

City of Diamond Bar, California Comprehensive Annual Financial Report

Year ending June 30, 2016



CITY OF DIAMOND BAR, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2016

Prepared by:
Finance Department

Dianna Honeywell
Director of Finance

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CITY OF DIAMOND BAR
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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City of Diamond Bar

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November 2, 2016

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, 2016. 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, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2016, 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.

Nancy A. Lyons
Mayor

Jimmy Lin
Mayor Pro Tem

Carol Herrera
Council Member

Ruth M. Low
Council Member

Steve Tye
Council Member

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 SR-57 and SR-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 57,000, 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 75 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. The County also provides library services through a Library District as well as sewer and sanitation services through a Sanitation District. Funds are collected through property tax bills and are disbursed directly 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

Fiscal year 2015/16 saw sustained improvement in the national, state and local economies. Unemployment rates have continued to come down and consumer spending is on the rise. The housing market has also remained strong.

Fiscal year 2015/16 was a year of continued growth for the City of Diamond Bar. It was another year of monitoring where revenues were headed, while holding costs to prior year levels wherever possible. The General Fund reserves increased by \$1.7 million during FY 15/16 with the unassigned fund balance growing to \$19.3 million and total General Fund reserves coming in at \$23.9 million. These reserve figures represent 94.2% and 116.4%, respectively, of total General Fund expenditures.

The City's sales tax base grew with an increase in revenue of 15.7% over last year. City officials have been working diligently toward its economic development goal to diversify its sales tax base. FY 15/16 saw the addition of new business' which have provided additional and significant sales tax revenue to the City. New retail and restaurant options are under construction or in the planning phase for openings in FY 16/17 and FY 17/18. In addition, hotel occupancy rates were high, thereby increasing the transient occupancy tax revenue.

The largest revenue source in the City, Property Tax revenue, was up 4.9%. Homeowners took advantage of the strong housing market by selling their properties at a gain. Property transfers during FY 15/16 numbered 844 vs. 746 during the previous fiscal year. The average home price at June 30, 2016 was \$740,000 while the median price was \$575,000. Home values in the City during FY 2015/16 outpaced the growth seen countywide. Assessed valuations citywide increased by 6.4% which exceeded the countywide increase of 5.5%.

As the City looks forward to FY 2016/17 there are many exciting projects on the horizon. The revitalization of the K-Mart Center will bring nationally known retail and restaurant partners to the City. A new housing development, South Point, will begin construction during the next fiscal year and bring 99 upscale, single family homes to the City. Finally, the City will embark on an all new General Plan for the first time in over 20 years. This process will allow the current residents of the City provide input as to their vision of the City for the next 20 years. It will be a very interactive, dynamic and exciting process that will continue for the next couple of years.

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, 2015. 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 twenty-one consecutive years (fiscal years ended 1995 through 2015). 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 like to thank Dianna Honeywell, Finance Director, for her prudent fiscal stewardship. In addition, I would also like to thank our independent auditor, Lance, Soll, and Lunghard, L.L.P., who provided 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,

A handwritten signature in black ink, appearing to read 'James DeStefano', written over a light gray rectangular background.

James DeStefano
City Manager



Government Finance Officers Association

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

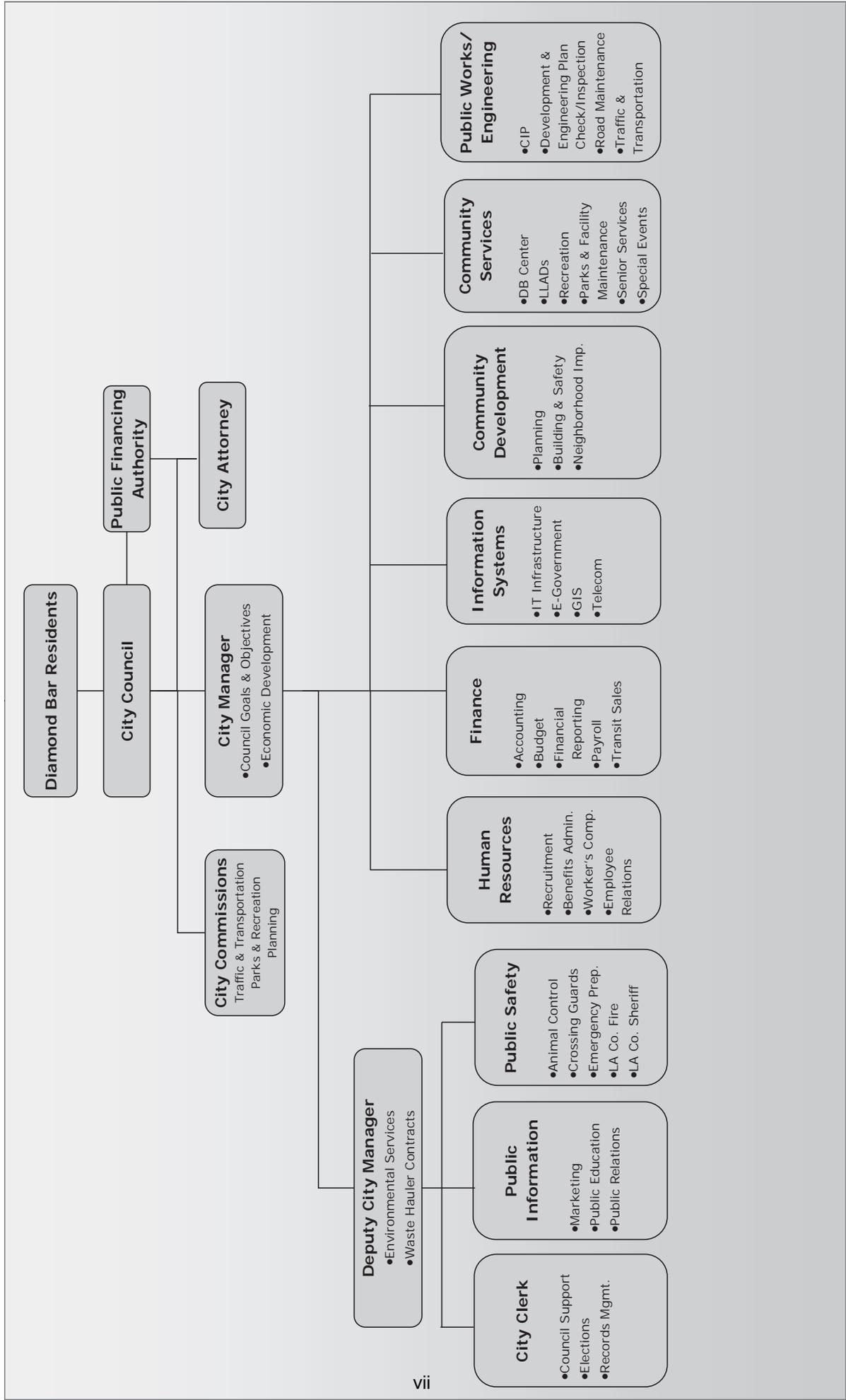
Presented to

**City of Diamond Bar
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



CITY OF DIAMOND BAR
ELECTED AND ADMINISTRATIVE OFFICIALS
FISCAL YEAR 15-16

Mayor
Mayor Pro Tern
Councilmember
Councilmember
Councilmember

Nancy A. Lyons
Jimmy Lin
Carol Herrera
Steve Tye
Ruth Low

City Manager
Deputy City Manager
City Clerk

James DeStefano
Ryan McLean
Tommye Cribbins

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

Vacant
Greg Gubman
Dianna Honeywell
Ken Desforges
David Liu



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Diamond Bar, California, (the City) as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Diamond Bar, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund and transportation grant fund, the schedule of proportionate share of the net pension liability and the schedule of plan contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
November 2, 2016

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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, 2016. 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 and other financing sources from all sources equaled \$33,022,952.
- The total cost of all City programs equaled \$32,800,979.
- The assets of the City of Diamond Bar exceeded its liabilities at the close of the fiscal year by \$393,268,913 (*net position*). Of this amount, \$22,742,992 represents unrestricted net position 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 \$30,330,518, an increase of \$2,445,752 in comparison with the prior year. Approximately \$18.4 million of the \$30.3 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 \$19,350,943, or 94.2% of the amount of general fund expenditures. The General Fund unrestricted balance of \$19.4 million is in addition to a \$4.5 million reserve for emergencies as established by City Council resolution.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of 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 three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, 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, building 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.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are not* available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Diamond Bar maintains one fiduciary fund which is the Other Post-Employment Benefits (OPEB) Trust Fund. This fund is used to report resources held in trust for retiree’s post-employment health insurance premiums.

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 noted earlier, net position over time, may serve over time as a useful indicator of the City’s financial position. The City of Diamond Bar’s assets exceeded liabilities by \$393,268,913 at the close of 2016. (see Table 1)

By far the largest portion of the City’s net position (92.4%) 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 Position

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Current and other assets	\$38,010,700	\$36,937,467
Capital assets	373,438,626	379,401,376
Total Assets	<u>411,449,326</u>	<u>416,338,843</u>
Deferred pension related items	1,169,894	503,376
Total Deferred Outflows	<u>1,169,894</u>	<u>503,376</u>
Long-term debt outstanding	14,554,269	14,868,078
Other Liabilities	4,292,550	5,667,561
Total Liabilities	<u>18,846,819</u>	<u>20,535,639</u>
Deferred pension related items	503,488	1,143,840
Total Deferred Inflows	<u>503,488</u>	<u>1,143,840</u>
Net position:		
Net investment in capital assets	363,216,277	368,779,901
Restricted	7,309,644	5,723,781
Unrestricted	22,742,992	20,659,058
Total Net Position	<u>\$393,268,913</u>	<u>\$395,162,740</u>

The City's net position decreased by \$1,893,827. This reasons for this overall decrease is due primarily to depreciation expense and the correction of the valuation of construction in progress from last fiscal year.

At the end of fiscal year 2016 the City reports an increase of nearly \$2.1 million in the unrestricted net position from the prior fiscal year. The City has continually expended its resources conservatively in anticipation of economic downturns and future capital needs which has resulted in being able to end the year with \$22,742,992 in Unrestricted Net Position.

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

	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$9,027,647	\$10,869,461
Operating grants and contributions	3,687,015	4,443,765
Capital grants and contributions	1,455,770	717,961
General Revenues		
Property taxes	4,665,140	4,448,566
Transient occupancy taxes	994,476	935,355
Sales Taxes	4,598,858	3,974,564
Franchise Taxes	1,431,513	1,460,342
Other taxes	523,015	442,914
Motor vehicle in lieu	5,411,143	5,133,910
Use of money & property	524,918	244,275
Other	703,457	114,545
Total revenues	<u>33,022,952</u>	<u>32,785,658</u>
Expenses:		
General Government	5,897,286	6,523,873
Public Safety	6,216,279	5,930,251
Highways and Streets	11,966,721	10,225,922
Community Development	2,127,206	2,587,504
Parks, Recreation and Culture	6,137,787	6,300,920
Interest and Fiscal Charges	455,700	466,662
Total expenses	<u>32,800,979</u>	<u>32,035,132</u>
Increase(Decrease) in net position	221,973	750,526
Net position - beginning	395,162,740	398,429,156
Restatement of Net Position	<u>(2,115,800)</u>	<u>(4,016,942)</u>
Net position - ending	<u>\$393,268,913</u>	<u>\$395,162,740</u>

Revenues

In the Statement of Activities, the City's total revenues were \$33.0 million, while the total cost of all programs and services was \$32.8 million. Revenues this fiscal year were 0.724% higher than those of the prior year. There were increases across the revenue categories which resulted in the overall change in revenue. The following are highlights of some of the major differences:

- Property Tax revenues were up 4.9% from FY14-15. The housing market continued to improve during FY 15-16 which afforded greater inflation/Proposition 13 based adjustments. Housing sales also continued to increase which allowed the County to increase overall assessed valuations by 5.5% during 2016 while Diamond Bar's assessed valuations were up by 6.4% during 2016.

- Transient Occupancy Taxes grew by 6.3% in FY 15-16 as the local economy stabilized and business and vacation travel continued to increase.
- Sales tax revenues were up about 15.7% due to continued improvement in the local economy, new businesses within the City, as well as a one-time final payment of the triple flip portion of sales tax.
- Investment Income increased by 45.3%, excluding the fair market value adjustment of \$229,072, due to improving investment yields available in the bond market coupled with more of the City's portfolio being further diversified into higher yielding investments such as highly rated corporate bonds and California municipal bonds. The Local Agency Investment Fund (LAIF) rate also started to show some improvement and ended the fiscal year at 0.55%. By the end of FY 15/16 the City's overall investment yield increased from 0.97% in FY 2014/15 to 1.297% in FY 2016/17.

Expenses

Once again this year, the City has continued to be very diligent in controlling growth in expenses. This year expenses for the City totaled \$32.8 million which is approximately \$766,000, or 2.4% higher than the previous fiscal year. This increase was due increases in expenses offset by decreases in various categories as follows:

- There was a decrease in General Government expenses of approximately 10.9% this year. This was due primarily to lower capital outlay in this category this year compared to last year.
- There was an increase in Public Safety expenses of approximately 4.8% this year.
- The Streets and Highways category increased this year by \$1.7 million. This is due to an increase in the number of Capital Improvement projects completed during the fiscal year.
- Community Development expenses were lower in 2015/16 by \$460,000. The decrease reflects lower professional services required due to a majority of the Willow Heights housing development being completed during FY 14/15.

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, *unassigned 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, 2016, the City of Diamond Bar's governmental funds reported combined ending fund balances of \$30,330,518, an increase of \$2,445,752 in comparison with the prior year. Approximately 60.8% of this amount (\$18,445,008) 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 assigned to indicate that it is 1) not in spendable form (\$75,866), 2) restricted for particular purposes (\$7,309,644) or 3) assigned 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 \$19,350,943, while the total fund balance was \$23,926,809. 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 94.2% of total general fund expenditures, while total fund balance represents 116.4% of the same amount.

Since the City's incorporation in 1989, the City has been fiscally conservative contributing to healthy fund balance reserves. Several years ago the City chose to fund major maintenance projects from General Fund reserves when other funds were not available for this purpose. This fiscal year General Fund balance increased \$1,694,263.

