

CITY OF DIAMOND BAR
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2012

Prepared by:
Finance Department

Dianna Honeywell
Director of Finance

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City of Diamond Bar

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December 27, 2012

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, 2012. 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, 2012, 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, 2012, 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 56,000, 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 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 contracting for City Attorney services. 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. During the last few years, retail sales declined significantly and unemployment numbers reached new heights. This along with the major budget shortfalls experienced by the State, impacted all cities in the State including the City of Diamond Bar.

Despite some signs the economy is improving and despite the passage of Proposition 30 which increases revenue to the State it is anticipated that much of the financial burden will continue to fall upon municipal agencies. This is evidenced by the State's continuing shifting of funds. The City's FY2012-2013 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 all Vehicle License Fees revenues taken by the State to balance their own budget.

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 2% in the FY 12/13 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. The City is mindful of the potential impacts a development of this nature would bring. The City would 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, if and when the Stadium project moves forward. There are also benefits to the City of Diamond Bar if the stadium is built in nearby City of Industry. It is anticipated that there would be increases in retail activity, transient occupancy tax revenue and gas tax revenue.

Part of the fallout from the economic decline is the decline in property values. This provided the City with an opportunity to purchase a 57,000 square foot building at a great savings. The building provides a permanent home for the City of Diamond Bar's City Hall which occupies a little over half of the building. The balance of the space houses the Diamond Bar Branch of the County Library. Escrow closed on the purchase in September, 2010. The City used available General Fund reserves to pay cash for the building. City Staff moved into the new City Hall facility in January 2012. The County Library staff moved into the new Library facility in July 2012.

On December 1, 2011, the city defeased \$12.2 million of variable rate bonds and issued \$11.8 million of fixed rate bonds in order to take advantage of historically low interest rates for tax exempt bonds. In addition to eliminating interest rate risk, the City also eliminated the risk of not being able to issue a new letter of credit and saved the cost of an interest rate cap and remarketing fees that existed on the variable rate bonds.

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, 2011. 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 seventeen consecutive years (fiscal years ended 1995 through 2011). 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), public information, 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 and excellence found within the City's Finance Department staff, and through the cooperation of the entire City staff. Each City staff member has my sincere appreciation for their cooperation and contributions 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, 2011

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.

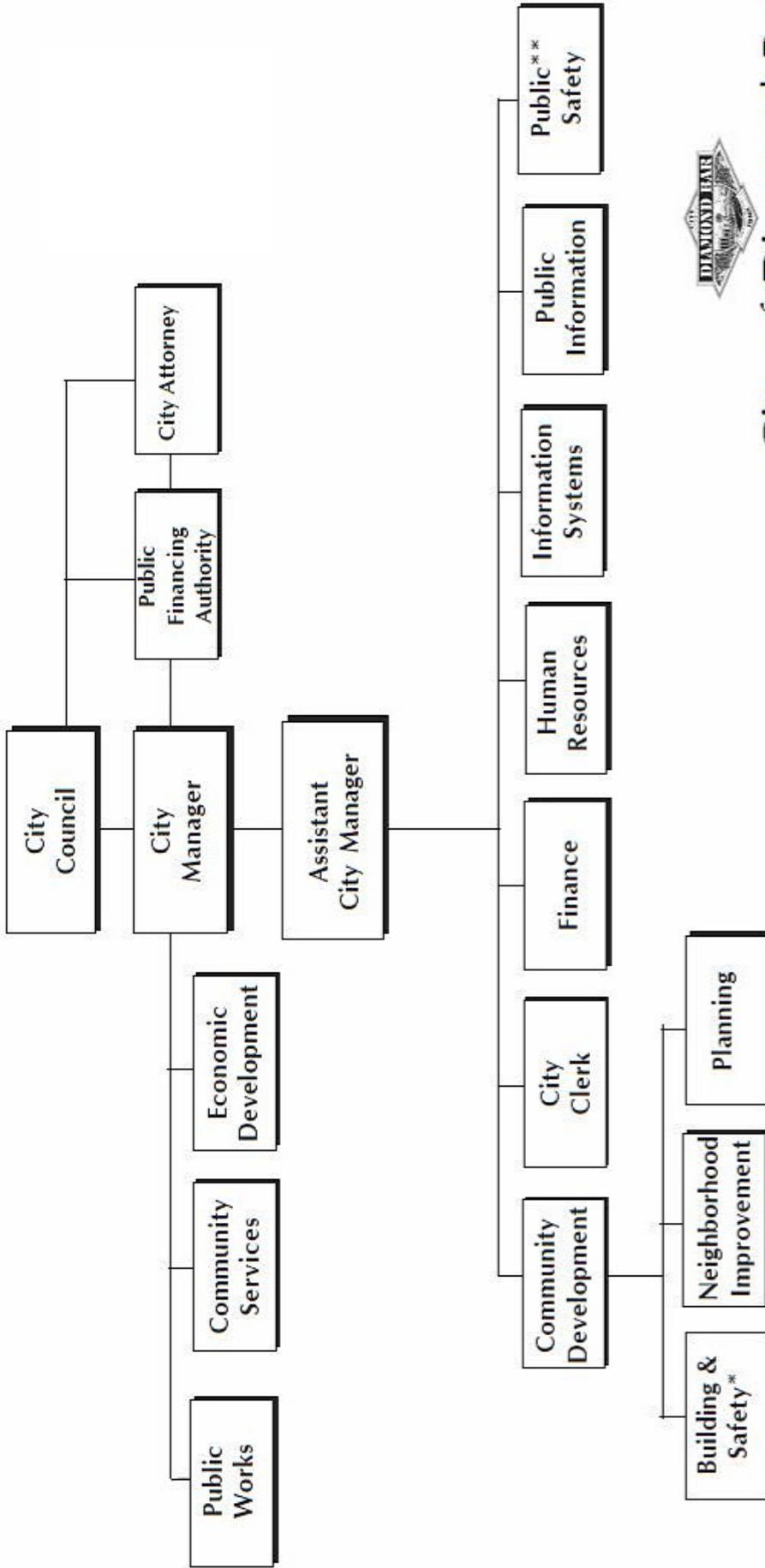


Linda C. Davison

President

Jeffrey R. Emer

Executive Director



City of Diamond Bar Organization Chart

* = Contract Services
** = County Service

CITY OF DIAMOND BAR
ELECTED AND ADMINISTRATIVE OFFICIALS
FISCAL YEAR 11-12

Mayor
Mayor Pro Tern
Councilmember
Councilmember
Councilmember

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

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
Dianna Honeywell
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
- Deborah A. Harper, CPA

INDEPENDENT AUDITORS' 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 the City of Diamond Bar, California, as of and for the year ended June 30, 2012, 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 Controller 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, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the *General 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 18, 2012, 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



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

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 supplementary schedules, 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 and supplementary schedules 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 & Lunghard, LLP

Brea, California
December 18, 2012

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, 2012. 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 revenues from all sources equaled \$26,789,780.
- The total cost of all City programs equaled \$32,272,500.
- The assets of the City of Diamond Bar exceeded its liabilities at the close of the fiscal year by \$405,860,546 (*net assets*). Of this amount, \$18,288,491 represents 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 \$21,723,391, a decrease of \$5,395,471 (after a restatement of prior years in the amount of \$290,281) in comparison with the prior year. This decrease is due primarily to the building improvements completed during the year for the new City Hall and the Diamond Bar branch of the Los Angeles County Library. Approximately \$12.3 million of the \$21.7 million is available for spending at the City's discretion.
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$12,616,200, or over 67% of the amount of general fund expenditures (net of the expenditures for building improvements for City Hall and the Library). The General Fund balance unrestricted balance of \$12.6 million is in addition to a \$4.5 million committed 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, liabilities and deferred inflows/outflows of resources with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial assets 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. Such information may be useful in assessing the near-term financing requirements necessary to finance City 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 \$405,860,546 at the close of 2012. (see Table 1)

By far the largest portion of the City's net assets (94 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**

	Governmental Activities	
	2012	2011
Current and other assets	\$28,061,069	\$33,980,249
Capital assets	394,374,163	393,974,202
Total Assets	422,435,232	427,954,451
Long-term debt outstanding	12,000,543	12,069,674
Other Liabilities	4,574,143	5,101,180
Total Liabilities	16,574,686	17,170,854
Net assets:		
Invested in capital assets, net of debt	382,660,310	381,985,940
Restricted	4,911,745	6,215,339
Unrestricted	18,288,491	22,582,318
Total Net Assets	\$405,860,546	\$410,783,597

The City's net assets decreased by \$4,923,051 which includes the restatement of net assets of \$559,669. This decrease is due primarily to the use of General Fund reserves for building improvements made to the new City Hall/County Library facilities.

At the end of fiscal year 2012 the City reports a decrease of \$4,293,827 in the 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 \$18,288,491 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 23 years ago. This conservation of funds has afforded the City the enviable opportunity to purchase a building for City Hall and to provide the necessary building improvements from its reserves.

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

	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$6,055,535	\$5,861,621
Operating grants and contributions	4,992,856	3,685,378
Capital grants and contributions	1,242,636	40,779
General Revenues		
Property taxes	3,951,722	4,187,896
Transient occupancy taxes	692,162	642,509
Sales Taxes	3,397,259	3,355,127
Franchise Taxes	1,415,924	1,259,471
Other taxes	202,951	172,687
Motor vehicle in lieu	4,646,985	4,766,225
Use of money & property	145,408	474,598
Other	46,342	91,975
Total revenues	26,789,780	24,538,266
Expenses:		
General Government	6,384,072	6,370,986
Public Safety	6,104,982	5,591,049
Highways and Streets	11,248,137	10,619,860
Community Development	2,126,906	1,969,540
Parks, Recreation and Culture	5,559,427	5,153,264
Interest and Fiscal Charges	848,976	72,592
Total expenses	32,272,500	29,777,291
Increase(Decrease) in net assets	(5,482,720)	(5,239,025)
Net assets - beginning	410,783,597	416,022,622
Restatement of net assets	559,669	-
Net assets - ending	\$405,860,546	\$410,783,597

Revenues

In the Statement of Activities, the City's total revenues were \$26.8 million, while the total cost of all programs and services was \$32.3 million. Revenues this fiscal year were 9.2% higher than those of the prior 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 FY10-11. This was due to an increase in the consumer price index which allowed the County to increase overall assessed valuations by 0.99%.
- Transient Occupancy Taxes grew by 7.7% in FY 11/12 as the local economy stabilized and business and vacation travel increased.

- Sales tax revenues were up about 3.6% due to higher gasoline prices and a slight improvement in the local economy.
- Investment Income increased by 16.1% due to greater diversification of the City's portfolio. In FY10-11 the City's average investment yield was down to 0.56%. By the end of FY 11-12 the City's investment yield increased to 0.82%. This increase in investment yield allowed the City to earn \$25,447 more in investment income despite the City's portfolio being \$7.6 million lower than at June 30 of the previous fiscal year.

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 \$32.3 million which is approximately \$2.5 million, or 8.4% greater than the previous fiscal year. This increase was due primarily to one time expenditures reflected as follows:

- There was an increase in Public Safety expenditures of approximately 9.2% this year. Contract rates with the L.A. County Sheriff's Department rose 3% this fiscal year. There were additional increases due to the accrual of a liability for JPIA insurance premiums that are currently payable.
- Streets and Highways category was higher this year by a little over \$629,000. This is due to an increase in the number of Capital Improvement projects completed during the fiscal year.
- Community Development expenditures were higher in 2011-12 by \$157,000. 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. Reflected in this year's statements is the increased interest expense on the long term debt coupled with one time bond issuance costs. This category is up approximately \$776,000.

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.

At June 30, 2012, the City of Diamond Bar's governmental funds reported combined ending fund balances of \$21,723,391, a decrease of \$5,395,471 in comparison with the prior year. Approximately 56.5% of this amount (\$12,282,268) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted or committed to indicate that it is 1) not in spendable form (\$28,114), 2) restricted for particular purposes (\$4,913,009) or 3) committed for particular purposes (\$4,500,000).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$12,616,200, while the total fund balance was \$17,144,314. 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 67.5% of total general fund expenditures (net of the building improvements to City Hall), while total fund balance represents 91.7% 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 unrestricted fund balance when other funds were not available for this purpose. This fiscal year General Fund fund balance dropped \$4,124,101, but after netting out the building improvements to City Hall and the payoff of an unfunded liability to CalPERS, were unchanged from the prior fiscal year.

