

CITY OF DUARTE, CALIFORNIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

City of Duarte, California
Financial Statements
For the Fiscal Year Ended June 30, 2016

Prepared By:
Finance Department

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CITY OF DUARTE

JUNE 30, 2016

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CITY OF DUARTE

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund and Housing Authority Fund Budgetary Comparison Schedules, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Plan Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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



CPAs AND ADVISORS

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 1, 2016

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**City of Duarte
Management's Discussion and Analysis
Year Ended June 30, 2016**

This discussion and analysis is intended to provide readers with a narrative overview of the City of Duarte's (City's) financial activities for the fiscal year ended June 30, 2016. This information should be considered in conjunction with the accompanying financial statements and the notes to those statements.

Financial Highlights

- At the close of the fiscal year, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$70,871,281 (net position). A significant part of assets is the estimated value of infrastructure, which has been capitalized in accordance with the requirements of GASB 34.
- During the year, taxes and other revenues received by the City exceeded program expenses and the City's net position reflects an increase of \$1,715,684.
- The City's governmental funds had ending fund balances of \$26,713,800, which is an increase of \$193,505 over the prior year fund balance of \$26,520,295. This increase took place within the State Gas Tax Fund due to delayed projects that will now take place in 2016/17.
- This year, the City's General Fund experienced a deficit of \$336,659, however, as reported at mid-year, with the \$1.3 million repayment to the City for the former redevelopment loans, the cash in fund balance actually increased. Council approved several projects after Mid-Year and many projects were delayed. For example, Council authorized increased litigation costs related to NPDES, which came in \$95,000 higher than projected at Mid-Year. In Public Safety, an additional patrol officer and a new parking vendor and parking pass kiosk resulted in \$60,000 higher expenses. In Community Development signage costs related to the new street sweeping parking pilot program increased expenses by approximately \$20,000. In addition to these expenditures increases, there were also several Public Works and Planning projects that were delayed and as a result revenues such as Engineering Permit fees and funds related to the City of Hope EIR, came in at \$86,000 and \$266,000 less than projected respectively. We also had \$74,000 less than projected in reimbursements from the Gas Tax Fund, due to delayed street projects in that fund.
- The City's debt decreased by \$109,840 during the fiscal year to \$2,066,532 mostly due to the retirement of debt on the 2013 Certificates of Participation.
- The City implemented GASB statement No. 68 – Accounting and Financial Reporting for Pensions, last fiscal year pursuant to the CalPERS actuarial reports. At June 30, 2016, the City reported a net pension liability of \$10,578,290 and related deferred outflow of \$2,400,813 and deferred inflows of \$960,542.

Overview of the Basic Financial Statements

The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. In addition, required supplementary information is provided relating to the City's budgets for major funds.

Government-wide Financial Statements

The government-wide financial statements are found on pages 11 and 12 of this report. They are designed to give readers an overview of the City's financial position. These statements include all of the City's assets and liabilities, using the full accrual basis of accounting, which is similar to accounting methods used by most private sector companies. All of a fiscal year's revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As a result, assets, liabilities, and expenses are reported in these statements for some transactions that will result in cash flow in future fiscal periods.

The “Statement of Net Position” presents all of the City’s assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator for determining whether the financial position of the City is improving or deteriorating.

The “Statement of Activities” presents information showing the City’s revenues and expenses for the fiscal year. Functional activities are identified in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The government-wide financial statements encompass the activities of four different legal entities: the City of Duarte, the Duarte Housing Authority, the Duarte Community Facilities Financing Authority and the Duarte Public Financing Authority. This is in keeping with generally accepted accounting principles, as the City’s elected officials have a continuing oversight responsibility for all four entities.

The City of Duarte provides an array of services to the public similar to those of other municipal governments. These include police protection, parks and recreation, planning and development, public works, code enforcement, animal control, transit services, and refuse collection. The Housing Authority is responsible for promoting the development of low and moderate-income housing. The function of both Financing Authorities is to facilitate the issuance of debt by both the City and the Housing Authority.

Fund Financial Statements

The fund financial statements can be found on pages 13 and 15 of this report. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to demonstrate compliance with finance related legal requirements. All of the funds of the City of Duarte can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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

The City maintains nineteen individual governmental funds. Three of these funds are considered “major” and, according to generally accepted accounting principles, are reported separately in the fund financial statements. The remaining sixteen funds are reported on a consolidated basis.

Because the focus of fund financial statements is narrower than that of the government-wide financial statements, it can be useful to compare the two. Comparisons may give readers a better understanding of the long-term impact of the City’s near-term financial decisions. On pages 14 and 16 of this report, statements are provided reconciling the “Governmental Fund Balance Sheet” and the “Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances” to the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Duarte’s own programs. The Successor Agency Fund is a fiduciary fund; the City budgets for this fund to reflect the operations of the Successor Agency. Trust funds are set up to account for the resources held for bond payments and for recording transactions performed by appointed trustees. The City does not budget for the trustee activities.

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 19 through 48 of the report.

Government-wide Financial Analysis

The government-wide financial analysis focuses on net position and changes in net position for the City's governmental activities. A summary of net position as of June 30, 2016, is as follows:

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 30,045,232	\$ 30,020,135
Capital assets	<u>54,081,221</u>	<u>52,935,044</u>
Total assets	<u>\$ 84,126,453</u>	<u>\$ 82,955,179</u>
Deferred Outflows of Resources	\$ <u>2,400,813</u>	\$ <u>1,123,858</u>
Current and other liabilities	\$ 2,050,621	\$ 2,028,030
Long-term debt outstanding	<u>12,644,822</u>	<u>10,662,721</u>
Total liabilities	<u>\$ 14,695,443</u>	<u>\$ 12,690,751</u>
Deferred Inflows of Resources	\$ <u>960,542</u>	\$ <u>2,232,689</u>
Net Position (liabilities):		
Net Investment in capital assets	\$ 52,999,211	\$ 51,707,501
Restricted	10,405,827	9,977,636
Unrestricted	<u>7,466,243</u>	<u>7,470,460</u>
Total net position	<u>\$ 70,871,281</u>	<u>\$ 69,155,597</u>

As discussed earlier in this analysis, net position may serve as an indicator of the City's financial position. At end of the fiscal year 2016, assets and deferred outflows exceeded liabilities and deferred inflows by \$70,871,281.

The City's primary assets were cash - \$13,682,221, land held for resale - \$4,248,537, amount due from the Successor Agency - \$8,194,626 and capital assets - \$54,081,221. A significant portion of the City's cash is comprised by reserves and special funds for restricted uses. Therefore, much of it is unavailable to pay for current activities. Land held for resale represents the value of properties held by the City and the 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 net pension liability - \$10,578,290 and its long-term bonded indebtedness - \$2,066,532.

A summary of the changes in the City's net position for the year ended June 30, 2016 is as follows:

Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,907,762	\$ 2,764,293
Operating grants	3,077,880	2,525,442
Capital grants	1,468,753	653,875
General revenues:		
Taxes	8,485,843	8,240,602
Use of money and property	285,168	271,463
Intergovernmental	1,947,546	1,848,999
Miscellaneous	<u>1,100,162</u>	<u>990,017</u>
 Total revenues	 <u>19,273,114</u>	 <u>17,294,691</u>
 Expenses:		
General government	3,562,038	4,038,940
Safety	4,699,711	4,297,439
Transportation	2,151,711	1,867,491
Development	4,211,956	3,493,360
Recreation and culture	2,907,379	2,860,716
Interest expense	<u>24,635</u>	<u>27,657</u>
 Total expenses	 <u>17,557,430</u>	 <u>16,585,603</u>
 Change in net position	 1,715,684	 709,088
 Net position - beginning of year, as restated*	 <u>69,155,597</u>	 <u>68,446,509*</u>
 Net position - end of year	 <u>\$70,871,281</u>	 <u>\$69,155,597</u>

At year-end, the City's net position had increased by \$1,715,684. This increase was the result of revenues such as taxes and grants being higher than last fiscal year.

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, 2016, the City's governmental funds had a total ending fund balance of \$26,713,800. This amount represents an increase of \$193,505, or .7% as compared to the prior year fund balance of \$26,520,295.

