

CITY OF VILLA PARK
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

Year Ended June 30, 2010

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CITY OF VILLA PARK
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

Year Ended June 30, 2010

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CITY OF VILLA PARK
FINANCIAL STATEMENTS

Year Ended June 30, 2010

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Honorable Mayor and City Council
City of Villa Park, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Villa Park, California, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Villa Park, California. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Villa Park, California, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, of the City of Villa Park, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Villa Park's basic financial statements. The budgetary comparison schedules, combining, and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules, combining, and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Honorable Mayor and City Council
City of Villa Park, California
Page Two

In accordance with *Governmental Auditing Standards*, we have also issued our report dated, October 15, 2010 on our consideration of the City of Villa Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayor Hoffman McCann P.L.

Irvine, California
October 15, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Villa Park's financial performance provides an overview of the City's financial activities for the year ending June 30, 2010. This discussion and analysis should be read in concert with the accompanying transmittal letter and the accompanying basic financial statements, however, the discussion and analysis is un-audited.

FINANCIAL HIGHLIGHTS

- At the conclusion of Fiscal Year 2009/2010, the City maintained an All Governmental Funds Unreserved Fund Balance of \$1,820,907.
- The General Fund Unreserved Fund Balance increased by 8.12% from Fiscal Year 2008/2009, for a total balance of \$1,813,596 at June 30, 2010.
- Total governmental funds revenue from all sources in Fiscal Year 2009/2010 equaled \$3,734,866.
- Total costs for all governmental funds expenses in Fiscal Year 2009/2010 equaled \$4,527,251.
- In the General Fund the City spent \$837,660 on general government expenditures; \$1,081,880 on public safety expenditures, \$443,741 on public works expenditures and \$132,513 on capital outlay expenditures.

USING THE ACCOMPANYING FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and allow a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental funds, the fund financial statements tell how City services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* of non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operation in *more detail* than the government-wide statements.
- The *governmental funds* statements tell how *general government* services like public safety were financed in the *short-term* as well as what remains for future spending.
- The *proprietary fund* statement offers *short-* and *long-term* financial information about the activities the government operates like a business, such as the employee benefits system.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provided additional financial and budgetary information.

REPORTING THE CITY AS A WHOLE

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting, used by most the private-sector companies. All of the current year's revenues and expenses are recognized when the transaction takes place, regardless of when the cash is received or paid.

These two statements also report the City's net assets and changes in them. The City's net assets are the difference between assets and liabilities, and are one way to measure the City's financial health or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. Consideration should also be given to other non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

All of the City's basic services are considered to be governmental activities. The Statement of Net Assets and the Statement of Activities present information about these governmental activities, including General Government, Public Safety, and Public Works.

REPORTING THE CITY'S MAJOR FUNDS

The **fund financial statements** provide detailed information about the most significant funds—not the City as a whole. The General Fund, Gas Tax, City Sewer Improvement/Maintenance Fund, and Capital Improvements Fund are included as major funds and other lesser funds are reported collectively as Non-major Governmental Funds. Some funds are required to be established by State law, however, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibility for using certain taxes, grants, and other money. The City currently has just two types of funds – *governmental* and *proprietary* – which use different accounting approaches.

- *Governmental funds* focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Most of the City's basic services are reported in governmental funds. These funds are reported using *modified accrual accounting*, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* are described in the reconciliation at the bottom of the fund financial statements.

- *Proprietary funds* account for the services the City charges to customers or other units of the City. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The City uses its internal service fund to account for the payment of various employee benefits for City employees. In the fund financial statements, this fund is presented using the accrual basis of accounting.

THE CITY AS A WHOLE

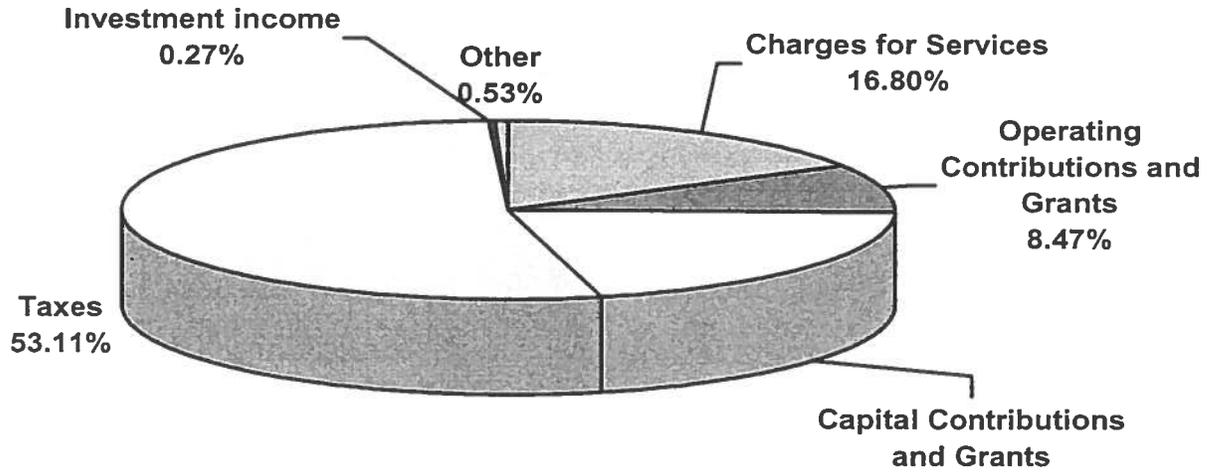
Our analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's government-wide activities. The City does not have business type activities.

**Table 1
Net Assets**

| | <u>Governmental Activities</u> | |
|--|--------------------------------|---------------------------|
| | <u>2009-2010</u> | <u>2008-2009</u> |
| Current & other assets | \$3,576,117 | \$3,025,562 |
| Capital assets, net | <u>4,735,364</u> | <u>3,127,671</u> |
| Total Assets | 8,311,481 | 6,153,233 |
| Non-current liabilities | 63,869 | 51,367 |
| Other liabilities | <u>899,992</u> | <u>266,936</u> |
| Total Liabilities | 963,861 | 318,303 |
| Net Assets: | | |
| Invested in capital assets, net of debt | 4,735,364 | 3,127,671 |
| Restricted | 725,150 | 1,008,517 |
| Unrestricted | <u>1,887,106</u> | <u>1,698,742</u> |
| Total Net Assets | <u>\$7,347,620</u> | <u>\$5,834,930</u> |

FISCAL YEAR 2009-2010 GOVERNMENTAL ACTIVITIES
(See Table 2)

Sources of Revenues



Functional Expenses

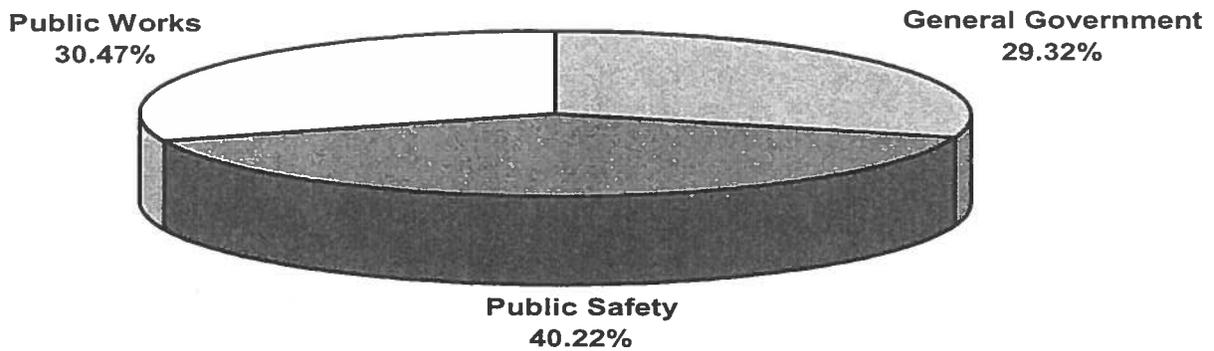


Table 2
Changes in Net Assets
Year ended June 30, 2010

| Revenues | Governmental Activities | |
|----------------------------------|--------------------------------|--------------------------|
| | <u>2009-2010</u> | <u>2008-2009</u> |
| Program Revenues: | | |
| Charges for Services | \$ 746,841 | \$ 658,572 |
| Operating Contributions & Grants | 376,555 | 373,061 |
| Capital Contributions & Grants | <u>925,686</u> | <u>173,202</u> |
| Program Revenue Total | <u>2,049,082</u> | <u>1,204,835</u> |
| General Revenue: | | |
| Taxes: | | |
| Sales Taxes | 143,834 | 212,281 |
| Property Taxes | 1,956,232 | 1,947,486 |
| Franchise Taxes | 214,109 | 237,104 |
| Motor Vehicle in Lieu | 47,015 | 54,993 |
| Investment Income | 12,171 | 30,876 |
| Other | <u>23,609</u> | <u>31,117</u> |
| General Revenue Total | <u>2,396,970</u> | <u>2,513,857</u> |
| Total Revenues | <u>4,446,052</u> | <u>3,718,692</u> |
| Expenses | | |
| General Government | 859,970 | 964,900 |
| Public Safety | 1,179,679 | 1,087,108 |
| Public Works | <u>893,713</u> | <u>1,003,246</u> |
| Total Expenses | <u>2,933,362</u> | <u>3,055,254</u> |
| Increase in net assets | <u>\$ 1,512,690</u> | <u>\$ 663,438</u> |

- The increase in net assets for the fiscal year ending 2010 is mainly due to the grant awards received for the capital projects in the fiscal year.

