



**CITY OF DIAMOND BAR**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2011**

**Lance Soll & Lunghard, LLP**

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**Prepared by:**  
**Finance Department**

**Glenn Steinbrink**  
**Interim Director of Finance**

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# City of Diamond Bar

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December 2, 2011

Honorable Mayor and Members of the City Council  
City of Diamond Bar  
Diamond Bar, California

It is a pleasure to submit the Comprehensive Annual Financial Report of the City of Diamond Bar for the fiscal year ended June 30, 2011. This report consists of management's representations concerning the finances of the City. Consequently, responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide assurance that the financial statements will be free from misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City's financial statements have been audited by Lance, Soll, & Lunghard, LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for fiscal year ended June 30, 2011, 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's financial statements for the fiscal year ended June 30, 2011, were 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 Diamond Bar 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 City's internal controls and legal requirements involving the administration of federal awards. These reports are available in the City'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 MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE CITY OF DIAMOND BAR**

The City, incorporated in 1989, is located at the junction of the 57 and 60 freeways. As a result, the City of Diamond Bar is at the hub of the Los Angeles basin transportation network. A twenty-five mile radius encompasses Pasadena, downtown Los Angeles, Long Beach, Irvine and Riverside. Diamond Bar is a relatively young residential community of about 55,766, situated among the meandering hills and valleys of Brea Canyon. Many desired services can be found in Diamond Bar's shopping and business centers. Recreational opportunities within the City include more than 70 acres of developed park facilities, hiking trails, a new community center, an 18-hole public golf course and 370 acres of undeveloped publicly owned open space.

The City has operated under the council-manager form of government since incorporation. Policy making and legislative authority are vested in a five member City Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and task forces, and hiring both the City Manager and City Attorney. The City Manager is responsible for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with elections held every other year. Each December, the City Council selects a mayor and mayor pro tem from its membership.

The City of Diamond Bar is a contract city and as such contracts for many of its services. This includes police services, building and safety services, engineering, road maintenance and landscape maintenance.

The Los Angeles County Fire District provides fire protection, which is independent of the City. Funds are collected through property tax bills and are disbursed directly to the

Los Angeles County Fire District by the Los Angeles County Tax Collector's Office.

Water services for the City are provided by the Walnut Valley Water District. Refuse collection is provided by private waste collection companies. Additionally, schools are provided by both the Walnut Valley Unified School District and the Pomona Unified School District. Accordingly, none of these activities are included in this report.

## **ECONOMIC CONDITION AND OUTLOOK**

The continuing recession has had a significant impact on the national, state and local economies. Retail sales were down and unemployment numbers reached new heights. This along with the major budget shortfalls experienced by the State, continue to be a major concern to the City of Diamond Bar.

Recent headlines have been filled with news about the stalled economy and continued revenue shortfalls at the State level. With the status of State funds as uncertain as ever, it is anticipated that more of the financial burden will fall upon municipal agencies. This is evidenced by the State's continuing shifting of funds. The City's FY2011-2012 budget has been developed keeping this in mind. The operating budget was kept at or below the prior year's levels, and reflects the loss of Vehicle License Fees revenues taken by the State to balance their own budget. The taking of City revenues by the State are yet to be decided by the court system, since several lawsuits are awaiting hearings.

The City's sales tax base has stopped declining, but the growth in sales tax is modest at best, with an increase of just over 1% in the 11/12 budget. The City's interest in promoting economic development has become increasingly more difficult with the tightening of credit and poor retail sales outlook. Since the City is located at a major freeway interchange several of the City's major sales tax producers are service stations, so the price of gasoline greatly influences the sales tax revenue received. It has been the City's economic development goal to diversify its sales tax base. Despite the slow-down in the economy, the City continues to explore economic development opportunities for the City.

In October 2007, Majestic Realty announced its plans to develop a professional football stadium based entertainment, retail and office development in the neighboring city, City of Industry. Although the project is stalled due to a walkout by the players association, the City is mindful of the potential impacts a development of this nature would bring. The City will be seriously impacted by increased traffic since the primary access to the venue will be at the Orange (SR57) and Pomona (SR-60) interchange located within the City of Diamond Bar. To mitigate these concerns, the City has a settlement agreement with the City of Industry addressing environmental and operational concerns. This agreement provides much needed funding for traffic improvements, noise mitigation, and future funding for City facilities.

New contracts with the City's trash haulers came into effect in early FY10-11. These

contracts enacted a franchise fee which the City had never received previously which is unlike many other cities in the area. These new agreements will provide much needed funds to assist in providing services.

Part of the fallout from the economic decline is the decline in property values. This has provided the City with an opportunity to purchase a building at a great savings. This 50+ thousand square foot building will provide a permanent home for the City of Diamond Bar's City Hall. City Hall will occupy a little over half of the building. The balance of the space will house the Diamond Bar Branch of the County Library, based upon an agreement reached during the year for the relocation of the library which was finally approved by the County. Escrow closed on the purchase in September, 2010. The City used available General Fund reserves to pay cash for the building. Staff is expected to move into the new facility by the end of calendar 2011.

The City's future economic health is being secured by building healthy reserves through fiscally conservative budgets and policies in addition to aggressively pursuing economic development opportunities.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Diamond Bar for its comprehensive annual financial report for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, with contents that conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Diamond Bar has received the Certificate of Achievement for the last sixteen consecutive years (fiscal years ended 1995 through 2010). We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

## **REPORTING ENTITY AND ITS SERVICES**

This Comprehensive Annual Financial Report includes all funds of the City. The City directly provides a limited range of services and contracts for several other services. The City's significant reliance on contracted services has the benefit of reducing expenses to the citizens of the City of Diamond Bar while simultaneously providing the City with a high degree of flexibility in responding to changing economic conditions.

Contracted services include police protection, building and safety, street maintenance, park maintenance, capital improvement projects, animal control, attorney services and engineering. Staff provided services include: community development (which includes planning, economic development, building and safety management, and neighborhood improvement), public works (which includes engineering, capital projects administration, street maintenance contract management, traffic and transportation matters, engineering contract management, and solid waste contract management), community services (which includes senior services, park maintenance, recreation services, community center operation, and landscape maintenance), community relations, subsidized transit ticket sales, grant administration, financial management, and administrative management. All of these activities are included in this report.

## **INTERNAL CONTROLS**

The City of Diamond Bar's accounting system has been developed by giving consideration to the adequacy of internal accounting controls. Internal accounting controls are implemented by the City to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and that the City's financial records used for preparing financial statements are maintained in a reliable fashion. The concept of reasonable assurance recognizes that the cost of these controls should not exceed the benefits derived from them. The City's internal controls accomplish these objectives.

## **ACKNOWLEDGEMENTS**

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the City's Finance Department staff, and through the cooperation of the entire City staff. Each staff member has my sincere appreciation for the contributions made in the preparation of this Report.

I would also like to thank our independent auditor, Lance, Soll, and Lunghard, L.L.P., for its expertise and advice in the preparation of the City's Comprehensive Annual Financial Report.

In closing, without the leadership and support of the City Council of the City of Diamond Bar, the preparation of this Report would not have been possible.

Sincerely,

James DeStefano  
City Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Diamond Bar  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

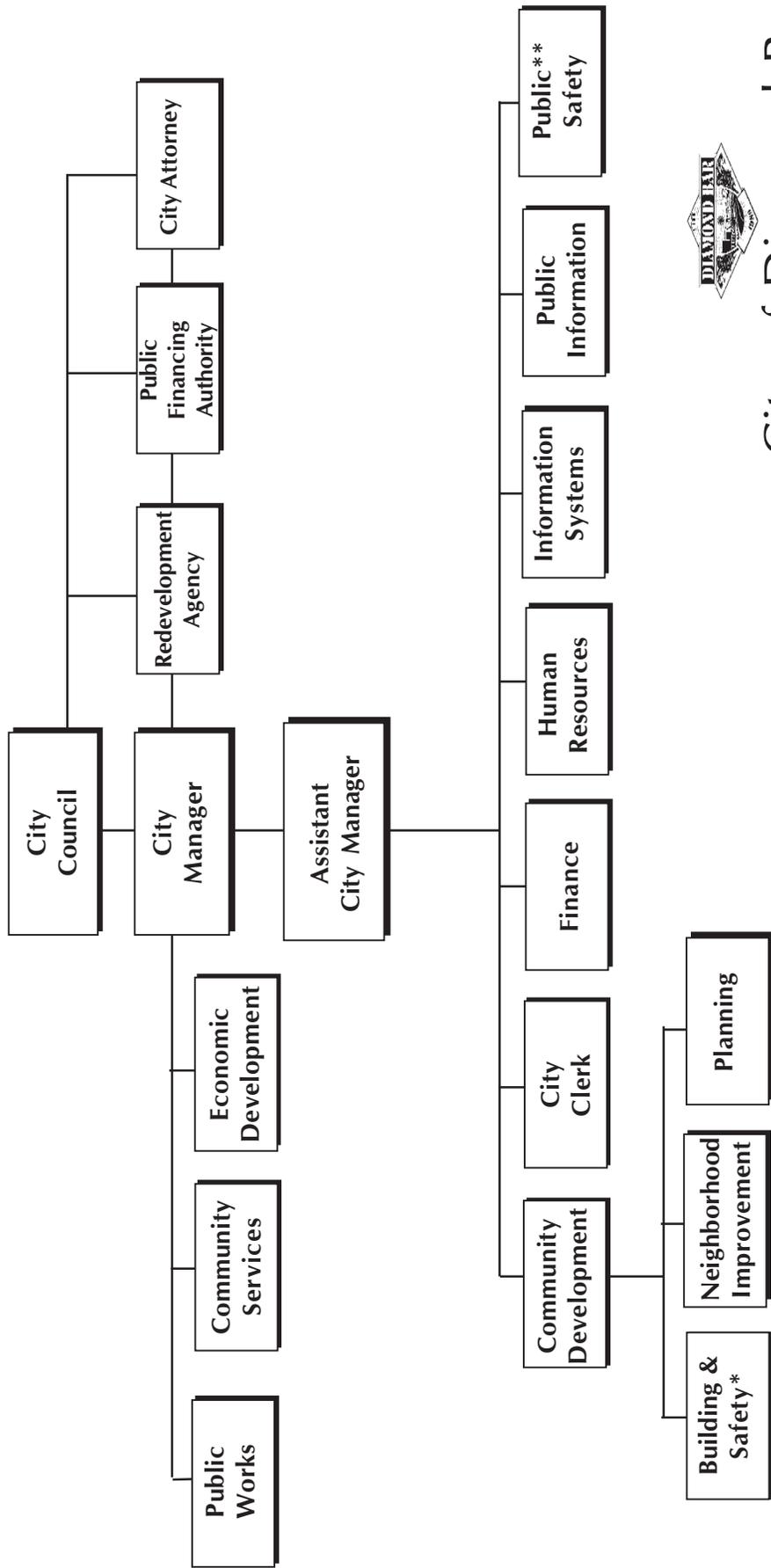


*Linda C. Sandson*

President

*Jeffrey R. Egan*

Executive Director



# City of Diamond Bar Organization Chart

\* = Contract Services  
\*\* = County Service

**CITY OF DIAMOND BAR**  
**ELECTED AND ADMINISTRATIVE OFFICIALS**  
**FISCAL YEAR 10-11**

Mayor  
Mayor Pro Tern  
Councilmember  
Councilmember  
Councilmember

Steve Tye  
Ling-Ling Chang  
Ron Everett  
Carol Herrera  
Jack Tanaka

City Manager  
Assistant City Manager  
City Clerk

James DeStefano  
David Doyle  
Tommye Cribbins

Director of:  
Community Services  
Community Development  
Finance  
Information Systems  
Public Works

Bob Rose  
Greg Gubman  
Glenn Steinbrink  
Ken Desforjes  
David Liu



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP  
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council  
City of Diamond Bar, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Diamond Bar, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Diamond Bar, California's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Diamond Bar, California, as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparison for the *General Fund, Traffic Improvement Fund, and Proposition 1B Fund* for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2011, on our consideration of the City of Diamond Bar, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements,



and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Diamond Bar, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Lance, Soll & Lughard, LLP*

Brea, California  
December 2, 2011

## Management's Discussion and Analysis

As management of the City of Diamond Bar, we offer readers of the City of Diamond Bar's financial statements this narrative overview and analysis of the financial activities of the City of Diamond Bar for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

- The total governmental fund revenues from all sources equaled \$25,035,214.
- The total governmental fund cost of all City programs equaled \$33,040,359.
- The assets of the City of Diamond Bar exceeded its liabilities at the close of the fiscal year by \$410,783,597 (*net assets*). Of this amount, \$22,582,318 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Diamond Bar's governmental funds reported combined ending fund balances of \$27,118,862, a decrease of \$8,611,173 in comparison with the prior year, due to the cash purchase of a building to house the new City Hall and the Diamond Bar branch of the Los Angeles County Library. Approximately \$16.4 million of the \$27.1 million is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$16,726,964, or over 94% of the amount of general fund expenditures (net of the purchase of a new City Hall building in 2010-11). The General Fund balance unassigned balance of \$16.7 million is in addition to a \$4.5 million reserve for emergencies as established by City Council resolution.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Diamond Bar's basic financial statements. The City of Diamond Bar'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 supplementary 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 Diamond Bar’s finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of Diamond Bar 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 governmental activities of the City of Diamond Bar include general government, public safety, highways and streets, community development, and parks and recreation. The City of Diamond Bar currently has no business-type activities or enterprise funds.

The government-wide financial statements include not only the City of Diamond Bar itself, but also a legally separate financing authority. Although legally separate, the Diamond Bar Financing Authority is included because the City is financially accountable for it.

**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 Diamond Bar, 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 can be divided into two categories: governmental funds, and proprietary 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*, available at the end

of the fiscal year. This information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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 impacts of the City'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 Diamond Bar adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary Funds** – The type of *proprietary funds* that the City maintains are internal service funds that are used to allocate costs internally among the various functions of the City. The City of Diamond Bar uses these funds to account for its liability insurance costs and vehicle and computer replacement costs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* within the government-wide financial statements.

**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.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required *supplementary information* concerning the City's budgetary control and accounting and expenditures in excess of appropriations.

## **Government-wide Financial Analysis**

As mentioned earlier, net assets may serve over time as a useful indicator of the City's financial position. The City of Diamond Bar's assets exceeded liabilities by \$410,783,597 at the close of 2011. (see Table 1)

By far the largest component of the City's net assets (93 percent) is its investment in capital assets (e.g., land, buildings, infrastructure, machinery, equipment, and construction in progress), less the related outstanding debt used to acquire those assets. The City of Diamond Bar uses these capital assets to provide services to its citizens; consequently, these assets are not

available for future spending. Although the City'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.

**Table 1**  
**CITY OF DIAMOND BAR'S**  
**Statement of Net Assets**

	<b>Governmental Activities</b>	
	2011	2010
Current and other assets	\$33,980,249	\$44,579,964
Capital assets	393,974,202	390,209,829
<b>Total Assets</b>	<b>427,954,451</b>	<b>434,789,793</b>
Long-term debt outstanding	12,069,674	12,383,585
Other Liabilities	5,101,180	6,383,586
<b>Total Liabilities</b>	<b>17,170,854</b>	<b>18,767,171</b>
Net assets:		
Invested in capital assets, net of debt	381,985,940	377,940,738
Restricted	6,215,339	3,866,274
Unrestricted	22,582,318	34,215,610
<b>Total Net Assets</b>	<b>\$410,783,597</b>	<b>\$416,022,622</b>

The City's Net Assets decreased by \$5,239,025. This decrease is due to the use of General Fund reserves for the purchase of an office building to house the new City Hall/County Library facilities.

At the end of fiscal year 2011 the City reports a decrease of \$11,633,292 in unrestricted net assets from the prior fiscal year. The City has continually expended its resources conservatively in anticipation of economic downturns and future capital needs which has resulted in being able to end the year with \$22,582,318 in Unrestricted Net Assets. This year by using some of its resources the City was able to preserve service levels and continue to maintain its assets at the level the citizens of Diamond Bar have enjoyed since incorporation 22 years ago. This conservation of funds has afforded the City the enviable opportunity to purchase a building for City Hall from its reserves.