Of the City's three major governmental funds two of them decreased their fund balances and one remained unchanged. The largest decrease was in the General Fund of \$336,659. After mid-year Council approved several projects that increased expenditures, including additional funds for litigation on the NPDES issue, to move forward with signage related to a street sweeping parking program, to add another patrol officer to the Sheriff's contract and to purchase a parking pass kiosk. This was further impacted by the delay of several projects that resulted in reduced revenues, such as Gas Tax reimbursements and engineering permit revenue.

Capital Asset and Debt Administration

Capital Assets

At year-end, the City had \$54 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 decrease (including additions, deductions and depreciation) of \$1,146,177 as compared to the prior year. Additional information can be found in Note 5.

Debt Administration

At the end of the fiscal year, the City had both bonded and other long-term debt totaling \$2,066,532. A summary of the City's debt activity for the year ended is as follows:

Outstanding Debt at Year-end

	<u>2015</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Certificates of participation	\$ 1,046,615	\$ 915,969	\$ (130,646)
CA Energy Comm Loans	180,928	166,041	(14,887)
Accrued vacation & sick leave	908,779	984,522	75,743
CJPIA Retro Deposit	<u>40,050</u>	<u>0</u>	<u>(40,050)</u>
Total debt	<u>\$ 2,176,372</u>	<u>\$ 2,066,532</u>	<u>(\$109,840)</u>

Additional information about the City's debt may be found in Note 6 to the basic financial statements.

Economic Factors and Next Year's Budget

Many variations from Mid-Year have to do with delayed projects, which are still expected to occur, just in future years. Other variations include Public Safety enhancements, such as the Sheriff's contract, parking and street sweeping parking signage.

The City of Duarte continues to make prudent financial decisions to manage within our means and we continue to see the slow return of the national, state and local economies. The City has been careful to monitor all of the financial aspects that it can control by balancing operating expenses with revenues and as a result, we find ourselves in a fairly stable and manageable environment.

The community continues to see positive signs of progress through the slow and steady increase of sales tax revenue, plan check and building permit fees. It appears that this steady growth may be able to manage our existing operating expenses, however rising costs will need to somehow fit within this growth and future capital projects must depend on one time revenues such as land sale proceeds and loan repayments.

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.

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CITY OF DUARTE

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
Assets:	
Cash and investments	\$ 13,682,221
Receivables:	
Accounts	196,494
Taxes	1,929,001
Notes and loans	370,500
Accrued interest	13,697
Grants	804,857
Prepaid costs	35,978
Land held for resale	4,248,537
Prepaid other postemployment benefits	569,317
Restricted assets:	
Cash with fiscal agent	4
Due from Successor Agency	8,194,626
Capital assets not being depreciated	22,291,035
Capital assets, net of depreciation	<u>31,790,186</u>
Total Assets	<u>84,126,453</u>
Deferred Outflows of Resources:	
Deferred pension-related items	<u>2,400,813</u>
Total Deferred Outflows of Resources	<u>2,400,813</u>
Liabilities:	
Accounts payable	1,224,671
Accrued liabilities	126,845
Accrued interest	7,696
Unearned revenue	461,316
Deposits payable	230,093
Noncurrent liabilities:	
Due within one year	178,702
Due in more than one year	1,887,830
Net pension liability	<u>10,578,290</u>
Total Liabilities	<u>14,695,443</u>
Deferred Inflows of Resources:	
Deferred pension-related items	<u>960,542</u>
Total Deferred Inflows of Resources	<u>960,542</u>
Net Position:	
Net investment in capital assets	52,999,211
Restricted for:	
Development projects	4,409,084
Debt service	704,714
Transportation	5,238,445
Recreation and culture	53,584
Unrestricted	<u>7,466,243</u>
Total Net Position	<u>\$ 70,871,281</u>

CITY OF DUARTE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Expenses	Program Revenues		Capital Contributions and Grants	Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Contributions and Grants		
Functions/Programs					
Primary Government:					
Governmental Activities:					
General government	\$ 3,562,038	\$ 101,618	\$ 1,302,011	\$ -	\$ (2,158,409)
Safety	4,699,711	221,461	180,279	-	(4,297,971)
Development	4,211,956	2,216,374	304,191	-	(1,691,391)
Recreation and culture	2,907,379	368,309	280,319	-	(2,258,751)
Transportation	2,151,711	-	1,011,080	1,468,753	328,122
Interest on long-term debt	24,635	-	-	-	(24,635)
Total Governmental Activities	17,557,430	2,907,762	3,077,880	1,468,753	(10,103,035)
Total Primary Government	\$ 17,557,430	\$ 2,907,762	\$ 3,077,880	\$ 1,468,753	(10,103,035)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					1,563,364
Transient occupancy taxes					142,053
Sales taxes					5,593,636
Franchise taxes					874,730
Business licenses taxes					312,060
Motor vehicle in lieu - unrestricted					1,947,546
Use of money and property					285,168
Other					1,100,162
Total General Revenues					11,818,719
Change in Net Position					1,715,684
Net Position at Beginning of Year					69,155,597
Net Position at End of Year					\$ 70,871,281

CITY OF DUARTE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds				Total Governmental Funds
	General	Housing Authority	Former RDA Low and Moderate Income Housing Fund	Other Governmental Funds	
Assets:					
Pooled cash and investments	\$ 5,789,823	\$ -	\$ 862,897	\$ 7,029,501	\$ 13,682,221
Receivables:					
Accounts	196,494	-	-	-	196,494
Taxes	1,905,918	-	-	23,083	1,929,001
Notes and loans	-	-	370,500	-	370,500
Accrued interest	13,697	-	-	-	13,697
Grants	338,870	-	-	465,987	804,857
Prepaid costs	34,050	-	-	1,928	35,978
Due from other funds	2,224,522	-	-	-	2,224,522
Land held for resale	-	1,388,040	2,860,497	-	4,248,537
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	4	4
Due from Successor Agency	8,194,626	-	-	-	8,194,626
Total Assets	\$ 18,698,000	\$ 1,388,040	\$ 4,093,894	\$ 7,520,503	\$ 31,700,437
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 907,892	\$ -	\$ -	\$ 316,779	\$ 1,224,671
Accrued liabilities	121,544	-	-	5,301	126,845
Unearned revenues	461,316	-	-	-	461,316
Deposits payable	230,093	-	-	-	230,093
Due to other funds	-	1,773,391	-	451,131	2,224,522
Total Liabilities	1,720,845	1,773,391	-	773,211	4,267,447
Deferred Inflows of Resources:					
Unavailable revenues	280,661	-	370,500	68,029	719,190
Total Deferred Inflows of Resources	280,661	-	370,500	68,029	719,190
Fund Balances:					
Nonspendable:					
Prepaid costs	34,050	-	-	-	34,050
Due from Successor Agency	8,194,626	-	-	-	8,194,626
Restricted for:					
Development projects	-	-	3,723,394	685,690	4,409,084
Recreation and culture	-	-	-	53,584	53,584
Transportation	-	-	-	5,238,445	5,238,445
Debt service	-	-	-	704,714	704,714
Committed to:					
Vehicle Replacement	238,701	-	-	-	238,701
Assigned to:					
Capital Projects	-	-	-	49,571	49,571
Unassigned	8,229,117	(385,351)	-	(52,741)	7,791,025
Total Fund Balances	16,696,494	(385,351)	3,723,394	6,679,263	26,713,800
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,698,000	\$ 1,388,040	\$ 4,093,894	\$ 7,520,503	\$ 31,700,437

CITY OF DUARTE

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

Fund balances of governmental funds		\$ 26,713,800
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		54,081,221
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$ (915,969)	
CA Energy Commission loan	(166,041)	
Compensated absences	<u>(984,522)</u>	(2,066,532)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		569,317
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(7,696)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		719,190
Governmental funds report all pension contributions as expenditures; however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.		(10,578,290)
Deferred inflows related to pensions:		
Net difference between projected and actual earnings on pension plan investments		(288,286)
Change of Assumptions		(575,063)
Difference between actual contributions and proportionate share of contributions		(95,009)
Adjustment due to differences in proportions		(2,184)
Deferred outflows related to pensions:		
Contributions made after the measurement date		1,237,627
Difference between expected and actual experience		60,783
Adjustment due to differences in proportions		<u>1,102,403</u>
Net Position of Governmental Activities		<u><u>\$ 70,871,281</u></u>

