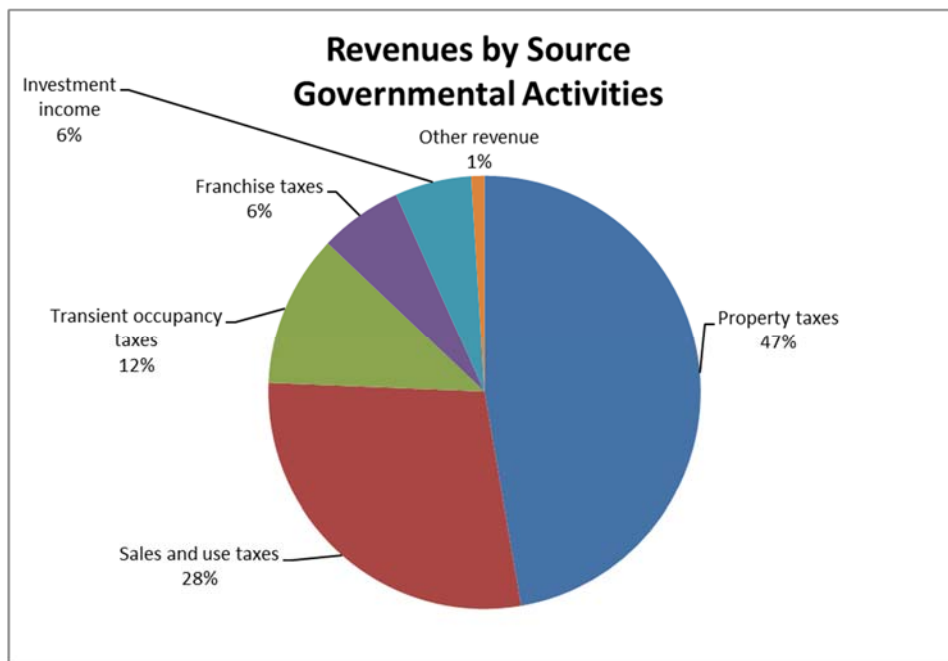
An additional portion of the City of Rosemead's net position (12.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$17.5 million) may be used to meet the government's ongoing obligations to citizens and creditors.

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.

City of Rosemead's Changes in Net Position
Years Ended June 30, 2019 and 2018
(thousands)

	Governmental Activities	
	2019	2018
Program revenues:		
Charges for services	\$ 7,897	\$ 7,864
Operating grants and contributions	4,122	4,822
Capital grants and contributions	1,218	1,172
General revenues:		
Property taxes	9,567	9,129
Other taxes	9,380	9,570
Investment income	1,158	210
Other	124	648
Total revenues	33,466	33,415
Expenses:		
General government	4,205	4,554
Public safety	9,126	9,500
Public works	7,662	9,554
Community development	6,353	3,410
Parks and recreation	2,377	2,746
Total expenses	29,723	29,764
Change in net position	3,743	3,651
Net position - June 30, 2018	74,353	72,884
Restatement	-	(2,182)
Net position - June 30, 2019	\$ 78,096	\$ 74,353

Governmental activities. The City of Rosemead's change in net position remained the same as prior year at \$3.7 million. General revenue and program revenue exceeded expenses by this amount. The expenses increased in Community Development mainly due to a shift in Code Enforcement costs to this function category. Total revenues and expenses remained the same as prior year.



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 \$33 million, an increase of \$7 million in comparison with the prior year. Approximately 42% of this total amount, \$13.8 million constitutes *unassigned, undesignated fund*

balance, which is available for spending at the government's discretion. The remainder of the fund balance is *segregated into nonspendable fund balance, restricted fund balance, committed fund balance or assigned fund balance* to indicate that it is not available for new spending because it has already been committed for other purposes.

General Fund. The General Fund is the chief operating fund of the City of Rosemead. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$13.8 million, while total fund balance reached \$23.3 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 63% of total General Fund expenditures, while total fund balance represents 106% of that same amount.

The fund balance of the City of Rosemead's General Fund increased by \$2.8 million during the current year. Highlights of the change in fund balance are presented below:

- The General Fund revenues \$24.7 million exceeded expenditures of \$21.9 million and; therefore, fund balance had an increase of \$2.8 million. Several revenues had large increases including property tax and interest revenues. Additional highlights of the change in fund balance are presented below.
- General Fund revenues increased \$263 thousand in FY 2018/19 over the prior year. There were increases in property taxes by \$438 thousand, interest revenues by \$728 thousand, and parks and recreation revenues by \$39 thousand. The increases were offset by a reduction in sales tax by \$194 thousand, building permits by \$494 thousand, and miscellaneous revenues by \$316 thousand. Property taxes increased approximately 5% due an increase in total net assessed value from the L.A. County's 2018/19 tax roll. TOT remains the same as prior year. Interest revenues increased due to changes in investment strategies; however, the priorities for safety, liquidity, and yield of investments were maintained. Parks and recreation revenues increased due to more enrollment in the summer and seasonal day camp programs, youth sports classes, and aquatic classes. Sales tax decreased as a result of a one-time use tax payment received last year from GE Electronics. Miscellaneous revenue decreased due to a one-time reimbursement received last year from Southern CA Edison for participating in the LED light conversion. Lastly, the decrease in building permits is due to the collection of fees last year for several mixed-used projects, a 21-unit residential planned development, and several single-family dwelling development.
- General Fund expenditures decreased \$976 thousand over the prior year for the following reasons:
 - General government expenditures decreased by \$470 thousand. Prior year number included cost for the 710 freeway litigation between the City and Metro. The litigation ended last fiscal year, the City incurred minor expenses during the current year.
 - Public safety expenditures is one of the City's largest area of expenditures. The Los Angeles County's Sheriff's Department contract increased by 2.57% over the previous year and the Liability Trust Fund increased 0.5% as well. The City also

implemented the Success Through Awareness & Resistance (STAR) program with Rosemead and Garvey School Districts where a Deputy teaches in-classroom instruction to 4th, 5th, and 6th grade level students of the STAR program on school grounds. The Sheriff contract increased \$313 thousand for the deputy service unit, \$60 thousand for special events patrol, and \$122 thousand for the STAR program this year. The increased costs were offset by \$549 thousand cost savings. Cost decreased in the Public Safety Admin division because the City had continuous turnover of part-time Community Services Officers during the year and the City did not fund the Probation Officer position. In addition, the Code Enforcement salary and benefit costs were no longer recorded under Public Safety, it was moved to Community Development Department.

- Community development expenditures increased \$105 thousand due Code Enforcement costs transferred to this department. On November 13, 2018, the City held a public hearing on substantial amendment to the 2015-2020 Consolidated Plan and 2018-19 Annual Action Plan. The salary and benefit of Code Enforcement was no longer funded from CDBG. The City will utilize \$390,000 CDBG funding for the Garvey Park Restroom Renovation. During the year, the salary and benefit cost for the Code Enforcement Division was approximately \$400 thousand funded from the General Fund. The increased costs were offset by a cost saving of \$300 thousand due to the City soliciting a Request for Proposals to contract Building & Plan Checks services with another company that provided lower costs.
- Public works expenditures increased \$235 thousand primarily due to operational costs increases. The custodial contract increased by \$90 thousand, industrial waste and sewer fees increased \$45 thousand related to the clean up of the wash near State Route 60 freeway, and the hiring of a new Public Works Director during the fiscal year \$100 thousand.
- Capital outlay expenditures decreased \$690 thousand due to a decline in capital projects completed during the year. Capital projects were carried over during the budget process.
- Parks and Recreation expenditures decreased by \$86 thousand primarily due to the vacancy of a Recreation Supervisor during the fiscal year.
- The City, like all other cities, are faced with an increase in retirement costs as a result of the discount rate and assumption changes approved by the CalPERS board; this has impacted the actuarial valuation performed and caused an increase to participants' retirement contributions.

General Fund Budget Analysis. The City's General Fund collected revenues of \$669 thousand in comparison to the budgeted estimates or 2% more than the budget. Property tax increases of \$438 thousand due to an increase in tax values. Licenses and permits increases of \$167 thousand is due to building permit revenues. Interest revenues increased \$728 thousand due to

change of investment strategies. Intergovernmental revenues decreased \$777 thousand due to capital projects were not started; therefore, the City was unable to file for budgeted state grant reimbursements for the Dog Park and Duff Park projects.

The General Fund expenditure budget to actual variance of \$997 thousand was due to the City completing less CIP projects than budgeted as a result of turnover in the Public Works Department.

Proposition A, C, Measure R and Measure M Funds. These four funds are for transportation purposes and they are all funded with voter approved additions to Sales Tax on gasoline. The Prop A Fund is used mainly for public transportation services (fixed route bus service and Dial-A-Ride services); Proposition C has some transportation elements to it but it is focused more on transportation infrastructure maintenance purposes. Measure R and Measure M mainly focus on new transportation infrastructure development. Expenditures for the Proposition A fund are increasing as greater efforts are being made to increase fixed route ridership as are the operating expenditures for Dial-A-Ride in the Proposition C Fund. The City is utilizing Measure R and Measure M funds for capital improvement projects for street improvements, paving, sidewalk installation, traffic study, and transportation program planning.

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

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

Capital Asset and Debt Administration

Capital assets. The City of Rosemead's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$50.9 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 Safe Route to School Project (Savannah Elementary)
- Completion of Garvey Avenue Resurfacing Project (from Del Mar Ave to Eastern City Limit)
- Completion of Sidewalk Installation at Klingerman
- Completion of the Bridge Maintenance Program

- Completion of Garvey Center Electric Charging Station Project
- Completion of City Hall Basement Improvement Project, Phase I
- Completion of WIFI Installation for Garvey Center and Rosemead Park
- Construction in progress for City Hall Basement Improvement Project, Phase II
- Construction in progress for Traffic Signal Upgrade Project
- Construction in progress for Garvey Park Restroom Renovation Project
- Construction in progress for Walnut Grove Avenue Resurfacing Project
- Construction in progress for Safe Routes (SR2S) Sidewalk Gap Closure Project
- Construction in progress for High Intensity Activated Crosswalk Project – Mission/Ivar

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

	Governmental Activities	
	2019	2018
Land	\$ 4,417	\$ 4,417
Buildings	14,003	14,411
Improvements other than Buildings	3,673	3,955
Machinery and equipment	129	131
Autos and trucks	186	351
Furniture and office equipment	101	133
Infrastructure	28,096	28,590
Construction in progress	278	1,599
Total	\$ 50,883	\$ 53,587

Additional information on the City of Rosemead's capital assets can be found in note No. 7, found on pages 40-41 of the Basic Financial Statements.

Long-term debt. At the end of the current fiscal year, the Successor Agency for the Rosemead Community Development Commission had total bonded debt outstanding of \$27,295,000. 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	
	2019	2018
Tax Allocation Bonds	\$ 27,295	\$ 29,455

- The Successor Agency's total bonded debt decreased by \$2.2 million during the current fiscal year due to principal and interest payments. For more detailed information about the Successor's Agency Long Term Debt, please refer to Note No. 14 on pages 59-60 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

- As discussed throughout this Management's Discussion and Analysis report, there were modest General Fund revenue increases in FY 2018/19. Property tax revenues have shown modest increases and are projected to continue with steady growth pattern. Sales taxes are expected to increase due to new restaurants and stores addition to the community. License and permit revenues are expected to increase due to an increase in growth and development in the City. Additionally, TOT revenues are expected to increase due to future projects with the Hampton Inn & Suites and Marriot hotel.
- The local economy is projected to continue its modest growth in the coming year and has been reflected in the City's FY 2019/20 Revenue budget. At the time of budget preparation and up to its adoption, General Fund Revenue is projected to increase 3% over the FY 2018/19 budgeted amount.
- The City adopted the General Fund FY 2019/20 budget with a projected \$20.2 million fund balance reserve. With the FY 2018/19 revenue surplus, the projected fund balance for the General Fund is \$23 million. The Operating Budget for Fiscal Year 2019/20 is a well balanced budget. In order to maintain a balanced budget, it will be essential for the City to continue its history of conservative spending.

Requests for Information

This financial report is designed to provide a general overview of the City of Rosemead's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director
8838 East Valley Boulevard
Rosemead, CA 91770.