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

- General Fund revenues were up slightly (\$45,000) from FY10-11. The largest increase was in the Licenses & Permits category, primarily due to an increase in permit fees as well as increased volume in building activity.

- 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 unrestricted fund balance for building improvements and furniture & fixtures for the new City Hall facility.
- The City used General Fund unrestricted fund balance to pay off the sidefund liability to the California Public Employees Retirement System (CalPERS), an unfunded liability that was incurred at the time the City was required to join a risk pool in 2002-03. The total payoff was \$588,000.
- Conservative expenditure budgets over the years have contributed to the City's general fund healthy fund balance. 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 \$332,407 as opposed to a negative of \$37,071 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 1.0% 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 \$25,694.

The General Fund taxes category include property taxes, sales tax, franchise tax and property transfer tax. These revenues came in \$259,861 more than anticipated. The variance between the amount budgeted and the amount received is due to growth in all components of this category.

The revenue anticipated for Licenses, Permits and Fees was increased during the year. The actual revenue received was even higher than the amended budget projection by \$63,425.

General Fund appropriations were increased during the year by \$1,553,722 or 6.8% from the original budget to the amended budget. The final expenditures actually came in \$784,350 less than the amended budget due to

savings realized from the building improvements made to City Hall and incomplete construction that will be reflected in FY 12-13. Additional explanations for the difference between budget and actual expenditures include salary savings from staff vacancies, 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, 2012 amounts to \$394,374,163 (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.

Table 3
Capital Assets
(net of depreciation)

	<u>2012</u>	<u>2011</u>
Land	\$6,587,349	\$6,587,349
Right of Way	265,614,104	265,614,104
Buildings and Improvements	24,763,259	21,473,338
Furniture and Fixtures	1,229,664	6,604
Vehicles & Equipment	1,152,575	952,368
Infrastructure	93,693,637	97,367,982
Construction in Progress	1,333,575	1,972,457
	<u>\$394,374,163</u>	<u>\$393,974,202</u>

The City’s capital assets increased in value \$399,961 during FY11-12.

Significant additions to capital assets include:

The only significant addition to fixed assets in 2011-12 was the building improvements made to the new City Hall along with the furniture and fixtures purchased for City Hall.

Construction in progress at the end of the year included eight projects in various stages of design or construction. There were two park improvement projects in progress totaling \$399,784. There were six traffic related projects in progress at the end of the year. The six projects equaling \$933,792 include a traffic management system, three median projects, closed circuit televisions, and a traffic signal battery system.

Additional information on the City’s capital assets can be found in note 6.

Long-term debt – At the end of the current fiscal year, the City of Diamond Bar’s total long-term debt equaled \$12,742,831. Of this amount \$242,233 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:

Variable Rate Lease Revenue Bonds (backed by the Public Financing Authority)	\$ 11,470,000
Unamortized Bond Premium	243,853
CJIPA General Liability Deposit	235,647
Compensated Absences	551,098
Net OPEB Obligation	242,233
	<u>\$ 12,742,831</u>

See footnote 7 for additional information on the City’s long-term liabilities as of June 30, 2012.

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 2012-2013 budget is a fiscally conservative budget. The stagnant economy and unstable condition of the State’s budget continue to be of some 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. 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.

The City has made a conscientious decision to use some general fund balance reserves for economic development purposes. As a result, the FY 12-13 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.

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CITY OF DIAMOND BAR

STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 23,254,654
Receivables:	
Accounts	457,541
Notes and loans	334,190
Accrued interest	35,635
Prepaid costs	28,114
Due from other governments	3,792,114
Deferred charges	139,773
Restricted assets:	
Cash with fiscal agent	15,002
Due from employees	4,046
Capital assets not being depreciated	273,535,028
Capital assets, net of depreciation	<u>120,839,135</u>
Total Assets	<u>422,435,232</u>
Liabilities:	
Accounts payable	2,078,650
Accrued liabilities	307,499
Accrued interest	39,542
Unearned revenue	100,967
Deposits payable	939,378
Due to other governments	334,190
Retentions payable	31,629
Noncurrent liabilities:	
Due within one year	742,288
Due in more than one year	<u>12,000,543</u>
Total Liabilities	<u>16,574,686</u>
Net Assets:	
Invested in capital assets, net of related debt	382,660,310
Restricted for:	
Community development projects	958,293
Public safety	285,508
Public works	3,504,339
Capital projects	163,603
Debt service	2
Unrestricted	<u>18,288,491</u>
Total Net Assets	<u>\$ 405,860,546</u>

CITY OF DIAMOND BAR

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities
Functions/Programs					
Primary Government:					
Governmental Activities:					
General government	\$ 6,384,072	\$ 247,248	\$ 1,847	\$ -	\$ (6,134,977)
Public safety	6,104,982	1,050,851	217,432	-	(4,836,699)
Community development	2,126,906	447,951	860,784	-	(818,171)
Parks, recreation and culture	5,559,427	1,753,585	303,720	71,228	(3,430,894)
Highways and Streets	11,248,137	2,555,900	3,609,073	1,171,408	(3,911,756)
Interest on long-term debt	848,976	-	-	-	(848,976)
Total Governmental Activities	32,272,500	6,055,535	4,992,856	1,242,636	(19,981,473)
Total Primary Government	\$32,272,500	\$ 6,055,535	\$ 4,992,856	\$ 1,242,636	(19,981,473)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					3,951,722
Transient occupancy taxes					692,162
Sales taxes					3,397,259
Franchise taxes					1,415,924
Other taxes					202,951
Motor vehicle in lieu - unrestricted					4,646,985
Use of money and property					145,408
Other					46,342
Total General Revenues					14,498,753
Change in Net Assets					(5,482,720)
Net Assets at Beginning of Year					410,783,597
Restatement of Net Assets					559,669
Net Assets at End of Year					\$ 405,860,546

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.

CAPITAL PROJECT FUND

The Capital Improvement Fund has been classified as a major fund and is used to account for receipts and expenditures of money for construction of various projects.

DEBT SERVICE FUND

The Public Financing Authority has been classified as a major fund and is used to account for debt issued to finance public improvements and other capital purchases for the City.

CITY OF DIAMOND BAR

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	General	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	General	Capital Improvement Fund	Public Financing Authority	Other Governmental Funds	Total Governmental Funds
Assets:					
Pooled cash and investments	\$ 16,416,479	\$ -	\$ -	\$ 5,203,024	\$ 21,619,503
Receivables:					
Accounts	388,816	-	-	50,748	439,564
Notes and loans	-	-	-	334,190	334,190
Accrued interest	35,635	-	-	-	35,635
Prepaid costs	28,114	-	-	-	28,114
Due from other governments	2,975,272	357,197	-	459,645	3,792,114
Due from other funds	264,230	-	-	-	264,230
Due from employees	4,046	-	-	-	4,046
Restricted assets:					
Cash and investments with fiscal agents	15,000	-	2	-	15,002
Total Assets	\$ 20,127,592	\$ 357,197	\$ 2	\$ 6,047,607	\$ 26,532,398
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 1,378,679	\$ 128,615	\$ -	\$ 461,824	\$ 1,969,118
Accrued liabilities	293,132	-	-	14,367	307,499
Deferred revenues	354,799	357,197	-	150,000	861,996
Unearned revenues	-	-	-	100,967	100,967
Deposits payable	939,378	-	-	-	939,378
Due to other governments	-	-	-	334,190	334,190
Due to other funds	-	194,070	-	70,160	264,230
Retentions payable	17,290	9,722	-	4,617	31,629
Total Liabilities	2,983,278	689,604	-	1,136,125	4,809,007
Fund Balances:					
Nonspendable:					
Prepaid costs	28,114	-	-	-	28,114
Restricted for:					
Community development projects	-	-	-	958,293	958,293
Public safety	-	-	-	285,508	285,508
Highways and streets	-	-	-	3,504,339	3,504,339
Capital Projects	-	-	-	164,867	164,867
Debt service	-	-	2	-	2
Committed to:					
Emergency contingencies	4,500,000	-	-	-	4,500,000
Unassigned	12,616,200	(332,407)	-	(1,525)	12,282,268
Total Fund Balances	17,144,314	(332,407)	2	4,911,482	21,723,391
Total Liabilities and Fund Balances	\$ 20,127,592	\$ 357,197	\$ 2	\$ 6,047,607	\$ 26,532,398

CITY OF DIAMOND BAR

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Fund balances of governmental funds		\$ 21,723,391
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		393,977,743
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets		139,773
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$ (11,470,000)	
Bond premium	(243,853)	
CJPIA General Liability Cumulative Deposit Payable	(235,647)	
Compensated absences	(551,098)	
Other post employment benefit obligation	<u>(242,233)</u>	(12,742,831)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds		(39,542)
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.		861,996
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>1,940,016</u>
Net assets of governmental activities		<u><u>\$ 405,860,546</u></u>

CITY OF DIAMOND BAR

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>		
	<u>Capital Improvement Fund</u>	<u>Public Financing Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:	General			
Taxes	\$ 9,664,801	\$ -	\$ -	\$ 10,212,010
Licenses and permits	1,045,474	-	82,095	1,127,569
Intergovernmental	4,770,165	87,000	6,196,161	11,053,326
Charges for services	1,753,585	-	1,437,090	3,190,675
Use of money and property	130,034	-	20	183,507
Fines and forfeitures	509,166	-	-	509,166
Miscellaneous	54,634	-	-	54,634
Total Revenues	17,927,859	87,000	20	8,316,008
Expenditures:				
Current:				
General government	5,076,001	-	-	409,000
Public safety	5,651,511	-	-	80,084
Community development	1,551,038	-	-	563,395
Parks, recreation, and culture	4,013,381	-	-	77,170
Highways and streets	2,411,682	1,350,088	-	2,847,317
Capital outlay	3,536,104	2,813,616	-	352,895
Debt service:				
Principal retirement	-	-	12,510,000	-
Interest and fiscal charges	-	-	406,626	-
Total Expenditures	22,239,717	4,163,704	12,916,626	4,329,861
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,311,858)	(4,076,704)	(12,916,606)	3,986,147
Other Financing Sources (Uses):				
Transfers in	1,508,188	3,781,358	540,533	255,258
Transfers out	(1,320,431)	-	-	(5,174,018)
Refinancing bonds issued	-	-	11,790,000	-
Bond premium	-	-	252,381	-
Total Other Financing Sources (Uses)	187,757	3,781,358	12,582,914	(4,918,760)
Net Change in Fund Balances	(4,124,101)	(295,346)	(333,692)	(932,613)
Fund Balances, Beginning of Year, as previously reported	21,268,415	(37,061)	333,694	5,553,814
Restatements	-	-	-	290,281
Fund Balances, Beginning of Year, as restated	21,268,415	(37,061)	333,694	5,844,095
Fund Balances, End of Year	\$ 17,144,314	\$ (332,407)	\$ 2	\$ 4,911,482
	\$ 21,723,391			

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, 2012**

Net change in fund balances - total governmental funds \$ (5,685,752)

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	\$ 6,746,007	
Depreciation expense	<u>(6,629,639)</u>	116,368

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	320,000	
Refinancing bonds issued	(11,790,000)	
Bonds refinanced	12,190,000	
Premium on bonds issued	(252,381)	
Refinanced bond discount removal	(100,869)	
Amortization of bond premium	8,528	
CJPIA General Liability Cumulative Deposit Payable	(235,647)	
Other post employment benefit obligation	(67,262)	
Compensated absences	<u>(27,038)</u>	45,331

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

Debt issuance costs on bonds issued	143,828	
Debt issuance costs on refinanced bonds	(463,282)	
Amortization on debt issuance costs	<u>(4,055)</u>	(323,509)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. (26,500)

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. 447,150

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 (55,808)

Change in net assets of governmental activities \$ (5,482,720)