CITY OF DUARTE

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

	Special Revenue Funds				Total Governmental Funds
	General	Housing Authority	Former RDA Low and Moderate Income Housing Fund	Other Governmental Funds	
Revenues:					
Taxes	\$ 8,715,629	\$ -	\$ -	\$ -	\$ 8,715,629
Assessments	-	-	-	1,202,922	1,202,922
Licenses and permits	997,727	-	-	-	997,727
Intergovernmental	2,843,421	-	-	2,635,472	5,478,893
Charges for services	447,775	-	-	26,235	474,010
Use of money and property	262,699	-	-	22,469	285,168
Fines and forfeitures	211,330	-	-	-	211,330
Miscellaneous	1,096,227	600	-	4,951	1,101,778
Total Revenues	14,574,808	600	-	3,892,049	18,467,457
Expenditures:					
Current:					
General government	3,726,981	-	-	1,500	3,728,481
Safety	4,642,717	-	-	153,659	4,796,376
Development	3,047,752	3,180	-	1,237,380	4,288,312
Recreation and Culture	2,722,424	-	-	-	2,722,424
Transportation	-	-	-	1,075,678	1,075,678
Capital outlay	523,900	-	-	967,532	1,491,432
Debt service:					
Principal retirement	14,887	-	-	130,646	145,533
Interest and fiscal charges	5,332	-	-	20,384	25,716
Total Expenditures	14,683,993	3,180	-	3,586,779	18,273,952
Excess (Deficiency) of Revenues Over (Under) Expenditures	(109,185)	(2,580)	-	305,270	193,505
Other Financing Sources (Uses):					
Transfers in	22,606	-	-	778,180	800,786
Transfers out	(250,080)	-	-	(550,706)	(800,786)
Total Other Financing Sources (Uses)	(227,474)	-	-	227,474	-
Net Change in Fund Balances	(336,659)	(2,580)	-	532,744	193,505
Fund Balances, Beginning of Year	17,033,153	(382,771)	3,723,394	6,146,519	26,520,295
Fund Balances, End of Year	\$ 16,696,494	\$ (385,351)	\$ 3,723,394	\$ 6,679,263	\$ 26,713,800

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, 2016**

Net change in fund balances - total governmental funds \$ 193,505

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	\$ 1,715,164	
Loss on disposal of capital assets	(21,723)	
Proceeds from sale of capital assets	(1,616)	
Depreciation	(1,538,231)	
Contributed capital assets	<u>992,583</u>	1,146,177

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

Principal repayments	145,533	
Other long-term liabilities - CJPIA retrospective deposit	19,254	
Other long-term liabilities - CJPIA workers compensation	<u>20,796</u>	185,583

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 1,081

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. (75,743)

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. (6,770)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (185,310)

Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditure in governmental funds. 457,161

Change in Net Position of Governmental Activities \$ 1,715,684

CITY OF DUARTE

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2016

	<u>Private-Purpose Trust Fund Successor Agency of the former RDA</u>
Assets:	
Pooled cash and investments	\$ 4,703,873
Receivables:	
Notes and loans	1,200,000
Land held for resale	1,195,522
Restricted assets:	
Cash and investments with fiscal agents	<u>3,052,105</u>
Total Assets	<u>10,151,500</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	<u>2,012,445</u>
Total Deferred Outflows of Resources	<u>2,012,445</u>
Liabilities:	
Accounts payable	12,658
Accrued interest	123,311
Long-term liabilities:	
Due in one year	2,760,000
Due in more than one year	<u>16,921,568</u>
Total Liabilities	<u>19,817,537</u>
Net Position:	
Net position held in trust for other purposes	<u>(7,653,592)</u>
Total Net Position	<u>\$ (7,653,592)</u>

CITY OF DUARTE

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

	<u>Private-Purpose Trust Fund Successor Agency of the former RDA</u>
Additions:	
Taxes	\$ 5,058,209
Interest and change in fair value of investments	94
Contributions from City	2,826
Gain on sale of land held for resale	133,906
	<hr/>
Total Additions	5,195,035
	<hr/>
Deductions:	
Administrative expenses	250,000
Contractual services	257,631
Interest expense	1,190,485
Contributions to City	583,906
	<hr/>
Total Deductions	2,282,022
	<hr/>
Changes in Net Position	2,913,013
	<hr/>
Net Position - Beginning of the Year	(10,566,605)
	<hr/>
Net Position - End of the Year	\$ (7,653,592)
	<hr/> <hr/>

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 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 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 as a conduit between the issuer (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.

The Duarte Community Facilities Financing Authority was established on February 1, 2013 between the City and the Housing Authority for the specific purpose of facilitating the issuance of debt instruments. It has no separate existence and has acted as a conduit between the issuer (the City) and the underwriters. Separate financial statements of the Public Financing Authority were not prepared.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 Position and a Statement of Activities. These statements report information on all of the non-fiduciary 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 Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which 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 Position 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.

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, deferred outflows, liabilities, deferred inflows, 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

d. 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 major 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.

Housing Authority fund accounts for legally restricted funds for housing activities.

Former RDA Low and Moderate Income Housing fund accounts for resources received from the Redevelopment Property Tax Trust Fund for the implementation, administration and monitoring of the Low and Moderate income housing affordability and other reporting requirements of the State housing and redevelopment.

Additionally, the government reports the following funds and fund types:

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.

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 position as presented in these statements to the net position 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, 2016

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*.

e. 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 governmental 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 unavailable revenue periodically in its combined balance sheet. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues 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, unavailable and/or unearned revenue is removed from the balance sheet and revenue is recognized.

f. 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, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

2. Investments:

Investments are stated at fair value, (generally quoted market prices). The City's policy is to hold investments until maturity or until market values equal or exceed cost.

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 is an inventory of land purchased, which will be sold. 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 \$5,000 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 Statement 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. Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Financial Position and Governmental Fund Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has one item that qualifies for reporting in this category. They are deferred outflows relating to the net pension obligation reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, and of adjustments due to difference in proportions. These amounts are deferred and amortized over the expected average remaining service life time.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

7. Property Tax Revenues:

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

8. Net Position Flow Assumption:

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

9. Fund Balance Flow Assumptions:

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the Governmental Fund Financial Statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of

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

Note 1: Summary of Significant Accounting Policies (Continued)

unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Pension Plan:

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

11. 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.

12. 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.

13. Fund Equity:

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.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

14. 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.

15. Effect of New Accounting Standards:

During the fiscal year ended June 30, 2016, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 72 – Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City has fully conformed and implemented to GASB Statement No. 72 as of June 30, 2016.

16. Deficit Fund Balances or Net Position:

The following nonmajor funds have a deficit at June 30, 2016:

Special Revenue Funds:		
Supplemental Law Enforcement	\$	11,834
PEG		40,907

The City expects to eliminate these deficits with anticipated future revenues from grants, deferred payments and reimbursements.

17. Budgets

The following funds exceeded appropriation at the fund level and by amount of excess: Community Development Block Grant fund \$50,993, Supplemental Law Enforcement Fund \$53,659, Park Development Fund \$23,319, and STP-L Fund \$321,206.

CITY OF DUARTE

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

Note 2: Cash and Investments

a. Cash and Investments:

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

Statement of Net Position:	
Cash and investments	\$ 13,682,221
Restricted:	
Cash and investments with fiscal agent	4
Statement of Fiduciary Net Position:	
Cash and investments	4,703,873
Restricted:	
Cash and investments with fiscal agent	<u>3,052,105</u>
Total cash and investments	<u>\$ 21,438,203</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, 2016, the carrying amount of the City's deposits was \$8,311,897 and the bank balance was \$9,648,305. The \$1,336,408 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 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.

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

Note 2: Cash and Investments (Continued)

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.