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
Assets:	
Cash and investments	\$ 32,456,810
Receivables:	
Accounts	2,893,756
Notes and loans	336,872
Accrued interest	290,652
Prepaid costs	758,800
Inventories	2,034
Capital assets, not being depreciated	4,694,658
Capital assets, net of depreciation	46,187,894
Net pension asset	512,555
Total Assets	88,134,031
Deferred Outflows of Resources:	
Deferred outflows related to pensions	3,485,522
Deferred outflows related to other post employment benefits	97,132
Total Deferred Outflows of Resources	3,582,654
Liabilities:	
Accounts payable	2,353,908
Accrued liabilities	217,461
Retentions payable	21,556
Deposits payable	40,385
Compensated absences, due within one year	318,076
Noncurrent liabilities:	
Compensated absences, due in more than one year	262,566
Net pension liability	8,688,626
Net other post employment benefits liability	729,082
Total Liabilities	12,631,660
Deferred Inflows of Resources:	
Deferred inflows related to pensions	895,771
Deferred inflows related to other post employment benefits	93,078
Total Deferred Inflows of Resources	988,849
Net Position:	
Investment in capital assets	50,882,552
Restricted:	
Community services	202,232
Low and moderate income housing	340,982
Public works	5,376,769
Capital projects	3,810,219
Unrestricted	17,483,422
Total Net Position	\$ 78,096,176

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

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities
Functions/Programs	Expenses				
Governmental Activities:					
General government	\$ 4,205,482	\$ 422,329	\$ 397,042	\$ -	\$ (3,386,111)
Public safety	9,125,853	701,520	-	1,146,074	(7,278,259)
Community development	6,353,025	2,827,811	545,435	-	(2,979,779)
Parks and recreation	2,376,713	958,176	-	-	(1,418,537)
Public works	7,662,344	2,987,193	3,179,697	71,685	(1,423,769)
Total Governmental Activities	\$ 29,723,417	\$ 7,897,029	\$ 4,122,174	\$ 1,217,759	(16,486,455)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					9,566,800
Sales taxes					5,735,491
Transient occupancy taxes					2,314,723
Franchise taxes					1,254,048
Other taxes					75,774
Use of money and property					1,158,407
Other					123,924
Total General Revenues					20,229,167
Change in Net Position					3,742,712
Net Position at the Beginning of the Year,					74,353,464
Net Position at the End of the Year					\$ 78,096,176

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

CITY OF ROSEMEAD, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 21,642,289	\$ 10,081,468	\$ 31,723,757
Receivables:			
Accounts	2,293,000	600,756	2,893,756
Notes and loans	336,872	-	336,872
Accrued interest	290,652	-	290,652
Prepaid costs	758,800	-	758,800
Due from other funds	182,165	-	182,165
Inventories	2,034	-	2,034
Total Assets	\$ 25,505,812	\$ 10,682,224	\$ 36,188,036
Liabilities, Deferred inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,702,524	\$ 651,384	\$ 2,353,908
Accrued liabilities	198,394	19,067	217,461
Deposits payable	484	39,901	40,385
Due to other funds	-	182,165	182,165
Retentions payable	-	21,556	21,556
Total Liabilities	1,901,402	914,073	2,815,475
Deferred Inflows of Resources:			
Unavailable revenues	309,456	61,741	371,197
Total Deferred Inflows of Resources	309,456	61,741	371,197
Fund Balances:			
Nonspendable:			
Notes and loans	109,785	-	109,785
Prepaid costs	758,800	-	758,800
Inventory	2,034	-	2,034
Restricted:			
Community services	-	202,232	202,232
Low and moderate income housing	-	340,982	340,982
Public works	-	5,376,769	5,376,769
Capital projects	-	3,810,219	3,810,219
Committed:			
Capital projects	825,391	-	825,391
Reserve contingency	7,667,401	-	7,667,401
Assigned:			
Building maintenance	71,617	-	71,617
Tree in lieu	50,250	-	50,250
Unassigned	13,809,676	(23,792)	13,785,884
Total Fund Balances	23,294,954	9,706,410	33,001,364
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 25,505,812	\$ 10,682,224	\$ 36,188,036

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

CITY OF ROSEMEAD, CALIFORNIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

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

Total fund balances - governmental funds		\$ 33,001,364
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		50,815,697
Compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.		(580,642)
Governmental funds report all pension contributions as expenditures; however, in the statement of activities, the excess/deficiency of the total pension liability over/under the plan fiduciary net position is reported as a net pension liability/asset.		
CalPERS Miscellaneous Plan net pension liability	\$ (8,688,626)	
PARS Retirement Enhancement Plan net pension asset	512,555	(8,176,071)
Pension-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Contributions made after the actuarial measurement date	1,389,145	
Changes in assumptions	802,281	
Difference between expected and actual experiences	275,200	
Net difference between projected and actual earnings on plan investments	58,762	
Adjustments due to differences in proportions	169,283	
Difference in proportionate share	790,851	3,485,522
Other post-employment-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Contributions made after the actuarial measurement date	97,132	97,132
Pension-related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Changes in assumptions	(190,220)	
Difference between expected and actual experiences	(282,747)	
Adjustments due to differences in proportions	(343,564)	
Difference in proportionate share	(79,240)	(895,771)
Governmental funds report all other post-employment benefits contributions as expenditures; however, in the statement of net position, the excess of the total other post-employment benefits liability over the plan fiduciary net position is reported as a net other post-employment benefits liability.		(729,082)
Other post-employment-related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Net difference between projected and actual earnings on plan investments		(93,078)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities.		371,197
Internal service funds are used by management to charge the costs of certain activities, such as equipment and technology replacement, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		799,908
Net Position of Governmental Activities		\$ 78,096,176

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

CITY OF ROSEMEAD, CALIFORNIA

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 18,946,836	\$ -	\$ 18,946,836
Licenses and permits	2,636,026	-	2,636,026
Intergovernmental	274,414	8,313,797	8,588,211
Charges for services	1,135,748	517,347	1,653,095
Use of money and property	935,375	223,032	1,158,407
Fines and forfeitures	622,221	-	622,221
Contributions	2,721	-	2,721
Developer participation	-	117,115	117,115
Miscellaneous	180,201	67,442	247,643
Total Revenues	24,733,542	9,238,733	33,972,275
Expenditures:			
Current:			
General government	3,896,082	181,434	4,077,516
Public safety	9,062,545	27,100	9,089,645
Community development	2,137,789	1,499,903	3,637,692
Parks and recreation	2,280,559	62,893	2,343,452
Public works	4,277,070	2,970,321	7,247,391
Capital outlay	268,824	227,014	495,838
Total Expenditures	21,922,869	4,968,665	26,891,534
Net Change in Fund Balances	2,810,673	4,270,068	7,080,741
Fund Balances at the Beginning of the Year	20,484,281	5,436,342	25,920,623
Fund Balances at the End of the Year	\$ 23,294,954	\$ 9,706,410	\$ 33,001,364

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

CITY OF ROSEMEAD, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

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

Net change in fund balances - total governmental funds		\$	7,080,741
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.			
Capital outlay	\$	261,941	
Depreciation		<u>(2,918,144)</u>	(2,656,203)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
			92,343
Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
			(280,115)
Other post-employment benefits obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
			(50,995)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. These are included in the operating contributions and miscellaneous income in the statement of activities.			
			(506,146)
Internal service funds are used by management to charge the costs of certain activities, such as equipment and technology replacement, to individual funds. The net revenues of the internal service funds are reported with governmental activities.			
			<u>63,087</u>
Change in Net Position of Governmental Activities		\$	<u>3,742,712</u>

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

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2019

	Governmental Activities
	Internal Service Funds
Assets:	
Current Assets:	
Cash and investments	\$ 733,053
Total Current Assets	733,053
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	66,855
Total Noncurrent Assets	66,855
Total Assets	799,908
Net Position:	
Investment in capital assets	66,855
Unrestricted	733,053
Total Net Position	\$ 799,908

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

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Operating Revenues:	
Charges for services	\$ 266,100
Total Operating Revenues	<u>266,100</u>
Operating Expenses:	
Contractual services	140,902
Depreciation expense	<u>62,111</u>
Total Operating Expenses	<u>203,013</u>
Operating Income	63,087
Net Position at the Beginning of the Year	<u>736,821</u>
Net Position at the End of the Year	<u>\$ 799,908</u>

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

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from interfund service provided	\$ 266,100
Cash paid to suppliers for goods and services	(140,946)
Net Cash Provided by Operating Activities	125,154
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(13,623)
Net Cash Used for Capital and Related Financing Activities	(13,623)
Net Increase in Cash and Cash Equivalents	111,531
Cash and Cash Equivalents at the Beginning of the Year	621,522
Cash and Cash Equivalents at the End of the Year	\$ 733,053
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 63,087
Adjustments to reconcile operating income net cash provided by operating activities:	
Depreciation	62,111
Increase in accounts payable	(44)
Total Adjustments	62,067
Net Cash Provided by Operating Activities	\$ 125,154

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

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

		Private-Purpose Trust Fund
	Agency Funds	Successor Agency
Assets:		
Cash and investments	\$ 1,112,785	\$ 5,568,337
Notes and loans receivable	-	201,314
Prepaid costs	-	150,744
Restricted cash and investments with fiscal agents	-	1,125,198
Total Assets	\$ 1,112,785	7,045,593
Deferred Outflows of Resources:		
Deferred charge on refunding		173,618
Total Deferred Outflows of Resources		173,618
Liabilities:		
Accrued liabilities	\$ -	10
Accrued interest	-	279,218
Deposits payable	1,112,785	-
Long-term liabilities:		
Bonds payable, due within one year	-	2,297,014
Bonds payable, due in more than one year	-	26,430,290
Total Liabilities	\$ 1,112,785	29,006,532
Net Position:		
Held in trust for the dissolution of the former Redevelopment Agency		(21,787,321)
Total Net Position		\$ (21,787,321)

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

CITY OF ROSEMEAD, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust Fund
	Successor Agency
Additions:	
Taxes	\$ 3,863,435
Interest and change in fair value of investments	40,463
Total Additions	3,903,898
Deductions:	
Administrative expenses	51,705
Interest expense	1,232,568
Contributions to other governments	429,968
Total Deductions	1,714,241
Change in Net Position	2,189,657
Net Position at the Beginning of the Year	(23,976,978)
Net Position at the End of the Year	\$ (21,787,321)

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

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

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

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

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

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

Rosemead Financing Authority

The Authority provides for the financing or refinancing of public capital improvements and working capital requirements of local agencies that enter into contractual arrangements with the Authority. Separate financial statements are not prepared.

Rosemead Housing Development Corporation

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

a. Reporting Entity (Continued)

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

b. Basis of Accounting and measurement Focus

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

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

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

Government-wide Financial Statements

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

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with generally accepted accounting principles.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

b. Basis of Accounting and measurement Focus (Continued)

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

Fund Financial Statements

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

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

Funds

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

b. Basis of Accounting and measurement Focus (Continued)

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

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

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

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

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

Proprietary Funds

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

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

c. Major and Fiduciary Fund Types

The City's major governmental funds are as follows:

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

The City's Fiduciary Funds are as follows:

- Private-purpose Trust Fund – Accounts for the activity of the Successor Agency to the Community Development Commission of the City of Rosemead.
- Agency Fund – Accounts for the assets held in a trustee capacity or as an agent. The cash being held primarily represents amounts placed on deposit for refundable permits and performance bonds.

Additionally, the City reports:

- Internal Service Funds – Account for the financing of goods and services provided by one department to other departments on a cost reimbursement basis. The City has internal service funds for equipment replacement and technology replacement.
- Special Revenue Funds – Account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. All are currently reported in nonmajor governmental funds.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)**e. Cash Equivalents**

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

f. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are recorded at acquisition value at the point of acquisition. Generally, capital asset purchases in excess of \$10,000 are capitalized if they have an expected useful life of one or more years.

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

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

The following schedule summarizes capital asset useful lives:

Building improvements	50 years
Improvements other than buildings	3-15 years
Machinery and equipment	7 years
Autos and trucks	5 years
Furniture and office equipment	7 years
Infrastructure:	
Bridges	50 years
Sewer system and storm drain system	50-100 years
Medians and sidewalks	40 years
Traffic Signals	30 years
Streets	20 years

g. Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

h. Prepaid Items

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

i. Fund Balance

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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, California 92660.

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

CalPERS-Cost sharing Multiple-Employer Plan:

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

PARS-Single Employer Agent Plan:

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

l. Other Post Employment Benefit Plans (OPEB)

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

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

Valuation Date (VD)	December 31, 2016
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Net different between projected and actual earning on OPEB plan Investments	5 years Expected average remaining service lifetime (EARSL)
All other amounts	(4.0 Years at June 30, 2018)

m. Deferred Outflows and Deferred Inflows of Resources

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Note 2: Stewardship, Compliance, and Accountability

a. Deficit Fund Balances/Net Position

The Community Development Block Grant (CDBG) nonmajor special revenue fund reported a deficit in fund balance in the amount of \$23,792 at June 30, 2019. The CDBG fund deficit balance is due to the timing of grant reimbursement from the grantor agency.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and Investments	\$ 32,456,810
Statement of Fiduciary Net Position	
Cash and Investments	6,681,122
Restricted Cash and Investment with Fiscal Agents	1,125,198
Total Cash and Investment	<u>\$ 40,263,130</u>

Cash and Investments as of June 30, 2019, consist of the following:

Deposits with financial institutions	\$ 11,283,695
Investments	<u>28,979,435</u>
Total Cash and Investments	<u>\$ 40,263,130</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.

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 3: Cash and Investments (Continued)

Authorized Investment Type	Authorized by investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	70%	35%
Banker's Acceptances	Yes	180 days	20%	30%
Commercial Paper	Yes	180 days	15%	10%
Negotiable Certificates for Deposits	Yes	5 years	30%	None
Medium Term Notes	Yes	5 years	30%	None
Money Market Mutual Funds	Yes	N/A	20%	10%
Local Agency Investment Funds (LAIF)	Yes	N/A	None	\$65M

Interest Rate Risk

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

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

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 months	25 to 60 months	
State investment pool	\$ 17,908,236	\$ -	\$ -	\$ 17,908,236
Certificates of Deposit	247,057	247,047	3,164,658	3,658,762
U.S. agency securities	753,285	1,001,730	2,216,484	3,971,499
Money Market Mutual Funds	286,433	-	-	286,433
Medium-term notes	-	499,576	1,529,731	2,029,307
Held by bond trustee				
Money Market Mutual Funds	1,125,198	-	-	1,125,198
Total	<u>\$ 20,320,209</u>	<u>\$ 1,748,353</u>	<u>\$ 6,910,873</u>	<u>\$ 28,979,435</u>

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.