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 21,268,415	\$ 21,268,415	\$ 21,268,415	\$ -
Resources (Inflows):				
Taxes	9,348,820	9,404,940	9,664,801	259,861
Licenses and permits	873,700	982,049	1,045,474	63,425
Intergovernmental	4,745,280	5,008,775	4,770,165	(238,610)
Charges for services	1,756,007	1,756,007	1,753,585	(2,422)
Use of money and property	290,000	182,000	130,034	(51,966)
Fines and forfeitures	495,800	504,000	509,166	5,166
Miscellaneous	18,000	90,205	54,634	(35,571)
Transfers in	1,485,275	1,482,377	1,508,188	25,811
Amounts Available for Appropriation	40,281,297	40,678,768	40,704,462	25,694
Charges to Appropriation (Outflow):				
General government				
City Council	176,962	181,950	163,118	18,832
City Attorney	265,000	335,000	268,344	66,656
City Manager/Clerk	1,112,675	1,211,569	1,247,755	(36,186)
Finance	413,097	363,036	429,876	(66,840)
Human resources	189,346	221,491	191,360	30,131
Information systems	740,208	781,351	767,405	13,946
General government	1,160,066	618,001	660,595	(42,594)
Public information	516,514	545,048	549,807	(4,759)
Civic Center	304,831	944,873	797,741	147,132
Subtotal general government	<u>4,878,699</u>	<u>5,202,319</u>	<u>5,076,001</u>	<u>126,318</u>
Public safety				
Law Enforcement	5,713,189	5,448,216	5,445,071	3,145
Fire Protection	7,500	7,500	14,718	(7,218)
Animal Control	134,645	141,645	136,995	4,650
Emergency preparedness	64,040	64,040	54,727	9,313
Subtotal public safety	<u>5,919,374</u>	<u>5,661,401</u>	<u>5,651,511</u>	<u>9,890</u>
Community development	1,505,008	1,708,470	1,551,038	157,432
Parks, recreation, and culture	3,805,428	4,017,446	4,013,381	4,065
Highways and streets	2,448,626	2,636,491	2,411,682	224,809
Capital outlay	3,734,912	4,067,316	3,536,104	531,212
Transfers out	498,729	1,051,055	1,320,431	(269,376)
Total Charges to Appropriations	22,790,776	24,344,498	23,560,148	784,350
Budgetary Fund Balance, June 30	\$ 17,490,521	\$ 16,334,270	\$ 17,144,314	\$ 810,044

CITY OF DIAMOND BAR

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2012

	<u>Governmental Activities- Internal Service Funds</u>
Assets:	
Current:	
Cash and investments	\$ 1,635,151
Receivables:	
Accounts	<u>17,977</u>
Total Current Assets	<u>1,653,128</u>
Noncurrent:	
Capital assets - net of accumulated depreciation	<u>396,420</u>
Total Noncurrent Assets	<u>396,420</u>
Total Assets	<u>\$ 2,049,548</u>
Liabilities and Net Assets:	
Liabilities:	
Current:	
Accounts payable	<u>\$ 109,532</u>
Total Current Liabilities	<u>109,532</u>
Total Liabilities	<u>109,532</u>
Net Assets:	
Invested in capital assets, net of related debt	396,420
Unrestricted	<u>1,543,596</u>
Total Net Assets	<u>1,940,016</u>
Total Liabilities and Net Assets	<u>\$ 2,049,548</u>

CITY OF DIAMOND BAR

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities- Internal Service Funds</u>
Operating Revenues:	
Miscellaneous	\$ 17,977
Total Operating Revenues	<u>17,977</u>
Operating Expenses:	
Insurance premiums	444,517
Depreciation expense	50,123
Total Operating Expenses	<u>494,640</u>
Operating Income (Loss)	<u>(476,663)</u>
Nonoperating Revenues (Expenses):	
Interest revenue	<u>11,743</u>
Total Nonoperating Revenues (Expenses)	<u>11,743</u>
Income (Loss) Before Transfers	(464,920)
Transfers in	<u>409,112</u>
Changes in Net Assets	<u>(55,808)</u>
Net Assets:	
Beginning of Year, as previously reported	1,726,436
Restatements	<u>269,388</u>
Beginning of Fiscal Year, as restated	<u>1,995,824</u>
End of Fiscal Year	<u><u>\$ 1,940,016</u></u>

CITY OF DIAMOND BAR

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities- Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ (443,144)
Cash paid to suppliers for goods and services	<u>109,532</u>
Net Cash Provided (Used) by Operating Activities	<u>(333,612)</u>
Cash Flows from Non-Capital Financing Activities:	
Cash transfers in	<u>409,112</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>409,112</u>
Cash Flows from Investing Activities:	
Interest received	<u>11,743</u>
Net Cash Provided (Used) by Investing Activities	<u>11,743</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(246,473)
Cash and Cash Equivalents at Beginning of Year	<u>1,881,624</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,635,151</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	<u>\$ (476,663)</u>
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	50,123
(Increase) decrease in accounts receivable	(17,977)
(Increase) decrease in prepaid expense	1,373
Increase (decrease) in accounts payable	<u>109,532</u>
Total Adjustments	<u>143,051</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (333,612)</u>

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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, 2012. Accordingly, no financial statements of the Agency were issued.

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB 1X 26 and 27 (California Redevelopment Association v. Matosantos). AB 1X 26 dissolves redevelopment agencies effective October 1, 2011. AB 1X 27 gave redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amounted to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments totaled \$400 million, annually. Each city or county's share of these payments was determined based on its proportionate share of state-wide tax increment.

On August 17, 2011 the Supreme Court issued a stay of the implementation of AB 1X 26 and 27 which allowed a redevelopment agency to continue if it adopted an AB 1X 27 ordinance. However, because of the effect of the stay order, the authority for the Redevelopment Agency to engage in most activities was suspended.

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

The Supreme Court heard oral arguments on November 10, 2011 and on December 29, 2011 announced its decision in California Redevelopment Association v. Matosantos. The court upheld AB 1X 26 which dissolves redevelopment agencies, but invalidated in its entirety AB 1X 27 which allowed redevelopment agencies to continue as long as they made the required payments. AB X1 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The full text of AB 1X 26 may be obtained from the California legislative information website maintained by the legislative Counsel of the State of California at: <http://www.leginfo.ca.gov/bilinfo.html>.

As of January 31, 2012 the Redevelopment Agency has been dissolved. Certain of the Redevelopment Agency's rights and obligations were transferred to the City acting as the successor agency to the Redevelopment Agency on that date.

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.

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

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

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 fund's 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. 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.

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.

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

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 Capital Improvement Fund has been classified as a major fund and is used to account for receipts and expenditures of money for construction of various projects.

The Public Financing Authority has been classified as a major fund and is used to account for debt issued to finance public improvements and other capital purchases for the City.

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

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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

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

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, 2012, 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, 2012.

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

h. Compensated Absences

Vacation and sick leave time begin to accumulate as of the first day of employment to a maximum of 360 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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

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

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

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 a resolution.
- 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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

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

- 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.

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, 2012, the following funds had deficit fund balances:

Other Governmental Funds:		
Capital Improvement Fund	\$	332,407
Justice Assistance Grant		1,264
EECBG Grant Fund		261

c. Excess of expenditures over appropriations are as follows:

Expenditures for the year ended June 30, 2012, exceeded the appropriations of the General Fund as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government			
City Manager	\$ 1,211,569	\$ 1,247,755	\$ (36,186)
Finance	363,036	429,876	(66,840)
General government	618,001	660,595	(42,594)
Public information	545,048	549,807	(4,759)
Public Safety			
Fire Protection	7,500	14,718	(7,218)
Transfers Out	1,051,055	1,320,431	(269,376)

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 3: Cash and Investments

Cash and Investments

Cash and investments at June 30, 2012, consisted of the following:

Statement of Net Assets:

Cash and investments	\$ 23,254,654
Cash and investments with fiscal agents	<u>15,002</u>
	<u>\$ 23,269,656</u>

Cash and investments held by the City at June 30, 2012, consisted of the following:

Imprest cash on hand	\$ 1,500
Demand deposits	1,376,079
Escrow deposits	15,000
Investments:	
United States Government Sponsored Enterprise Securities	11,953,736
Local Agency Investment Fund	9,923,339
Held by Bond Trustee:	
Money Market Mutual Funds	<u>2</u>
	<u>\$ 23,269,656</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, 2012

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

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

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	1 - 3 years	3 - 5 years	
US Government Sponsored Securities	\$ -	\$ -	\$ 5,007,091	\$ 5,007,091
Certificate of Deposits	248,802	2,243,696	2,478,008	4,970,506
General Electric Cap Corp Bond		983,146	-	983,146
GE Capital Senior Note			992,993	992,993
Local Agency Investment Fund (LAIF)	9,923,339		-	9,923,339
Held by Bond Trustees:				
Money Market Mutual Funds	2		-	2
	<u>\$ 10,172,143</u>	<u>\$ 3,226,842</u>	<u>\$ 8,478,092</u>	<u>\$ 21,877,077</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 Moody's, as of year end for each investment type:

Investment Type	Total as of June	A1	Aaa	Unrated
	30,2012			
US Government Sponsored Securities	\$ 5,007,091	\$ -	\$ 5,007,091	\$ -
Certificate of Deposits	4,970,506	-	11,953,736	-
General Electric Cap Corp Bond	983,146	983,146		
GE Capital Senior Note	992,993	992,993		
Local Agency Investment Fund (LAIF)	9,923,339	-	-	9,923,339
Held by Bond Trustees:				
Money Market Mutual Funds	2	-	2	-
Total	<u>\$ 21,877,077</u>	<u>\$ 1,976,139</u>	<u>\$ 16,960,829</u>	<u>\$ 9,923,339</u>

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, 2012, 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.

A provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction account at all FDIC-insured institutions. This provision was effective from December 31, 2010 and will remain effective until December 31, 2012. Noninterest-bearing transaction accounts is defined as an account (1) with respect to which interest is neither accrued nor paid; (2) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (3) on which the FDIC-insured depository institutions does not reserve the right to require advance notice of an intended withdrawal. As of June 30, 2012, the City maintains cash deposits that are temporarily covered by this provision.

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.

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 4: Interfund Transfers and Due To/From Other Funds

<u>Transfers In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 1,508,188
Capital Improvement Fund	General Fund	135,528
	Other Governmental Funds	3,645,830
Public Financing Authority Fund	General Fund	540,533
Other Governmental Funds	General Fund	235,258
	Other Governmental Funds	20,000
Internal Service Funds	General Fund	409,112
		<u>\$ 6,494,449</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 and Capital Improvement Fund were made to provide for debt service payments capital project and the transfer to the Internal Service funds were made to provide for the annual contribution of the Liability Program of the fiscal year 2011-12.

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	\$ 194,070
	Other Governmental Funds	70,160
		<u>\$ 264,230</u>

Short-term borrowings were made from the General Fund to the Capital Improvement Fund and Other Governmental Funds due to negative cash. This is expected to be repaid in the immediate future with reimbursements.

Note 5: Long-Term Receivable

CJPIA Refund Balances Long-term Receivable

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. CJPIA has temporarily deferred the payment on retrospective deposits owed to the Authority by members. The payment deferral period extends until July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program. Retrospective deposit payments are scheduled to resume on these dates. The October 2011 annual retrospective adjustment is included in these balances. The City at June 30, 2012 had a retrospective refund due to the City in the amount of 17,977 which is recorded in the Self-Insurance Internal Service Fund.

During the payment deferral period, members with a retrospective refund balance will receive a portion of the balance as a credit against other charges on the annual contribution invoice. For the 2011-12 coverage year, the refund amount will be 25%. The percentage to be refunded in future years will be set on an annual basis by the Executive Committee of CJPIA. Once the payment deferral period has concluded in each program, subsequent retrospective

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 5: Long-Term Receivable (Continued)

refund adjustments will be applied in full (100%) as a credit on the annual contribution invoice.

More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org.