**Table 2**  
**City of Diamond Bar's**  
**Changes in Net Assets**

	2011	2010
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services	\$5,861,621	\$4,991,932
Operating grants and contributions	3,685,378	4,358,895
Capital grants and contributions	40,779	15,960,279
<b>General Revenues</b>		
Property taxes	4,187,896	3,837,288
Transient occupancy taxes	642,509	569,916
Sales Taxes	3,355,127	3,122,229
Franchise Taxes	1,259,471	1,115,980
Other taxes	172,687	259,384
Motor vehicle in lieu	4,766,225	4,599,922
Use of money & property	474,598	618,963
Other	91,975	7,090
<b>Total revenues</b>	<b>24,538,266</b>	<b>39,441,878</b>
<b>Expenses:</b>		
General Government	6,370,986	4,973,685
Public Safety	5,591,049	5,526,099
Highways and Streets	10,619,860	12,287,325
Community Development	1,969,540	1,624,547
Parks, Recreation and Culture	5,153,264	5,091,215
Interest and Fiscal Charges	72,592	57,948
<b>Total expenses</b>	<b>29,777,291</b>	<b>29,560,819</b>
Increase(Decrease) in net assets	(5,239,025)	9,881,059
Net assets - 07/01/10 & 07/01/09	416,022,622	407,026,659
Restatement of Net Assets		(885,096)
Net assets - 06/30/11 & 06/30/10	<b>\$410,783,597</b>	<b>\$416,022,622</b>

### Revenues

In the Statement of Activities, the City's total revenues were \$24.5 million, while the total cost of all programs and services was \$29.8 million. Revenues this fiscal year were 38% lower than those of the prior year. This significant decrease was primarily due to the capital contribution of infrastructure for the annexed Crestline area in the prior fiscal year. If this contribution was excluded from the prior year total then the revenues would be \$23.7 million, which produces a \$879,052 (3.72%) increase in current year revenues from the previous year. There were increases and decreases across the revenue categories which resulted in the overall change in revenue. The following are highlights of some of the major differences:

- As anticipated, Property Tax revenues were up slightly from FY09-10. This was due to an increase in the consumer price index which allowed the County to increase assessed valuations by .75%.
- Transient Occupancy Taxes made a very positive turnaround in 10/11 as the local economy stabilized and business and vacation travel increased.
- Sales Tax and Property Tax in Lieu of Sales taxes were both higher for the fiscal year. Sales tax was up about 7.5% due to higher gasoline prices and a slight improvement in the local economy. Property taxes in Lieu of Sales taxes was up about 1.4% from the prior fiscal due to the slight improvement in the economy, and thus a greater allocation based upon projections by the State.
- Lease revenue included in the Use of Money and Property category is derived from the lease payments made to cover the debt service on the outstanding variable rate lease revenue bonds. As the interest rates have dropped the City has experienced a similar drop in the interest paid for these bonds. The interest rate on the bonds had fallen to record lows in 2010-11. Since the interest rates were at record lows, the City refinanced the variable rate debt into a fixed rate in 2011-12, in order to eliminate interest rate risk, remarketing risk, and the risk of not being able to secure a letter of credit for the variable rate bonds.
- Investment Income decreased once again due to the drop in investment yields in the overall market, as well as the drop in the City portfolio as a result of the cash purchase of a building to house the new City Hall and County Library. Interest rates started falling during FY07-08 and have continued to drop. At the end of FY08-09 the City was earning 1.377% average yield on a majority of its investments. By the end of FY09-10, the average yield on its investments had dropped to .70%, and at the end of FY10-11 was down to .56%.

## **Expenses**

Due to the stagnant economy it was anticipated that the City's revenues would continue to grow, albeit at a very slow pace. As a result, the City has continued to be very diligent in controlling growth in expenditures. This year expenditures for the City totaled \$29.8 million which is approximately \$216,000, or only .7% greater than the previous fiscal year. There were both increases and decreases in the various categories. The following are the highlights of the major differences:

- There was an increase in Public Safety expenditures of approximately 1.2% this year. Contract rates with the L.A. County Sheriff's Department rose 2% this fiscal year. This increase however was slightly offset by savings in other areas of the public safety budget.
- Streets and Highways category was lower this year by a little over \$1.6 million.
- Community Development expenditures were higher in 2010-11 by \$344,993. The increase reflects a slight upturn in the local economy, which resulted in a greater amount of building activity than in the prior fiscal year.
- The City continued to enjoy the benefits of low interest rates on the outstanding variable rate lease revenue bonds. However, costs continued to increase for letter of credit fees, and the interest rate cap purchased in 2002 was set to expire at the end of calendar 2012. Due to record low interest rates in 2011, the City refinanced the variable rate debt into a fixed rate on December 1, 2011.

### **Financial Analysis of the City's Funds**

As noted earlier the City of Diamond Bar uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** - The focus of the City of Diamond Bar's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a City'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 Diamond Bar's governmental funds reported combined ending fund balances of \$27,118,862, a decrease of \$8,611,173 in comparison with the prior year. Of this amount, there is \$1,050,235 reserved to liquidate contracts and purchase orders outstanding at the end of the year.

The general fund is the chief operating fund of the City of Diamond Bar. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$16,768,415, while the total fund balance was \$21,268,415. 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 93.6% of total general fund expenditures (net of the purchase of a building for City hall), while total fund balance represents 118.7% of the same amount.

Since the City's incorporation in 1989, the City has been fiscally conservative contributing to healthy fund balance reserves. Several years ago the City chose to fund major maintenance projects from General Fund reserves when other funds were not available for this purpose. This fiscal year General Fund Reserves dropped \$9,592,433, but after netting out the purchase of a building, were up \$295,000.

Factors contributing to the change in General Fund balance reserves are as follows:

- General Fund revenues were up over 6.7% or \$1.1 million from FY09-10. Nearly all revenue categories were up this fiscal year with the exception of Intergovernmental revenues, Fines and Forfeitures, and Use of Money and Property. The largest increase was in the Taxes category, primarily due to an increase in Property taxes in lieu of Sales Taxes, Transient Occupancy Taxes, and Franchise Taxes.
- For the past few years the City has been struggling with three landscape and lighting assessment districts which are in financial straits. The assessments for these districts have not been adjusted to keep up with the cost of maintaining these districts. The general fund has continued to subsidize these districts while the City Council considers various options to make these districts self sustaining.
- The City used General Fund reserves for the purchase of an office building to house the new City Hall facility and a branch of the Los Angeles County Library. In addition, the City spent \$346,000 for architectural and design services for the facility.
- Conservative expenditure budgets over the years have contributed to the City's general fund healthy fund balance reserve. This includes a contract city business model which aides the City in containing costs.

The Capital Projects Fund ended the year with a negative fund balance of \$37,061 as opposed to a negative of \$521,242 in the previous year. Ideally this fund should carry a zero fund balance. Capital project expenditures are accounted for in this fund along with their offsetting revenues and transfers. Due to revenue and expenditure accruals, it is not unusual for the fund to carry a negative balance since many of the capital improvement projects are funded with reimbursable grants.

### **General Fund Budgetary Highlights**

Original revenue budget projections were increased during the year by .8% to reflect the stabilization of the local economy, and an increase in tax revenues

due to an increase in prices for gasoline. The actual revenue came in slightly higher than anticipated by an additional \$79,000 (.2%).

The General Fund taxes category include property taxes, sales tax, franchise tax and property transfer tax. These revenues came in \$42,623 more than anticipated. The variance between the amount budgeted and the amount received is primarily due to the under estimation of anticipated property tax revenue however several other tax revenues came in higher as well.

The revenue anticipated for Licenses, Permits and Fees was decreased during the year. Unfortunately the actual revenue received was even less than the amended budget projection.

Transfers in were less than anticipated due to the related expenditures being less than budgeted.

General Fund appropriations were increased during the year by \$476,459 or 1.5% from the original budget to the amended budget. The final expenditures actually came in \$2.6 million less than the amended budget, since reconstruction of the new City Hall was delayed to the 11/12 fiscal year. At the end of the year there were open encumbrances of \$549,000 which were carried over into FY11-12. Additional explanations for the difference between budget and actual expenditures include salary savings from staff vacancies, savings from low interest rates on the City's variable rate debt, various studies and projects which were either postponed or cancelled and overall cost saving measures implemented by all departments.

### Capital Asset and Debt Administration

**Capital assets** - The City of Diamond Bar's investment in capital assets for its governmental activities as of June 30, 2011 amounts to \$393,974,202 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and fixtures, vehicles and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets was approximately 1.0% from the previous year.

**Table 3**

**Capital Assets  
(net of depreciation)**

	<u>2011</u>	<u>2010</u>
Land	\$6,587,349	\$6,587,349
Right of Way	265,614,104	265,614,104
Buildings and Improvements	21,473,338	13,411,866
Furniture and Fixtures	6,604	11,854
Vehicles & Equipment	952,368	961,586
Infrastructure	97,367,982	101,705,484
Construction in Progress	1,972,457	1,917,586
	<u>\$393,974,202</u>	<u>\$390,209,829</u>

The City's capital assets increased in value \$3,764,373 during FY10-11.

Significant additions to capital assets include:

The only significant addition to fixed assets in 2010-11 was the purchase of an office building that will be used to house a branch of the Los Angeles County Library and a new City Hall. The building is undergoing a complete reconstruction in 2011/12, with an expected move-in date to City Hall at the end of 2011. The library portion of the building will be completed towards the end of fiscal year 2011/12.

Construction in progress at the end of the year included thirteen projects in various stages of design or construction. There were six park improvement projects in progress totaling \$381,316. There was a city hall computer room sprinkler improvement project and six traffic related projects in progress at the end of the year as well. The other seven projects equaling \$1,591,141 include the sprinkler system, a traffic management system, two street projects, two median projects, and a drainage project.

Additional information on the City's capital assets can be found in note 5.

**Long-term debt** – At the end of the current fiscal year, the City of Diamond Bar's total long-term debt equaled \$12,788,162. Of this amount \$174,971 is the City's Net OPEB obligation. At this time the City is using a pay as you go methodology for funding its OPEB. The City's long-term debt includes the net OPEB obligation which is the difference between the amounts paid on the pay as you go basis versus the actuarially computed Annual Required Contribution. The following table shows the breakdown of the long-term debt outstanding:

**Outstanding Long Term Debt at Year-end**

Variable Rate Lease Revenue Bonds (backed by the Public Financing Authority)	\$ 12,190,000
Unamortized Bond Discount	-100,869
Compensated Absences	524,060
Net OPEB Obligation	174,971
	<u>\$12,788,162</u>

See footnote 6 for additional information on the City's long-term liabilities as of June 30, 2011.

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

While the City maintains a diverse and upscale housing stock, the City's economy is equally dependent on commercial and retail revenues. The City's concentration on maintaining and attracting new business clientele is of utmost importance.

The City's 2011-2012 budget is a fiscally conservative budget. The stagnant economy and worsening condition of the State's budget continue to be a major concern. As a result anticipated revenues in the General Fund reflect only modest growth. The ongoing operations budget has been maintained at the status quo as much as possible. To take advantage of the poor real estate market the City chose to use General Fund Reserves to purchase a building to house City Hall. Incorporated in the FY11-12 budget are expenditures related to the design, reconstruction, and relocation to the new facility. This budget presents an operating plan that permits the City to live within a reasonable estimate of revenues while continuing to provide community programs and services to the residents of the City of Diamond Bar.

As mentioned in the previous paragraph, the City purchased a building in September 2010. With more than four times the square footage of the current City Hall location the building offers a unique setting for the provision of government services. The City finalized an agreement in 2010-2011 with the County of Los Angeles to partner with the City by relocating and expanding the Diamond Bar Library into the facility. This move would solve a variety of issues for the library including the provision of additional library services and parking spaces.

To combat some of the economic uncertainties the City recently completed a fee study. This study evaluated the City's current fee structure to verify that costs associated with fees are recovered. Although not total cost recovery, the new fee structure has been established to recover a higher percentage of the costs. It has a fee escalator built into it to keep the fees somewhat even with the escalation of costs. These new fees were implemented in November 2010, with related increases in building permits approved by City Council in November 2011.

When the City's waste hauler contracts were set to expire, the City looked at other jurisdictions in the area and found that it was not unreasonable to negotiate a franchise fee into the new contracts. These fees became effective during the 2010-2011 fiscal year in August, 2010, and will provide the City with an additional revenue stream to fund operations.

The City has made a conscientious decision to use some general fund balance reserves for economic development purposes. As a result, the FY12 budget includes an appropriation for economic development. It is anticipated that these efforts will continue to be rewarded in the near future with the development of several new retail spaces.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City of Diamond Bar's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of Diamond Bar, 21810 Copley Drive, Diamond Bar, California 91765.

CITY OF DIAMOND BAR

STATEMENT OF NET ASSETS  
 JUNE 30, 2011

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 30,567,096
Receivables:	
Accounts	451,672
Notes and loans	284,154
Accrued interest	30,278
Prepaid costs	42,824
Due from other governments	1,786,065
Deferred charges	463,282
Restricted assets:	
Cash with fiscal agent	348,694
Due from employees	6,184
Capital assets not being depreciated	274,173,910
Capital assets, net of depreciation	<u>119,800,292</u>
<b>Total Assets</b>	<b><u>427,954,451</u></b>
<b>Liabilities:</b>	
Accounts payable	1,621,779
Accrued liabilities	253,756
Accrued interest	13,042
Unearned revenue	1,291,253
Deposits payable	916,106
Due to other governments	284,154
Retentions payable	2,602
Noncurrent liabilities:	
Due within one year	718,488
Due in more than one year	<u>12,069,674</u>
<b>Total Liabilities</b>	<b><u>17,170,854</u></b>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	381,985,940
Restricted for:	
Community development projects	1,644,861
Public safety	453,730
Public works	3,636,487
Capital projects	146,567
Debt service	333,694
Unrestricted	<u>22,582,318</u>
<b>Total Net Assets</b>	<b><u>\$ 410,783,597</u></b>

CITY OF DIAMOND BAR

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Contributions and Grants	
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 6,370,986	\$ 118,016	\$ 186,313	\$ -
Public safety	5,591,049	996,409	131,977	-
Community development	1,969,540	517,515	529,467	-
Parks, recreation and culture	5,153,264	1,829,409	25,811	-
Highways and Streets	10,619,860	2,400,272	2,811,810	40,779
Interest on long-term debt	72,592	-	-	-
<b>Total Governmental Activities</b>	<b>29,777,291</b>	<b>5,861,621</b>	<b>3,685,378</b>	<b>40,779</b>
<b>Total Primary Government</b>	<b>\$ 29,777,291</b>	<b>\$ 5,861,621</b>	<b>\$ 3,685,378</b>	<b>\$ 40,779</b>
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purpose				4,187,896
Transient occupancy taxes				642,509
Sales taxes				3,355,127
Franchise taxes				1,259,471
Other taxes				172,687
Motor vehicle in lieu - unrestricted				4,766,225
Use of money and property				474,598
Other				91,975
<b>Total General Revenues</b>				<b>14,950,488</b>
Change in Net Assets				(5,239,025)
Net Assets at Beginning of Year				416,022,622
<b>Net Assets at End of Year</b>				<b>\$ 410,783,597</b>

## **GOVERNMENTAL FUNDS**

### **GENERAL FUND**

The General Fund has been classified as a major fund and is used to account for resources traditionally associated with government, which are not legally or by sound financial management to be accounted for in another fund.

### **SPECIAL REVENUE FUND**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for a specified purpose. The following Special Revenue Funds have been classified as major funds in the accompanying financial statements:

The Traffic Improvement Fund has been classified as a major fund and is used to account for various State transportation grants received by the City.

The Proposition 1B Bond Fund has been classified as a major fund and is used track activity for the Proposition 1B revenues.

