

Notes to the Basic Financial Statements

This report includes notes to the basic financial statements. They provide additional information that is important to a complete understanding of the data contained in the government-wide and fund financial statements. The notes can be found on pages 23 through 52 of the report.

Government-wide Financial Analysis

The government-wide financial analysis focuses on net assets and changes in net assets for the City's governmental activities. A summary of net assets as of June 30, 2012 is as follows:

	Governmental Activities	
	2012	2011
Current and other assets	\$ 43,389,249	\$ 41,361,906
Capital Assets	<u>55,734,890</u>	<u>55,724,500</u>
Total assets	<u>\$ 99,124,139</u>	<u>\$ 97,086,406</u>
Current and other liabilities	\$ 850,061	\$ 1,514,677
Long-term debt outstanding	<u>2,052,207</u>	<u>20,272,268</u>
Total liabilities	<u>2,902,268</u>	<u>21,786,945</u>
Net assets (liabilities):		
Invested in capital assets, net of related debt	54,394,890	36,022,738
Restricted	17,191,701	24,655,261
Unrestricted	<u>24,635,280</u>	<u>14,621,462</u>
Total net assets	<u>\$ 96,221,871</u>	<u>\$ 75,299,461</u>

As discussed earlier in this analysis, net assets may serve as an indicator of the City's financial position. At end of the fiscal year 2012, assets exceeded liabilities by \$96,221,871.

The City's primary assets were cash - \$24,128,138, land held for resale - \$6,634,856, and capital assets - \$55,734,890. A significant portion of the City's cash is comprised by reserves and bond proceeds held by trustees. Therefore, much of it is unavailable to pay for current activities. Land held for resale represents the value of properties acquired by the Redevelopment Agency and transferred to the City and Housing Authority for future development purposes. The capital assets figure is the estimated value of all the equipment, land, buildings, and infrastructure owned by the City. It conforms to accounting rules requiring such assets be inventoried, valued, and depreciated.

The City's primary liability is its long-term bonded indebtedness - \$2,052,207. This has been drastically reduced because the debt that was issued by the Redevelopment Agency has been removed from the City's governmental activities and is now borne solely by the Successor Agency.

A summary of the changes in the City's net assets for the year ended June 30, 2012 is as follows:

Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,945,155	\$ 2,763,441
Operating grants	2,203,312	3,576,399
Capital grants	645,120	575,278
General revenues:		
Taxes	9,527,912	12,785,279
Use of money and property	313,086	381,046
Intergovernmental	1,722,793	1,770,524
Miscellaneous	1,167,593	1,177,429
Total revenues	<u>18,524,971</u>	<u>23,029,396</u>
Total Extraordinary gain/(loss) on dissolution of RDA	<u>18,149,777</u>	<u>-</u>
Expenses:		
General government	2,995,838	4,336,529
Safety	4,179,433	4,018,002
Transportation	1,725,758	485,797
Development	4,457,202	6,306,654
Recreation and culture	2,555,690	2,444,067
Interest expense	289,159	1,813,271
Total expenses	<u>16,203,080</u>	<u>19,404,320</u>
Change in net assets	20,471,668	3,625,076
Net assets - beginning of year, as restated	<u>75,750,203</u>	<u>71,674,385</u>
Net assets - end of year	<u>\$ 96,221,871</u>	<u>\$ 75,299,461</u>

At year-end, the City's net assets had increased by \$20,471,668. This increase is attributable to the fact that the Redevelopment Agency was dissolved and the RDA assets and liabilities were removed from the City's assets.

City Fund Financial Analysis

The city fund analysis focuses on governmental fund balances and on any restrictions or commitments that limit the availability of fund balances for future use.

As of June 30, 2012, the City's governmental funds had a total ending fund balance of \$41,233,746. This amount represents an increase of \$2,859,063, or 7% as compared to the prior year.

Of the City's three major governmental funds two of them increased their fund balances during the year and the other one decreased its balance because it was an RDA fund and all balances were transferred out to the Successor Agency. The increase in the General Fund balance was due to revenues coming in higher than projected and a long awaited reimbursement to the General Fund from the Park Development Grant for an advance that was used to pay for the project costs. The increase in the Housing Authority Fund was due to the extraordinary gain on dissolution of the low and moderate income housing portion of the former redevelopment agency. The combined fund balance of the Other Governmental Funds increased by \$3.7 million, but this was largely due to the removal of the non major RDA funds that held negative balances.

Capital Asset and Debt Administration

Capital Assets

At year-end the City had \$56 million invested in a broad range of capital assets including buildings, parks, streets, sidewalks, traffic signals, sewers, storm drains, curbs and gutters, street lights, vehicles, medians, and other assets. This amount represents an overall increase (including additions and deductions) of \$10,390 as compared to the prior year. Additional information can be found in Note 6.

Debt Administration

At the end of the fiscal year, the City had long-term debt totaling \$2,052,207. A summary of the City's debt activity for the year ended is as follows:

	Outstanding Debt at Year-end		
	<u>2011</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Tax allocation bond	\$ 18,271,750	\$ -	(\$18,271,750)
Certificates of participation	1,430,000	1,340,000	(90,000)
Accrued vacation & sick leave	570,518	604,284	33,766
CJPIA Retro Deposit	<u>-</u>	<u>107,923</u>	<u>107,923</u>
 Total debt	 <u>\$ 20,272,268</u>	 <u>\$2,052,207</u>	 <u>(\$18,220,061)</u>

Additional information about the City's debt may be found in notes 7 and 17 to the basic financial statements.

Economic Factors and Next Year's Budget

Overall, the City of Duarte continues to be in a good financial position. The City has worked hard in fiscal year 2012 to continue to minimize the growth of programs, enhance revenues when feasible and continue to keep retirement at a reasonable amount and healthcare costs at a fixed cost. As you can see General Fund expenses decreased by \$460,939 over last year's budget. Nonetheless as hard as the City works to make difficult yet visionary decisions about its budget, we are often unable to control our own destiny, when the State chooses to divert local funds instead of dealing with their own financial problems. This was prominently reflected through the State's abolishment of redevelopment and retroactive decisions that sent a tidal wave through communities that were already struggling to recover from the worst economic downfall since the Great Depression.

The State budget is clearly still in crisis and the recovery in the current economic recession will take much longer than the time it took to fall apart. While our community continues to see positive signs of progress through the slow and steady increase of sales tax and property tax revenue, we are not back to the levels we had years ago and we do not expect that these amounts will be received for many years to come. Our local economic growth can be seen with the opening of the Fiat of Duarte dealership and the large tenant improvement projects at Walmart, Target and the City of Hope. However, these alone will not resolve our overall revenue challenges. City Council and staff intend to continue to implement cost saving measures and cautiously minimize any increase to service levels, while we continue to weather this global economic storm.

Requests for Information

These financial statements are designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate accountability for the money it receives. If there are questions, or a need for more information, please contact the City of Duarte, 1600 Huntington Drive, Duarte, California, 91010, or call (626) 357-7931.

CITY OF DUARTE

STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 24,028,657
Receivables:	
Accounts	115,977
Taxes	1,051,804
Notes and loans	370,500
Accrued interest	21,400
Grants	166,419
Prepaid costs	6,606
Due from other governments	537,409
Land held for resale	6,634,856
Retrospective long-term refund	177,592
Prepaid other postemployment benefits	674,845
Restricted assets:	
Cash with fiscal agent	99,481
Due from Successor Agency	9,503,703
Capital assets not being depreciated	22,291,035
Capital assets, net of depreciation	<u>33,443,855</u>
Total Assets	<u>99,124,139</u>
Liabilities:	
Accounts payable	586,628
Accrued liabilities	35,267
Accrued interest	16,704
Deposits payable	183,541
Due to other governments	27,921
Noncurrent liabilities:	
Due within one year	130,764
Due in more than one year	<u>1,921,443</u>
Total Liabilities	<u>2,902,268</u>
Net Assets:	
Invested in capital assets, net of related debt	54,394,890
Restricted for:	
Development Projects	12,320,740
Debt service	411,841
Public safety	24,056
Transportation	4,265,019
Recreation and culture	170,045
Unrestricted	<u>24,635,280</u>
Total Net Assets	<u>\$ 96,221,871</u>

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CITY OF DUARTE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues		Capital Contributions and Grants	Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Contributions and Grants		
					Governmental Activities
Functions/Programs					
Primary Government:					
Governmental Activities:					
General government	\$ 2,995,838	\$ 376,620	\$ 967,851	\$ -	\$ (1,651,367)
Public safety	4,179,433	191,190	220,897	-	(3,767,346)
Community development	4,457,202	1,950,482	123,400	-	(2,383,320)
Parks and recreation	2,555,690	426,863	16,000	-	(2,112,827)
Transportation	1,725,758	-	875,164	645,120	(205,474)
Interest on long-term debt	289,159	-	-	-	(289,159)
Total Governmental Activities	16,203,080	2,945,155	2,203,312	645,120	(10,409,493)
Total Primary Government	\$ 16,203,080	\$ 2,945,155	\$ 2,203,312	\$ 645,120	(10,409,493)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					3,822,837
Transient occupancy taxes					69,004
Sales taxes					4,489,349
Franchise taxes					813,180
Business licenses taxes					333,542
Motor vehicle in lieu - unrestricted					1,722,793
Use of money and property					313,086
Other					1,167,593
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)					18,149,777
Total General Revenues, Contributions, Extraordinary Items and Transfers					30,881,161
Change in Net Assets					20,471,668
Net Assets at Beginning of Year					75,299,461
Restatement of Net Assets					450,742
Net Assets at End of Year					\$ 96,221,871