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

- General Fund revenues were up \$485,000 from FY14/15. The largest increase was in the Taxes category (\$2.2 million) which is primarily attributed to sales tax, offset by lower license & permit revenue (down \$1.8 million). This was due to the wind down of the Willow Heights housing project during FY 15/16.
- Costs were higher this year in the General Fund by \$1.1 million (5.7%) as compared to last year. There were notable increases in the General Government, Public Safety and Public Works category offset by lower costs in Community Development.
- Conservative expenditure budgets over the years have contributed to the City's general fund healthy fund balance reserve. This includes a contract city business model which aids the City in containing costs.

General Fund Budgetary Highlights

Original revenue budget projections were increased during the year by 7.5% to reflect an increase in sales tax, licenses & permits and intergovernmental revenues. The actual revenue came in lower than anticipated by \$289,000. This is due to higher than anticipated sales tax offset by lower offset by the fact that transfers into the General Fund were lower than anticipated.

General Fund appropriations were increased during the year by \$1,096,318 or 4.1% from the original budget to the amended budget. The final expenditures actually came in \$4,146,555 less than the amended budget due primarily to fewer projects being completed therefore lower transfers out of the General Fund. These projects have been carried over to the new fiscal year.

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, 2016 amounts to \$363,216,277 (net of accumulated depreciation). This investment in capital assets includes land, Right of Way, buildings and improvements, furniture and fixtures, vehicles and equipment, infrastructure and construction in progress.

Table 3
City of Diamond Bar
Capital Assets
(net of depreciation)

	<u>2016</u>	<u>2015</u>
Land	\$5,633,624	\$5,633,624
Right of Way	265,614,104	265,614,104
Buildings and Improvements	19,236,765	20,237,112
Furniture and Fixtures	292,200	607,700
Vehicles & Equipment	934,779	925,982
Infrastructure	77,379,900	81,910,754
Construction in Progress	4,347,254	4,472,100
	<u>\$373,438,626</u>	<u>\$379,401,376</u>

The City's capital assets decreased in value \$5,962,750 during FY15/16. This decrease was due to depreciation expense offset by higher construction in progress than in previous years.

Construction in progress at the end of the year included eleven projects in various stages of design or construction. The eleven projects equaling \$4,347,254 include street rehabilitation and enhancement projects, traffic mitigation projects, median modification, city entry monuments, a clock, and various park projects.

Additional information on the City's capital assets can be found in note 4.

Long-term debt – At the end of the current fiscal year, the City of Diamond Bar's total long-term debt equaled \$10,800,547. The following table shows the breakdown of the long-term debt outstanding:

Outstanding Long Term Debt at Year-end

Variable Rate Lease Revenue Bonds (backed by the Public Financing Authority)	\$ 10,035,000
Unamortized Bond Premium	187,349
Compensated Absences	578,198
	<u>\$ 10,800,547</u>

See footnote 5 for additional information on the City's long-term liabilities as of June 30, 2016.

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 2016/2017 budget is a fiscally conservative budget. As the economy continues to improve, anticipated revenues in the General Fund reflect moderate yet realistic 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 16/17 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 POSITION
JUNE 30, 2016

	Governmental Activities
Assets:	
Cash and investments	\$ 34,317,512
Receivables:	
Accounts	543,514
Notes and loans	345,592
Accrued interest	101,862
Prepaid costs	75,866
Due from other governments	2,622,024
Restricted assets:	
Cash with fiscal agent	29
Due from employees	4,301
Capital assets not being depreciated	275,594,982
Capital assets, net of depreciation	97,843,644
	<hr/>
Total Assets	411,449,326
	<hr/>
Deferred Outflows of Resources:	
Deferred pension related items	1,169,894
	<hr/>
Total Deferred Outflows of Resources	1,169,894
	<hr/>
Liabilities:	
Accounts payable	2,415,634
Accrued liabilities	425,749
Accrued interest	36,131
Unearned revenue	151,117
Deposits payable	918,327
Due to other governments	345,592
Noncurrent liabilities:	
Due within one year	799,458
Due in more than one year	10,001,089
Net pension liability	3,337,560
OPEB liability	416,162
	<hr/>
Total Liabilities	18,846,819
	<hr/>
Deferred Inflows of Resources:	
Deferred pension related items	503,488
	<hr/>
Total Deferred Inflows of Resources	503,488
	<hr/>
Net Position:	
Net investment in capital assets	363,216,277
Restricted for:	
Community development projects	2,382,667
Public safety	193,941
Public works	4,465,023
Capital projects	267,984
Debt service	29
Unrestricted	22,742,992
	<hr/>
Total Net Position	\$ 393,268,913
	<hr/> <hr/>

CITY OF DIAMOND BAR

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 5,897,286	\$ 661,910	\$ -	\$ -
Public safety	6,216,279	470,722	235,341	-
Community development	2,127,206	1,820,325	213,676	-
Parks, recreation and culture	6,137,787	1,684,814	38,111	11,233
Highways and Streets	11,966,721	4,389,876	3,199,887	1,444,537
Interest on long-term debt	455,700	-	-	-
Total Primary Government	\$ 32,800,979	\$ 9,027,647	\$ 3,687,015	\$ 1,455,770
				(18,630,547)
General Revenues:				
Taxes:				
Property taxes, levied for general purpose				4,665,140
Transient occupancy taxes				994,476
Sales taxes				4,598,858
Franchise taxes				1,431,513
Other taxes				523,015
Motor vehicle in lieu - unrestricted				5,411,143
Use of money and property				524,918
Other				703,457
Total General Revenues				18,852,520
Change in Net Position				221,973
Net Position at Beginning of Year				395,162,740
Restatement of Net Position				(2,115,800)
Net Position at End of Year				\$ 393,268,913

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CITY OF DIAMOND BAR

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>General</u>	<u>Special Revenue Funds Transportation Grant Fund</u>	<u>Capital Projects Funds Capital Improvement Fund</u>
Assets:			
Pooled cash and investments	\$ 24,202,998	\$ -	\$ 131,727
Receivables:			
Accounts	350,784	-	-
Notes and loans	-	-	-
Accrued interest	101,862	-	-
Prepaid costs	75,866	-	-
Due from other governments	1,651,713	924,345	-
Due from other funds	932,921	-	-
Due from employees	4,301	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	<u>\$ 27,320,445</u>	<u>\$ 924,345</u>	<u>\$ 131,727</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,992,878	\$ -	\$ 113,680
Accrued liabilities	401,025	-	-
Unearned revenues	77,481	-	-
Deposits payable	918,327	-	-
Due to other governments	-	-	-
Due to other funds	-	923,982	-
Total Liabilities	<u>3,389,711</u>	<u>923,982</u>	<u>113,680</u>
Deferred Inflows of Resources:			
Unavailable revenues	3,925	924,345	-
Total Deferred Inflows of Resources	<u>3,925</u>	<u>924,345</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Prepaid costs	75,866	-	-
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Capital Projects	-	-	-
Debt service	-	-	-
Assigned to:			
Emergency contingencies	4,500,000	-	-
Unassigned	19,350,943	(923,982)	18,047
Total Fund Balances	<u>23,926,809</u>	<u>(923,982)</u>	<u>18,047</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 27,320,445</u>	<u>\$ 924,345</u>	<u>\$ 131,727</u>

CITY OF DIAMOND BAR

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 7,451,489	\$ 31,786,214
Receivables:		
Accounts	182,671	533,455
Notes and loans	345,592	345,592
Accrued interest	-	101,862
Prepaid costs	-	75,866
Due from other governments	45,966	2,622,024
Due from other funds	-	932,921
Due from employees	-	4,301
Restricted assets:		
Cash and investments with fiscal agents	29	29
Total Assets	\$ 8,025,747	\$ 36,402,264
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 263,212	\$ 2,369,770
Accrued liabilities	24,724	425,749
Unearned revenues	73,636	151,117
Deposits payable	-	918,327
Due to other governments	345,592	345,592
Due to other funds	8,939	932,921
Total Liabilities	716,103	5,143,476
Deferred Inflows of Resources:		
Unavailable revenues	-	928,270
Total Deferred Inflows of Resources	-	928,270
Fund Balances:		
Nonspendable:		
Prepaid costs	-	75,866
Restricted for:		
Community development projects	2,382,667	2,382,667
Public safety	193,941	193,941
Highways and streets	4,465,023	4,465,023
Capital Projects	267,984	267,984
Debt service	29	29
Assigned to:		
Emergency contingencies	-	4,500,000
Unassigned	-	18,445,008
Total Fund Balances	7,309,644	30,330,518
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,025,747	\$ 36,402,264

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CITY OF DIAMOND BAR

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Fund balances of governmental funds		\$ 30,330,518
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		372,944,833
Deferred outflows related to pension items:		
Adjustments due to difference in proportions	\$ 676,232	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	3,249	
Difference between expected and actual experiences	29,942	
Current year contributions that occurred after the measurement date	<u>460,471</u>	1,169,894
Long-term debt, compensated absences, other post employee benefit obligation and net pension liability that have not been included in the governmental fund activity:		
Bonds payable	\$ (10,035,000)	
Unamortized bond premiums/discounts	(187,349)	
Compensated Absences	(578,198)	
Other post employment benefit obligation	(416,162)	
Net pension liability	<u>(3,337,560)</u>	(14,554,269)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(36,131)
Deferred inflows related to pension items:		
Net difference between project and actual earnings on pension plan investments	\$ (142,012)	
Adjustment due to difference in proportions	(373)	
Change in assumptions	(283,280)	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	<u>(77,823)</u>	(503,488)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		928,270
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 position.		<u>2,989,286</u>
Net Position of governmental activities		<u><u>\$ 393,268,913</u></u>

CITY OF DIAMOND BAR

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	<u>General</u>	<u>Special Revenue Funds Transportation Grant Fund</u>	<u>Capital Projects Funds Capital Improvement Fund</u>
Revenues:			
Taxes	\$ 12,930,081	\$ -	\$ -
Licenses and permits	3,183,449	-	-
Intergovernmental	5,411,926	531,298	100,841
Charges for services	1,689,328	-	-
Use of money and property	492,443	-	-
Fines and forfeitures	470,722	-	-
Miscellaneous	177,449	-	-
Total Revenues	24,355,398	531,298	100,841
Expenditures:			
Current:			
General government	5,176,138	-	-
Public safety	6,197,285	-	-
Community development	1,787,433	-	-
Parks and recreation	4,160,806	-	-
Public works	3,133,330	-	-
Capital outlay	178,477	-	4,843,554
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	20,633,469	-	4,843,554
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,721,929	531,298	(4,742,713)
Other Financing Sources (Uses):			
Transfers in	1,199,015	-	4,832,321
Transfers out	(3,226,681)	(1,455,643)	-
Total Other Financing Sources (Uses)	(2,027,666)	(1,455,643)	4,832,321
Net Change in Fund Balances	1,694,263	(924,345)	89,608
Fund Balances, Beginning of Year	22,232,546	363	(71,561)
Fund Balances, End of Year	\$ 23,926,809	\$ (923,982)	\$ 18,047

CITY OF DIAMOND BAR

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 781,232	\$ 13,711,313
Licenses and permits	937,938	4,121,387
Intergovernmental	4,340,352	10,384,417
Charges for services	1,411,775	3,101,103
Use of money and property	70,857	563,300
Fines and forfeitures	-	470,722
Miscellaneous	539,465	716,914
Total Revenues	8,081,619	33,069,156
Expenditures:		
Current:		
General government	1,150	5,177,288
Public safety	4,700	6,201,985
Community development	525,620	2,313,053
Parks and recreation	71,625	4,232,431
Public works	2,398,375	5,531,705
Capital outlay	576,966	5,598,997
Debt service:		
Principal retirement	385,000	385,000
Interest and fiscal charges	470,741	470,741
Total Expenditures	4,434,177	29,911,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,647,442	3,157,956
Other Financing Sources (Uses):		
Transfers in	1,256,385	7,287,721
Transfers out	(3,317,601)	(7,999,925)
Total Other Financing Sources (Uses)	(2,061,216)	(712,204)
Net Change in Fund Balances	1,586,226	2,445,752
Fund Balances, Beginning of Year	5,723,418	27,884,766
Fund Balances, End of Year	\$ 7,309,644	\$ 30,330,518

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, 2016**

Net change in fund balances - total governmental funds \$ 2,445,752

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	\$ 3,507,482	
Depreciation Expense	<u>(7,327,701)</u>	(3,820,219)

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

Principal repayments	\$ 385,000	
Amortization of bond premium	14,126	
Other post employment benefit obligation	20,082	
Compensated Absences	<u>24,492</u>	443,700

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 915

Pension contributions are expenditures in the governmental funds, but reduce the Net Pension Liability in the statement of net position and changes in the Net Pension Liability are expensed in government-wide statements. 1,176,979

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (67,759)

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. 42,605

Change in net position of governmental activities \$ 221,973

CITY OF DIAMOND BAR

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2016

	<u>Governmental Activities- Internal Service Funds</u>
Assets:	
Current:	
Cash and investments	\$ 2,531,298
Receivables:	
Accounts	10,059
	<u>2,541,357</u>
Total Current Assets	2,541,357
Noncurrent:	
Capital assets - net of accumulated depreciation	493,793
	<u>493,793</u>
Total Noncurrent Assets	493,793
	<u>\$ 3,035,150</u>
 Liabilities and Net Position:	
Liabilities:	
Current:	
Accounts payable	\$ 45,864
	<u>45,864</u>
Total Liabilities	45,864
Net Position:	
Investment in capital assets	493,793
Unrestricted	2,495,493
	<u>2,989,286</u>
Total Net Position	2,989,286
	<u>\$ 3,035,150</u>

CITY OF DIAMOND BAR

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Governmental Activities- Internal Service Funds
Operating Revenues:	
Sales and service charges	\$ 10,048
Miscellaneous	9,000
	<hr/>
Total Operating Revenues	19,048
	<hr/>
Operating Expenses:	
Administration and general	38,548
Insurance Premiums	423,335
Equipment repair and maintenance	62,176
Depreciation expense	186,143
	<hr/>
Total Operating Expenses	710,202
	<hr/>
Operating Income (Loss)	(691,154)
	<hr/>
Nonoperating Revenues (Expenses):	
Interest revenue	21,555
	<hr/>
Total Nonoperating Revenues (Expenses)	21,555
	<hr/>
Income (Loss) Before Transfers	(669,599)
	<hr/>
Transfers in	712,204
	<hr/>
Changes in Net Position	42,605
	<hr/>
Net Position:	
Beginning of Year	2,946,681
	<hr/>
End of Fiscal Year	\$ 2,989,286
	<hr/> <hr/>

CITY OF DIAMOND BAR

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2016

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:	
Insurance Premiums paid	\$ (232,743)
Payments to suppliers	(202,495)
Cash received from others	<u>52,850</u>
Net Cash Provided (Used) by Operating Activities	<u>(382,388)</u>
Cash Flows from Non-Capital Financing Activities:	
Cash transfers in	<u>712,204</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>712,204</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	<u>(159,412)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(159,412)</u>
Cash Flows from Investing Activities:	
Interest received	<u>21,555</u>
Net Cash Provided (Used) by Investing Activities	<u>21,555</u>
Net Increase (Decrease) in Cash and Cash Equivalents	191,959
Cash and Cash Equivalents at Beginning of Year	<u>2,339,339</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,531,298</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	<u>\$ (691,154)</u>
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	186,143
(Increase) decrease in accounts receivable	180,114
(Increase) decrease in prepaid expense	1,450
Increase (decrease) in accounts payable	<u>(58,941)</u>
Total Adjustments	<u>308,766</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (382,388)</u>

CITY OF DIAMOND BAR

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>OPEB Trust Fund</u>
Assets:	
Cash and investments with fiscal agents	<u>\$ 74,868</u>
Total Assets	<u>\$ 74,868</u>
Net Position:	
Held in trust for other post retirement benefits	<u>\$ 74,868</u>
Total Net Position	<u>\$ 74,868</u>

CITY OF DIAMOND BAR

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2016

	<u>OPEB Trust Fund</u>
Additions:	
Contributions from City	\$ 84,761
Total Additions	<u>84,761</u>
Deductions:	
Benefits	9,893
Total Deductions	<u>9,893</u>
Changes in Net Position	<u>74,868</u>
Net Position - End of the Year	<u>\$ 74,868</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 when the component unit provides services almost entirely to the City.