GOVERNMENTAL ACTIVITIES

Table 3 presents the cost of each of the City's programs: General Government, Public Safety, and Public Works, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3
Net Cost of Government Activities
Year ended June 30, 2010

| | Governmental Activities | |
|--------------------|---|--|
| | <u>Total Cost</u> <u>of Services</u> | <u>Net Cost</u> <u>of Service</u> |
| General Government | \$ 859,970 | (693,936) |
| Public Safety | 1,179,679 | (1,038,979) |
| Public Works | <u>893,713</u> | <u>848,635</u> |
| Total | <u>\$2,933,362</u> | <u>(\$884,280)</u> |

General Government expenses comprise 29% of the governmental services expenses and include City Council, City Manager, City Attorney, City Clerk, Finance, and Support Services. Expenses include personnel costs, office supplies, travel and meeting budgets, and all other

operating costs for the year such as copier rental, cleaning services, etc. The revenues for Charges for Services, Operating Contributions & Grants, and Capital Contributions & Grants reduce the cost of these functions/programs.

Public Safety expenses comprise 40% of the governmental services expenses. Revenues from fines, fees, and forfeitures, and grants reduce the cost of these programs. The City of Villa Park contracts with the Orange County Sheriff's Department and the expenses include four and 1/6th of deputy positions, a portion of an investigator, and half of the cost of a Lieutenant who serves as the Chief of Police Services. Public Safety expenses mostly reflect the true cost of each deputy position, to include retirement and employee benefits, as well as expenses related to patrol cars and radio equipment.

Public Works expenses comprise 31% of the governmental services expenses. The Public Works department manages all street and traffic maintenance, capital improvement projects and any other major construction projects. This function also includes building, planning, and engineering expenses. As with General Government expenses, personnel costs and operating expenses are included in this percentage as are supplies for conducting public works and maintenance projects. Various building, planning, and engineering fees reduce the cost of this program and by far are the greatest ability of the City to recoup these costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At year-end the City's Government Funds reported a combined Fund Balance of \$1,947,761. Ninety-nine point six (99.6%) percent of this balance is within the General Fund. The City Council's policy of establishing a General Fund Reserve, was established for Fiscal Year 2009/10 at \$850,000. Furthermore, management established additional fund balance designations for all funds totaling \$267,400.

As has been observed in the past, the City's primary revenue sources can be affected by economic factors or legislative action. The City's largest revenue source is Secured Property Taxes. Even in light of the economic times, taxes in general came in 2.8% below actual levels for the fiscal year ending June 30, 2009. Building Permit activity is contingent upon residents pulling permits to renovate or reconstruct their homes. Often, this activity is reflective of the overall market for financing, costs of construction supplies and labor, and the turn over of homes from original or long-term homeowners to new owners desiring to upgrade the property to current standards. In the prior year revenues were primarily greater than the current year due to the economic recession which effected sales tax, licenses and permits, and investment income.

Overall, the City's financial position remains fairly positive with a minor decrease in available funding over the previous year as the economy weathered the current recession. The increase in expenditures resulted from two years worth of sewer projects expended in the current year, and three capital projects (Safe Routes to Schools, ARRA (American Recovery and Reinvestment Act), Towne Centre Realignment). However, the capital projects completed in FY 2009-2010 were funded by approximately by \$711,000 in grant revenue to be received in Fiscal Year 2010-2011, which is a mere timing difference. There is still a need to proactively and strategically seek to expand the revenues available to the City in addition to limiting expenditures beyond needed capital improvements. In light of the State Budget crisis, the City has taken a very conservative approach with it's budget projects for the next three years and has continued a Strategic Financial Planning process to help stay atop of this concern. What is evident, however, from a review of the City's financial statements, is that the City has the ability

to continue to deliver core services to its residents and to maintain a high quality of life through careful planning of public improvements and active solicitation of grant funding to offset net costs. The result is that overall Fund Balance Available at the end of any given Fiscal Year is dictated by the amount and extent of public work improvements undertaken during that year.

GENERAL FUND BUDGET HIGHLIGHTS

Revenues: Actual General Fund revenues exceeded the final budget by \$37,538. The additional revenues were a result of a larger than expected increase in tax revenue over the conservative budget, which was \$53,310.

Expenditures: Actual General Fund expenditures were less than the final budget by \$187,212. This is due to the conservative cutback of utilizing outside services and performing services with City staff resources.

Ending Fund Balance: Ending Fund Balance exceeded the final budget by \$224,750, primarily due to the reducing outside services and the unanticipated excess of tax revenue received. Total General Fund Balance for the year increased from \$1,731,629 to \$1,940,450.

GAS TAX FUND BUDGET HIGHLIGHTS

Revenues: Actual revenues were greater than the final budget by \$59,293. This was due to the State's withholding of the City's gas tax monies in the prior year and receipt of the gas tax repayment in the current fiscal year.

Expenditures: Actual expenditures were less than the final budget by \$80,000. This is due to the City being fiscally conservative and not spending beyond the monies that it anticipated receiving from the State.

Ending Fund Balance: Ending Fund Balance exceeded the final budget by \$139,293, primarily due to the City matching its expenditures with revenues actually received within the year. Total Gas Tax Fund Balance for the year decreased from \$143,334 to \$79,702, primarily due to the spending on the pavement rehabilitation project.

CITY SEWER IMPROVEMENT/MAINTENANCE FUND HIGHLIGHTS

Revenues: Actual revenues were greater than the final budget by \$8,918 due to a larger than expected increase in tax revenue over the conservative budget.

Expenditures: Actual expenditures were under budget by \$142,706, primarily due to the decreased costs of the annual sewer projects that were completed in Fiscal Year 2009-2010 from the anticipated budget.

Ending Fund Balance: Ending Fund Balance is greater than the final budget by \$151,624. These monies are restricted and available only for city-wide sewer improvements.

CAPITAL IMPROVEMENTS FUND HIGHLIGHTS

Revenues: Actual revenues were under budget by \$732,100 due to the timing difference of the cost reimbursement OCTA GMA grant for \$210,000 for the completion of the Towne Centre

realignment project; AARA grant for \$435,501 for the completion of the Santiago Blvd. project, and the Safe Route to School grant for \$65,684 for the Center St. and Flashers/Timers projects.

Expenditures: Actual expenditures were under the budgeted amount by \$256,334 due to the postponement of the Mesa Drive Guardrail project to future fiscal years, and the reduction of costs associated with the Safe Routes to School – Center St. project.

Ending Fund Balance: Ending Fund Balance was under the final budget by \$475,766 as a result of postponed capital projects and timing of the grant reimbursements. These monies are restricted and used for designated capital improvement projects.

NON-MAJOR GOVERNMENTAL FUNDS HIGHLIGHTS

Revenues: Actual revenues were greater than the final budgeted amount by \$59,884, not including capital projects. This increase is primarily due to the receipt of \$42,000 of Traffic Congestion Relief money and \$24,000 of the COPS prior year annual SLESF funding both unanticipated revenue.

Expenditures: Actual expenditures were less than budgeted by \$25,908, specifically in the COPS Fund. The main reason for the reduction is unanticipated funding from the State; therefore, the City reduced its related expenditures.

Ending Fund Balance: Monies in the non-major governmental funds are restricted and available for specified governmental purposes, including, but not limited to, street projects, roadway improvement projects, and public safety services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the City had \$4,735,364 invested in a broad range of capital assets, including police equipment, land, construction in progress, vehicles, buildings, furniture and fixtures, office equipment, and infrastructure (See Table 4).

Table 4
Capital Assets
June 30, 2010

| <u>Asset Type</u> | <u>2010</u> | <u>2009</u> |
|-------------------------------|----------------------------|-------------------------|
| Land | \$ 10,000 | 10,000 |
| Construction in Progress | 1,379,417 | 1,273,599 |
| Buildings | 308,289 | 308,289 |
| Vehicles | 126,461 | 126,461 |
| Tools & Equipment | 82,533 | 74,221 |
| Furniture & Fixtures | 112,424 | 112,424 |
| Office Equipment | 52,967 | 51,957 |
| Infrastructure | 3,192,518 | 1,645,050 |
| Total Assets | 5,264,609 | 3,602,001 |
| Less Depreciated Assets | (529,245) | (474,330) |
| Capital Asset Increase | <u>\$ 4,735,364</u> | <u>3,127,671</u> |

Additions to capital assets were made in the amount of \$3,210,076. The additions were increases to construction in progress, tools and equipment, office equipment, and infrastructure.

Long-term Liabilities

The City's outstanding long-term liabilities totaled \$65,369 as of June 30, 2010. The City's outstanding long-term liabilities increased by \$12,502 (24%) primarily due to the hiring of a new City Manager for the full fiscal year. (see Table 5)

Table 5
Long-term Liabilities
June 30, 2010

| | <u>2010</u> | <u>2009</u> |
|------------------------------------|-------------------------|----------------------|
| Compensated absences | <u>\$ 65,369</u> | <u>52,867</u> |
| Total long-term liabilities | <u>\$ 65,369</u> | <u>52,867</u> |

Contacting the City's Financial Management Team

This financial report in total (the audited financials included) is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. In reviewing this document and the City's Budget documents, you will hopefully gain an understanding of how the City utilizes taxpayer's money and other funds to operate.