CITY OF DIAMOND BAR

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General	Special Revenue Funds		Other Governmental Funds
		Traffic Improvement Fund	Proposition 1B Bond Fund	
<b>Assets:</b>				
Pooled cash and investments	\$ 21,860,585	\$ 989,851	\$ 182,498	\$ 5,652,538
Receivables:				
Accounts	340,745	-	-	110,927
Notes and loans	-	-	-	284,154
Accrued interest	30,278	-	-	-
Prepaid costs	41,451	-	-	-
Due from other governments	1,428,982	-	-	357,083
Due from other funds	49,692	-	-	-
Due from employees	6,184	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	15,000	-	-	333,694
<b>Total Assets</b>	<b>\$ 23,772,917</b>	<b>\$ 989,851</b>	<b>\$ 182,498</b>	<b>\$ 6,738,396</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 986,748	\$ 4,385	\$ -	\$ 361,258
Accrued liabilities	242,066	-	-	11,690
Deferred revenues	359,582	-	-	55,264
Unearned revenues	-	751,616	493,749	45,888
Deposits payable	916,106	-	-	-
Due to other governments	-	-	-	284,154
Due to other funds	-	-	-	49,692
Retentions payable	-	-	-	2,602
<b>Total Liabilities</b>	<b>2,504,502</b>	<b>756,001</b>	<b>493,749</b>	<b>810,548</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	41,451	-	-	-
<b>Restricted for:</b>				
Community development projects	-	-	-	1,644,861
Public safety	-	-	-	453,730
Highways and streets	-	233,850	-	3,402,637
Capital Projects	-	-	-	146,567
Debt service	-	-	-	333,694
<b>Committed to:</b>				
Emergency contingencies	4,500,000	-	-	-
<b>Unassigned</b>	<b>16,726,964</b>	<b>-</b>	<b>(311,251)</b>	<b>(53,641)</b>
<b>Total Fund Balances</b>	<b>21,268,415</b>	<b>233,850</b>	<b>(311,251)</b>	<b>5,927,848</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 23,772,917</b>	<b>\$ 989,851</b>	<b>\$ 182,498</b>	<b>\$ 6,738,396</b>

CITY OF DIAMOND BAR

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	<b>Total Governmental Funds</b>
<b>Assets:</b>	
Pooled cash and investments	\$ 28,685,472
Receivables:	
Accounts	451,672
Notes and loans	284,154
Accrued interest	30,278
Prepaid costs	41,451
Due from other governments	1,786,065
Due from other funds	49,692
Due from employees	6,184
Restricted assets:	
Cash and investments with fiscal agents	348,694
<b>Total Assets</b>	<b><u>\$ 31,683,662</u></b>
 <b>Liabilities and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 1,352,391
Accrued liabilities	253,756
Deferred revenues	414,846
Unearned revenues	1,291,253
Deposits payable	916,106
Due to other governments	284,154
Due to other funds	49,692
Retentions payable	2,602
<b>Total Liabilities</b>	<b><u>4,564,800</u></b>
 <b>Fund Balances:</b>	
<b>Nonspendable:</b>	
Prepaid costs	41,451
<b>Restricted for:</b>	
Community development projects	1,644,861
Public safety	453,730
Highways and streets	3,636,487
Capital Projects	146,567
Debt service	333,694
<b>Committed to:</b>	
Emergency contingencies	4,500,000
<b>Unassigned</b>	<u>16,362,072</u>
<b>Total Fund Balances</b>	<b><u>27,118,862</u></b>
 <b>Total Liabilities and Fund Balances</b>	<b><u>\$ 31,683,662</u></b>

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CITY OF DIAMOND BAR

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011

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Fund balances of governmental funds		\$	27,118,862
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets net of depreciation have not been included as financial resources in governmental fund activity			393,861,375
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets			463,282
Long-term debt and compensated absences that have not been included in the governmental fund activity:			
Bonds Payable	\$	(12,190,000)	
Bonds discount		100,869	
Compensated absences		(524,060)	
Other post employment benefit obligation		<u>(174,971)</u>	(12,788,162)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds			(13,042)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.			414,846
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets			<u>1,726,436</u>
<b>Net assets of governmental activities</b>		<b>\$</b>	<b><u>410,783,597</u></b>

CITY OF DIAMOND BAR

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

	General	Special Revenue Funds		Other Governmental Funds
		Traffic Improvement Fund	Proposition 1B Bond Fund	
<b>Revenues:</b>				
Taxes	\$ 9,646,883	\$ -	\$ -	\$ 556,562
Licenses and permits	818,913	-	-	-
Intergovernmental	4,782,552	-	-	4,659,407
Charges for services	1,829,409	-	-	1,560,958
Use of money and property	123,374	5,263	1,630	369,110
Fines and forfeitures	567,575	-	-	-
Miscellaneous	113,578	-	-	-
<b>Total Revenues</b>	<b>17,882,284</b>	<b>5,263</b>	<b>1,630</b>	<b>7,146,037</b>
<b>Expenditures:</b>				
Current:				
General government	4,977,021	-	-	-
Public safety	5,561,457	-	-	19,050
Community development	1,417,630	-	-	542,495
Parks, recreation, and culture	3,644,786	-	-	67,408
Highways and streets	2,315,568	21,032	-	2,665,856
Capital outlay	9,887,685	-	-	1,592,910
Debt service:				
Principal retirement	-	-	-	290,000
Interest and fiscal charges	-	-	-	37,461
<b>Total Expenditures</b>	<b>27,804,147</b>	<b>21,032</b>	<b>-</b>	<b>5,215,180</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,921,863)	(15,769)	1,630	1,930,857
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,235,586	-	-	1,693,942
Transfers out	(906,156)	-	(312,881)	(2,316,519)
<b>Total Other Financing Sources (Uses)</b>	<b>329,430</b>	<b>-</b>	<b>(312,881)</b>	<b>(622,577)</b>
Net Change in Fund Balances	(9,592,433)	(15,769)	(311,251)	1,308,280
Fund Balances, Beginning of Year	30,797,098	245,344	-	4,687,593
Restatements	63,750	4,275	-	(68,025)
Fund Balances, Beginning of Year	30,860,848	249,619	-	4,619,568
<b>Fund Balances, End of Year</b>	<b>\$ 21,268,415</b>	<b>\$ 233,850</b>	<b>\$ (311,251)</b>	<b>\$ 5,927,848</b>

CITY OF DIAMOND BAR

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

	<b>Total Governmental Funds</b>
<b>Revenues:</b>	
Taxes	\$ 10,203,445
Licenses and permits	818,913
Intergovernmental	9,441,959
Charges for services	3,390,367
Use of money and property	499,377
Fines and forfeitures	567,575
Miscellaneous	113,578
	<hr/>
<b>Total Revenues</b>	<b>25,035,214</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
General government	4,977,021
Public safety	5,580,507
Community development	1,960,125
Parks, recreation, and culture	3,712,194
Highways and streets	5,002,456
Capital outlay	11,480,595
Debt service:	
Principal retirement	290,000
Interest and fiscal charges	37,461
	<hr/>
<b>Total Expenditures</b>	<b>33,040,359</b>
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,005,145)
	<hr/>
<b>Other Financing Sources (Uses):</b>	
Transfers in	2,929,528
Transfers out	(3,535,556)
	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>(606,028)</b>
	<hr/>
Net Change in Fund Balances	(8,611,173)
	<hr/>
Fund Balances, Beginning of Year	35,730,035
Restatements	-
	<hr/>
Fund Balances, Beginning of Year	35,730,035
	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 27,118,862</b>
	<hr/> <hr/>

**CITY OF DIAMOND BAR**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

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Net change in fund balances - total governmental funds \$ (8,611,173)

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

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

Capital expenditures	\$ 10,526,047	
Depreciation expense	<u>(6,856,434)</u>	3,669,613

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets

Principal payment	290,000	
Amortization of bond discount	(4,586)	
Other post employment benefit obligation	(53,261)	
Compensated absences	<u>(16,730)</u>	215,423

Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets

(21,059)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

(9,486)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.

(504,562)

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

22,219

**Change in net assets of governmental activities**

**\$ (5,239,025)**

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 30,860,848	\$ 30,860,848	\$ 30,860,848	\$ -
<b>Resources (Inflows):</b>				
Taxes	9,097,000	9,604,260	9,646,883	42,623
Licenses and permits	956,030	933,030	818,913	(114,117)
Intergovernmental	4,585,000	4,629,770	4,782,552	152,782
Charges for services	1,769,098	1,729,548	1,829,409	99,861
Use of money and property	300,000	286,110	123,374	(162,736)
Fines and forfeitures	523,500	523,500	567,575	44,075
Miscellaneous	17,000	17,000	113,578	96,578
Transfers in	1,416,638	1,315,537	1,235,586	(79,951)
<b>Amounts Available for Appropriation</b>	<b>49,525,114</b>	<b>49,899,603</b>	<b>49,978,718</b>	<b>79,115</b>
<b>Charges to Appropriation (Outflow):</b>				
General government				
City Council	178,000	179,100	156,698	22,402
City Attorney	185,000	265,000	237,020	27,980
City Manager/Clerk	1,003,990	987,190	980,456	6,734
Finance	438,520	447,206	428,833	18,373
Human resources	206,280	206,280	179,220	27,060
Information systems	739,285	745,985	790,283	(44,298)
General government	1,320,400	1,210,059	1,246,447	(36,388)
Public information	515,470	515,470	520,985	(5,515)
Civic Center	2,136,615	2,529,255	437,079	2,092,176
Subtotal general government	<u>6,723,560</u>	<u>7,085,545</u>	<u>4,977,021</u>	<u>2,108,524</u>
Public safety				
Law Enforcement	5,559,050	5,559,050	5,363,770	195,280
Fire Protection	11,500	11,500	7,359	4,141
Animal Control	131,780	131,780	127,108	4,672
Emergency preparedness	76,140	76,140	63,220	12,920
Subtotal public safety	<u>5,778,470</u>	<u>5,778,470</u>	<u>5,561,457</u>	<u>217,013</u>
Community development	1,364,270	1,423,946	1,417,630	6,316
Parks, recreation, and culture	3,763,495	3,759,271	3,644,786	114,485
Public works	2,444,700	2,443,200	2,315,568	127,632
Capital outlay	9,917,500	9,917,500	9,887,685	29,815
Transfers out	847,355	907,877	906,156	1,721
<b>Total Charges to Appropriations</b>	<b>30,839,350</b>	<b>31,315,809</b>	<b>28,710,303</b>	<b>2,605,506</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 18,685,764</b>	<b>\$ 18,583,794</b>	<b>\$ 21,268,415</b>	<b>\$ 2,684,621</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 TRAFFIC IMPROVEMENT FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 249,619	\$ 249,619	\$ 249,619	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	5,263	5,263
<b>Amounts Available for Appropriation</b>	<b>249,619</b>	<b>249,619</b>	<b>254,882</b>	<b>5,263</b>
<b>Charges to Appropriation (Outflow):</b>				
Highways and streets	-	-	21,032	(21,032)
Transfers out	65,000	65,000	-	65,000
<b>Total Charges to Appropriations</b>	<b>65,000</b>	<b>65,000</b>	<b>21,032</b>	<b>43,968</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 184,619</b>	<b>\$ 184,619</b>	<b>\$ 233,850</b>	<b>\$ 49,231</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON STATEMENT  
 PROPOSITION 1B BOND FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	205,239	205,239	-	(205,239)
Use of money and property	1,000	1,000	1,630	630
<b>Amounts Available for Appropriation</b>	<b>206,239</b>	<b>206,239</b>	<b>1,630</b>	<b>(204,609)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	226,686	226,686	312,881	(86,195)
<b>Total Charges to Appropriations</b>	<b>226,686</b>	<b>226,686</b>	<b>312,881</b>	<b>(86,195)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (20,447)</b>	<b>\$ (20,447)</b>	<b>\$ (311,251)</b>	<b>\$ (290,804)</b>

CITY OF DIAMOND BAR

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2011

	<b>Governmental Activities- Internal Service Funds</b>
<b>Assets:</b>	
Current:	
Cash and investments	\$ 1,881,624
Prepaid costs	<u>1,373</u>
<b>Total Current Assets</b>	<b><u>1,882,997</u></b>
Noncurrent:	
Capital assets - net of accumulated depreciation	<u>112,827</u>
<b>Total Noncurrent Assets</b>	<b><u>112,827</u></b>
<b>Total Assets</b>	<b><u>\$ 1,995,824</u></b>
 <b>Liabilities and Net Assets:</b>	
<b>Liabilities:</b>	
Current:	
Accounts payable	<u>\$ 269,388</u>
<b>Total Current Liabilities</b>	<b><u>269,388</u></b>
<b>Total Liabilities</b>	<b><u>269,388</u></b>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	112,827
Unrestricted	<u>1,613,609</u>
<b>Total Net Assets</b>	<b><u>1,726,436</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,995,824</u></b>

CITY OF DIAMOND BAR

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2011

	<b>Governmental Activities- Internal Service Funds</b>
<b>Operating Expenses:</b>	
Administration and general	\$ 4,458
Insurance premiums	552,402
Maintenance and operations	18,201
Depreciation expense	<u>16,362</u>
<b>Total Operating Expenses</b>	<b><u>591,423</u></b>
Operating Income (Loss)	<u>(591,423)</u>
<b>Nonoperating Revenues (Expenses):</b>	
Interest revenue	<u>7,614</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>7,614</u></b>
Income (Loss) Before Transfers	(583,809)
Transfers in	<u>606,028</u>
Changes in Net Assets	<u>22,219</u>
<b>Net Assets:</b>	
Beginning of Year	<u>1,704,217</u>
<b>End of Fiscal Year</b>	<b><u>\$ 1,726,436</u></b>

CITY OF DIAMOND BAR

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2011

	<b>Governmental Activities- Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers and users	\$ (553,775)
Cash paid to suppliers for goods and services	(36,585)
Cash paid to employees for services	(4,458)
	<u>(594,818)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(594,818)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Cash transfers in	606,028
	<u>606,028</u>
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>606,028</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and construction of capital assets	(111,122)
	<u>(111,122)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(111,122)</b>
<b>Cash Flows from Investing Activities:</b>	
Interest received	7,614
	<u>7,614</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>7,614</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(92,298)</b>
Cash and Cash Equivalents at Beginning of Year	1,973,922
	<u>1,973,922</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,881,624</b>
	<u>\$ 1,881,624</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ (591,423.00)
	<u>\$ (591,423.00)</u>
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>	
Depreciation	16,362
(Increase) decrease in prepaid expense	(1,373)
Increase (decrease) in accounts payable	(18,384)
	<u>16,362</u>
<b>Total Adjustments</b>	<b>(3,395)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (594,818)</b>
	<u>\$ (594,818)</u>

**Note 1: Reporting Entity and Significant Accounting Policies**

**a. Description of Reporting Entity**

The City of Diamond Bar (the City) was incorporated April 18, 1989, as a "General Law" City governed by an elected five-member city council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Diamond Bar (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City of Diamond Bar's elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity consists of: (1) the City (2) organizations for which the City is financially accountable; and, (3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City.

Blended Component Units

The Diamond Bar Community Redevelopment Agency (the Agency) was established February 6, 1996, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law". Although it is a legally separate entity from the City, the Agency is reported as if it were part of the City because of its purpose to prepare and execute plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City. According to the California Supreme Court's decision on August 9, 2000, the Agency's Redevelopment Plan was deemed invalid. No activities occurred during the year ended June 30, 2011. Accordingly, no financial statements of the Agency were issued.

The Diamond Bar Public Financing Authority (the Authority) was formed on November 19, 2002. The purpose of the Authority is to issue debt to finance public improvements and other capital purchases for the City and Agency. The activity of the Authority is reported in debt service and capital projects funds.

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City has no business-type activities.

**Note 1: Reporting Entity and Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the, fund financial statements.

**c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets and liabilities (current and long-term) are reported. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year, which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operations. The principal operating revenues of the City's internal service funds are charges to departments for services. Operating expenses for the proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, generally only current assets and liabilities are reported in the governmental funds. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of gas tax which is 210 days. Expenditures generally are recorded when a liability is incurred, except for principal and interest on long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures only when payment is due.

**Note 1: Reporting Entity and Significant Accounting Policies (Continued)**

Property taxes, taxpayer-assessed taxes, such as sales taxes, gas taxes, and transient occupancy taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period to the extent normally collected within the availability period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The accounts of the City are organized and operated on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

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

**d. Fund Classifications**

The City reports the following major governmental funds

The General Fund is the primary operating fund of the City and is used to account for all revenues and expenditures of the City not legally restricted as to use. A broad range of municipal activities are provided through this fund including City Manager, City Attorney, Finance, City Clerk, Public Works, Building and Safety, and Parks and Recreation.

The Traffic Improvement Fund is used to account for various State transportation grants received by the City.

The Proposition 1B Bond Fund is used to account for the costs incurred with Proposition 1B proceeds.

The City's fund structure also includes the following fund types

**Governmental Funds**

Debt Service Fund is used primarily to account for the accumulation of resources for the payment of principal and interest on long-term liabilities of the City.

**Proprietary Funds**

Internal Service Funds have been established to finance and account for goods and services provided by one City department to other City departments or agencies. These activities include self-insurance, equipment and computer maintenance.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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**Note 1: Reporting Entity and Significant Accounting Policies (Continued)**

**e. Investments**

For financial reporting purposes, investments are stated at fair value.

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 balances.

**f. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and 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 (an original maturity date of three months or less from the date of purchase) that they present insignificant risk of changes in value because of changes in interest rates. Cash and cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City. All cash and investments of the proprietary (internal service) funds are pooled with the City's pooled cash and investments and are therefore considered cash equivalents for purposes of the statement of cash flows.

**g. Capital Assets**

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of contribution. Capital asset purchases (other than infrastructure) in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

Capital assets include additions to public domain (infrastructure), certain improvements including roads, streets, sidewalks, medians and storm drains within the City. In the fiscal year ended June 30, 2011, the City, with the assistance of an outside consultant, valued and recorded its public domain assets acquired prior to July 1, 2002. The City now has all of its infrastructure asset data valued and recorded in its entirety as of June 30, 2011.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-wide and Proprietary Fund Financial Statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The lives used for depreciation purposes of each capital asset class are:

Buildings and improvements	10 - 20 years
Furniture and fixtures	3 - 5 years
Vehicles and equipment	5 years
Infrastructure	10 - 50 years

**Note 1: Reporting Entity and Significant Accounting Policies (Continued)**

**h. Compensated Absences**

Vacation and sick leave time begin to accumulate as of the first day of employment to a maximum of 320 hours and 280 hours, respectively. Employees who accumulate sick leave in excess of 200 hours are paid for the excess annually at one half the employees current wage rate.

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it's probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payments, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City.