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 3: Cash and Investments (Continued)

Investment Type	Totals	Minimum Legal Rating	Ratings at End of Year				
			N/A	A-	A	A+	AA+
State Investment Pool	\$ 17,908,236	N/A	\$ 17,908,236	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit	3,658,762	N/A	3,658,762	-	-	-	-
U.S. Agency Securities	3,971,499	N/A	-	-	-	-	3,971,499
Medium-Term Notes	2,029,307	A	-	740,417	1,034,928	253,962	-
Money Market Mutual Funds	286,433	Multiple	286,433	-	-	-	-
Held by Bond Trustee:							
Money Market Mutual Funds	1,125,198	Multiple	1,125,198	-	-	-	-
Total	<u>\$ 28,979,435</u>		<u>\$ 22,978,629</u>	<u>\$ 740,417</u>	<u>\$ 1,034,928</u>	<u>\$ 253,962</u>	<u>\$ 3,971,499</u>

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	Amount	% of Investment
Federal National Mortgage Association	U.S. Agency Securities	\$ 1,587,900	5.48%

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, 2019, the City had deposits with financial institutions in excess of federal depository insurance limits by \$5,003,238 that were held in collateralized accounts. As of June 30, 2019, the Successor Agency had deposits with financial institutions in excess of federal depository insurance limits by \$5,301,850 that were held in collateralized accounts.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 3: Cash and Investments (Continued)Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

Fair Value Measurements

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The City's custodian National Financial Services uses Intercontinental Exchange (ICE), Bloomberg, and Thompson Reuters to obtain pricing information. As of June 30, 2019, with the exception of LAIF, which is considered uncategorized, all of the City's investments are valued using Level 1 inputs.

Note 4: Loans receivable

Loans receivable consisted of the following at June 30, 2019:

Governmental Activities:	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Computer Loans	\$ 9,721	\$ 4,000	\$ 8,696	\$ 5,025
San Gabriel Valley Water Co. Loan Phase I	74,070	-	8,230	65,840
San Gabriel Valley Water Co. Loan Phase II	37,036	-	4,115	32,921
Rio Hondo Community Development Co. Loan	227,086	-	-	227,086
El Monte Cemetary Association Loan	7,200	-	1,200	6,000
Total	<u>\$ 355,113</u>	<u>\$ 4,000</u>	<u>\$ 22,241</u>	<u>\$ 336,872</u>

Note 5: Property Taxes

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

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 5: Property Taxes (Continued)

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

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

Note 6: Interfund Balances

Due to/due from other funds for the year ending June 30, 2019, consisted of \$182,165 due to the General Fund from Nonmajor Governmental Funds for short-term loans made to those funds from the General Fund resulting from deficit cash balances in those funds.

Note 7: Capital Assets

Capital asset activity was as follows for the year ended June 30, 2019:

Governmental Activities:	Balance June 30, 2018	CIP Transfers	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 4,417,104	\$ -	\$ -	\$ -	\$ 4,417,104
Construction in progress	1,599,310	(1,338,439)	16,683	-	277,554
Total capital assets not being depreciated	6,016,414	(1,338,439)	16,683	-	4,694,658
Depreciable capital assets:					
Buildings	24,011,561	-	74,710	-	24,086,271
Improvements other than buildings	5,358,411	-	13,623	-	5,372,034
Machinery and equipment	678,562	30,430	-	-	708,992
Autos and trucks	1,763,173	-	-	-	1,763,173
Furniture and office equipment	1,485,125	-	19,704	-	1,504,829
Infrastructure	67,155,739	1,308,009	150,844	-	68,614,592
Total capital assets being depreciated	100,452,571	1,338,439	258,881	-	102,049,891
Less: accumulated depreciation for:					
Buildings	(9,601,203)	-	(482,244)	-	(10,083,447)
Improvements other than buildings	(1,402,918)	-	(295,671)	-	(1,698,589)
Machinery and equipment	(547,352)	-	(32,963)	-	(580,315)
Autos and trucks	(1,412,709)	-	(164,444)	-	(1,577,153)
Furniture and office equipment	(1,351,743)	-	(52,340)	-	(1,404,083)
Infrastructure	(38,565,817)	-	(1,952,593)	-	(40,518,410)
Total accumulated depreciation	(52,881,742)	-	(2,980,255)	-	(55,861,997)
Total capital assets, being depreciated, net	47,570,829	1,338,439	(2,721,374)	-	46,187,894
Government activities capital assets, net	\$ 53,587,243	\$ -	\$ (2,704,691)	\$ -	\$ 50,882,552

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 7: Capital Assets (Continued)

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

<u>Governmental Activities</u>	<u>Total</u>
General Government	\$ 25,035
Public Safety	48,685
Public Works	2,676,131
Community development	14,353
Parks and recreation	153,940
Internal Service Funds	62,111
Totals	<u>\$ 2,980,255</u>

Note 8: Compensated Absences

Compensated absences activities for the year ended June 30, 2019, is as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
\$ 672,985	\$ 276,318	\$ 368,661	\$ 580,642	\$ 318,076

Compensated absences have no repayment schedule and become payable as used by employees. Compensated absences are liquidated through the City's General Fund.

Note 9: Risk Management

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

The City of Rosemead is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

b. Primary Self-Insurance Programs of the Authority

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9: Risk Management (Continued)

Primary Liability Program

In the liability program claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

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

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2018-19 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

c. Purchased Insurance

Pollution Legal Liability Insurance

The City of Rosemead participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Rosemead. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9: Risk Management (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 \$71,467,764. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

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

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2018-19.

Note 10: Defined Benefit Pension Plans**a. Aggregate Information on all Defined Benefit Pension Plans**

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

	CalPERS Miscellaneous Plan	PARS Retirement Enhancement Plan	Total
Net Pension Liability	\$ 8,688,626	\$ -	\$ 8,688,626
Net Pension Asset	-	512,555	512,555
Deferred Outflows of Resources	3,420,308	65,214	3,485,522
Deferred Inflows of Resources	701,915	193,856	895,771
Pension Expense	1,677,156	1,173	1,678,329

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

Benefits Provided

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

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Tier 1 *	Tier 2 *	PEPRA
Hire date	Prior to July 1, 2010	From July 1, 2010 to December 31, 2012	January 1, 2013 and after
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 to 55&up	50 to 63&up	52 to 67&up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.426 to 2.418	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.75%
Required employer contribution rates	48.02%	9.43%	7.24%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019
Note 10: Defined Benefit Pension Plans (Continued)Contributions

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

For the year ended June 30, 2019 the contributions recognized as a reduction to the net pension liability was \$1,487,464.

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

At June 30, 2019, the City of Rosemead reported a net pension liability for its proportionate share of the net pension liability in the amount of \$8,688,626.

The City's pension liability is measured as the proportionate share of the net pension liability. The net pensions liability is measured as of June 30, 2018 and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2017 and 2018 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2017	0.09661%
Proportion - June 30, 2018	0.09186%
Change - Increase (Decrease)	-0.00475%

For the year ended June 30, 2019, the City of Rosemead recognized pension expense of \$1,799,857. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,389,145	\$ -
Changes in assumptions	776,153	190,220
Difference between expected and actual experiences	261,218	88,891
Net differences between projected and actual earnings on plan investments	33,658	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	790,851	79,240
Adjustment due to differences in proportions	169,283	343,564
Total	<u>\$ 3,420,308</u>	<u>\$ 701,915</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 10: Defined Benefit Pension Plans (Continued)

The \$1,389,145 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflow / (Inflows) of Resources
2019	\$ 941,502
2020	612,080
2021	(163,098)
2022	(61,236)
Total	<u>\$ 1,329,248</u>

Actuarial Assumptions and Methods

For the measurement period ended June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017, total pension liability. The June 30, 2017 and the June 30, 2018, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on the CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Note 10: Defined Benefit Pension Plans (Continued)

Change of Assumptions

For the measurement date June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was project to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019
Note 10: Defined Benefit Pension Plans (Continued)

The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Estate	13.0	3.75	4.93
Liquidity	1.0	0.00	(0.92)

(1) An expected inflation of 2.0% used for this period.

(2) An expected inflation of 0.92% used for this period.

Sensitivity of Net Pension Liability to Changes in Discount Rate

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

Plan's Net Pension Liability/(Assets)	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous	\$ 12,816,273	\$ 8,688,626	\$ 5,281,321

Pension Plan Fiduciary Net Position

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

c. PARS Retirement Enhancement Plan**Plan Description**

The Plan is an agent, multiple-employer supplemental employee defined benefit pension plan (the Plan II) administered by the Public Agency Retirement Services (PARS) Phase II Systems. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the June 30, 2018 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained from the actuarial valuation reports. PARS issues a publicly available financial report that includes financial statement and required supplementary information for the Plan II. That report may be obtained writing to PARS, 3961 MacArthur Boulevard, Suite 200, Newport Beach, California, 92660.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 10: Defined Benefit Pension Plans (Continued)Benefits Provided

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

The Plan II includes a pre-retirement death benefit for those eligible employees who die while actively employed with the City and meet the age and service eligibility requirements for a supplemental retirement benefit. The benefit will be paid to a surviving spouse or domestic partner as a life annuity equal to the employee's supplemental retirement benefit actuarially reduced as if the employee had elected a 100% joint-and-survivor annuity. The Plan is closed to all employees in the eligible classes hired on or after July 1, 2010 ("soft-freeze").

The Plan II's provisions and benefits in effect at June 30, 2019, (measurement date) are summarized as follows:

	Supplemental
	On or after September 25, 2007
Hire Date	On or before June 30, 2010
Benefit Formula	3% @ 55 less Cal PERS 2.7% @ 55
Benefit vesting schedule	from date of hire
Benefit payments	life only annuity
Retirement age	55
Monthly benefits, as a % of eligible compensation	0.576%
Required employee contribution rates	none
Required employer contribution rates	3.390%

Employees Covered

At June 30, 2019, the following employees were covered by the benefit terms:

Description	Number of Members
Inactive employees or beneficiaries	
currently receiving benefits	14
Active employees	37
Total	51

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 10: Defined Benefit Pension Plans (Continued)Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through PARS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the measurement period ended June 30, 2019 (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, 2019 are \$131,770.

Net Pension Liability

The City's net pension liability for the Retirement Enhancement Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan II is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018.

Total pension liability	\$ 2,742,513
Plan fiduciary net position	<u>(3,255,068)</u>
Net pension (asset)	<u>\$ (512,555)</u>
Plan fiduciary net position as a % of total pension liability	118.7%

Actuarial Assumptions and Methods

The following actuarial methods and assumptions were used in the June 30, 2018 funding valuation:

Actuarial Cost Method	Entry Age Normal
Amortization Method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 06/30/2018	4 years
Amortization growth rate	0.00%
Asset Valuation Method	
Smoothing period	None
Recognition method	None
Corridor	None
Inflation	2.50%
Salary Increases	Graded rates based on years of service.
Investment Rate of Return	6.50%
Cost of Living Adjustments	2.00%
Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 10: Defined Benefit Pension Plans (Continued)Discount Rate

GASB 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 68 will often require that the actuary perform complex projections of future benefit payments and asset values.

GASB 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 68 specifies 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 68 will show that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

	June 30, 2018	June 30, 2019
Discount rate	6.50%	6.50%
Long-term expected rate of return, net of investment expense	6.50%	6.50%
Municipal bond rate	N/A	N/A

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

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 10: Defined Benefit Pension Plans (Continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2019.

Asset Class	Index	Current Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	7.89%	0.71%	0.71%
US Core Fixed Income	Barclays Aggregate	43.65%	1.83%	1.73%
US Equity Market	Russell 3000	36.66%	4.71%	3.52%
Foreign Developed Equity	MSCI EAFE NR	5.49%	6.06%	4.55%
Emerging Markets Equity	MSCI EM NR	4.08%	8.23%	5.43%
US REITs	FTSE NAREIT Equity REIT	2.23%	5.05%	3.42%

Changes in Net Pension Liability

Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2018	\$ 2,702,951	\$ 3,143,491	\$ (440,540)
Changes for the year:			
Service cost	25,190	-	25,190
Interest on total pension liability	170,716	-	170,716
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	17,567	-	17,567
Effect of assumptions changes or inputs	32,827	-	32,827
Benefit payments	(206,738)	(206,738)	-
Employer contributions	-	131,770	(131,770)
Member contributions	-	-	-
Net investment income	-	187,985	(187,985)
Administrative expenses	-	(1,440)	1,440
Balances as of June 30, 2019	<u>\$ 2,742,513</u>	<u>\$ 3,255,068</u>	<u>\$ (512,555)</u>

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 10: Defined Benefit Pension Plans (Continued)**Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
\$ (210,857)	\$ (512,555)	\$ (769,207)

Pension Plan Fiduciary Net Position

The Plan II fiduciary net position at June 30, 2019, was as follows:

Assets:	
Cash and cash equivalents	\$ 256,817
Investments:	
Fixed income	1,420,947
Stocks	1,504,776
Real estate	72,528
Total Investments	2,998,251
Total Assets	3,255,068
Net Position Restricted for Pensions	\$ 3,255,068

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

For the year ended June 30, 2019, the City recognized pension expense of \$1,173. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 13,982	\$ 193,856
Change of assumptions	26,128	-
Net difference between projected and actual earnings on pension plan investments	25,104	-
Total	\$ 65,214	\$ 193,856

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

Year ended June 30:	Deferred Outflows (Inflows) of Resources
2020	\$ (17,379)
2021	(54,076)
2022	(36,911)
2023	(20,276)
	\$ (128,642)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 11: Employees Retirement PlanPARS 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 \$62,113 to the plan.

