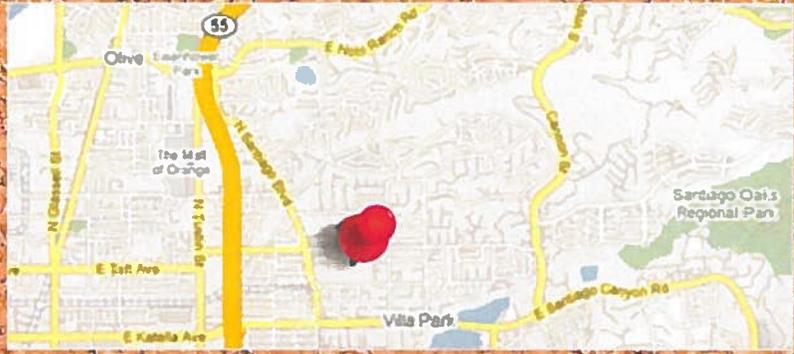


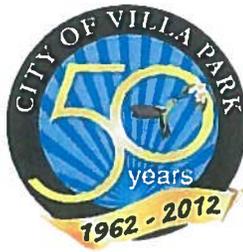
City of  
Villa Park



Comprehensive Annual Financial Report  
*Year Ended June 30, 2011*



**CITY OF VILLA PARK, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2011



**Prepared by the Villa Park Finance Department**

Michelle Danaher

Finance Director

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**CITY OF VILLA PARK**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2011

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**CITY OF VILLA PARK**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2011

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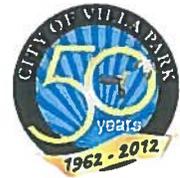
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**INTRODUCTORY SECTION**



# City of Villa Park

17855 Santiago Boulevard, Villa Park, California 92861-4187  
(714) 998-1500 • Fax: (714) 998-1508 • [www.villapark.org](http://www.villapark.org)



December 1, 2011

To the Residents of the City of Villa Park:

It is with great pleasure that we present to you the City of Villa Park's Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2010-11. This report has been prepared by the City's Finance Department, and is presented for your information. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2011 and in conformity with Generally Accepted Accounting Principles (GAAP).

The report consists of management representations concerning the finances of the City. Consequently, responsibility for preparation of the CAFR, accuracy of the data, and completeness and fairness of the presentation, rests with the City's management. In order to provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements. Because the cost of internal controls should not exceed anticipated benefits, the objective of the City's comprehensive framework of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City of Villa Park. All disclosures necessary to enable an understanding of the City's financial activities have been included.

The independent accounting firm of Mayer Hoffman McCann P.C. (Auditors) performed the annual financial audit, which was designed to meet the requirements of government auditing standards. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The Auditors have issued an unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2011. The Independent Auditors' Report is presented as the first component of the financial section of this report.

The Management, Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report, provides a narrative introduction of "financial highlights", and interprets the financial reports by analyzing trends and explaining changes, fluctuations, and variances in the financial data. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## **PROFILE OF THE CITY**

The City of Villa Park was incorporated in 1962 under the general laws of the State of California. The City is located in the center of Orange County. It has an area of 2.1 square miles, a population of approximately 5,800, and is almost 99.9% built out, with 2,021 residential homes. With the exception of the Villa Park Towne Centre, the only commercial center, the City is zoned for single-family residences, most of which are on half-acre lots.

The City operates under the Council-Manager form of government. The City Council is comprised of five members elected for staggered four-year terms of office. The Mayor and Mayor Pro Tem are selected by the Council from among its members to serve one-year terms. The Council acts as the legislative and policy-making body of the City, enacting all laws and directing City staff, to provide for the general welfare of the community.

The City Manager is appointed by the City Council and is the administrative official responsible for overseeing the operations of the City and implementing the policy decisions made by the City Council. The volunteer City Treasurer is also appointed by the City Council. All other staff are appointed by the City Manager.

The City provides a variety of municipal services through contracts for police and fire services, engineering, building, planning and legal services. All administrative services are provided by City staff. The Orange County Library System provides public library services.