If an employee retires, resigns, or terminates in good standing with a minimum of five years of service, the employee is entitled to receive 100% of unused sick leave at one half the employees current wage rate.

**i. Deferred Charges**

Deferred charges represent capitalized costs incurred in connection with the issuance of long-term debt. These costs are amortized over the life of the debt on a straight-line basis.

**j. Property Taxes**

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 go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are received from the County within 60 days after year end.

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	January 1
Levy date	July 1
Due dates	November 1 - 1st installment February 1 - 2nd installment
Collection dates	December 10 - 1st installment April 10 - 2nd installment
Delinquent dates	December 11 - 1st installment April 11 - 2nd installment

**Note 1: Reporting Entity and Significant Accounting Policies (Continued)**

**k. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**l. Fund Equity**

In the fund financial statements, government funds report the following fund balance classification:

- Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.
- Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is resolution or ordinance.
- Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Director of Finance is authorized to assign amounts to a specific purpose, which was established by the governing body in resolution.
- Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

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**Note 2: Stewardship, Compliance and Accountability**

**a. Budgetary Data**

General Budget Policies

The City adopts an annual budget prepared on the modified accrual basis of accounting for its governmental funds and on the accrual basis of accounting for its proprietary funds. The City manager or his designee is authorized to transfer budgeted amounts between the accounts of any department or funds that are approved by City Council. Prior year appropriations lapse unless they are approved for carryover into the following fiscal year. Expenditures may not legally exceed appropriations at the department level. Transportation Grant Fund is not presented in the budgetary comparison schedule.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**b. At June 30, 2011, the following funds had deficit fund balances:**

Major Fund:		
Proposition 1B Bond Fund		311,251
Other Governmental Fund:		
Capital Improvement Fund		37,061
EECBG Grant Fund		16,580

**c. Excess of expenditures over appropriations are as follows:**

Expenditures for the year ended June 30, 2011, exceeded the appropriations of the General Fund and major special revenue funds as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government			
Information systems	\$ 745,985	\$ 790,283	\$ (44,298)
General government	1,210,059	1,246,447	(36,388)
Public information	515,470	520,985	(5,515)
Traffic Improvement Fund:			
Highways and streets	-	21,032	(21,032)

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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**Note 3: Cash and Investments**

Cash and Investments

Cash and investments at June 30, 2011, consisted of the following:

Statement of Net Assets:

Cash and investments	\$ 30,567,096
Cash and investments with fiscal agents	<u>348,694</u>
	<u>\$ 30,915,790</u>

Cash and investments held by the City at June 30, 2011, consisted of the following:

Imprest cash on hand	\$ 1,500
Demand deposits	2,460,698
Escrow deposits	15,000
Investments:	
United States Government Sponsored Enterprise Securities	10,476,958
Local Agency Investment Fund	17,627,939
Held by Bond Trustee:	
Money Market Mutual Funds	<u>333,695</u>
	<u>\$ 30,915,790</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 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where 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 DIAMOND BAR**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**Note 3: Cash and Investments (Continued)**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	None	None
United States Government Sponsored Enterprise Securities	5 years	40%	None
Banker's Acceptance	180 days	40%	30%
Time Certificates of Deposits	5 years	None	None
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Money Market Mutual Funds	5 years	15%	None
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes (1)	5 year	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 40,000,000

\*-Excluding amounts held in bond trustees that are not subject to California Government Code Restrictions

(1) Notes must be rated "A" or better

N/A - Not Applicable

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	None	None	None
United States Government Sponsored Enterprise Securities	None	10%	None
Banker's Acceptance	1 year	None	None
Time Certificate of Deposits	None	None	None
Local Agency Investment Fund	None	None	None
Money Market Funds	None	None	None
Repurchase Obligations Tax Exempt	30 days	None	None
Taxable Government Money Market Portfolios	None	Equal to six months of principal and interest in the bonds	None

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**Note 3: Cash and Investments (Continued)**Disclosures Relating to 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	25 - 60 months	
United States Government Sponsored Enterprise Securities	\$ -	\$ 10,476,958	\$ 10,476,958
Local Agency Investment Fund (LAIF)	17,627,939	-	17,627,939
Held by Bond Trustees:			
Money Market Mutual Funds	333,695	-	333,695
	<u>\$ 17,961,634</u>	<u>\$ 10,476,958</u>	<u>\$ 28,438,592</u>

Disclosures Relating to 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 reported by Standard and Poor's, as of year end for each investment type:

Investment Type	Total as of June 30, 2011	Minimum Legal Rating	AAA	Unrated
United States Government Sponsored Enterprise Securities	\$ 10,476,958	N/A	\$ 10,476,958	\$ -
Local Agency Investment Fund (LAIF)	17,627,939	N/A	-	17,627,939
Held by Bond Trustees:				
Money Market Mutual Funds	333,695	A	333,695	-
Total	<u>\$ 28,438,592</u>		<u>\$ 10,810,653</u>	<u>\$ 17,627,939</u>

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

**Note 3: Cash and Investments (Continued)**

Disclosures Relating to 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 market 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. The City does not accept 150% of the secured public totals. At June 30, 2011, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California Law. The cash and investments held by Bond Trustee are uninsured and uncollateralized.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Note 4: Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2011, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	49,692
		<u>\$ 49,692</u>

The amounts loaned from the General Fund to the Capital Improvement Capital Projects Fund and Other Governmental Funds are to provide short-term loans to fund temporary cash shortfalls.

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

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**Note 4: Interfund Receivables, Payables and Transfers (Continued)**

Interfund Transfers

<u>Transfers In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 1,235,586
Other Governmental Funds	General Fund	300,128
	Proposition 1B Bond Fund	312,881
	Other Governmental Funds	1,080,933
Internal Service Funds	General Fund	606,028
		<u>\$ 3,535,556</u>

Transfers to the General Fund from the Other Governmental Funds were made to reimburse the General Fund for various capital projects and administrative expenditures.

Transfers from the General Fund to the Other Governmental Funds were made to provide for debt service payments.

Transfers from the General Fund to the Internal Service Funds were made to provide for purchases of a vehicle and equipment and uninsured insurance losses.

**CITY OF DIAMOND BAR**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**Note 5: Capital Assets**

A summary of changes in the Governmental Activities capital assets at June 30, 2011, is as follows:

	Balance at July 1, 2010	Transfers	Additions	Deletions	Balance at June 30, 2011
Capital assets not being depreciated:					
Land	\$ 6,587,349	\$ -	\$ -	\$ -	\$ 6,587,349
Right of way	265,614,104	-	-	-	265,614,104
Construction in progress	1,917,586	(305,114)	359,985	-	1,972,457
Total Capital Assets Not being Depreciated	<u>274,119,039</u>	<u>(305,114)</u>	<u>359,985</u>	<u>-</u>	<u>274,173,910</u>
Capital assets being depreciated:					
Buildings and improvements	24,807,197	305,114	9,887,685	-	34,999,996
Furniture and fixtures	84,372	-	-	-	84,372
Vehicles and equipment	2,249,918	-	172,536	-	2,422,454
Infrastructure	187,294,001	-	216,963	-	187,510,964
Total Capital Assets being Depreciated	<u>214,435,488</u>	<u>305,114</u>	<u>10,277,184</u>	<u>-</u>	<u>225,017,786</u>
Less accumulated depreciation for:					
Buildings and improvements	11,395,331	-	2,131,327	-	13,526,658
Furniture and fixtures	72,518	-	5,250	-	77,768
Vehicles and equipment	1,288,332	-	181,754	-	1,470,086
Infrastructure	85,588,517	-	4,554,465	-	90,142,982
Total Accumulated Depreciation	<u>98,344,698</u>	<u>-</u>	<u>6,872,796</u>	<u>-</u>	<u>105,217,494</u>
Total Capital Assets Being Depreciated, Net	<u>116,090,790</u>	<u>305,114</u>	<u>3,404,388</u>	<u>-</u>	<u>119,800,292</u>
Governmental Activities Capital Assets, Net	<u>\$ 390,209,829</u>	<u>\$ -</u>	<u>\$ 3,764,373</u>	<u>\$ -</u>	<u>\$ 393,974,202</u>

Depreciation expense was charged to functions in the Statement of Activities as follows:

General government	\$ 988,564
Public safety	10,542
Highways and streets	4,575,827
Community development	1,281,501
Internal Service Funds depreciation charges to program	16,362
	<u>\$ 6,872,796</u>

**CITY OF DIAMOND BAR**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**Note 6: Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June</u> <u>30, 2011</u>	<u>Due Within</u> <u>One Year</u>
Bonds payable					
Revenue Bonds	\$ 12,480,000	\$ -	\$ 290,000	\$ 12,190,000	\$ 305,000
Compensated absences	507,330	417,018	400,288	524,060	413,488
Net OPEB obligation (Note 9)	<u>121,710</u>	<u>59,033</u>	<u>5,772</u>	<u>174,971</u>	<u>-</u>
Total	<u>\$ 13,109,040</u>	<u>\$ 476,051</u>	<u>\$ 696,060</u>	12,889,031	<u>\$ 718,488</u>
Net unamortized bond discount				<u>(100,869)</u>	
Net Long-Term Debt				<u>\$ 12,788,162</u>	

Bonds Payable

In December 2002, the Diamond Bar Public Financing Authority issued \$13,755,000 of 2002 Series A Variable Rate Lease Revenue Bonds to finance the construction of a community/senior center project and other public improvements within the City. The bonds are special limited obligations of the Authority payable solely from revenues, consisting primarily of base rental payments paid by the City. The variable interest rate on the bonds is reset on a bi-weekly basis. As of June 30, 2011, \$12,190,000 of the bonds is outstanding.

In conjunction with the Bonds, the Authority executed a rate cap agreement on December 2, 2002, (the Agreement) with JPMorgan Chase (Counterparty) to minimize debt service cost on the 2002 Lease Revenue Bonds (the Bonds) by setting a cap on the interest rate on the Bonds. Under the Agreement, the Counterparty will pay the Authority an amount equal to the product of: (i) the amount by which the floating rate exceeds 4.5%, (ii) the notional principal amount and (iii) the actual number of days in the calculation period divided by 365 days. The Agreement is for a notional amount equal to the outstanding principal amount of the Bonds and will decline as the principal amount declines. The Agreement terminates on January 1, 2013.

**Credit Risk**

The Counterparty, JPMorgan Chase, has the following credit ratings of: (i) Standard & Poor's, AA- and (ii) Moody's, Aa2.

**Basis Risk**

The Agreement does not expose the Authority to basis risk, which refers to a mismatch between the interest rate cap of 4.5% and the variable rate payments to be made on the debt.

**CITY OF DIAMOND BAR**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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**Note 6: Long-Term Liabilities (Continued)**

Payments and Associated Debt

Using a variable rate of 1.30% as of June 30, 2011, debt service requirements of the Bonds and the Counterparty's payments, assuming current interest rates remain the same for remainder of the term of the Agreement, are as follows. As rates vary, the variable rate interest payments and net rate cap payments will vary.

Year Ending June 30	Variable Rate Debt		
	Principal	Interest	Total
2012	\$ 305,000	\$ 162,506	\$ 467,506
2013	320,000	158,288	478,288
2014	335,000	153,866	488,866
2015	350,000	149,243	499,243
2016	365,000	144,416	509,416
2016-2021	2,105,000	641,284	2,746,284
2021-2026	2,655,000	481,309	3,136,309
2026-2031	3,345,000	279,686	3,624,686
2031-2036	2,410,000	49,815	2,459,815
Totals	<u>\$ 12,190,000</u>	<u>\$ 2,220,413</u>	<u>\$ 14,410,413</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability, amounting to \$524,060 at June 30, 2011, is expected to be paid in future years from future resources, typically liquidated from the General Fund.

**Note 7: Liability, Property and Workers' Compensation Protection**

The City of Diamond Bar is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 121 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.

**Note 7: Liability, Property and Workers' Compensation Protection (Continued)**

**a. Self-Insurance Programs of the Authority**

General Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2010-11 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

Workers' Compensation

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

\$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$4 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$4 million to \$10 million are pooled among members.

**Note 7: Liability, Property and Workers' Compensation Protection (Continued)**

**b. Purchased Insurance**

Environmental Insurance

The City of Diamond Bar participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Diamond Bar. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Diamond Bar participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Diamond Bar property is currently insured according to a schedule of covered property submitted by the City of Diamond Bar to the Authority. City of Diamond Bar property currently has all-risk property insurance protection in the amount of \$19,587,922. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The City of Diamond Bar purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

**c. 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 2010-11.

The aforementioned information is not included in the accompanying financial statements. Complete financial statements for the Authority may be obtained at their administrative office located at 8081 Moody Street, La Palma, California 90623.

**Note 8: Pension Plan**

Plan Description

The City of Diamond Bar participates in the Miscellaneous 2% at 55 Risk Pool of the California Public Employee's Retirement System (PERS), a cost-sharing, multiple-employer defined benefit pension plan administered by PERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by State statute and District ordinance. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office 400 P Street, Sacramento, California 95814.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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**Note 8: Pension Plan (Continued)**

Funding Policy

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS. Active City employees are required to contribute 7% of their annual covered salary to PERS. The city makes the contributions required of City employees on their behalf and for their account usually using available resources in the general fund. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The current rate is 10.424% of covered payroll. The City's contributions to CalPERS for the years ending June 30, 2011, 2010 and 2009, were \$410,342, \$396,087 and \$392,608, respectively and were equal to the required contribution for each year.

Plan Description

In connection with the retirement benefits for employees described in Note 9, the City provides post-retirement health care benefits to retirees through the California Public Employees' Retirement System Health Benefits program (the PERS Health program). The program is an agent multiple-employer defined benefit health care plan that provides healthcare insurance for eligible retirees, through the City's group plans, which cover both active and retired employees. Employees become eligible to retire and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by qualifying disability retirement status. Retired employees over the age of 65 must join one of the supplemental (Medicare-coordinated) options under the PERS Health Program. Benefits are paid for the lifetime of the retiree. Benefit provisions are established by city ordinance which references state statutes (the Public Employee Medical and Hospital Care Act). The PERS Health Program does not issue a publicly available financial report.

**Note 9: Postemployment Benefits Other than Pensions**

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

Funding Policy

The City sets its monthly contribution rates for health insurance on behalf of all eligible retirees according to the PERS Health Program's statutory minimum (\$101/month for calendar 2010 and \$101/month for calendar 2011, increased in all future years according to the rate of medical inflation). The City pays a 0.45% of premium administrative charge on behalf of all retirees. The City is currently funding this OPEB obligation on a pay-as-you-go basis usually using available resources in the general fund. For the year ended June 30, 2011, the City paid \$5,772 in health care costs for its retirees and their covered dependents.

**CITY OF DIAMOND BAR**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**Note 9: Postemployment Benefits Other than Pensions**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the PERS Health Program (in thousands):

Annual required contribution	\$ 62,171
Interest on net OPEB obligation	2,434
Adjustment to annual required contribution	<u>(5,572)</u>
Annual OPEB cost (expense)	59,033
Contributions made	<u>5,772</u>
Increase in net OPEB obligation	53,261
Net OPEB obligation - beginning of year	<u>121,710</u>
Net OPEB obligation - end of year	<u><u>\$ 174,971</u></u>

Three-Year Trend Information

For fiscal year 2011, the City's annual OPEB cost (expense) \$59,033 was equal to the ARC. Since this fiscal year is the second year, information on the annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is only available for two fiscal years, as presented below:

Fiscal Year Ended	Annual OPEB Costs	Actual Contributions	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
6/30/10	\$ 62,517	\$ 5,594	8.95%	121,710
6/30/11	59,033	5,772	9.78%	174,971

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The information is as of the latest actuarial valuation.

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Percent of Covered Payroll	Interest Rate
Actual	7/1/2008	\$ -	\$ 402,007	\$ 402,007	0.0%	\$ 3,936,516	10.99%	5.00%

**CITY OF DIAMOND BAR**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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**Note 9: Postemployment Benefits Other than Pensions (Continued)**

Actuarial Methods and Assumptions

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

In the July 1, 2008, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a discount rate of 5.0% per annum, a rate of return on assets of 5.0% per annum and a healthcare cost trend rate of 8.0% initially, reduced by annual decrements of 1.0% to an ultimate rate of 5.0% after three years. The City's unfunded actuarial accrued liability will be amortized as a level dollar over an open period of 30 years.

**Note 10: Contingencies**

The City is presently involved in other matters of litigation that have arisen in the normal course of the City's business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to have a material adverse financial impact on the City.