If you have questions about this report or need additional financial information, contact the City's Finance Department, City of Villa Park, 17855 Santiago Boulevard, Villa Park, CA 92861, or call (714) 998-1500.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF VILLA PARK
STATEMENT OF NET ASSETS
June 30, 2010

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Cash and investments (note 2) | \$ 2,599,849 |
| Receivables: | |
| Taxes | 27,795 |
| Accounts | 27,213 |
| Interest | 2,030 |
| Due from other governments | 792,376 |
| Prepaid expenses | 126,854 |
| Capital assets (note 3): | |
| Capital assets, not being depreciated | 1,389,417 |
| Capital assets being depreciated, net of accumulated depreciation | 3,345,947 |
| TOTAL ASSETS | 8,311,481 |
| LIABILITIES | |
| Accounts payable | 625,331 |
| Retentions payable | 120,384 |
| Deposits | 152,777 |
| Long-term liabilities (note 5): | |
| Portion due within one year: | |
| Compensated absences | 1,500 |
| Portion due beyond one year: | |
| Compensated absences | 63,869 |
| TOTAL LIABILITIES | 963,861 |
| Net assets: | |
| Invested in capital assets | 4,735,364 |
| Restricted for: | |
| Public safety | 173,199 |
| Public works | 551,951 |
| Unrestricted | 1,887,106 |
| TOTAL NET ASSETS | \$ 7,347,620 |

See accompanying notes to the basic financial statements.

CITY OF VILLA PARK
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Governmental Activities</u> | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
|---|---------------------|-----------------------------|---|--------------------------------|--|
| | | <u>Charges for Services</u> | <u>Operating Contributions and Grants</u> | | |
| Governmental activities: | | | | | |
| General government | \$ 859,970 | 166,034 | - | - | (693,936) |
| Public safety | 1,179,679 | - | 140,700 | - | (1,038,979) |
| Public works | 893,713 | 580,807 | 235,855 | 925,686 | 848,635 |
| Total | \$ 2,933,362 | 746,841 | 376,555 | 925,686 | (884,280) |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes | | | | | 1,956,232 |
| Sales taxes | | | | | 143,834 |
| Franchise taxes | | | | | 214,109 |
| Motor vehicle in lieu, unrestricted | | | | | 47,015 |
| Investment income | | | | | 12,171 |
| Other | | | | | 23,609 |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | 2,396,970 |
| Change in net assets | | | | | 1,512,690 |
| NET ASSETS AT BEGINNING OF YEAR | | | | | 5,834,930 |
| NET ASSETS AT END OF YEAR | | | | | \$ 7,347,620 |

See accompanying notes to the basic financial statements.

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FUND FINANCIAL STATEMENTS

**CITY OF VILLA PARK
GOVERNMENTAL FUNDS**

BALANCE SHEET

June 30, 2010

| | General Fund | Special Revenue | | Capital Project | Nonmajor Governmental Funds | Total |
|---|---------------------|-----------------|---|------------------------|-----------------------------------|------------------|
| | | Gas Tax | City Sewer Improvement/ Maintenance | Capital Improvement | | |
| ASSETS | | | | | | |
| Cash and investments | \$ 1,958,595 | 79,587 | 145,531 | - | 397,458 | 2,581,171 |
| Receivables: | | | | | | |
| Taxes | 22,316 | - | 5,479 | - | - | 27,795 |
| Accounts | 27,213 | - | - | - | - | 27,213 |
| Interest | 1,546 | 115 | 158 | - | 211 | 2,030 |
| Due from other funds (note 9) | 552,249 | - | - | - | - | 552,249 |
| Due from other governments | 15,774 | - | - | 711,186 | 65,416 | 792,376 |
| Prepaid expenses | 126,854 | - | - | - | - | 126,854 |
| TOTAL ASSETS | \$ 2,704,547 | 79,702 | 151,168 | 711,186 | 463,085 | 4,109,688 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 611,320 | - | 235 | - | 13,776 | 625,331 |
| Retentions payable | - | - | 23,808 | 64,874 | 31,702 | 120,384 |
| Deposits payable | 152,777 | - | - | - | - | 152,777 |
| Due to other funds (note 9) | - | - | - | 535,946 | 16,303 | 552,249 |
| Deferred revenue | - | - | - | 711,186 | - | 711,186 |
| TOTAL LIABILITIES | 764,097 | - | 24,043 | 1,312,006 | 61,781 | 2,161,927 |
| FUND BALANCES (note 8) | | | | | | |
| Reserved for: | | | | | | |
| Prepays | 126,854 | - | - | - | - | 126,854 |
| Unreserved, reported in: | | | | | | |
| General fund | 1,813,596 | - | - | - | - | 1,813,596 |
| Special revenue funds | - | 79,702 | 127,125 | - | 401,304 | 608,131 |
| Capital project fund | - | - | - | (600,820) | - | (600,820) |
| TOTAL FUND BALANCES (DEFICITS) | 1,940,450 | 79,702 | 127,125 | (600,820) | 401,304 | 1,947,761 |
| TOAL LIABILITIES AND FUND BALANCES | \$ 2,704,547 | 79,702 | 151,168 | 711,186 | 463,085 | 4,109,688 |

See accompanying notes to the basic financial statements.

**CITY OF VILLA PARK
GOVERNMENTAL FUNDS**

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2010

| | |
|---|----------------------------|
| FUND BALANCES OF GOVERNMENTAL FUNDS | \$ 1,947,761 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity. | |
| CAPITAL ASSETS | 5,264,609 |
| ACCUMULATED DEPRECIATION | (529,245) |
| Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets. | |
| COMPENSATED ABSENCES | (65,369) |
| Deferred revenue balances relating to franchise fees are not reported as liabilities in the Statement of Net Assets since recognition is not based upon measurable and available criteria. | |
| DEFERRED REVENUE | 711,186 |
| Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds must be added to the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria. | |
| CASH AND INVESTMENTS | <u>18,678</u> |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 7,347,620</u></u> |

See accompanying notes to the basic financial statements.

**CITY OF VILLA PARK
GOVERNMENTAL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 2010

| | General Fund | Special Revenue | | Capital Project | Nonmajor Governmental Funds | Total |
|--|---------------------|-----------------|---|------------------------|-----------------------------------|------------------|
| | | Gas Tax | City Sewer Improvement/ Maintenance | Capital Improvement | | |
| REVENUES | | | | | | |
| Taxes | \$ 2,135,350 | - | - | - | - | 2,135,350 |
| Intergovernmental | 49,401 | 106,680 | 423,497 | 213,248 | 254,285 | 1,047,111 |
| Special assessments | - | - | - | - | 14,006 | 14,006 |
| Licenses and permits | 338,795 | - | - | - | - | 338,795 |
| Fines and forfeitures | 119,458 | - | - | - | 12,486 | 131,944 |
| Rental and investment income | 12,171 | 1,113 | 1,521 | 1,252 | 2,163 | 18,220 |
| Charges for services | 21,269 | - | - | - | - | 21,269 |
| Miscellaneous | 28,171 | - | - | - | - | 28,171 |
| TOTAL REVENUES | 2,704,615 | 107,793 | 425,018 | 214,500 | 282,940 | 3,734,866 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 837,660 | - | - | - | - | 837,660 |
| Public safety | 1,081,880 | - | - | - | 91,981 | 1,173,861 |
| Public works | 443,741 | 106,400 | 84,806 | - | 199,009 | 833,956 |
| Capital Outlay | 132,513 | 65,025 | 558,956 | 910,343 | 14,937 | 1,681,774 |
| Total expenditures | 2,495,794 | 171,425 | 643,762 | 910,343 | 305,927 | 4,527,251 |
| NET CHANGE IN FUND BALANCES | 208,821 | (63,632) | (218,744) | (695,843) | (22,987) | (792,385) |
| FUND BALANCES AT BEGINNING OF YEAR | 1,731,629 | 143,334 | 345,869 | 95,023 | 424,291 | 2,740,146 |
| FUND BALANCES (DEFICITS) AT END OF YEAR | \$ 1,940,450 | 79,702 | 127,125 | (600,820) | 401,304 | 1,947,761 |

See accompanying notes to the basic financial statements.

**CITY OF VILLA PARK
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2010**

| | |
|--|----------------------------|
| Net change in fund balances - total governmental funds | \$ (792,385) |
| 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. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year. | |
| Capital outlay | 1,662,608 |
| Depreciation expense | (54,915) |
| 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. | |
| Compensated absences - current year accrual | (12,502) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds. | |
| | 711,186 |
| Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the Internal Service Fund is reported with governmental activities. | |
| Changes in fund net assets of Internal Service fund | <u>(1,302)</u> |
| CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 1,512,690</u></u> |

See accompanying notes to the basic financial statements.

CITY OF VILLA PARK
PROPRIETARY FUND

STATEMENT OF FUND NET ASSETS

June 30, 2010

**Governmental Activities -
Internal Service
Employee Benefits Fund**

ASSETS

Current assets:

Cash and investments

\$ 18,678

TOTAL ASSETS

18,678

LIABILITIES

Current liabilities:

Accounts payable

-

Total liabilities

-

FUND NET ASSETS

Unrestricted

18,678

TOTAL FUND NET ASSETS

\$ 18,678

See accompanying notes to the basic financial statements.