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, 2016, the City's investments were solely in LAIF with exception to investments held with fiscal agent which included money market mutual funds. The City's investment in the State Investment Pool has not been rated by a nationally recognized statistical rating organization.

g. 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, 2016, 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

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

Note 2: Cash and Investments (Continued)

h. 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, 2016, the City had the following investments and remaining maturities:

	Remaining Investment Maturities	
	6 months or less	Fair Value
Local Agency Investment Fund	\$ 10,074,197	\$ 10,074,197
Cash with Fiscal Agent:		
Money Market Mutual Funds	3,052,109	3,052,109
	<u>\$ 13,126,306</u>	<u>\$ 13,126,306</u>

i. Fair Value Hierarchy:

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

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

Investments by fair value level	Totals	Level		
		1	2	3
Local Agency Investment Fund	\$ 10,074,197	\$ -	\$ 10,074,197	\$ -
<u>Investments measured at amortized cost</u>				
Cash with Fiscal Agents				
Money Market Funds	3,052,109			
Totals	3,052,109			
Total Investments	<u>\$ 13,126,306</u>			

Local Agency Investment Funds classified in Level 2 of the fair value hierarchy are valued using specified fair market value factors.

CITY OF DUARTE

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

Note 3: Interfund Receivable, Payable and Transfers

Due To/From Other Funds

At June 30, 2016, the City had the following short-term interfund receivables and payables:

Due from Other Funds	Due to Other Funds		Total
	Housing Authority	Other Governmental Funds	
General Fund	\$ 1,773,391	\$ 451,131	\$ 2,224,522

The due from other funds balance of \$2,224,522 in the General Fund is to cover temporary deficit cash balances at June 30, 2016 of \$2,176,895 and \$47,627 related to the Granicus System for the PEG Fund.

Interfund Transfers

At June 30, 2016, the City had the following internal balances:

Transfers Out	Transfers In		Total
	General	Other Governmental Funds	
General Fund	\$ -	\$ 250,080	\$ 250,080
Other Governmental Funds	22,606	528,100	550,706
Total	\$ 22,606	\$ 778,180	\$ 800,786

Transfers in the amount of \$250,080 were made out of the General Fund into the Lighting & Landscaping fund and the Community Improvement fund for capital and administrative costs. Transfers in the amount of \$22,606 were made out of the Measure R Fund into the General Fund for administrative and project costs tracked in the General Fund. Transfers in an amount of \$225,000 were made out of the Lighting & Landscaping fund into the Town Center Debt Service fund to pay the debt service payments for the year for the 2013 Certificates of Participation. Transfers in an amount of \$303,100 were made from the Prop C fund to the Prop A fund to assist in supporting the City's Transit System's operational costs.

CITY OF DUARTE

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

Note 4: Notes Receivable

Notes and loans receivable as of June 30, 2016, 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 Housing Authority of the City of Duarte provides loans to low-and-moderate-income-level residents for the acquisition and rehabilitation of residences. As a part of the agreement, the Housing Authority 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 Housing Authority recovers its second trust deed and interest to be calculated within certain limits. Since the amount, if any, the Housing Authority will receive is unknown, the amount is deferred until the sale of the property or the cancellation date, whichever occurs first. The balance at June 30, 2016, is \$370,500.

Note 5: Capital Assets

The following schedule shows changes in capital assets for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Non-Depreciable assets:				
Land	\$ 22,291,035	\$ -	\$ -	\$ 22,291,035
Total non-depreciable assets	<u>22,291,035</u>	<u>-</u>	<u>-</u>	<u>22,291,035</u>
Depreciable assets:				
Structures and improvements	8,031,074	469,086	-	8,500,160
Machinery and equipment	3,024,379	141,020	329,412	2,835,987
Infrastructure	55,028,076	2,097,641	92,884	57,032,833
Total depreciable assets	<u>66,083,529</u>	<u>2,707,747</u>	<u>422,296</u>	<u>68,368,980</u>
Less accumulated depreciation				
Structures and improvements	3,755,031	133,336	-	3,888,367
Machinery and equipment	2,306,277	113,506	323,715	2,096,068
Infrastructure	29,378,212	1,291,389	75,242	30,594,359
Total accumulated depreciation	<u>35,439,520</u>	<u>1,538,231</u>	<u>398,957</u>	<u>36,578,794</u>
Total depreciable assets, net	<u>30,644,009</u>	<u>1,169,516</u>	<u>23,339</u>	<u>31,790,186</u>
Total net capital assets	<u>\$ 52,935,044</u>	<u>\$ 1,169,516</u>	<u>\$ 23,339</u>	<u>\$ 54,081,221</u>

CITY OF DUARTE

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

Note 5: Capital Assets (Continued)

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

General government	\$ 137,929
Safety	1,333
Development	42,668
Recreation and culture	266,992
Transportation	1,089,309
	<u>1,538,231</u>
Total	<u>\$ 1,538,231</u>

Note 6: Long-Term Debt

The following schedule shows changes in long-term debt for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
2013 COP	\$ 1,046,615	\$ -	\$ 130,646	\$ 915,969	\$ 133,286
CA Energy Commission Loan	180,928	-	14,887	166,041	15,351
Compensated Absences	908,779	103,495	27,752	984,522	30,065
CJPIA Retrospective Deposit					
General and Automotive Liability	19,254	-	19,254	-	-
Worker's Compensation Liability	20,796	-	20,796	-	-
Total	<u>\$ 2,176,372</u>	<u>\$ 103,495</u>	<u>\$ 213,335</u>	<u>\$ 2,066,532</u>	<u>\$ 178,702</u>

a. Certificates of Participation:

2013 Certificates of Participation (2001 Refunding)

In April 2013, the City of Duarte issued \$1,337,750 in Certificates of Participation (Series A) with an interest rate of 2.01%. The City issued the bonds to refund \$1,245,000 2001 Certificates of Participation on a current basis and pay for issuance costs. The Series A Certificates of Participation mature on August 1, 2022, and bear interest at 2.01% per annum. Interest on the bonds is payable semi-annually every August 1 and February 1.

Year Ending June 30,	2013 Certificate of Participation - (2001 Refunding)	
	Principal	Interest
2017	\$ 133,286	\$ 17,745
2018	135,978	15,052
2019	138,725	12,305
2020	141,527	9,503
2021	144,386	6,644
2022-2023	222,067	4,478
Total	<u>\$ 915,969</u>	<u>\$ 65,727</u>

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

Note 6: Long-Term Debt (Continued)**b. California Energy Resources Conservation and Development Commission Loan**

The State of California Energy Resources Conservation and Development Commission issued a loan to the City for an Energy Efficiency project to be completed in July 2011. The loan was issued in October 2011 in the amount of \$218,847. The liability as of June 30, 2016, is \$166,041.

The loan matures on December 22, 2025, and bear interest at 3% per annum. Principal and Interest on the loan is payable semi-annually every December 22 and June 22.

Year Ending June 30,	CA Energy Commission Loan	
	Principal	Interest
2017	\$ 15,351	\$ 4,867
2018	15,815	4,403
2019	16,293	3,925
2020	16,776	3,442
2021	17,293	2,926
2022-2026	84,513	6,469
Total	<u>\$ 166,041</u>	<u>\$ 26,032</u>

c. 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, 2016, had an outstanding accrued balance of unpaid vacation, sick and associated employee of \$984,522 that will be liquidated from various funding sources in future years.

d. 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 extended to 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, 2016, the City no longer had a retrospective deposit due for either the general and automobile liability coverage or worker's compensation coverage.

Note 7: Liability, Workers' Compensation, and Purchased Insurance

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

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

b. Self-Insurance Programs of the Authority

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

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

Liability

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

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

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

Note 7: Liability, Workers' Compensation, and Purchased Insurance (Continued)

Workers' Compensation

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

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

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

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 \$24,246,291. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance

The City of 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 \$3,612,681. 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.

Note 7: Liability, Workers' Compensation, and Purchased Insurance (Continued)

Pollution Legal Liability

The City of Duarte participates in the pollution legal liability insurance program which is available through the authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Duarte. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

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 2015-16.

Note 8: 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, 2016, was \$1,834,521. These amounts are not recorded in the books of the City and as such not included in these financial statements.