Note 12: Post-Employment Benefit PlanPlan Description

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

Employees Covered

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service and are eligible for a PERS pension. After age 65, Medicare automatically becomes the primary provider of health coverage. The City's defined benefit plan becomes the secondary provider. Eligible retirees will have no noticeable change in health benefits or plan administration; however, there is a reduction in the City's cost of health coverage as the secondary provider. The City's defined benefit plan administrator establishes the cost of secondary provider rates annually. The City will pay 100% for eligible retirees' health coverage. Membership of the plan consisted of the following at December 31, 2016, the date of the latest actuarial valuation:

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

Contributions

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

For the measurement date ended June 30, 2018, the City recognized a total of \$22,063 in contributions, including an implied subsidy of \$19,925, as a reduction to the net OPEB liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 12: Post-Employment Benefit Plan (Continued)Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2016 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

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

Expected Long-Term Rate of Return

<u>Asset Class Component</u>	<u>Target Allocation PARS-Moderate</u>	<u>Expected Real Rate of Return</u>
Global Equity	48.25%	4.82%
Fixed Income	45.00%	1.47%
REITs	1.75%	3.76%
Cash	5.00%	0.06%
(1) Assumed Long-Term Rate of Inflation		2.75%
(2) Expected Long-Term Net Rate of Return, rounded to the nearest quarter percent		6.00%

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019
Note 12: Post-Employment Benefit Plan (Continued)Discount Rate

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

Changes in the OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2018 (valuation date 12/31/2016)	\$ 4,143,397	\$ 3,583,258	\$ 560,139
Changes recognized for the measurement period:			
Service cost	151,419	-	151,419
Interest	253,402	-	253,402
Contributions - employer	-	22,063	(22,063)
Net investment income	-	223,704	(223,704)
Benefit payments	(142,897)	(142,897)	-
Administrative expenses	-	(9,889)	9,889
Net changes	261,924	92,981	168,943
Balance at June 30, 2019 (measurement date 6/30/2018)	<u>\$ 4,405,321</u>	<u>\$ 3,676,239</u>	<u>\$ 729,082</u>

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability	\$ 1,296,456	\$ 729,082	\$ 255,340

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

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease	Current Healthcare Cost Trent Rates	1% Increase
Net OPEB Liability	\$ 410,469	\$ 729,082	\$ 1,100,668

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019
Note 12: Post-Employment Benefit Plan (Continued)OPEB Plan Fiduciary Net Position

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

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

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$148,127. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 97,132	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	93,078
Total	<u>\$ 97,132</u>	<u>\$ 93,078</u>

The \$97,132 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. The amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30	Deferred Outflow / (Inflows) of Resources
2020	\$ (30,388)
2021	(30,388)
2022	(30,386)
2023	(1,916)
	<u>\$ (93,078)</u>

Note 13: Commitments and Contingencies

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 14: Successor Agency

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

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

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

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

a. Cash and Investments

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

Cash and Investments	\$5,568,337
Restricted:	
Cash with Fiscal Agents	<u>1,125,198</u>
Total Cash and Investments:	<u>\$6,693,535</u>

CITY OF ROSEMEAD, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 14: Successor Agency (Continued)

b. Long-Term Debt

The debt of the Successor Agency as of June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Bonds Payable:					
Tax Allocation Bonds					
Series 2010A	\$ 6,160,000	\$ -	\$ 915,000	\$ 5,245,000	\$ 960,000
Tax Allocation Bonds					
Series 2016	23,295,000	-	1,245,000	22,050,000	1,245,000
Subtotal Bonds	29,455,000	-	2,160,000	27,295,000	2,205,000
Deferred amounts:					
Unamortized bond premium	1,601,914	-	106,794	1,495,120	106,793
Discount on Issuance	(77,594)	-	(14,778)	(62,816)	(14,779)
Total Bonds	1,524,320	-	92,016	1,432,304	92,014
Total Long-term Debt	\$ 30,979,320	\$ -	\$ 2,252,016	\$ 28,727,304	\$ 2,297,014

Future debt service requirements are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 2,205,000	\$ 1,275,500
2021	2,295,000	1,182,500
2022	2,405,000	1,070,250
2023	2,530,000	950,000
2024	2,320,000	823,500
2025-2029	6,880,000	2,883,750
2030-2034	8,660,000	1,118,650
Total	\$ 27,295,000	\$ 9,304,150

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. In the event of default, all money in the funds and accounts provided for in the bond indenture and all tax revenues thereafter received by the Successor Agency are to be transmitted to the trustee and applied in the following order: first to pay the costs and expenses of the trustee for legal counsel, and second, to pay the unpaid principal and interest accrued on the bonds. At June 30, 2019, the balance held in the reserve account was \$1,119,273. As of June 30, 2019, the outstanding balance was \$5,245,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 14: Successor Agency (Continued)

2016 Subordinate Tax Allocation Refunding Bonds

In October 2016, the Successor Agency to the Rosemead Redevelopment Agency (Successor Agency) issued the 2016 Subordinate Tax Allocation Refunding Bonds in the amount of \$24,230,000 for the purpose of refunding, on a current basis, all of the outstanding Rosemead Community Development Commission Redevelopment Project Area No. 1 Tax Allocation Bonds, Series 2006A, initially issued in the principal amount of \$14,005,000, and the Rosemead Community Development Commission Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2006B, initially issued in the principal amount of \$24,230,000. Interest is payable semi-annually on April 1 and October 1. The bonds are subject to acceleration upon an event of default. If an event of default has occurred, the principal of the bonds, together with the interest thereon, are due and payable immediately. As of June 30, 2019, the outstanding balance was \$22,050,000.

c. Pledged Revenue

The City pledged, as security for the bonds issued, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it received. The bonds were issued to providing financing for various capital projects, accomplish Low and Moderate Income Housing projects, and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the redevelopment activities of the redevelopment agency, property taxes allocated to redevelopment activities are not longer deemed tax increment, but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt as of June 30, 2019 is \$36,599,150 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the successor agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$3,863,435 and the debt service obligation on the bonds was \$3,512,881.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Note 1: Budgetary Information

Annual budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before the last day in March of each year, all business units and component units of the government submit requests for appropriations to the City Manager so that a budget may be prepared. Before the first Thursday of June, the proposed budget is presented to the City Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by fund and department. The City's Department Heads, with approval of the Finance Director and City Manager, may make transfers of appropriations within a department and between departments within a fund. Transfers of appropriations between funds must be approved by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Council made several supplemental budgetary appropriations throughout the year. The supplemental budgetary appropriations made in the various governmental funds are detailed in the required supplementary information. Budgets were legally adopted for all governmental funds.

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF ROSEMEAD, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 20,484,281	\$ 20,484,281	\$ 20,484,281	\$ -
Resources (Inflows):				
Taxes	18,270,000	18,470,000	18,946,836	476,836
Licenses and permits	2,468,200	2,468,200	2,636,026	167,826
Intergovernmental	951,033	1,051,033	274,414	(776,619)
Charges for services	967,700	1,054,700	1,135,748	81,048
Use of money and property	263,300	263,300	935,375	672,075
Fines and forfeitures	589,000	589,000	622,221	33,221
Contributions	2,000	2,000	2,721	721
Miscellaneous	166,300	166,300	180,201	13,901
Amounts Available for Appropriations	44,161,814	44,548,814	45,217,823	669,009
Charges to Appropriation (Outflows):				
General government	3,720,900	3,765,700	3,896,082	(130,382)
Public safety	9,255,700	9,371,132	9,062,545	308,587
Community development	1,921,500	1,921,500	2,137,789	(216,289)
Parks and recreation	2,572,200	2,642,200	2,280,559	361,641
Public works	4,881,700	4,881,700	4,277,070	604,630
Capital outlay	257,000	337,207	268,824	68,383
Total Charges to Appropriations	22,609,000	22,919,438	21,922,869	996,569
Budgetary Fund Balance, June 30	\$ 21,552,814	\$ 21,629,376	\$ 23,294,954	\$ 1,665,578

CITY OF ROSEMEAD, CALIFORNIA

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

	2019	2018	2017	2016	2015
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the Net Pension Liability	0.09186%	0.09661%	0.09959%	0.11128%	0.10996%
Proportionate Share of the Net Pension Liability	\$ 8,688,626	\$ 9,309,566	\$ 8,617,416	\$ 7,638,064	\$ 6,842,230
Covered Payroll	\$ 3,761,962	\$ 3,690,780	\$ 3,388,767	\$ 3,543,958	\$ 3,386,963
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	231%	252%	254%	216%	202%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.3%	73.3%	74.1%	78.4%	79.8%

Notes to Schedule of Proportionate Share of the Net Pension Liability

Benefit Changes: None.

Changes of Assumptions: In 2018, demographic assumptions and inflate rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no chnages in the discount rate.

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

CITY OF ROSEMEAD, CALIFORNIA

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

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,389,145	\$ 1,487,464	\$ 1,113,875	\$ 1,276,087	\$ 1,183,855
Contribution in Relation to the Actuarially Determined Contribution	(1,389,145)	(1,487,464)	(1,113,875)	(1,276,087)	(1,183,855)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 3,903,914	\$ 3,761,962	\$ 3,690,780	\$ 3,388,767	\$ 3,543,958
Contributions as a Percentage of Covered Payroll	35.6%	39.5%	30.2%	18.1%	33.4%

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2016 funding valuation report.

Actuarial Cost Method:	Entry Age Normal
Amortization Method/Period:	For details, see June 30, 2016 Funding Valuation Report.
Asset Valuation Method:	Market Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation:	2.75%
Salary Increases:	Varies by Entry Age and Service
Payroll Growth:	3.00%
Investment Rate of Return:	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age:	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period of 1997 to 2011.
Mortality:	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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

CITY OF ROSEMEAD, CALIFORNIA

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

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 25,190	\$ 37,502	\$ 36,410	\$ 45,435	\$ 44,112
Interest	170,716	171,215	192,440	191,270	190,667
Effect of Liability Gains or Losses	17,567	-	(355,400)	-	-
Effect of Assumption Changes or Inputs	32,827	-	-	-	-
Benefit Payments, Including Refunds of employee Contributions	(206,738)	(201,490)	(200,693)	(218,411)	(234,960)
Net Change in Total Pension Liability	39,562	7,227	(327,243)	18,294	(181)
Total Pension Liability - Beginning	2,702,951	2,695,724	3,022,967	3,004,673	3,004,854
Total Pension Liability - Ending (a)	\$ 2,742,513	\$ 2,702,951	\$ 2,695,724	\$ 3,022,967	\$ 3,004,673
Plan Fiduciary Net Position					
Contribution - Employer	\$ 131,770	\$ 140,376	\$ 164,389	\$ 265,241	\$ 273,711
Net Investment Income	187,985	175,605	266,884	(2,345)	59,329
Benefit Payments, Including Refunds of Employee Contributions	(206,738)	(201,490)	(200,693)	(218,411)	(234,960)
Other Changes in Fiduciary Net Position	(1,440)	(1,461)	(6,848)	(2,624)	(5,864)
Net Change in Fiduciary Net Position	111,577	113,030	223,732	41,861	92,216
Plan Fiduciary Net Position - Beginning	3,143,491	3,030,461	2,806,729	2,764,868	2,672,652
Plan Fiduciary Net Position - Ending (b)	\$ 3,255,068	\$ 3,143,491	\$ 3,030,461	\$ 2,806,729	\$ 2,764,868
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ (512,555)	\$ (440,540)	\$ (334,737)	\$ 216,238	\$ 239,805
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	118.7%	116.3%	112.4%	92.8%	92.0%
Covered Payroll	\$ 2,238,812	\$ 2,178,892	\$ 2,414,510	\$ 2,344,184	\$ 3,060,587
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-22.9%	-20.2%	-13.9%	9.2%	7.8%

Notes to Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios:

Changes of Assumptions: There were no changes in assumptions

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

CITY OF ROSEMEAD, CALIFORNIA

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

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 73,864	\$ 81,888	\$ 88,845	\$ 116,244	\$ 133,267
Contribution in Relation to the Actuarially Determined Contribution	(131,770)	(140,376)	(164,389)	(265,241)	(273,711)
Contribution Deficiency (Excess)	<u>\$ (57,906)</u>	<u>\$ (58,488)</u>	<u>\$ (75,544)</u>	<u>\$ (148,997)</u>	<u>\$ (140,444)</u>
Covered Payroll	\$ 2,238,812	\$ 2,178,892	\$ 2,414,510	\$ 2,344,184	\$ 3,060,587
Contributions as a Percentage of Covered Payroll	5.9%	6.4%	6.8%	11.3%	8.9%

Note to Schedule of Plan Contributions:

Valuation Date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	4
Inflation	2.50%
Salary Increases	3.5% to 12.20%, depending on years of service
Investment rate of return	6.50%
Payroll Growth	2.75%
Cost of Living Adjustments	2.00%
Mortality	Consistent with the Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans.