**Note 11: Construction Commitments**

The following material construction commitments existed at June 30, 2011:

<u>Project Name</u>	<u>Expenditure as of June 30, 2011</u>	<u>Remaining Commitments</u>
Park Improvements	\$ 114,165	\$ 391,130
Street Improvements	57,679	1,851,917
Traffic Control Improvements	52,351	425,965
Misc. Improvements	138,973	938,081
	<u>\$ 363,168</u>	<u>\$ 3,607,093</u>

**Note 12: Operating Leases**

The City leases building and office facilities under non-cancelable operating leases. The total costs for such leases were \$274,829 for the year ended June 30, 2011. The future minimum lease payments for the lease of building and office facilities are as follows:

<u>Year Ending June 30, 2012</u>	<u>\$ 142,496</u>
Total	<u>\$ 142,496</u>

**CITY OF DIAMOND BAR**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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**Note 13: Fund Balance**

Fund balance restatements:

Major governmental funds:

General Fund:

To move prior year expenditures which were paid by the General Fund which should have been covered by Measure M funds.	\$ 63,750
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Traffic Improvement Fund

To move prior year investment earnings recognized under the Transportation Grant Fund to the Traffic Improvement Fund.	(4,275)
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Nonmajor governmental funds:

Measure M Fund:

To move prior year expenditures which were paid by the General Fund which should have been covered by Measure M funds.	(63,750)
--	----------

Transportation Grant Fund:

To move prior year investment earnings recognized under the Transportation Grant Fund to the Traffic Improvement Fund.	<u>4,275</u>
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Total Fund Balance Restatements	<u><u>\$ -</u></u>
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In addition to the adjustments to fund balance, the following restatements have been made to net assets:

Government-wide Net Assets:

To adjust beginning balance of capital assets to reflect capital asset additions in the internal service funds that were not recorded in the prior year.	<u>\$ 5,010</u>
--	-----------------

Total Net Asset restatements	<u><u>\$ 5,010</u></u>
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**Note 14: Transactions with the State of California**

**a. Delay of State Gas Tax Payments**

In March 2010, the State Legislature passed legislation delaying a variety of State payments to local agencies in response to anticipated State cash flow problems in fiscal year 2010-2011. AB5 8x contains provisions to delay a portion (approximately 60%) of the payments of State Gas Tax monies for the first nine months of 2010-2011 (July 2010 through March 2011) to be paid no later than April 28, 2011.

**Note 15: Subsequent Event**

**Refinancing of the 2002 Series A Lease Revenue Bonds (Community/Senior Center Project)**

The 2002 Series A Lease Revenue Bonds were originally issued on December 19, 2002 in the aggregate principal amount of \$13,755,000. Since the date of their initial issuance, the Bonds have borne interest at a Weekly Rate and the regularly scheduled payments of principal of and interest on the Bonds have been payable from the proceeds of draws upon an irrevocable direct-pay letter of credit issued by Union Bank, N.A., formerly known as Union Bank of California, N.A. On December 1, 2011, the interest rate on the Bonds was converted from a Weekly Rate to a Fixed Rate. The fixed rates range from 3.00% to 5.00% throughout the life of the bond.

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CITY OF DIAMOND BAR

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<b>Special Revenue Funds</b>			
	<b>State Gas Tax Fund</b>	<b>Proposition A Transit Fund</b>	<b>Proposition C Transit Fund</b>	<b>Transportation Grant Fund</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 377,859	\$ 291,405	\$ 2,015,942	\$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Due from other governments	180,713	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 558,572</b>	<b>\$ 291,405</b>	<b>\$ 2,015,942</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 40,056	\$ 44,438	\$ -
Accrued liabilities	-	3,315	3,980	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Retentions payable	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>43,371</b>	<b>48,418</b>	<b>-</b>
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Highways and streets	558,572	248,034	1,967,524	-
Capital Projects	-	-	-	-
Debt service	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>558,572</b>	<b>248,034</b>	<b>1,967,524</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 558,572</b>	<b>\$ 291,405</b>	<b>\$ 2,015,942</b>	<b>\$ -</b>

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

(Continued)

	<b>Special Revenue Funds</b>			
	<b>Integrated Waste Management Fund</b>	<b>Traffic Congestion Relief Fund</b>	<b>Air Quality Improvement Fund</b>	<b>Park and Facility Development Fund</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 687,518	\$ 35,443	\$ 161,061	\$ 853,972
Receivables:				
Accounts	110,927	-	-	-
Notes and loans	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 798,445</b>	<b>\$ 35,443</b>	<b>\$ 161,061</b>	<b>\$ 853,972</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,876	\$ -	\$ 14,494	\$ -
Accrued liabilities	3,680	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Retentions payable	-	-	-	-
<b>Total Liabilities</b>	<b>7,556</b>	<b>-</b>	<b>14,494</b>	<b>-</b>
<b>Restricted for:</b>				
Community development projects	790,889	-	-	853,972
Public safety	-	-	-	-
Highways and streets	-	35,443	-	-
Capital Projects	-	-	146,567	-
Debt service	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>790,889</b>	<b>35,443</b>	<b>146,567</b>	<b>853,972</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 798,445</b>	<b>\$ 35,443</b>	<b>\$ 161,061</b>	<b>\$ 853,972</b>

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<b>Special Revenue Funds</b>			
	<b>CDBG Fund</b>	<b>COPS Fund</b>	<b>Asset Seizure Fund</b>	<b>CLEEP Fund</b>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 133,349	\$ 263,939	\$ 46,987
Receivables:				
Accounts	-	-	-	-
Notes and loans	284,154	-	-	-
Due from other governments	68,370	12,706	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 352,524</b>	<b>\$ 146,055</b>	<b>\$ 263,939</b>	<b>\$ 46,987</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 18,356	\$ 3,440	\$ -	\$ -
Accrued liabilities	715	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	284,154	-	-	-
Due to other funds	49,299	-	-	-
Retentions payable	-	-	-	-
<b>Total Liabilities</b>	<b>352,524</b>	<b>3,440</b>	<b>-</b>	<b>-</b>
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	142,615	263,939	46,987
Highways and streets	-	-	-	-
Capital Projects	-	-	-	-
Debt service	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>-</b>	<b>142,615</b>	<b>263,939</b>	<b>46,987</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 352,524</b>	<b>\$ 146,055</b>	<b>\$ 263,939</b>	<b>\$ 46,987</b>

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

(Continued)

	<b>Special Revenue Funds</b>			
	<b>Edward Byrne Justice Assistance Grant (JAG) Fund</b>	<b>Landscape Maintenance District Fund</b>	<b>Measure R Local Return Fund</b>	<b>EECBG Grant Fund</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 46,077	\$ 119,086	\$ 564,799	\$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Due from other governments	-	11,924	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 46,077</b>	<b>\$ 131,010</b>	<b>\$ 564,799</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	-	\$ 102,745	-	\$ 16,187
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	45,888	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	393
Retentions payable	-	-	-	-
<b>Total Liabilities</b>	<b>45,888</b>	<b>102,745</b>	<b>-</b>	<b>16,580</b>
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	189	-	-	-
Highways and streets	-	28,265	564,799	-
Capital Projects	-	-	-	-
Debt service	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,580)</b>
<b>Total Fund Balances</b>	<b>189</b>	<b>28,265</b>	<b>564,799</b>	<b>(16,580)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 46,077</b>	<b>\$ 131,010</b>	<b>\$ 564,799</b>	<b>\$ -</b>

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	
	<u>Capital Improvement Fund</u>	<u>Public Financing Authority</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 55,101	\$ -	\$ 5,652,538
Receivables:			
Accounts	-	-	110,927
Notes and loans	-	-	284,154
Due from other governments	83,370	-	357,083
Restricted assets:			
Cash and investments with fiscal agents	-	333,694	333,694
<b>Total Assets</b>	<b><u>\$ 138,471</u></b>	<b><u>\$ 333,694</u></b>	<b><u>\$ 6,738,396</u></b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 117,666	\$ -	\$ 361,258
Accrued liabilities	-	-	11,690
Deferred revenues	55,264	-	55,264
Unearned revenues	-	-	45,888
Due to other governments	-	-	284,154
Due to other funds	-	-	49,692
Retentions payable	2,602	-	2,602
<b>Total Liabilities</b>	<b><u>175,532</u></b>	<b><u>-</u></b>	<b><u>810,548</u></b>
<b>Restricted for:</b>			
Community development projects	-	-	1,644,861
Public safety	-	-	453,730
Highways and streets	-	-	3,402,637
Capital Projects	-	-	146,567
Debt service	-	333,694	333,694
<b>Unassigned</b>	<b><u>(37,061)</u></b>	<b><u>-</u></b>	<b><u>(53,641)</u></b>
<b>Total Fund Balances</b>	<b><u>(37,061)</u></b>	<b><u>333,694</u></b>	<b><u>5,927,848</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 138,471</u></b>	<b><u>\$ 333,694</u></b>	<b><u>\$ 6,738,396</u></b>

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CITY OF DIAMOND BAR

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	Special Revenue Funds			
	State Gas Tax Fund	Proposition A Transit Fund	Proposition C Transit Fund	Transportation Grant Fund
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,504,468	816,989	678,518	-
Charges for services	-	1,060,539	-	-
Use of money and property	164	1,079	10,942	-
<b>Total Revenues</b>	<b>1,504,632</b>	<b>1,878,607</b>	<b>689,460</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Parks, recreation, and culture	-	67,408	-	-
Highways and streets	-	1,445,063	614,487	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>1,512,471</b>	<b>614,487</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,504,632	366,136	74,973	-
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(844,959)	(20,106)	(118,702)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(844,959)</b>	<b>(20,106)</b>	<b>(118,702)</b>	<b>-</b>
Net Change in Fund Balances	659,673	346,030	(43,729)	-
Fund Balances, Beginning of Year	(101,101)	(97,996)	2,011,253	4,275
Restatements	-	-	-	(4,275)
Fund Balances, Beginning of Year, as Restated	(101,101)	(97,996)	2,011,253	-
<b>Fund Balances, End of Year</b>	<b>\$ 558,572</b>	<b>\$ 248,034</b>	<b>\$ 1,967,524</b>	<b>\$ -</b>

## CITY OF DIAMOND BAR

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Integrated Waste Management	Traffic Congestion Relief Fund	Air Quality Improvement Fund	Park and Facility Development
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	22,450	-	52,359	91,739
Charges for services	500,419	-	-	-
Use of money and property	3,307	1,014	754	5,010
<b>Total Revenues</b>	<b>526,176</b>	<b>1,014</b>	<b>53,113</b>	<b>96,749</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	222,747	-	54,753	7,700
Parks, recreation, and culture	-	-	-	-
Highways and streets	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>222,747</b>	<b>-</b>	<b>54,753</b>	<b>7,700</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	303,429	1,014	(1,640)	89,049
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(90,000)	(414,217)	-	(203,356)
<b>Total Other Financing Sources (Uses)</b>	<b>(90,000)</b>	<b>(414,217)</b>	<b>-</b>	<b>(203,356)</b>
Net Change in Fund Balances	213,429	(413,203)	(1,640)	(114,307)
Fund Balances, Beginning of Year	577,460	448,646	148,207	968,279
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	577,460	448,646	148,207	968,279
<b>Fund Balances, End of Year</b>	<b>\$ 790,889</b>	<b>\$ 35,443</b>	<b>\$ 146,567</b>	<b>\$ 853,972</b>

CITY OF DIAMOND BAR

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	Special Revenue Funds			
	CDBG Fund	COPS Fund	Asset Seizure Fund	CLEEP Fund
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	351,590	100,000	-	-
Charges for services	-	-	-	-
Use of money and property	-	756	1,861	273
<b>Total Revenues</b>	<b>351,590</b>	<b>100,756</b>	<b>1,861</b>	<b>273</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	9,120	-	9,930
Community development	193,834	-	-	-
Parks, recreation, and culture	-	-	-	-
Highways and streets	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>193,834</b>	<b>9,120</b>	<b>-</b>	<b>9,930</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	157,756	91,636	1,861	(9,657)
<b>Other Financing Sources (Uses):</b>				
Transfers in	1	-	-	-
Transfers out	(157,757)	(87,181)	(103,038)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(157,756)</b>	<b>(87,181)</b>	<b>(103,038)</b>	<b>-</b>
Net Change in Fund Balances	-	4,455	(101,177)	(9,657)
Fund Balances, Beginning of Year	-	138,160	365,116	56,644
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	-	138,160	365,116	56,644
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 142,615</b>	<b>\$ 263,939</b>	<b>\$ 46,987</b>

## CITY OF DIAMOND BAR

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Edward Byrne Justice Assistance	Landscape Maintenance District Fund	Measure R Local Return Fund	EECBG Grant Fund
<b>Revenues:</b>				
Taxes	\$ -	\$ 556,562	\$ -	\$ -
Intergovernmental	12,481	-	506,540	47,274
Charges for services	-	-	-	-
Use of money and property	279	61	2,270	-
<b>Total Revenues</b>	<b>12,760</b>	<b>556,623</b>	<b>508,810</b>	<b>47,274</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	63,461
Parks, recreation, and culture	-	-	-	-
Highways and streets	-	606,306	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>606,306</b>	<b>-</b>	<b>63,461</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,760	(49,683)	508,810	(16,187)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	91,849	-	-
Transfers out	(12,481)	-	(264,722)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(12,481)</b>	<b>91,849</b>	<b>(264,722)</b>	<b>-</b>
Net Change in Fund Balances	279	42,166	244,088	(16,187)
Fund Balances, Beginning of Year	(90)	(13,901)	384,461	(393)
Restatements	-	-	(63,750)	-
Fund Balances, Beginning of Year, as Restated	(90)	(13,901)	320,711	(393)
<b>Fund Balances, End of Year</b>	<b>\$ 189</b>	<b>\$ 28,265</b>	<b>\$ 564,799</b>	<b>\$ (16,580)</b>

CITY OF DIAMOND BAR

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Governmental Funds</u>
	<u>Capital Improvement Fund</u>	<u>Public Financing Authority</u>	
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ 556,562
Intergovernmental	474,999	-	4,659,407
Charges for services	-	-	1,560,958
Use of money and property	-	341,340	369,110
<b>Total Revenues</b>	<b><u>474,999</u></b>	<b><u>341,340</u></b>	<b><u>7,146,037</u></b>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	19,050
Community development	-	-	542,495
Parks, recreation, and culture	-	-	67,408
Highways and streets	-	-	2,665,856
Capital outlay	1,592,910	-	1,592,910
Debt service:			
Principal retirement	-	290,000	290,000
Interest and fiscal charges	-	37,461	37,461
<b>Total Expenditures</b>	<b><u>1,592,910</u></b>	<b><u>327,461</u></b>	<b><u>5,215,180</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,117,911)</u>	<u>13,879</u>	<u>1,930,857</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	1,602,092	-	1,693,942
Transfers out	-	-	(2,316,519)
<b>Total Other Financing Sources (Uses)</b>	<b><u>1,602,092</u></b>	<b><u>-</u></b>	<b><u>(622,577)</u></b>
Net Change in Fund Balances	<u>484,181</u>	<u>13,879</u>	<u>1,308,280</u>
Fund Balances, Beginning of Year	(521,242)	319,815	4,687,593
Restatements	-	-	(68,025)
Fund Balances, Beginning of Year, as Restated	<u>(521,242)</u>	<u>319,815</u>	<u>4,619,568</u>
<b>Fund Balances, End of Year</b>	<b><u>\$ (37,061)</u></b>	<b><u>\$ 333,694</u></b>	<b><u>\$ 5,927,848</u></b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 STATE GAS TAX FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (101,101)	\$ (101,101)	\$ (101,101)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,547,146	1,547,146	1,504,468	(42,678)
Use of money and property	-	-	164	164
<b>Amounts Available for Appropriation</b>	<b>1,446,045</b>	<b>1,446,045</b>	<b>1,403,531</b>	<b>(42,514)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	1,547,146	1,446,045	844,959	601,086
<b>Total Charges to Appropriations</b>	<b>1,547,146</b>	<b>1,446,045</b>	<b>844,959</b>	<b>601,086</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (101,101)</b>	<b>\$ -</b>	<b>\$ 558,572</b>	<b>\$ 558,572</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION A TRANSIT FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (97,996)	\$ (97,996)	\$ (97,996)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	814,160	814,160	816,989	2,829
Charges for services	1,000,000	1,200,000	1,060,539	(139,461)
Use of money and property	3,000	3,000	1,079	(1,921)
<b>Amounts Available for Appropriation</b>	<b>1,719,164</b>	<b>1,919,164</b>	<b>1,780,611</b>	<b>(138,553)</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks, recreation and culture	73,625	73,625	67,408	6,217
Highways and Streets	1,416,700	1,666,700	1,445,063	221,637
Transfers out	-	-	20,106	(20,106)
<b>Total Charges to Appropriations</b>	<b>1,490,325</b>	<b>1,740,325</b>	<b>1,532,577</b>	<b>207,748</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 228,839</b>	<b>\$ 178,839</b>	<b>\$ 248,034</b>	<b>\$ 69,195</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION C TRANSIT FUND  
 YEAR ENDED JUNE 30, 2011