CITY OF DUARTE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Special Revenue Funds	Debt Service Funds
		Housing Authority	RDA Debt Service
Assets:			
Pooled cash and investments	\$ 11,789,760	\$ 6,684,607	\$ -
Receivables:			
Accounts	115,977	-	-
Taxes	948,776	-	-
Notes and loans	-	370,500	-
Accrued interest	21,400	-	-
Grants	62,591	-	-
Prepaid costs	6,606	-	-
Due from other governments	537,409	-	-
Due from other funds	95,357	-	-
Land held for resale	1,645,522	4,989,334	-
Retrospective long-term refund	177,592	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Due from Successor Agency	9,503,703	-	-
Total Assets	\$ 24,904,693	\$ 12,044,441	\$ -
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 445,792	\$ 8,305	\$ -
Accrued liabilities	29,052	4,447	-
Deferred revenues	252,101	370,500	-
Deposits payable	183,541	-	-
Due to other governments	27,921	-	-
Due to other funds	-	-	-
Total Liabilities	938,407	383,252	-
Fund Balances:			
Nonspendable:			
Prepaid costs	6,606	-	-
Land held for resale	1,645,522	4,989,334	-
Due from Successor Agency	9,503,703	-	-
Restricted for:			
Development projects	-	6,671,855	-
Public safety	-	-	-
Recreation and culture	-	-	-
Transportation	-	-	-
Debt service	-	-	-
Committed to:			
Vehicle Replacement	388,918	-	-
Assigned to:			
Capital Projects	-	-	-
Unassigned	12,421,537	-	-
Total Fund Balances	23,966,286	11,661,189	-
Total Liabilities and Fund Balances	\$ 24,904,693	\$ 12,044,441	\$ -

See Notes to Financial Statements

CITY OF DUARTE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 5,554,290	\$ 24,028,657
Receivables:		
Accounts	-	115,977
Taxes	103,028	1,051,804
Notes and loans	-	370,500
Accrued interest	-	21,400
Grants	103,828	166,419
Prepaid costs	-	6,606
Due from other governments	-	537,409
Due from other funds	-	95,357
Land held for resale	-	6,634,856
Retrospective long-term refund	-	177,592
Restricted assets:		
Cash and investments with fiscal agents	99,481	99,481
Due from Successor Agency	-	9,503,703
Total Assets	\$ 5,860,627	\$ 42,809,761
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 132,531	\$ 586,628
Accrued liabilities	1,768	35,267
Deferred revenues	24,700	647,301
Deposits payable	-	183,541
Due to other governments	-	27,921
Due to other funds	95,357	95,357
Total Liabilities	254,356	1,576,015
Fund Balances:		
Nonspendable:		
Prepaid costs	-	6,606
Land held for resale	-	6,634,856
Due from Successor Agency	-	9,503,703
Restricted for:		
Development projects	659,551	7,331,406
Public safety	24,056	24,056
Recreation and culture	170,045	170,045
Transportation	4,265,019	4,265,019
Debt service	411,841	411,841
Committed to:		
Vehicle Replacement	-	388,918
Assigned to:		
Capital Projects	75,759	75,759
Unassigned	-	12,421,537
Total Fund Balances	5,606,271	41,233,746
Total Liabilities and Fund Balances	\$ 5,860,627	\$ 42,809,761

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CITY OF DUARTE

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

Fund balances of governmental funds		\$ 41,233,746
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		55,734,890
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$ (1,340,000)	
Other long-term liabilities	(107,923)	
Compensated Absences	<u>(604,284)</u>	(2,052,207)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net assets any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		674,845
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(16,704)
Revenues reported as deferred revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		<u>647,301</u>
Net assets of governmental activities		<u>\$ 96,221,871</u>

CITY OF DUARTE

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

	General	Special Revenue Funds Housing Authority	Debt Service Funds RDA Debt Service
Revenues:			
Taxes	\$ 6,816,308	\$ -	\$ 3,584,192
Assessments	-	-	-
Licenses and permits	771,039	-	-
Intergovernmental	2,532,637	-	-
Charges for services	513,226	-	-
Use of money and property	237,533	28,274	11,209
Fines and forfeitures	178,680	-	-
Miscellaneous	1,165,265	100	-
Total Revenues	12,214,688	28,374	3,595,401
Expenditures:			
Current:			
General government	2,918,544	-	-
Safety	3,916,462	-	-
Development	2,178,594	338,719	137,958
Recreation and culture	2,308,273	-	-
Transportation	-	-	-
Capital outlay	76,486	-	-
Debt service:			
Principal retirement	-	-	2,210,000
Interest and fiscal charges	-	-	517,988
Pass-through agreement payments	-	-	851,412
Total Expenditures	11,398,359	338,719	3,717,358
Excess (Deficiency) of Revenues Over (Under) Expenditures	816,329	(310,345)	(121,957)
Other Financing Sources (Uses):			
Transfers in	311,000	716,838	318,000
Transfers out	(252,010)	-	(716,838)
Total Other Financing Sources (Uses)	58,990	716,838	(398,838)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	1,612,922	(3,216,337)
Net Change in Fund Balances	875,319	2,019,415	(3,737,132)
Fund Balances, Beginning of Year	23,090,967	9,641,774	3,737,132
Fund Balances, End of Year	\$ 23,966,286	\$ 11,661,189	\$ -

See Notes to Financial Statements

CITY OF DUARTE

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

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ -	\$ 10,400,500
Assessments	1,167,421	1,167,421
Licenses and permits	-	771,039
Intergovernmental	2,129,240	4,661,877
Charges for services	23,145	536,371
Use of money and property	36,070	313,086
Fines and forfeitures	-	178,680
Miscellaneous	2,228	1,167,593
Total Revenues	3,358,104	19,196,567
Expenditures:		
Current:		
General government	27,108	2,945,652
Safety	100,000	4,016,462
Development	1,766,320	4,421,591
Recreation and culture	17,512	2,325,785
Transportation	940,606	940,606
Capital outlay	575,369	651,855
Debt service:		
Principal retirement	90,000	2,300,000
Interest and fiscal charges	26,990	544,978
Pass-through agreement payments	-	851,412
Total Expenditures	3,543,905	18,998,341
Excess (Deficiency) of Revenues Over (Under) Expenditures	(185,801)	198,226
Other Financing Sources (Uses):		
Transfers in	1,501,048	2,846,886
Transfers out	(1,878,038)	(2,846,886)
Total Other Financing Sources (Uses)	(376,990)	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	4,264,252	2,660,837
Net Change in Fund Balances	3,701,461	2,859,063
Fund Balances, Beginning of Year	1,904,810	38,374,683
Fund Balances, End of Year	\$ 5,606,271	\$ 41,233,746

See Notes to Financial Statements

CITY OF DUARTE

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

Net change in fund balances - total governmental funds		\$ 2,859,063
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 outlay	\$ 835,943	
Depreciation	(1,267,349)	
Disposition of capital assets	<u>(8,946)</u>	(440,352)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal repayments	2,300,000	
Issuance of long-term debt	<u>(107,923)</u>	2,192,077
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		
		255,819
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		(33,766)
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.		
		(29,929)
Revenues reported as deferred revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		
		179,816
Extraordinary gains and losses relating to capital assets and long term liabilities transferred to the Successor Agency are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.		
Long-term liabilities	16,061,750	
Unamortized bond issuance costs	<u>(572,810)</u>	<u>15,488,940</u>
Change in net assets of governmental activities		<u>\$ 20,471,668</u>

CITY OF DUARTE

BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 23,090,967	\$ 23,090,967	\$ 23,090,967	\$ -
Resources (Inflows):				
Taxes	6,526,000	6,526,000	6,816,308	290,308
Licenses and permits	625,000	625,000	771,039	146,039
Intergovernmental	2,086,000	2,086,000	2,532,637	446,637
Charges for services	499,800	499,800	513,226	13,426
Use of money and property	295,500	295,500	237,533	(57,967)
Fines and forfeitures	185,000	185,000	178,680	(6,320)
Miscellaneous	1,350,900	1,350,900	1,165,265	(185,635)
Transfers in	-	-	311,000	311,000
Amounts Available for Appropriation	34,659,167	34,659,167	35,616,655	957,488
Charges to Appropriation (Outflow):				
General government	2,686,000	2,748,000	2,918,544	(170,544)
Safety	3,940,100	3,872,100	3,916,462	(44,362)
Development	2,102,300	2,087,300	2,178,594	(91,294)
Recreation and culture	2,407,300	2,375,300	2,308,273	67,027
Capital outlay	-	75,000	76,486	(1,486)
Transfers out	282,100	282,100	252,010	30,090
Total Charges to Appropriations	11,417,800	11,439,800	11,650,369	(210,569)
Budgetary Fund Balance, June 30	\$ 23,241,367	\$ 23,219,367	\$ 23,966,286	\$ 746,919

See Notes to Financial Statements

CITY OF DUARTE

**BUDGETARY COMPARISON STATEMENT
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 9,641,774	\$ 9,641,774	\$ 9,641,774	\$ -
Resources (Inflows):				
Use of money and property	30,000	30,000	28,274	(1,726)
Miscellaneous	-	-	100	100
Transfers in	1,660,300	1,660,300	716,838	(943,462)
Extraordinary gain on dissolution of redevelopment agency	-	-	1,612,922	1,612,922
Amounts Available for Appropriation	<u>11,332,074</u>	<u>11,332,074</u>	<u>11,999,908</u>	<u>667,834</u>
Charges to Appropriation (Outflow):				
Community development	1,781,400	1,781,400	338,719	1,442,681
Total Charges to Appropriations	<u>1,781,400</u>	<u>1,781,400</u>	<u>338,719</u>	<u>1,442,681</u>
Budgetary Fund Balance, June 30	<u>\$ 9,550,674</u>	<u>\$ 9,550,674</u>	<u>\$ 11,661,189</u>	<u>\$ 2,110,515</u>

See Notes to Financial Statements

CITY OF DUARTE

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2012

	<u>Private- Purpose Trust Fund Successor Agency of the former RDA</u>
Assets:	
Pooled cash and investments	\$ 6,456,740
Receivables:	
Notes and loans	475,000
Deferred charges	494,164
Restricted assets:	
Cash and investments with fiscal agents	<u>3,085,784</u>
Total Assets	<u>10,511,688</u>
Liabilities:	
Accounts payable	613,758
Accrued interest	230,493
Due to other governments	465,000
Long-term liabilities:	
Due in one year	2,320,000
Due in more than one year	<u>23,910,553</u>
Total Liabilities	<u>27,539,804</u>
Net Assets:	
Held in trust for other purposes	<u>(17,028,116)</u>
Total Net Assets	<u>\$ (17,028,116)</u>

CITY OF DUARTE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2012

	Private- Purpose Trust Fund Successor Agency of the former RDA
Additions:	
Taxes	\$ 3,199,314
Interest and change in fair value of investments	17,025
Miscellaneous	100
Total Additions	<u>3,216,439</u>
Deductions:	
Administrative expenses	230,404
Interest expense	699,165
Amortization expense	743,745
Reimbursement of prior taxes to County	421,464
Total Deductions	<u>2,094,778</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	(18,149,777)
Changes in Net Assets	<u>(17,028,116)</u>
Net Assets - Beginning of the Year	-
Net Assets - End of the Year	<u>\$ (17,028,116)</u>

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

The City of Duarte, California (the "City"), was incorporated on August 22, 1957. The City operates under a Council-Manager form of government. The City's major operations include police, code enforcement, animal control, parks and recreation, planning and development, public works, transit services, refuse collection, and general administrative services.