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

CITY OF ROSEMEAD, CALIFORNIA

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

	2019	2018
Total OPEB Liability		
Service cost	\$ 151,419	\$ 147,009
Interest on the total OPEB liability	253,402	237,920
Benefit payments	(142,897)	(119,682)
Net change in total OPEB liability	261,924	265,247
Total OPEB liability - beginning	4,143,397	3,878,150
Total OPEB liability - ending (a)	4,405,321	4,143,397
Plan Fiduciary Net Position		
Contribution - employer	22,063	158,082
Net investment income	223,704	336,797
Benefit payments	(142,897)	(119,682)
Administrative expense	(9,889)	(8,925)
Net change in plan fiduciary net position	92,981	366,272
Plan fiduciary net position - beginning	3,583,258	3,216,986
Plan fiduciary net position - ending (b)	3,676,239	3,583,258
Net OPEB Liability - ending (a) - (b)	\$ 729,082	\$ 560,139
Plan fiduciary net position as a percentage of the total OPEB liability	83.4%	86.5%
Covered-employee payroll	\$ 3,761,962	\$ 3,690,780
Net OPEB liability as a percentage of covered-employee payroll	19.4%	15.2%

Notes to Schedule:

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

CITY OF ROSEMEAD, CALIFORNIA

OTHER POST-EMPLOYMENT BENEFIT PLAN

SCHEDULE OF PLAN CONTRIBUTIONS

AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾

	2019	2018
Actuarially Determined Contribution	\$ 197,000	\$ 192,000
Contribution in Relation to the Actuarially Determined Contributions ⁽²⁾	(97,132)	(22,063)
Contribution Deficiency (Excess)	\$ 99,868	\$ 169,937
Covered-employee payroll	\$ 3,903,914	\$ 3,761,962
Contributions as a percentage of covered-employee payroll	2.5%	0.6%

Notes to Schedule:

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

Valuation Date:	December 31, 2016
Actuarial Cost Method:	Entry Age Normal, Level Percentage of Payroll
Amortization Method:	Level percent of pay
Amortization Period:	20-year fixed period for 2018/19
Asset Valuation Method:	Investment gains and losses spread over 5-year rolling period
Discount Rate:	6.00%
General Inflation:	2.75%
Medical Trend:	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076
Mortality:	CalPERS 1997-2015 experience study
Mortality Improvement:	Mortality Improvement Scale 2017 for post-retirement mortality
All Other Assumptions:	Same as those used to determine the total OPEB liability

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

⁽²⁾ Contributions include implied subsidies

CITY OF ROSEMEAD, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

Special Revenue Funds			
	State Gas Tax	Local Transportation/ Sidewalk Grant	Proposition A
Assets:			
Cash and investments	\$ 1,094,681	\$ -	\$ 752,427
Accounts receivable	21,643	-	74,101
Total Assets	\$ 1,116,324	\$ -	\$ 826,528
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Accounts payable	\$ 99,149	\$ -	\$ 132,247
Accrued liabilities	2,655	-	6,520
Deposits payable	-	-	-
Due to other funds	-	-	-
Retentions payable	16,467	-	-
Total Liabilities	118,271	-	138,767
Deferred Inflows of Resources:			
Unavailable revenues	13,643	-	-
Total Deferred Inflows of Resources	13,643	-	-
Fund Balances (Deficits):			
Restricted:			
Community services	-	-	-
Low and moderate income housing	-	-	-
Public works	505,481	-	687,761
Capital projects	478,929	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	984,410	-	687,761
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 1,116,324	\$ -	\$ 826,528

CITY OF ROSEMEAD, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

Special Revenue Funds

Assets:Cash and investments
Accounts receivable**Total Assets**

Proposition C	Measure R	Measure M
\$ 1,205,613	\$ 1,656,008	\$ 1,383,626
-	38,098	-
\$ 1,205,613	\$ 1,694,106	\$ 1,383,626

**Liabilities, Deferred Inflows of Resources,
and Fund Balances (Deficits):****Liabilities:**Accounts payable
Accrued liabilities
Deposits payable
Due to other funds
Retentions payable**Total Liabilities**

\$ 269,510	\$ 20,917	\$ -
3,290	607	-
-	-	-
-	-	-
-	-	-
272,800	21,524	-

Deferred Inflows of Resources:

Unavailable revenues

Total Deferred Inflows of Resources

-	38,098	-
-	38,098	-

Fund Balances (Deficits):

Restricted:

Community services
Low and moderate income housing
Public works
Capital projects
Unassigned**Total Fund Balances (Deficits)**

-	-	-
-	-	-
566,454	956,339	743,626
366,359	678,145	640,000
-	-	-
932,813	1,634,484	1,383,626

**Total Liabilities, Deferred Inflows of
Resources, and Fund Balances (Deficits)**

\$ 1,205,613	\$ 1,694,106	\$ 1,383,626
---------------------	---------------------	---------------------

CITY OF ROSEMEAD, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

Special Revenue Funds			
	Air Quality Management District	Street Lighting	Development Impact Fee Traffic
Assets:			
Cash and investments	\$ 316,380	\$ 1,893,760	\$ 21,222
Accounts receivable	18,584	53,859	-
Total Assets	\$ 334,964	\$ 1,947,619	\$ 21,222
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Accounts payable	\$ -	\$ 94,332	\$ -
Accrued liabilities	-	2,639	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Retentions payable	-	5,089	-
Total Liabilities	-	102,060	-
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted:			
Community services	-	-	21,222
Low and moderate income housing	-	-	-
Public works	334,964	1,381,482	-
Capital projects	-	464,077	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	334,964	1,845,559	21,222
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 334,964	\$ 1,947,619	\$ 21,222

CITY OF ROSEMEAD, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds		
	Development Impact Fee Public Safety	Development Impact Fee General Government	Development Impact Fee Parks
Assets:			
Cash and investments	\$ 3,738	\$ 26,934	\$ 111,202
Accounts receivable	-	-	-
Total Assets	\$ 3,738	\$ 26,934	\$ 111,202
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Retentions payable	-	-	-
Total Liabilities	-	-	-
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted:			
Community services	3,738	-	111,202
Low and moderate income housing	-	-	-
Public works	-	26,934	-
Capital projects	-	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	3,738	26,934	111,202
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 3,738	\$ 26,934	\$ 111,202

CITY OF ROSEMEAD, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds		
	Community Development Block Grant (CDBG)	HOME Program	Rosemead Housing Development Corporation
Assets:			
Cash and investments	\$ -	\$ 63,475	\$ 376,844
Accounts receivable	201,168	3,047	9,377
Total Assets	\$ 201,168	\$ 66,522	\$ 386,221
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Accounts payable	\$ 29,774	\$ 117	\$ 5,338
Accrued liabilities	3,021	335	-
Deposits payable	-	-	39,901
Due to other funds	182,165	-	-
Retentions payable	-	-	-
Total Liabilities	214,960	452	45,239
Deferred Inflows of Resources:			
Unavailable revenues	10,000	-	-
Total Deferred Inflows of Resources	10,000	-	-
Fund Balances (Deficits):			
Restricted:			
Community services	-	66,070	-
Low and moderate income housing	-	-	340,982
Public works	-	-	-
Capital projects	-	-	-
Unassigned	(23,792)	-	-
Total Fund Balances (Deficits)	(23,792)	66,070	340,982
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 201,168	\$ 66,522	\$ 386,221

CITY OF ROSEMEAD, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds Road Maintenance and Rehabilitation Account SB1	Total Governmental Funds
Assets:		
Cash and investments	\$ 1,175,558	\$ 10,081,468
Accounts receivable	180,879	600,756
Total Assets	\$ 1,356,437	\$ 10,682,224
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):		
Liabilities:		
Accounts payable	\$ -	\$ 651,384
Accrued liabilities	-	19,067
Deposits payable	-	39,901
Due to other funds	-	182,165
Retentions payable	-	21,556
Total Liabilities	-	914,073
Deferred Inflows of Resources:		
Unavailable revenues	-	61,741
Total Deferred Inflows of Resources	-	61,741
Fund Balances (Deficits):		
Restricted:		
Community services	-	202,232
Low and moderate income housing	-	340,982
Public works	173,728	5,376,769
Capital projects	1,182,709	3,810,219
Unassigned	-	(23,792)
Total Fund Balances (Deficits)	1,356,437	9,706,410
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 1,356,437	\$ 10,682,224

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Special Revenue Funds			
	State Gas Tax	Local Transportation/ Sidewalk Grant	Proposition A
Revenues:			
Intergovernmental	\$ 1,559,778	\$ -	\$ 1,177,965
Charges for services	-	-	17,789
Use of money and property	22,822	(5)	18,913
Developer participation	-	-	-
Miscellaneous	62,325	-	-
Total Revenues	1,644,925	(5)	1,214,667
Expenditures:			
Current:			
General government	2,386	-	123,969
Public safety	5,999	-	-
Community development	-	-	-
Parks and recreation	-	-	37,555
Public works	1,005,492	-	840,154
Capital outlay	-	-	-
Total Expenditures	1,013,877	-	1,001,678
Net Change in Fund Balances	631,048	(5)	212,989
Fund Balance (Deficit) at the Beginning of the Year	353,362	5	474,772
Fund Balance (Deficit) at the End of the Year	\$ 984,410	\$ -	\$ 687,761

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(CONTINUED)

Special Revenue Funds

Revenues:

	Proposition C	Measure R	Measure M
Intergovernmental	\$ 915,624	\$ 686,916	\$ 773,916
Charges for services	35,229	-	-
Use of money and property	26,273	40,601	29,519
Developer participation	-	-	-
Miscellaneous	-	-	-
Total Revenues	977,126	727,517	803,435

Expenditures:

Current:			
General government	28,859	12,443	-
Public safety	20,832	-	-
Community development	-	-	-
Parks and recreation	-	-	-
Public works	400,860	97,282	-
Capital outlay	94,833	97,072	-
Total Expenditures	545,384	206,797	-
Net Change in Fund Balances	431,742	520,720	803,435
Fund Balance (Deficit) at the Beginning of the Year	501,071	1,113,764	580,191
Fund Balance (Deficit) at the End of the Year	\$ 932,813	\$ 1,634,484	\$ 1,383,626

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Special Revenue Funds			
	Air Quality Management District	Street Lighting	Development Impact Fee Traffic
Revenues:			
Intergovernmental	\$ 71,685	\$ 1,143,353	\$ -
Charges for services	-	-	-
Use of money and property	8,016	43,538	346
Developer participation	-	-	14,972
Miscellaneous	-	-	-
Total Revenues	79,701	1,186,891	15,318
Expenditures:			
Current:			
General government	-	7,602	-
Public safety	-	-	-
Community development	-	-	-
Parks and recreation	-	-	-
Public works	-	626,533	-
Capital outlay	-	34,214	-
Total Expenditures	-	668,349	-
Net Change in Fund Balances	79,701	518,542	15,318
Fund Balance (Deficit) at the Beginning of the Year	255,263	1,327,017	5,904
Fund Balance (Deficit) at the End of the Year	\$ 334,964	\$ 1,845,559	\$ 21,222

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds		
	Development Impact Fee Public Safety	Development Impact Fee General Government	Development Impact Fee Parks
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Use of money and property	59	428	1,805
Developer participation	2,686	19,581	79,876
Miscellaneous	-	-	-
Total Revenues	2,745	20,009	81,681
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Parks and recreation	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balances	2,745	20,009	81,681
Fund Balance (Deficit) at the Beginning of the Year	993	6,925	29,521
Fund Balance (Deficit) at the End of the Year	\$ 3,738	\$ 26,934	\$ 111,202

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds		
	Community Development Block Grant (CDBG)	HOME Program	Rosemead Housing Development Corporation
Revenues:			
Intergovernmental	\$ 479,068	\$ 62,027	\$ 429,968
Charges for services	11,571	-	452,758
Use of money and property	-	9,903	87
Developer participation	-	-	-
Miscellaneous	-	-	5,117
Total Revenues	490,639	71,930	887,930
Expenditures:			
Current:			
General government	6,175	-	-
Public safety	269	-	-
Community development	450,730	215,577	833,596
Parks and recreation	25,338	-	-
Public works	-	-	-
Capital outlay	895	-	-
Total Expenditures	483,407	215,577	833,596
Net Change in Fund Balances	7,232	(143,647)	54,334
Fund Balance (Deficit) at the Beginning of the Year	(31,024)	209,717	286,648
Fund Balance (Deficit) at the End of the Year	\$ (23,792)	\$ 66,070	\$ 340,982

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

		Special Revenue Funds	
		Road Maintenance and Rehabilitation Account SB1	Total Governmental Funds
Revenues:			
Intergovernmental		\$ 1,013,497	\$ 8,313,797
Charges for services		-	517,347
Use of money and property		20,727	223,032
Developer participation		-	117,115
Miscellaneous		-	67,442
Total Revenues		1,034,224	9,238,733
Expenditures:			
Current:			
General government		-	181,434
Public safety		-	27,100
Community development		-	1,499,903
Parks and recreation		-	62,893
Public works		-	2,970,321
Capital outlay		-	227,014
Total Expenditures		-	4,968,665
Net Change in Fund Balances		1,034,224	4,270,068
Fund Balance (Deficit) at the Beginning of the Year		322,213	5,436,342
Fund Balance (Deficit) at the End of the Year		\$ 1,356,437	\$ 9,706,410

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 353,362	\$ 353,362	\$ 353,362	\$ -
Resources (Inflows):				
Intergovernmental	2,366,850	2,366,850	1,559,778	(807,072)
Use of money and property	-	-	22,822	22,822
Miscellaneous	62,500	62,500	62,325	(175)
Amounts Available for Appropriations	2,782,712	2,782,712	1,998,287	(784,425)
Charges to Appropriation (Outflows):				
General government	2,400	2,400	2,386	14
Public safety	6,000	6,000	5,999	1
Public works	701,900	701,900	1,005,492	(303,592)
Capital outlay	981,250	981,250	-	981,250
Total Charges to Appropriations	1,691,550	1,691,550	1,013,877	677,673
Budgetary Fund Balance, June 30	\$ 1,091,162	\$ 1,091,162	\$ 984,410	\$ (106,752)

CITY OF ROSEMEAD, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
LOCAL TRANSPORTATION/SIDEWALK GRANT
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 5	\$ 5	\$ 5	\$ -
Resources (Inflows):				
Intergovernmental	37,000	37,000	-	(37,000)
Use of money and property	-	-	(5)	(5)
Amounts Available for Appropriations	37,005	37,005	-	(37,005)
Charges to Appropriation (Outflows):				
Capital outlay	37,000	37,000	-	37,000
Total Charges to Appropriations	37,000	37,000	-	37,000
Budgetary Fund Balance, June 30	\$ 5	\$ 5	\$ -	\$ (5)

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 PROPOSITION A
 FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 474,772	\$ 474,772	\$ 474,772	\$ -
Resources (Inflows):				
Intergovernmental	1,152,000	1,152,000	1,177,965	25,965
Charges for services	20,000	20,000	17,789	(2,211)
Use of money and property	-	-	18,913	18,913
Amounts Available for Appropriations	1,646,772	1,646,772	1,689,439	42,667
Charges to Appropriation (Outflows):				
General government	130,400	130,400	123,969	6,431
Parks and recreation	30,000	30,000	37,555	(7,555)
Public works	904,700	904,700	840,154	64,546
Total Charges to Appropriations	1,065,100	1,065,100	1,001,678	63,422
Budgetary Fund Balance, June 30	\$ 581,672	\$ 581,672	\$ 687,761	\$ 106,089