CITY OF VILLA PARK
PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Year Ended June 30, 2010

| | <u>Governmental Activities - Internal Service Employee Benefits Fund</u> |
|--------------------------------------|--|
| OPERATING REVENUES | |
| Charges for services | <u>\$ 168,842</u> |
| TOTAL OPERATING REVENUES | <u>168,842</u> |
| OPERATING EXPENSES | |
| Employee benefits | <u>170,144</u> |
| TOTAL OPERATING EXPENSES | <u>170,144</u> |
| Change in fund net assets | (1,302) |
| FUND NET ASSETS AT BEGINNING OF YEAR | <u>19,980</u> |
| FUND NET ASSETS AT END OF YEAR | <u><u>\$ 18,678</u></u> |

See accompanying note to the basic financial statements.

**CITY OF VILLA PARK
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS**

Year Ended June 30, 2010

**Governmental Activities -
 Internal Service
Employee Benefits Fund**

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|----|-----------------------|
| Cash received from internal users | \$ | 168,842 |
| Cash payments for employee services | | <u>(170,144)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | (1,302) |
| Cash and cash equivalents at beginning of year | | <u>19,980</u> |
| Cash and cash equivalents at end of year | \$ | <u><u>18,678</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ | <u>(1,302)</u> |
| Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities: | | <u>-</u> |
| TOTAL ADJUSTMENTS | | <u>-</u> |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | \$ | <u><u>(1,302)</u></u> |

There were no noncash capital, financing or investing activities for the year ended June 30, 2010.

See accompanying notes to the basic financial statements.

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2010

(1) Summary of Significant Accounting Policies

The financial statements of the City of Villa Park, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government units. 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 City of Villa Park was incorporated in 1962 under the general laws of the State of California. The City operates under the Council/City Manager form of government.

The accompanying basic financial statements include only the financial activities of the City of Villa Park. The Villa Park Community Access Television Corporation and the Villa Park Community Services Foundation are component units of the City of Villa Park. Neither entity's activities were significant to the financial position of the City of Villa Park and therefore were not audited separately for inclusion in this report. There are no other governmental entities that qualify for inclusion in this reporting entity.

(b) Measurement Focus and Basis of Accounting

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

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

The City applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

CITY OF VILLA PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements - Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. The *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transaction were recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services, special assessments, and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements - This underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

Fund financial statements for the primary government's governmental and proprietary fund are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

Governmental Funds - In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City considers all revenues available if they are collected within 60 days after year end. Significant revenues subject to accrual under the measurable and available criteria include property taxes, sales taxes and motor vehicle in-lieu taxes.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived* tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate them; however, that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

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

Proprietary Funds - The City's Internal Service Fund is a proprietary fund. In the fund financial statements, the proprietary fund is presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary fund is presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses result from providing goods and services related to the fund's ongoing operations. The principal operating revenue of the City's proprietary fund is charges for service. Operating

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

expenses include the cost of services provided and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(c) Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB 34. The City reports the following major governmental funds:

General Fund – To account for all of the general revenues of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of general services by the City.

Gas Tax Fund – To account for revenue received for gasoline taxes under Sections 2105, 2106, 2107 and 2107.5 of the Street and Highway Code and State funded Proposition 1B monies to be used solely for transportation related purposes.

City Sewer Improvement/Maintenance Fund – To account for revenue received from the Sewer Service User Charge assessed to all parcels of land connected to the sanitary sewer system and collected on the property tax bill.

Capital Improvement Fund – To account for financial resources segregated for City capital improvement projects.

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

Internal Service Fund – The Employee Benefits Internal Service Fund is used to account for the payment of various employee benefits for City employees.

(d) Interfund Transfers

Quasi-external transactions are accounted for as revenues, expenditures or expenses in the fund financial statements. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(e) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Rental and investment income* includes rental income, interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average monthly cash and investment balance.

For purposes of the statement of cash flows, the City considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

(f) Property Tax

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas.

Accordingly, the City accrues only those taxes that are received within 60 days after year-end. Property taxes are attached as a lien on property as of March 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10.

(g) Compensated Absences

All full-time employees with up to 5 years of service with the City earn 12 days per year vacation. Employees with 5 to 10 years of service earn 15 days per year vacation. One additional day of vacation is earned from years 11 to 15 to a maximum of 20 days vacation per year. Sick leave is earned at a rate of 2 days per calendar quarter (8 days annually), up to a maximum of 60 days of regular pay.

In accordance with GASB Statement No. 16, a liability is recorded for compensated absences (unused vacation and similar compensatory leave balances) since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(g) Compensated Absences, (Continued)

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

The General Fund typically has been used to liquidate the liability for compensated absences.

(h) Capital Assets

Acquisitions of capital assets (including current year infrastructure additions) are recorded at historical cost at the time of purchase. Donated capital assets are recorded at their fair market value at the time received.

Generally, capital asset acquisitions of furniture and equipment in excess of \$2,500 and building or facility improvements in excess of \$10,000 are capitalized if they have an expected useful life of one year or more.

Capital assets currently include only the completed storm drain additions in fiscal years 2003-2010 and pavement improvements in fiscal years 2004-2010. The City may optionally capitalize other infrastructure assets acquired prior to fiscal year ended June 30, 2004 in subsequent years, but is not required to do so.

Capital assets used in operations are depreciated in the government-wide financial statements. Depreciation of such assets is computed using the straight-line method over the estimated useful lives noted below and charged to operations:

| | |
|----------------------------|---------------|
| Buildings and improvements | 50 years |
| Machinery and equipment | 5 to 10 years |
| Vehicles | 5 years |
| Furniture and fixtures | 5 years |
| Infrastructure: | |
| Storm drain lines | 75 years |
| Pavement | 75 years |

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(i) Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The fund balances in the governmental fund statements have been reserved for amounts equal to the prepaid items in the fund-level statements, since these amounts are not available for appropriation.

(j) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

(k) Use of Estimates

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

(2) Cash and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

| | |
|----------------------------|--------------------|
| Cash and investments | <u>\$2,599,849</u> |
| Total cash and investments | <u>\$2,599,849</u> |

Cash and investments as of June 30, 2010 consist of the following:

| | |
|--------------------------------------|--------------------|
| Cash on hand | \$ 400 |
| Deposits with financial institutions | 640,325 |
| Investments | <u>1,959,124</u> |
| Total cash and investments | <u>\$2,599,849</u> |

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

| Investment Types Authorized by State Law | Authorized by Investment Policy | Maximum Maturity* | Maximum Percentage of Portfolio* | Maximum Investment In One Issuer* |
|---|--|------------------------------|---|--|
| Local Agency Bonds | Yes | 5 years | None | None |
| U.S. Treasury Obligations | Yes | 2 years | None | None |
| U.S. Agency Securities | Yes | 5 years | None | None |
| Banker's Acceptances | Yes | 180 days | 10% | 5% |
| Commercial Paper | Yes | 270 days | 25% | 10% |
| Negotiable Certificates of Deposit | Yes | 2 years | 30% | None |
| Medium-Term Notes | No | 5 years | 30% | None |
| Mutual Funds | No | N/A | 20% | 10% |
| Money Market Mutual Funds | Yes | N/A | 20% | 10% |
| County Pooled Investment Funds | Yes | N/A | 33% | None |
| Local Agency Investment Fund | Yes | N/A | 80% | None |

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

Disclosures Relating to Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by maintaining a significant portion of City investments in short-term investments with the State investment pool (LAIF) and the County investment pool, which provides adequate cash flow and liquidity as needed for operations.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments (Continued)

| <u>Investment Type</u> | <u>Total</u> | <u>Remaining Maturing (in Months)</u> | | | |
|------------------------|--------------------|---------------------------------------|------------------------|------------------------|----------------------------|
| | | <u>12 Months Or Less</u> | <u>13 to 24 Months</u> | <u>25 to 60 Months</u> | <u>More Than 60 Months</u> |
| State investment pool | \$1,270,124 | 1,270,124 | - | - | - |
| County investment pool | <u>689,000</u> | <u>689,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$1,959,124</u> | <u>1,959,124</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Disclosures Relating to Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy and the actual rating as of year end for each investment type.

| <u>Investment Type</u> | <u>Total</u> | <u>Minimum Legal Rating</u> | <u>Exempt From Disclosure</u> | <u>Rating as of Year End</u> | | |
|------------------------|--------------------|-----------------------------|-------------------------------|------------------------------|-----------|------------------|
| | | | | <u>AAA</u> | <u>Aa</u> | <u>Not Rated</u> |
| State investment pool | \$1,270,124 | N/A | - | - | - | 1,270,124 |
| County investment pool | <u>689,000</u> | N/A | <u>-</u> | <u>-</u> | <u>-</u> | <u>689,000</u> |
| Total | <u>\$1,959,124</u> | | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,959,124</u> |

Concentration of Credit Risk - The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City did not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total City investments.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments (Continued)

deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

Investment in County Investment Pool - The City is a voluntary participant in the Orange County Investment Pool (OCIP) that is regulated by California Government Code and the Orange County Board of Supervisors under the oversight of the Orange County Treasurer-Tax Collector. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by the OCIP for the entire the OCIP portfolio. The balance available for withdrawal is based on the accounting records maintained by OCIP, which are recorded on an amortized cost basis.