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Reporting Entity

The reporting entity, "City of Duarte", is comprised of the various funds of the City of Duarte (City), the former Redevelopment Agency of the City of Duarte (Agency), the Duarte Public Finance Authority (Authority), and the Duarte Housing Authority (Housing Authority). As required by generally accepted accounting principles in the United States of America, these financial statements present the City of Duarte (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 Duarte elected officials have a continuing oversight responsibility over the Authority and Housing Authority.

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

Blended Component Units:

The Redevelopment Agency of the City of Duarte (the "Agency") is a blended component unit of the City. According to GASB No. 14, component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City. It was created by the Duarte City Council in January 1974, pursuant to the Community Redevelopment Law of California. The Agency has broad authority to acquire, develop, administer, and sell or lease property. The Agency also has the right to use eminent domain to facilitate the acquisition of property. The Duarte City Council serves as the governing body of the Agency, and the Agency contracts with the City for personnel, administrative, and support services. The redevelopment agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X 26. See Note 17 for more information on the dissolution.

The Duarte Public Financing Authority was organized in 1988 for the specific purpose of facilitating the issuance of debt instruments. It has no separate existence and has acted

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

Note 1: Summary of Significant Accounting Policies (Continued)

as a conduit between the issuer (the Agency and/or the City) and the underwriters. Separate financial statements of the Public Financing Authority were not prepared.

The Duarte Housing Authority (the "Housing Authority") was established pursuant to California Housing Authorities Law (Health and Safety Code Sections 34200 et seq.) on March 22, 2011. The purpose of the Housing Authority is to provide safe and sanitary housing opportunities for Duarte residents. Although the Housing Authority is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Housing Authority. Separate financial statements of the Housing Authority were not prepared.

Organizations Other Than Component Units:

Other governmental agencies, such as the County of Los Angeles, the Duarte Unified School District, etc., provide services within the City. However, each of these agencies is governed by an independently elected governing board. Accordingly, their financial information is not included within the scope of this financial report, because the City Council does not have a continuing oversight responsibility over them, nor are their financial operation closely related thereto.

b. Basic Financial Statements – Government-Wide Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. The City does not have any business-type activities; therefore, only governmental activities are reported.

These basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. 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. Certain types of transactions are reported as program revenues for the City in three categories: (1) charges for services, (2) operating grants and contributions and (3) capital grants and contributions. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances by the City, which are presented as internal balances and eliminated in the total primary government column.

c. Basic Financial Statements – Fund Financial Statements

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. These statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental and fiduciary – are presented.

Note 1: Summary of Significant Accounting Policies (Continued)

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following fund types are used by the City:

Governmental Funds:

The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The following is a description of the governmental funds of the City:

General fund accounts for all or most of a City's general activities and financial resources except those required to be accounted for in another fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of capital assets.

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt.

Additionally, the government reports the following fund types

Private-purpose trust funds are used to account for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

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

Note 1: Summary of Significant Accounting Policies (Continued)

The private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

d. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The modified accrual basis of accounting is used by all City funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. The exception to this rule is that principal and interest on long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue. Fines, permits and parking citations are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports deferred revenue periodically in its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when cost reimbursement type grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

e. Financial Statement Amounts

1. Cash and Cash Equivalents:

The City has defined cash and cash equivalents to include cash on hand, demand deposits, as well as cash with fiscal agent. Additionally, each fund's equity in the City's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

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

Note 1: Summary of Significant Accounting Policies (Continued)

2. Investments:

Investments are stated at fair value, (quoted market price or the best available estimate). If market values decline below cost, no loss is recorded if such declines are considered temporary. The City's policy is to hold investments until maturity or until market values equal or exceed cost. However, if the liquidity needs of the City were to require that investments be sold at a loss subsequent to year-end, the decline in value would be recorded as a loss at year-end.

3. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Land Held for Resale:

Land Held for Resale in the Capital Projects Fund is an inventory of land purchased by the Agency and transferred to the City and Housing Authority, which will be sold to developers. The land is recorded at the lower of acquisition cost or market.

5. Capital Assets:

Capital assets purchased or acquired with an original cost of \$50,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	60 years
Sewer system	60 years
Machinery and equipment	5-35 years
Improvements	10-20 years
Other infrastructure	10-50 years

GASB No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are the largest asset class of the City.

6. Property Tax Revenues:

For the Agency, incremental property tax revenues represent property taxes in each project area arising from increased assessed valuations over base valuations established at the inception of the project area. Property taxes are billed and collected within the same period in which the taxes are levied. Incremental property taxes from each project area accrue to the Agency until all liabilities and commitments of the project area have been repaid (including cumulative funds provided or committed by the Agency). After all such indebtedness has been repaid all property taxes from the project area revert back to the various taxing authorities. There will be no future payments of tax increment due to the dissolution of the former redevelopment agency.

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

Note 1: Summary of Significant Accounting Policies (Continued)

In general, property taxes in California are levied in accordance with Article 13B of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to State law to the appropriate units of local government, including the City. Property tax revenue is recognized in the fiscal year for which taxes have been levied, provided that the revenue is collected in the current period or will be collected within 60 days thereafter. The following dates relate to property tax levies and collections:

Lien Date	March 1
Levy Date	June 30
Due Dates	November 1 and February 1
Collection Dates	December 10 and April 10

7. Compensated Absences:

The City accrues accumulated unpaid vacation, sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The amount estimated to be used in subsequent fiscal years for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers.

9. Use of Restricted/Unrestricted Net asset

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

Government-Wide Financial Statements

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or by laws or regulations.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of restricted net assets.

Fund Financial Statements

In the fund financial statements, governmental 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 of the City of Duarte. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance or resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Finance Director is authorized to assign amounts to a specific purpose, which was established by the governing body in resolution.

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

An individual governmental fund could include non-spendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications.

10. 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, liabilities, revenues and expenses. Actual results could differ from those estimates.

11. Low and Moderate Income Housing:

The California Health and Safety Code requires City project areas to deposit 20% of allocated incremental property tax revenues (or 20% of net bond proceeds plus 20% of tax incremental revenues in excess of debt service payments on the bond) into a Low and Moderate Income Housing Fund. This money is restricted for the purpose of increasing or improving the community's supply of low and moderate income housing. The City accounts for these revenues in a capital projects fund. There will be no future low and moderate income housing set aside payments due to the dissolution of the former redevelopment agency.

Note 2: Stewardship, Compliance and Accountability

a. Budgets and Budgetary Accounting

The City adopts an annual budget prepared on the modified accrual basis of accounting for its governmental funds. The City Manager or his designee is authorized to transfer budgeted amounts between the accounts of any department. Revisions that alter the total appropriations of any department or fund may be 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 fund level.

CITY OF DUARTE, CALIFORNIA

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

Note 2: Stewardship, Compliance and Accountability (Continued)

b. Excess of Appropriations over Expenditures

Excess of expenditures over appropriations at fiscal year-end was as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General government	\$ 2,748,000	\$ 2,918,544	\$ 170,544
Safety	3,872,100	3,916,462	44,362
Development	2,087,300	2,178,594	91,294
Capital outlay	75,000	76,486	1,486
Special Revenue Fund:			
Community Development Block Grant	181,200	202,211	21,011
Park Development Grant	16,000	326,961	310,961

Note 3: Cash and Investments

a. Cash and Investments

As of June 30, 2012, cash and investments were reported in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 24,028,657
Restricted:	
Cash and investments with fiscal agent	99,481
Statement of Fiduciary Net Assets:	
Cash and investments	6,456,740
Restricted:	
Cash and investments with fiscal agent	<u>3,085,784</u>
Total cash and investments	<u>\$ 33,670,662</u>

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

b. Deposits:

At June 30, 2012, the carrying amount of the City's deposits was \$4,244,802 and the bank balance was \$5,257,011. The \$1,012,209 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure the City's deposits by pledging government securities with a value of 110% of the City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state

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

Note 3: Cash and Investments (Continued)

chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

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

c. Investments:

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Obligations (bills, notes and bonds)
- U.S. Government Agency Securities and Instrumentality's of Government Sponsored Corporations
- Banker's Acceptances
- Commercial Paper
- Repurchase Agreements
- Negotiable Certificates of Deposit
- Medium Term Corporate Notes
- Money Market Mutual Funds
- Local Agency Investment Fund (State Pool)
- County Pooled Investment Funds
- Other investments that are, or may become, legal investments through the State of California Government Code.

d. Investments Authorized by Debt Agreements:

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a 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.

Note 3: Cash and Investments (Continued)

e. Investments 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. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

f. Credit Risk:

The City's investment policy limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not further limit its investment choices. As of June 30, 2012, the City's investments were solely in Local Agency Investment Funds with exception to investments held with fiscal agent which included federal agency securities which were rated AA+ by Standard and Poor's. The City's investment in the State Investment Pool has not been rated by a nationally recognized statistical rating organization.

g. Custodial Credit Risk

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2012, none of the City's deposits were exposed to custodial credit risk.

h. Concentration of Credit Risk

The City's investment policy imposes restrictions on the percentage that the City can invest in certain types of investments. As of June 30, 2012, in accordance with GASB 40 requirements, the City has not invested more than 5% of its total investments in any one issuer. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

CITY OF DUARTE, CALIFORNIA

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

Note 3: Cash and Investments (Continued)

i. Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2012, the City had the following investments and original maturities:

	Remaining Investment Maturities	Fair Value
	6 months or less	
Local Agency Investment Fund	\$ 26,245,883	\$ 26,245,883
Cash with Fiscal Agent:		
Federal agency securities	480,255	480,255
Money Market Mutual Funds	2,699,722	2,699,722
	<u>\$ 29,425,860</u>	<u>\$ 29,425,860</u>

Note 4: Interfund Receivable, Payable and Transfers

Due To/From Other Funds

At June 30, 2012, the City had the following short-term interfund receivables and payables:

	Due to Other Funds
	Other Governmental Funds
<u>Due from Other Funds</u>	
General Fund	<u>\$ 95,357</u>

The due from other funds balance of \$95,357 in the General Fund is to cover temporary deficit cash balances at June 30, 2012.