Blended Component Units

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. Separate financial statements are not prepared for this blended component unit.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

The government-wide financial statements, proprietary fund and fiduciary 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 year. 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.

The City's fiduciary fund consists of a OPEB trust fund. OPEB trust funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

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

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

As a general rule, the effect of Interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating contributions and grants, and 3) capital contributions and grants, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

d. Fund Classifications

The City reports the following major governmental funds:

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

The Transportation Grant Fund (MAP-21) has been classified as a major fund and is used to account for projects related to the City's arterial rehabilitation activity. The revenues in this fund have been allocated by the Federal Surface Transportation Program, which was created by the federal government to fund various improvements to the nation's streets and roads.

The Capital Improvement Fund has been classified as a major fund and is used to account for City capital improvement projects. The revenues in this fund will generally come from transfers in from other funds and have been identified for specific capital projects.

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

Debt Service Funds are used to account for the receipt of revenues and payments of debt service related to outstanding bonds.

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

Additionally, the City reports the following fund types:

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, building maintenance and computer maintenance.

OPEB Trust Fund has been established to account for the prefunding of the City's obligation of postemployment benefits other than pensions (OPEB).

e. Investments

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

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

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

f. Cash and Cash Equivalents

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

g. Capital Assets

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

Capital assets include additions to public domain (infrastructure), certain improvements including roads, streets, sidewalks, medians and storm drains within the City.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

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	5 years
Infrastructure	10 - 50 years
Equipment	5 - 20 years

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is deferred outflows relating to the net pension obligation reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, adjustments due to difference in proportions, and the difference between actual contributions made and the proportionate share of the risk pool's total contributions, and differences between expected and actual experiences.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The government has one item which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the government has an item that qualifies for reporting in this category which relate to deferred inflows relating to the net pension obligation reported in the government-wide statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments, changes in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions, and adjustments due to difference in proportions. These amounts are deferred and amortized straight-line over a five-year period or over the remaining service life.

i. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

j. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

k. 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. Compensated absences will be reported in government funds only if they have matured, such as upon retirement.

l. Pension Plan

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

m. 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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

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

n. 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.

o. 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.
- Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

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: Cash and Investments

As of June 30, 2016, cash and investments were reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 34,317,512
Cash and investments with fiscal agents	29
Statement of Fiduciary Net Position:	
Cash and investments with fiscal agents	74,868
	<u>34,392,409</u>
	<u>\$ 34,392,409</u>

Cash and investments held by the City at June 30, 2016, consisted of the following:

Cash and cash equivalents:	
Imprest cash on hand	\$ 2,150
Demand deposits	802,266
	<u>804,416</u>
	Total Cash and cash equivalents
Investments:	
United States Government Sponsored Enterprise Securities	12,806,614
Certificates of Deposit	9,698,398
Corporate Bonds	514,439
Municipal Bonds	3,211,599
Local Agency Investment Fund	7,282,046
Held by fiscal agents:	
OPEB Trust	74,868
Money Market Mutual Funds	29
	<u>33,587,993</u>
	Total Investments and held by fiscal agents
	<u>\$ 34,392,409</u>

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

The following table 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. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 2: 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	None	None
Banker's Acceptance	180 days	40%	30%
Time Certificates of Deposits	5 years	30%	\$ 250,000
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%	5%
Local Agency Investment Fund (LAIF)	N/A	None	\$ 50,000,000

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

N/A - Not Applicable

Investments Authorized by Debt Agreements

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 2: 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	\$ 2,000,985	\$ 4,301,048	\$ 6,504,581	\$ 12,806,614
Certificate of Deposits	498,021	3,416,509	5,783,868	9,698,398
Corporate Bonds	-	-	514,439	514,439
Municipal Bonds	-	1,280,740	1,930,859	3,211,599
Local Agency Investment Fund (LAIF)	7,282,046	-	-	7,282,046
Held by Fiscal Agents:				
CalPERS - CERBT Strategy 3	74,868	-	-	74,868
Money Market Mutual Funds	29	-	-	29
	<u>\$ 9,855,949</u>	<u>\$ 8,998,297</u>	<u>\$ 14,733,747</u>	<u>\$ 33,587,993</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	Aaa	Aa	Unrated
	June 30, 2016			
US Government Sponsored Securities	\$ 12,806,614	\$ 12,806,614	\$ -	\$ -
Certificate of Deposits	9,698,398	9,698,398	-	-
Corporate Bonds	514,439	-	514,439	-
Municipal Bonds	3,211,599	-	3,211,599	-
Local Agency Investment Fund (LAIF)	7,282,046	-	-	7,282,046
Held by Fiscal Agents:				
CalPERS - CERBT Strategy 3	74,868	-	-	74,868
Money Market Mutual Funds	29	-	-	29
Total	<u>\$ 33,587,993</u>	<u>\$ 22,505,012</u>	<u>\$ 3,726,038</u>	<u>\$ 7,356,943</u>

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 2: Cash and Investments (Continued)

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.”

The City has the following recurring fair value measurements as of June 30, 2016:

Investments by fair value level	Totals	Level		
		1	2	3
Certificate of Deposit	\$ 9,698,398	\$ 9,698,398	\$ -	\$ -
Corporate Bonds	514,439	514,439		
Municipal Bonds	3,211,599	3,211,599		
Local Agency Investment Fund	7,282,046	-	7,282,046	-
U.S. Federal Agency Securities	12,806,614	-	12,806,614	-
Cash with Fiscal Agents				
CalPERS - CERBT Strategy 3	74,868	-	74,868	-
Totals	<u>33,587,964</u>	<u>\$ 13,424,436</u>	<u>\$ 20,163,528</u>	<u>\$ -</u>
<u>Investments measured at amortized cost</u>				
Cash with Fiscal Agents				
Money Market Funds	29			
Totals	<u>29</u>			
Total Investments	<u>\$ 33,587,993</u>			

Deposits and securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Local Agency Investment Funds classified in Level 2 of the fair value hierarchy are valued using specified fair market value factors. Federal Agency Securities classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes.

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, 2016, the City deposits

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 2: Cash and Investments (Continued)

(bank balances) were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California Law. The cash and investments held by Bond Trustee are uninsured and uncollateralized.

Investment in State Investment Pool

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

Note 3: Interfund Transfers and Due To/From Other Funds

<u>Transfers In</u>	<u>Transfer Out</u>	<u>Amount</u>
Internal Service Funds	General Fund	\$ 712,204
Capital Improvement Fund	General Fund	1,258,092
Other Governmental Funds	General Fund	1,256,385
Capital Improvement Fund	Transportation Grant Fund	1,455,643
Capital Improvement Fund	Other Governmental Funds	2,118,586
General Fund	Other Governmental Funds	1,199,015
		<u>\$ 7,999,925</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 to the Capital Improvement Fund from the General Fund, Transportation Grant Fund and Other Governmental Funds were made to pay for various capital projects.

Transfers from the General Fund to the Other Governmental Funds were made to fund various capital improvement projects, the City general plan revision, a fund deficit and debt service payments. Transfers from Other Governmental Funds to Other Governmental Funds were made to fund various capital improvement projects. Transfers from the Other Governmental Funds to the Internal Service Funds were made to fund the self-insurance, equipment replacement, computer equipment replacement and building facility maintenance.

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Transportation Grant Fund	\$ 923,982
General Fund	Other Governmental Funds	8,939
		<u>\$ 932,921</u>

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

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 4: Capital Assets

A summary of changes in the Governmental Activities capital assets at June 30, 2016, is as follow:

	Balance at July 1, 2015	Adjustments	Adjusted Balance July 1, 2015	Transfers	Additions	Deletions	Balance at June 30, 2016
Capital assets not being depreciated:							
Land	\$ 5,633,624	\$ -	\$ 5,633,624	\$ -	\$ -	\$ -	\$ 5,633,624
Right of way	265,614,104	-	265,614,104	-	-	-	265,614,104
Construction in progress	4,472,100	(2,115,800)	2,356,300	(1,345,432)	3,336,386	-	4,347,254
Total Capital Assets Not being Depreciated	275,719,828	(2,115,800)	273,604,028	(1,345,432)	3,336,386	-	275,594,982
Capital assets being depreciated:							
Buildings and improvements	40,969,762	-	40,969,762	1,144,381	124,446	-	42,238,589
Furniture and fixtures	1,607,645	-	1,607,645	-	-	-	1,607,645
Vehicles and equipment	2,574,289	-	2,574,289	-	206,062	96,444	2,683,907
Infrastructure	190,645,283	-	190,645,283	201,051	-	-	190,846,334
Total Capital Assets being Depreciated	235,796,979	-	235,796,979	1,345,432	330,508	96,444	237,376,475
Less accumulated depreciation for:							
Buildings and improvements	20,732,650	-	20,732,650	-	2,269,174	-	23,001,824
Furniture and fixtures	999,945	-	999,945	-	315,500	-	1,315,445
Vehicles and equipment	1,648,307	-	1,648,307	-	197,265	96,444	1,749,128
Infrastructure	108,734,529	-	108,734,529	-	4,731,905	-	113,466,434
Total Accumulated Depreciation	132,115,431	-	132,115,431	-	7,513,844	96,444	139,532,831
Total Capital Assets Being Depreciated, Net	103,681,548	-	103,681,548	1,345,432	(7,183,336)	-	97,843,644
Governmental Activities Capital Assets, Net	\$ 379,401,376	\$ (2,115,800)	\$ 377,285,576	\$ -	\$ (3,846,950)	\$ -	\$ 373,438,626

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

General government	\$ 719,140
Public safety	14,294
Highways and streets	4,778,653
Parks, recreation and culture	1,815,614
Internal Service Funds depreciation charges to program	186,143
	<u>\$ 7,513,844</u>

Note 5: Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year
Bonds payable					
Revenue Bonds	\$ 10,420,000	\$ -	\$ 385,000	\$ 10,035,000	\$ 400,000
Compensated Absences	602,690	391,887	416,379	578,198	399,458
Total	<u>\$ 11,022,690</u>	<u>\$ 391,887</u>	<u>\$ 801,379</u>	10,613,198	<u>\$ 799,458</u>
				Net unamortized bond premium	187,349
				Net Long-Term Debt	<u>\$ 10,800,547</u>

Note 5: Long-Term Liabilities (Continued)

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 are reset on a bi-weekly basis.

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 terminated 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, 2016

Note 5: Long-Term Liabilities (Continued)

Payments and Associated Debt

As of June 30, 2016, 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.

<u>Year Ending June 30</u>	<u>Fixed Rate Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 400,000	\$ 455,906	\$ 855,906
2018	420,000	435,906	855,906
2019	440,000	414,906	854,906
2020	460,000	397,306	857,306
2021	485,000	378,906	863,906
2022-2026	2,780,000	1,526,569	4,306,569
2027-2031	3,500,000	864,588	4,364,588
2031-2033	1,550,000	109,013	1,659,013
Totals	<u>\$ 10,035,000</u>	<u>\$ 4,583,100</u>	<u>\$ 14,618,100</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability, amounting to \$578,198 at June 30, 2016, is expected to be paid in future years from future resources, typically liquidated from the General Fund.

Note 6: 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 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Note 6: Liability, Property and Workers' Compensation Protection (Continued)

a. Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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

Liability

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

Note 6: Liability, Property and Workers' Compensation Protection (Continued)

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

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

Workers' Compensation

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

For 2015-16, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Note 6: Liability, Property and Workers' Compensation Protection (Continued)

b. Purchased Insurance

Pollution Legal Liability Insurance

The City of Diamond Bar participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of 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, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sublimit during the 3-year term of the policy.

Property Insurance

The City of Diamond Bar participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Diamond Bar property is currently insured according to a schedule of covered property submitted by the City of Diamond Bar to the Authority. City of Diamond Bar property currently has all-risk property insurance protection in the amount of \$35,246,271. 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.

Earthquake and Flood Insurance

The City of Diamond Bar purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Diamond Bar property currently has earthquake protection in the amount of \$0. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. 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 2015-16.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 7: Pension Rate Plans***Rate Plan Description***

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous (all other) Employee Pension Rate Plans, cost-sharing multiple employer defined benefit pension rate plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension rate plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to rate plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Optional Settlement 2W Death Benefit or the Lump Sum Death Benefit. The cost of living adjustments for each rate plan are applied as specified by the Public Employees' Retirement Law. The Rate Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<u>Miscellaneous*</u>	<u>Misc. PEPRA</u>
Hire dates	Prior to January 1, 2013	January 1, 2013 and thereafter
Benefit formula	2% @55	2% @62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	Minimum 50 yrs	Minimum 52 yrs
Monthly benefits, as a percentage of eligible compensation	1.425% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	6.891%	6.250%
Required employer contribution rates	11.082%	6.237%

* Miscellaneous rate plan is closed to new entrants.