Note 6: Capital Assets

A summary of changes in the Governmental Activities capital assets at June 30, 2012, is as follows:

	Balance at July 1, 2011	Transfers	Additions	Deletions	Balance at June 30, 2012
Capital assets not being depreciated:					
Land	\$ 6,587,349	\$ -	\$ -	\$ -	\$ 6,587,349
Right of way	265,614,104	-	-	-	265,614,104
Construction in progress	1,972,457	(1,210,848)	571,966	-	1,333,575
Total Capital Assets Not being Depreciated	<u>274,173,910</u>	<u>(1,210,848)</u>	<u>571,966</u>	<u>-</u>	<u>273,535,028</u>
Capital assets being depreciated:					
Buildings and improvements	34,999,996	330,728	4,784,537	-	40,115,261
Furniture and fixtures	84,372	-	1,343,739	-	1,428,111
Vehicles and equipment	2,422,454	-	379,481	-	2,801,935
Infrastructure	187,510,964	880,120	-	-	188,391,084
Total Capital Assets being Depreciated	<u>225,017,786</u>	<u>1,210,848</u>	<u>6,507,757</u>	<u>-</u>	<u>232,736,391</u>
Less accumulated depreciation for:					
Buildings and improvements	13,526,658	-	1,825,344	-	15,352,002
Furniture and fixtures	77,768	-	120,679	-	198,447
Vehicles and equipment	1,470,086	-	179,274	-	1,649,360
Infrastructure	90,142,982	-	4,554,465	-	94,697,447
Total Accumulated Depreciation	<u>105,217,494</u>	<u>-</u>	<u>6,679,762</u>	<u>-</u>	<u>111,897,256</u>
Total Capital Assets Being Depreciated, Net	<u>119,800,292</u>	<u>1,210,848</u>	<u>(172,005)</u>	<u>-</u>	<u>120,839,135</u>
Governmental Activities Capital Assets, Net	<u>\$ 393,974,202</u>	<u>\$ -</u>	<u>\$ 399,961</u>	<u>\$ -</u>	<u>\$ 394,374,163</u>

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

General government	\$ 621,646
Public safety	9,041
Highways and streets	4,617,383
Community development	1,381,569
Internal Service Funds depreciation charges to program	50,123
	<u>\$ 6,679,762</u>

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7: Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Balance at June 30, 2012	Due Within One Year
Bonds payable					
Revenue Bonds	\$ 12,190,000	\$ 11,790,000	\$ 12,510,000	\$ 11,470,000	\$ 335,000
CJPIA General Liability Cumulative Deposit Payable	-	235,647	-	235,647	-
Compensated absences	524,060	414,344	387,306	551,098	407,288
Net OPEB obligation (Note 10)	174,971	74,774	7,512	242,233	-
Total	<u>\$ 12,889,031</u>	<u>\$ 12,514,765</u>	<u>\$ 12,904,818</u>	12,498,978	<u>\$ 742,288</u>
Net unamortized bond premium				243,853	
Net Long-Term Debt				<u>\$ 12,742,831</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, 2012, \$12,190,000 in outstanding bonds was refinanced.

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.

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, these Bonds were refinanced and \$12,190,000 was defeased. Subsequently, \$11,790,000 in Bonds were issued with the interest rate 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.

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 7: Long-Term Liabilities (Continued)

Payments and Associated Debt

As of June 30, 2012, 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.

Year Ending June 30	Fixed Rate Debt		
	Principal	Interest	Total
2013	\$ 335,000	\$ 498,956	\$ 833,956
2014	350,000	488,906	838,906
2015	365,000	478,406	843,406
2016	385,000	467,456	852,456
2017	400,000	455,906	855,906
2018-2022	2,310,000	1,981,681	4,291,681
2023-2027	2,910,000	1,404,950	4,314,950
2028-2032	3,670,000	705,175	4,375,175
2033-2037	745,000	35,388	780,388
Totals	<u>\$ 11,470,000</u>	<u>\$ 6,516,824</u>	<u>\$ 17,986,824</u>

CJPIA Retrospective Deposit Liability

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. CJPIA has temporarily deferred the payment on retrospective deposits owed to the Authority by members. The payment deferral period extends until July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program. Retrospective deposit payments are scheduled to resume on these dates. The October 2011 annual retrospective adjustment is included in these balances. The City at June 30, 2012 had a retrospective deposit due of \$235,647.

Optional Payment Plans

When retrospective deposit payments resume as indicated above, members will have the opportunity to select from a variety of optional payment plans. Discounts under the incentive plan are available to members choosing to voluntarily accelerate payment during the deferral period. The City has chosen not to voluntarily accelerate payment at this time.

After the deferral period, members choosing from among the optional payment plans will be subject to a moderate annual fee. The fee is intended to provide a means for the Authority to recover otherwise foregone investment earnings and to serve as a minor disincentive for the selection of longer financing terms.

Note 7: Long-Term Liabilities (Continued)

Retrospective Balances will Change Annually

Retrospective balances will change with each annual computation during the payment deferral period. Member balances may increase or decrease as a result of the most recent year's claim development. Accordingly, some members who chose to pay off their balance in full may be required to pay additional retrospective deposits in the future based on the outcome of actual claim development reflected in subsequent retrospective deposit computations. Conversely, if claim development is favorable then subsequent retrospective adjustments could potentially result in refunds to the member.

More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org.

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability, amounting to \$551,098 at June 30, 2012, is expected to be paid in future years from future resources, typically liquidated from the General Fund.

Note 8: 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.

a. Self-Insurance Programs of the Authority

Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

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

Liability

In the liability program claims are pooled separately between police and 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

Note 8: Liability, Property and Workers' Compensation Protection (Continued)

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 2011-12 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 \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

b. Purchased Insurance

Pollution Legal Liability 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, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Note 8: Liability, Property and Workers' Compensation Protection (Continued)

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 \$29,645,856. 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 2011-12.

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 9: 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.

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 11.46% of covered payroll. The City's contributions to CalPERS for the years ending June 30, 2012, 2011 and 2010, were \$309,329, \$410,342 and \$396,087, respectively and were equal to the required contribution for each year.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 9: Pension Plan (Continued)Plan Description

In connection with the retirement benefits for employees described in Note 10, 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 10: Postemployment Benefits Other than PensionsAnnual 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 (\$108/month for calendar 2011 and \$112/month for calendar 2012, increased in all future years according to the rate of medical inflation). The City pays a 0.36% 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, 2012, the City paid \$7,512 in health care costs for its retirees and their covered dependents.

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	\$ 79,497
Interest on net OPEB obligation	3,499
Adjustment to annual required contribution	<u>(8,222)</u>
Annual OPEB cost (expense)	74,774
Contributions made	<u>7,512</u>
Increase in net OPEB obligation	67,262
Net OPEB obligation - beginning of year	<u>174,971</u>
Net OPEB obligation - end of year	<u><u>\$ 242,233</u></u>

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 10: Postemployment Benefits Other than Pensions (Continued)

Three-Year Trend Information

For fiscal year 2012, the City's annual OPEB cost (expense) \$74,774 was equal to the ARC. 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
6/30/12	74,774	7,512	10.05%	242,233

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	Funded Ratio	Covered Payroll	Percent of Covered Payroll	Interest Rate
Actual	7/1/2008	\$ -	\$ 402,007	0.0%	\$ 3,936,516	10.99%	5.00%
Actual	7/1/2011	-	502,013	0.0%	3,959,573	12.68%	5.00%

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, 2011, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a discount rate of 5.0% per annum, inflation rate of 3.0%, 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.

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 11: 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 12: Construction Commitments

The following material construction commitments existed at June 30, 2012:

Project Name	Expenditures as of June 30, 2012	Remaining Commitments
Park Improvements	\$ 1,021,172	\$ 328,083
Street Improvements	429,660	1,632,112
Transportation Infrastructure	-	1,120,000
Traffic Control Improvements	6,048	108,952
Misc. Improvements	98,546	426,454
	<u>\$ 1,555,426</u>	<u>\$ 3,615,601</u>

Note 13: Operating Leases

The City leases building and office facilities under non-cancelable operating leases. In January 2012, the City relocated to its new City Hall. However, the City will continue to lease meeting room space for the City Council to conduct its meetings. The total costs for such leases were \$164,093 for the year ended June 30, 2012. The future minimum lease payments for the lease of building and office facilities are as follows:

Year Ending June 30,	
2013	\$ 24,240
2014	24,725
2015	25,219
2016	25,724
2017	<u>12,989</u>
Total	<u>\$ 112,897</u>

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 14: Fund Balance/Net Asset Restatements

Fund Balance/Net Asset Restatements:

Nonmajor governmental funds:

Traffic Congestion Relief Fund

To change the funding source of CIP project 01410 as all Traffic
Congestion Relief Funds need to be expended by June 30, 2011. \$ (35,443)

Air Quality Improvement Fund

To properly state prior year AB2766 revenue received in the current
year. 14,473

Proposition 1B Fund

To record unearned revenue realized in the prior years 275,808

To change the funding source of CIP project 01410 as all Traffic
Congestion Relief Funds need to be expended by June 30, 2011. 35,443

Total Fund Balance Restatements 290,281

Internal Service Funds

Self Insurance Fund

To reverse retrospective insurance balance recorded in accounts
payable from the fiscal year 2008-09. 269,388

Total Net Asset restatements \$ 559,669

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CITY OF DIAMOND BAR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	State Gas Tax Fund	Proposition A Transit Fund	Proposition C Transit Fund	Integrated Waste Management Fund
Assets:				
Pooled cash and investments	\$ 553,009	\$ 272,296	\$ 1,707,372	\$ 852,060
Receivables:				
Accounts	-	-	-	50,748
Notes and loans	-	-	-	-
Due from other governments	170,895	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 723,904	\$ 272,296	\$ 1,707,372	\$ 902,808
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 37,475	\$ 42,112	\$ 230
Accrued liabilities	-	3,790	5,152	5,041
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Retentions payable	-	-	4,617	-
Total Liabilities	-	41,265	51,881	5,271
Restricted for:				
Community development projects	-	-	-	897,537
Public safety	-	-	-	-
Highways and streets	723,904	231,031	1,655,491	-
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	723,904	231,031	1,655,491	897,537
Total Liabilities and Fund Balances	\$ 723,904	\$ 272,296	\$ 1,707,372	\$ 902,808

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	Traffic Improvement Fund	Traffic Congestion Relief Fund	Air Quality Improvement Fund	Justice Assistance Grant
Assets:				
Pooled cash and investments	\$ 564,474	\$ -	\$ 154,993	\$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Due from other governments	-	-	17,269	11,800
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 564,474	\$ -	\$ 172,262	\$ 11,800
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 7,395	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	100,967	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	13,064
Retentions payable	-	-	-	-
Total Liabilities	100,967	-	7,395	13,064
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Highways and streets	463,507	-	-	-
Capital Projects	-	-	164,867	-
Unassigned	-	-	-	(1,264)
Total Fund Balances	463,507	-	164,867	(1,264)
Total Liabilities and Fund Balances	\$ 564,474	\$ -	\$ 172,262	\$ 11,800

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	Trails & Bikeways Fund	Proposition 1B Bond Fund	Park and Facility Development Fund	CDBG Fund
Assets:				
Pooled cash and investments	\$ 50,030	\$ -	\$ 10,726	\$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	334,190
Due from other governments	-	-	150,000	95,969
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 50,030	\$ -	\$ 160,726	\$ 430,159
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 38,489
Accrued liabilities	-	-	-	384
Deferred revenues	-	-	150,000	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	334,190
Due to other funds	-	-	-	57,096
Retentions payable	-	-	-	-
Total Liabilities	-	-	150,000	430,159
Restricted for:				
Community development projects	50,030	-	10,726	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	50,030	-	10,726	-
Total Liabilities and Fund Balances	\$ 50,030	\$ -	\$ 160,726	\$ 430,159

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	COPS Fund	Asset Seizure Fund	CLEEP Fund	Edward Byrne Justice Assistance Grant (JAG) Fund
Assets:				
Pooled cash and investments	\$ 82,586	\$ 162,364	\$ 40,970	\$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 82,586	\$ 162,364	\$ 40,970	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 412	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Retentions payable	-	-	-	-
Total Liabilities	412	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	82,174	162,364	40,970	-
Highways and streets	-	-	-	-
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	82,174	162,364	40,970	-
Total Liabilities and Fund Balances	\$ 82,586	\$ 162,364	\$ 40,970	\$ -