CITY OF DUARTE, CALIFORNIA

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

Note 4: Interfund Receivable, Payable and Transfers (Continued)

Interfund Transfers

At June 30, 2012, the City had the following internal balances:

Transfers Out	Transfers In				Total
	General	Housing Authority	RDA Debt Service	Other Governmental Funds	
Governmental Funds:					
General Fund	\$ -	\$ -	\$ -	\$ 252,010	\$ 252,010
RDA Debt Service	-	-	-	716,838	716,838
Other Governmental Funds	311,000	716,838	318,000	532,200	1,878,038
Total	\$ 311,000	\$ 716,838	\$ 318,000	\$ 1,501,048	\$ 2,846,886

Transfers in the amount of \$252,010 were made out of the General Fund into the Lighting & Landscaping fund for capital and administrative costs. Transfers in the amount of \$716,838 were made out of the RDA Debt Service Fund and into Affordable Housing Fund to account for the required 20% set-aside of tax increment funds. Transfers in the amount of \$716,838 were made out of the Affordable Housing Fund and into the Housing Authority in agreement with the creation of the Housing Authority, however, the transfers remain uncertain due to the dissolution of the former redevelopment agency, see Note 17.

Note 5: Notes Receivable

Notes and loans receivable as of June 30, 2012, are comprised of the following:

Affordable Housing

As part of development agreements with certain builders and in order to assist those individuals and families who are the most in need, the City of Duarte Redevelopment Agency provides loans to low-and-moderate-income-level residents for the acquisition and rehabilitation of residences. As a part of the agreement, the Redevelopment Agency accepted second trust deeds from eligible buyers so that they could purchase the property. The second trust deeds are cancelable after 25 years should the buyers remain in the housing. If the property is sold, the Redevelopment Agency recovers its second trust deed and interest to be calculated within certain limits. Since the amount, if any, the Redevelopment Agency will receive is unknown, the amount is deferred until the sale of the property or the cancellation date, whichever occurs first. Due to dissolution of the former redevelopment agency these notes have been transferred to the Housing Authority. The balance at June 30, 2012, is:

\$ 370,500

CITY OF DUARTE, CALIFORNIA

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

Note 6: Capital Assets

The following schedule shows changes in capital assets for the year ended June 30, 2012:

	Balance July 1, 2011	Adjustments*	Adjusted Beginning Balance	Additions	Deletions	Balance June 30, 2012
Non-Depreciable assets:						
Land	\$ 22,291,035	\$ -	\$ 22,291,035	\$ -	\$ -	\$ 22,291,035
Total non-depreciable assets	22,291,035	-	22,291,035	-	-	22,291,035
Depreciable assets:						
Structures and improvements	8,031,074	-	8,031,074	-	-	8,031,074
Machinery and equipment	2,959,497	-	2,959,497	-	138,952	2,820,545
Infrastructure	52,840,087	-	52,840,087	835,943	8,678	53,667,352
Total depreciable assets	63,830,658	-	63,830,658	835,943	147,630	64,518,971
Less accumulated depreciation						
Structures and improvements	3,254,491	-	3,254,491	124,389	-	3,378,880
Machinery and equipment	2,508,244	(450,742)	2,057,502	176,121	134,454	2,099,169
Infrastructure	24,634,458	-	24,634,458	966,839	4,230	25,597,067
Total accumulated depreciation	30,397,193	(450,742)	29,946,451	1,267,349	138,684	31,075,116
Total depreciable assets, net	33,433,465	450,742	33,884,207	(431,406)	8,946	33,443,855
Total net capital assets	\$ 55,724,500	\$ 450,742	\$ 56,175,242	\$ (431,406)	\$ 8,946	\$ 55,734,890

*The adjustment to machinery and equipment accumulated depreciation is due to an overbooking of depreciation in the prior year. See Note 14.

Depreciation expense was charged to the following functions in the Statement of Activities.

General government	\$ 192,292
Safety	1,244
Development	39,804
Recreation and culture	213,156
Transportation	820,853
Total	\$ 1,267,349

CITY OF DUARTE, CALIFORNIA

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

Note 7: Long-Term Debt

The following schedule shows changes in long-term debt for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Retirements	Transferred to Successor Agency*	Balance June 30, 2012	Due Within One Year
Governmental Activities:						
2001 COP Series A	\$ 1,430,000	\$ -	\$ 90,000	\$ -	\$ 1,340,000	\$ 95,000
Compensated Absences	570,518	33,766	-	-	604,284	35,764
CJPIA Retrospective Deposit	-	107,923	-	-	107,923	-
Merged Project - 2007 Series A	12,160,000	-	875,000	11,285,000	-	-
Merged Project - 2007 Series B	7,720,000	-	935,000	6,785,000	-	-
Merged Project - 2007 Series C	3,720,000	-	400,000	3,320,000	-	-
Total	25,600,518	141,689	2,300,000	21,390,000	2,052,207	130,764
Unamortized net original (discount)/premium	38,280	-	-	38,280	-	-
Unamortized net bond defeasance (loss)	(5,366,530)	-	-	(5,366,530)	-	-
Total Long-term Debt	\$ 20,272,268	\$ 141,689	\$ 2,300,000	\$ 16,061,750	\$ 2,052,207	\$ 130,764

*As a result of the dissolution of the redevelopment agency, indebtedness of the former redevelopment agency was transferred to the Successor Agency. See Note 17 for disclosures for indebtedness.

a. Certificates of Participation:

\$6,000,000 of the City of Duarte Variable Rate Refunding Certificates of Participation (Consisting of a Series A \$2,090,000 [Tax-Exempt] and a Series B \$3,910,000 [Taxable])

Bonds shall be due in annual sinking fund installments ranging from \$125,000 to \$445,000 beginning July 1, 2002 through July 1, 2022. Interest rates are variable (weekly rate) until converted to a fixed rate in accordance with the trust agreement. These certificates represent undivided proportionate rights to City lease payments on the Civic Center Complex.

On June 1, 2001, the City entered into a lease back arrangement with the Financing Authority whereby the Authority, from proceeds of the previous certificates of participation, defeased and refunded the outstanding 1992 COP issue. The City has leased the Complex for the period through July 1, 2022. When all obligations under the lease and certificates have been met, title to the Civic Center Complex will revert to the City.

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

Note 7: Long-Term Debt (Continued)

The debt service requirements to maturity for the Certificates of Participation, Series A are as follows:

Year Ending June 30,	Certificate of Participation - Series A	
	Principal	Interest
2012-2013	\$ 95,000	\$ 32,359
2013-2014	100,000	29,875
2014-2015	105,000	27,313
2015-2016	105,000	24,720
2016-2017	115,000	21,970
2018-2022	670,000	62,030
2023-2027	150,000	1,875
Total	<u>\$ 1,340,000</u>	<u>\$ 200,142</u>

The COP Series B was redeemed in full during the fiscal year 2007-2008.

b. **Compensated Absences**

The City accrues accumulated unpaid vacation, sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee as described in Note 1. The City at June 30, 2012, had an outstanding accrued balance of unpaid vacation, sick and associated employee of \$604,284 that will be liquidated from various funding sources in future years.

c. **CJPIA Retrospective Deposit Liability**

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. CJPIA has temporarily deferred the payment on retrospective deposits owed to the Authority by members. The payment deferral period extends until July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program. Retrospective deposit payments are scheduled to resume on these dates. The October 2011 annual retrospective adjustment is included in these balances. The City at June 30, 2012, had a retrospective deposit due of \$107,923.

Optional Payment Plans

When retrospective deposit payments resume as indicated above, members will have the opportunity to select from a variety of optional payment plans. Discounts under the incentive plan are available to members choosing to voluntarily accelerate payment during the deferral period.

After the deferral period, members choosing from among the optional payment plans will be subject to a moderate annual fee. The fee is intended to provide a means for the Authority to

Note 7: Long-Term Debt (Continued)

recover otherwise foregone investment earnings and to serve as a minor disincentive for the selection of longer financing terms.

Retrospective Balances will Change Annually

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

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

Note 8: Liability, Workers' Compensation, and Purchased Insurance

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

The City of Duarte is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

b. Self-Insurance Programs of the Authority

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

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

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first

Note 8: Liability, Workers' Compensation, and Purchased Insurance (Continued)

layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

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

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

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

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

c. Purchased Insurance

Property Insurance

The City of Duarte participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Duarte property is currently insured according to a schedule of covered property submitted by the City of Duarte to the Authority. City of Duarte property currently has all-risk property insurance protection in the amount of \$21,641,591. 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.

Note 8: Liability, Workers' Compensation, and Purchased Insurance (Continued)

Earthquake and Flood Insurance

The City of Duarte 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 Duarte property currently has earthquake protection in the amount of \$2,982,556. 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 Duarte 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.

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2011-12.

Note 9: Deferred Compensation Plan

The City has made available to its employees a deferred compensation plan, whereby employees authorize the City to withhold funds from salaries to be invested in individual investment accounts. Funds may be withdrawn by participants upon termination of employment or retirement. The City makes no contributions under the plan. The amount held by trustees for the employees at June 30, 2012, was \$1,470,930. These amounts are not recorded in the books of the City and as such not included in these financial statements.

Note 10: Retirement Plan

Plan Description: PERS Defined Benefit Pension Plan

The City of Duarte contributes to the California Public Employees Retirement System (PERS) risk pool, a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 22.140% for miscellaneous employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

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

Note 10: Retirement Plan (Continued)

Required Contribution

For 2012, the City's required contribution of \$980,364 for PERS was equal to the City's actuarial required contributions. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial costs method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.55% to 14.45% depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis over nineteen years.