Contributions

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

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7: Pension Rate Plans (Continued)

For the year ended June 30, 2016, the employer contributions recognized as a reduction to the Net Pension Liability for each Rate Plan were \$391,678 and \$11,875 for the Miscellaneous Rate Plan and the Miscellaneous PEPRA Rate Plan, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2016, the City reported net pension liabilities/assets for its proportionate shares of the net pension liability/assets of each Rate Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 3,337,790
PEPRA	(230)
Total Net Pension Liability	<u>\$ 3,337,560</u>

The City's net pension liability for each Rate Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Rate Plans is measured as of June 30, 2015, and the total pension liability for each Rate Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Rate Plan as of June 30, 2014 and 2015, was as follows:

	Miscellaneous	Miscellaneous PEPRA
Proportion - June 30, 2014	0.12979%	0.00000%
Proportion - June 30, 2015	0.12166%	-0.00001%
Change - Increase (Decrease)	<u>-0.00813%</u>	<u>-0.00001%</u>

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7: Pension Rate Plans (Continued)

For the year ended June 30, 2016, the City recognized pension expense of \$(684,390). At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 29,942	\$ -
Net Difference between projected and actual earnings on pension plans investments	-	142,012
Adjustment due to difference in proportions	676,232	373
Change in assumptions	-	283,280
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	3,249	77,823
Current year contributions that occurred after the measurement date of June 30, 2015	460,471	-
SubTotal	\$ 1,169,894	\$ 503,488

\$460,471 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous Plan

<u>Year ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2017	\$ 22,709
2018	19,188
2019	(17,486)
2020	181,524

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 7: Pension Rate Plans (Continued)***Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 7: Pension Rate Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

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

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7: Pension Rate Plans (Continued)

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

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

Miscellaneous and PEPRA Rate Plan

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Assets)	\$ 6,085,703	\$ 3,337,560	\$ 1,068,648

Pension Plan Fiduciary Net Position

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

Note 8: Post-Employment Benefits Other than Pensions

Annual OPEB Cost and Net OPEB Obligation

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

Funding Policy

The City sets its monthly contribution rates for health insurance on behalf of all eligible retirees according to the PERS Health Program's statutory minimum (\$122/month for calendar 2015 and \$125/month for calendar 2016, increased in all future years according to the rate of medical inflation). The City pays a 0.32% 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, 2016, the City paid \$7,410 in health care costs for its retirees and their covered dependents.

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 8: Post-Employment Benefits Other than Pensions (Continued)

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:

Annual required contribution	\$ 84,761
Interest on net OPEB obligation	13,087
Adjustment to annual required contribution	<u>(25,759)</u>
Annual OPEB cost (expense)	72,089
Contributions made	<u>92,171</u>
Increase in net OPEB obligation	(20,082)
Net OPEB obligation - beginning of year	<u>436,244</u>
Net OPEB obligation - end of year	<u><u>\$ 416,162</u></u>

Three-Year Trend Information

For fiscal year 2016, the City's annual OPEB cost (expense) \$72,089 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
6/30/14	\$ 70,389	\$ 7,972	11.33%	\$ 369,104
6/30/15	73,775	6,635	8.99%	436,244
6/30/16	72,089	92,171	127.86%	416,162

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	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate
Actual	7/1/2014	\$ -	\$ 596,261	0.0%	\$ 4,293,708	13.89%	5.00%
Actual	7/1/2015	-	556,098	0.0%	4,376,116	12.71%	6.00%

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 8: Post-Employment Benefits Other than Pensions (Continued)Actuarial Methods and Assumptions

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

In the July 1, 2015, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a discount rate of 6.0% per annum, a rate of return on assets of 6.0% per annum and a healthcare cost trend rate of 3.5% for medical and a healthcare cost trend rate of 7.0% for Rx initially, reduced by annual decrements of 1.0% to an ultimate rate of 5.0% after three years. The City's unfunded actuarial accrued liability will be amortized as a level dollar over an open period of 30 years.

Note 9: Classification of Net Position and Fund Balance

Details of the fund balance classifications at June 30, 2016, are as follows:

Restricted for Community Development Projects:	
Integrated Waste Management	\$ 1,221,180
Beverage Center Recycling	51,569
Used Oil Block Grant	15,571
Park and Facility Development	920,448
PEG Fees	173,899
Total	2,382,667
Restricted for Public Safety:	
COPS	161,997
CLEEP	31,944
Total	193,941
Restricted for Public Works:	
State Gas Tax	369,602
Proposition A Transit	961,323
Proposition C Transit	665,015
Traffic Improvement	1,519,317
Sewer Mitigation	109,506
Landscape Maintenance District	33,753
Measure R Local Return	728,689
Waste Hauler	77,818
Total	4,465,023
Restricted for Capital Projects:	
Air Quality Improvement	267,984
Total	267,984
Restricted for Debt Service:	
	29
Total Restricted Funds	\$ 7,309,644

CITY OF DIAMOND BAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 10: Contingencies

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

Note 11: Construction Commitments

No material construction commitments existed at June 30, 2016.

Note 12: Net Position Restatement

Beginning Net Position has been restated by \$2,115,800 related to the correction of the valuation of construction in progress.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF DIAMOND BAR

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016**

Note 1: 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.

Budget Basis of Accounting

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

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 22,232,546	\$ 22,232,546	\$ 22,232,546	\$ -
Resources (Inflows):				
Taxes	11,449,440	11,951,440	12,930,081	978,641
Licenses and permits	2,627,534	3,673,586	3,183,449	(490,137)
Intergovernmental	5,313,400	5,411,143	5,411,926	783
Charges for services	1,833,599	1,751,949	1,689,328	(62,621)
Use of money and property	199,400	265,400	492,443	227,043
Fines and forfeitures	552,500	550,000	470,722	(79,278)
Miscellaneous	113,225	169,225	177,449	8,224
Transfers in	1,960,069	2,070,234	1,199,015	(871,219)
Amounts Available for Appropriations	46,281,713	48,075,523	47,786,959	(288,564)
Charges to Appropriation (Outflow):				
General government				
City Council	186,394	186,394	179,505	6,889
City Attorney	250,000	240,000	219,250	20,750
City Manager/Clerk	1,127,162	1,485,514	1,286,918	198,596
Finance	670,296	674,596	661,578	13,018
Human resources	321,251	321,251	301,060	20,191
Information systems	977,112	1,000,062	959,469	40,593
General government	327,770	343,770	351,166	(7,396)
Public information	699,049	727,614	632,212	95,402
Civic Center	489,149	537,749	500,219	37,530
Contribution to OPEB trust	-	-	84,761	(84,761)
Subtotal general government	<u>5,048,183</u>	<u>5,516,950</u>	<u>5,176,138</u>	<u>340,812</u>
Public safety				
Law Enforcement	6,329,116	6,329,116	5,974,462	354,654
Fire Protection	7,500	7,500	7,359	141
Animal Control	130,782	130,782	130,174	608
Emergency preparedness	61,900	88,550	85,290	3,260
Subtotal public safety	<u>6,529,298</u>	<u>6,555,948</u>	<u>6,197,285</u>	<u>358,663</u>
Community development				
Comm. Dev. & Pl. Adm.	763,616	764,616	594,299	170,317
Building and Safety	662,228	835,553	749,021	86,532
Neigh. Imprv.	317,576	317,576	291,977	25,599
Eco. Devel.	369,436	302,974	152,136	150,838
Subtotal community development	<u>2,112,856</u>	<u>2,220,719</u>	<u>1,787,433</u>	<u>433,286</u>
Parks, recreation, and culture				
Comm. Svcs. Adm.	329,668	329,568	329,120	448
Diamond Bar Ctr.	1,037,245	1,039,259	1,025,187	14,072
Park Operations	1,086,684	1,065,784	1,010,542	55,242
Recreation	2,036,970	1,976,862	1,795,957	180,905
Subtotal parks, recreation, and culture	<u>4,490,567</u>	<u>4,411,473</u>	<u>4,160,806</u>	<u>250,667</u>
Highways and streets				
Public Works	918,347	975,922	841,933	133,989
Engineering	445,361	583,840	367,311	216,529
Road Maint.	1,736,220	1,748,282	1,688,653	59,629
Landscape Maint.	184,205	237,140	235,433	1,707
Subtotal highways and streets	<u>3,284,133</u>	<u>3,545,184</u>	<u>3,133,330</u>	<u>411,854</u>
Capital outlay	144,828	265,839	178,477	87,362
Transfers out	5,300,522	5,490,592	3,226,681	2,263,911
Total Charges to Appropriations	26,910,387	28,006,705	23,860,150	4,146,555
Budgetary Fund Balance, June 30	\$ 19,371,326	\$ 20,068,818	\$ 23,926,809	\$ 3,857,991

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 TRANSPORTATION GRANT FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 363	\$ 363	\$ 363	\$ -
Resources (Inflows):				
Intergovernmental	4,372,865	4,902,124	531,298	(4,370,826)
Amounts Available for Appropriations	4,373,228	4,902,487	531,661	(4,370,826)
Charges to Appropriation (Outflow):				
Transfers out	4,372,865	4,902,124	1,455,643	3,446,481
Total Charges to Appropriations	4,372,865	4,902,124	1,455,643	3,446,481
Budgetary Fund Balance, June 30	\$ 363	\$ 363	\$ (923,982)	\$ (924,345)

CITY OF DIAMOND BAR

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (2)**

	<u>2015</u>	<u>2016</u>
Proportion of the Net Pension Liability		
Miscellaneous Plan	0.05155%	0.01051%
Miscellaneous - PEPR Plan	0.00000%	0.00000%
Proportionate Share of the Net Pension Liability		
Miscellaneous Plan	\$ 3,207,627	\$ 3,337,790
Miscellaneous - PEPR Plan	42	(230)
Covered-Employee Payroll		
Miscellaneous Plan	\$ 4,266,252	\$ 4,421,461
Miscellaneous - PEPR Plan	109,864	130,250
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll		
Miscellaneous Plan	75.19%	75.49%
Miscellaneous - PEPR Plan	0.04%	-0.18%
Total Miscellaneous Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.15%	78.40%

Notes to Schedule:

Benefit Changes: None

Changes of Assumptions: Discount rate change from 7.50% to 7.65%.

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

CITY OF DIAMOND BAR

**SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (2)**

	2015	2016
Actuarially Determined Contribution		
Miscellaneous Plan	\$ 391,678	\$ 452,347
Miscellaneous - PEPRA Plan	11,875	8,124
Contribution in Relation to the Actuarially Determined Contribution	(403,553)	(460,471)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 4,376,116	\$ 4,551,711
Contributions as a Percentage of Covered-Employee Payroll	9.22%	10.12%

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

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll
Assets valuation method	Market value
Discount Rate	7.5% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment.
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds				
	State Gas Tax Fund	Proposition A Transit Fund	Proposition C Transit Fund	Integrated Waste Management Fund	Traffic Improvement Fund
Assets:					
Pooled cash and investments	\$ 369,602	\$ 1,070,200	\$ 715,387	\$ 1,122,105	\$ 1,527,734
Receivables:					
Accounts	-	-	-	127,523	-
Notes and loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
Total Assets	\$ 369,602	\$ 1,070,200	\$ 715,387	\$ 1,249,628	\$ 1,527,734
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ 105,678	\$ 49,042	\$ 11,479	\$ -
Accrued liabilities	-	3,199	1,330	16,969	-
Unearned revenues	-	-	-	-	8,417
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	-	108,877	50,372	28,448	8,417
Fund Balances:					
Restricted for:					
Community development projects	-	-	-	1,221,180	-
Public safety	-	-	-	-	-
Highways and streets	369,602	961,323	665,015	-	1,519,317
Capital Projects	-	-	-	-	-
Debt service	-	-	-	-	-
Total Fund Balances	369,602	961,323	665,015	1,221,180	1,519,317
Total Liabilities and Fund Balances	\$ 369,602	\$ 1,070,200	\$ 715,387	\$ 1,249,628	\$ 1,527,734

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds				
	Sewer Mitigation Fund	Air Quality Improvement Fund	Trails & Bikeways Fund	MTA Grant Fund	Beverage Center Recycling Grant Fund
Assets:					
Pooled cash and investments	\$ 109,506	\$ 248,595	\$ -	\$ -	\$ 51,569
Receivables:					
Accounts	-	-	-	-	-
Notes and loans	-	-	-	-	-
Due from other governments	-	19,389	-	-	-
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
Total Assets	\$ 109,506	\$ 267,984	\$ -	\$ -	\$ 51,569
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Fund Balances:					
Restricted for:					
Community development projects	-	-	-	-	51,569
Public safety	-	-	-	-	-
Highways and streets	109,506	-	-	-	-
Capital Projects	-	267,984	-	-	-
Debt service	-	-	-	-	-
Total Fund Balances	109,506	267,984	-	-	51,569
Total Liabilities and Fund Balances	\$ 109,506	\$ 267,984	\$ -	\$ -	\$ 51,569

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds				
	Used Oil Block Grant Fund	Park and Facility Development Fund	CDBG Fund	COPS Fund	CLEEP Fund
Assets:					
Pooled cash and investments	\$ 16,654	\$ 985,667	\$ -	\$ 161,997	\$ 31,944
Receivables:					
Accounts	-	-	-	-	-
Notes and loans	-	-	345,592	-	-
Due from other governments	-	-	14,883	-	-
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
Total Assets	\$ 16,654	\$ 985,667	\$ 360,475	\$ 161,997	\$ 31,944
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 1,083	\$ -	\$ 5,944	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Unearned revenues	-	65,219	-	-	-
Due to other governments	-	-	345,592	-	-
Due to other funds	-	-	8,939	-	-
Total Liabilities	1,083	65,219	360,475	-	-
Fund Balances:					
Restricted for:					
Community development projects	15,571	920,448	-	-	-
Public safety	-	-	-	161,997	31,944
Highways and streets	-	-	-	-	-
Capital Projects	-	-	-	-	-
Debt service	-	-	-	-	-
Total Fund Balances	15,571	920,448	-	161,997	31,944
Total Liabilities and Fund Balances	\$ 16,654	\$ 985,667	\$ 360,475	\$ 161,997	\$ 31,944