Note 9: Retirement Plan

a. Plan Description

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

b. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

Note 9: Retirement Plan (Continued)

The rate plan provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Miscellaneous Cost-Sharing Rate Plan		
	Tier 1 *	Tier 2 *	PEPRA
		January 1, 2010	
	Prior to	but prior to	After
Hire date	January 1, 2010	January 1, 2013	January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	1.425% - 2.418%, 50 yrs - 63+ yrs, respectively	1.092% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	7.942%	6.880%	6.500%
Required employer contribution rates	27.431%	8.715%	6.700%

* Plan closed to new entrants

c. Contribution Description

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

Contributions to the Plan for the year ending June 30, 2016 were \$948,367.

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

As of June 30, 2016, the City reported a net position liability for its proportionate share of the net pension liability to the plan of \$10,578,290.

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

Note 9: Retirement Plan (Continued)

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Local Government's proportion of the net pension liability was based on CalPERS' Public Agency Cost-Sharing Allocation Methodology Report, which can be obtained on the CalPERS website. The Local Government's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

<u>Proportionate Share of Net Pension Liability</u>	
Proportion - June 30, 2014	0.34337%
Proportion - June 30, 2015	0.38558%
Change - Increase (Decrease)	0.04221%

For the year ended June 30, 2016, the City recognized a total pension expense of \$609,548 for all plan in total. At June 30, 2016, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made after the measurement date	\$ 1,237,627	\$ -
Difference between expected and actual experience	60,783	-
Change in assumptions	-	575,063
Net difference between projected and actual earnings on pension plan investments	-	288,286
Difference in proportionate share	-	95,009
Adjustment due to differences in proportions	1,102,403	2,184
Total	<u><u>\$ 2,400,813</u></u>	<u><u>\$ 960,542</u></u>

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

Note 9: Retirement Plan (Continued)

\$1,237,627 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Inflows of Resources
2016	\$ 124,178
2017	112,464
2018	(402,497)
2019	368,499
	\$ 202,644

e. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

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

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

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

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

Note 9: Retirement Plan (Continued)

f. Change of Assumption

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

g. Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

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

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

CITY OF DUARTE

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

Note 9: Retirement Plan (Continued)

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

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

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

h. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>Discount Rate - 1%</u>	<u>Current Discount</u>	<u>Discount Rate +1%</u>
	<u>6.65%</u>	<u>7.65%</u>	<u>8.65%</u>
Plans Net Pension Liability/(Asset)	\$ 16,232,521	\$ 10,578,290	\$ 5,910,066

i. Pension Plan Fiduciary Net Position

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

Note 10: Other Post-Employment Benefits

a. 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.

b. 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 \$524,837 during the current fiscal year to cover the required contribution rate of 15% of annual covered payroll (annual payroll of active employees covered by the plan). At June 30, 2016, prepaid OPEB obligation was as follows:

CITY OF DUARTE

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

Note 10: Other Post-Employment Benefits (Continued)

Annual required contribution (ARC)	\$ 523,305
Interest on net OPEB obligation	(43,258)
Adjustment to ARC	<u>51,560</u>
Annual OPEB cost	531,607
Contributions made	<u>(524,837)</u>
(Decrease) increase in Net OPEB obligation	6,770
Net OPEB obligation (asset) June 30, 2015	<u>(576,087)</u>
Net OPEB obligation (asset) June 30, 2016	<u><u>\$ (569,317)</u></u>

The ARC of \$523,305 is 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.

c. Annual OPEB Costs and Net OPEB Obligation (Asset)

For the fiscal year 2015-2016, the City's annual OPEB cost (expense) was \$531,607. Information on the OPEB cost and percentage of Annual OPEB cost contributed is presented below:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
06/30/14	\$ 347,794	\$ 285,876	82.20%	\$ (583,863)
06/30/15	530,065	522,289	98.53%	(576,087)
06/30/16	531,607	524,837	98.73%	(569,317)

d. 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.

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	23.2%	\$ 3,430	56%	7.00%
Actual	6/30/2011	753	3,160	19.2%	3,376	94%	6.50%
Actual	7/1/2014	1,211	4,328	21.9%	3,486	124%	6.50%

Note 10: Other Post-Employment Benefits (Continued)

e. 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 July 1, 2014, 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 8.0% beginning July 1, 2014, and reduced by decrements to an ultimate rate of 5.0% after three 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 open basis. The remaining amortization period at June 30, 2016, was thirty years. The number of active participants as of the plan valuation was 38.

Note 11: 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 12: Commitments and Contingencies

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.

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

Note 13: 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 former 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.

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.

a. Cash and investments

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

Cash and investments pooled with the City	\$ 4,703,873
Cash and investments with fiscal agent	<u>3,052,105</u>
	<u>\$ 7,755,978</u>

CITY OF DUARTE

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

Note 13: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2016, follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Fiduciary Activities:					
City Loans	\$ 9,503,703	\$ -	\$ 1,309,077	\$ 8,194,626	\$ -
Merged Project - 2007 Series A	8,450,000	-	1,015,000	7,435,000	1,050,000
Merged Project - 2007 Series B	3,660,000	-	1,155,000	2,505,000	1,220,000
Merged Project - 2007 Series C	2,005,000	-	475,000	1,530,000	490,000
Total - Agency Bonds	23,618,703	-	3,954,077	19,664,626	2,760,000
Unamortized net original Premium	22,686	-	5,744	16,942	-
Total	\$ 23,641,389	\$ -	\$ 3,959,821	\$ 19,681,568	\$ 2,760,000

City Loans

In previous fiscal years, the City made loans to the former Redevelopment Agency. As of June 30, 2016, principal on those loans was \$8,194,626.

Tax Allocation Bonds

\$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 former 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.

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

Note 13: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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 former redevelopment agency.

The balance at June 30, 2016, amounted to \$9,940,000 plus net unamortized bond premium of \$212 and unamortized gain on defeasance of \$2,012,445. The debt service requirements to maturity for the Series A and Series B bonds as of June 30, 2016 are as follows:

Year Ending June 30,	Series A		Series B	
	Principal	Interest	Principal	Interest
2017	\$ 1,050,000	\$ 276,400	\$ 1,220,000	\$ 101,856
2018	1,095,000	233,500	1,285,000	34,534
2019	2,490,000	161,800	-	-
2020	2,800,000	56,000	-	-
Total	\$ 7,435,000	\$ 727,700	\$ 2,505,000	\$ 136,390

\$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 former 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 least 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.

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

Note 13: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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 former redevelopment agency.

The balance at June 30, 2016, amounted to \$1,530,000 plus unamortized bond premium of \$16,730. The debt service requirements to maturity for the Series C bonds as of June 30, 2016 are as follows:

Year Ending June 30,	Series C	
	Principal	Interest
2017	\$ 490,000	\$ 51,400
2018	505,000	31,500
2019	535,000	10,700
Total	<u>\$ 1,530,000</u>	<u>\$ 93,600</u>

Pledged Revenue

The former Redevelopment Agency pledged, as security for bonds issued, 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 former 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 \$12,427,690 with annual debt service requirements as indicated above. For the current year, the debt service obligation on the bonds was \$3,197,573 and tax revenues received during the first six months of the fiscal year to pay enforceable obligations was \$1,746,434. The City will receive another allocation in December 2016 for the second half of the fiscal year's principal payments.

c. 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 7.

d. Commitments and Contingencies

At June 30, 2016, 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.

CITY OF DUARTE

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

Note 13: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

e. Note Receivable

As part of the Estoppel Certificate, Consent & Agreement, a loan was established on December 4, 2013 between the City, Southern California Presbyterian Homes, and Andres Duarte Terrace II, L.P. for the development of a 43-unit affordable housing project located within the city. The loan was established to be repaid in a matter of 57 years, authorized by the executive director of the Duarte Housing Authority. The balance at June 30, 2016 is \$1,200,000.