Year Ending June 30	Required Contribution	Percentage Contributed
2010	\$ 1,034	100%
2011	1,023	100%
2012	980	100%

The City of Duarte participates in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contributions are almost identical to what the rates would have been outside the pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis.

Note 11: Other Post-Employment Benefits

Plan Description

The City provides other post-employment benefits (OPEB) through a single-employer defined benefit healthcare plan administered by the Public Agency Retirement Services (PARS). These benefits are provided per contract between the City and the employee associations. Separate financial statements are not available for the plan.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council and/or the employee associations. Currently, contributions are not required from plan members. The City contributed \$296,838 during the current fiscal year to cover the required contribution rate of 8.4% of annual covered payroll (annual

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

Note 11: Other Post-Employment Benefits (Continued)

payroll of active employees covered by the plan). At June 30, 2012, prepaid OPEB obligation was as follows:

Annual required contribution (ARC)	\$ 298,000
Interest on net OPEB obligation	(24,667)
Adjustment to ARC	<u>53,434</u>
Annual OPEB cost	326,767
Contributions made	<u>(296,838)</u>
(Decrease) increase in Net OPEB obligation	29,929
Net OPEB obligation (asset) June 30, 2011	<u>(704,774)</u>
Net OPEB obligation (asset) June 30, 2012	<u>\$ (674,845)</u>

The contribution rate of 8.4% is based on the ARC of \$298,000, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a twenty year period.

Annual OPEB Costs and Net OPEB Obligation (Asset)

For the fiscal year 2011-2012, the City's annual OPEB cost (expense) was \$326,767. Information on the OPEB cost and percentage of Annual OPEB cost contributed is presented below:

Year End	OPEB Cost	Contribution (Net of Adjustments)	Annual OPEB Cost Contributed	Obligation (Asset)
06/30/10	\$ 257,230	\$ 179,513	69.79%	\$ (733,155)
06/30/11	263,495	235,114	89.23%	(704,774)
06/30/12	326,767	296,838	90.84%	(674,845)

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. Two Actuarial Valuation Dates are presented since the City implemented the provision of GASB statement No. 45 in fiscal year 2008-2009 and gets an actuarial valuation every three years.

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

Note 11: Other Post-Employment Benefits (Continued)

Schedule of Funding Progress for Other Post-Employment Benefits (In thousands)

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as percent of Covered Payroll	Interest Rate
Actual	1/1/2008	\$ 582	\$ 1,932	0.0%	\$ 3,430	56%	7.00%
Actual	6/30/2011	753	3,160	0.0%	3,376	94%	6.50%

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 plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the June 30, 2011, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 6.5% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 10.9% beginning January 1, 2010, and reduced by decrements to an ultimate rate of 4.5% after eight years. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of payroll on an closed basis. The remaining amortization period at June 30, 2012, was twenty-seven years. The number of active participants as of the plan valuation was 49.

Note 12: Conduit Debt Obligations**Financial Cooperation Agreements**

The City from time to time has provided financial assistance to health care providers for the acquisition of equipment and facilities deemed to be in the public interest. The agreements are secured by the property financed and are payable solely from payments received on the underlying security liens. Upon repayment of the debt ownership of the property transfers to the private-sector entity served by the loan agreement, neither the Agency, the City of Duarte, nor any political subdivision thereof is obligated in any manner for repayment of the debt. Accordingly, such debt is not reported as liabilities in the accompanying financial statements.

Note 13: Contingencies**a. Grant Audits:**

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City Management believes disallowance, if any, will be immaterial.

Note 13: Contingencies (Continued)

b. Tax Increment Financing:

The City has no power to levy and collect taxes, and any legislative property tax de-emphasis might necessarily reduce the amount of tax revenues that would otherwise be available to pay principal and interest bonds or loans from the City. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or reduction or elimination of present exceptions, would necessarily increase the amount of tax revenues that would be available to pay principal and interest on bonds or loans from the City.

Note 14: Fund Balances and Net Assets Restatements

Net assets have been restated by \$450,742 for the over-depreciation of machinery and equipment capital assets in the prior year. The adjustment is presented in the Note 6 – Capital Assets.

Note 15: CJPIA Refund Balances Long-term Receivable

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. CJPIA has temporarily deferred the payment on retrospective deposits owed to the Authority by members. The payment deferral period extends until July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program. Retrospective deposit payments are scheduled to resume on these dates. The October 2011 annual retrospective adjustment is included in these balances. The City at June 30, 2012 had a retrospective refund due to the City in the amount of \$177,592.

During the payment deferral period, members with a retrospective refund balance will receive a portion of the balance as a credit against other charges on the annual contribution invoice. For the 2011-12 coverage year, the refund amount will be 25%. The percentage to be refunded in future years will be set on an annual basis by the Executive Committee of CJPIA. Once the payment deferral period has concluded in each program, subsequent retrospective refund adjustments will be applied in full (100%) as a credit on the annual contribution invoice. More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org.

Note 16: California Redevelopment Agency Dissolution

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

Note 16: California Redevelopment Agency Dissolution (Continued)

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

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

As of January 31, 2012 the Redevelopment Agency has been dissolved and the City of Duarte has elected to become the Successor Agency. The Successor Agency will be responsible for winding down the remaining activities of the dissolved Redevelopment Agency.

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Duarte that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 16, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-R-03(A).

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably

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

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary gain reported in the governmental funds - increase to net assets of the Successory Agency Trust Fund	\$ (2,660,837)
Deferred Revenues reported in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	572,810
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	<u>(16,061,750)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	<u>\$ (18,149,777)</u>

a. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 6,456,740
Cash and investments with fiscal agent	<u>3,085,784</u>
	<u>\$ 9,542,524</u>

CITY OF DUARTE, CALIFORNIA

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

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

b. Loans Receivable

Capital Project Fund

On April 25, 2007, the City of Duarte Redevelopment Agency loaned \$1,000,000 to a developer for the purchase of a 51-unit complex. The note bears interest at 4% per annum, with interest payable quarterly. Repayment shall be \$25,000 through escrow for each and every residential dwelling unit sold, with payment applied toward the principal balance of Note until fully repaid, with no prepayment penalty. The term of the loan is two years, plus 2 extension periods of 6 months each. The Note is secured by Trust Deeds on the parcels. The balance at June 30, 2012, is:

\$475,000

c. Long-Term Debt

The following debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012 as a result of the dissolution.

A description of long-term debt outstanding of the Successor Agency as of June 30, 2012, follows:

	Balance July 1, 2011	Transfer from former RDA	Additions	Retirements	Balance June 30, 2012	Due Within One Year
Fiduciary Activities:						
City Loans	\$ -	\$ 9,503,703	\$ -	\$ -	\$ 9,503,703	\$ -
Merged Project - 2007 Series A	-	11,285,000	-	-	11,285,000	910,000
Merged Project - 2007 Series B	-	6,785,000	-	-	6,785,000	990,000
Merged Project - 2007 Series C	-	3,320,000	-	-	3,320,000	420,000
Total - Agency Bonds	-	30,893,703	-	-	30,893,703	2,320,000
Unamortized net original premium	-	38,280	-	5,717	32,563	-
Unamortized net bond loss on defeasance	-	(5,366,530)	670,817	-	(4,695,713)	-
Total	\$ -	\$ 25,565,453	\$ 670,817	\$ 5,717	\$ 26,230,553	\$ 2,320,000

City Loans

During the previous fiscal years, the City has made loans to the Redevelopment Agency. These loans bear interest at rates of up to 10% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated within the next fiscal year. As of June 30, 2012, principal on those loans was \$9,503,703, and accrued and unrecorded interest amounts to \$26,264,984. This liability was transferred to the Successor agency upon dissolution of the redevelopment agency.

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

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Tax Allocation Bonds

On June 14, 2012, Moody's Investors Service ("Moody's") downgraded all California tax allocation bonds rated 'Baa3' and above. As such, the Bonds' insured rating was downgraded from 'A3' to 'Ba1' and underlying rating was downgraded from 'A3' to 'Ba1'. According to Moody's, all California tax allocation bond ratings remain on review for possible withdrawal.

\$25,645,000 Redevelopment Agency of the City of Duarte Merged Redevelopment Project Area 2007 Tax Allocation Refunding, (Consisting of Series A \$15,385,000 [Tax-exempt] and Series B \$10,260,000 [Taxable])

In June 2007, the Redevelopment Agency issued \$25,645,000 in Merged Redevelopment Project Area 2007 Tax Allocation Refunding bonds with interest rates ranging between 3.60% and 5.375%. The agency issued the bonds to advance refund \$15,687,343 of the outstanding series 1997 Amended Davis Addition Project Area Tax Allocation Refunding Bonds, the Series 1998 Merged Redevelopment Project Area Tax Allocation Refunding Bonds, and the series 1999 Merged Redevelopment Project Area Subordinate Tax Allocation Bonds. The Agency used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 1997 series bonds, the 1998 series bonds, and the 1999 series bonds. As a result, that portion of the 1997 series bonds, the 1998 and 1999 series bonds is considered defeased, and the Agency has removed the liability from its accounts.

The Series A serial bonds mature between October 1, 2007 and October 1, 2019, and bear interest rates of 3.60% to 4.00% per annum. Term bonds maturing on October 1, 2016 to October 1, 2019, bear an interest rate of 4.00% per annum. Interest on the bonds is payable semi-annually every April 1 and October 1.

The Series B serial bonds mature between October 1, 2007 and October 1, 2017, and bear interest rates of 5.25% to 5.375% per annum. Term bonds maturing on October 1, 2010 to October 1, 2017, bear an interest rate of 5.375% per annum. Interest on the bonds is payable semi-annually every April 1 and October 1. The bonds are secured by and payable solely from a pledge of tax increment revenue. This liability was transferred to the Successor agency upon dissolution of the redevelopment agency.