The annual budget is adopted by July 1<sup>st</sup> for all funds of the City on a basis consistent with GAAP, which serves as the foundation for the City's financial planning and control. The budget is monitored to ensure compliance with legal provisions embodied in the budget as approved or amended by the City Council throughout the year. City staff is responsible for monitoring the budgets for all funds, and the City Manger and Finance Director perform a mid-year budget review to ensure compliance with City Council direction. The Mid-Year budget is then reviewed by the City Council and consideration is given to necessary adjustments to ensure that expenditures and revenues are in line with the budgeted projections. The budget is adopted at the fund and department level. The City Manager is authorized to make transfers between account codes and departments within each fund. However, transfers between funds or overall increase in the budget need approval from the City Council. Therefore, the legal level of budgetary control is at the fund level.

## **LOCAL ECONOMY**

The local economy in the City of Villa Park has been significantly impacted by the prolonged and dramatic continuation of the recession, with unemployment rates remaining at record levels in Orange County. In turn, declines in consumer spending and real estate values have had a negative impact on the City's sales tax and property taxes.

The City's major revenue sources are Property Taxes, Franchise Fees and Sales Taxes. The City also receives significant revenue streams through the State of California. These include motor vehicle in-lieu fees and gasoline taxes, both of which are apportioned by the State based upon population, and property taxes in-lieu of motor vehicle license fees, which are apportioned similarly to property taxes.

Overall tax revenues increased by 1.6% primarily due to the one-time find of misallocated sales tax monies. Property taxes declined by 3.1% over the previous year actuals as the housing market is experiencing a downturn in assessed values and property tax appeals have increased. Property tax unknowns include additional property tax assessment appeals as well as delinquencies going into the next fiscal year. Franchise fees showed a 3.1% increase over the previous year which helped stabilize the City's revenues in an unstable economy.

### **LONG-TERM FINANCIAL PLANNING**

As of June 30, 2011, the City has a General Fund reserve amount of \$850,000 for economic uncertainties, in the unassigned fund balance along with assignments of fund balance of \$27,100 for infrastructure replacement, \$30,000 for Towne Centre improvements, \$1,500 for accrued leave, and \$108,000 for sewer conditioning TV monitoring. These assignments and General Fund reserve (unassigned) amounts have been approved by City Council at the recommendation of management to maintain the quality of services within the City of Villa Park.

Since incorporation, the City has made a practice of living within its means starting with adopting a balanced budget each year. The City Council, working in conjunction with staff, has adopted its budget without a structural deficit, which has resulted in conservative budget and a fiscally sound City. The City's budget/management tool is developed to reflect the goals and priorities established by the City Council each year in conjunction with the FY2010-11 Priorities and Work Plan approved by Council. City staff continues to actively pursue outside grants and funding opportunities when possible to uphold the City's reputation for the provision of excellent services for its residents. In addition, in order to reduce personnel expenditures over the long term, employee contributions will increase by 1% each year until employees are contributing the full 7% employee share of PERS.

### **RELEVANT FINANCIAL POLICIES**

Over the last several years, the City Council has built up a General Fund reserve that now totals \$850,000. Pursuant to the financial reserve policy, a 4/5 vote of the Council is required to use this reserve, and it can only be used in very limited and unusual circumstances. In addition, each year the balance is to increase by a percentage equal to the percentage of total investment gain realized by the City's investment portfolio in the prior fiscal year. Annual increases to the reserve shall continue until the reserve reaches an amount equal to 40% of the General Fund budgeted expenditures. Currently, the reserve is at 27% of General Fund budgeted expenditures.

### **MAJOR INITIATIVES**

In FY 2010-11 the City Council budgeted for its annual street rehabilitation project in conjunction with the City Pavement Management System recommendations. However, the project was delayed until early in FY 2011-12 because of a bid protest, which caused a re-bid on the project into FY 2011-12.

The City Building Inspector brought to management's attention in FY 2010-11 that the City Hall Façade was decaying and needed to be demolished and replaced. The City Council determined to use this opportunity to revitalize the façade to improve the look of City Hall while addressing the safety issue. Temporary shoring costs occurred in FY 2010-11 as the design of the façade was delayed and the project is anticipated to be completed in FY 2011-12.

Management prepared a Request for Proposal (RFP) for Engineering services. The City contracted with Winzler & Kelly in the last fiscal year. This vendor has provided Engineering services to the City for over ten (10) years. Beginning August 15<sup>th</sup>, 2011 the City awarded the Engineering services contract to Civil Source.

### **ORGANIZATIONAL ACCOMPLISHMENTS**

The following are some of the City's accomplishments during FY 2010-11:

The City Manager's Office completed virtually every item in the Priorities Work Plan adopted by the City Council.