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 501,071	\$ 501,071	\$ 501,071	\$ -
Resources (Inflows):				
Intergovernmental	892,000	892,000	915,624	23,624
Charges for services	41,000	41,000	35,229	(5,771)
Use of money and property	-	-	26,273	26,273
Amounts Available for Appropriations	1,434,071	1,434,071	1,478,197	44,126
Charges to Appropriation (Outflows):				
General government	27,200	27,200	28,859	(1,659)
Public safety	22,600	22,600	20,832	1,768
Public works	325,700	455,700	400,860	54,840
Capital outlay	325,000	325,000	94,833	230,167
Total Charges to Appropriations	700,500	830,500	545,384	285,116
Budgetary Fund Balance, June 30	\$ 733,571	\$ 603,571	\$ 932,813	\$ 329,242

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 MEASURE R
 FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,113,764	\$ 1,113,764	\$ 1,113,764	\$ -
Resources (Inflows):				
Intergovernmental	669,000	669,000	686,916	17,916
Use of money and property	-	-	40,601	40,601
Amounts Available for Appropriations	1,782,764	1,782,764	1,841,281	58,517
Charges to Appropriation (Outflows):				
General government	16,400	16,400	12,443	3,957
Public works	134,900	134,900	97,282	37,618
Capital outlay	478,000	503,000	97,072	405,928
Total Charges to Appropriations	629,300	654,300	206,797	447,503
Budgetary Fund Balance, June 30	\$ 1,153,464	\$ 1,128,464	\$ 1,634,484	\$ 506,020

CITY OF ROSEMEAD, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
MEASURE M
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 580,191	\$ 580,191	\$ 580,191	\$ -
Resources (Inflows):				
Intergovernmental	758,000	758,000	773,916	15,916
Use of money and property	-	-	29,519	29,519
Amounts Available for Appropriations	1,338,191	1,338,191	1,383,626	45,435
Charges to Appropriation (Outflows):				
Capital outlay	693,000	693,000	-	693,000
Total Charges to Appropriations	693,000	693,000	-	693,000
Budgetary Fund Balance, June 30	\$ 645,191	\$ 645,191	\$ 1,383,626	\$ 738,435

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY MANAGEMENT DISTRICT
 FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 255,263	\$ 255,263	\$ 255,263	\$ -
Resources (Inflows):				
Intergovernmental	72,000	72,000	71,685	(315)
Use of money and property	-	-	8,016	8,016
Amounts Available for Appropriations	327,263	327,263	334,964	7,701
Charges to Appropriation (Outflows):				
Public works	70,000	70,000	-	70,000
Total Charges to Appropriations	70,000	70,000	-	70,000
Budgetary Fund Balance, June 30	\$ 257,263	\$ 257,263	\$ 334,964	\$ 77,701

CITY OF ROSEMEAD, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,327,017	\$ 1,327,017	\$ 1,327,017	\$ -
Resources (Inflows):				
Intergovernmental	950,000	950,000	1,143,353	193,353
Use of money and property	-	-	43,538	43,538
Amounts Available for Appropriations	2,277,017	2,277,017	2,513,908	236,891
Charges to Appropriation (Outflows):				
General government	10,700	10,700	7,602	3,098
Public works	830,300	830,300	626,533	203,767
Capital outlay	100,000	100,000	34,214	65,786
Total Charges to Appropriations	941,000	941,000	668,349	272,651
Budgetary Fund Balance, June 30	\$ 1,336,017	\$ 1,336,017	\$ 1,845,559	\$ 509,542

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEE TRAFFIC
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,904	\$ 5,904	\$ 5,904	\$ -
Resources (Inflows):				
Use of money and property	-	-	346	346
Developer participation	8,000	8,000	14,972	6,972
Amounts Available for Appropriations	13,904	13,904	21,222	7,318
Budgetary Fund Balance, June 30	\$ 13,904	\$ 13,904	\$ 21,222	\$ 7,318

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEE PUBLIC SAFETY
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 993	\$ 993	\$ 993	\$ -
Resources (Inflows):				
Use of money and property	-	-	59	59
Developer participation	1,000	1,000	2,686	1,686
Amounts Available for Appropriations	1,993	1,993	3,738	1,745
Budgetary Fund Balance, June 30	\$ 1,993	\$ 1,993	\$ 3,738	\$ 1,745

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEE GENERAL GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,925	\$ 6,925	\$ 6,925	\$ -
Resources (Inflows):				
Use of money and property	-	-	428	428
Developer participation	9,000	9,000	19,581	10,581
Amounts Available for Appropriations	15,925	15,925	26,934	11,009
Budgetary Fund Balance, June 30	\$ 15,925	\$ 15,925	\$ 26,934	\$ 11,009

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEE PARKS
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 29,521	\$ 29,521	\$ 29,521	\$ -
Resources (Inflows):				
Use of money and property	-	-	1,805	1,805
Developer participation	32,000	32,000	79,876	47,876
Amounts Available for Appropriations	61,521	61,521	111,202	49,681
Budgetary Fund Balance, June 30	\$ 61,521	\$ 61,521	\$ 111,202	\$ 49,681

CITY OF ROSEMEAD, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Deficit, July 1	\$ (31,024)	\$ (31,024)	\$ (31,024)	\$ -
Resources (Inflows):				
Intergovernmental	994,500	994,500	479,068	(515,432)
Charges for services	11,300	11,300	11,571	271
Amounts Available for Appropriations	974,776	974,776	459,615	(515,161)
Charges to Appropriation (Outflows):				
General government	7,800	7,800	6,175	1,625
Public safety	28,900	28,900	269	28,631
Community development	954,100	1,026,471	450,730	575,741
Parks and recreation	36,800	36,800	25,338	11,462
Capital outlay	-	-	895	(895)
Total Charges to Appropriations	1,027,600	1,099,971	483,407	616,564
Budgetary Fund Deficit, June 30	\$ (52,824)	\$ (125,195)	\$ (23,792)	\$ 101,403

CITY OF ROSEMEAD, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
HOME PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 209,717	\$ 209,717	\$ 209,717	\$ -
Resources (Inflows):				
Intergovernmental	778,500	778,500	62,027	(716,473)
Use of money and property	-	-	9,903	9,903
Amounts Available for Appropriations	988,217	988,217	281,647	(706,570)
Charges to Appropriation (Outflows):				
Community development	780,100	1,235,137	215,577	1,019,560
Total Charges to Appropriations	780,100	1,235,137	215,577	1,019,560
Budgetary Fund Balance (Deficit), June 30	\$ 208,117	\$ (246,920)	\$ 66,070	\$ 312,990

CITY OF ROSEMEAD, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
ROSEMEAD HOUSING DEVELOPMENT CORPORATION
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 286,648	\$ 286,648	\$ 286,648	\$ -
Resources (Inflows):				
Intergovernmental	-	-	429,968	429,968
Charges for services	448,900	448,900	452,758	3,858
Use of money and property	-	-	87	87
Miscellaneous	2,900	2,900	5,117	2,217
Amounts Available for Appropriations	738,448	738,448	1,174,578	436,130
Charges to Appropriation (Outflows):				
Community development	877,300	877,300	833,596	43,704
Total Charges to Appropriations	877,300	877,300	833,596	43,704
Budgetary Fund Balance (Deficit), June 30	\$ (138,852)	\$ (138,852)	\$ 340,982	\$ 479,834

CITY OF ROSEMEAD, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
ROAD MAINTENANCE AND REHABILITATION ACCOUNT SB1
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 322,213	\$ 322,213	\$ 322,213	\$ -
Resources (Inflows):				
Intergovernmental	920,000	920,000	1,013,497	93,497
Use of money and property	-	-	20,727	20,727
Amounts Available for Appropriations	1,242,213	1,242,213	1,356,437	114,224
Charges to Appropriation (Outflows):				
Capital outlay	1,226,600	1,226,600	-	1,226,600
Total Charges to Appropriations	1,226,600	1,226,600	-	1,226,600
Budgetary Fund Balance, June 30	\$ 15,613	\$ 15,613	\$ 1,356,437	\$ 1,340,824

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

Governmental Activities - Internal Service Funds			
	Equipment Replacement	Technology Replacement	Totals
Assets:			
Current Assets:			
Cash and investments	\$ 651,001	\$ 82,052	\$ 733,053
Total Current Assets	651,001	82,052	733,053
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	45,802	21,053	66,855
Total Noncurrent Assets	45,802	21,053	66,855
Total Assets	696,803	103,105	799,908
Net Position:			
Investment in capital assets	45,802	21,053	66,855
Unrestricted	651,001	82,052	733,053
Total Net Position	\$ 696,803	\$ 103,105	\$ 799,908

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds		
	Equipment Replacement	Technology Replacement	Totals
Operating Revenues:			
Charges for services	\$ 106,900	\$ 159,200	\$ 266,100
Total Operating Revenues	106,900	159,200	266,100
Operating Expenses:			
Contractual services	295	140,607	140,902
Depreciation expense	44,189	17,922	62,111
Total Operating Expenses	44,484	158,529	203,013
Operating Income	62,416	671	63,087
Net Position at the Beginning of the Year	634,387	102,434	736,821
Net Position at the End of the Year	\$ 696,803	\$ 103,105	\$ 799,908

CITY OF ROSEMEAD, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities - Internal Service Funds		
	Equipment Replacement	Technology Replacement	Totals
Cash Flows from Operating Activities:			
Cash received from interfund service provided	\$ 106,900	\$ 159,200	\$ 266,100
Cash paid to suppliers for goods and services	(295)	(140,651)	(140,946)
Net Cash Provided by Operating Activities	106,605	18,549	125,154
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(13,623)	(13,623)
Net Cash Used for Capital and Related Financing Activities	-	(13,623)	(13,623)
Net Increase in Cash and Cash Equivalents	106,605	4,926	111,531
Cash and Cash Equivalents at the Beginning of the Year	544,396	77,126	621,522
Cash and Cash Equivalents at the End of the Year	\$ 651,001	\$ 82,052	\$ 733,053
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 62,416	\$ 671	\$ 63,087
Adjustments to reconcile operating income net cash provided by operating activities:			
Depreciation	44,189	17,922	62,111
Increase in accounts payable	-	(44)	(44)
Total Adjustments	44,189	17,878	62,067
Net Cash Provided by Operating Activities	\$ 106,605	\$ 18,549	\$ 125,154

CITY OF ROSEMEAD, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Assets:				
Cash and investments	\$ 1,048,328	\$ 170,380	\$ 105,923	\$ 1,112,785
Total Assets	\$ 1,048,328	\$ 170,380	\$ 105,923	\$ 1,112,785
Liabilities:				
Deposits payable	\$ 1,048,328	\$ 275,014	\$ 210,557	\$ 1,112,785
Total Liabilities	\$ 1,048,328	\$ 275,014	\$ 210,557	\$ 1,112,785

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and wellbeing have changed over time.</i>	104
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant revenue source, property tax.</i>	112
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	116
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	123
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>	126

Sources: Unless otherwise notes, 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				
	2010	2011	2012	2013	2014
Governmental activities:					
Net investment in capital assets	12,712,242	14,760,940	54,010,031	51,132,854	50,042,631
Restricted	13,199,438	24,806,402	10,870,747	2,829,147	3,110,688
Unrestricted	<u>20,489,721</u>	<u>10,748,249</u>	<u>13,688,078</u>	<u>17,724,709</u>	<u>17,367,841</u>
Total governmental activities net position	<u>46,401,401</u>	<u>50,315,591</u>	<u>78,568,856</u>	<u>71,686,710</u>	<u>70,521,160</u>

Fiscal Year				
2015	2016	2017	2018	2019
52,038,429	51,542,030	52,806,193	53,587,243	50,882,552
3,419,068	4,005,847	4,387,055	3,554,634	9,730,202
<u>11,018,153</u>	<u>13,108,874</u>	<u>15,690,721</u>	<u>17,211,587</u>	<u>17,483,422</u>
<u>66,475,650</u>	<u>68,656,751</u>	<u>72,883,969</u>	<u>74,353,464</u>	<u>78,096,176</u>

CITY OF ROSEMEAD

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2010	2011	2012	2013
Expenses:				
Governmental activities:				
General government	5,991,796	3,160,306	3,989,359	3,381,686
Public safety	8,879,854	8,881,926	7,517,101	7,791,073
Public works	11,469,614	11,907,245	11,588,278	11,717,276
Community services	589,650	595,904	-	-
Community development	2,141,218	3,969,502	4,080,294	2,616,531
Parks and recreation	2,733,885	2,362,860	2,532,665	2,594,863
Interest and other charges	1,491,717	1,681,875	569,045	7,827
Total governmental activities expenses	<u>33,297,734</u>	<u>32,559,618</u>	<u>30,276,742</u>	<u>28,109,256</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,573,695	1,048,727	130,450	2,408,362
Public safety	1,293,677	1,293,524	1,454,759	1,622,911
Public works	8,052,011	9,143,311	4,033,874	3,869,285
Community services	186,283	450,004	-	-
Community development	597,402	3,753,612	3,501,082	1,896,876
Parks and recreation	20,800	654,437	704,029	785,611
Total governmental activities program revenues	<u>11,723,868</u>	<u>16,343,615</u>	<u>9,824,194</u>	<u>10,583,045</u>
Net revenues (expenses):				
Governmental activities				
Total net revenues (expenses)	<u>(21,573,866)</u>	<u>(16,216,003)</u>	<u>(20,452,548)</u>	<u>(17,526,211)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	12,328,634	13,656,347	10,567,509	8,900,228
Sales and use taxes	4,408,367	3,737,363	3,200,911	3,215,897
Transient occupancy taxes	1,129,146	1,219,977	1,323,886	1,447,820
Other taxes	562,317	576,904	633,393	2,275,986
Investment income	389,310	367,961	195,165	28,202
Motor vehicle in-lieu, unrestricted	169,042	263,983	-	-
Other general revenues	336,668	307,658	853,956	1,180,688
Loss on sale of capital assets	-	-	(2,340,090)	-
Transfer to Successor Agency	-	-	-	(6,392,878)
Extraordinary item:				
Gain on dissolution of redevelopment agency	-	-	34,271,082	-
Total governmental activities	<u>19,323,484</u>	<u>20,130,193</u>	<u>48,705,812</u>	<u>10,655,943</u>
Changes in net position				
Governmental activities				
Total primary government	<u>\$ (2,250,382)</u>	<u>\$ 3,914,190</u>	<u>\$ 28,253,264</u>	<u>\$ (6,870,268)</u>