CITY OF DUARTE

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

	<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	\$ 17,033,153	\$ 17,033,153	\$ 17,033,153	\$ -
Resources (Inflows):				
Taxes	7,995,000	7,995,000	8,715,629	720,629
Licenses and permits	862,000	862,000	997,727	135,727
Intergovernmental	2,729,500	2,939,500	2,843,421	(96,079)
Charges for services	493,300	493,300	447,775	(45,525)
Use of money and property	263,900	263,900	262,699	(1,201)
Fines and forfeitures	165,000	165,000	211,330	46,330
Miscellaneous	1,670,000	2,879,000	1,096,227	(1,782,773)
Transfers in	1,170,000	1,325,000	22,606	(1,302,394)
Amounts Available for Appropriations	32,381,853	33,955,853	31,630,567	(2,325,286)
Charges to Appropriation (Outflow):				
General government	3,637,200	3,684,200	3,726,981	(42,781)
Safety	4,532,300	4,562,593	4,642,717	(80,124)
Development	3,434,100	3,394,100	3,047,752	346,348
Recreation and Culture	2,751,900	2,829,900	2,722,424	107,476
Capital outlay	188,000	492,000	523,900	(31,900)
Debt service:				
Principal retirement	14,900	14,900	14,887	13
Interest and fiscal charges	5,400	5,400	5,332	68
Transfers out	1,476,100	1,631,100	250,080	1,381,020
Total Charges to Appropriations	16,039,900	16,614,193	14,934,073	1,680,120
Budgetary Fund Balance, June 30	\$ 16,341,953	\$ 17,341,660	\$ 16,696,494	\$ (645,166)

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 HOUSING AUTHORITY
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (382,771)	\$ (382,771)	\$ (382,771)	\$ -
Resources (Inflows):				
Miscellaneous	-	-	600	600
Amounts Available for Appropriations	(382,771)	(382,771)	(382,171)	600
Charges to Appropriation (Outflow):				
Development	3,600	3,600	3,180	420
Total Charges to Appropriations	3,600	3,600	3,180	420
Budgetary Fund Balance, June 30	\$ (386,371)	\$ (386,371)	\$ (385,351)	\$ 1,020

CITY OF DUARTE

**MISCELLANEOUS PLANS (TIER I AND TIER II)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>
<u>Miscellaneous Plan (Tier I)</u>		
Proportion of the Net Pension Liability	0.13637%	0.00386%
Proportionate Share of the Net Pension Liability	\$ 8,485,325	\$ 10,577,997
Covered-Employee Payroll	\$ 3,500,550	\$ 3,382,123
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	242.40%	3.127620432
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%
<u>Miscellaneous Plan (Tier II)</u>		
Proportion of the Net Pension Liability	0.00002%	0.00000%
Proportionate Share of the Net Pension Liability	\$ 1,024	\$ 392
Covered-Employee Payroll	\$ 49,186	\$ 62,409
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	2.08%	0.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%
<u>Miscellaneous Plan (PEPRA)</u>		
Proportion of the Net Pension Liability	0.00000%	0.00000%
Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ (99)
Covered-Employee Payroll	\$ -	\$ 175,974
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	0.00%	-0.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

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

CITY OF DUARTE

**MISCELLANEOUS PLANS (TIER I AND TIER II)
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>
<u>Miscellaneous Plan (Tier I)</u>		
Actuarially Determined Contribution	\$ 938,976	\$ 1,220,927
Contribution in Relation to the Actuarially Determined Contribution	(938,976)	(1,220,927)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 3,500,550	\$ 3,382,123
Contributions as a Percentage of Covered-Employee Payroll	26.82%	36.10%
<u>Miscellaneous Plan (Tier II)</u>		
Actuarially Determined Contribution	\$ 9,391	\$ 4,699
Contribution in Relation to the Actuarially Determined Contribution	(9,391)	(4,699)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 49,186	\$ 62,409
Contributions as a Percentage of Covered-Employee Payroll	19.09%	7.53%
<u>Miscellaneous Plan (PEPRA)</u>		
Actuarially Determined Contribution	\$ -	\$ 12,001
Contribution in Relation to the Actuarially Determined Contribution	-	(12,001)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ -	\$ 175,974
Contributions as a Percentage of Covered-Employee Payroll	0.00%	6.82%

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

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level percent payroll/closed
Remaining amortization period	Market Value
Assets valuation method	2.75%
Inflation	3.30% to 14.20%
Salary Increases	3.00%
Investment rate of return	7.50% net of pension plan investment expense, including inflation.

The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007

Retirement age

The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Mortality

CITY OF DUARTE

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

Note 1: Budgets and Budgetary Accounting

The City adopts an annual budget prepared in accordance with accounting principles generally accepted in the United States of America and on the modified accrual basis of accounting for its governmental funds. The City Manager or 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.

Budget

The Former RDA Low and Moderate Income Housing Fund did not adopt a budget and therefore no comparison schedule are presented.

CITY OF DUARTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	State Gasoline Tax	Lighting & Landscaping	Community Development Block Grant	Supplemental Law Enforcement
Assets:				
Pooled cash and investments	\$ 1,381,708	\$ 234,186	\$ -	\$ -
Receivables:				
Taxes	-	23,083	-	-
Grants	-	-	117,367	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,381,708	\$ 257,269	\$ 117,367	\$ -
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 377	\$ 49,374	\$ 7,983	\$ 11,834
Accrued liabilities	-	-	-	-
Due to other funds	-	-	109,384	-
Total Liabilities	377	49,374	117,367	11,834
Deferred Inflows of Resources:				
Unavailable revenues	-	24,700	-	-
Total Deferred Inflows of Resources	-	24,700	-	-
Fund Balances:				
Restricted for:				
Development projects	-	183,195	-	-
Recreation and culture	-	-	-	-
Transportation	1,381,331	-	-	-
Debt service	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	(11,834)
Total Fund Balances	1,381,331	183,195	-	(11,834)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,381,708	\$ 257,269	\$ 117,367	\$ -

CITY OF DUARTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	Bicycle & Pedestrian	Air Quality Management	Park Development Grant	Quimby Act
Assets:				
Pooled cash and investments	\$ -	\$ 50,796	\$ -	\$ 53,565
Receivables:				
Taxes	-	-	-	-
Grants	13,820	7,472	280,319	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 13,820	\$ 58,268	\$ 280,319	\$ 53,565
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	13,820	-	280,300	-
Total Liabilities	13,820	-	280,300	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Development projects	-	-	-	-
Recreation and culture	-	-	19	53,565
Transportation	-	58,268	-	-
Debt service	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	58,268	19	53,565
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,820	\$ 58,268	\$ 280,319	\$ 53,565

CITY OF DUARTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Prop A Transit	Prop C Transit	PEG	Measure R LR Transit Fund
Assets:				
Pooled cash and investments	\$ 2,856,758	\$ 266,830	\$ -	\$ 807,029
Receivables:				
Taxes	-	-	-	-
Grants	-	-	6,720	-
Prepaid costs	1,928	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 2,858,686	\$ 266,830	\$ 6,720	\$ 807,029
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 87,596	\$ -	\$ -	\$ 40,802
Accrued liabilities	5,301	-	-	-
Due to other funds	-	-	47,627	-
Total Liabilities	92,897	-	47,627	40,802
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Development projects	-	-	-	-
Recreation and culture	-	-	-	-
Transportation	2,765,789	266,830	-	766,227
Debt service	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	(40,907)	-
Total Fund Balances	2,765,789	266,830	(40,907)	766,227
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,858,686	\$ 266,830	\$ 6,720	\$ 807,029

CITY OF DUARTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds	Capital Projects Funds		Debt Service Funds
	STP-L	Community Improvement	Inclusionary Housing	Town Center Debt Service
Assets:				
Pooled cash and investments	\$ 118,568	\$ 52,856	\$ 502,495	\$ 704,714
Receivables:				
Taxes	-	-	-	-
Grants	-	40,289	-	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	4
Total Assets	\$ 118,568	\$ 93,145	\$ 502,495	\$ 704,714
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 118,568	\$ 245	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	118,568	245	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	43,329	-	-
Total Deferred Inflows of Resources	-	43,329	-	-
Fund Balances:				
Restricted for:				
Development projects	-	-	502,495	-
Recreation and culture	-	-	-	-
Transportation	-	-	-	-
Debt service	-	-	-	704,714
Assigned to:				
Capital Projects	-	49,571	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	49,571	502,495	704,714
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 118,568	\$ 93,145	\$ 502,495	\$ 704,714