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(3) Capital Assets

A summary of capital asset activity for the year ended June 30, 2010 is as follows:

| | <u>Balance at June 30, 2009</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at June 30, 2010</u> |
|--|-------------------------------------|------------------|--------------------|-------------------------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 10,000 | - | - | 10,000 |
| Construction in progress | <u>1,273,599</u> | <u>1,653,286</u> | <u>(1,547,468)</u> | <u>1,379,417</u> |
| Total capital assets not being depreciated | <u>1,283,599</u> | <u>1,653,286</u> | <u>(1,547,468)</u> | <u>1,389,417</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 308,289 | - | - | 308,289 |
| Vehicles | 126,461 | - | - | 126,461 |
| Tools and equipment | 74,221 | 8,312 | - | 82,533 |
| Furniture and fixtures | 112,424 | - | - | 112,424 |
| Office equipment | 51,957 | 1,010 | - | 52,967 |
| Infrastructure | <u>1,645,050</u> | <u>1,547,468</u> | <u>-</u> | <u>3,192,518</u> |
| Total capital assets being depreciated | <u>2,318,402</u> | <u>1,556,790</u> | <u>-</u> | <u>3,875,192</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (121,716) | (6,165) | - | (127,881) |
| Vehicles | (122,401) | (3,310) | - | (125,711) |
| Tools and equipment | (51,617) | (6,791) | - | (58,408) |
| Furniture and fixtures | (76,602) | (7,620) | - | (84,222) |
| Office equipment | (47,778) | (1,907) | - | (49,685) |
| Infrastructure | <u>(54,216)</u> | <u>(29,122)</u> | <u>-</u> | <u>(83,338)</u> |
| Total accumulated depreciation | <u>(474,330)</u> | <u>(54,915)</u> | <u>-</u> | <u>(529,245)</u> |
| Total capital assets being depreciated, net | <u>1,844,072</u> | <u>1,501,875</u> | <u>-</u> | <u>3,345,947</u> |
| Governmental activity capital assets, net | <u>\$3,127,671</u> | <u>3,155,161</u> | <u>(1,547,468)</u> | <u>4,735,364</u> |

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(3) Capital Assets (Continued)

Depreciation expense was charged to functions for the year ended June 30, 2010 as follows:

| | |
|-------------------------------|------------------|
| Governmental activities: | |
| General government | \$ 15,142 |
| Public safety | 5,818 |
| Public works | <u>33,955</u> |
| Total governmental activities | <u>\$ 54,915</u> |

(4) Construction Commitments

As of June 30, 2010, budgeted funds committed for major capital projects included the following:

| | <u>Project Budget</u> | <u>Expenditures To Date</u> | <u>Unexpended Balance</u> |
|-------------------------------------|---------------------------|---------------------------------|-------------------------------|
| Lemon Street | \$ 1,710,298 | 161,294 | 1,549,004 |
| Loma Street | 320,000 | 20,823 | 299,177 |
| Taft Street | 477,097 | 80,443 | 396,654 |
| Civic Center | 125,000 | 5,600 | 119,400 |
| Sewer Improvement Project 09-10 | 307,200 | 304,015 | 3,185 |
| Towne Centre Realignment | 300,000 | 295,727 | 4,273 |
| Valley Storm Drain | 75,000 | 8,798 | 66,202 |
| Federal Stimulus – Santiago & Lemon | 550,000 | 486,883 | 63,117 |
| Mesa Drive Guardrail | <u>308,100</u> | <u>15,834</u> | <u>292,266</u> |
| Total | <u>\$ 4,172,695</u> | <u>1,379,417</u> | <u>2,793,278</u> |

(5) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

| | <u>Balance at June 30, 2009</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance at June 30, 2010</u> | <u>Portion Due Within One Year</u> |
|--|-------------------------------------|------------------|--------------------|-------------------------------------|--|
| <u>Governmental Activities:</u> | | | | | |
| Compensated absences | <u>\$ 52,867</u> | <u>38,701</u> | <u>(26,199)</u> | <u>65,369</u> | <u>1,500</u> |
| Total long-term liabilities | <u>\$ 52,867</u> | <u>38,701</u> | <u>(26,199)</u> | <u>65,369</u> | <u>1,500</u> |

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(6) Defined Benefit Pension Plan

Plan Description

The City of Villa Park contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Contributions

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and town contract with employee bargaining groups.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2009 to June 30, 2010 has been determined by an actuarial valuation of the plan as of June 30, 2007. The City's covered payroll for PERS was \$390,103 for the year ended June 30, 2010, while the City's total payroll for all employees was \$397,450 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2010, this contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2009 to June 30, 2010.

Three-Year Trend Information

Annual Pension Cost (Miscellaneous)

| <u>Fiscal Year</u> | <u>Employer Contribution Rate</u> | <u>Annual Pension Cost (Employer Contribution)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------|---|--|--|---------------------------------------|
| 6/30/10 | 22.151% | \$68,401 | 100% | -0- |
| 6/30/09 | 18.959% | 72,749 | 100% | -0- |
| 6/30/08 | 20.162% | 65,240 | 100% | -0- |

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(7) Liability, Property and Workers' Compensation Protection

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

The City is a member of the California Joint Powers Insurance Authority ("Authority"). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 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 coverages. The Authority's pool 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 9-member Executive Committee.

B. Self-Insurance Programs of the Authority

General liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$5,000,000 to \$10,000,000 are paid under reinsurance policies and are subject to a \$2,500,000 annual aggregate deductible; (4b) costs of covered claims from \$10,000,000 to \$50,000,000 are covered through excess insurance policies; (4c) Costs of covered claims for subsidence losses are paid by excess insurance with a sub-limit of \$25,000,000 per occurrence per member. This \$25,000,000 subsidence sub-limit is composed of \$10,000,000 in reinsurance and \$15,000,000 in excess insurance. The excess insurance layer has a \$15,000,000 annual aggregate. The costs associated with 4a, 4b, and 4c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence.

Workers' compensation - The City also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,000 to \$100,000 and

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

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

the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000; (3) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

C. Purchased Insurance

Property insurance - The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City currently has all-risk property insurance protection in the amount of \$2,012,377. 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 retroactive adjustments.

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

Earthquake and flood insurance - The City 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. The City property currently has earthquake protection in the amount of \$1,788,332. 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 retroactive adjustments.

Crime insurance - The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is arranged by the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

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

Special Event Tenant User Liability Insurance – The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is arranged by the Authority.

D. Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

(8) Fund Balances

The City establishes "reserves" of fund equity to segregate fund balances which are not appropriate for expenditure in future periods, or which are legally set aside for a specific future use. Fund "designations" are established to indicate tentative plans for financial resource utilization in a future period. Each of the City's reserves and designations are described below:

| | <u>General</u> <u>Fund</u> | <u>Special Revenue</u> | | <u>Capital</u> <u>Projects</u> | <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u> | <u>Total</u> |
|----------------------------|-------------------------------|------------------------|--|--------------------------------------|--|------------------|
| | | <u>Gas Tax</u> | <u>City Sewer</u> <u>Improvement/</u> <u>Maintenance</u> | <u>Capital</u> <u>Improvement</u> | | |
| Reserved for: | | | | | | |
| Prepays | \$ 126,854 | - | - | - | - | 126,854 |
| Unreserved: | | | | | | |
| Undesignated | 830,396 | 69,702 | 2,925 | (600,820) | 401,304 | 703,507 |
| Designated for: | | | | | | |
| Vehicle replacement | 13,000 | - | - | - | - | 13,000 |
| Infrastructure replacement | 50,000 | - | - | - | - | 50,000 |
| Towne Centre improvements | 30,000 | - | - | - | - | 30,000 |
| Villa Park TV capital | 35,200 | - | - | - | - | 35,200 |
| Accrued leave | 5,000 | - | - | - | - | 5,000 |
| Median replacement | - | 10,000 | - | - | - | 10,000 |
| Sewer conditioning | - | - | 108,000 | - | - | 108,000 |
| Sewer master plan | - | - | 16,200 | - | - | 16,200 |
| Contingencies | <u>850,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>850,000</u> |
| | <u>\$1,940,450</u> | <u>79,702</u> | <u>127,125</u> | <u>(600,820)</u> | <u>401,304</u> | <u>1,947,761</u> |

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(9) Due From and To Other Funds

Interfund receivable and payable balances at June 30, 2010 are as follows:

| <u>Due from Other Funds</u> | <u>Due to Other Funds</u> | <u>Amount</u> |
|-----------------------------|------------------------------|-----------------------|
| General Fund | Capital Improvements Fund | \$ 535,946 |
| | Non-Major Governmental Funds | <u>16,303</u> |
| Total | | <u>\$ 552,249</u> (a) |

(a) These interfund balances are a result of short-term borrowings to cover temporary cash deficits in the Capital Improvements and Measure M funds of the City at June 30, 2010.

(10) Accumulated Fund Deficits

The following funds reported deficits in fund balances/net assets as of June 30, 2010:

| | <u>Deficit Balance</u> |
|-------------------------|------------------------|
| Capital Projects Funds: | |
| Capital Improvement | \$ 600,820 |
| Special Revenue Funds: | |
| Measure M | 6,653 |

Management's explanation for the resolution of significant accumulated fund deficits are summarized as follows:

Capital Improvement Fund:

The deficit in fund balance of \$600,820 is a result of \$711,186 of deferred revenue that has been recorded for receivables that are earned but not available within the availability period of 60 days.