The City Clerk's office prepared all documents for Council to call the November 2010 General Municipal Election, and compiled all election information and required forms to be issued to candidates.

The Finance Department received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for Fiscal Year beginning July 1, 2010 for the first year in City history.

The City Attorney successfully kept the City out of litigation in FY 2010-11.

The Public Safety Department successfully held crime rates to historically low levels, maintaining a safe community with the assistance of the Neighborhood Watch program within the City.

The Public Works Department identified and completed several water-efficient parkway median landscape renovation projects.

The Building and Safety Department implemented the City Council's Towne Centre Incentive Program to encourage private development through building fee refunds for eligible improvement projects.

The Planning Department finalized the City's General Plan.

The Engineering Department successfully completed the Valley Dr. storm drain project; Taft Avenue landscaped median construction project; Lemon Street landscaped median construction project and the Lemon Street Trail project from Villa Park Road to Santiago Blvd.

## **AWARDS AND ACKNOWLEDGEMENTS**

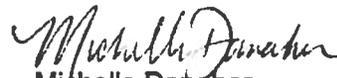
The GFOA of the United States and Canada offers a Certificate of Achievement for Excellence in Financial Reporting to cities for their Comprehensive Annual Financial Report. This Certificate is a prestigious award, recognizing conformance with the highest standards of state and local government financial report preparation. In order to be awarded the Certificate of Achievement, the City must produce an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and all applicable legal requirements. The GFOA award is valid for a period of one year, and the City of Villa Park has not previously applied for this award. For the first time, we are proud to state that the City will be submitting its fiscal year 2010-2011 Comprehensive Annual Financial Report for review to GFOA.

We would like to recognize the assistance of City staff in the preparation of this CAFR with the cooperation of the City's auditors, Mayer Hoffman McCann P.C. Through the team effort of the City Council and staff, the City has been able to maintain a sound financial base from which to operate and continues to provide a high level of service to the residents of Villa Park.