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 2,011,253	\$ 2,011,253	\$ 2,011,253	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	675,323	675,323	678,518	3,195
Use of money and property	15,000	15,000	10,942	(4,058)
<b>Amounts Available for Appropriation</b>	<b>2,701,576</b>	<b>2,701,576</b>	<b>2,700,713</b>	<b>(863)</b>
<b>Charges to Appropriation (Outflow):</b>				
Highways and Streets	771,200	771,200	614,487	156,713
Transfers out	180,000	180,000	118,702	61,298
<b>Total Charges to Appropriations</b>	<b>951,200</b>	<b>951,200</b>	<b>733,189</b>	<b>218,011</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,750,376</b>	<b>\$ 1,750,376</b>	<b>\$ 1,967,524</b>	<b>\$ 217,148</b>

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE  
INTEGRATED WASTE MANAGEMENT FUND  
YEAR ENDED JUNE 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 577,460	\$ 577,460	\$ 577,460	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	22,984	22,984	22,450	(534)
Charges for services	531,000	531,000	500,419	(30,581)
Use of money and property	5,000	5,000	3,307	(1,693)
<b>Amounts Available for Appropriation</b>	<b>1,136,444</b>	<b>1,136,444</b>	<b>1,103,636</b>	<b>(32,808)</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	345,330	345,330	222,747	122,583
Transfers out	90,000	90,000	90,000	-
<b>Total Charges to Appropriations</b>	<b>435,330</b>	<b>435,330</b>	<b>312,747</b>	<b>122,583</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 701,114</b>	<b>\$ 701,114</b>	<b>\$ 790,889</b>	<b>\$ 89,775</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 TRAFFIC CONGESTION RELIEF FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 448,646	\$ 448,646	\$ 448,646	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	1,014	1,014
Transfers in	29,157	29,157	-	(29,157)
<b>Amounts Available for Appropriation</b>	<b>477,803</b>	<b>477,803</b>	<b>449,660</b>	<b>(28,143)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	-	-	414,217	(414,217)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>414,217</b>	<b>(414,217)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 477,803</b>	<b>\$ 477,803</b>	<b>\$ 35,443</b>	<b>\$ (442,360)</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY IMPROVEMENT FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 148,207	\$ 148,207	\$ 148,207	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	70,000	70,000	52,359	(17,641)
Use of money and property	500	500	754	254
<b>Amounts Available for Appropriation</b>	<b>218,707</b>	<b>218,707</b>	<b>201,320</b>	<b>(17,387)</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	115,350	115,350	54,753	60,597
<b>Total Charges to Appropriations</b>	<b>115,350</b>	<b>115,350</b>	<b>54,753</b>	<b>60,597</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 103,357</b>	<b>\$ 103,357</b>	<b>\$ 146,567</b>	<b>\$ 43,210</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 PARK AND FACILITY DEVELOPMENT FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 968,279	\$ 968,279	\$ 968,279	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	136,978	136,978	91,739	(45,239)
Use of money and property	1,500	1,500	5,010	3,510
<b>Amounts Available for Appropriation</b>	<b>1,106,757</b>	<b>1,106,757</b>	<b>1,065,028</b>	<b>(41,729)</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	-	-	7,700	(7,700)
Transfers out	893,799	896,519	203,356	693,163
<b>Total Charges to Appropriations</b>	<b>893,799</b>	<b>896,519</b>	<b>211,056</b>	<b>685,463</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 212,958</b>	<b>\$ 210,238</b>	<b>\$ 853,972</b>	<b>\$ 643,734</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG FUND)  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	486,468	486,468	351,590	(134,878)
Transfers in	-	-	1	1
<b>Amounts Available for Appropriation</b>	<b>486,468</b>	<b>486,468</b>	<b>351,591</b>	<b>(134,877)</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	188,872	238,872	193,834	45,038
Transfers out	297,596	297,596	157,757	139,839
<b>Total Charges to Appropriations</b>	<b>486,468</b>	<b>536,468</b>	<b>351,591</b>	<b>184,877</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ (50,000)</b>	<b>\$ -</b>	<b>\$ 50,000</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 CITIZENS OPTION FOR PUBLIC SAFETY (COPS) FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 138,160	\$ 138,160	\$ 138,160	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	100,000	100,000	100,000	-
Use of money and property	1,000	1,000	756	(244)
<b>Amounts Available for Appropriation</b>	<b>239,160</b>	<b>239,160</b>	<b>238,916</b>	<b>(244)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	14,000	14,000	9,120	4,880
Transfers out	104,000	104,000	87,181	16,819
<b>Total Charges to Appropriations</b>	<b>118,000</b>	<b>118,000</b>	<b>96,301</b>	<b>21,699</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 121,160</b>	<b>\$ 121,160</b>	<b>\$ 142,615</b>	<b>\$ 21,455</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 ASSET SEIZURE FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 365,116	\$ 365,116	\$ 365,116	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	2,000	2,000	1,861	(139)
<b>Amounts Available for Appropriation</b>	<b>367,116</b>	<b>367,116</b>	<b>366,977</b>	<b>(139)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	5,000	5,000	-	5,000
Transfers out	107,600	107,600	103,038	4,562
<b>Total Charges to Appropriations</b>	<b>112,600</b>	<b>112,600</b>	<b>103,038</b>	<b>9,562</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 254,516</b>	<b>\$ 254,516</b>	<b>\$ 263,939</b>	<b>\$ 9,423</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 CALIFORNIA LAW ENFORCEMENT EQUIPMENT PROGRAM (CLEEP) FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 56,644	\$ 56,644	\$ 56,644	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	500	500	273	(227)
<b>Amounts Available for Appropriation</b>	<b>57,144</b>	<b>57,144</b>	<b>56,917</b>	<b>(227)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	5,500	5,500	9,930	(4,430)
<b>Total Charges to Appropriations</b>	<b>5,500</b>	<b>5,500</b>	<b>9,930</b>	<b>(4,430)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 51,644</b>	<b>\$ 51,644</b>	<b>\$ 46,987</b>	<b>\$ (4,657)</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 EDWARD BYRNE JUSTICE ASSISTANCE GRANT FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (90)	\$ (90)	\$ (90)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	72,933	12,481	(60,452)
Use of money and property	-	-	279	279
<b>Amounts Available for Appropriation</b>	<b>(90)</b>	<b>72,843</b>	<b>12,670</b>	<b>(60,173)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	12,000	12,000	12,481	(481)
<b>Total Charges to Appropriations</b>	<b>12,000</b>	<b>12,000</b>	<b>12,481</b>	<b>(481)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (12,090)</b>	<b>\$ 60,843</b>	<b>\$ 189</b>	<b>\$ (60,654)</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 LANDSCAPE MAINTENANCE DISTRICT FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (13,901)	\$ (13,901)	\$ (13,901)	\$ -
<b>Resources (Inflows):</b>				
Taxes	554,157	554,157	556,562	2,405
Use of money and property	300	300	61	(239)
Transfers in	91,849	108,871	91,849	(17,022)
<b>Amounts Available for Appropriation</b>	<b>632,405</b>	<b>649,427</b>	<b>634,571</b>	<b>(14,856)</b>
<b>Charges to Appropriation (Outflow):</b>				
Highways and Streets	665,179	665,179	606,306	58,873
<b>Total Charges to Appropriations</b>	<b>665,179</b>	<b>665,179</b>	<b>606,306</b>	<b>58,873</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (32,774)</b>	<b>\$ (15,752)</b>	<b>\$ 28,265</b>	<b>\$ 44,017</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 MEASURE R LOCAL RETURN FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 320,711	\$ 320,711	\$ 320,711	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	506,493	506,493	506,540	47
Use of money and property	1,000	1,000	2,270	1,270
<b>Amounts Available for Appropriation</b>	<b>828,204</b>	<b>828,204</b>	<b>829,521</b>	<b>1,317</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	556,493	556,493	264,722	291,771
<b>Total Charges to Appropriations</b>	<b>556,493</b>	<b>556,493</b>	<b>264,722</b>	<b>291,771</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 271,711</b>	<b>\$ 271,711</b>	<b>\$ 564,799</b>	<b>\$ 293,088</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 EECBG GRANT FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (393)	\$ (393)	\$ (393)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	423,343	47,274	(376,069)
<b>Amounts Available for Appropriation</b>	<b>(393)</b>	<b>422,950</b>	<b>46,881</b>	<b>(376,069)</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	-	423,343	63,461	359,882
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>423,343</b>	<b>63,461</b>	<b>359,882</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (393)</b>	<b>\$ (393)</b>	<b>\$ (16,580)</b>	<b>\$ (16,187)</b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENT FUND  
 YEAR ENDED JUNE 30, 2011

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (521,242)	\$ (521,242)	\$ (521,242)	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	250,000	250,000	-	(250,000)
Intergovernmental	892,464	889,744	474,999	(414,745)
Transfers in	3,344,525	3,558,245	1,602,092	(1,956,153)
<b>Amounts Available for Appropriation</b>	<b><u>3,965,747</u></b>	<b><u>4,176,747</u></b>	<b><u>1,555,849</u></b>	<b><u>(2,620,898)</u></b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	4,486,989	4,513,761	1,592,910	2,920,851
<b>Total Charges to Appropriations</b>	<b><u>4,486,989</u></b>	<b><u>4,513,761</u></b>	<b><u>1,592,910</u></b>	<b><u>2,920,851</u></b>
<b>Budgetary Fund Balance, June 30</b>	<b><u>\$ (521,242)</u></b>	<b><u>\$ (337,014)</u></b>	<b><u>\$ (37,061)</u></b>	<b><u>\$ 299,953</u></b>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE  
 PUBLIC FINANCING AUTHORITY  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 319,815	\$ 319,815	\$ 319,815	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	341,340	341,340
<b>Amounts Available for Appropriation</b>	<b>319,815</b>	<b>319,815</b>	<b>661,155</b>	<b>341,340</b>
<b>Charges to Appropriation (Outflow):</b>				
Debt service:				
Principal retirement	-	-	290,000	(290,000)
Interest and fiscal charges	-	-	37,461	(37,461)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>327,461</b>	<b>(327,461)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 319,815</b>	<b>\$ 319,815</b>	<b>\$ 333,694</b>	<b>\$ 13,879</b>

CITY OF DIAMOND BAR

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2011

	Governmental Activities - Internal Service Funds			Totals
	Self Insurance Fund	Equipment Replacement Fund	Computer Equipment Replacement Fund	
<b>Assets:</b>				
Current:				
Cash and investments	\$ 1,261,862	\$ 215,151	\$ 404,611	\$ 1,881,624
Prepaid costs	1,373	-	-	1,373
<b>Total Current Assets</b>	<b>1,263,235</b>	<b>215,151</b>	<b>404,611</b>	<b>1,882,997</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	-	27,175	85,652	112,827
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>27,175</b>	<b>85,652</b>	<b>112,827</b>
<b>Total Assets</b>	<b>\$ 1,263,235</b>	<b>\$ 242,326</b>	<b>\$ 490,263</b>	<b>\$ 1,995,824</b>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 269,388	\$ -	\$ -	\$ 269,388
<b>Total Current Liabilities</b>	<b>269,388</b>	<b>-</b>	<b>-</b>	<b>269,388</b>
<b>Total Liabilities</b>	<b>269,388</b>	<b>-</b>	<b>-</b>	<b>269,388</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	-	27,175	85,652	112,827
Unrestricted	993,847	215,151	404,611	1,613,609
<b>Total Net Assets</b>	<b>993,847</b>	<b>242,326</b>	<b>490,263</b>	<b>1,726,436</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,263,235</b>	<b>\$ 242,326</b>	<b>\$ 490,263</b>	<b>\$ 1,995,824</b>

CITY OF DIAMOND BAR

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2011**

	<b>Governmental Activities - Internal Service Funds</b>			<b>Totals</b>
	<b>Self Insurance Fund</b>	<b>Equipment Replacement Fund</b>	<b>Computer Equipment Replacement Fund</b>	
<b>Operating Expenses:</b>				
Administration and general	\$ -	\$ 4,458	\$ -	\$ 4,458
Insurance premiums	552,402	-	-	552,402
Maintenance and operations	-	-	18,201	18,201
Depreciation expense	-	10,882	5,480	16,362
<b>Total Operating Expenses</b>	<b>552,402</b>	<b>15,340</b>	<b>23,681</b>	<b>591,423</b>
Operating Income (Loss)	(552,402)	(15,340)	(23,681)	(591,423)
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	4,569	1,217	1,828	7,614
<b>Total Nonoperating Revenues (Expenses)</b>	<b>4,569</b>	<b>1,217</b>	<b>1,828</b>	<b>7,614</b>
Income (Loss) Before Transfers	(547,833)	(14,123)	(21,853)	(583,809)
Transfers in	446,528	-	159,500	606,028
Changes in Net Assets	(101,305)	(14,123)	137,647	22,219
<b>Net Assets:</b>				
Beginning of Year	1,095,152	256,449	352,616	1,704,217
<b>End of Fiscal Year</b>	<b>\$ 993,847</b>	<b>\$ 242,326</b>	<b>\$ 490,263</b>	<b>\$ 1,726,436</b>

## CITY OF DIAMOND BAR

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2011**

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Self Insurance Fund</b>	<b>Equipment Replacement Fund</b>	<b>Computer Equipment Replacement Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>				
Insurance premiums	\$ (553,775)	\$ -	\$ -	\$ (553,775)
Payments to suppliers	-	-	(36,585)	(36,585)
Cash paid to employees for services	-	(4,458)	-	(4,458)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(553,775)</b>	<b>(4,458)</b>	<b>(36,585)</b>	<b>(594,818)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers in	446,528	-	159,500	606,028
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>446,528</b>	<b>-</b>	<b>159,500</b>	<b>606,028</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	-	(30,765)	(80,357)	(111,122)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(30,765)</b>	<b>(80,357)</b>	<b>(111,122)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	4,569	1,217	1,828	7,614
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>4,569</b>	<b>1,217</b>	<b>1,828</b>	<b>7,614</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(102,678)</b>	<b>(34,006)</b>	<b>44,386</b>	<b>(92,298)</b>
Cash and Cash Equivalents at Beginning of Year	1,364,540	249,157	360,225	1,973,922
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,261,862</b>	<b>\$ 215,151</b>	<b>\$ 404,611</b>	<b>\$ 1,881,624</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (552,402)	\$ (15,340)	\$ (23,681)	\$ (591,423)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	-	10,882	5,480	16,362
(Increase) decrease in prepaid expense	(1,373)	-	-	(1,373)
Increase (decrease) in accounts payable	-	-	(18,384)	(18,384)
<b>Total Adjustments</b>	<b>(1,373)</b>	<b>10,882</b>	<b>(12,904)</b>	<b>(3,395)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (553,775)</b>	<b>\$ (4,458)</b>	<b>\$ (36,585)</b>	<b>\$ (594,818)</b>

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2011

This part of the City of Diamond Bar’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 say about the government’s overall financial health.

Contents:	Schedules
<u>Financial Trends</u> – These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time.	1 - 4
<u>Revenue Capacity</u> – These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	5 - 8
<u>Debt Capacity</u> – These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	9 - 11
<u>Demographic and Economic Information</u> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	12 - 14
<u>Operating Information</u> – These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	15 - 16

City of Diamond Bar  
Net Assets by Component  
Last Nine Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ended June 30,				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:					
Invested in capital assets, net of related debt(1)	\$ 8,237,553	\$ 10,844,807	\$ 10,692,694	\$ 14,593,935	\$ 375,216,400
Restricted for:					
Capital projects	5,988,178	241,767	3,775,552	3,323,474	3,446,872
Community development			1,398,057	1,296,806	1,013,495
Public safety					
Public works					
Debt service			245,763	243,697	321,747
Unrestricted	26,205,849	31,231,827	29,775,169	29,461,178	34,072,884
Total governmental activities net assets	<u>\$ 40,431,580</u>	<u>\$ 42,318,401</u>	<u>\$ 45,887,235</u>	<u>\$ 48,919,090</u>	<u>\$ 414,071,398</u>

Note:

The City implemented GASB 34 for the fiscal year ended June 30, 2003.  
Information prior to the implementation of GASB 34 is not available.

As allowed by GASB 34, the value of infrastructure placed in service prior to July 1, 2002 was not included in the net assets until the fiscal year ended June 30, 2007.