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Special Revenue Funds</u>			
	<u>Landscape Maintenance District Fund</u>	<u>Measure R Local Return Fund</u>	<u>EECBG Grant Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Pooled cash and investments	\$ 76,361	\$ 415,065	\$ 260,718	\$ 5,203,024
Receivables:				
Accounts	-	-	-	50,748
Notes and loans	-	-	-	334,190
Due from other governments	13,712	-	-	459,645
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 90,073</u>	<u>\$ 415,065</u>	<u>\$ 260,718</u>	<u>\$ 6,047,607</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 74,732	\$ -	\$ 260,979	\$ 461,824
Accrued liabilities	-	-	-	14,367
Deferred revenues	-	-	-	150,000
Unearned revenues	-	-	-	100,967
Due to other governments	-	-	-	334,190
Due to other funds	-	-	-	70,160
Retentions payable	-	-	-	4,617
Total Liabilities	<u>74,732</u>	<u>-</u>	<u>260,979</u>	<u>1,136,125</u>
Restricted for:				
Community development projects	-	-	-	958,293
Public safety	-	-	-	285,508
Highways and streets	15,341	415,065	-	3,504,339
Capital Projects	-	-	-	164,867
Unassigned	<u>-</u>	<u>-</u>	<u>(261)</u>	<u>(1,525)</u>
Total Fund Balances	<u>15,341</u>	<u>415,065</u>	<u>(261)</u>	<u>4,911,482</u>
Total Liabilities and Fund Balances	<u>\$ 90,073</u>	<u>\$ 415,065</u>	<u>\$ 260,718</u>	<u>\$ 6,047,607</u>

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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, 2012**

	Special Revenue Funds			
	State Gas Tax Fund	Proposition A Transit Fund	Proposition C Transit Fund	Integrated Waste Management Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,688,763	891,668	740,278	39,283
Charges for services	-	1,007,237	-	429,853
Use of money and property	4,133	2,545	14,948	6,479
Total Revenues	<u>1,692,896</u>	<u>1,901,450</u>	<u>755,226</u>	<u>475,615</u>
Expenditures:				
Current:				
General government	-	409,000	-	-
Public safety	-	-	-	-
Community development	-	-	-	306,517
Parks, recreation, and culture	-	77,170	-	-
Highways and streets	-	1,432,283	712,931	-
Capital outlay	-	-	64,221	-
Total Expenditures	<u>-</u>	<u>1,918,453</u>	<u>777,152</u>	<u>306,517</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,692,896</u>	<u>(17,003)</u>	<u>(21,926)</u>	<u>169,098</u>
Other Financing Sources (Uses):				
Transfers in	101,102	-	-	-
Transfers out	(1,628,666)	-	(290,107)	(62,450)
Total Other Financing Sources (Uses)	<u>(1,527,564)</u>	<u>-</u>	<u>(290,107)</u>	<u>(62,450)</u>
Net Change in Fund Balances	<u>165,332</u>	<u>(17,003)</u>	<u>(312,033)</u>	<u>106,648</u>
Fund Balances, Beginning of Year	558,572	248,034	1,967,524	790,889
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	<u>558,572</u>	<u>248,034</u>	<u>1,967,524</u>	<u>790,889</u>
Fund Balances, End of Year	<u>\$ 723,904</u>	<u>\$ 231,031</u>	<u>\$ 1,655,491</u>	<u>\$ 897,537</u>

CITY OF DIAMOND BAR

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

(Continued)

	Special Revenue Funds			
	Traffic Improvement Fund	Traffic Congestion Relief Fund	Air Quality Improvement Fund	Justice Assistance Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	82,095	-	-	-
Intergovernmental	832,219	-	69,956	23,177
Charges for services	-	-	-	-
Use of money and property	4,660	-	1,187	-
Total Revenues	918,974	-	71,143	23,177
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	67,316	-
Parks, recreation, and culture	-	-	-	-
Highways and streets	27,854	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	27,854	-	67,316	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	891,120	-	3,827	23,177
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(661,463)	-	-	(24,441)
Total Other Financing Sources (Uses)	(661,463)	-	-	(24,441)
Net Change in Fund Balances	229,657	-	3,827	(1,264)
Fund Balances, Beginning of Year	233,850	35,443	146,567	-
Restatements	-	(35,443)	14,473	-
Fund Balances, Beginning of Year, as Restated	233,850	-	161,040	-
Fund Balances, End of Year	\$ 463,507	\$ -	\$ 164,867	\$ (1,264)

CITY OF DIAMOND BAR

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>Special Revenue Funds</u>			
	<u>Trails & Bikeways Fund</u>	<u>Proposition 1B Bond Fund</u>	<u>Park and Facility Development Fund</u>	<u>CDBG Fund</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	50,000	211,179	149,108	506,290
Charges for services	-	-	-	-
Use of money and property	30	7,647	4,612	-
	<u>50,030</u>	<u>218,826</u>	<u>153,720</u>	<u>506,290</u>
Total Revenues				
	<u>50,030</u>	<u>218,826</u>	<u>153,720</u>	<u>506,290</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	185,692
Parks, recreation, and culture	-	-	-	-
Highways and streets	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,692</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>50,030</u>	<u>218,826</u>	<u>153,720</u>	<u>320,598</u>
Other Financing Sources (Uses):				
Transfers in	-	-	20,000	-
Transfers out	-	(218,826)	(1,016,966)	(320,598)
	<u>-</u>	<u>(218,826)</u>	<u>(996,966)</u>	<u>(320,598)</u>
Total Other Financing Sources (Uses)				
	<u>-</u>	<u>(218,826)</u>	<u>(996,966)</u>	<u>(320,598)</u>
Net Change in Fund Balances	<u>50,030</u>	<u>-</u>	<u>(843,246)</u>	<u>-</u>
Fund Balances, Beginning of Year	-	(311,251)	853,972	-
Restatements	-	311,251	-	-
Fund Balances, Beginning of Year, as Restated	-	-	853,972	-
Fund Balances, End of Year	<u>\$ 50,030</u>	<u>\$ -</u>	<u>\$ 10,726</u>	<u>\$ -</u>

CITY OF DIAMOND BAR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

(Continued)

	Special Revenue Funds			Edward Byrne Justice Assistance Grant (JAG) Fund
	COPS Fund	Asset Seizure Fund	CLEEP Fund	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	100,000	-	-	34,385
Charges for services	-	-	-	-
Use of money and property	1,060	2,011	338	(279)
Total Revenues	101,060	2,011	338	34,106
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	73,729	-	6,355	-
Community development	-	-	-	-
Parks, recreation, and culture	-	-	-	-
Highways and streets	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	73,729	-	6,355	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	27,331	2,011	(6,017)	34,106
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(87,772)	(103,586)	-	(34,295)
Total Other Financing Sources (Uses)	(87,772)	(103,586)	-	(34,295)
Net Change in Fund Balances	(60,441)	(101,575)	(6,017)	(189)
Fund Balances, Beginning of Year	142,615	263,939	46,987	189
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	142,615	263,939	46,987	189
Fund Balances, End of Year	\$ 82,174	\$ 162,364	\$ 40,970	\$ -

CITY OF DIAMOND BAR

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>Special Revenue Funds</u>			<u>Total Governmental Funds</u>
	<u>Landscape Maintenance District Fund</u>	<u>Measure R Local Return Fund</u>	<u>EECBG Grant Fund</u>	
Revenues:				
Taxes	\$ 547,209	\$ -	\$ -	\$ 547,209
Licenses and permits	-	-	-	82,095
Intergovernmental	-	551,123	308,732	6,196,161
Charges for services	-	-	-	1,437,090
Use of money and property	501	3,450	131	53,453
Total Revenues	<u>547,710</u>	<u>554,573</u>	<u>308,863</u>	<u>8,316,008</u>
Expenditures:				
Current:				
General government	-	-	-	409,000
Public safety	-	-	-	80,084
Community development	-	-	3,870	563,395
Parks, recreation, and culture	-	-	-	77,170
Highways and streets	674,249	-	-	2,847,317
Capital outlay	-	-	288,674	352,895
Total Expenditures	<u>674,249</u>	<u>-</u>	<u>292,544</u>	<u>4,329,861</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(126,539)</u>	<u>554,573</u>	<u>16,319</u>	<u>3,986,147</u>
Other Financing Sources (Uses):				
Transfers in	134,156	-	-	255,258
Transfers out	(20,541)	(704,307)	-	(5,174,018)
Total Other Financing Sources (Uses)	<u>113,615</u>	<u>(704,307)</u>	<u>-</u>	<u>(4,918,760)</u>
Net Change in Fund Balances	<u>(12,924)</u>	<u>(149,734)</u>	<u>16,319</u>	<u>(932,613)</u>
Fund Balances, Beginning of Year	28,265	564,799	(16,580)	5,553,814
Restatements	-	-	-	290,281
Fund Balances, Beginning of Year, as Restated	<u>28,265</u>	<u>564,799</u>	<u>(16,580)</u>	<u>5,844,095</u>
Fund Balances, End of Year	<u>\$ 15,341</u>	<u>\$ 415,065</u>	<u>\$ (261)</u>	<u>\$ 4,911,482</u>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX FUND
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 558,572	\$ 558,572	\$ 558,572	\$ -
Resources (Inflows):				
Intergovernmental	1,627,418	1,647,902	1,688,763	40,861
Use of money and property	-	-	4,133	4,133
Transfers in	-	101,102	101,102	-
Amounts Available for Appropriation	2,185,990	2,307,576	2,352,570	44,994
Charges to Appropriation (Outflow):				
Transfers out	1,627,418	1,728,520	1,628,666	99,854
Total Charges to Appropriations	1,627,418	1,728,520	1,628,666	99,854
Budgetary Fund Balance, June 30	\$ 558,572	\$ 579,056	\$ 723,904	\$ 144,848

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION A TRANSIT FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 248,034	\$ 248,034	\$ 248,034	\$ -
Resources (Inflows):				
Intergovernmental	839,867	839,867	891,668	51,801
Charges for services	1,200,000	1,200,000	1,007,237	(192,763)
Use of money and property	-	-	2,545	2,545
Amounts Available for Appropriation	2,287,901	2,287,901	2,149,484	(138,417)
Charges to Appropriation (Outflow):				
General government	56,430	56,430	409,000	(352,570)
Parks, recreation and culture	74,100	74,100	77,170	(3,070)
Highways and Streets	1,668,768	1,668,943	1,432,283	236,660
Transfers out	152,570	152,570	-	152,570
Total Charges to Appropriations	1,951,868	1,952,043	1,918,453	33,590
Budgetary Fund Balance, June 30	\$ 336,033	\$ 335,858	\$ 231,031	\$ (104,827)

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION C TRANSIT FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,967,524	\$ 1,967,524	\$ 1,967,524	\$ -
Resources (Inflows):				
Intergovernmental	696,647	696,647	740,278	43,631
Use of money and property	10,000	10,000	14,948	4,948
Amounts Available for Appropriation	2,674,171	2,674,171	2,722,750	48,579
Charges to Appropriation (Outflow):				
Highways and Streets	727,562	665,373	712,931	(47,558)
Capital outlay	-	125,000	64,221	60,779
Transfers out	865,000	1,008,203	290,107	718,096
Total Charges to Appropriations	1,592,562	1,798,576	1,067,259	731,317
Budgetary Fund Balance, June 30	\$ 1,081,609	\$ 875,595	\$ 1,655,491	\$ 779,896

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
INTEGRATED WASTE MANAGEMENT FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 790,889	\$ 790,889	\$ 790,889	\$ -
Resources (Inflows):				
Intergovernmental	23,000	23,000	39,283	16,283
Charges for services	531,000	531,000	429,853	(101,147)
Use of money and property	3,000	3,000	6,479	3,479
Amounts Available for Appropriation	1,347,889	1,347,889	1,266,504	(81,385)
Charges to Appropriation (Outflow):				
Community development	421,869	431,169	306,517	124,652
Transfers out	62,450	62,450	62,450	-
Total Charges to Appropriations	484,319	493,619	368,967	124,652
Budgetary Fund Balance, June 30	\$ 863,570	\$ 854,270	\$ 897,537	\$ 43,267