CITY OF DUARTE

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Total Governmental Funds
Assets:	
Pooled cash and investments	\$ 7,029,501
Receivables:	
Taxes	23,083
Grants	465,987
Prepaid costs	1,928
Restricted assets:	
Cash and investments with fiscal agents	4
	<u>4</u>
Total Assets	<u>\$ 7,520,503</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:	
Liabilities:	
Accounts payable	\$ 316,779
Accrued liabilities	5,301
Due to other funds	451,131
	<u>773,211</u>
Total Liabilities	<u>773,211</u>
Deferred Inflows of Resources:	
Unavailable revenues	68,029
	<u>68,029</u>
Total Deferred Inflows of Resources	<u>68,029</u>
Fund Balances:	
Restricted for:	
Development projects	685,690
Recreation and culture	53,584
Transportation	5,238,445
Debt service	704,714
Assigned to:	
Capital Projects	49,571
Unassigned	<u>(52,741)</u>
Total Fund Balances	<u>6,679,263</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,520,503</u>

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CITY OF DUARTE

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

	Special Revenue Funds			
	State Gasoline Tax	Lighting & Landscaping	Community Development Block Grant	Supplemental Law Enforcement
Revenues:				
Assessments	\$ -	\$ 1,202,922	\$ -	\$ -
Intergovernmental	476,170	-	295,354	139,618
Charges for services	-	-	-	-
Use of money and property	3,692	-	-	111
Miscellaneous	-	3,333	-	-
Total Revenues	479,862	1,206,255	295,354	139,729
Expenditures:				
Current:				
General government	-	-	-	-
Safety	-	-	-	153,659
Development	-	1,111,592	-	-
Transportation	37,181	-	-	-
Capital outlay	-	-	190,990	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	37,181	1,111,592	190,990	153,659
Excess (Deficiency) of Revenues Over (Under) Expenditures	442,681	94,663	104,364	(13,930)
Other Financing Sources (Uses):				
Transfers in	-	209,791	-	-
Transfers out	-	(225,000)	(3)	-
Total Other Financing Sources (Uses)	-	(15,209)	(3)	-
Net Change in Fund Balances	442,681	79,454	104,361	(13,930)
Fund Balances, Beginning of Year	938,650	103,741	(104,361)	2,096
Fund Balances, End of Year	\$ 1,381,331	\$ 183,195	\$ -	\$ (11,834)

CITY OF DUARTE

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

(CONTINUED)

	Special Revenue Funds			
	Bicycle & Pedestrian	Air Quality Management	Park Development Grant	Quimby Act
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	13,820	27,690	280,319	-
Charges for services	-	-	-	-
Use of money and property	-	133	-	-
Miscellaneous	-	-	-	-
Total Revenues	13,820	27,823	280,319	-
Expenditures:				
Current:				
General government	-	-	-	-
Safety	-	-	-	-
Development	-	-	-	-
Transportation	-	1,946	-	-
Capital outlay	13,820	32,498	280,319	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	13,820	34,444	280,319	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(6,621)	-	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	(6,621)	-	-
Fund Balances, Beginning of Year	-	64,889	19	53,565
Fund Balances, End of Year	\$ -	\$ 58,268	\$ 19	\$ 53,565

CITY OF DUARTE

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

	Special Revenue Funds			
	Prop A Transit	Prop C Transit	PEG	Measure R LR Transit Fund
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	428,592	325,208	-	243,460
Charges for services	-	-	26,235	-
Use of money and property	9,204	1,100	-	2,472
Miscellaneous	1,618	-	-	-
Total Revenues	439,414	326,308	26,235	245,932
Expenditures:				
Current:				
General government	-	-	-	-
Safety	-	-	-	-
Development	-	-	-	-
Transportation	1,026,551	10,000	-	-
Capital outlay	-	-	-	113,015
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,026,551	10,000	-	113,015
Excess (Deficiency) of Revenues Over (Under) Expenditures	(587,137)	316,308	26,235	132,917
Other Financing Sources (Uses):				
Transfers in	303,100	-	-	-
Transfers out	-	(303,100)	-	(22,603)
Total Other Financing Sources (Uses)	303,100	(303,100)	-	(22,603)
Net Change in Fund Balances	(284,037)	13,208	26,235	110,314
Fund Balances, Beginning of Year	3,049,826	253,622	(67,142)	655,913
Fund Balances, End of Year	\$ 2,765,789	\$ 266,830	\$ (40,907)	\$ 766,227

CITY OF DUARTE

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

(CONTINUED)

	Special Revenue Funds	Capital Projects Funds		Debt Service Funds
	STP-L	Community Improvement	Inclusionary Housing	Town Center Debt Service
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	319,741	85,500	-	-
Charges for services	-	-	-	-
Use of money and property	807	1,474	1,580	1,896
Miscellaneous	-	-	-	-
Total Revenues	320,548	86,974	1,580	1,896
Expenditures:				
Current:				
General government	-	-	-	1,500
Safety	-	-	-	-
Development	-	125,788	-	-
Transportation	-	-	-	-
Capital outlay	321,206	15,684	-	-
Debt service:				
Principal retirement	-	-	-	130,646
Interest and fiscal charges	-	-	-	20,384
Total Expenditures	321,206	141,472	-	152,530
Excess (Deficiency) of Revenues Over (Under) Expenditures	(658)	(54,498)	1,580	(150,634)
Other Financing Sources (Uses):				
Transfers in	-	40,289	-	225,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	40,289	-	225,000
Net Change in Fund Balances	(658)	(14,209)	1,580	74,366
Fund Balances, Beginning of Year	658	63,780	500,915	630,348
Fund Balances, End of Year	\$ -	\$ 49,571	\$ 502,495	\$ 704,714

CITY OF DUARTE

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

	Total Governmental Funds
Revenues:	
Assessments	\$ 1,202,922
Intergovernmental	2,635,472
Charges for services	26,235
Use of money and property	22,469
Miscellaneous	4,951
	<hr/>
Total Revenues	3,892,049
	<hr/>
Expenditures:	
Current:	
General government	1,500
Safety	153,659
Development	1,237,380
Transportation	1,075,678
Capital outlay	967,532
Debt service:	
Principal retirement	130,646
Interest and fiscal charges	20,384
	<hr/>
Total Expenditures	3,586,779
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	305,270
	<hr/>
Other Financing Sources (Uses):	
Transfers in	778,180
Transfers out	(550,706)
	<hr/>
Total Other Financing Sources (Uses)	227,474
	<hr/>
Net Change in Fund Balances	532,744
	<hr/>
Fund Balances, Beginning of Year	6,146,519
	<hr/>
Fund Balances, End of Year	\$ 6,679,263
	<hr/> <hr/>

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE TAX
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 938,650	\$ 938,650	\$ 938,650	\$ -
Resources (Inflows):				
Intergovernmental	495,300	495,300	476,170	(19,130)
Use of money and property	1,500	1,500	3,692	2,192
Amounts Available for Appropriations	1,435,450	1,435,450	1,418,512	(16,938)
Charges to Appropriation (Outflow):				
Transportation	373,100	373,100	37,181	335,919
Capital outlay	50,000	50,000	-	50,000
Total Charges to Appropriations	423,100	423,100	37,181	385,919
Budgetary Fund Balance, June 30	\$ 1,012,350	\$ 1,012,350	\$ 1,381,331	\$ 368,981

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
LIGHTING & LANDSCAPING
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 103,741	\$ 103,741	\$ 103,741	\$ -
Resources (Inflows):				
Assessments	1,194,900	1,194,900	1,202,922	8,022
Miscellaneous	1,100	1,100	3,333	2,233
Transfers in	326,100	326,100	209,791	(116,309)
Amounts Available for Appropriations	1,625,841	1,625,841	1,519,787	(106,054)
Charges to Appropriation (Outflow):				
Development	1,297,100	1,297,100	1,111,592	185,508
Transfers out	225,000	225,000	225,000	-
Total Charges to Appropriations	1,522,100	1,522,100	1,336,592	185,508
Budgetary Fund Balance, June 30	\$ 103,741	\$ 103,741	\$ 183,195	\$ 79,454