(11) Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2010 exceeded the appropriations of the following funds:

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------|---------------|---------------|-----------------|
| Special Revenue Funds | | | |
| Measure M | \$ 81,500 | 89,645 | (8,145) |

CITY OF VILLA PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(12) Joint Venture - Orange County Fire Authority

The City of Villa Park entered into a joint powers agreement with seventeen other cities and the County of Orange in January 1995, and subsequently amended on September 23, 1999, to create the Orange County Fire Authority (the Authority). Since 1995, other cities within the County have also joined the Authority to bring the total members in the Authority to twenty-two. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, hazardous materials regulation as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through either the property tax roll or with cash contributions based on the Authority's annual budget. The County pays all structural fire fees it collects to the Authority. The City of Villa Park has no ongoing financial responsibility.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2010. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. The following audited financial data is presented as of and for the year ended June 30, 2009 (the most recent data available).

| | <u>Governmental Activities</u> |
|------------------------------------|--------------------------------|
| Total Assets | <u>\$392,881,880</u> |
| Total Liabilities | <u>\$ 84,074,642</u> |
| Total Revenues | \$264,071,709 |
| Total Expenses | <u>250,476,036</u> |
| Changes in Net Assets | 13,595,673 |
| Net Assets, Beginning, as restated | <u>295,211,565</u> |
| Net Assets, Ending | <u>\$308,807,238</u> |

Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Irvine, California 92602.

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REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund has been classified as a major fund and is used to account for all of the general revenues of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of the general services by the City. The General Fund is generally used to account for all the resources not required to be accounted for in another fund. The budget-actual comparison for this fund has been presented in the accompanying financial statements as *required supplementary information*.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to be spent for particular purposes. The following have been classified as major Special Revenue Funds and the budget-actual comparison for these funds have been presented in the accompanying financial statements as *required supplementary information*.

Gas Tax Fund - To account for revenue received for gasoline taxes under Sections 2105, 2106, 2107 and 2107.5 of the Street and Highway Code and State funded Proposition 1B monies to be used solely for transportation related purposes.

City Sewer Improvement/Maintenance Fund – To account for revenue received from the Sewer Service User Charge assessed to all parcels of land connected to the sanitary sewer system and collected on the property tax bill.

CITY OF VILLA PARK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2010

(1) **Budgetary Control and Accounting**

The City adheres to the following general procedures in establishing its annual budget, which is reflected in the accompanying financial statements:

- Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Capital Projects Funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with generally accepted accounting principles. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments.
- Reported budget amounts represent the original legally adopted budget as amended. Individual amendments were not material in relation to the original adopted budget amounts. The City Council may amend the budget to increase appropriations only by a duly adopted minute resolution during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriation limit as imposed by Article XIII B of the State Constitution. Management can transfer, without City Council approval, budgeted amounts at the category level, provided that they do not increase or decrease total fund appropriations adopted by City Council.
- In the case of the General, Special Revenue and Capital Projects Funds, unexpended budgeted amounts, except for amounts relating to Capital Projects, lapse at the end of the budget year. Spending control for the funds is established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary line item levels.

Expenditures may not legally exceed budgeted appropriations at the fund level. Reserves for encumbrances are not recorded by the City.

**CITY OF VILLA PARK
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | 2010 | | | Variance with Final Budget Positive (Negative) | 2009 Actual |
|---|---------------------|------------------|------------------|---|------------------|
| | Original Budget | Final Budget | Actual | | |
| REVENUES | | | | | |
| Taxes | \$ 1,949,800 | 2,082,040 | 2,135,350 | 53,310 | 2,196,320 |
| Intergovernmental | 36,700 | 44,537 | 49,401 | 4,864 | 57,410 |
| Licenses and permits | 349,000 | 348,000 | 338,795 | (9,205) | 368,861 |
| Fines and forfeitures | 40,000 | 109,300 | 119,458 | 10,158 | 18,224 |
| Rental and investment income | 30,000 | 30,000 | 12,171 | (17,829) | 30,877 |
| Charges for services | 37,700 | 37,700 | 21,269 | (16,431) | 35,882 |
| Miscellaneous | 15,500 | 15,500 | 28,171 | 12,671 | 33,159 |
| TOTAL REVENUES | <u>2,458,700</u> | <u>2,667,077</u> | <u>2,704,615</u> | <u>37,538</u> | <u>2,740,733</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 854,000 | 913,139 | 837,660 | 75,479 | 944,402 |
| Public safety | 1,109,100 | 1,117,800 | 1,081,880 | 35,920 | 991,231 |
| Public works | 458,600 | 484,513 | 443,741 | 40,772 | 339,133 |
| Capital outlay | 78,200 | 167,554 | 132,513 | 35,041 | 299,888 |
| Total expenditures | <u>2,499,900</u> | <u>2,683,006</u> | <u>2,495,794</u> | <u>187,212</u> | <u>2,574,654</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(41,200)</u> | <u>(15,929)</u> | <u>208,821</u> | <u>224,750</u> | <u>166,079</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | - | - | 19,000 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,000</u> |
| Net change in fund balances | <u>(41,200)</u> | <u>(15,929)</u> | <u>208,821</u> | <u>224,750</u> | <u>185,079</u> |
| FUND BALANCES AT BEGINNING OF YEAR | <u>1,731,629</u> | <u>1,731,629</u> | <u>1,731,629</u> | <u>-</u> | <u>1,546,550</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 1,690,429</u> | <u>1,715,700</u> | <u>1,940,450</u> | <u>224,750</u> | <u>1,731,629</u> |

**CITY OF VILLA PARK
GAS TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | 2010 | | | Variance with Final Budget Positive (Negative) | 2009 Actual |
|---|--------------------|------------------|-----------------|--|------------------|
| | Original Budget | Final Budget | Actual | | |
| REVENUES | | | | | |
| Intergovernmental | \$ - | 38,100 | 106,680 | 68,580 | 135,277 |
| Rent and investment income | - | 400 | 1,113 | 713 | 4,829 |
| Miscellaneous | 10,000 | 10,000 | - | (10,000) | 7,831 |
| Total revenues | <u>10,000</u> | <u>48,500</u> | <u>107,793</u> | <u>59,293</u> | <u>147,937</u> |
| EXPEN DITURES | | | | | |
| Current: | | | | | |
| Public works | 16,400 | 116,400 | 106,400 | 10,000 | 162,486 |
| Capital outlay | 91,700 | 135,025 | 65,025 | 70,000 | 7,271 |
| Total expenditures | <u>108,100</u> | <u>251,425</u> | <u>171,425</u> | <u>80,000</u> | <u>169,757</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(98,100)</u> | <u>(202,925)</u> | <u>(63,632)</u> | <u>139,293</u> | <u>(21,820)</u> |
| Other financing sources (uses): | | | | | |
| Transfers out | - | - | - | - | (273,700) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(273,700)</u> |
| Net change in fund balances | <u>(98,100)</u> | <u>(202,925)</u> | <u>(63,632)</u> | <u>139,293</u> | <u>(295,520)</u> |
| FUND BALANCES AT BEGINNING OF YEAR | <u>143,334</u> | <u>143,334</u> | <u>143,334</u> | <u>-</u> | <u>438,854</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 45,234</u> | <u>(59,591)</u> | <u>79,702</u> | <u>139,293</u> | <u>143,334</u> |

**CITY OF VILLA PARK
CITY SEWER IMPROVEMENT/MAINTENANCE SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | 2010 | | | Variance with Final Budget Positive (Negative) | 2009 Actual |
|---|--------------------|------------------|------------------|--|----------------|
| | Original Budget | Final Budget | Actual | | |
| REVENUES | | | | | |
| Intergovernmental | \$ 415,000 | 415,000 | 423,497 | 8,497 | 412,769 |
| Rent and investment income | 1,100 | 1,100 | 1,521 | 421 | 3,377 |
| Total revenues | 416,100 | 416,100 | 425,018 | 8,918 | 416,146 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public works | 123,400 | 154,268 | 84,806 | 69,462 | 41,137 |
| Capital outlay | 325,000 | 632,200 | 558,956 | 73,244 | 87,697 |
| Total expenditures | 448,400 | 786,468 | 643,762 | 142,706 | 128,834 |
| Net change in fund balances | (32,300) | (370,368) | (218,744) | 151,624 | 287,312 |
| FUND BALANCES AT BEGINNING OF YEAR | 345,869 | 345,869 | 345,869 | - | 58,557 |
| FUND BALANCES AT END OF YEAR | \$ 313,569 | (24,499) | 127,125 | 151,624 | 345,869 |

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City of Villa Park has eight Special Revenue Funds classified as nonmajor:

Traffic Safety Fund - To account for revenue received from traffic fines levied by County Municipal Courts. These funds are to be used for public safety purposes only.

Aid to Cities Fund - To account for revenue received from federal, state, county and other local agencies. To be used for specified projects and programs.

Measure M Fund - To account for revenue received from the County's ½% local sales tax for transportation and street maintenance purposes.

Street Improvements Fund - To account for revenue received from property owners and developers to be used solely for street improvements.

Sewer Pump Maintenance Fund - To account for revenue received from fees assessed for specified programs and projects. The Sewer Pump Maintenance District #1 is comprised of sixteen residential parcels on Sycamore Circle.