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Landscape Maintenance District Fund</u>	<u>Measure R Local Return Fund</u>	<u>PEG Fees Fund</u>	<u>Waste Hauler Fund</u>
Assets:				
Pooled cash and investments	\$ 115,271	\$ 728,689	\$ 149,508	\$ 47,061
Receivables:				
Accounts	-	-	24,391	30,757
Notes and loans	-	-	-	-
Due from other governments	11,694	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 126,965</u>	<u>\$ 728,689</u>	<u>\$ 173,899</u>	<u>\$ 77,818</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 89,986	\$ -	\$ -	\$ -
Accrued liabilities	3,226	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>93,212</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Community development projects	-	-	173,899	-
Public safety	-	-	-	-
Highways and streets	33,753	728,689	-	77,818
Capital Projects	-	-	-	-
Debt service	-	-	-	-
Total Fund Balances	<u>33,753</u>	<u>728,689</u>	<u>173,899</u>	<u>77,818</u>
Total Liabilities and Fund Balances	<u>\$ 126,965</u>	<u>\$ 728,689</u>	<u>\$ 173,899</u>	<u>\$ 77,818</u>

CITY OF DIAMOND BAR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>Debt Service Funds</u>	
	<u>Public Financing Authority</u>	<u>Total Governmental Funds</u>
Assets:		
Pooled cash and investments	\$ -	\$ 7,451,489
Receivables:		
Accounts	-	182,671
Notes and loans	-	345,592
Due from other governments	-	45,966
Restricted assets:		
Cash and investments with fiscal agents	29	29
Total Assets	<u>\$ 29</u>	<u>\$ 8,025,747</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ -	\$ 263,212
Accrued liabilities	-	24,724
Unearned revenues	-	73,636
Due to other governments	-	345,592
Due to other funds	-	8,939
Total Liabilities	<u>-</u>	<u>716,103</u>
Fund Balances:		
Restricted for:		
Community development projects	-	2,382,667
Public safety	-	193,941
Highways and streets	-	4,465,023
Capital Projects	-	267,984
Debt service	29	29
Total Fund Balances	<u>29</u>	<u>7,309,644</u>
Total Liabilities and Fund Balances	<u>\$ 29</u>	<u>\$ 8,025,747</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, 2016

	Special Revenue Funds				
	State Gas Tax Fund	Proposition A Transit Fund	Proposition C Transit Fund	Integrated Waste Management Fund	Traffic Improvement Fund
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	68,350
Intergovernmental	1,222,439	1,018,034	847,210	-	-
Charges for services	-	881,565	-	530,210	-
Use of money and property	6,170	8,750	6,674	12,807	14,829
Miscellaneous	-	-	-	-	-
Total Revenues	1,228,609	1,908,349	853,884	543,017	83,179
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	-	-	-	430,469	-
Parks and recreation	-	71,625	-	-	-
Public works	-	1,263,497	386,488	-	-
Capital outlay	-	14,500	-	824	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	1,349,622	386,488	431,293	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,228,609	558,727	467,396	111,724	83,179
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	300,702
Transfers out	(1,633,593)	-	(207,185)	(60,066)	(195,489)
Total Other Financing Sources (Uses)	(1,633,593)	-	(207,185)	(60,066)	105,213
Net Change in Fund Balances	(404,984)	558,727	260,211	51,658	188,392
Fund Balances, Beginning of Year	774,586	402,596	404,804	1,169,522	1,330,925
Fund Balances, End of Year	\$ 369,602	\$ 961,323	\$ 665,015	\$ 1,221,180	\$ 1,519,317

CITY OF DIAMOND BAR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds				
	Sewer Mitigation Fund	Air Quality Improvement Fund	Trails & Bikeways Fund	MTA Grant Fund	Beverage Center Recycling Grant Fund
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	72,066	117,497	78,502	15,079
Charges for services	-	-	-	-	-
Use of money and property	1,255	2,460	-	-	667
Miscellaneous	-	-	-	-	-
Total Revenues	1,255	74,526	117,497	78,502	15,746
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	-	-	-	-	8,388
Parks and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	-	-	-	8,388
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,255	74,526	117,497	78,502	7,358
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	(13,747)	(117,497)	(78,502)	-
Total Other Financing Sources (Uses)	-	(13,747)	(117,497)	(78,502)	-
Net Change in Fund Balances	1,255	60,779	-	-	7,358
Fund Balances, Beginning of Year	108,251	207,205	-	-	44,211
Fund Balances, End of Year	\$ 109,506	\$ 267,984	\$ -	\$ -	\$ 51,569

CITY OF DIAMOND BAR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				
	Used Oil Block Grant Fund	Park and Facility Development Fund	CDBG Fund	COPS Fund	CLEEP Fund
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	746,560	-	-	-
Intergovernmental	15,700	125,018	80,482	114,618	-
Charges for services	-	-	-	-	-
Use of money and property	127	4,549	-	2,077	366
Miscellaneous	-	-	-	-	-
Total Revenues	15,827	876,127	80,482	116,695	366
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	4,700	-
Community development	14,781	-	71,982	-	-
Parks and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	2,565	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	14,781	-	71,982	7,265	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,046	876,127	8,500	109,430	366
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	(115,619)	(8,507)	(87,783)	-
Total Other Financing Sources (Uses)	-	(115,619)	(8,507)	(87,783)	-
Net Change in Fund Balances	1,046	760,508	(7)	21,647	366
Fund Balances, Beginning of Year	14,525	159,940	7	140,350	31,578
Fund Balances, End of Year	\$ 15,571	\$ 920,448	\$ -	\$ 161,997	\$ 31,944

CITY OF DIAMOND BAR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	Landscape Maintenance District Fund	Measure R Local Return Fund	PEG Fees Fund	Waste Hauler Fund
Revenues:				
Taxes	\$ 683,346	\$ -	\$ 97,886	\$ -
Licenses and permits	-	-	-	123,028
Intergovernmental	-	633,707	-	-
Charges for services	-	-	-	-
Use of money and property	-	7,735	1,309	1,052
Miscellaneous	539,465	-	-	-
Total Revenues	1,222,811	641,442	99,195	124,080
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	748,390	-	-	-
Capital outlay	539,464	-	19,613	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,287,854	-	19,613	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,043)	641,442	79,582	124,080
Other Financing Sources (Uses):				
Transfers in	98,796	-	-	-
Transfers out	-	(630,373)	-	(169,240)
Total Other Financing Sources (Uses)	98,796	(630,373)	-	(169,240)
Net Change in Fund Balances	33,753	11,069	79,582	(45,160)
Fund Balances, Beginning of Year	-	717,620	94,317	122,978
Fund Balances, End of Year	\$ 33,753	\$ 728,689	\$ 173,899	\$ 77,818

CITY OF DIAMOND BAR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Debt Service Funds</u>	
	<u>Public Financing Authority</u>	<u>Total Governmental Funds</u>
Revenues:		
Taxes	\$ -	\$ 781,232
Licenses and permits	-	937,938
Intergovernmental	-	4,340,352
Charges for services	-	1,411,775
Use of money and property	30	70,857
Miscellaneous	-	539,465
Total Revenues	30	8,081,619
Expenditures:		
Current:		
General government	1,150	1,150
Public safety	-	4,700
Community development	-	525,620
Parks and recreation	-	71,625
Public works	-	2,398,375
Capital outlay	-	576,966
Debt service:		
Principal retirement	385,000	385,000
Interest and fiscal charges	470,741	470,741
Total Expenditures	856,891	4,434,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	(856,861)	3,647,442
Other Financing Sources (Uses):		
Transfers in	856,887	1,256,385
Transfers out	-	(3,317,601)
Total Other Financing Sources (Uses)	856,887	(2,061,216)
Net Change in Fund Balances	26	1,586,226
Fund Balances, Beginning of Year	3	5,723,418
Fund Balances, End of Year	\$ 29	\$ 7,309,644

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 774,586	\$ 774,586	\$ 774,586	\$ -
Resources (Inflows):				
Intergovernmental	1,290,660	1,263,404	1,222,439	(40,965)
Use of money and property	3,500	5,500	6,170	670
Amounts Available for Appropriations	2,068,746	2,043,490	2,003,195	(40,295)
Charges to Appropriation (Outflow):				
Transfers out	2,056,416	2,230,919	1,633,593	597,326
Total Charges to Appropriations	2,056,416	2,230,919	1,633,593	597,326
Budgetary Fund Balance, June 30	\$ 12,330	\$ (187,429)	\$ 369,602	\$ 557,031

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION A TRANSIT FUND
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 402,596	\$ 402,596	\$ 402,596	\$ -
Resources (Inflows):				
Intergovernmental	1,021,564	1,021,564	1,018,034	(3,530)
Charges for services	1,075,000	1,075,000	881,565	(193,435)
Use of money and property	6,500	6,500	8,750	2,250
Amounts Available for Appropriations	2,505,660	2,505,660	2,310,945	(194,715)
Charges to Appropriation (Outflow):				
Parks, recreation and culture	92,500	76,650	71,625	5,025
Highways and Streets	1,504,630	1,504,630	1,263,497	241,133
Capital outlay	14,500	14,500	14,500	-
Transfers out	657,690	630,155	-	630,155
Total Charges to Appropriations	2,269,320	2,225,935	1,349,622	876,313
Budgetary Fund Balance, June 30	\$ 236,340	\$ 279,725	\$ 961,323	\$ 681,598

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C TRANSIT FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 404,804	\$ 404,804	\$ 404,804	\$ -
Resources (Inflows):				
Intergovernmental	847,360	847,360	847,210	(150)
Use of money and property	6,000	6,000	6,674	674
Amounts Available for Appropriations	1,258,164	1,258,164	1,258,688	524
Charges to Appropriation (Outflow):				
Highways and Streets	578,061	578,061	386,488	191,573
Transfers out	897,600	634,765	207,185	427,580
Total Charges to Appropriations	1,475,661	1,212,826	593,673	619,153
Budgetary Fund Balance, June 30	\$ (217,497)	\$ 45,338	\$ 665,015	\$ 619,677

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 INTEGRATED WASTE MANAGEMENT FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,169,522	\$ 1,169,522	\$ 1,169,522	\$ -
Resources (Inflows):				
Charges for services	512,000	512,000	530,210	18,210
Use of money and property	8,000	10,000	12,807	2,807
Amounts Available for Appropriations	1,689,522	1,691,522	1,712,539	21,017
Charges to Appropriation (Outflow):				
Community development	551,227	779,627	430,469	349,158
Capital outlay	-	-	824	(824)
Transfers out	60,066	60,066	60,066	-
Total Charges to Appropriations	611,293	839,693	491,359	348,334
Budgetary Fund Balance, June 30	\$ 1,078,229	\$ 851,829	\$ 1,221,180	\$ 369,351

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,330,925	\$ 1,330,925	\$ 1,330,925	\$ -
Resources (Inflows):				
Licenses and permits	127,681	127,681	68,350	(59,331)
Use of money and property	3,000	8,000	14,829	6,829
Transfers in	-	-	300,702	300,702
Amounts Available for Appropriations	1,461,606	1,466,606	1,714,806	248,200
Charges to Appropriation (Outflow):				
Highways and streets	16,465	16,465	-	16,465
Transfers out	1,082,035	1,213,480	195,489	1,017,991
Total Charges to Appropriations	1,098,500	1,229,945	195,489	1,034,456
Budgetary Fund Balance, June 30	\$ 363,106	\$ 236,661	\$ 1,519,317	\$ 1,282,656

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 SEWER MITIGATION FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 108,251	\$ 108,251	\$ 108,251	\$ -
Resources (Inflows):				
Use of money and property	-	1,000	1,255	255
Amounts Available for Appropriations	<u>108,251</u>	<u>109,251</u>	<u>109,506</u>	<u>255</u>
Budgetary Fund Balance, June 30	<u>\$ 231</u>	<u>\$ 1,231</u>	<u>\$ 109,506</u>	<u>\$ 108,275</u>

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 207,205	\$ 207,205	\$ 207,205	\$ -
Resources (Inflows):				
Intergovernmental	65,000	65,000	72,066	7,066
Use of money and property	750	1,750	2,460	710
Amounts Available for Appropriations	272,955	273,955	281,731	7,776
Charges to Appropriation (Outflow):				
Transfers out	220,000	220,000	13,747	206,253
Total Charges to Appropriations	220,000	220,000	13,747	206,253
Budgetary Fund Balance, June 30	\$ 52,955	\$ 53,955	\$ 267,984	\$ 214,029

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 TRAILS & BIKEWAYS FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	36,053	36,053	117,497	81,444
Use of money and property	250	250	-	(250)
Amounts Available for Appropriations	36,303	36,303	117,497	81,194
Charges to Appropriation (Outflow):				
Transfers out	162,021	130,021	117,497	12,524
Total Charges to Appropriations	162,021	130,021	117,497	12,524
Budgetary Fund Balance, June 30	\$ (125,718)	\$ (93,718)	\$ -	\$ 93,718

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 MTA GRANT FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	2,361,266	2,361,266	78,502	(2,282,764)
Amounts Available for Appropriations	2,361,266	2,361,266	78,502	(2,282,764)
Charges to Appropriation (Outflow):				
Transfers out	2,361,266	2,366,261	78,502	2,287,759
Total Charges to Appropriations	2,361,266	2,366,261	78,502	2,287,759
Budgetary Fund Balance, June 30	\$ -	\$ (4,995)	\$ -	\$ 4,995

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 BEVERAGE CENTER RECYCLING GRANT FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 44,211	\$ 44,211	\$ 44,211	\$ -
Resources (Inflows):				
Intergovernmental	14,678	14,678	15,079	401
Use of money and property	200	500	667	167
Amounts Available for Appropriations	59,089	59,389	59,957	568
Charges to Appropriation (Outflow):				
Community development	22,744	22,744	8,388	14,356
Total Charges to Appropriations	22,744	22,744	8,388	14,356
Budgetary Fund Balance, June 30	\$ 36,345	\$ 36,645	\$ 51,569	\$ 14,924

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 USED OIL BLOCK GRANT FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 14,525	\$ 14,525	\$ 14,525	\$ -
Resources (Inflows):				
Intergovernmental	16,021	16,021	15,700	(321)
Use of money and property	-	100	127	27
Amounts Available for Appropriations	30,546	30,646	30,352	(294)
Charges to Appropriation (Outflow):				
Community development	16,021	16,021	14,781	1,240
Total Charges to Appropriations	16,021	16,021	14,781	1,240
Budgetary Fund Balance, June 30	\$ 14,525	\$ 14,625	\$ 15,571	\$ 946