Respectfully submitted,

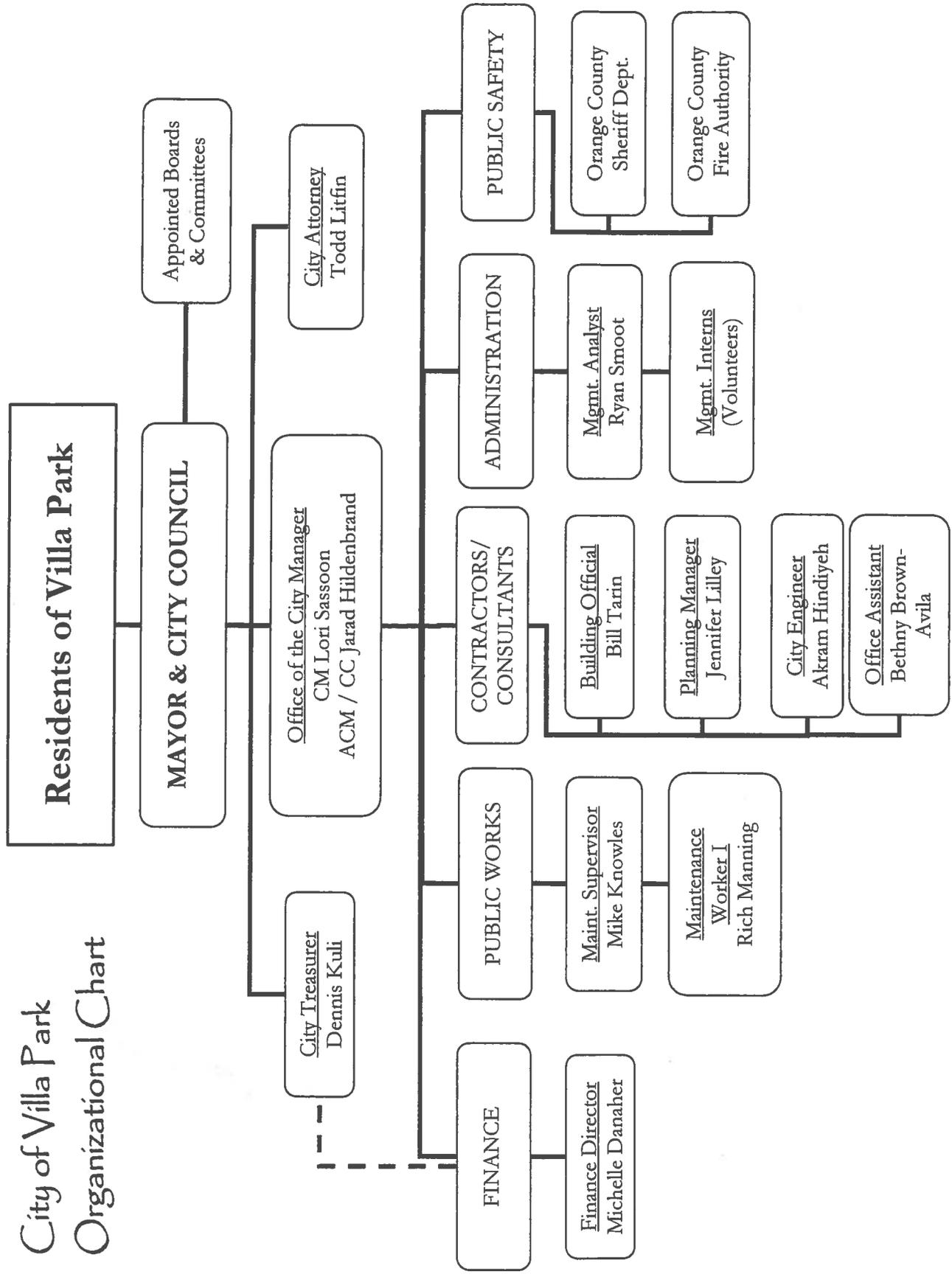


Lon Sassoon  
City Manager



Michelle Danaher  
Finance Director

# City of Villa Park Organizational Chart



**CITY OF VILLA PARK**  
**LIST OF PRINCIPAL OFFICIALS**

**CITY COUNCIL**

W. RICHARD ULMER  
Mayor

BRAD REESE  
Mayor Pro Tem

ROBERT H. FAUTEUX  
Councilmember

W. BILL MACALONEY  
Councilmember

DEBORAH PAULY  
Councilmember

**CITY ADMINISTRATION**

LORI SASSOON  
City Manager

Todd Litfin, City Attorney  
Michelle Danaher, Finance Director  
Jarad Hildenbrand, Assistant City Manager/City Clerk  
Akram Hindiyeh, City Engineer  
Bill Tarin, Deputy Building Official  
Jennifer Lilley, Planning Director  
Lieutenant Bob Wren, Chief of Police Services  
Division Chief Dan Drake, Fire Services

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**FINANCIAL SECTION**



**Mayer Hoffman McCann PC.**  
**An Independent CPA Firm**

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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, 2011, 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. The prior year partial comparative information has been derived from the financial statements of the City of Villa Park for the year ended June 30, 2010, and in our report dated October 15, 2010, we expressed an unqualified opinion on those financial statements.

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, 2011, 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.

As described further in note 1 to the financial statements, the accompanying financial statements reflect certain changes in the reporting of fund types and fund balance classifications for governmental funds due to the implementation of GASB Statement No. 54.

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.



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

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 introductory section, budgetary comparison schedules, combining, and individual nonmajor fund financial statements and schedules, and statistical tables 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. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated, December 1, 2011 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 Miller A.C.*

Irvine, California  
December 1, 2011

## **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, 2011. This discussion and analysis should be read in concert with the accompanying transmittal letter and the accompanying financial statements. This discussion and analysis is prepared by management and has not been opined upon by the auditors.

## **FINANCIAL HIGHLIGHTS**

- At the conclusion of Fiscal Year 2010/2011, the City maintained an All Governmental Funds Fund Balance of \$2,102,872.
- The General Fund spendable Fund Balance decreased by 3.13% from Fiscal Year 2009/2010, for a total balance of \$1,756,819 at June 30, 2011.
- Total governmental funds revenue from all sources in Fiscal Year 2010/2011 equaled \$4,367,529.
- Total costs for all governmental funds expenses in Fiscal Year 2010/2011 equaled \$4,212,418.
- In the General Fund, the City spent \$877,916 on general government expenditures; \$1,091,985 on public safety expenditures, \$359,952 on public works expenditures and \$480,543 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 provides 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 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. Included as major funds are the General Fund, Gas Tax, City Sewer Improvement/Maintenance Fund, Capital Improvement Fund, and other lesser funds 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**