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 233,850	\$ 233,850	\$ 233,850	\$ -
Resources (Inflows):				
Licenses and permits	-	82,000	82,095	95
Intergovernmental	31,570	31,570	832,219	800,649
Use of money and property	-	-	4,660	4,660
Amounts Available for Appropriation	265,420	347,420	1,152,824	805,404
Charges to Appropriation (Outflow):				
Highways and streets	-	140,003	27,854	112,149
Transfers out	-	-	661,463	(661,463)
Total Charges to Appropriations	-	140,003	689,317	(549,314)
Budgetary Fund Balance, June 30	\$ 265,420	\$ 207,417	\$ 463,507	\$ 256,090

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT FUND
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 161,040	\$ 161,040	\$ 161,040	\$ -
Resources (Inflows):				
Intergovernmental	70,000	70,000	69,956	(44)
Use of money and property	500	500	1,187	687
Amounts Available for Appropriation	231,540	231,540	232,183	643
Charges to Appropriation (Outflow):				
Community development	176,350	191,350	67,316	124,034
Total Charges to Appropriations	176,350	191,350	67,316	124,034
Budgetary Fund Balance, June 30	\$ 55,190	\$ 40,190	\$ 164,867	\$ 124,677

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
TRAILS & BIKEWAYS FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	50,000	50,000	50,000	-
Use of money and property	-	-	30	30
Amounts Available for Appropriation	50,000	50,000	50,030	30
Charges to Appropriation (Outflow):				
Transfers out	50,000	50,000	-	50,000
Total Charges to Appropriations	50,000	50,000	-	50,000
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 50,030	\$ 50,030

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION 1B BOND FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	210,000	210,000	211,179	1,179
Use of money and property	1,300	1,300	7,647	6,347
Amounts Available for Appropriation	211,300	211,300	218,826	7,526
Charges to Appropriation (Outflow):				
Transfers out	-	16,070	218,826	(202,756)
Total Charges to Appropriations	-	16,070	218,826	(202,756)
Budgetary Fund Balance, June 30	\$ 211,300	\$ 195,230	\$ -	\$ (195,230)

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
PARK AND FACILITY DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 853,972	\$ 853,972	\$ 853,972	\$ -
Resources (Inflows):				
Intergovernmental	141,484	291,484	149,108	(142,376)
Use of money and property	3,500	3,500	4,612	1,112
Transfers in	-	-	20,000	20,000
Amounts Available for Appropriation	998,956	1,148,956	1,027,692	(121,264)
Charges to Appropriation (Outflow):				
Transfers out	1,056,677	1,185,856	1,016,966	168,890
Total Charges to Appropriations	1,056,677	1,185,856	1,016,966	168,890
Budgetary Fund Balance, June 30	\$ (57,721)	\$ (36,900)	\$ 10,726	\$ 47,626

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG FUND)
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	352,010	526,136	506,290	(19,846)
Amounts Available for Appropriation	352,010	526,136	506,290	(19,846)
Charges to Appropriation (Outflow):				
Community development	238,010	212,006	185,692	26,314
Transfers out	269,979	155,979	320,598	(164,619)
Total Charges to Appropriations	507,989	367,985	506,290	(138,305)
Budgetary Fund Balance, June 30	\$ (155,979)	\$ 158,151	\$ -	\$ (158,151)

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
CITIZENS OPTION FOR PUBLIC SAFETY (COPS) FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 142,615	\$ 142,615	\$ 142,615	\$ -
Resources (Inflows):				
Intergovernmental	-	100,000	100,000	-
Use of money and property	500	500	1,060	560
Amounts Available for Appropriation	143,115	243,115	243,675	560
Charges to Appropriation (Outflow):				
Public safety	13,000	103,000	73,729	29,271
Transfers out	105,685	105,685	87,772	17,913
Total Charges to Appropriations	118,685	208,685	161,501	47,184
Budgetary Fund Balance, June 30	\$ 24,430	\$ 34,430	\$ 82,174	\$ 47,744

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 ASSET SEIZURE FUND
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 263,939	\$ 263,939	\$ 263,939	\$ -
Resources (Inflows):				
Use of money and property	-	-	2,011	2,011
Amounts Available for Appropriation	263,939	263,939	265,950	2,011
Charges to Appropriation (Outflow):				
Transfers out	115,337	115,337	103,586	11,751
Total Charges to Appropriations	115,337	115,337	103,586	11,751
Budgetary Fund Balance, June 30	\$ 148,602	\$ 148,602	\$ 162,364	\$ 13,762

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
 CALIFORNIA LAW ENFORCEMENT EQUIPMENT PROGRAM (CLEEP) FUND
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 46,987	\$ 46,987	\$ 46,987	\$ -
Resources (Inflows):				
Use of money and property	200	200	338	138
Amounts Available for Appropriation	47,187	47,187	47,325	138
Charges to Appropriation (Outflow):				
Public safety	10,000	10,000	6,355	3,645
Total Charges to Appropriations	10,000	10,000	6,355	3,645
Budgetary Fund Balance, June 30	\$ 37,187	\$ 37,187	\$ 40,970	\$ 3,783

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 EDWARD BYRNE JUSTICE ASSISTANCE GRANT FUND
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 189	\$ 189	\$ 189	\$ -
Resources (Inflows):				
Intergovernmental	-	-	34,385	34,385
Use of money and property	-	-	(279)	(279)
Amounts Available for Appropriation	189	189	34,295	34,106
Charges to Appropriation (Outflow):				
Transfers out	61,183	61,183	34,295	26,888
Total Charges to Appropriations	61,183	61,183	34,295	26,888
Budgetary Fund Balance, June 30	\$ (60,994)	\$ (60,994)	\$ -	\$ 60,994

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
LANDSCAPE MAINTENANCE DISTRICT FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 28,265	\$ 28,265	\$ 28,265	\$ -
Resources (Inflows):				
Taxes	552,492	552,492	547,209	(5,283)
Use of money and property	-	-	501	501
Transfers in	94,617	134,182	134,156	(26)
Amounts Available for Appropriation	675,374	714,939	710,131	(4,808)
Charges to Appropriation (Outflow):				
Highways and Streets	647,109	686,674	674,249	12,425
Transfers out	-	-	20,541	(20,541)
Total Charges to Appropriations	647,109	686,674	694,790	(8,116)
Budgetary Fund Balance, June 30	\$ 28,265	\$ 28,265	\$ 15,341	\$ (12,924)

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
MEASURE R LOCAL RETURN FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 564,799	\$ 564,799	\$ 564,799	\$ -
Resources (Inflows):				
Intergovernmental	522,490	522,490	551,123	28,633
Use of money and property	-	-	3,450	3,450
Amounts Available for Appropriation	1,087,289	1,087,289	1,119,372	32,083
Charges to Appropriation (Outflow):				
Transfers out	521,915	521,915	704,307	(182,392)
Total Charges to Appropriations	521,915	521,915	704,307	(182,392)
Budgetary Fund Balance, June 30	\$ 565,374	\$ 565,374	\$ 415,065	\$ (150,309)

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 EECBG GRANT FUND
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (16,580)	\$ (16,580)	\$ (16,580)	\$ -
Resources (Inflows):				
Intergovernmental	330,979	330,979	308,732	(22,247)
Use of money and property	-	-	131	131
Amounts Available for Appropriation	314,399	314,399	292,283	(22,116)
Charges to Appropriation (Outflow):				
Community development	-	-	3,870	(3,870)
Capital outlay	330,979	330,979	288,674	42,305
Total Charges to Appropriations	330,979	330,979	292,544	38,435
Budgetary Fund Balance, June 30	\$ (16,580)	\$ (16,580)	\$ (261)	\$ 16,319

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (37,061)	\$ (37,061)	\$ (37,061)	\$ -
Resources (Inflows):				
Licenses and permits	118,450	118,450	-	(118,450)
Intergovernmental	595,999	595,999	87,000	(508,999)
Transfers in	3,827,186	5,225,638	3,781,358	(1,444,280)
Amounts Available for Appropriation	4,504,574	5,903,026	3,831,297	(2,071,729)
Charges to Appropriation (Outflow):				
Public works	-	-	1,350,088	(1,350,088)
Capital outlay	4,541,635	6,017,707	2,813,616	3,204,091
Total Charges to Appropriations	4,541,635	6,017,707	4,163,704	1,854,003
Budgetary Fund Balance, June 30	\$ (37,061)	\$ (114,681)	\$ (332,407)	\$ (217,726)

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FINANCING AUTHORITY
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 333,694	\$ 333,694	\$ 333,694	\$ -
Resources (Inflows):				
Use of money and property	-	-	20	20
Transfers in	-	574,278	540,533	(33,745)
Refinancing bonds issued	-	11,790,000	11,790,000	-
Bond premium	-	252,381	252,381	-
Amounts Available for Appropriation	333,694	12,950,353	12,916,628	(33,725)
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	-	12,205,000	320,000	11,885,000
Interest and fiscal charges	-	411,659	12,596,626	(12,184,967)
Total Charges to Appropriations	-	12,616,659	12,916,626	(299,967)
Budgetary Fund Balance, June 30	\$ 333,694	\$ 333,694	\$ 2	\$ (333,692)

CITY OF DIAMOND BAR

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012

	Governmental Activities - Internal Service Funds			Totals
	Self Insurance Fund	Equipment Replacement Fund	Computer Equipment Replacement Fund	
Assets:				
Current:				
Cash and investments	\$ 1,235,597	\$ 216,840	\$ 182,714	\$ 1,635,151
Receivables:				
Accounts	17,977	-	-	17,977
Total Current Assets	1,253,574	216,840	182,714	1,653,128
Noncurrent:				
Capital assets - net of accumulated depreciation	-	21,022	375,398	396,420
Total Noncurrent Assets	-	21,022	375,398	396,420
Total Assets	\$ 1,253,574	\$ 237,862	\$ 558,112	\$ 2,049,548
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ -	\$ -	\$ 109,532	\$ 109,532
Total Current Liabilities	-	-	109,532	109,532
Total Liabilities	-	-	109,532	109,532
Net Assets:				
Invested in capital assets, net of related debt	-	21,022	375,398	396,420
Unrestricted	1,253,574	216,840	73,182	1,543,596
Total Net Assets	1,253,574	237,862	448,580	1,940,016
Total Liabilities and Net Assets	\$ 1,253,574	\$ 237,862	\$ 558,112	\$ 2,049,548

CITY OF DIAMOND BAR

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012**

	Governmental Activities - Internal Service Funds			Totals
	Self Insurance Fund	Equipment Replacement Fund	Computer Equipment Replacement Fund	
Operating Revenues:				
Miscellaneous	\$ 17,977	\$ -	\$ -	\$ 17,977
Total Operating Revenues	17,977	-	-	17,977
Operating Expenses:				
Insurance premiums	444,517	-	-	444,517
Depreciation expense	-	6,153	43,970	50,123
Total Operating Expenses	444,517	6,153	43,970	494,640
Operating Income (Loss)	(426,540)	(6,153)	(43,970)	(476,663)
Nonoperating Revenues (Expenses):				
Interest revenue	7,767	1,689	2,287	11,743
Total Nonoperating Revenues (Expenses)	7,767	1,689	2,287	11,743
Income (Loss) Before Transfers	(418,773)	(4,464)	(41,683)	(464,920)
Transfers in	409,112	-	-	409,112
Changes in Net Assets	(9,661)	(4,464)	(41,683)	(55,808)
Net Assets:				
Beginning of Year, as originally reported	993,847	242,326	490,263	1,726,436
Restatements	269,388	-	-	269,388
Beginning of Fiscal Year, as restated	1,263,235	242,326	490,263	1,995,824
End of Fiscal Year	\$ 1,253,574	\$ 237,862	\$ 448,580	\$ 1,940,016