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
PARK AND FACILITY DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 159,940	\$ 159,940	\$ 159,940	\$ -
Resources (Inflows):				
Licenses and permits	-	-	746,560	746,560
Intergovernmental	107,000	107,000	125,018	18,018
Use of money and property	1,000	2,000	4,549	2,549
Transfers in	215,400	215,400	-	(215,400)
Amounts Available for Appropriations	483,340	484,340	1,036,067	551,727
Charges to Appropriation (Outflow):				
Transfers out	230,195	261,497	115,619	145,878
Total Charges to Appropriations	230,195	261,497	115,619	145,878
Budgetary Fund Balance, June 30	\$ 253,145	\$ 222,843	\$ 920,448	\$ 697,605

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG FUND)
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7	\$ 7	\$ 7	\$ -
Resources (Inflows):				
Intergovernmental	289,834	289,834	80,482	(209,352)
Amounts Available for Appropriations	289,841	289,841	80,489	(209,352)
Charges to Appropriation (Outflow):				
Community development	128,521	128,521	71,982	56,539
Transfers out	161,313	161,313	8,507	152,806
Total Charges to Appropriations	289,834	289,834	80,489	209,345
Budgetary Fund Balance, June 30	\$ 7	\$ 7	\$ -	\$ (7)

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 CITIZENS OPTION FOR PUBLIC SAFETY (COPS) FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 140,350	\$ 140,350	\$ 140,350	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	114,618	14,618
Use of money and property	1,000	1,400	2,077	677
Amounts Available for Appropriations	241,350	241,750	257,045	15,295
Charges to Appropriation (Outflow):				
Public safety	6,500	6,500	4,700	1,800
Capital outlay	5,000	5,000	2,565	2,435
Transfers out	102,186	102,186	87,783	14,403
Total Charges to Appropriations	113,686	113,686	95,048	18,638
Budgetary Fund Balance, June 30	\$ 127,664	\$ 128,064	\$ 161,997	\$ 33,933

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 CALIFORNIA LAW ENFORCEMENT EQUIPMENT PROGRAM (CLEEP) FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 31,578	\$ 31,578	\$ 31,578	\$ -
Resources (Inflows):				
Use of money and property	200	400	366	(34)
Amounts Available for Appropriations	31,778	31,978	31,944	(34)
Charges to Appropriation (Outflow):				
Capital outlay	10,000	10,000	-	10,000
Total Charges to Appropriations	10,000	10,000	-	10,000
Budgetary Fund Balance, June 30	\$ 21,778	\$ 21,978	\$ 31,944	\$ 9,966

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
LANDSCAPE MAINTENANCE DISTRICT FUND
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	684,398	684,398	683,346	(1,052)
Miscellaneous	-	539,465	539,465	-
Transfers in	284,032	311,948	98,796	(213,152)
Amounts Available for Appropriations	968,430	1,535,811	1,321,607	(214,204)
Charges to Appropriation (Outflow):				
Highways and Streets	998,557	949,973	748,390	201,583
Capital outlay	-	539,465	539,464	1
Transfers out	-	5,143	-	5,143
Total Charges to Appropriations	998,557	1,494,581	1,287,854	206,727
Budgetary Fund Balance, June 30	\$ (30,127)	\$ 41,230	\$ 33,753	\$ (7,477)

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 MEASURE R LOCAL RETURN FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 717,620	\$ 717,620	\$ 717,620	\$ -
Resources (Inflows):				
Intergovernmental	635,528	635,528	633,707	(1,821)
Use of money and property	5,500	5,500	7,735	2,235
Amounts Available for Appropriations	1,358,648	1,358,648	1,359,062	414
Charges to Appropriation (Outflow):				
Transfers out	1,282,791	1,343,446	630,373	713,073
Total Charges to Appropriations	1,282,791	1,343,446	630,373	713,073
Budgetary Fund Balance, June 30	\$ 75,857	\$ 15,202	\$ 728,689	\$ 713,487

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 PEG FEES FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 94,317	\$ 94,317	\$ 94,317	\$ -
Resources (Inflows):				
Taxes	100,000	100,000	97,886	(2,114)
Use of money and property	500	1,000	1,309	309
Amounts Available for Appropriations	194,817	195,317	193,512	(1,805)
Charges to Appropriation (Outflow):				
Capital outlay	102,500	102,500	19,613	82,887
Total Charges to Appropriations	102,500	102,500	19,613	82,887
Budgetary Fund Balance, June 30	\$ 92,317	\$ 92,817	\$ 173,899	\$ 81,082

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 WASTE HAULER FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 122,978	\$ 122,978	\$ 122,978	\$ -
Resources (Inflows):				
Licenses and permits	124,028	124,028	123,028	(1,000)
Use of money and property	500	1,000	1,052	52
Amounts Available for Appropriations	247,506	248,006	247,058	(948)
Charges to Appropriation (Outflow):				
Transfers out	246,201	246,201	169,240	76,961
Total Charges to Appropriations	246,201	246,201	169,240	76,961
Budgetary Fund Balance, June 30	\$ 1,305	\$ 1,805	\$ 77,818	\$ 76,013

CITY OF DIAMOND BAR

BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENT FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (71,561)	\$ (71,561)	\$ (71,561)	\$ -
Resources (Inflows):				
Intergovernmental	426,892	456,185	100,841	(355,344)
Miscellaneous	4,088,333	4,088,333	-	(4,088,333)
Transfers in	15,518,136	16,181,225	4,832,321	(11,348,904)
Amounts Available for Appropriations	19,961,800	20,654,182	4,861,601	(15,792,581)
Charges to Appropriation (Outflow):				
Capital outlay	22,175,870	20,320,428	4,843,554	15,476,874
Total Charges to Appropriations	22,175,870	20,320,428	4,843,554	15,476,874
Budgetary Fund Balance, June 30	\$ (2,214,070)	\$ 333,754	\$ 18,047	\$ (315,707)

CITY OF DIAMOND BAR

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FINANCING AUTHORITY
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3	\$ 3	\$ 3	\$ -
Resources (Inflows):				
Use of money and property	-	-	30	30
Transfers in	857,141	857,141	856,887	(254)
Amounts Available for Appropriations	857,144	857,144	856,920	(224)
Charges to Appropriation (Outflow):				
General government	1,185	1,185	1,150	35
Debt service:				
Principal retirement	385,000	385,000	385,000	-
Interest and fiscal charges	470,956	470,956	470,741	215
Total Charges to Appropriations	857,141	857,141	856,891	250
Budgetary Fund Balance, June 30	\$ 3	\$ 3	\$ 29	\$ 26

CITY OF DIAMOND BAR

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	Governmental Activities - Internal Service Funds				Totals
	Self Insurance Fund	Equipment Replacement Fund	Computer Equipment Replacement	Building Facility & Maintenance	
Assets:					
Current:					
Cash and investments	\$ 1,045,112	\$ 565,751	\$ 326,976	\$ 593,459	\$ 2,531,298
Receivables:					
Accounts	-	9,000	-	1,059	10,059
Total Current Assets	1,045,112	574,751	326,976	594,518	2,541,357
Noncurrent:					
Capital assets - net of accumulated depreciation	-	170,174	323,619	-	493,793
Total Noncurrent Assets	-	170,174	323,619	-	493,793
Total Assets	\$ 1,045,112	\$ 744,925	\$ 650,595	\$ 594,518	\$ 3,035,150
Liabilities and Net Position:					
Liabilities:					
Current:					
Accounts payable	\$ 42,830	\$ 3,034	\$ -	\$ -	\$ 45,864
Total Liabilities	42,830	3,034	-	-	45,864
Net Position:					
Investment in capital assets	-	170,174	323,619	-	493,793
Unrestricted	1,002,282	571,717	326,976	594,518	2,495,493
Total Net Position	1,002,282	741,891	650,595	594,518	2,989,286
Total Liabilities and Net Position	\$ 1,045,112	\$ 744,925	\$ 650,595	\$ 594,518	\$ 3,035,150

CITY OF DIAMOND BAR

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	Governmental Activities - Internal Service Funds				Totals
	Self Insurance Fund	Equipment Replacement Fund	Computer Equipment Replacement	Building Facility & Maintenance	
Operating Revenues:					
Sales and service charges	\$ -	\$ -	\$ -	\$ 10,048	\$ 10,048
Miscellaneous	-	9,000	-	-	9,000
Total Operating Revenues	-	9,000	-	10,048	19,048
Operating Expenses:					
Administration and general	-	38,548	-	-	38,548
Insurance premiums	423,335	-	-	-	423,335
Equipment repair and maintenance	-	29,417	32,759	-	62,176
Depreciation expense	-	36,534	149,609	-	186,143
Total Operating Expenses	423,335	104,499	182,368	-	710,202
Operating Income (Loss)	(423,335)	(95,499)	(182,368)	10,048	(691,154)
Nonoperating Revenues (Expenses):					
Interest revenue	6,379	7,145	3,454	4,577	21,555
Total Nonoperating Revenues (Expenses)	6,379	7,145	3,454	4,577	21,555
Income (Loss) Before Transfers	(416,956)	(88,354)	(178,914)	14,625	(669,599)
Transfers in	412,204	-	100,000	200,000	712,204
Changes in Net Position	(4,752)	(88,354)	(78,914)	214,625	42,605
Net Position:					
Beginning of Year	1,007,034	830,245	729,509	379,893	2,946,681
End of Fiscal Year	\$ 1,002,282	\$ 741,891	\$ 650,595	\$ 594,518	\$ 2,989,286

CITY OF DIAMOND BAR

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016**

	Governmental Activities - Internal Service Funds				
	Self Insurance Fund	Equipment Replacement Fund	Computer Equipment Replacement Fund	Building Facility & Maintenance Fund	Totals
Cash Flows from Operating Activities:					
Insurance Premiums paid	\$ (232,743)	\$ -	\$ -	\$ -	\$ (232,743)
Payments to suppliers	-	(64,931)	(137,564)	-	(202,495)
Cash received from others	42,830	-	-	10,020	52,850
Net Cash Provided (Used) by Operating Activities	(189,913)	(64,931)	(137,564)	10,020	(382,388)
Cash Flows from Non-Capital Financing Activities:					
Cash transfers in	412,204	-	100,000	200,000	712,204
Net Cash Provided (Used) by Non-Capital Financing Activities	412,204	-	100,000	200,000	712,204
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	(107,077)	(52,335)	-	(159,412)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(107,077)	(52,335)	-	(159,412)
Cash Flows from Investing Activities:					
Interest received	6,379	7,145	3,454	4,577	21,555
Net Cash Provided (Used) by Investing Activities	6,379	7,145	3,454	4,577	21,555
Net Increase (Decrease) in Cash and Cash Equivalents	228,670	(164,863)	(86,445)	214,597	191,959
Cash and Cash Equivalents at Beginning of Year	816,442	730,614	413,421	378,862	2,339,339
Cash and Cash Equivalents at End of Year	\$ 1,045,112	\$ 565,751	\$ 326,976	\$ 593,459	\$ 2,531,298
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (423,335)	\$ (95,499)	\$ (182,368)	\$ 10,048	\$ (691,154)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	-	36,534	149,609	-	186,143
(Increase) decrease in accounts receivable	189,142	(9,000)	-	(28)	180,114
(Increase) decrease in prepaid expense	1,450	-	-	-	1,450
Increase (decrease) in accounts payable	42,830	3,034	(104,805)	-	(58,941)
Total Adjustments	233,422	30,568	44,804	(28)	308,766
Net Cash Provided (Used) by Operating Activities	\$ (189,913)	\$ (64,931)	\$ (137,564)	\$ 10,020	\$ (382,388)

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2016

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 - 13
<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.	14 - 16

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

	Fiscal Year Ended June 30,				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:					
Net investment in capital assets	\$ 375,216,400	\$ 370,949,296	\$ 367,529,907	\$ 377,940,738	\$ 381,985,940
Restricted for:					
Capital projects	3,446,872	2,912,276	3,526,991	2,260,872	146,567
Community development	1,013,495	889,176	568,280	725,667	1,644,861
Public safety			541,482	559,920	453,730
Public works					3,636,487
Debt service	321,747	309,533	305,915	319,815	333,694
Unrestricted	34,072,884	36,236,504	34,554,084	34,215,610	22,582,318
Total governmental activities net position	<u>\$ 414,071,398</u>	<u>\$ 411,296,785</u>	<u>\$ 407,026,659</u>	<u>\$ 416,022,622</u>	<u>\$ 410,783,597</u>

Schedule 1

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 382,660,310	\$ 378,511,311	\$ 372,068,596	\$ 368,779,901	\$ 363,216,277
163,603	165,587	135,914	207,205	267,984
958,293	1,084,434	1,174,082	1,482,522	2,382,667
285,508	196,503	140,747	171,928	193,941
3,504,339	3,964,252	4,015,113	3,862,123	4,465,023
2	3	4	3	29
18,288,491	18,508,423	20,894,700	20,659,058	22,742,992
<u>\$ 405,860,546</u>	<u>\$ 402,430,513</u>	<u>\$ 398,429,156</u>	<u>\$ 395,162,740</u>	<u>\$ 393,268,913</u>

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

	Fiscal Year Ended June 30,				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses:					
Governmental activities:					
General government	\$ 4,784,314	\$ 4,473,666	\$ 5,159,300	\$ 4,973,685	\$ 6,370,986
Public safety	4,876,435	4,944,729	5,396,083	5,526,099	5,591,049
Highways and streets	14,019,550	12,034,669	13,931,211	12,287,325	10,619,860
Community development	2,292,757	2,251,196	1,959,303	1,624,547	1,969,540
Parks, recreation and culture	4,779,588	5,188,977	4,950,687	5,091,215	5,153,264
Interest on long-term debt	498,042	392,548	177,633	57,948	72,592
Total general expenses	<u>31,250,686</u>	<u>29,285,785</u>	<u>31,574,217</u>	<u>29,560,819</u>	<u>29,777,291</u>
Program revenues:					
Governmental activities:					
Charges for services					
General Government	262,541	225,553	132,262	131,633	118,016
Public safety	537,068	632,980	596,375	605,262	558,544
Highways and streets	3,493,798	2,851,187	1,732,985	2,070,167	2,400,272
Community development	996,424	567,302	438,563	430,081	955,380
Parks, recreation and culture	1,385,788	1,581,597	1,705,282	1,754,789	1,829,409
Operating grants and contributions	6,968,824	4,307,074	5,588,818	4,358,895	3,685,378
Capital grants and contributions	1,254,314	219,193	2,272,580	15,960,279	40,779
Total governmental activities program revenues	<u>14,898,757</u>	<u>10,384,886</u>	<u>12,466,865</u>	<u>25,311,106</u>	<u>9,587,778</u>
General revenues:					
Taxes					
Property taxes	3,754,955	3,927,073	4,001,276	3,837,288	4,187,896
Transient occupancy taxes	774,757	800,390	633,075	569,916	642,509
Sales taxes	3,943,345	4,102,177	3,085,223	3,122,229	3,355,127
Franchise taxes	1,064,621	1,024,710	1,093,039	1,115,980	1,259,471
Other taxes	331,096	283,433	199,365	259,384	172,687
Unrestricted Motor vehicle in lieu	4,356,641	4,563,127	4,687,515	4,599,922	4,766,225
Use of money and property	1,476,010	1,420,988	833,270	618,963	474,598
Other revenues	41,362	4,388	304,463	7,090	91,975
Loss on disposal of capital asset					
Total general revenues	<u>15,742,787</u>	<u>16,126,286</u>	<u>14,837,226</u>	<u>14,130,772</u>	<u>14,950,488</u>
Change in net position	(609,142)	(2,774,613)	(4,270,126)	9,881,059	(5,239,025)
Net position at beginning of year	414,680,540	414,071,398	411,296,785	407,026,659	416,022,622
Restatement of net position				(885,096)	
Net position at end of year	<u>\$ 414,071,398</u>	<u>\$ 411,296,785</u>	<u>\$ 407,026,659</u>	<u>\$ 416,022,622</u>	<u>\$ 410,783,597</u>