Air Quality Management Fund (AQMD) - To account for revenues received from the South Coast Air Quality Maintenance District to implement air quality improvement policies and programs.

Citizens Option for Public Safety Fund – To account for revenue received from the State of California for front line public safety purposes.

California Law Enforcement Equipment Program Fund – To account for revenue received from the State of California for technology and equipment purchased for public safety purposes.

CAPITAL PROJECTS FUND

The Capital Project Fund is used to account for financial resources used for the acquisition or construction of major capital facilities. The following has been classified as a major Capital Project Fund and the budget-actual comparison for this fund has been presented in the accompanying financial statements as *required supplementary information*.

Capital Improvement Fund – To account for financial resources segregated for City capital improvement project.

**CITY OF VILLA PARK
NONMAJOR SPECIAL REVENUE FUNDS**

COMBINING BALANCE SHEET

June 30, 2010

(with comparative data for prior year)

| | <u>Traffic Safety</u> | <u>Aid to Cities</u> | <u>Measure M</u> | <u>Street Improvements</u> |
|--|-----------------------|----------------------|------------------|--------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ - | 92,770 | - | 114,276 |
| Receivables: | | | | |
| Interest | 7 | 73 | 29 | - |
| Due from other governments | 1,263 | 20,795 | 9,621 | - |
| Total assets | \$ 1,270 | 113,638 | 9,650 | 114,276 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | - | - | - |
| Retentions payable | - | 31,702 | - | - |
| Due to other funds | - | - | 16,303 | - |
| Total liabilities | - | 31,702 | 16,303 | - |
| Fund balances: | | | | |
| Unreserved, reported in: | | | | |
| Special Revenue Funds | 1,270 | 81,936 | (6,653) | 114,276 |
| TOTAL FUND BALANCES | 1,270 | 81,936 | (6,653) | 114,276 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,270 | 113,638 | 9,650 | 114,276 |

| <u>Sewer Pump Maintenance</u> | <u>Air Quality Management</u> | <u>Citizens Option for Public Safety</u> | <u>California Law Enforcement Equipment Program</u> | <u>Totals</u> | |
|---------------------------------------|-----------------------------------|--|---|----------------|----------------|
| | | | | <u>2010</u> | <u>2009</u> |
| 29,084 | 9,438 | 79,661 | 72,229 | 397,458 | 384,579 |
| 19 | 5 | 32 | 46 | 211 | 1,097 |
| - | - | 33,737 | - | 65,416 | 38,675 |
| <u>29,103</u> | <u>9,443</u> | <u>113,430</u> | <u>72,275</u> | <u>463,085</u> | <u>424,351</u> |
| - | - | 13,776 | - | 13,776 | 60 |
| - | - | - | - | 31,702 | - |
| - | - | - | - | 16,303 | - |
| <u>-</u> | <u>-</u> | <u>13,776</u> | <u>-</u> | <u>61,781</u> | <u>60</u> |
| <u>29,103</u> | <u>9,443</u> | <u>99,654</u> | <u>72,275</u> | <u>401,304</u> | <u>424,291</u> |
| <u>29,103</u> | <u>9,443</u> | <u>99,654</u> | <u>72,275</u> | <u>401,304</u> | <u>424,291</u> |
| <u>29,103</u> | <u>9,443</u> | <u>113,430</u> | <u>72,275</u> | <u>463,085</u> | <u>424,351</u> |

**CITY OF VILLA PARK
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

Year Ended June 30, 2010
(with comparative data for prior year)

| | <u>Traffic Safety</u> | <u>Aid to Cities</u> | <u>Measure M</u> | <u>Street Improvements</u> |
|---|-----------------------|----------------------|------------------|--------------------------------|
| REVENUES | | | | |
| Intergovernmental | \$ - | 65,832 | 53,984 | - |
| Special assessments | - | - | - | - |
| Fines and forfeitures | 12,486 | - | - | - |
| Rental and investment income | 39 | 752 | 283 | - |
| TOTAL REVENUES | <u>12,525</u> | <u>66,584</u> | <u>54,267</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 12,438 | - | - | - |
| Public works | - | 100,920 | 89,645 | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | <u>12,438</u> | <u>100,920</u> | <u>89,645</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>87</u> | <u>(34,336)</u> | <u>(35,378)</u> | <u>-</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>87</u> | <u>(34,336)</u> | <u>(35,378)</u> | <u>-</u> |
| FUND BALANCES AT BEGINNING OF YEAR | <u>1,183</u> | <u>116,272</u> | <u>28,725</u> | <u>114,276</u> |
| FUND BALANCES (DEFICITS) AT END OF YEAR | <u>\$ 1,270</u> | <u>81,936</u> | <u>(6,653)</u> | <u>114,276</u> |

| <u>Sewer Pump Maintenance</u> | <u>Air Quality Management</u> | <u>Citizens Option for Public Safety</u> | <u>California Law Enforcement Equipment Program</u> | <u>Totals</u> | |
|---------------------------------------|-----------------------------------|--|---|-----------------|------------------|
| | | | | <u>2010</u> | <u>2009</u> |
| - | 7,155 | 124,253 | 3,061 | 254,285 | 273,389 |
| 14,006 | - | - | - | 14,006 | 15,155 |
| - | - | - | - | 12,486 | 21,119 |
| 172 | 56 | 630 | 231 | 2,163 | 8,604 |
| <u>14,178</u> | <u>7,211</u> | <u>124,883</u> | <u>3,292</u> | <u>282,940</u> | <u>318,267</u> |
| - | - | 69,048 | 10,495 | 91,981 | 94,290 |
| 4,521 | 3,923 | - | - | 199,009 | 401,718 |
| 5,235 | - | - | 9,702 | 14,937 | 21,533 |
| <u>9,756</u> | <u>3,923</u> | <u>69,048</u> | <u>20,197</u> | <u>305,927</u> | <u>517,541</u> |
| <u>4,422</u> | <u>3,288</u> | <u>55,835</u> | <u>(16,905)</u> | <u>(22,987)</u> | <u>(199,274)</u> |
| - | - | - | - | - | 202,700 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(19,000)</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>183,700</u> |
| 4,422 | 3,288 | 55,835 | (16,905) | (22,987) | (15,574) |
| <u>24,681</u> | <u>6,155</u> | <u>43,819</u> | <u>89,180</u> | <u>424,291</u> | <u>439,865</u> |
| <u>29,103</u> | <u>9,443</u> | <u>99,654</u> | <u>72,275</u> | <u>401,304</u> | <u>424,291</u> |

**CITY OF VILLA PARK
TRAFFIC SAFETY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | 2010 | | | Variance with Final Budget Positive (Negative) | 2009 Actual |
|---|----------------------------|-------------------------|---------------|---|------------------------|
| | Original Budget | Final Budget | Actual | | |
| REVENUES | | | | | |
| Fines and forfeitures | \$ 12,525 | 22,100 | 12,486 | (9,614) | 21,119 |
| Rent and investment income | 100 | 100 | 39 | (61) | 281 |
| TOAL REVENUES | <u>12,625</u> | <u>22,200</u> | <u>12,525</u> | <u>(9,675)</u> | <u>21,400</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety | 20,000 | 13,000 | 12,438 | 562 | 24,606 |
| TOTAL EXPENDITURES | <u>20,000</u> | <u>13,000</u> | <u>12,438</u> | <u>562</u> | <u>24,606</u> |
| Net change in fund balances | (7,375) | 9,200 | 87 | (9,113) | (3,206) |
| FUND BALANCES AT BEGINNING OF YEAR | <u>1,183</u> | <u>1,183</u> | <u>1,183</u> | <u>-</u> | <u>4,389</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ (6,192)</u> | <u>10,383</u> | <u>1,270</u> | <u>(9,113)</u> | <u>1,183</u> |

**CITY OF VILLA PARK
AID TO CITIES FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | 2010 | | | Variance with Final Budget Positive (Negative) | 2009 Actual |
|---|--------------------|-----------------|----------------|--|----------------|
| | Original Budget | Final Budget | Actual | | |
| REVENUES | | | | | |
| Intergovernmental | \$ 78,900 | 18,608 | 65,832 | 47,224 | 128,970 |
| Rent and investment income | 600 | 600 | 752 | 152 | 2,014 |
| TOTAL REVENUES | 79,500 | 19,208 | 66,584 | 47,376 | 130,984 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public works | 165,200 | 109,908 | 100,920 | 8,988 | 176,702 |
| Capital outlay | 2,000 | 2,000 | - | 2,000 | - |
| TOTAL EXPENDITURES | 167,200 | 111,908 | 100,920 | 10,988 | 176,702 |
| Excess (deficiency) of revenues over (under) expenditures | (87,700) | (92,700) | (34,336) | 58,364 | (45,718) |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | - | - | 132,700 |
| Total other financing sources (uses) | - | - | - | - | 132,700 |
| Net change in fund balances | (87,700) | (92,700) | (34,336) | 58,364 | 86,982 |
| FUND BALANCES AT BEGINNING OF YEAR | 116,272 | 116,272 | 116,272 | - | 29,290 |
| FUND BALANCES AT END OF YEAR | <u>\$ 28,572</u> | <u>23,572</u> | <u>81,936</u> | <u>58,364</u> | <u>116,272</u> |