CITY OF DIAMOND BAR

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities - Internal Service Funds</u>			
	<u>Self Insurance Fund</u>	<u>Equipment Replacement Fund</u>	<u>Computer Equipment Replacement Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:				
Insurance premiums	\$ (443,144)	\$ -	\$ -	\$ (443,144)
Payments to suppliers	-	-	109,532	109,532
Net Cash Provided (Used) by Operating Activities	(443,144)	-	109,532	(333,612)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	409,112	-	-	409,112
Net Cash Provided (Used) by Non-Capital Financing Activities	409,112	-	-	409,112
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	-	(333,716)	(333,716)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(333,716)	(333,716)
Cash Flows from Investing Activities:				
Interest received	7,767	1,689	2,287	11,743
Net Cash Provided (Used) by Investing Activities	7,767	1,689	2,287	11,743
Net Increase (Decrease) in Cash and Cash Equivalents	(26,265)	1,689	(221,897)	(246,473)
Cash and Cash Equivalents at Beginning of Year	1,261,862	215,151	404,611	1,881,624
Cash and Cash Equivalents at End of Year	\$ 1,235,597	\$ 216,840	\$ 182,714	\$ 1,635,151
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (426,540)	\$ (6,153)	\$ (43,970)	\$ (476,663)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	-	6,153	43,970	50,123
(Increase) decrease in accounts receivable	(17,977)	-	-	(17,977)
(Increase) decrease in prepaid expense	1,373	-	-	1,373
Increase (decrease) in accounts payable	-	-	109,532	109,532
Total Adjustments	(16,604)	6,153	153,502	143,051
Net Cash Provided (Used) by Operating Activities	\$ (443,144)	\$ -	\$ 109,532	\$ (333,612)

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2012

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 Ten 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>	<u>2012</u>
\$ 370,949,296	\$ 367,529,907	\$ 377,940,738	\$ 381,985,940	\$ 382,347,901
2,912,276	3,526,991	2,260,872	146,567	163,603
889,176	568,280	725,667	1,644,861	958,293
	541,482	559,920	453,730	285,508
			3,636,487	3,504,339
309,533	305,915	319,815	333,694	2
36,236,504	34,554,084	34,215,610	22,582,318	18,600,900
<u>\$ 411,296,785</u>	<u>\$ 407,026,659</u>	<u>\$ 416,022,622</u>	<u>\$ 410,783,597</u>	<u>\$ 405,860,546</u>

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

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
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
Other taxes	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	4,880,025	(124,426)	3,813,399	3,031,855	(609,142)
Prior year restatement of net assets					
Net assets at end of year	<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>	<u>2012</u>
\$ 4,473,666	\$ 5,159,300	\$ 4,973,685	\$ 6,370,986	\$ 6,384,072
4,944,729	5,396,083	5,526,099	5,591,049	6,104,982
12,034,669	13,931,211	12,287,325	10,619,860	11,248,137
2,251,196	1,959,303	1,624,547	1,969,540	2,126,906
5,188,977	4,950,687	5,091,215	5,153,264	5,559,427
392,548	177,633	57,948	72,592	848,976
29,285,785	31,574,217	29,560,819	29,777,291	32,272,500
225,553	132,262	131,633	118,016	247,248
1,176,931	1,017,336	1,014,237	996,409	1,050,851
2,851,187	1,732,985	2,070,167	2,400,272	2,555,900
23,351	17,602	21,106	517,515	447,951
1,581,597	1,705,282	1,754,789	1,829,409	1,753,585
4,307,074	5,588,818	4,358,895	3,685,378	4,992,856
219,193	2,272,580	15,960,279	40,779	1,242,636
10,384,886	12,466,865	25,311,106	9,587,778	12,291,027
3,927,073	4,001,276	3,837,288	4,187,896	3,951,722
800,390	633,075	569,916	642,509	692,162
4,102,177	3,085,223	3,122,229	3,355,127	3,397,259
1,024,710	1,093,039	1,115,980	1,259,471	1,415,924
283,433	199,365	259,384	172,687	202,951
4,563,127	4,687,515	4,599,922	4,766,225	4,646,985
1,420,988	833,270	618,963	474,598	145,408
4,388	304,463	7,090	91,975	46,342
16,126,286	14,837,226	14,130,772	14,950,488	14,498,753
(2,774,613)	(4,270,126)	9,881,059	(5,239,025)	(5,482,720)
				559,669
<u>\$ (2,774,613)</u>	<u>\$ (4,270,126)</u>	<u>\$ 9,881,059</u>	<u>\$ (5,239,025)</u>	<u>\$ (4,923,051)</u>

City of Diamond Bar
Fund Balances of Governmental Funds
Last Ten 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
Total general fund	22,353,626	22,663,502	25,935,639	26,413,616	30,461,550
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)
Total all other governmental funds	14,018,456	6,896,895	6,498,307	5,148,389	4,366,089
Total fund balances	\$ 36,372,082	\$ 29,560,397	\$ 32,433,946	\$ 31,562,005	\$ 34,827,639

	<u>2011</u>	<u>2012</u>
General fund:		
Nonspendable:		
Prepaid costs	\$ 41,451	\$ 28,114
Committed to:		
Emergency contingencies	4,500,000	4,500,000
Unassigned	16,726,964	12,616,200
Total general fund	21,268,415	17,144,314
All other governmental funds:		
Restricted for:		
Comm development projects	1,644,861	958,293
Public safety	453,730	285,508
Highways and streets	3,271,595	3,504,339
Capital Projects	146,567	164,867
Debt service	333,694	2
Unassigned	-	(333,932)
Total all other governmental funds	5,850,447	4,579,077
Total fund balances	\$ 27,118,862	\$ 21,723,391

Note:

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

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	5,218,642
(5,703,854)	(2,701,642)	(2,020,782)
<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 Statistical
 Changes in Fund Balances, Governmental Funds
 Last Ten 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>
Revenues:					
Taxes	\$ 7,432,575	\$ 7,759,331	\$ 8,632,837	\$ 9,508,757	\$ 9,876,760
Special assessments	557,601	555,232	593,778	504,908	541,382
Intergovernmental	8,602,856	6,353,152	8,306,557	8,821,141	11,169,052
Charges for services	706,137	709,011	761,040	870,314	1,002,210
Fines and forfeitures	813,617	733,903	713,201	589,922	546,902
Licenses and permits	1,467,127	1,457,345	1,732,555	2,389,149	4,247,626
Investment income	658,922	395,929	654,066	1,250,570	1,716,194
Other	74,818	234,951	480,740	792,216	767,457
Total revenues	20,313,653	18,198,854	21,874,774	24,726,977	29,867,583
Expenditures:					
Current:					
General government	3,163,516	3,663,055	3,787,005	3,551,659	4,402,235
Public safety	4,973,248	4,857,179	4,954,630	5,404,259	4,880,290
Highway and streets	1,006,768	1,365,737	4,301,146	4,769,497	5,114,274
Parks, recreation and culture	1,946,025	2,114,090	2,750,815	2,613,834	3,475,549
Community development	2,808,613	3,419,856	1,050,025	2,748,539	2,292,757
Capital outlay	8,057,482	9,261,289	1,682,830	5,320,597	5,344,935
Debt service:					
Principal retirement				235,000	240,000
Interest and fiscal charges	1,167,502	145,580	237,487	404,075	493,840
Total expenditures	23,123,154	24,826,786	18,763,938	25,047,460	26,243,880
Excess (deficiency) of revenues over (under) expenditures	(2,809,501)	(6,627,932)	3,110,836	(320,483)	3,623,703
Other financing sources (uses):					
Bond issued or refinancing	13,755,000				
Bonds discount or premium	(769,300)				
Transfers in	10,259,848	9,906,970	2,363,367	6,469,523	6,030,764
Transfers out	(10,453,243)	(10,090,723)	(2,600,654)	(6,733,961)	(6,354,106)
Total other financing sources (uses)	12,792,305	(183,753)	(237,287)	(264,438)	(323,342)
Net changes in fund balances	\$ 9,982,804	\$ (6,811,685)	\$ 2,873,549	\$ (584,921)	\$ 3,300,361
Debt service as a percentage of noncapital expenditures	7.29%	0.82%	1.38%	3.18%	2.91%

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

Source: City Finance Department

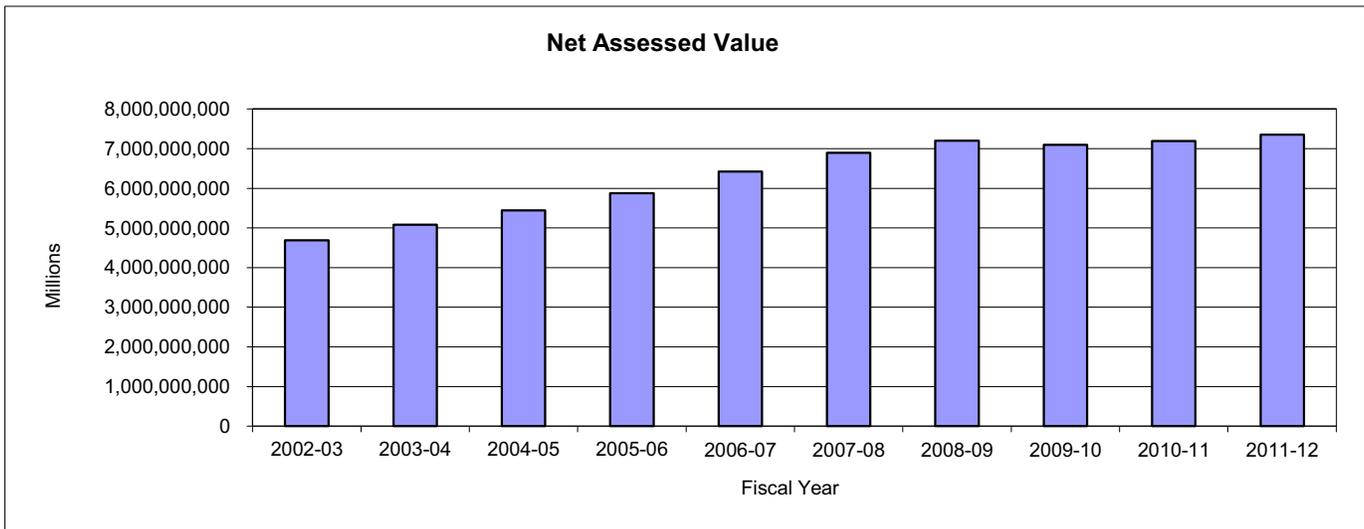
Schedule 4

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 10,165,881	\$ 9,119,375	\$ 8,591,893	\$ 9,646,883	\$ 9,664,801
543,561	550,822	556,989	556,562	547,209
9,896,948	12,081,466	11,478,456	9,441,959	11,053,326
1,111,655	1,460,828	3,191,416	3,390,367	3,190,675
637,484	601,533	607,936	567,575	509,166
3,121,476	1,445,324	640,287	818,913	1,127,569
1,629,257	938,053	648,503	499,377	183,507
826,177	1,018,956	30,766	113,578	54,634
<u>27,932,439</u>	<u>27,216,357</u>	<u>25,746,246</u>	<u>25,035,214</u>	<u>26,330,887</u>
3,987,656	5,071,860	4,435,858	4,977,021	5,485,001
4,933,958	5,407,476	5,524,279	5,580,507	5,731,595
4,926,418	5,607,870	5,183,964	5,002,456	6,609,087
3,714,762	3,673,282	3,655,029	3,712,194	4,090,551
2,246,496	1,945,951	1,604,220	1,960,125	2,114,433
4,271,890	5,508,167	5,161,924	11,480,595	6,702,615
255,000	265,000	280,000	290,000	320,000
411,583	187,212	33,904	37,461	12,596,626
<u>24,747,763</u>	<u>27,666,818</u>	<u>25,879,178</u>	<u>33,040,359</u>	<u>43,649,908</u>
3,184,676	(450,461)	(132,932)	(8,005,145)	(17,319,021)
				11,790,000
				252,381
7,266,149	6,629,225	4,379,718	2,929,528	6,085,337
<u>(7,608,749)</u>	<u>(7,039,825)</u>	<u>(4,795,374)</u>	<u>(3,535,556)</u>	<u>(6,494,449)</u>
<u>(342,600)</u>	<u>(410,600)</u>	<u>(415,656)</u>	<u>(606,028)</u>	<u>11,633,269</u>
\$ 2,842,076	\$ (861,061)	\$ (548,588)	\$ (8,611,173)	\$ (5,685,752)
2.89%	1.77%	1.35%	1.45%	2.80%

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**City of Diamond Bar
Assessed and Estimated Actual Values of Taxable Property
2002/03 - 2011/12 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					
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%
2011-12	7,347,032,537	77,283,606	0	74,296,191	7,350,019,952	0.05268	2.17%



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>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
Basic Levy*	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000
LA County Flood Control	0.00088	0.00046	0.00025	0.00005	0.00005	0.00000	0.00000
Metropolitan Water District	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430
Mt. San Antonio College	0.01946	0.01525	0.01473	0.02122	0.02530	0.01750	0.02333
Pomona Unified School Dist	0.12342	0.12633	0.12910	0.12488	0.12401	0.11379	0.11577
Pomona Unified School Dist 2008 Series C	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Rowland Heights Unified	0.03618	0.03780	0.03885	0.03633	0.07429	0.06944	0.07029
Walnut Valley Unified School Dist	0.10086	0.09660	0.09515	0.09140	0.08749	0.08462	0.11297
Total Direct & Overlapping Tax Rates	1.2885	1.2835	1.2848	1.2799	1.3165	1.2899	1.3267
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*	0.05122	0.05134	0.05313	0.05288	0.05280	0.05485	0.05270

*
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.