Source:
City Finance Department

Schedule 2

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 6,384,072	\$ 6,942,983	\$ 7,301,502	\$ 6,524,968	\$ 5,897,286
6,104,982	5,831,227	5,627,026	5,929,156	6,216,279
11,248,137	10,197,098	10,599,386	10,225,922	11,966,721
2,126,906	1,980,646	2,346,073	2,587,504	2,127,206
5,559,427	5,591,916	6,463,192	6,300,920	6,137,787
848,976	487,369	477,201	466,662	455,700
32,272,500	31,031,239	32,814,380	32,035,132	32,800,979
247,248	160,379	770,908	587,081	661,910
491,831	502,948	559,008	523,145	470,722
2,555,900	2,604,053	2,671,741	5,536,984	4,389,876
1,006,971	1,196,806	1,413,094	2,463,932	1,820,325
1,753,585	1,689,497	1,804,189	1,758,319	1,684,814
4,992,856	4,024,537	4,203,990	4,443,765	3,687,015
1,242,636	690,732	207,971	717,961	1,455,770
12,291,027	10,868,952	11,630,901	16,031,187	14,170,432
3,951,722	4,080,273	4,307,077	4,448,566	4,665,140
692,162	782,952	851,249	935,355	994,476
3,397,259	3,546,239	3,658,327	3,974,564	4,598,858
1,415,924	1,465,666	1,393,584	1,460,342	1,431,513
202,951	333,250	471,455	442,914	523,015
4,646,985	4,659,994	4,862,100	5,133,910	5,411,143
145,408	6,307	256,758	244,275	524,918
46,342	533,475	52,891	114,545	703,457
	(21,057)	1,328,681		
14,498,753	15,387,099	17,182,122	16,754,471	18,852,520
(5,482,720)	(4,775,188)	(4,001,357)	750,526	221,973
410,783,597	405,860,546	402,430,513	398,429,156	395,162,740
559,669	1,345,156		(4,016,942)	(2,115,800)
<u>\$ 405,860,546</u>	<u>\$ 402,430,513</u>	<u>\$ 398,429,156</u>	<u>\$ 395,162,740</u>	<u>\$ 393,268,913</u>

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

Schedule 3

General fund:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Nonspendable:						
Prepaid costs	\$ 41,451	\$ 28,114	\$ 26,331	\$ 62,752	\$ 75,887	\$ 75,866
Committed to:						
Emergency contingencies	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Unassigned	16,726,964	12,616,200	13,010,385	15,199,698	17,656,659	19,350,943
Total general fund	21,268,415	17,144,314	17,536,716	19,762,450	22,232,546	23,926,809
All other governmental funds:						
Restricted for:						
Comm development projects	1,644,861	958,293	750	1,174,082	1,482,522	2,382,667
Public safety	453,730	285,508		140,747	171,928	193,941
Highways and streets	3,271,595	3,170,407	1,084,434	4,015,113	3,862,123	4,465,023
Capital Projects	146,567	164,867	196,503	135,914	207,205	267,984
Debt service	333,694	2	3,964,252	4	3	29
Assigned to:			165,587			
Capital Projects			3			
Unassigned			2,730	(88,639)	(71,561)	(905,935)
Total all other governmental funds	5,850,447	4,579,077	(3,466)	5,377,221	5,652,220	6,403,709
Total fund balances			5,410,793			
	\$27,118,862	\$ 21,723,391	\$ 22,947,509	\$ 25,139,671	\$ 27,884,766	\$ 30,330,518

	Fiscal Year Ended June 30,			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund:				
Reserved	\$ 1,893,287	\$ 1,864,387	\$ 1,612,181	\$ 1,955,477
Unreserved	28,568,263	31,065,127	30,041,357	28,841,621
Total general fund	30,461,550	32,929,514	31,653,538	30,797,098
All other governmental funds:				
Reserved	3,311,451	5,810,250	2,754,526	1,735,077
Unreserved, reported in:				
Special revenue funds	5,736,366	4,955,552	5,423,979	5,218,642
Debt Service Fund				
Capital projects funds	(4,681,728)	(5,703,854)	(2,701,642)	(2,020,782)
Total all other governmental funds	4,366,089	5,061,948	5,476,863	4,932,937
Total fund balances	\$34,827,639	\$ 37,991,462	\$ 37,130,401	\$ 35,730,035

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

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

	Fiscal Year Ended June 30,				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues:					
Taxes	\$ 9,876,760	\$ 10,165,881	\$ 9,119,375	\$ 8,591,893	\$ 9,646,883
Special assessments	541,382	543,561	550,822	556,989	556,562
Intergovernmental	11,169,052	9,896,948	12,081,466	11,478,456	9,441,959
Charges for services	1,002,210	1,111,655	1,460,828	3,191,416	3,390,367
Fines and forfeitures	546,902	637,484	601,533	607,936	567,575
Licenses and permits	4,247,626	3,121,476	1,445,324	640,287	818,913
Use of money and property	1,716,194	1,629,257	938,053	648,503	499,377
Other	767,457	826,177	1,018,956	30,766	113,578
Total revenues	29,867,583	27,932,439	27,216,357	25,746,246	25,035,214
Expenditures:					
Current:					
General government	4,402,235	3,987,656	5,071,860	4,435,858	4,977,021
Public safety	4,880,290	4,933,958	5,407,476	5,524,279	5,580,507
Public works	5,114,274	4,926,418	5,607,870	5,183,964	5,002,456
Parks, recreation and culture	3,475,549	3,714,762	3,673,282	3,655,029	3,712,194
Community development	2,292,757	2,246,496	1,945,951	1,604,220	1,960,125
Capital outlay	5,344,935	4,271,890	5,508,167	5,161,924	11,480,595
Debt service:					
Principal retirement	240,000	255,000	265,000	280,000	290,000
Interest and fiscal charges	493,840	411,583	187,212	33,904	37,461
Total expenditures	26,243,880	24,747,763	27,666,818	25,879,178	33,040,359
Excess (deficiency) of revenues over (under) expenditures	3,623,703	3,184,676	(450,461)	(132,932)	(8,005,145)
Other financing sources (uses):					
Bond issued or refinancing					
Bonds discount or premium					
Transfers in	6,030,764	7,266,149	6,629,225	4,379,718	2,929,528
Transfers out	(6,354,106)	(7,608,749)	(7,039,825)	(4,795,374)	(3,535,556)
Proceeds from sale of capital asset					
Contribution to OPEB Trust					
Total other financing sources (uses)	(323,342)	(342,600)	(410,600)	(415,656)	(606,028)
Net changes in fund balances	\$ 3,300,361	\$ 2,842,076	\$ (861,061)	\$ (548,588)	\$ (8,611,173)
Debt service as a percentage of noncapital expenditures	2.91%	2.89%	1.77%	1.35%	1.45%

Source: City Finance Department

Schedule 4

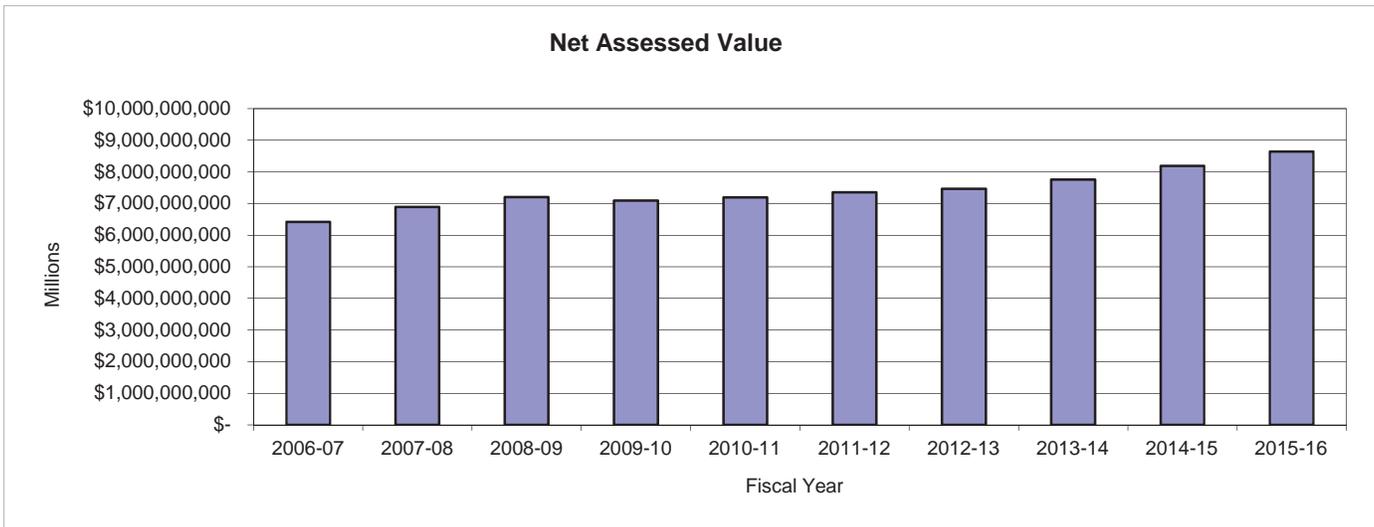
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 9,664,801	\$ 10,200,419	\$ 10,638,609	\$ 10,730,234	\$ 12,930,081
547,209	550,609	549,402	672,492	781,232
11,053,326	10,427,352	10,281,985	11,185,489	10,384,417
3,190,675	3,238,165	3,321,883	3,344,356	3,101,103
509,166	522,142	582,844	523,145	470,722
1,127,569	1,238,626	1,542,765	5,474,765	4,121,387
183,507	30,116	281,752	273,656	563,300
54,634	551,710	85,558	136,786	716,914
<u>26,330,887</u>	<u>26,759,139</u>	<u>27,284,798</u>	<u>32,340,923</u>	<u>33,069,156</u>
5,485,001	4,214,834	5,115,321	5,040,491	5,177,288
5,731,595	5,678,614	5,602,021	5,914,404	6,201,985
6,609,087	5,263,046	5,698,765	5,216,083	5,531,705
4,090,551	4,050,161	4,406,954	4,225,938	4,232,431
2,114,433	2,010,040	2,225,647	2,540,430	2,313,053
6,702,615	3,031,168	2,518,617	4,646,891	5,598,997
12,510,000	335,000	350,000	365,000	385,000
406,626	502,291	492,159	481,656	470,741
<u>43,649,908</u>	<u>25,085,154</u>	<u>26,409,484</u>	<u>28,430,893</u>	<u>29,911,200</u>
(17,319,021)	1,673,985	875,314	3,910,030	3,157,956
11,790,000				
252,381				
6,085,337	5,195,892	4,856,728	7,084,629	7,287,721
(6,494,449)	(5,690,201)	(5,822,286)	(8,249,564)	(7,999,925)
		2,282,406		
				(84,761)
<u>11,633,269</u>	<u>(494,309)</u>	<u>1,316,848</u>	<u>(1,164,935)</u>	<u>(796,965)</u>
<u>\$ (5,685,752)</u>	<u>\$ 1,179,676</u>	<u>\$ 2,192,162</u>	<u>\$ 2,745,095</u>	<u>\$ 2,360,991</u>
35.00%	3.49%	3.35%	3.48%	3.24%

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City of Diamond Bar
 Assessed and Estimated Actual Values of Taxable Property
 2006/07 - 2015/16 Taxable Property Values
 (unaudited)

Schedule 5

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					
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%
2012-13	7,471,528,800	76,724,231	0	78,856,697	7,469,396,334	0.05267	1.62%
2013-14	7,765,883,788	69,544,511	0	83,574,453	7,751,853,846	0.05264	3.78%
2014-15	8,201,610,010	70,524,426	0	83,189,280	8,188,945,156	0.05260	5.64%
2015-16	8,649,508,385	72,343,401	0	85,103,082	8,636,748,704	0.05256	5.47%



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>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
Basic Levy*	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00066	0.00000	0.00000	0.00000	0.00000
LA County Flood Control	0.00005	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00470	0.00450	0.00430	0.00430	0.00370
Mt. San Antonio College	0.02530	0.01750	0.02333	0.02571	0.02636
Pomona Unified School Dist	0.12401	0.11379	0.11577	0.14546	0.17721
Walnut Valley Unified School Dist	0.08749	0.08462	0.11297	0.11674	0.11839
Total Direct & Overlapping Tax Rates	1.2422	1.2204	1.2564	1.2922	1.3257
City's Share of 1% Levy Per Prop 13*	0.05192	0.05192	0.05192	0.05192	0.05192
General Obligation Debt Rate					
Redevelopment Rate*					
Total Direct Rate*	0.05280	0.05485	0.05270	0.05274	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>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
1.00000	1.00000	1.00000	1.00000	1.00000
0.00000	0.00000	0.00000	0.00000	0.00000
0.00000	0.00000	0.00000	0.00000	0.00000
0.00370	0.00350	0.00350	0.00350	0.00350
0.02642	0.02896	0.02023	0.02129	0.02154
0.17364	0.18488	0.16407	0.16599	0.15364
0.11735	0.12554	0.11342	0.11510	0.09285
1.3211	1.3429	1.3012	1.3059	1.2715
0.05192	0.05192	0.05192	0.05192	0.05192
0.05268	0.05267	0.05264	0.05260	0.05256