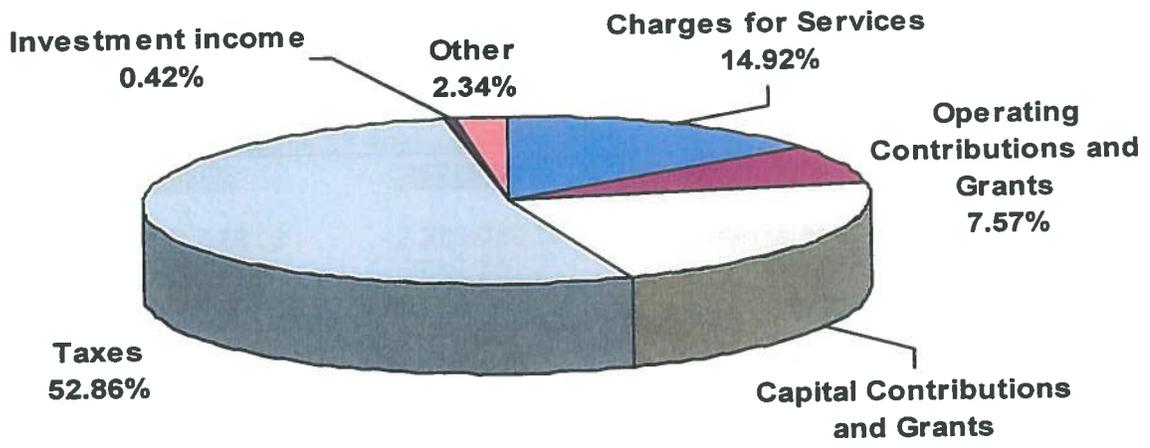
	<u>Governmental Activities</u>	
	<u>2010-2011</u>	<u>2009-2010</u>
Current & other assets	\$3,380,284	\$3,576,117
Capital assets, net	<u>6,252,755</u>	<u>4,735,364</u>
<b>Total Assets</b>	<b><u>9,633,049</u></b>	<b><u>8,311,481</u></b>
Non-current liabilities	365,101	63,869
Other liabilities	<u>366,356</u>	<u>899,992</u>
<b>Total Liabilities</b>	<b><u>731,457</u></b>	<b><u>963,861</u></b>
Net Assets:		
Invested in capital assets	6,252,755	4,735,364
Restricted	915,579	725,150
Unrestricted	<u>1,733,258</u>	<u>1,887,106</u>
<b>Total Net Assets</b>	<b><u>\$8,901,592</u></b>	<b><u>\$7,347,620</u></b>

Total net assets increased from \$7,347,620 in fiscal year 2009-10 to \$8,901,592 in fiscal year 2010-11 due to the following:

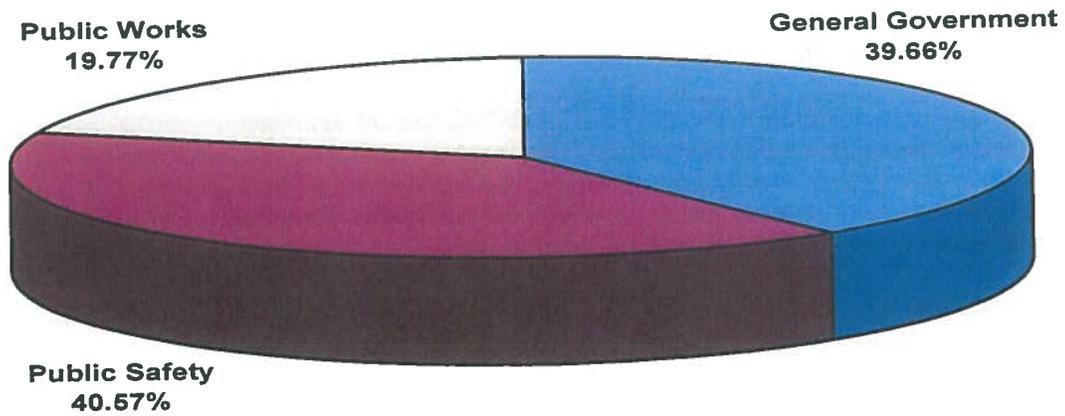
- Change in net assets increased \$1,553,972 due to an increase in capital assets and a slight decrease in total liabilities. The increase in capital assets was due to the Lemon St. and Taft Ave. infrastructure projects. The decrease in net total liabilities was due to construction payables for the prior year Towne Centre infrastructure project along with the annual street rehabilitation project costs.
- Unassigned net assets that are available for use without constraints established by legal requirements, is \$1,733,258.