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (104,361)	\$ (104,361)	\$ (104,361)	\$ -
Resources (Inflows):				
Intergovernmental	140,000	140,000	295,354	155,354
Amounts Available for Appropriations	35,639	35,639	190,993	155,354
Charges to Appropriation (Outflow):				
Capital outlay	140,000	140,000	190,990	(50,990)
Transfers out	-	-	3	(3)
Total Charges to Appropriations	140,000	140,000	190,993	(50,993)
Budgetary Fund Balance, June 30	\$ (104,361)	\$ (104,361)	\$ -	\$ 104,361

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT FUND
 YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 2,096	\$ 2,096	\$ 2,096	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	139,618	39,618
Use of money and property	100	100	111	11
Amounts Available for Appropriations	<u>102,196</u>	<u>102,196</u>	<u>141,825</u>	<u>39,629</u>
Charges to Appropriation (Outflow):				
Safety	100,000	100,000	153,659	(53,659)
Total Charges to Appropriations	<u>100,000</u>	<u>100,000</u>	<u>153,659</u>	<u>(53,659)</u>
Budgetary Fund Balance, June 30	<u>\$ 2,196</u>	<u>\$ 2,196</u>	<u>\$ (11,834)</u>	<u>\$ (14,030)</u>

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
BICYCLE & PEDESTRIAN
YEAR ENDED JUNE 30, 2016**

	<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	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	14,200	14,200	13,820	(380)
Amounts Available for Appropriations	14,200	14,200	13,820	(380)
Charges to Appropriation (Outflow):				
Capital outlay	14,200	14,200	13,820	380
Total Charges to Appropriations	14,200	14,200	13,820	380
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY MANAGEMENT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 64,889	\$ 64,889	\$ 64,889	\$ -
Resources (Inflows):				
Intergovernmental	26,000	26,000	27,690	1,690
Use of money and property	100	100	133	33
Amounts Available for Appropriations	90,989	90,989	92,712	1,723
Charges to Appropriation (Outflow):				
Transportation	2,500	2,500	1,946	554
Capital outlay	33,000	33,000	32,498	502
Total Charges to Appropriations	35,500	35,500	34,444	1,056
Budgetary Fund Balance, June 30	\$ 55,489	\$ 55,489	\$ 58,268	\$ 2,779

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 PARK DEVELOPMENT GRANT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 19	\$ 19	\$ 19	\$ -
Resources (Inflows):				
Intergovernmental	16,000	257,000	280,319	23,319
Amounts Available for Appropriations	16,019	257,019	280,338	23,319
Charges to Appropriation (Outflow):				
Recreation and culture	-	20,000	-	20,000
Capital outlay	16,000	237,000	280,319	(43,319)
Total Charges to Appropriations	16,000	257,000	280,319	(23,319)
Budgetary Fund Balance, June 30	\$ 19	\$ 19	\$ 19	\$ -

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 PROP A TRANSIT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$3,049,826	\$ 3,049,826	\$ 3,049,826	\$ -
Resources (Inflows):				
Intergovernmental	416,700	416,700	428,592	11,892
Use of money and property	7,000	7,000	9,204	2,204
Miscellaneous	-	-	1,618	1,618
Transfers in	313,100	313,100	303,100	(10,000)
Amounts Available for Appropriations	3,786,626	3,786,626	3,792,340	5,714
Charges to Appropriation (Outflow):				
Transportation	1,261,400	1,338,400	1,026,551	311,849
Total Charges to Appropriations	1,261,400	1,338,400	1,026,551	311,849
Budgetary Fund Balance, June 30	\$2,525,226	\$ 2,448,226	\$ 2,765,789	\$ 317,563

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 PROP C TRANSIT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 253,622	\$ 253,622	\$ 253,622	\$ -
Resources (Inflows):				
Intergovernmental	313,100	313,100	325,208	12,108
Use of money and property	1,000	1,000	1,100	100
Amounts Available for Appropriations	567,722	567,722	579,930	12,208
Charges to Appropriation (Outflow):				
Transportation	10,000	10,000	10,000	-
Transfers out	303,100	303,100	303,100	-
Total Charges to Appropriations	313,100	313,100	313,100	-
Budgetary Fund Balance, June 30	\$ 254,622	\$ 254,622	\$ 266,830	\$ 12,208

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 PEG
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (67,142)	\$ (67,142)	\$ (67,142)	\$ -
Resources (Inflows):				
Charges for services	24,000	24,000	26,235	2,235
Amounts Available for Appropriations	(43,142)	(43,142)	(40,907)	2,235
Charges to Appropriation (Outflow):				
General government	24,000	24,000	-	24,000
Total Charges to Appropriations	24,000	24,000	-	24,000
Budgetary Fund Balance, June 30	\$ (67,142)	\$ (67,142)	\$ (40,907)	\$ 26,235

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 MEASURE R LR TRANSIT FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 655,913	\$ 655,913	\$ 655,913	\$ -
Resources (Inflows):				
Intergovernmental	222,000	222,000	243,460	21,460
Use of money and property	1,500	1,500	2,472	972
Amounts Available for Appropriations	879,413	879,413	901,845	22,432
Charges to Appropriation (Outflow):				
Capital outlay	178,800	178,800	113,015	65,785
Transfers out	20,000	20,000	22,603	(2,603)
Total Charges to Appropriations	198,800	198,800	135,618	63,182
Budgetary Fund Balance, June 30	\$ 680,613	\$ 680,613	\$ 766,227	\$ 85,614

CITY OF DUARTE

BUDGETARY COMPARISON SCHEDULE
 STP-L
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 658	\$ 658	\$ 658	\$ -
Resources (Inflows):				
Intergovernmental	-	-	319,741	319,741
Use of money and property	900	900	807	(93)
Amounts Available for Appropriations	1,558	1,558	321,206	319,648
Charges to Appropriation (Outflow):				
Capital outlay	-	-	321,206	(321,206)
Total Charges to Appropriations	-	-	321,206	(321,206)
Budgetary Fund Balance, June 30	\$ 1,558	\$ 1,558	\$ -	\$ (1,558)

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY IMPROVEMENT
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 63,780	\$ 63,780	\$ 63,780	\$ -
Resources (Inflows):				
Intergovernmental	1,150,000	1,305,000	85,500	(1,219,500)
Use of money and property	-	-	1,474	1,474
Transfers in	1,150,000	1,305,000	40,289	(1,264,711)
Amounts Available for Appropriations	2,363,780	2,673,780	191,043	(2,482,737)
Charges to Appropriation (Outflow):				
Community development	1,150,000	148,000	125,788	22,212
Capital outlay	-	1,157,000	15,684	1,141,316
Transfers out	1,150,000	1,305,000	-	1,305,000
Total Charges to Appropriations	2,300,000	2,610,000	141,472	2,468,528
Budgetary Fund Balance, June 30	\$ 63,780	\$ 63,780	\$ 49,571	\$ (14,209)

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
INCLUSIONARY HOUSING
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 500,915	\$ 500,915	\$ 500,915	\$ -
Resources (Inflows):				
Use of money and property	1,400	1,400	1,580	180
Amounts Available for Appropriations	502,315	502,315	502,495	180
Budgetary Fund Balance, June 30	\$ 502,315	\$ 502,315	\$ 502,495	\$ 180

CITY OF DUARTE

**BUDGETARY COMPARISON SCHEDULE
TOWN CENTER DEBT SERVICE
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 630,348	\$ 630,348	\$ 630,348	\$ -
Resources (Inflows):				
Use of money and property	1,400	1,400	1,896	496
Transfers in	225,000	225,000	225,000	-
Amounts Available for Appropriations	856,748	856,748	857,244	496
Charges to Appropriation (Outflow):				
General government	3,500	3,500	1,500	2,000
Debt service:				
Principal retirement	130,600	130,600	130,646	(46)
Interest and fiscal charges	20,400	20,400	20,384	16
Total Charges to Appropriations	154,500	154,500	152,530	1,970
Budgetary Fund Balance, June 30	\$ 702,248	\$ 702,248	\$ 704,714	\$ 2,466

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