**CITY OF VILLA PARK
MEASURE M FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | 2010 | | | Variance with Final Budget Positive (Negative) | 2009 Actual |
|---|--------------------|-----------------|-----------------|--|------------------|
| | Original Budget | Final Budget | Actual | | |
| REVENUES | | | | | |
| Intergovernmental | \$ 65,000 | 55,000 | 53,984 | (1,016) | 61,982 |
| Rent and investment income | 1,500 | 1,500 | 283 | (1,217) | 2,500 |
| TOTAL REVENUES | <u>66,500</u> | <u>56,500</u> | <u>54,267</u> | <u>(2,233)</u> | <u>64,482</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public works | <u>86,500</u> | <u>81,500</u> | <u>89,645</u> | <u>(8,145)</u> | <u>218,000</u> |
| Total expenditures | <u>86,500</u> | <u>81,500</u> | <u>89,645</u> | <u>(8,145)</u> | <u>218,000</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(20,000)</u> | <u>(25,000)</u> | <u>(35,378)</u> | <u>(10,378)</u> | <u>(153,518)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>70,000</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>70,000</u> |
| Net change in fund balances | (20,000) | (25,000) | (35,378) | (10,378) | (83,518) |
| FUND BALANCES AT BEGINNING OF YEAR | <u>28,725</u> | <u>28,725</u> | <u>28,725</u> | <u>-</u> | <u>112,243</u> |
| FUND BALANCES (DEFICITS) AT END OF YEAR | <u>\$ 8,725</u> | <u>3,725</u> | <u>(6,653)</u> | <u>(10,378)</u> | <u>28,725</u> |

**CITY OF VILLA PARK
STREET IMPROVEMENTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | <u>2010</u> | | | Variance with Final Budget Positive (Negative) | 2009 Actual |
|---------------------------------------|----------------------------|-------------------------|----------------|--|----------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | | |
| REVENUES | | | | | |
| Charges for services | \$ - | - | - | - | - |
| TOTAL REVENUES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public works | - | - | - | - | - |
| Net change in fund balances | - | - | - | - | - |
| FUND BALANCES AT BEGINNING OF YEAR | <u>114,276</u> | <u>114,276</u> | <u>114,276</u> | <u>-</u> | <u>114,276</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 114,276</u> | <u>114,276</u> | <u>114,276</u> | <u>-</u> | <u>114,276</u> |

**CITY OF VILLA PARK
SEWER PUMP MAINTENANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | 2010 | | | | 2009 Actual |
|---|--------------------|-----------------|---------------|--|----------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | |
| REVENUES | | | | | |
| Special assessments | \$ 14,048 | 14,048 | 14,006 | (42) | 15,155 |
| Rent and investment income | - | - | 172 | 172 | 412 |
| TOTAL REVENUES | <u>14,048</u> | <u>14,048</u> | <u>14,178</u> | <u>130</u> | <u>15,567</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public works | 6,500 | 6,500 | 4,521 | 1,979 | 6,621 |
| Capital outlay | 7,548 | 7,548 | 5,235 | 2,313 | 5,479 |
| TOTAL EXPENDITURES | <u>14,048</u> | <u>14,048</u> | <u>9,756</u> | <u>4,292</u> | <u>12,100</u> |
| Net change in fund balances | - | - | 4,422 | 4,422 | 3,467 |
| FUND BALANCES AT BEGINNING OF YEAR | <u>24,681</u> | <u>24,681</u> | <u>24,681</u> | <u>-</u> | <u>21,214</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 24,681</u> | <u>24,681</u> | <u>29,103</u> | <u>4,422</u> | <u>24,681</u> |

**CITY OF VILLA PARK
AIR QUALITY MANAGEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | 2010 | | | Variance with Final Budget Positive (Negative) | 2009 Actual |
|---|----------------------------|-------------------------|---------------|---|------------------------|
| | Original Budget | Final Budget | Actual | | |
| REVENUES | | | | | |
| Intergovernmental | \$ 6,000 | 6,000 | 7,155 | 1,155 | 6,594 |
| Rent and investment income | 100 | 100 | 56 | (44) | 184 |
| TOTAL REVENUES | 6,100 | 6,100 | 7,211 | 1,111 | 6,778 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public works | 4,000 | 4,000 | 3,923 | 77 | 395 |
| Capital outlay | 2,000 | 2,000 | - | 2,000 | 10,205 |
| TOTAL EXPENDITURES | 6,000 | 6,000 | 3,923 | 2,077 | 10,600 |
| Net change in fund balances | 100 | 100 | 3,288 | 3,188 | (3,822) |
| FUND BALANCES AT BEGINNING OF YEAR | 6,155 | 6,155 | 6,155 | - | 9,977 |
| FUND BALANCES AT END OF YEAR | \$ 6,255 | 6,255 | 9,443 | 3,188 | 6,155 |

**CITY OF VILLA PARK
CITIZENS OPTION FOR PUBLIC SAFETY SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | <u>2010</u> | | | Variance with Final Budget Positive (Negative) | 2009 Actual |
|---|----------------------------|-------------------------|----------------------|---|------------------------|
| | Original Budget | Final Budget | Actual | | |
| REVENUES | | | | | |
| Intergovernmental | \$ - | 100,000 | 124,253 | 24,253 | 75,843 |
| Rent and investment income | <u>500</u> | <u>1,800</u> | <u>630</u> | <u>(1,170)</u> | <u>642</u> |
| Total revenues | <u>500</u> | <u>101,800</u> | <u>124,883</u> | <u>23,083</u> | <u>76,485</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety | 5,300 | 81,300 | 69,048 | 12,252 | 63,157 |
| Capital outlay | <u>10,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>15,300</u> | <u>81,300</u> | <u>69,048</u> | <u>12,252</u> | <u>63,157</u> |
| Net change in fund balances | <u>(14,800)</u> | <u>20,500</u> | <u>55,835</u> | <u>35,335</u> | <u>13,328</u> |
| FUND BALANCES AT BEGINNING OF YEAR | <u>43,819</u> | <u>43,819</u> | <u>43,819</u> | <u>-</u> | <u>30,491</u> |
| FUND BALANCES AT END OF YEAR | <u><u>\$ 29,019</u></u> | <u><u>64,319</u></u> | <u><u>99,654</u></u> | <u><u>35,335</u></u> | <u><u>43,819</u></u> |

**CITY OF VILLA PARK
CALIFORNIA LAW ENFORCEMENT EQUIPMENT PROGRAM SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | 2010 | | | Variance with Final Budget Positive (Negative) | 2009 Actual |
|---|--------------------|-----------------|-----------------|--|-----------------|
| | Original Budget | Final Budget | Actual | | |
| REVENUES | | | | | |
| Intergovernmental | \$ - | 3,100 | 3,061 | (39) | - |
| Rent and investment income | - | 100 | 231 | 131 | 2,571 |
| Total revenues | - | 3,200 | 3,292 | 92 | 2,571 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety | - | 10,800 | 10,495 | 305 | 6,527 |
| Capital outlay | - | 13,279 | 9,702 | 3,577 | 5,849 |
| Total expenditures | - | 24,079 | 20,197 | 3,882 | 12,376 |
| Excess (deficiency) of revenues over (under) expenditures | - | (20,879) | (16,905) | 3,974 | (9,805) |
| Other financing sources (uses): | | | | | |
| Transfers out | - | - | - | - | (19,000) |
| Total other financing sources (uses) | - | - | - | - | (19,000) |
| Net change in fund balances | - | (20,879) | (16,905) | 3,974 | (28,805) |
| FUND BALANCES AT BEGINNING OF YEAR | 89,180 | 89,180 | 89,180 | - | 117,985 |
| FUND BALANCES AT END OF YEAR | \$ 89,180 | 68,301 | 72,275 | 3,974 | 89,180 |

**CITY OF VILLA PARK
CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2010
(with comparative data for prior year)

| | 2010 | | | Variance with Final Budget Positive (Negative) | 2009 Actual |
|---|----------------------------|-------------------------|-------------------------|--|----------------------|
| | Original Budget | Final Budget | Actual | | |
| REVENUES | | | | | |
| Intergovernmental | \$ 1,043,000 | 943,000 | 213,248 | (729,752) | 262,933 |
| Rental and investment income | 100 | 3,600 | 1,252 | (2,348) | 269 |
| TOTAL REVENUES | <u>1,043,100</u> | <u>946,600</u> | <u>214,500</u> | <u>(732,100)</u> | <u>263,202</u> |
| EXPENDITURES | | | | | |
| Capital outlay | 1,266,677 | 1,166,677 | 910,343 | 256,334 | 26,210 |
| TOTAL EXPENDITURES | <u>1,266,677</u> | <u>1,166,677</u> | <u>910,343</u> | <u>256,334</u> | <u>26,210</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(223,577)</u> | <u>(220,077)</u> | <u>(695,843)</u> | <u>(475,766)</u> | <u>236,992</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | - | - | 71,000 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>71,000</u> |
| Net change in fund balances | <u>(223,577)</u> | <u>(220,077)</u> | <u>(695,843)</u> | <u>(475,766)</u> | <u>307,992</u> |
| FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR | <u>95,023</u> | <u>95,023</u> | <u>95,023</u> | <u>-</u> | <u>(212,969)</u> |
| FUND BALANCES (DEFICITS) AT END OF YEAR | <u><u>\$ (128,554)</u></u> | <u><u>(125,054)</u></u> | <u><u>(600,820)</u></u> | <u><u>(475,766)</u></u> | <u><u>95,023</u></u> |