Source: Hdl Coren & Cone

Schedule 6

<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
1.00000	1.00000	1.00000
0.00000	0.00000	0.00000
0.00000	0.00000	0.00000
0.00430	0.00370	0.00370
0.02571	0.02636	0.02642
0.14546	0.17721	0.14943
0.00000	0.00000	0.02421
0.06769	0.07538	0.09195
0.11674	0.11839	0.11735
<hr/>		
1.3599	1.4010	1.4131
0.05192	0.05192	0.05192
0.05274	0.05270	0.05268

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

<u>Current Taxpayers</u>	<u>2011-12 Assessed Valuation</u>	<u>Percentage of Total Net Assessed Valuation</u>
Diamond Bar Gateway Corp Inc	43,000,000	0.59%
Country Hills Holding LLc	42,924,926	0.58%
VIF II Hampton At Diamond Bar LLC	38,117,493	0.52%
CRP 2 Holdings CC LP	32,100,000	0.44%
Target Corporation	28,496,911	0.39%
Muller Rock 2 Gateway	25,121,402	0.34%
Diamond Bar Income PTRS Holding	23,200,000	0.32%
Hua Qing Enterprises LLC	18,135,540	0.25%
Gateway Corporate Center LP	17,600,000	0.24%
Margaret M. Tam Trust	17,322,689	0.24%
Top Ten Total	286,018,961	3.89%
City Total	7,350,019,952	
	2002-03	Percentage of Total
<u>Taxpayers Nine Years Ago</u>	<u>Assessed Valuation</u>	<u>Net Assessed Valuation</u>
Opus Real Estate California IV LP	\$29,026,987	0.62%
Gem Gateway Limited	22,961,205	0.49%
IRP Muller Associates LLC	22,497,606	0.49%
1022 South Grand Avenue Apartments	22,204,350	0.47%
M & H Realty Partners II	20,704,210	0.44%
Bridge Gate Partners LP	17,255,488	0.37%
Martin Brattrud Properties	15,912,261	0.34%
H R Barros Family LP	14,220,178	0.30%
Shea Homes LP	12,476,192	0.27%
Lakeview Village Corporation	12,369,028	0.26%
Top Ten Total	189,627,505	4.04%
City Total	4,688,804,659	

Source: Hdl Coren & Cone.

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

Schedule 8

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
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%
2012	3,864,514	3,527,109	91.27%	337,405	8.73%

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

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

Schedule 9

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			
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	0.66%	218
2012	11,470,000	0	11,470,000	11,470,000	Unavailable	205

Note:

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

(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, 2012
(unaudited)

	Gross Bonded Debt Balance	% Applicable To City (1)	Net Bonded Debt
Direct Debt as of June 30, 2012			
Diamond Bar Lease Revenue Bond	\$ 11,470,000	\$ 100	\$ 11,470,000
Overlapping Debts as of June 30, 2012 (2)			
330.10 Metropolitan Water District	94,031,705	1	800,605
809.51 Mt San Antonio CCD 2001 Series 2004B	6,200,000	11	674,013
809.52 Mt San Antonio CCD 2005 & 2012 Refunding Bond	48,600,843	11	5,283,484
809.53 Mt San Antonio CCD 2001 Series C 2006	79,212,694	11	8,611,352
809.54 Mt San CD DS 2001, 2008 Series D	23,827,409	11	2,590,320
915.62 Pomona Unified School District 2000 Ser A	16,585,000	20	3,343,418
915.64 Pomona Unified SD Refunding 2001 Ser A	16,905,000	20	3,407,927
915.65 Pomona Unified SD 2002 Series A	350,000	20	70,557
915.66 Pomona Unified School District 2002 Ser B	505,000	20	101,804
915.67 Pomona Unified School District 2002 Ser C	490,000	20	98,780
915.68 Pomona Unified School District 2002 Ser D	12,620,000	20	2,544,102
915.69 Pomona Unified School District 2002 Ser E	11,800,000	20	2,378,796
915.70 Pomona Unified School DS 2007 & 2012 Ref Bds	65,573,334	20	13,219,116
915.71 Pomona Unified School District 2008 Series A	33,900,000	20	6,833,998
915.72 Pomona USD DS 2008 Series B	4,030,000	20	812,419
915.73 Pomona USD 2008 Series C	44,060,000	20	8,882,181
980.55 Walnut Valley Unified SD Refund Series 1997 A	19,707,718	59	11,722,402
980.59 Walnut Valley Unified SD 2000 Series D	13,195,243	59	7,848,699
980.60 Walnut Valley Unified USD DS 2000 Series E	6,001,837	59	3,569,969
980.61 Walnut Valley Unified SD 2005 Ref Bond	10,885,000	59	6,474,537
980.62 Walnut Valley Unified SD 2007 Series A (Measure S)	27,915,000	59	16,604,198
980.63 Walnut Valley Unified SD 2007 Series A (Measure Y)	6,715,887	59	3,994,695
980.64 Walnut Valley Unified SD 2011 Refunding	13,190,000	59	7,845,566
980.65 Walnut Valley USD 2007 Series B (Measure S)	19,996,838	59	11,894,353
980.66 Walnut Valley USD 2007 Series B (Measure Y)	7,990,547	59	4,752,871
Total Overlapping Debts:	<u>584,289,055</u>		<u>134,360,162</u>
Grand Total Direct and Overlapping Debt:	<u>\$ 595,759,055</u>		<u>\$ 145,830,162</u>

Debt to Assessed Valuation Ratios as of June 30, 2012:

2011/12 Net Assessed Valuation: \$ 7,350,019,952	Direct Debt	0.16%	\$205
2011 Total City Population: 55,819	Overlapping Debt	1.83%	\$2,407
	Total Debt	1.98%	\$2,613

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net assessed value	\$ 4,688,804,659	\$ 5,080,985,735	\$ 5,446,817,363	\$ 5,874,950,276	\$ 6,421,927,342
Add back: Exemptions	44,188,829	47,621,182	39,831,091	51,408,286	28,682,577
Gross assessed value	4,732,993,488	5,128,606,917	5,486,648,454	5,926,358,562	6,450,609,919
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,183,248,372	1,282,151,729	1,371,662,114	1,481,589,641	1,612,652,480
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	177,487,256	192,322,759	205,749,317	222,238,446	241,897,872
City Debts:					
Revenue bonds	13,755,000	13,755,000	13,755,000	13,520,000	13,280,000
Legal debt margin	<u>\$ 163,732,256</u>	<u>\$ 178,567,759</u>	<u>\$ 191,994,317</u>	<u>\$ 208,718,446</u>	<u>\$ 228,617,872</u>

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net assessed value	\$ 6,894,023,460	\$ 7,201,620,222	\$ 7,095,299,195	\$ 7,193,712,566	\$ 7,350,019,952
Add back: Exemptions	39,859,238	48,909,164	66,422,679	70,706,628	74,296,191
Gross assessed value	6,933,882,698	7,250,529,386	7,161,721,874	7,264,419,194	7,424,316,143
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,733,470,675	1,812,632,347	1,790,430,469	1,816,104,799	1,856,079,036
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	260,020,601	271,894,852	268,564,570	272,415,720	278,411,855
City Debts:					
Revenue bonds	13,025,000	12,760,000	12,480,000	12,190,000	11,470,000
Legal debt margin	<u>\$ 246,995,601</u>	<u>\$ 259,134,852</u>	<u>\$ 256,084,570</u>	<u>\$ 260,225,720</u>	<u>\$ 266,941,855</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%
2011	55,819	1,846,158	33,074	8.80%	40.5	92.5%	47.8%

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

<u>Company Name</u>	2012		
	Number of Employees	Rank	Percent of Employment
South Coast Air Quality Management	786	1	2.66%
Walnut Valley Unified School District	520	2	1.76%
Transcription Services	500	3	1.69%
Travelers	401	4	1.35%
Magan Medical Inc	300	5	1.01%
Pomona Unified School District	210	6	0.71%
Carrescia James-First Team Sns	200	7	0.68%
Diamond Bar High School	200	8	0.68%
First Team Real Estate	150	9	0.51%
Baybrook Services Inc	120	10	0.41%
Total	3,387		11.44%

<u>Company Name</u>	2003		
	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
Automatic Data Processing	280	4	n/a
Allstate Insurance Co	200	5	n/a
Diamond Bar High School	200	6	n/a
Century 21 Diamond Realty	150	7	n/a
Rosa Gastelum Century 21	150	8	n/a
Goodrich Corp	120	9	n/a
Starside Security & Investigation	120	10	n/a
Total	2,995		n/a

Note:

Total city employment 29,600 in 2012, 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,				
	2003	2004	2005	2006	2007
General government	24	25	25	22	21
Community development	4	5	7	8	8
Community services	38	45	74	77	74
Public works	5	6	7	7	8
Total	71	81	113	114	111

Function	Fiscal Year Ended June 30,				
	2008	2009	2010	2011	2012
General government	24	25	21	24	23
Community development	6	7	8	8	8
Community services	69	71	75	75	75
Public works	10	10	9	9	9
Total	109	113	113	116	115

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,				
	2003	2004	2005	2006	2007
Police: (1)					
Physical arrests	552	481	520	558	582
Street Sweeping Parking Citation	6,662	6,710	6,250	5,790	5,684
Fire: (2)					
Number of emergency calls	2,741	2,755	2,615	2,592	2,612
Inspections	(a)	1,206	1,159	837	1,114
Public works: (3)					
Street resurfacing (miles)	18.5	5.0	18.6	16.8	19.6
Parks and recreation:(4)					
Number of recreation classes	915	1,022	1,102	1,376	1,558
Number of facility rentals	1,021	1,736	4,123	4,305	4,555
Function	Fiscal Year Ended June 30,				
	2008	2009	2010	2011	2012
Police:(in fiscal year) (1)					
Physical arrests	543	591	700	647	737
Street Sweeping Parking Citation	5,200	5,103	5,110	4,137	3,766
Fire: (in fiscal year) (2)					
Number of emergency calls	2,595	2,561	2,654	2,594	2,516
Inspections	1,085	1,100	979	1,202	1,287
Public works: (in fiscal year) (3)					
Street resurfacing (miles)	18.5	13.8	23.3	12.0	9.2
Parks and recreation:(in fiscal year)(4)					
Number of recreation classes(5)	1,569	1,315	2,456	2,115	2,096
Number of facility rentals	4,103	4,299	4,111	4,147	4,270

(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,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety (1)										
Police:										
Station	1	1	1	1	1	1	1	1	1	1
Patrol units (all shifts combined)	20	20	20	19	19	18	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	129.4	129.4	129.4
Streetlights	(a)	(a)	(a)	(a)	233	233	233	294	294	294
Traffic signals	(a)	(a)	(a)	(a)	74	74	74	76	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	63.6	67.9
Parks acreage (undeveloped)	439.0	439.0	439.0	439.0	439.0	439.0	439.4	439.4	440.3	440.3
Parks	11	11	11	11	11	11	12	12	13	14
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)	157	157	157	158.4	158.4	158.4

(a) The City fully implemented the new reporting model of the Infrastructure Valuation and Asset Management System in 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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