Schedule 1

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 370,949,296	\$ 367,529,907	\$ 377,940,738	\$ 381,985,940
2,912,276	3,526,991	2,260,872	146,567
889,176	568,280	725,667	1,644,861
	541,482	559,920	453,730
			3,636,487
309,533	305,915	319,815	333,694
36,236,504	34,554,084	34,215,610	22,582,318
<u>\$ 411,296,785</u>	<u>\$ 407,026,659</u>	<u>\$ 416,022,622</u>	<u>\$ 410,783,597</u>

City of Diamond Bar  
Changes in Net Assets  
Last Nine Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ended June 30,				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses:					
Governmental activities:					
General government	\$ 3,315,082	\$ 3,713,530	\$ 3,997,319	\$ 4,203,123	\$ 4,784,314
Public safety	4,988,449	4,875,823	4,969,183	5,418,005	4,876,435
Highways and streets	1,006,768	1,365,737	4,622,014	5,240,568	14,019,550
Community development	3,370,116	5,724,606	1,050,025	2,759,718	2,292,757
Parks, recreation and culture	2,309,150	2,580,454	3,814,887	3,737,071	4,779,588
Interest on long-term debt	535,752	171,223	270,735	423,320	498,042
Total general revenues	<u>15,525,317</u>	<u>18,431,373</u>	<u>18,724,163</u>	<u>21,781,805</u>	<u>31,250,686</u>
Program revenues:					
Governmental activities:					
Charges for services					
General Government	74,805	225,656	486,925	707,272	262,541
Public safety	813,617	733,902	1,159,264	1,277,170	1,512,195
Highways and streets	517,930	529,330	1,328,637	1,555,993	3,493,798
Community development	908,330	933,985	7,888	16,841	21,297
Parks, recreation and culture	558,227	610,772	1,147,088	1,260,849	1,385,788
Operating grants and contributions	4,390,722	4,068,446	4,040,785	5,281,308	6,968,824
Capital grants and contributions	1,779,510	261,994		1,150	1,254,314
Total governmental activities program revenues	<u>9,043,141</u>	<u>7,364,085</u>	<u>8,170,587</u>	<u>10,100,583</u>	<u>14,898,757</u>
General revenues:					
Taxes					
Property taxes	2,727,712	2,717,949	3,191,006	3,555,244	3,754,955
Transient occupancy taxes	578,680	628,564	717,879	718,889	774,757
Sales taxes	2,965,292	3,167,901	3,508,341	3,949,349	3,943,345
Franchise taxes	828,242	912,531	941,319	996,567	1,064,621
Property transfer tax	367,638	367,464	413,247	416,423	331,096
Unrestricted Motor vehicle in lieu	3,370,387	2,716,134	4,386,800	3,663,061	4,356,641
Use of money and property	439,455	182,069	532,091	1,051,922	1,476,010
Other revenues	84,795	250,250	676,292	361,622	41,362
Total general revenues	<u>11,362,201</u>	<u>10,942,862</u>	<u>14,366,975</u>	<u>14,713,077</u>	<u>15,742,787</u>
Change in net assets	<u>\$ 4,880,025</u>	<u>\$ (124,426)</u>	<u>\$ 3,813,399</u>	<u>\$ 3,031,855</u>	<u>\$ (609,142)</u>

Note:

The City implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Source:

City Finance Department

## Schedule 2

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 4,473,666	\$ 5,159,300	\$ 4,973,685	\$ 6,370,986
4,944,729	5,396,083	5,526,099	5,591,049
12,034,669	13,931,211	12,287,325	10,619,860
2,251,196	1,959,303	1,624,547	1,969,540
5,188,977	4,950,687	5,091,215	5,153,264
392,548	177,633	57,948	72,592
29,285,785	31,574,217	29,560,819	29,777,291
225,553	132,262	131,633	118,016
1,176,931	1,017,336	1,014,237	996,409
2,851,187	1,732,985	2,070,167	2,400,272
23,351	17,602	21,106	517,515
1,581,597	1,705,282	1,754,789	1,829,409
4,307,074	5,588,818	4,358,895	3,685,378
219,193	2,272,580	15,960,279	40,779
10,384,886	12,466,865	25,311,106	9,587,778
3,927,073	4,001,276	3,837,288	4,187,896
800,390	633,075	569,916	642,509
4,102,177	3,085,223	3,122,229	3,355,127
1,024,710	1,093,039	1,115,980	1,259,471
283,433	199,365	259,384	172,687
4,563,127	4,687,515	4,599,922	4,766,225
1,420,988	833,270	618,963	474,598
4,388	304,463	7,090	91,975
16,126,286	14,837,226	14,130,772	14,950,488
<u>\$ (2,774,613)</u>	<u>\$ (4,270,126)</u>	<u>\$ 9,881,059</u>	<u>\$ (5,239,025)</u>

City of Diamond Bar  
Fund Balances of Governmental Funds  
Last Nine Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund:					
Reserved	\$ 440,407	\$ 866,843	\$ 1,125,918	\$ 1,310,172	\$ 1,893,287
Unreserved	21,913,219	21,796,659	24,809,721	25,103,444	28,568,263
<b>Total general fund</b>	<b>22,353,626</b>	<b>22,663,502</b>	<b>25,935,639</b>	<b>26,413,616</b>	<b>30,461,550</b>
All other governmental funds:					
Reserved	5,719,861	105,861	5,555,988	2,274,829	3,311,451
Unreserved, reported in:					
Special revenue funds	8,030,278	6,043,352	6,111,202	5,485,933	5,736,366
Debt Service Fund		505,915	274,426		
Capital projects funds	268,317	241,767	(5,443,309)	(2,612,373)	(4,681,728)
<b>Total all other governmental funds</b>	<b>14,018,456</b>	<b>6,896,895</b>	<b>6,498,307</b>	<b>5,148,389</b>	<b>4,366,089</b>
<b>Total fund balances</b>	<b>\$ 36,372,082</b>	<b>\$ 29,560,397</b>	<b>\$ 32,433,946</b>	<b>\$ 31,562,005</b>	<b>\$ 34,827,639</b>

	<u>2011</u>
General fund:	
Committed to:	
Emergency contingencies	\$ 4,500,000
Unassigned	<u>16,768,415</u>
<b>Total general fund</b>	<b><u>21,268,415</u></b>
All other governmental funds:	
Restricted for:	
Comm development projects	1,644,861
Public safety	453,730
Highways and streets	3,636,487
Capital Projects	146,567
Debt service	333,694
Unassigned	<u>(364,892)</u>
<b>Total all other governmental funds</b>	<b><u>5,850,447</u></b>
<b>Total fund balances</b>	<b><u>\$ 27,118,862</u></b>

Note:

The City implemented GASB 54, titled "Fund Balance Reporting and Governmental Fund Type Definitions" for the fiscal year ended June 30, 2011.

The City has elected to show only nine years of data for this schedule.

Source: City Finance Department

Schedule 3

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 1,864,387	\$ 1,612,181	\$ 1,955,477
31,065,127	30,041,357	28,841,621
<u>32,929,514</u>	<u>31,653,538</u>	<u>30,797,098</u>
5,810,250	2,754,526	1,735,077
4,955,552	5,423,979	4,894,552
(5,703,854)	(2,701,642)	319,815
		(2,016,507)
<u>5,061,948</u>	<u>5,476,863</u>	<u>4,932,937</u>
<u>\$ 37,991,462</u>	<u>\$ 37,130,401</u>	<u>\$ 35,730,035</u>

City of Diamond Bar  
 Changes in Fund Balances, Governmental Funds  
 Last Nine Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,					
	2003	2004	2005	2006	2007	2008
<b>Revenues:</b>						
Taxes	\$ 7,432,575	\$ 7,759,331	\$ 8,632,837	\$ 9,508,757	\$ 9,876,760	\$ 10,165,881
Special assessments	557,601	555,232	593,778	504,908	541,382	543,561
Intergovernmental	8,602,856	6,353,152	8,306,557	8,821,141	11,169,052	9,896,948
Charges for services	706,137	709,011	761,040	870,314	1,002,210	1,111,655
Fines and forfeitures	813,617	733,903	713,201	589,922	546,902	637,484
Licenses and permits	1,467,127	1,457,345	1,732,555	2,389,149	4,247,626	3,121,476
Investment income	658,922	395,929	654,066	1,250,570	1,716,194	1,629,257
Other	74,818	234,951	480,740	792,216	767,457	826,177
<b>Total revenues</b>	<b>20,313,653</b>	<b>18,198,854</b>	<b>21,874,774</b>	<b>24,726,977</b>	<b>29,867,583</b>	<b>27,932,439</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	3,163,516	3,663,055	3,787,005	3,551,659	4,402,235	3,987,656
Public safety	4,973,248	4,857,179	4,954,630	5,404,259	4,880,290	4,933,958
Highway and streets	1,006,768	1,365,737	4,301,146	4,769,497	5,114,274	4,926,418
Parks, recreation and culture	1,946,025	2,114,090	2,750,815	2,613,834	3,475,549	3,714,762
Community development	2,808,613	3,419,856	1,050,025	2,748,539	2,292,757	2,246,496
Capital outlay	8,057,482	9,261,289	1,682,830	5,320,597	5,344,935	4,271,890
<b>Debt service:</b>						
Principal retirement				235,000	240,000	255,000
Interest and fiscal charges	1,167,502	145,580	237,487	404,075	493,840	411,583
<b>Total expenditures</b>	<b>23,123,154</b>	<b>24,826,786</b>	<b>18,763,938</b>	<b>25,047,460</b>	<b>26,243,880</b>	<b>24,747,763</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,809,501)</b>	<b>(6,627,932)</b>	<b>3,110,836</b>	<b>(320,483)</b>	<b>3,623,703</b>	<b>3,184,676</b>
<b>Other financing sources (uses):</b>						
Bond issued	13,755,000					
Bonds discount and issuance costs	(769,300)					
Transfers in	10,259,848	9,906,970	2,363,367	6,469,523	6,030,764	7,266,149
Transfers out	(10,453,243)	(10,090,723)	(2,600,654)	(6,733,961)	(6,354,106)	(7,608,749)
<b>Total other financing sources (uses)</b>	<b>12,792,305</b>	<b>(183,753)</b>	<b>(237,287)</b>	<b>(264,438)</b>	<b>(323,342)</b>	<b>(342,600)</b>
<b>Net changes in fund balances</b>	<b>9,982,804</b>	<b>(6,811,685)</b>	<b>2,873,549</b>	<b>(584,921)</b>	<b>3,300,361</b>	<b>2,842,076</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>7.48%</b>	<b>0.82%</b>	<b>1.38%</b>	<b>3.18%</b>	<b>2.91%</b>	<b>2.89%</b>

The City has elected to show only nine years of data for this schedule.

Source: City Finance Department

Schedule 4

<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 9,119,375	\$ 8,591,893	\$ 9,646,883
550,822	556,989	556,562
12,081,466	11,478,456	9,441,959
1,460,828	3,191,416	3,390,367
601,533	607,936	567,575
1,445,324	640,287	818,913
938,053	648,503	499,377
1,018,956	30,766	113,578
<u>27,216,357</u>	<u>25,746,246</u>	<u>25,035,214</u>

5,071,860	4,435,858	4,977,021
5,407,476	5,524,279	5,580,507
5,607,870	5,183,964	5,002,456
3,673,282	3,655,029	3,712,194
1,945,951	1,604,220	1,960,125
5,508,167	5,161,924	11,480,595

265,000	280,000	290,000
187,212	33,904	37,461
<u>27,666,818</u>	<u>25,879,178</u>	<u>33,040,359</u>

(450,461)    (132,932)    (8,005,145)

6,629,225	4,379,718	2,929,528
<u>(7,039,825)</u>	<u>(4,795,374)</u>	<u>(3,535,556)</u>

(410,600)    (415,656)    (606,028)

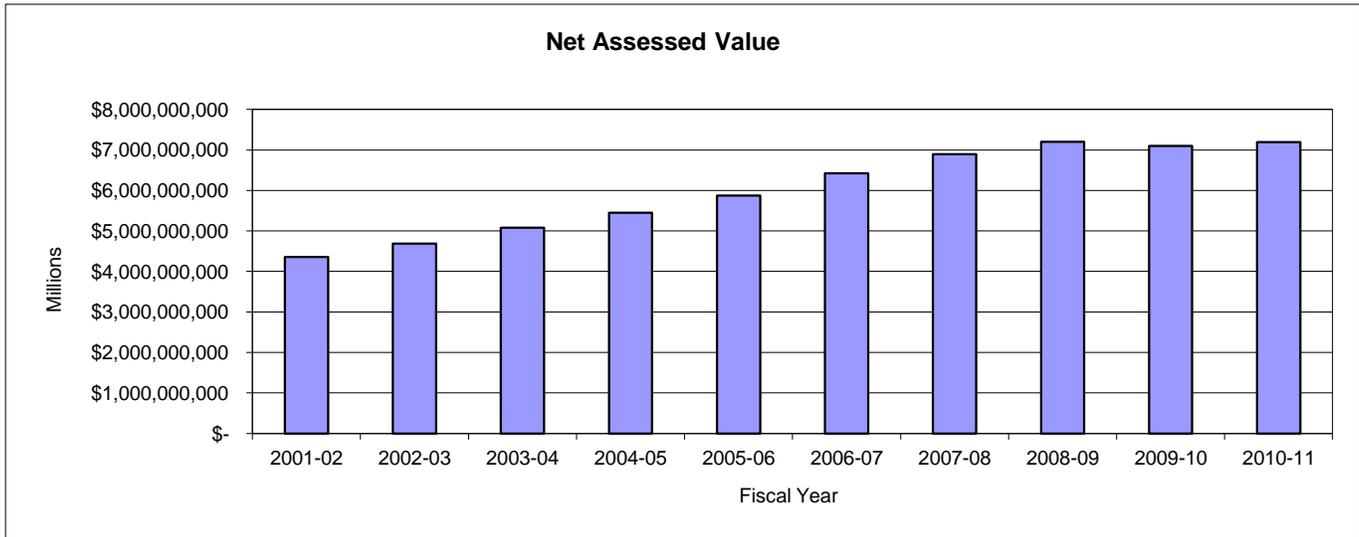
(861,061)    (548,588)    (8,611,173)

1.77%            1.35%            1.45%

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City of Diamond Bar  
Assessed and Estimated Actual Values of Taxable Property  
2001/02 - 2010/11 Taxable Property Values  
(unaudited)

Fiscal Year Ended June 30,	Real Property		Other Property	Less Tax Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	% Change
	Secured Property	Unsecured Property					
2001-02	\$ 4,328,002,037	\$ 71,531,889	\$ 127,441	\$ 41,869,703	\$ 4,357,791,664	0.04849	5.63%
2002-03	4,662,888,926	69,981,865	122,697	44,188,829	4,688,804,659	0.05122	7.60%
2003-04	5,051,058,871	77,407,924	140,122	47,621,182	5,080,985,735	0.05134	8.36%
2004-05	5,410,300,487	76,173,121	174,846	39,831,091	5,446,817,363	0.05313	7.20%
2005-06	5,842,972,449	83,223,023	163,090	51,408,286	5,874,950,276	0.05288	7.86%
2006-07	6,359,723,846	90,751,985	134,088	28,682,577	6,421,927,342	0.05280	9.31%
2007-08	6,824,177,817	109,704,881	0	39,859,238	6,894,023,460	0.05485	7.35%
2008-09	7,151,359,322	99,170,064	0	48,909,164	7,201,620,222	0.05270	4.46%
2009-10	7,071,193,381	90,528,493	0	66,422,679	7,095,299,195	0.05274	-1.48%
2010-11	7,183,008,793	81,410,401	0	70,706,628	7,193,712,566	0.05270	1.39%



Exempt values are not included in Total Net Taxable Values.

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.

\* Prior to 2007, all SBE Nonunitary Railroad Properties were taxed at the tax rate area level. As of 2007, there was legislation passed that requires Counties to track this value for the each county in a specific tax rate area and it's distributed differently. Therefore from this year forward, Cities can no longer keep tracking how much value there is on railroad properties within each City.

Source: HDL Coren & Cone and Los Angeles County Auditor/Controller-Property Tax Division.

City of Diamond Bar  
Direct and Overlapping Property Tax Rates  
(Rate per \$100 of Assessed Value)

Agency	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>
Basic Levy*	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000
LA County Flood Control	0.00107	0.00088	0.00046	0.00025	0.00005	0.00005	0.00000
Metropolitan Water District	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450
Mt. San Antonio College	0.00000	0.01946	0.01525	0.01473	0.02122	0.02530	0.01750
Pomona Unified School Dist	0.12202	0.12342	0.12633	0.12910	0.12488	0.12401	0.11379
Rowland Heights Unified	0.03636	0.03618	0.03780	0.03885	0.03633	0.07429	0.06944
Walnut Valley Unified School Dist	0.09163	0.10086	0.09660	0.09515	0.09140	0.08749	0.08462
Total Direct & Overlapping Tax Rates							
	1.2599	1.2885	1.2835	1.2848	1.2799	1.3165	1.2899
City's Share of 1% Levy Per Prop 13*	0.05192	0.05192	0.05192	0.05192	0.05192	0.05192	0.05192
General Obligation Debt Rate							
Redevelopment Rate*							
Total Direct Rate*	0.0485	0.0512	0.0513	0.0531	0.0529	0.0528	0.0549

\*

In 1978, California voters passed Proposition 13 which sets 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 for the Pomona Unified School District or Walnut Valley Unified School Districts in Diamond Bar depending on which school district the property is located in.