**FISCAL YEAR 2010-2011 GOVERNMENTAL ACTIVITIES**  
(See Table 2)

**Sources of Revenues**



**Functional Expenses**



**Table 2  
Changes in Net Assets**

	<u>Governmental Activities</u>	
<b>Revenues</b>	<u>2010-2011</u>	<u>2009-2010</u>
Program Revenues:		
Charges for Services	\$ 677,080	\$ 746,841
Operating Contributions & Grants	343,654	376,555
Capital Contributions & Grants	<u>993,589</u>	<u>925,686</u>
Program Revenue Total	<u>2,014,323</u>	<u>2,049,082</u>
General Revenue:		
Taxes:		
Sales Taxes	213,777	143,834
Property Taxes	1,895,820	1,956,232
Franchise Taxes	220,770	214,109
Motor Vehicle in Lieu	69,320	47,015
Investment Income	19,246	12,171
Other	<u>106,249</u>	<u>23,609</u>
General Revenue Total	<u>2,525,182</u>	<u>2,396,970</u>
<b>Total Revenues</b>	<u><b>4,539,505</b></u>	<u><b>4,446,052</b></u>
<b>Expenses</b>		
General Government	1,184,187	859,970
Public Safety	1,211,235	1,179,679
Public Works	<u>590,111</u>	<u>893,713</u>
<b>Total Expenses</b>	<u><b>2,985,533</b></u>	<u><b>2,933,362</b></u>
<b>Increase in net assets</b>	<u><b>\$ 1,553,972</b></u>	<u><b>\$ 1,512,690</b></u>

Overall, the City fared very well despite the downturn in the financial markets and the economy. The City's total revenues were \$4,539,505, while the total cost of all programs and services were \$2,985,533. Increases in the City sales tax revenues were a direct result of a one-time find of misallocated sales tax monies and another one-time reimbursement from the Villa Park Television Corporation (VPTV) for capital improvements to the City TV equipment.

Revenues overall were stable and consistent with budget projections for the year in light of the economy. City management makes a deliberate effort to anticipate the year's revenue flow and spend within its means.

Total City expenses were \$2,985,533 a slight increase from fiscal year 2009-10. The increases in expenses are primarily due to the one-time expenditure of monies for the capital improvements in the VPTV room that were reimbursed this fiscal year as well. See a more detailed explanation of expenditures in Governmental Activities below.

**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**  
 June 30, 2011

	Governmental Activities	
	<u>Total Cost of Services</u>	<u>Net Cost of Service</u>
General Government	\$ 1,184,187	(1,088,013)
Public Safety	1,211,235	(1,097,076)
Public Works	<u>590,111</u>	<u>1,213,879</u>
 Total	 <u>\$2,985,533</u>	 <u>(\$971,210)</u>

General Government expenses comprise 40% 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 1/6<sup>th</sup> 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 20% 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 \$2,102,872. Ninety point two (90.2%) percent of this balance is within the General Fund. The General Fund Unassigned Reserve was established for Fiscal Year 2010/11 at \$850,000. Furthermore, the City Council established additional fund balance assignments for all funds totaling \$166,694.

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 5.0% above budget levels for the fiscal year ending June 30, 2011. 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 turnover of homes from original or long-term homeowners to new owners desiring to upgrade the property to

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*focus on indiv. major funds not gov't/ent ag.*

current standards. In the prior year, revenues were primarily lower 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 positive with a minor increase in available funding over the previous year as the economy weathered the current recession. The decrease in expenditures resulted from a postponement of the annual pavement rehabilitation project in the current year. However, the capital projects completed in FY 2010-2011 were funded by approximately by \$790,000 in grant revenue to be received in Fiscal Year 2011-2012, 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 its 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 the extent of public works improvements undertaken during that year.

#### **GENERAL FUND BUDGET HIGHLIGHTS**

**Revenues:** Actual General Fund revenues exceeded the final budget by \$119,868. The additional revenues were a result of a larger than expected increase in tax revenue over the conservative budget, which was \$105,774.