2014	2015	2016	2017	2018	2019
4,271,354	2,739,281	3,218,363	3,705,685	4,554,063	4,205,482
7,923,316	7,747,949	8,381,588	8,935,164	9,499,683	9,125,853
10,072,081	8,703,817	8,738,495	7,323,865	9,554,073	6,353,025
-	-	-	-	-	-
2,853,472	2,879,028	3,246,081	3,161,310	3,409,699	2,376,713
2,274,920	2,049,540	2,073,145	2,153,986	2,746,482	7,662,344
5,561	3,198	787	-	-	-
<u>27,400,704</u>	<u>24,122,813</u>	<u>25,658,459</u>	<u>25,280,010</u>	<u>29,764,000</u>	<u>29,723,417</u>
2,030,063	2,725,291	2,203,233	2,191,604	1,769,171	819,371
1,586,557	1,573,532	1,563,652	1,565,275	1,787,151	1,847,594
4,356,486	4,627,331	4,360,908	4,232,311	5,208,427	6,238,575
-	-	-	-	-	-
1,632,508	1,915,557	2,352,137	2,523,350	4,265,255	3,373,246
724,197	713,484	741,171	788,931	828,038	958,176
<u>10,329,811</u>	<u>11,555,195</u>	<u>11,221,101</u>	<u>11,301,471</u>	<u>13,858,042</u>	<u>13,236,962</u>
<u>(17,070,893)</u>	<u>(12,567,618)</u>	<u>(14,437,358)</u>	<u>(13,978,539)</u>	<u>(15,905,958)</u>	<u>(16,486,455)</u>
8,667,709	9,034,141	9,158,499	8,643,019	9,128,934	9,566,800
3,504,285	3,452,605	4,124,745	5,366,975	5,929,492	5,735,491
1,593,640	1,575,401	1,998,954	2,213,286	2,326,863	2,314,723
1,307,280	1,247,941	1,209,249	1,224,230	1,313,699	1,329,822
216,499	97,589	348,651	20,526	210,288	1,158,407
-	-	-	-	-	-
604,053	793,680	945,372	737,721	647,888	123,924
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,893,466</u>	<u>16,201,357</u>	<u>17,785,470</u>	<u>18,205,757</u>	<u>19,557,164</u>	<u>20,229,167</u>
<u>\$ (1,177,427)</u>	<u>\$ 3,633,739</u>	<u>\$ 3,348,112</u>	<u>\$ 4,227,218</u>	<u>\$ 3,651,206</u>	<u>\$ 3,742,712</u>

CITY OF ROSEMEAD

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013
General fund:				
Reserved	3,327,182	-	-	-
Unreserved	13,626,774	-	-	-
Nonspendable	-	2,034	2,034	2,034
Restricted	-	-	-	-
Committed	-	5,107,963	5,294,253	6,415,416
Assigned	-	-	5,712	5,712
Unassigned	-	10,209,075	9,519,173	11,194,278
Total general fund	<u>16,953,956</u>	<u>15,319,072</u>	<u>14,821,172</u>	<u>17,617,440</u>
All other governmental funds:				
Reserved	8,944,112	-	-	-
Unreserved, reported in:				
Special revenue funds	8,763,359	-	-	-
Debt service funds	2,803,910	-	-	-
Capital projects funds	(1,405,770)	-	-	-
Nonspendable	-	-	-	-
Restricted	-	27,476,081	10,870,747	2,829,147
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(4,402,964)	(1,292,405)	(788,224)
Total all other governmental funds	<u>19,105,611</u>	<u>23,073,117</u>	<u>9,578,342</u>	<u>2,040,923</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.

2014	2015	2016	2017	2018	2019
-	-	-	-	-	-
-	-	-	-	-	-
140,893	143,560	187,247	765,218	853,920	870,619
-	-	-	-	-	-
5,883,235	6,120,361	6,682,495	6,935,525	8,760,289	8,492,792
65,343	78,280	83,513	63,298	79,798	121,867
<u>11,607,595</u>	<u>10,128,160</u>	<u>11,514,894</u>	<u>11,270,958</u>	<u>10,790,274</u>	<u>13,809,676</u>
<u>17,697,066</u>	<u>16,470,361</u>	<u>18,468,149</u>	<u>19,034,999</u>	<u>20,484,281</u>	<u>23,294,954</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,110,688	3,419,068	4,005,847	4,376,257	3,554,634	9,730,202
-	-	-	-	1,912,732	-
-	-	-	-	-	-
<u>(1,192,926)</u>	<u>(1,643,527)</u>	<u>(832,005)</u>	<u>(639,510)</u>	<u>(31,024)</u>	<u>(23,792)</u>
<u>1,917,762</u>	<u>1,775,541</u>	<u>3,173,842</u>	<u>3,736,747</u>	<u>5,436,342</u>	<u>9,706,410</u>

CITY OF ROSEMEAD

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013
Revenues:				
Taxes	\$ 18,508,896	\$ 19,313,094	\$ 15,960,662	\$ 16,602,329
Intergovernmental	8,537,080	10,124,638	10,330,915	7,372,878
Licenses and permits	1,079,429	1,764,162	1,156,719	1,156,968
Charges for services	708,434	677,861	1,055,391	1,036,563
Fines, forfeitures and penalties	491,574	462,389	619,397	691,548
Development participation	-	-	-	-
Investment income	389,310	367,956	582,176	474,970
Other	254,610	253,379	658,670	928,596
Total revenues	<u>29,969,333</u>	<u>32,963,479</u>	<u>30,363,930</u>	<u>28,263,852</u>
Expenditures				
Current:				
General government	5,903,926	3,801,486	4,203,302	3,988,156
Public safety	8,863,234	8,882,915	7,517,101	7,773,611
Public works	11,264,220	19,402,924	6,417,803	6,909,471
Community services	584,463	595,904	-	-
Community development	1,940,641	3,397,072	3,681,903	2,605,654
Parks and recreation	2,733,885	2,362,860	2,532,665	2,208,564
Capital outlay	290,885	93,121	9,090,076	3,126,669
Debt service:				
Principal	945,000	975,000	1,210,000	-
Interest and fiscal charges	1,501,667	1,882,092	961,506	-
Bond issuance costs	-	275,344	-	-
Total expenditures	<u>34,027,921</u>	<u>41,668,718</u>	<u>35,614,356</u>	<u>26,612,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,058,588)</u>	<u>(8,705,239)</u>	<u>(5,250,426)</u>	<u>1,651,727</u>
Other financing sources (uses):				
Transfers in	4,133,554	4,824,919	6,431,374	2,772,415
Transfers out	(4,133,554)	(4,824,919)	(6,554,374)	(2,772,415)
Transfer to Successor Agency	-	-	-	(6,392,878)
Issuance of long-term debt	-	11,230,000	-	-
Discount on bonds	-	(192,139)	-	-
Payment to bond escrow agent	-	-	-	-
Proceeds of capital lease	102,501	-	-	-
Total other financing sources (uses)	<u>102,501</u>	<u>11,037,861</u>	<u>(123,000)</u>	<u>(6,392,878)</u>
Extraordinary item:				
Gain (loss) on dissolution of redevelopment agency	-	-	(8,619,249)	-
Net change in fund balances	<u>(3,956,087)</u>	<u>2,332,622</u>	<u>(13,992,675)</u>	<u>(4,741,151)</u>
Debt service as a percentage of noncapital expenditures	7.4%	8.8%	6.8%	0.0%

	2014	2015	2016	2017	2018	2019
\$	15,320,806	\$ 15,537,262	\$ 16,491,447	\$ 17,447,510	\$ 18,698,988	\$ 18,946,836
	6,948,479	7,092,141	7,734,995	6,726,279	8,002,636	8,588,211
	1,308,482	1,846,997	2,520,937	2,754,881	3,128,000	2,636,026
	1,087,091	1,138,731	1,191,275	1,012,557	1,572,266	1,653,095
	700,126	676,830	597,373	607,754	633,711	622,221
	-	-	-	-	28,591	117,115
	873,631	754,865	1,002,835	666,968	210,288	1,158,407
	61,690	114,074	71,152	231,545	566,338	250,364
	<u>26,300,305</u>	<u>27,160,900</u>	<u>29,610,014</u>	<u>29,447,494</u>	<u>32,840,818</u>	<u>33,972,275</u>
	3,973,364	3,879,122	3,664,633	4,280,825	4,546,789	4,077,516
	7,913,659	8,156,485	8,452,932	9,060,840	9,318,858	9,089,645
	6,184,890	6,348,101	6,346,179	6,499,220	6,554,648	7,247,391
	-	-	-	-	-	-
	2,846,112	3,150,240	3,323,933	3,385,455	3,279,088	3,637,692
	2,157,424	2,071,443	2,123,274	2,300,906	2,386,463	2,343,452
	3,268,391	4,924,435	2,302,974	2,790,493	3,606,095	495,838
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>26,343,840</u>	<u>28,529,826</u>	<u>26,213,925</u>	<u>28,317,739</u>	<u>29,691,941</u>	<u>26,891,534</u>
	<u>(43,535)</u>	<u>(1,368,926)</u>	<u>3,396,089</u>	<u>1,129,755</u>	<u>3,148,877</u>	<u>7,080,741</u>
	3,053,605	2,433,974	1,386,471	2,442,441	121,361	-
	(3,053,605)	(2,433,974)	(1,386,471)	(2,442,441)	(121,361)	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(43,535)</u>	<u>(1,368,926)</u>	<u>3,396,089</u>	<u>1,129,755</u>	<u>3,148,877</u>	<u>7,080,741</u>
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF ROSEMEAD

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended June 30	City			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	SBE Non-Unitary		
2010	3,333,876,047	62,148,114	3,307,527	3,399,331,688	22.27%
2011	3,364,287,629	64,231,062	3,301,527	3,431,820,218	22.41%
2012	3,458,570,185	71,320,472	3,301,527	3,533,192,184	22.35%
2013	3,531,097,436	68,996,223	3,301,527	3,603,395,186	22.11%
2014	3,654,495,783	68,912,542	1,901,995	3,725,310,320	9.27%
2015	3,806,028,086	71,498,360	1,901,995	3,879,428,441	9.27%
2016	4,012,426,717	62,768,733	1,901,995	4,077,097,445	9.27%
2017	4,202,108,491	63,820,415	2,051,995	4,267,980,901	9.27%
2018	4,375,810,412	60,507,061	2,051,995	4,438,369,468	9.27%
2019	4,591,020,006	63,704,447	2,051,995	4,656,776,448	9.27%

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

NOTE:

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

Source: L.A. County Assessor 2008/09 - 2018/19 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	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
El Monte City School District	0.00000	0.00000	0.00000	0.00000	0.00000	0.11822	0.14642	0.14682	0.14616	0.14580
El Monte Union High School	0.09654	0.08475	0.09591	0.08992	0.09799	0.08418	0.09155	0.08469	0.08243	0.08793
Garvey School District	0.05378	0.05733	0.05686	0.06037	0.05978	0.05947	0.05874	0.06067	0.08332	0.08705
Garvey-Alhambra	0.02458	0.02770	0.02718	0.02795	0.03154	0.02912	0.02906	0.02806	0.04805	0.04539
Los Angeles Community College District	0.02311	0.04031	0.03530	0.04875	0.04454	0.04017	0.03575	0.03596	0.04599	0.04621
Metropolitan Water District	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800	0.01800	0.02300	0.03000	0.03000
Montebello Unified School District	0.09673	0.09792	0.10001	0.09630	0.09457	0.08750	0.08715	0.14705	0.13514	0.13921
Pasadena Community College District	0.02300	0.01986	0.01956	0.02056	0.01899	0.01032	0.00872	0.00885	0.00819	0.00767
Rio Hondo Community College District	0.00000	0.00000	0.00000	0.00000	0.00000	0.02821	0.02712	0.02808	0.02748	0.02554
Rosemead School District	0.11358	0.10743	0.10507	0.10240	0.10314	0.09886	0.09997	0.08533	0.11979	0.09260
San Gabriel Unified School District	0.10070	0.10190	0.08454	0.10523	0.10082	0.11444	0.10684	0.10534	0.10078	0.10563
Total Direct & Overlapping² Tax Rates	1.55002	1.55520	1.54243	1.56948	1.56937	1.68849	1.70932	1.75385	1.82733	1.81303
City's Share of 1% Levy Per Prop 13³	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388	0.09388
Voter Approved City Debt Rate										
Redevelopment Rate⁴	1.00430	1.00370	1.00370							
Total Direct Rate⁵	0.22270	0.22407	0.22351	0.22113	0.09271	0.09271	0.09273	0.09274	0.09274	0.09279

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 2008/09 - 2018/19 Tax Rate Table and HDL Coren & Cone