The debt service requirements to maturity for the Series A and Series B bonds are as follows:

Year Ending June 30,	Series A		Series B	
	Principal	Interest	Principal	Interest
2012-2013	\$ 910,000	\$ 423,015	\$ 990,000	\$ 338,088
2013-2014	945,000	388,698	1,040,000	283,531
2014-2015	980,000	353,085	1,095,000	226,153
2015-2016	1,015,000	316,178	1,155,000	165,684
2016-2017	1,050,000	276,400	1,220,000	101,856
2018-2022	6,385,000	451,300	1,285,000	34,534
Total	<u>\$ 11,285,000</u>	<u>\$ 2,208,676</u>	<u>\$ 6,785,000</u>	<u>\$ 1,149,846</u>

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

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

\$4,875,000 Redevelopment Agency of the City of Duarte Merged Redevelopment Project Area 2007 Tax Allocation Refunding Bonds, Series C

In November 2007, the Redevelopment Agency issued \$4,875,000 in Merged Redevelopment Project Area 2007 Tax Allocation Refunding bonds with an interest rate of 4% per annum. The agency issued the bonds to refund and redeem the remaining \$4,430,000 of the outstanding series 1997 Amended Davis Addition Project Area Tax Allocation Refunding Bonds. The bonds were issued under an Indenture of Trust dated November 1, 2007. Interest on the Bonds is payable on April 1 and October 1, beginning April 1, 2008.

Unless and until the Agency amends the Redevelopment Plan for the Project Area to increase the cumulative limit on the receipt of Tax Increment Revenues, the Bonds maturing on or after October 1, 2014, are subject to special mandatory redemption commencing October 1, 2008 and each October 1 thereafter, from certain excess revenues of the Project Area on a pro-rata basis with the Series A Bonds.

Bonds maturing on or before October 1, 2013, shall not be subject to optional redemption prior to their respective maturities. The Bonds maturing on or after October 1, 2014, shall be subject to redemption as shall be determined by the Agency, at the option of the Agency, on any date on or after October 2013, at the option of the Agency from any available source of funds.

A Reserve Account for the Bonds that must be maintained is equal to the lesser of 10% of the par amount of the Bonds, maximum annual debt service on the Bonds, or 125% of average annual debt service on the Bonds. The Indenture provides that in lieu of a cash deposit, the Agency may satisfy all or a portion of a Reserve Requirement by means of a Qualified Reserve Account Credit Instrument.

Other than the Series A and Series B Bonds, the Agency may issue or incur additional Parity Debt secured by Tax Revenues on a parity with the Bonds, subject to various specific conditions as stated in the Indenture of Trust. The bonds are secured by and payable solely from a pledge of tax increment revenue. This liability was transferred to the Successor agency upon dissolution of the redevelopment agency.

The debt service requirements to maturity for the Series C bonds are as follow:

Year Ending June 30,	Series C	
	Principal	Interest
2012-2013	\$ 420,000	\$ 124,400
2013-2014	440,000	107,200
2014-2015	455,000	89,300
2015-2016	475,000	70,700
2016-2017	490,000	51,400
2018-2022	1,040,000	42,200
Total	<u>\$ 3,320,000</u>	<u>\$ 485,200</u>

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$25,233,722 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$6,783,506 and the debt service obligation on the bonds was \$3,205,503.

d. Conduit Debt

Mortgage Revenue Bonds

Mortgage revenue bonds were issued by the Agency to help finance affordable housing. The outstanding indebtedness is secured solely from mortgage loan payments. The bonds are a special obligation of the Agency and do not constitute a lien on Agency funds from any source other than the mortgage revenues. Neither the full faith or credit, nor the taxing power of the Agency or City, are pledged to payment of the bonds. These bond funds have not been included in the financial statements. Currently, fiscal agents are handling the funds from these various issues which entail original purchase of the loans, servicing outstanding debt, maintenance of required reserves and investing proceeds of payments received from the service. Collection of payments on outstanding mortgages is handled by a service that remits the payments to the fiscal agent. As assets of the issues exceed bond indenture requirements, such amounts are paid to the Agency.

The issue outstanding is the \$27,010,000 Redevelopment Agency of the City of Duarte Taxable Collateralized Refunding Bonds Series 1992. Interest is at 6.5% per annum. Final payment is due December 1, 2012. The amount of defeased bonds that is still outstanding amounts to \$910,000 and is being paid by the trustee in accordance with the refunding agreements.

The following issues of Residential Mortgage Revenue Bonds were not reflected in the City's long-term debt because these bonds are special obligations payable solely from and secured by specific revenue sources described in the bond resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the Successor Agency, the State of California or any political subdivision thereof is pledged for the payment of these bonds:

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

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Title	Outstanding as of June 30, 2012
Single Family Mortgage Revenue Refund. Bonds 1992A	\$ 9,580,000
Single Family Mortgage Revenue Refund. Bonds 1992B	3,755,000
Single Family Mortgage Revenue Refund. Bonds 1992C	<u>4,120,000</u>
Total	<u>\$ 17,455,000</u>

e. Insurance

The Successor Agency is covered under the City of Duarte's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 8.

f. Commitments and Contingencies

At June 30, 2012, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

g. Reversal of Transfers of Assets

On April 20, 2012, pursuant to Health and Safety Code Section 34167.5, the California State Controller issued an order to cities, counties, and agencies, directly or indirectly receiving assets from a redevelopment agency after January 1, 2011, to reverse the transfer and return assets to successor agency. The California State Controller will specifically review and audit cities, counties, and public agencies to ensure that all applicable asset transfers have been reversed. In March 2011, the former redevelopment agency repaid accrued interest of \$9,145,522. This transaction has not been reviewed by the California State Controller as of the date of this report and the reversal of this transaction is not reflected in these financial statements. Upon the Controller's review, any assets, if applicable, would be transferred to the Successor Agency in accordance with the order.

h. Subsequent Events

Assembly Bill 1484

Assembly Bill 1484 established a requirement for the successor agency to remit to the County auditor-controller three payments as determined by the auditor-controller which consist of a payment to be made in July 2012 for taxing entities' share of December 2011 property tax distribution to redevelopment agency/successor agency, a payment to be made in November 2012 related to Low-Moderate Income Housing Fund Due Diligence Review for unencumbered cash, and a payment to be made in April 2013 related to the other Redevelopment Funds Due Diligence Review for unencumbered cash. As of the date of the report the payment in July 2012 was made in the amount of \$421,464. In addition, the Low-Moderate Income Housing Due Diligence Review resulted in an amount due of \$9,395,398, of which the Department of Finance adjusted to \$10,599,996. The City has requested and been granted a Meet and Confer. The other Redevelopment Funds Due Diligence Review

CITY OF DUARTE, CALIFORNIA

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

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

resulted in an amount due of \$0, which has not been confirmed by the Department of Finance.

Fitch Ratings Downgrade of the 2007 Tax Allocation Bonds

On July 20, 2012, Fitch Ratings ("Fitch") downgraded the 2007 Tax Allocation Bonds Series A, B, and C from 'A' to 'A-' and assigned a Stable Rating Outlook. The Fitch Ratings report on the rating action can be found on the Fitch Ratings Website at www.fitchratings.com.

Note 18: Subsequent Event

Sales Tax Measure

On July 31, 2012, the City Council met to consider the adoption of Resolution 12-R-25 that would declare a fiscal emergency in order to have the option of placing a sales tax measure on the November 6, 2012, ballot during a non-local election year. The sales tax measure would increase the current sales tax from one quarter- to one half-percent and was projected to generate a \$2 million, which would be used towards various City services and public services. The City Council did not approve Resolution 12-R-25 and the option to place the sales tax measure failed. The City is currently in the process of determining how to handle future projected deficits without the proposed sales tax measure.

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CITY OF DUARTE

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	Special Revenue Funds			
	State Gasoline Tax	Lighting & Landscaping	Community Development Block Grant	Supplemental Law Enforcement
Assets:				
Cash and investments	\$ 1,166,137	\$ 123,499	\$ -	\$ 33,466
Receivables:				
Taxes	67,169	35,859	-	-
Grants	-	-	86,048	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,233,306	\$ 159,358	\$ 86,048	\$ 33,466
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,881	\$ 64,374	\$ 1,844	\$ 9,410
Accrued liabilities	-	-	-	-
Deferred revenues	-	24,700	-	-
Due to other funds	-	-	84,198	-
Total Liabilities	2,881	89,074	86,042	9,410
Fund Balances:				
Restricted for:				
Development projects	-	70,284	6	-
Public safety	-	-	-	24,056
Recreation and culture	-	-	-	-
Transportation	1,230,425	-	-	-
Debt service	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	1,230,425	70,284	6	24,056
Total Liabilities and Fund Balances	\$ 1,233,306	\$ 159,358	\$ 86,048	\$ 33,466

CITY OF DUARTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	Bicycle & Pedestrian	Air Quality Management	Community Challenge Grant	Park Development Grant
Assets:				
Cash and investments	\$ -	\$ 20,254	\$ 19,311	\$ 108,682
Receivables:				
Taxes	-	-	-	-
Grants	11,159	6,621	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 11,159	\$ 26,875	\$ 19,311	\$ 108,682
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 535	\$ -	\$ 11,513
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Due to other funds	11,159	-	-	-
Total Liabilities	11,159	535	-	11,513
Fund Balances:				
Restricted for:				
Development projects	-	-	-	-
Public safety	-	-	-	-
Recreation and culture	-	-	19,311	97,169
Transportation	-	26,340	-	-
Debt service	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	-	26,340	19,311	97,169
Total Liabilities and Fund Balances	\$ 11,159	\$ 26,875	\$ 19,311	\$ 108,682

CITY OF DUARTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	Quimby Act	Prop A Transit	Prop C Transit	PEG
Assets:				
Cash and investments	\$ 53,565	\$ 2,373,028	\$ 328,607	\$ 92,284
Receivables:				
Taxes	-	-	-	-
Grants	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 53,565	\$ 2,373,028	\$ 328,607	\$ 92,284
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 19,511	\$ 21,195	\$ -
Accrued liabilities	-	1,768	-	-
Deferred revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	21,279	21,195	-
Fund Balances:				
Restricted for:				
Development projects	-	-	-	92,284
Public safety	-	-	-	-
Recreation and culture	53,565	-	-	-
Transportation	-	2,351,749	307,412	-
Debt service	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	53,565	2,351,749	307,412	92,284
Total Liabilities and Fund Balances	\$ 53,565	\$ 2,373,028	\$ 328,607	\$ 92,284