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

RDA rate is based on the largest RDA tax rate area(TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Schedule 6

<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
1.00000	1.00000	1.00000
0.00000	0.00000	0.00000
0.00000	0.00000	0.00000
0.00430	0.00430	0.00370
0.02333	0.02571	0.02636
0.11577	0.14546	0.17721
0.07029	0.06769	0.07538
0.11297	0.11674	0.11839
<hr/>		
1.3267	1.3599	1.4010
0.05192	0.05192	0.05192
0.0527	0.0527	0.0527

City of Diamond Bar  
Top 10 Property Taxpayers  
Current Year and Nine Years Ago

Current Taxpayers	2010-11 Assessed Valuation	Percentage of Total Net Assessed Valuation
Country Hills Holding LLC	\$ 45,568,348	0.630%
Diamond Bar Gateway Corp Inc	43,000,000	0.600%
VIF II Hampton At Diamond Bar LLC	37,790,169	0.530%
CRP 2 Holdings CC LP	32,100,000	0.450%
Target Corporation	28,181,964	0.390%
Muller Rock 2 Gateway	24,933,653	0.350%
Behringer Harvard Western Portfolio LP	23,200,000	0.320%
Gateway Corporate Center LP	17,600,000	0.240%
Margaret M. Tam Trust	17,193,362	0.240%
2936 Main St Associatiates LLC	17,061,890	0.240%
	\$ 286,629,386	3.990%
Taxpayers Nine Years Ago	2001-02 Assessed Valuation	Percentage of Total Net Assessed Valuation
Diamond Bar Business Corporation	\$ 22,481,017	0.520%
IRP Muller Associates LLC	22,056,480	0.510%
M & H Realty Partners II	19,673,993	0.450%
Martin Brattrud Properties	14,681,041	0.340%
H R Barros Family LP	13,941,356	0.320%
PGP Inland Communities	13,169,274	0.300%
Lakeview Village Corporation	12,750,172	0.290%
Shea Homes LP	12,064,282	0.280%
Arden Realty Finance III LLC	10,861,701	0.250%
Lincoln Emerald Pointe	8,728,058	0.200%
	\$ 150,407,374	3.460%

Source: Hdl Coren & Cone.

City of Diamond Bar  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(unaudited)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent	
		Amount	% to Levy	Years	% to Levy
2002	\$ 2,289,208	\$ 2,161,417	94.42%	\$ 127,792	5.58%
2003	2,474,222	2,376,390	96.05%	97,831	3.95%
2004	2,699,991	2,584,106	95.71%	115,884	4.29%
2005	2,870,810	2,739,911	95.44%	130,899	4.56%
2006	3,107,457	2,800,968	90.14%	306,489	9.86%
2007	3,378,087	3,116,729	92.26%	261,359	7.74%
2008	3,582,055	3,260,073	91.01%	321,981	8.99%
2009	3,781,997	3,458,210	91.44%	323,786	8.56%
2010	3,715,310	3,424,173	92.16%	291,137	7.84%
2011	3,753,506	3,508,491	93.47%	245,015	6.53%

Source: Los Angeles County Auditor/Controller.  
City Finance Department

City of Diamond Bar  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Total Primary Government	% of Personal Income (b)	Debt Per Capita (b)
	Lease Revenue Bonds (a)	Other Bond & Loans	Total Governmental Activities			
2002	13,755,000	0	13,755,000	13,755,000	0.92%	237
2003	13,755,000	0	13,755,000	13,755,000	0.88%	234
2004	13,755,000	0	13,755,000	13,755,000	0.84%	232
2005	13,655,000	0	13,655,000	13,655,000	0.79%	229
2006	13,520,000	0	13,520,000	13,520,000	0.74%	227
2007	13,280,000	0	13,280,000	13,280,000	0.70%	223
2008	13,025,000	0	13,025,000	13,025,000	0.68%	217
2009	12,760,000	0	12,760,000	12,760,000	0.68%	212
2010	12,480,000	0	12,480,000	12,480,000	0.64%	225
2011	12,190,000	0	12,190,000	12,190,000	Unavailable	Unavailable

## Note:

(a) Details regarding the City's outstanding lease revenue bonds can be found in the notes to the financial state

(b) Details regarding the City's population and personal income can be found in the Demographic and Economic Statistics Table.

Source: City Finance Department

City of Diamond Bar  
Direct and Overlapping Debt  
June 30, 2011  
(unaudited)

	Gross Bonded Debt Balance	% Applicable To City (1)	Net Bonded Debt
Direct Debt as of June 30, 2011			
Diamond Bar Lease Revenue Bond	\$ 12,190,000	100.000	\$ 12,190,000
Overlapping Debts as of June 30, 2011 (2)			
330.10 Metropolitan Water District	107,259,876	0.847	908,565
809.50 Mt San Antonio Com Col Dis 2001 Ser S-A	1,130,000	10.808	122,126
809.51 Mt San Antonio Com Col Dis 2004 Ser B	8,080,000	10.808	873,253
809.52 Mt San Antonio CCD DS 05 Ref Bond	55,835,843	10.808	6,034,511
809.53 Mt San Antonio CD DS 01, 06 Ser C	79,461,712	10.808	8,587,898
809.54 Mt San Antonio DS 2001. 2008 Series D	24,602,430	10.808	2,658,930
915.51 Pomona Unified School District 2011 Ser A	45,970,000	19.856	9,127,685
915.57 Pomona Unified School District Refund Ser 1997A	28,980,000	19.856	5,754,194
915.62 Pomona Unified School District 2000 Ser A	17,115,000	19.856	3,398,310
915.64 Pomona Unified SD Refunding 2001 Ser A Debt Svc	17,670,000	19.856	3,508,510
915.65 Pomona Unified SD 2002 Ser A Debt Service	7,850,000	19.856	1,558,676
915.66 Pomona Unified School District 2002 Ser B	12,185,000	19.856	2,419,422
915.67 Pomona Unified School District 2002 Ser C	12,755,000	19.856	2,532,600
915.68 Pomona Unified School District 2002 Ser D	13,070,000	19.856	2,595,146
915.69 Pomona Unified School District 2002 Ser E	12,050,000	19.856	2,392,617
915.70 Pomona Unified School District 2007 Ref Bds	8,728,661	19.856	1,733,140
915.71 Pomona Unified School District 2008 Series A	34,700,000	19.856	6,889,943
915.75 Pomona Unified School District 2011 (QSCBS)	4,030,000	19.856	800,186
980.50 Walnut Valley Unified SD 2011	27,987,385	59.726	16,715,718
980.51 Walnut Valley Unified SD 2011 Refunding Bonds	13,465,000	59.726	8,042,093
980.55 Walnut Valley Unified SD Refund Series 1997 A	23,247,718	59.726	13,884,909
980.58 Walnut Valley Unified SD 2000 Series C	255,000	59.726	152,301
980.59 Walnut Valley Unified SD 2000 Series D	13,715,243	59.726	8,191,552
980.60 Walnut Valley Unified SD 2000 Series E	6,001,837	59.726	3,584,651
980.61 Walnut Valley Unified SD 2005 Ref Bonds	11,420,000	59.726	6,820,698
980.62 Walnut Valley Unified SD 2007 (Measure S)	25,580,000	59.726	15,277,885
980.63 Walnut Valley Unified SD 2007 (Measure Y)	6,950,887	59.726	4,151,480
Total Overlapping Debts:	<u>620,096,592</u>		<u>138,716,999</u>
Grand Total Direct and Overlapping Debt:	<u>\$ 632,286,592</u>		<u>\$ 150,906,999</u>

## Debt to Assessed Valuation Ratios as of June 30, 2011:

2010/11 Net Assessed Valuation: \$ 7,193,712,566	Direct Debt	0.17%	\$219
2010 Total City Population: 55,766	Overlapping Debt	1.93%	\$2,487
	Total Debt	2.10%	\$2,706

## Note:

- (1) Percentage of direct and overlapping agency's assessed valuation located within boundaries of the city.  
(2) The overlapping debt is the portion of a larger agency, and is responsible for debt in areas outside the city.

## Source:

Hdl Coren & Cone  
U.S. Census Bureau  
City Finance Department

City of Diamond Bar  
Computation of Legal Debt Margin  
Last Ten Fiscal Years  
(unaudited)

Fiscal Year	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net assessed value	\$4,357,791,664	\$4,688,804,659	\$ 5,080,985,735	\$ 5,446,817,363	\$5,874,950,276
Add back: Exemptions	41,869,703	44,188,829	47,621,182	39,831,091	51,408,286
Gross assessed value	4,399,661,367	4,732,993,488	5,128,606,917	5,486,648,454	5,926,358,562
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,099,915,342	1,183,248,372	1,282,151,729	1,371,662,114	1,481,589,641
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	164,987,301	177,487,256	192,322,759	205,749,317	222,238,446
City Debts:					
Revenue bonds	13,755,000	13,755,000	13,755,000	13,755,000	13,520,000
Legal debt margin	<u>\$ 151,232,301</u>	<u>\$ 163,732,256</u>	<u>\$ 178,567,759</u>	<u>\$ 191,994,317</u>	<u>\$ 208,718,446</u>

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net assessed value	\$6,421,927,342	\$6,894,023,460	\$ 7,201,620,222	\$ 7,095,299,195	\$7,193,712,566
Add back: Exemptions	28,682,577	39,859,238	48,909,164	66,422,679	70,706,628
Gross assessed value	6,450,609,919	6,933,882,698	7,250,529,386	7,161,721,874	7,264,419,194
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,612,652,480	1,733,470,675	1,812,632,347	1,790,430,469	1,816,104,799
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	241,897,872	260,020,601	271,894,852	268,564,570	272,415,720
City Debts:					
Revenue bonds	13,280,000	13,025,000	12,760,000	12,480,000	12,190,000
Legal debt margin	<u>\$ 228,617,872</u>	<u>\$ 246,995,601</u>	<u>\$ 259,134,852</u>	<u>\$ 256,084,570</u>	<u>\$ 260,225,720</u>

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 the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local government located within the state.

Source: Section 43605 of the California Government Code  
Hdl Coren & Cone  
City Finance Department

City of Diamond Bar  
Demographic and Economic Statistics

General Information

Date of Incorporation April 18, 1989  
Form of Government Council-Manager  
Area 14.76 Square Miles  
Miles of Streets 128

Public Safety

Police Protection Los Angeles County Sheriff Department  
Fire Protection Los Angeles County Fire Department

Water Services

Service Provider Walnut Valley Water District

Education

School District Pomona Unified School District  
Schools 1 High School, 1 Middle School, & 4 Elementary Schools  
School District Walnut Valley Unified School District  
Schools 1 High School, 2 Middle Schools, & 4 Elementary Schools

Demographic and Statistical Information (Last Ten Calendar Years)

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (In Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>Median Age</u>	<u>Pop 25+ High School Degree</u>	<u>Pop 25+ Bachelor Degree</u>
2001	57,032	\$ 1,468,388	\$ 25,747	4.00%			
2002	58,035	1,499,464	25,837	4.80%			
2003	58,843	1,555,942	26,442	4.90%			
2004	59,304	1,642,869	27,702	4.60%			
2005	59,528	1,721,421	28,918	3.80%			
2006	59,497	1,827,966	30,724	3.40%			
2007	59,629	1,903,585	31,924	3.60%			
2008	59,920	1,929,498	32,201	5.30%			
2009	60,184	1,885,698	31,332	8.30%	39.2	93.1%	46.7%
2010	55,766 *	1,960,418	35,154	9.10%	39.8	92.0%	47.6%

Sources: \* U.S. Census Bureau  
HdL Cornen & Cone  
City Finance Department

City of Diamond Bar  
Principal Employers  
(unaudited)

Current Fiscal Year and Nine Fiscal Years Ago

Company Name	2011		
	Number of Employees	Rank	Percent of Employment
South Coast Air Quality Management	798	1	2.78%
Walnut Valley Unified School District	580	2	2.02%
Allstate Insurance Co	425	3	1.48%
Travelers	401	4	1.40%
Pomona Unified School District	204	5	0.71%
AAA Auto Club of California	200	6	0.70%
Farmers Insurance Group	160	7	0.56%
First Team Real Estate	150	8	0.52%
Century 21 Diamond Realty	120	9	0.42%
Goodrich Sensors And Intgrd Systems	120	10	0.42%
<b>Total</b>	<b>3,158</b>		<b>11.00%</b>

Company Name	2002		
	Number of Employees	Rank	% of City Employment
South Coast Air Quality Management	725	1	n/a
Avnet	600	2	n/a
Acosta Sales & Marketing Group	450	3	n/a
Walnut Valley Unified School District	441	4	n/a
Allstate Insurance Co	400	5	n/a
Automatic Data Processing	280	6	n/a
Pacific Pump & Gear	255	7	n/a
Pomona Unified School District	168	8	n/a
Diamond Realty	150	9	n/a
Lucas Aerospace Electro Prods	120	10	n/a
<b>Total</b>	<b>3,589</b>		<b>n/a</b>

Note:

Total city employment 28,700 in 2011, provided by California Labor Market.

Data Source: Info USA HdL,

City of Diamond Bar  
Full-time and Part-time City Government Employees  
by Function/Program

Function	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
General government	24	24	25	25	22
Community development	4	4	5	7	8
Community services	37	38	45	74	77
Public works	4	5	6	7	7
<b>Total</b>	<b>69</b>	<b>71</b>	<b>81</b>	<b>113</b>	<b>114</b>

Function	Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
General government	21	24	25	21	24
Community development	8	6	7	8	8
Community services	74	69	71	75	75
Public works	8	10	10	9	9
<b>Total</b>	<b>111</b>	<b>109</b>	<b>113</b>	<b>113</b>	<b>116</b>

**Note:**

The City is a contract city and as such contracts for many of its services. This includes police services, fire services, building and safety services, engineering, road maintenance and landscape maintenance. A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

Source: City Finance Department

City of Diamond Bar  
Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Police: (1)					
Physical arrests	571	552	481	520	558
Street Sweeping Parking Citation	7,995	6,662	6,710	6,250	5,790
Fire: (2)					
Number of emergency calls	2,666	2,741	2,755	2,615	2,592
Inspections	(a)	(a)	1,206	1,159	837
Public works: (3)					
Street resurfacing (miles)	19.7	18.5	5.0	18.6	16.8
Parks and recreation:(4)					
Number of recreation classes	947	915	1,022	1,102	1,376
Number of facility rentals	785	1,021	1,736	4,123	4,305
Function	Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
Police:(in fiscal year) (1)					
Physical arrests	582	543	591	700	647
Street Sweeping Parking Citation	5,684	5,200	5,103	5,110	4,137
Fire: (in fiscal year) (2)					
Number of emergency calls	2,612	2,595	2,561	2,654	2,594
Inspections	1,114	1,085	1,100	979	1,202
Public works: (in fiscal year) (3)					
Street resurfacing (miles)	19.6	18.5	13.8	23.3	12.0
Parks and recreation:(in fiscal year)(4)					
Number of recreation classes(5)	1,558	1,569	1,315	2,456	2,115
Number of facility rentals	4,555	4,103	4,299	4,111	4,147

(a) Unavailable

Sources:

- (1) Police Walnut/Diamond Bar Station
- (2) LA County Fire Dep East Regional Operation Bureau
- (3) City Public Works Department
- (4) City Community Services Department
- (5) Includes online classes

Note: Indicators are not available for the general government function.

City of Diamond Bar  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety (1)										
Police:										
Station	1	1	1	1	1	1	1	1	1	1
Patrol units (all shifts combined)	20	20	20	20	19	19	18	18	18	18
Fire stations (2)	3	3	3	3	3	3	3	3	3	3
Highways and streets (3)										
Streets (miles)	128	128	128	128	128	128	128	128	129.4	129.4
Streetlights	(a)	(a)	(a)	(a)	(a)	233	233	233	294	294
Traffic signals	(a)	(a)	(a)	(a)	(a)	74	74	74	76	76
Culture and recreation:(4)										
Parks acreage (developed)	62.7	62.7	62.7	62.7	62.7	62.7	62.7	62.7	62.7	63.6
Parks acreage (undeveloped)	439.0	439.0	439.0	439.0	439.0	439.0	439.0	439.4	439.4	440.3
Parks	11	11	11	11	11	11	11	12	12	13
Public Tennis courts	8	8	8	8	8	8	8	8	8	8
Community centers	3	3	3	3	3	3	3	3	3	3
Golf Course:(5)										
County golf courses	1	1	1	1	1	1	1	1	1	1
Sewer (3)										
Sanitary sewers (miles)	(a)	(a)	(a)	(a)	(a)	157	157	157	158.4	158.4

(a) The City fully implemented the new reporting model of the Infrastructure Valuation and Asset Management System in accordance with GASB 34 in FY2007.

Sources:

- (1) Police Walnut/Diamond Bar Station
- (2) LA County Fire Department, Division VIII Office
- (3) City Public Works Department
- (4) City Community Services Department
- (5) LA County Golf Course

Note:

The City is a contract city and as such contracts for many of its services. This includes police services, fire services, building and safety services, engineering, road maintenance and landscape maintenance.

No capital asset indicators are available for the general government function.

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