CITY OF ROSEMEAD

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2018/19			2009/10		
	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	\$ 50,954,679	1	1.09%			
Walmart Stores, Inc	39,314,711	2	0.84%			
Rosemead Hwang, LLC	36,445,808	3	0.78%			
AFG Investment Fund 5 LLC	27,082,430	4	0.58%			
MHI Rosemead LP	25,422,039	5	0.55%			
Sunshine Inn	21,143,460	6	0.45%			
Metodo Investments LLC	20,363,538	7	0.44%			
420 Boyd Street LLC	19,141,735	8	0.41%			
Panda Express	16,232,941	9	0.35%			
Macy's California Inc	15,391,401	10	0.33%			
Rosemead Place, LLC				\$ 45,110,229	1	1.33%
Walmart Real Estate Business Trust				36,002,085	2	1.06%
Rosemead Hwang LLC				32,202,355	3	0.95%
AFG Investment Fund 5 LLC				23,929,197	4	0.70%
Metodo Investments LLC				19,438,568	5	0.57%
420 Boyd Street LLC				18,461,000	6	0.54%
Macy's California Inc				16,374,428	7	0.48%
Potters Avenue				13,417,592	8	0.39%
Panda Restaurant Group Inc				12,874,832	9	0.38%
Sunshine Inn				10,469,716	10	0.31%

Source: Hdl Coren & Cone, Los Angeles County Assessor 2018/19 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
2010	2,609,456	1,898,973	72.77%	-	1,898,973	72.77%
2011	2,633,288	2,595,289	98.56%	-	2,595,289	98.56%
2012	2,711,546	2,699,377	99.55%	-	2,699,377	99.55%
2013	2,771,913	2,710,893	97.80%	-	2,710,893	97.80%
2014	2,865,651	2,850,674	99.48%	-	2,850,674	99.48%
2015	2,981,810	2,935,129	98.43%	-	2,935,129	98.43%
2016	3,134,303	3,114,233	99.36%	-	3,114,233	99.36%
2017	3,187,187	2,632,109	82.58%	-	2,632,109	82.58%
2018	3,336,547	2,878,054	86.26%	-	2,878,054	86.26%
2019	3,489,499	3,008,322	86.21%	-	3,008,322	86.21%

* 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>
2009/10	34,490,000	4.25%	601
2010/11	44,745,000	4.76%	775
2011/12	43,535,000	4.57%	804
2012/13	41,740,000	4.35%	766
2013/14	39,885,000	4.22%	728
2014/15	37,965,000	3.97%	693
2015/16	35,970,000	3.86%	651
2016/17	31,775,000	3.31%	578
2017/18	29,455,000	3.03%	533
2018/19	27,295,000	2.62%	495

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

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>
2009/10	34,490	1.01%	601
2010/11	44,745	1.30%	775
2011/12	43,535	1.23%	804
2012/13	41,740	1.16%	766
2013/14	39,885	1.07%	728
2014/15	37,965	0.98%	693
2015/16	35,970	0.88%	651
2016/17	31,775	0.74%	578
2017/18	29,455	0.66%	533
2018/19	27,295	0.59%	495

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

CITY OF ROSEMEAD

Direct and Overlapping Governmental Activities Debt
June 30, 2019

	Gross Bonded Debt Balance	Percentage Applicable To City	Net Bonded Debt
Overlapping Debt			
* Metropolitan Water District	\$ 23,317,224	0.317%	73,916
Garvey SD DS 2004 Series 2006	12,674,618	50.615%	6,415,258
Garvey SD DS 2004 Series C	8,317,964	50.615%	4,210,137
Garvey SD DS 2011 Refund Bonds	3,175,000	50.615%	1,607,026
Garvey SD DS 2013 Ref Bonds	950,000	50.615%	480,843
Garvey SD DS 2014 Ref Bonds	3,575,000	50.615%	1,809,486
Garvey SD DS 2016 Series A	19,500,000	50.615%	9,869,925
Rosemead SD DS 2007 Series D	120,000	67.459%	80,951
Rosemead SD DS 2008 Series A	215,000	67.459%	145,037
Rosemead SD DS 2011 Ref Bond	6,195,000	67.459%	4,179,085
Rosemead SD DS 2012 Ref Bond	5,160,000	67.459%	3,480,884
Rosemead SD DS 2008 Series B	7,566,503	67.459%	5,104,287
Rosemead SD DS 2014 Ref Bonds	5,560,000	67.459%	3,750,720
Rosemead SD DS 2016 Ref Bonds	12,235,000	67.459%	8,253,609
Rosemead SD DS 2014 Series A	9,000,000	67.459%	6,071,310
Rosemead SD DS 2014 Series T 2	175,000	67.459%	118,053
El Monte Union HSD DS 2008 Series A	30,041,132	14.458%	4,343,347
El Monte Union HSD DS 2008 Series B	25,830,000	14.458%	3,734,501
El Monte Union HSD DS 2015 Ref Bonds	10,765,000	14.458%	1,556,404
El Monte Union HSD DS 2016 Ref DLYD DLVR	4,165,000	14.458%	602,176
El Monte Union HSD DS 2008 Series C	48,525,000	14.458%	7,015,745
El Monte Union HSD DS 2016 Ref Bond	10,650,098	14.458%	1,539,791
El Monte Union HSD DS 2008 Series D	56,430,000	14.458%	8,158,649
LA CCD DS 2003, Taxable Series 2004B	2,115,000	0.294%	6,218
LA CCD DS 2001, Taxable Series 2004A	31,555,000	0.294%	92,772
LA CCD DS 2008, 2009 Taxable Ser B	75,000,000	0.294%	220,500
LA CCD DS 2008, 2010 Tax Ser D	125,000,000	0.294%	367,500
LA CCD Debt 2008, 2010 Tax Ser E (BABS)	900,000,000	0.294%	2,646,000
LA CCD Debt 2008, 2012 Series F	202,000,000	0.294%	593,880
LA CCD DS 2013 Ref Bonds	38,945,000	0.294%	114,498
LA CCD DS 2008 Series G	212,070,000	0.294%	623,486
LA CCD DS 2015 Ref Series A	1,429,435,000	0.294%	4,202,539
LA CCD DS 2015 Ref Series B	28,830,000	0.294%	84,760
LA CCD DS 2015 Ref Series C	252,150,000	0.294%	741,321
LA CCD DS 2008 Series I	210,570,000	0.294%	619,076
LA CCD DS 2008 Series J	174,965,000	0.294%	514,397
LA CCD DS 2016 Ref Bonds	247,755,000	0.294%	728,400
Pasadena CCD DS 2002, 2006 Series D	1,840,000	2.421%	44,546
Pasadena CCD DS 2002, 2009 Series E (BABS)	25,295,000	2.421%	612,392
Pasadena CCD DS 2014 Ref Series A	13,900,000	2.421%	336,519
Pasadena CCD DS 2016 Ref Series A	32,395,000	2.421%	784,283
Montebello USD DS 1998 Series 1998	3,556,797	1.504%	53,494
Montebello USD DS 1998 Series 1999	6,109,304	1.504%	91,884
Montebello USD DS 1998 Series 2004	6,124,071	1.504%	92,106
Montebello USD DS 2004 Series 2002	5,489,737	1.504%	82,566
Montebello USD DS 2004 Series 2009-1	950,000	1.504%	14,288
Montebello USD DS 2004 Series 2009A-2 BABS	12,640,000	1.504%	190,106
Montebello USD DS 2010 Ref Bonds	2,320,000	1.504%	34,893
Montebello USD DS 2004 Series 2013A	17,245,000	1.504%	259,365
Montebello USD DS Ref Bond Series 2015	28,215,000	1.504%	424,354
Montebello USD DS Ref Bonds 2016 Series A	14,705,000	1.504%	221,163
Montebello USD DS 2016 Series A	84,765,000	1.504%	1,274,866

San Gabriel USD DS 2010 Ref Bonds	8,404,370	1.217%	102,281
San Gabriel USD DS 2008 Series B	5,900,000	1.217%	71,803
San Gabriel USD DS 2012 Ref Bond Series B	14,177,023	1.217%	172,534
San Gabriel USD DS 2008 Series C	22,918,806	1.217%	278,922
San Gabriel USD DS 2015 Ref Bond Series A	31,925,000	1.217%	388,527
Total Overlapping Debt			99,687,379

2018/19 Assessed Valuation: \$3,856,102,019 After Deducting \$800,674,429 Incremental Value.

Debt to Assessed Valuation Ratios:

Direct Debt	0.00%
Overlapping Debt	2.59%
Total Debt	2.59%

* 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 2018/19 Lien Date Tax Rolls.

CITY OF ROSEMEAD

Legal Debt Margin Information Last Ten Fiscal Years

	2009/10	2010/11	2011/12	2012/13	2013/14
Assessed valuation	3,399,331,688	3,431,820,218	3,533,192,184	3,603,395,186	3,725,310,320
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	849,832,922	857,955,055	883,298,046	900,848,797	931,327,580
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	127,474,938	128,693,258	132,494,707	135,127,319	139,699,137
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>127,474,938</u>	<u>128,693,258</u>	<u>132,494,707</u>	<u>135,127,319</u>	<u>139,699,137</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

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

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

2014/15	2015/16	2016/17	2017/18	2018/19
3,879,248,441	4,077,097,445	4,337,892,775	4,525,131,407	4,745,176,577.00
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
969,812,110	1,019,274,361	1,084,473,194	1,131,282,852	1,186,294,144
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
145,471,817	152,891,154	162,670,979	169,692,428	177,944,122
-	-	-	-	-
<u>145,471,817</u>	<u>152,891,154</u>	<u>162,670,979</u>	<u>169,692,428</u>	<u>177,944,122</u>
0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF ROSEMEAD

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

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2009	5,649,896	915,000	1,531,987	2.31
2010	6,243,948	945,000	1,501,667	2.55
2011	6,893,575	975,000	1,882,092	2.41
2012	2,601,979	1,210,000	961,506	1.20
2013	5,439,677	1,795,000	1,852,123	1.49
2014	5,517,943	1,855,000	1,790,511	1.51
2015	5,521,038	1,920,000	1,718,573	1.52
2016	5,724,292	1,995,000	1,635,578	1.58
2017	4,711,788	850,000	1,602,713	1.92
2018	3,916,792	2,320,000	1,386,038	1.06
2019	3,863,435	2,160,000	1,352,881	1.10

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

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2009/10	57,381	812,343	14,157	10.20%
2010/11	57,756	939,575	16,268	11.20%
2011/12	54,172	952,560	17,584	10.80%
2012/13	54,464	959,982	17,626	8.10%
2013/14	54,762	944,918	17,255	6.70%
2014/15	54,786	956,180	17,453	9.50%
2015/16	55,231	932,800	16,889	7.70%
2016/17	54,984	960,740	17,473	6.10%
2017/18	55,267	972,350	17,594	4.30%
2018/19	55,097	1,040,232	18,880	4.30%

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

CITY OF ROSEMEAD

Principal Employers

Current Year and Nine Years Ago

Employer		2019		2009*	
		Number of Employees	Percent of Total Employment ¹	Number of Employees	Percent of Total Employment
Southern California Edison	1	2,722	11.20%	-	0.00%
Garvey School District	2	834	3.43%	-	0.00%
Panda Restaurant Group, Inc.	3	583	2.40%	-	0.00%
Wal-Mart	4	429	1.77%	-	0.00%
Rosemead School District	5	372	1.53%	-	0.00%
Target	6	320	1.32%	-	0.00%
Hemetic Seal Corporation	7	169	0.70%	-	0.00%
Double Tree	8	130	0.53%	-	0.00%
Lucille's	9	120	0.49%	-	0.00%
Don Bosco Tech	10	82	0.34%	-	0.00%

CITY OF ROSEMEAD

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

<u>Function</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	22	19	15	13	12	12	11	13	18	21
Public safety ¹	42	42	33	15	20	18	20	21	23	28
Community development	23	23	7	8	8	7	8	8	9	9
Public Works	n/a	n/a	26	22	23	23	21	24	26	28
Parks and recreation	<u>112</u>	<u>99</u>	<u>68</u>	<u>81</u>	<u>86</u>	<u>80</u>	<u>83</u>	<u>109</u>	<u>118</u>	<u>114</u>
Total	<u>199</u>	<u>183</u>	<u>149</u>	<u>139</u>	<u>149</u>	<u>140</u>	<u>143</u>	<u>175</u>	<u>194</u>	<u>200</u>

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

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

Source: City Finance Department

CITY OF ROSEMEAD

Operating Indicators
by Function
Last Ten Fiscal Years

	2007	2010	2011	2012	2013	2014
Police:						
Arrests	1,786	1,733	1,888	1,842	1,186	1,356
Parking citations issued	13,210	8,450	7,515	7,797	8,765	16,110
Fire:						
Number of emergency calls	2,749	2,853	2,745	2,928	2,785	2,823
Inspections	-	2,137	1,845	2,066	2,012	2,026
Public works:						
Street resurfacing (miles)	2.5	3.5	3.5	3.6	0.9	1.6
Parks and recreation:						
Number of recreation classes	775	727	617	519	638	724
Number of facility rentals	n/a	236	1,786	3,261	3,124	4,005

Source: City of Rosemead

2015	2016	2017	2018	2019
1,585	1,339	1,046	1,256	1,817
7,863	8,047	7,676	8,086	6,244
3,212	3,352	3,206	3,822	2,823
2,793	2,564	2,311	2,430	2,288
0.6	1.0	0.7	0.8	1.0
839	871	873	707	631
2,607	3,070	6,226	3,679	2,508

CITY OF ROSEMEAD

Capital Asset Statistics
by Function
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety:										
Sheriff stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works:										
Streets (miles)	77.55	77.55	77.55	77.55	77.55	77.55	81.90	81.90	81.80	81.80
Streetlights	2,712	2,712	2,712	2,712	2,712	2,712	2,712	2,712	2,511	2,511
Traffic signals	42	42	42	42	42	42	41	42	42	42
Parks and recreation:										
Parks	10	10	10	10	10	10	10	10	11	12
Community centers	2	2	2	2	2	2	2	2	2	2