CITY OF DUARTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Special Revenue Funds	Capital Projects Funds		
	Measure R LR Transit Fund	Community Improvement	Inclusionary Housing	Low & Moderate Housing
Assets:				
Cash and investments	\$ 349,093	\$ 76,609	\$ 496,977	\$ -
Receivables:				
Taxes	-	-	-	-
Grants	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 349,093</u>	<u>\$ 76,609</u>	<u>\$ 496,977</u>	<u>\$ -</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 850	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>850</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Development projects	-	-	496,977	-
Public safety	-	-	-	-
Recreation and culture	-	-	-	-
Transportation	349,093	-	-	-
Debt service	-	-	-	-
Assigned to:				
Capital Projects	-	75,759	-	-
Total Fund Balances	<u>349,093</u>	<u>75,759</u>	<u>496,977</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 349,093</u>	<u>\$ 76,609</u>	<u>\$ 496,977</u>	<u>\$ -</u>

CITY OF DUARTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Capital Projects Funds	Debt Service Funds	Total Governmental Funds
	RDA Merged Redevelopment	Town Center Debt Service	
Assets:			
Cash and investments	\$ -	\$ 312,778	\$ 5,554,290
Receivables:			
Taxes	-	-	103,028
Grants	-	-	103,828
Restricted assets:			
Cash and investments with fiscal agents	-	99,481	99,481
Total Assets	\$ -	\$ 412,259	\$ 5,860,627
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 418	\$ 132,531
Accrued liabilities	-	-	1,768
Deferred revenues	-	-	24,700
Due to other funds	-	-	95,357
Total Liabilities	-	418	254,356
Fund Balances:			
Restricted for:			
Development projects	-	-	659,551
Public safety	-	-	24,056
Recreation and culture	-	-	170,045
Transportation	-	-	4,265,019
Debt service	-	411,841	411,841
Assigned to:			
Capital Projects	-	-	75,759
Total Fund Balances	-	411,841	5,606,271
Total Liabilities and Fund Balances	\$ -	\$ 412,259	\$ 5,860,627

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CITY OF DUARTE

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

	Special Revenue Funds			
	State Gasoline Tax	Lighting & Landscaping	Community Development Block Grant	Supplemental Law Enforcement
Revenues:				
Assessments	\$ -	\$ 1,167,421	\$ -	\$ -
Intergovernmental	645,120	-	202,217	124,000
Charges for services	-	-	-	-
Use of money and property	3,804	-	-	56
Miscellaneous	-	925	-	-
Total Revenues	648,924	1,168,346	202,217	124,056
Expenditures:				
Current:				
General government	-	-	-	-
Safety	-	-	-	100,000
Development	-	1,203,193	202,211	-
Recreation and culture	-	-	-	-
Transportation	218,640	-	-	-
Capital outlay	74,031	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	292,671	1,203,193	202,211	100,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	356,253	(34,847)	6	24,056
Other Financing Sources (Uses):				
Transfers in	-	252,010	-	-
Transfers out	-	(200,000)	-	-
Total Other Financing Sources (Uses)	-	52,010	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-	-
Net Change in Fund Balances	356,253	17,163	6	24,056
Fund Balances, Beginning of Year	874,172	53,121	-	-
Fund Balances, End of Year	\$ 1,230,425	\$ 70,284	\$ 6	\$ 24,056

CITY OF DUARTE

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

(Continued)

	Special Revenue Funds			
	Bicycle & Pedestrian	Air Quality Management	Community Challenge Grant	Park Development Grant
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	11,159	26,820	25,867	16,000
Charges for services	-	-	-	-
Use of money and property	-	31	38	1,120
Miscellaneous	-	-	-	-
Total Revenues	11,159	26,851	25,905	17,120
Expenditures:				
Current:				
General government	-	-	-	-
Safety	-	-	-	-
Development	-	-	17,512	-
Recreation and culture	-	-	-	-
Transportation	-	8,209	-	-
Capital outlay	11,159	-	-	15,961
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	11,159	8,209	17,512	15,961
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	18,642	8,393	1,159
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(311,000)
Total Other Financing Sources (Uses)	-	-	-	(311,000)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-	-
Net Change in Fund Balances	-	18,642	8,393	(309,841)
Fund Balances, Beginning of Year	-	7,698	10,918	407,010
Fund Balances, End of Year	\$ -	\$ 26,340	\$ 19,311	\$ 97,169

CITY OF DUARTE

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

	Special Revenue Funds			
	Quimby Act	Prop A Transit	Prop C Transit	PEG
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	374,576	280,573	23,145
Charges for services	-	-	-	207
Use of money and property	146	8,412	2,283	-
Miscellaneous	-	-	-	-
Total Revenues	146	382,988	282,856	23,352
Expenditures:				
Current:				2,847
General government	-	-	-	-
Safety	-	-	-	-
Development	-	-	-	-
Recreation and culture	-	-	-	-
Transportation	-	703,757	10,000	-
Capital outlay	-	-	217,293	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	703,757	227,293	2,847
Excess (Deficiency) of Revenues Over (Under) Expenditures	146	(320,769)	55,563	20,505
Other Financing Sources (Uses):				
Transfers in	-	332,200	-	-
Transfers out	-	-	(332,200)	-
Total Other Financing Sources (Uses)	-	332,200	(332,200)	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-	-
Net Change in Fund Balances	146	11,431	(276,637)	20,505
Fund Balances, Beginning of Year	53,419	2,340,318	584,049	71,779
Fund Balances, End of Year	\$ 53,565	\$ 2,351,749	\$ 307,412	\$ 92,284

CITY OF DUARTE

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

(Continued)

	Special Revenue Funds	Capital Projects Funds		
	Measure R LR Transit Fund	Community Improvement	Inclusionary Housing	Low & Moderate Housing
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	208,856	100,000	-	-
Charges for services	-	-	-	-
Use of money and property	1,519	154	1,814	4,788
Miscellaneous	-	-	-	100
Total Revenues	210,375	100,154	1,814	4,888
Expenditures:				
Current:				
General government	-	-	-	-
Safety	-	-	-	-
Development	-	-	-	-
Recreation and culture	-	-	-	-
Transportation	-	-	-	-
Capital outlay	202,685	47,197	-	2,965
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	202,685	47,197	-	2,965
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,690	52,957	1,814	1,923
Other Financing Sources (Uses):				
Transfers in	-	-	-	716,838
Transfers out	-	-	-	(716,838)
Total Other Financing Sources (Uses)	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-	(4,983,518)
Net Change in Fund Balances	7,690	52,957	1,814	(4,981,595)
Fund Balances, Beginning of Year	341,403	22,802	495,163	4,981,595
Fund Balances, End of Year	\$ 349,093	\$ 75,759	\$ 496,977	\$ -

CITY OF DUARTE

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

	Capital Projects Funds	Debt Service Funds	Total Governmental Funds
	RDA Merged Redevelopment	Town Center Debt Service	
Revenues:			
Assessments	\$ -	\$ -	\$ 1,167,421
Intergovernmental	114,052	-	2,129,240
Charges for services	-	-	23,145
Use of money and property	10,745	953	36,070
Miscellaneous	-	1,203	2,228
Total Revenues	124,797	2,156	3,358,104
Expenditures:			
Current:			
General government	-	24,261	27,108
Safety	-	-	100,000
Development	360,916	-	1,766,320
Recreation and culture	-	-	17,512
Transportation	-	-	940,606
Capital outlay	4,078	-	575,369
Debt service:			
Principal retirement	-	90,000	90,000
Interest and fiscal charges	-	26,990	26,990
Total Expenditures	364,994	141,251	3,543,905
Excess (Deficiency) of Revenues Over (Under) Expenditures	(240,197)	(139,095)	(185,801)
Other Financing Sources (Uses):			
Transfers in	-	200,000	1,501,048
Transfers out	(318,000)	-	(1,878,038)
Total Other Financing Sources (Uses)	(318,000)	200,000	(376,990)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	9,247,770	-	4,264,252
Net Change in Fund Balances	8,689,573	60,905	3,701,461
Fund Balances, Beginning of Year	(8,689,573)	350,936	1,904,810
Fund Balances, End of Year	\$ -	\$ 411,841	\$ 5,606,271

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE TAX
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 874,172	\$ 874,172	\$ 874,172	\$ -
Resources (Inflows):				
Intergovernmental	621,700	771,700	645,120	(126,580)
Use of money and property	5,000	5,000	3,804	(1,196)
Amounts Available for Appropriation	1,500,872	1,650,872	1,523,096	(127,776)
Charges to Appropriation (Outflow):				
Transportation	778,700	928,700	218,640	710,060
Capital outlay	422,000	422,000	74,031	347,969
Total Charges to Appropriations	1,200,700	1,350,700	292,671	1,058,029
Budgetary Fund Balance, June 30	\$ 300,172	\$ 300,172	\$ 1,230,425	\$ 930,253

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 LIGHTING AND LANDSCAPING
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 53,121	\$ 53,121	\$ 53,121	\$ -
Resources (Inflows):				
Assessments	1,136,600	1,136,600	1,167,421	30,821
Miscellaneous	-	-	925	925
Transfers in	282,100	282,100	252,010	(30,090)
Amounts Available for Appropriation	1,471,821	1,471,821	1,473,477	1,656
Charges to Appropriation (Outflow):				
Development	1,216,600	1,216,600	1,203,193	13,407
Transfers out	200,000	200,000	200,000	-
Total Charges to Appropriations	1,416,600	1,416,600	1,403,193	13,407
Budgetary Fund Balance, June 30	\$ 55,221	\$ 55,221	\$ 70,284	\$ 15,063

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	181,200	181,200	202,217	21,017
Amounts Available for Appropriation	181,200	181,200	202,217	21,017
Charges to Appropriation (Outflow):				
Development	181,200	181,200	202,211	(21,011)
Total Charges to Appropriations	181,200	181,200	202,211	(21,011)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 6	\$ 6