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

Schedule 7

<u>Current Taxpayers</u>	<u>2015-16 Assessed Valuation</u>	<u>Percentage of Total Net Assessed Valuation</u>
Roic Diamond Hills Plaza LLC	\$ 50,180,866	0.58%
SRGMF South Grand Diamond Bar LLC	46,355,981	0.54%
BSP Senita Gateway Corp Inc	40,000,000	0.46%
Pacifica Trenton Holdings-2 LLC	30,840,781	0.36%
Roic California LLC	28,484,169	0.33%
Target Corporation	27,451,357	0.32%
Muller Rock 2 Gateway	26,779,531	0.31%
Kaiser	26,038,552	0.30%
Millenium Diamond Road Partner	24,346,712	0.28%
Margaret M. Tam Trust ETAL	18,464,858	0.21%
Top Ten Total	<u>\$ 318,942,807</u>	3.69%
City Total	<u>\$ 8,636,748,704</u>	

<u>Taxpayers Nine Years Ago</u>	<u>2006-07 Assessed Valuation</u>	<u>Percentage of Total Net Assessed Valuation</u>
Behringer Harvard Western Portfolio	\$ 39,150,000	0.61%
Hampton Apartments at Diamond Bar LP	34,855,141	0.54%
CRP-2 Holdings CC	28,119,840	0.44%
Gem Gateway Limited Inc	26,283,641	0.41%
Hidden Manna Corporation	24,231,313	0.38%
Muller Rock 2 Gateway	23,551,362	0.37%
Danari Diamond Bar LLC	19,518,942	0.30%
Millennium Diamond Road Partners LLC	17,646,000	0.27%
J.F. Shea Company Inc.	16,398,921	0.26%
Margaret M. Tam Trust, Et. Al.	16,241,200	0.25%
Top Ten Total	<u>\$ 245,996,360</u>	3.83%
City Total	<u>\$ 5,874,950,276</u>	

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
2007	\$ 3,351,647	\$ 3,090,289	92.20%	\$ 261,359	7.80%
2008	3,598,889	3,276,908	91.05%	321,981	8.95%
2009	3,760,371	3,436,585	91.39%	323,786	8.61%
2010	3,704,133	3,412,996	92.14%	291,137	7.86%
2011	3,750,806	3,505,792	93.47%	245,015	6.53%
2012	3,844,101	3,506,696	91.22%	337,405	8.78%
2013	3,908,533	3,778,461	96.67%	130,072	3.33%
2014	4,075,791	3,960,684	97.18%	115,107	2.82%
2015	4,326,040	4,189,390	96.84%	136,650	3.16%
2016	4,568,789	4,412,561	96.58%	156,228	3.42%

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

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Governmental Activities			Total Primary Government	% of Personal Income (b)	Debt Per Capita (b)
	Lease Revenue Bonds (a)	Unamortized Bond Premium (Discount)	Total Governmental Activities			
2007	\$ 13,280,000	(119,210)	\$ 13,160,790	\$ 13,160,790	0.72%	221
2008	13,025,000	(114,625)	12,910,375	12,910,375	0.68%	215
2009	12,760,000	(110,040)	12,649,960	12,649,960	0.66%	210
2010	12,480,000	(105,455)	12,374,545	12,374,545	0.66%	223
2011	12,190,000	(100,869)	12,089,131	12,089,131	0.62%	217
2012	11,470,000	243,853	11,713,853	11,713,853	0.63%	210
2013	11,135,000	229,727	11,364,727	11,364,727	0.57%	203
2014	10,785,000	215,601	11,000,601	11,000,601	0.55%	195
2015	10,420,000	201,475	10,621,475	10,621,475	0.55%	188
2016	10,035,000	187,349	10,222,349	10,222,349	0.53%	179

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
(unaudited)

Schedule 10

	Gross Bonded Debt Balance	% Applicable To City (1)	Net Bonded Debt
Direct Debt as of June 30, 2015			
Diamond Bar Lease Revenue Bond	\$ 10,035,000	100.000	\$ 10,035,000
Overlapping Debts as of June 30, 2015 (2)			
330.10 Metropolitan Water District	44,916,916	0.840	377,157
809.53 Mt San Antonio CCD 2001 Series C 2006	1,000,000	10.913	109,126
809.54 Mt San Antonio CCD DS 2001, 2008 Series D	1,000,924	10.913	109,227
809.56 Mt San Antonio CCD DS 2008 Series 13A	202,351,691	10.913	22,081,860
809.57 Mt San Antonio CCD DS 2008 Series 2013B	9,555,000	10.913	1,042,700
809.58 Mt San Antonio CCD DS 2013 Series A	70,910,000	10.913	7,738,135
809.59 Mt San Antonio CCD DS 2013 Series B	44,045,000	10.913	4,806,461
809.60 Mt San Antonio CCD DS 2008 Series 2015C	39,130,000	10.913	4,270,106
915.62 Pomona Unified School District 2000 Ser A	14,110,000	20.031	2,826,334
915.64 Pomona Unified SD Refunding 2001 Ser A	13,330,000	20.031	2,670,095
915.70 Pomona Unified School DS 2007 Ref Bonds	7,421,815	20.031	1,486,643
915.71 Pomona Unified School District 2008 Series A	4,650,000	20.031	931,428
915.72 Pomona USD DS 2008 Series B	41,300,000	20.031	8,272,687
915.73 Pomona USD 2008 Series C	10,105,000	20.031	2,024,104
915.74 Pomona USD DS 2012 Refunding Bond Series A	25,115,000	20.031	5,030,715
915.75 Pomona USD DS 2012 Refunding Bond Series B	14,000,000	20.031	2,804,301
915.76 Pomona USD DS 2008 Series D QSCBS	24,285,000	20.031	4,864,460
915.77 Pomona USD DS 2008 Series E	23,000,000	20.031	4,607,065
915.78 Pomona USD DS 2008 Series F	18,320,000	20.031	3,669,628
915.79 Pomona USD DS 2015 Ref Bonds	45,038,077	20.031	9,021,450
980.60 Walnut Valley Unified USD DS 2000 Series E	16,694,951	59.493	9,932,367
980.62 Walnut Valley Unified SD 2007 Series A (Measure S)	1,685,000	59.493	1,002,461
980.63 Walnut Valley Unified SD 2007 Series A (Measure Y)	285,887	59.493	170,083
980.64 Walnut Valley Unified SD 2011 Refunding	27,329,521	59.493	16,259,217
980.67 Walnut Valley USD 2012 Ref Bonds	5,585,000	59.493	3,322,697
980.69 Walnut Valley USD 2014 Ref Bonds Series A	24,470,000	59.493	14,557,995
980.70 Walnut Valley USD 2014 Ref Bonds Series B	40,660,000	59.493	24,189,950
Total Overlapping Debts:	<u>770,294,782</u>		<u>158,178,452</u>
Grand Total Direct and Overlapping Debt:	<u>\$ 780,329,782</u>		<u>\$ 168,213,452</u>

Debt to Assessed Valuation Ratios as of June 30, 2016:

2015/16 Net Assessed Valuation: \$ 8,636,748,704	Direct Debt	0.12%	\$176
2015 Total City Population: 57,081	Overlapping Debt	1.83%	\$2,771
	Total Debt	1.95%	\$2,947

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)

Schedule 11

Fiscal Year	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net assessed value	\$ 7,350,019,952	\$ 7,469,396,334	\$ 7,751,853,846	\$ 8,188,945,156	\$ 8,636,748,704
Add back: Exemptions	74,296,191	78,856,697	83,574,453	83,189,280	85,146,082
Gross assessed value	7,424,316,143	7,548,253,031	7,835,428,299	8,272,134,436	8,721,894,786
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,856,079,036	1,887,063,258	1,958,857,075	2,068,033,609	2,180,473,697
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	278,411,855	283,059,489	293,828,561	310,205,041	327,071,054
City Debts:					
Revenue bonds	11,470,000	11,135,000	10,785,000	10,420,000	10,035,000
Legal debt margin	<u>\$ 266,941,855</u>	<u>\$ 271,924,489</u>	<u>\$ 283,043,561</u>	<u>\$ 299,785,041</u>	<u>\$ 317,036,054</u>

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

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

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

City of Diamond Bar
Demographic and Economic Statistics
(unaudited)

Schedule 12

General Information

Date of Incorporation April 18, 1989
Form of Government Council-Manager
Area 14.88 Square Miles
Miles of Streets 128

Public Safety

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

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

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Median Household Income	Unemployment Rate	Median Age	Pop 25+ High School Degree	Pop 25+ Bachelor Degree
2006	59,497	\$ 1,827,966	\$ 30,724		3.40%			
2007	59,629	1,903,585	31,924	87,224	3.60%			
2008	59,920	1,929,498	32,201	94,061	5.30%			
2009	60,184	1,885,698	31,332	89,185	8.30%	39.2	93.1%	46.7%
2010	55,766	1,960,418	35,154	87,216	9.10%	39.8	92.0%	47.6%
2011	55,819	1,846,158	33,074	90,153	8.80%	40.5	92.5%	47.8%
2012	56,099	1,991,290	35,496	90,181	6.60%	40.6	92.6%	48.8%
2013	56,400	1,984,772	35,191	88,422	5.40%	41.3	92.4%	49.7%
2014	56,426	1,919,782	34,023	90,901	5.30%	40.9	92.0%	48.4%
2015	57,081	1,943,144	34,041	90,966	4.30%	41.1	91.5%	47.9%

Population Distribution by Race (2010 US Census)

	Total	Percent
Asian	28,106.06	50.40%
White	18,570.08	33.30%
Hispanic or Latino	10,294.40	18.46%
African American	2,174.87	3.90%
Others	-	0.00%

Single Family Residential Full Value Sales (01/01/2012-07/31/2016)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2012	789	\$ 484,681	\$ 417,500	
2013	814	591,380	500,000	19.76%
2014	701	660,281	535,000	7.00%
2015	726	626,515	551,000	2.99%
2016	377 (Jan-Jul 2016))	617,006	565,000	2.54%

Data Source:

1. L.A. County Recorder
2. HdL Cornen & Cone
3. US Bureau of the Census. The official population census of the United States is conducted every ten years, most recently in 2010.
4. Median household income source: US Bureau of the Census.

City of Diamond Bar
Principal Employers
Current Fiscal Year and Nine Fiscal Years Ago
(unaudited)

Schedule 13

<u>Company Name</u>	2016		
	Number of Employees	Rank	Percent of Employment
Walnut Valley Unified Schools District	1,400	1	4.90%
South Coast Air Quality Management	800	2	2.80%
Allstate Insurance - Claim Dept	485	3	1.70%
Travelers Insurance	475	4	1.66%
Pomona Unified School District	385	5	1.35%
QTC/Lockheed	250	6	0.87%
Liferay	200	7	0.70%
Wells Fargo Bank	180	8	0.63%
Kaiser Permanente	125	9	0.44%
Graybar Electric	122	10	0.43%
Total	4,422		15.09%

Total city employment 29,300 in 2016.

<u>Company Name</u>	2007		
	Number of Employees	Rank	% of City Employment
South Coast Air Quality Management	762	1	2.40%
Acosta Sales & Marketing	450	2	1.42%
St Paul Travelers	402	3	1.26%
Target Store - Diamond Bar	220	4	0.69%
Diamond Bar High School	200	5	0.63%
Lab Support Inc	200	6	0.63%
J.F. Shea Co. Inc	135	7	0.42%
Baybrook Services	120	8	0.38%
Goodrich Corp	120	9	0.38%
Southwest Patrol	120	10	0.38%
Total	2,729		8.59%

Sources:

- (1) State of California - Labor Market Info
- (2) Info USA - Government Division
- (3) City Manager's Office

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

Schedule 14

Function	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
General government	23	24	24	25	25
Community development	8	8	8	8	9
Community services	75	87	70	73	69
Public works	9	8	8	9	10
Total	115	127	110	115	113

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

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

Schedule 15

Function	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Police:(in fiscal year) (1)					
Physical arrests	737	630	494	522	702
Street Sweeping Parking Citation	3,766	3,776	5,774	5,887	5,682
Fire: (in fiscal year) (2)					
Number of emergency calls	2,516	2,604	2,760	2,820	3,180
Inspections	1,287	1,477	1,434	1,413	1,667
Public works: (in fiscal year) (3)					
Street resurfacing (miles)	9.2	8.3	12.5	17.0	19.3
Parks and recreation:(in fiscal year)(4)					
Number of recreation classes(5)	2,096	2,082	2,623	2,591	2,546
Number of facility rentals	4,270	4,332	4,178	4,491	4,804

Function	Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
Police: (1)					
Physical arrests	582	543	591	700	647
Street Sweeping Parking Citation	5,684	5,200	5,103	5,110	4,137
Fire: (2)					
Number of emergency calls	2,612	2,595	2,561	2,654	2,594
Inspections	1,114	1,085	1,100	979	1,202
Public works: (3)					
Street resurfacing (miles)	19.6	18.5	13.8	23.3	12.0
Parks and recreation:(4)					
Number of recreation classes	1,558	1,569	1,315	2,456	2,115
Number of facility rentals	4,555	4,103	4,299	4,111	4,147

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

Schedule 16

Function	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety (1)										
Police:										
Station	1	1	1	1	1	1	1	1	1	1
Patrol units (all shifts combined)	19	18	18	18	18	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	129.4	129.4	129.4	129.4	129.4	129.4	130.9
Streetlights	233	233	233	294	294	294	294	294	294	294
Traffic signals	74	74	74	76	76	76	76	76	76	76
Culture and recreation:(4)										
Parks acreage (developed)	62.7	62.7	62.7	62.7	63.6	67.9	67.9	67.9	67.9	67.9
Parks acreage (undeveloped)	439.0	439.0	439.4	439.4	440.3	440.3	440.3	440.3	440.3	440.3
Hiking Trails (developed miles)	2.7	2.7	2.7	2.7	2.7	3.2	3.2	3.2	4.0	4.0
Hiking Trails (undeveloped miles)	5.4	5.4	5.4	5.4	5.4	5.0	5.0	5.0	4.1	4.1
Parks	12	12	13	13	14	15	15	15	15	15
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)	157	157	157	158.4	158.4	158.4	161.21	161.21	161.21	161.21

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

Sources:

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

Note:

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

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

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