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENT LAW ENFORCEMENT FUND
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	135,000	135,000	124,000	(11,000)
Use of money and property	100	100	56	(44)
Amounts Available for Appropriation	135,100	135,100	124,056	(11,044)
Charges to Appropriation (Outflow):				
Safety	135,000	135,000	100,000	35,000
Total Charges to Appropriations	135,000	135,000	100,000	35,000
Budgetary Fund Balance, June 30	\$ 100	\$ 100	\$ 24,056	\$ 23,956

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
BICYCLE & PEDESTRIAN
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	11,200	11,200	11,159	(41)
Use of money and property	-	-	-	-
Amounts Available for Appropriation	11,200	11,200	11,159	(41)
Charges to Appropriation (Outflow):				
Capital outlay	11,200	11,200	11,159	41
Total Charges to Appropriations	11,200	11,200	11,159	41
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY MANAGEMENT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,698	\$ 7,698	\$ 7,698	\$ -
Resources (Inflows):				
Intergovernmental	30,500	30,500	26,820	(3,680)
Use of money and property	300	300	31	(269)
Amounts Available for Appropriation	38,498	38,498	34,549	(3,949)
Charges to Appropriation (Outflow):				
Transportation	13,500	13,500	8,209	5,291
Total Charges to Appropriations	13,500	13,500	8,209	5,291
Budgetary Fund Balance, June 30	\$ 24,998	\$ 24,998	\$ 26,340	\$ 1,342

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY CHALLENGE GRANT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,918	\$ 10,918	\$ 10,918	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	25,867	(74,133)
Use of money and property	-	-	38	38
Amounts Available for Appropriation	110,918	110,918	36,823	(74,095)
Charges to Appropriation (Outflow):				
Recreation and culture	100,000	100,000	17,512	82,488
Total Charges to Appropriations	100,000	100,000	17,512	82,488
Budgetary Fund Balance, June 30	\$ 10,918	\$ 10,918	\$ 19,311	\$ 8,393

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 PARK DEVELOPMENT GRANT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 407,010	\$ 407,010	\$ 407,010	\$ -
Resources (Inflows):				
Intergovernmental	16,000	16,000	16,000	-
Use of money and property	-	-	1,120	1,120
Amounts Available for Appropriation	423,010	423,010	424,130	1,120
Charges to Appropriation (Outflow):				
Capital outlay	16,000	16,000	15,961	39
Transfers out	-	-	311,000	(311,000)
Total Charges to Appropriations	16,000	16,000	326,961	(310,961)
Budgetary Fund Balance, June 30	\$ 407,010	\$ 407,010	\$ 97,169	\$ (309,841)

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 QUIMBY ACT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 53,419	\$ 53,419	\$ 53,419	\$ -
Resources (Inflows):				
Use of money and property	-	-	146	146
Amounts Available for Appropriation	53,419	53,419	53,565	146
Charges to Appropriation (Outflow):				
Capital outlay	5,000	5,000	-	5,000
Total Charges to Appropriations	5,000	5,000	-	5,000
Budgetary Fund Balance, June 30	\$ 48,419	\$ 48,419	\$ 53,565	\$ 5,146

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 PROP A TRANSIT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,340,318	\$ 2,340,318	\$ 2,340,318	\$ -
Resources (Inflows):				
Intergovernmental	318,300	354,300	374,576	20,276
Use of money and property	22,000	22,000	8,412	(13,588)
Miscellaneous	-	-	-	-
Transfers in	332,200	346,200	332,200	(14,000)
Amounts Available for Appropriation	3,012,818	3,062,818	3,055,506	(7,312)
Charges to Appropriation (Outflow):				
Transportation	672,500	721,500	703,757	17,743
Total Charges to Appropriations	672,500	721,500	703,757	17,743
Budgetary Fund Balance, June 30	\$ 2,340,318	\$ 2,341,318	\$ 2,351,749	\$ 10,431

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 PROP C TRANSIT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 584,049	\$ 584,049	\$ 584,049	\$ -
Resources (Inflows):				
Intergovernmental	264,000	264,000	280,573	16,573
Use of money and property	3,000	3,000	2,283	(717)
Amounts Available for Appropriation	851,049	851,049	866,905	15,856
Charges to Appropriation (Outflow):				
Transportation	10,000	10,000	10,000	-
Capital outlay	183,000	207,000	217,293	(10,293)
Transfers out	332,200	346,200	332,200	14,000
Total Charges to Appropriations	525,200	563,200	559,493	3,707
Budgetary Fund Balance, June 30	\$ 325,849	\$ 287,849	\$ 307,412	\$ 19,563

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 PEG
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 71,779	\$ 71,779	\$ 71,779	\$ -
Resources (Inflows):				
Charges for services	25,000	25,000	23,145	(1,855)
Use of money and property	500	500	207	(293)
Amounts Available for Appropriation	97,279	97,279	95,131	(2,148)
Charges to Appropriation (Outflow):				
General government	93,000	93,000	2,847	90,153
Total Charges to Appropriations	93,000	93,000	2,847	90,153
Budgetary Fund Balance, June 30	\$ 4,279	\$ 4,279	\$ 92,284	\$ 88,005

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 MEASURE R LR TRANSIT FUND
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 341,403	\$ 341,403	\$ 341,403	\$ -
Resources (Inflows):				
Intergovernmental	198,000	198,000	208,856	10,856
Use of money and property	1,800	1,800	1,519	(281)
Amounts Available for Appropriation	541,203	541,203	551,778	10,575
Charges to Appropriation (Outflow):				
Capital outlay	537,000	537,000	202,685	334,315
Total Charges to Appropriations	537,000	537,000	202,685	334,315
Budgetary Fund Balance, June 30	\$ 4,203	\$ 4,203	\$ 349,093	\$ 344,890

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY IMPROVEMENT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 22,802	\$ 22,802	\$ 22,802	\$ -
Resources (Inflows):				
Intergovernmental	317,000	317,000	100,000	(217,000)
Use of money and property	-	-	154	154
Amounts Available for Appropriation	339,802	339,802	122,956	(216,846)
Charges to Appropriation (Outflow):				
Capital outlay	200,000	200,000	47,197	152,803
Total Charges to Appropriations	200,000	200,000	47,197	152,803
Budgetary Fund Balance, June 30	\$ 139,802	\$ 139,802	\$ 75,759	\$ (64,043)

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 INCLUSIONARY HOUSING
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 495,163	\$ 495,163	\$ 495,163	\$ -
Resources (Inflows):				
Use of money and property	5,000	5,000	1,814	(3,186)
Amounts Available for Appropriation	500,163	500,163	496,977	(3,186)
Budgetary Fund Balance, June 30	\$ 500,163	\$ 500,163	\$ 496,977	\$ (3,186)

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 LOW & MODERATE HOUSING
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,981,595	\$ 4,981,595	\$ 4,981,595	\$ -
Resources (Inflows):				
Use of money and property	-	-	4,788	4,788
Miscellaneous	-	-	100	100
Transfers in	1,660,300	1,660,300	716,838	(943,462)
Amounts Available for Appropriation	6,641,895	6,641,895	5,703,321	(938,574)
Charges to Appropriation (Outflow):				
Capital outlay	-	-	2,965	(2,965)
Transfers out	1,660,300	1,660,300	716,838	943,462
Extraordinary loss on dissolution of redevelopment agency	-	-	4,983,518	(4,983,518)
Total Charges to Appropriations	1,660,300	1,660,300	5,703,321	(4,043,021)
Budgetary Fund Balance, June 30	\$ 4,981,595	\$ 4,981,595	\$ -	\$ (4,981,595)

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 RDA MERGED REDEVELOPMENT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (8,689,573)	\$ (8,689,573)	\$ (8,689,573)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	114,052	114,052
Use of money and property	-	-	10,745	10,745
Transfers in	1,780,100	1,780,100	-	(1,780,100)
Extraordinary gain on dissolution of redevelopment agency	-	-	9,247,770	9,247,770
Amounts Available for Appropriation	(6,909,473)	(6,909,473)	682,994	7,592,467
Charges to Appropriation (Outflow):				
Development	1,571,300	1,571,300	360,916	1,210,384
Capital outlay	208,800	208,800	4,078	204,722
Transfers out	-	-	318,000	(318,000)
Total Charges to Appropriations	1,780,100	1,780,100	682,994	1,097,106
Budgetary Fund Balance, June 30	\$ (8,689,573)	\$ (8,689,573)	\$ -	\$ 8,689,573

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 TOWN CENTER DEBT SERVICE
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 350,936	\$ 350,936	\$ 350,936	\$ -
Resources (Inflows):				
Use of money and property	1,800	1,800	953	(847)
Miscellaneous	-	-	1,203	1,203
Transfers in	200,000	200,000	200,000	-
Amounts Available for Appropriation	552,736	552,736	553,092	356
Charges to Appropriation (Outflow):				
General government	32,000	32,000	24,261	7,739
Debt service:				
Principal retirement	95,000	95,000	90,000	5,000
Interest and fiscal charges	34,000	34,000	26,990	7,010
Total Charges to Appropriations	161,000	161,000	141,251	19,749
Budgetary Fund Balance, June 30	\$ 391,736	\$ 391,736	\$ 411,841	\$ 20,105

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 RDA DEBT SERVICE
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,737,132	\$ 3,737,132	\$ 3,737,132	\$ -
Resources (Inflows):				
Taxes	8,301,500	8,301,500	3,584,192	(4,717,308)
Use of money and property	1,000	1,000	11,209	10,209
Transfers in	-	-	318,000	318,000
Amounts Available for Appropriation	12,039,632	12,039,632	7,650,533	(4,389,099)
Charges to Appropriation (Outflow):				
Development	175,000	175,000	137,958	37,042
Debt service:				
Principal retirement	2,210,000	2,210,000	2,210,000	-
Interest and fiscal charges	986,700	986,700	517,988	468,712
Pass-through agreement payments	1,827,000	1,827,000	851,412	975,588
Transfers out	3,440,400	3,440,400	716,838	2,723,562
Extraordinary loss on dissolution of redevelopment agency	-	-	3,216,337	(3,216,337)
Total Charges to Appropriations	8,639,100	8,639,100	7,650,533	988,567
Budgetary Fund Balance, June 30	\$ 3,400,532	\$ 3,400,532	\$ -	\$ (3,400,532)

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