**Expenditures:** Actual General Fund expenditures were less than the final budget by \$346,383. This is due to the conservative cutback of utilizing outside services and performing services with City staff resources and due to the delay of the Lemon Street Trail Santiago-Valley project costs that were budgeted in FY 10-11 but will be expended in FY 11-12.

**Ending Fund Balance:** Ending Fund Balance exceeded the final budget by \$466,251. This is an overall result of unanticipated revenue and delayed capital projects. Total General Fund Balance for the year decreased from \$1,940,450 to \$1,897,922.

#### **GAS TAX FUND BUDGET HIGHLIGHTS**

**Revenues:** Actual revenues were slightly lower than the final budget by only \$2,908. Receipts were consistent with management's expectations.

**Expenditures:** Actual expenditures were less than the final budget by \$142,456. This is due to the postponement of the FY 10-11 annual street rehabilitation project to FY 11-12.

**Ending Fund Balance:** Ending Fund Balance exceeded the final budget by \$139,548, primarily due to the timing of the FY 10-11 annual street rehabilitation project expenditures. Total Gas Tax Fund Balance for the year increased from \$79,702 to \$148,750.

① no bud. info analysis of Sig. D's

## CITY SEWER IMPROVEMENT/MAINTENANCE FUND HIGHLIGHTS

**Revenues:** Actual revenues were greater than the final budget by \$4,076 due to a larger than expected increase in tax revenue over the conservative budget.

**Expenditures:** Actual expenditures were under budget by \$2,128, primarily due to the conservative cutback of utilizing outside services and performing services with City staff resources.

**Ending Fund Balance:** Ending Fund Balance is greater than the final budget by \$6,204. These monies are restricted and available only for city-wide sewer improvements.

## CAPITAL IMPROVEMENT FUND HIGHLIGHTS

**Revenues:** Actual revenues were under budget by \$637,088 due to the timing difference of the grant reimbursements from an OCTA grant for \$121,000 for the completion of the Lemon St. Median Improvement project; TDA and Safe Route to School grants totaling \$285,000 for the completion of the Lemon Street Trail Villa Park Road-Santiago Blvd. project; an AARA grant for \$131,000 for the completion of the Taft Avenue Improvement project; and the progress payment from the Department of Parks and Recreation grant for \$247,000 for work performed on the Lemon Street Trail Santiago Blvd-Valley St. project.

**Expenditures:** Actual expenditures were under the budgeted amount by \$569,251 due to the delay of the Lemon Street Trail Santiago-Valley project costs that were budgeted in the FY 10-11 but will be expended in the FY 11-12.

**Ending Fund Balance:** Ending Fund Balance was under the final budget by \$67,837 as a result of delayed 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 \$5,381. This increase is primarily due to a larger than expected increase in sewer tax revenue over the conservative budget.

**Expenditures:** Actual expenditures were less than budgeted by \$174,534, specifically in the Aids to Cities Fund. The main reason for the reduction is due to the postponement of the FY 10-11 annual street rehabilitation project to FY 11-12.

**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 2011, the City had \$6,252,755 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**

<u>Asset Type</u>	<u>2010-2011</u>	<u>2009-2010</u>
Land	\$ 10,000	\$ 10,000
Construction in Progress	931,697	1,379,417
Buildings	308,289	308,289
Vehicles	126,461	126,461
Tools & Equipment	77,499	82,533
Furniture & Fixtures	131,905	112,424
Office Equipment	87,411	52,967
Infrastructure	<u>5,181,478</u>	<u>3,192,518</u>
<b>Total Assets</b>	<b><u>6,854,740</u></b>	<b><u>5,264,609</u></b>
Less: Accumulated Depreciation	<u>(601,985)</u>	<u>(529,245)</u>
<b>Capital Assets, Net</b>	<b><u>\$6,252,755</u></b>	<b><u>\$4,735,364</u></b>

Additions to capital assets were made in the amount of \$3,238,828. The additions were increases to construction in progress, furniture and fixtures, office equipment, and infrastructure. See Note 3 in the Notes to Financial Statements for additional information.

**Long-term Liabilities**

The City's outstanding long-term liabilities totaled \$366,601 as of June 30, 2011. The City's outstanding long-term liabilities increased by \$301,232 primarily due to the retrospective deposits for the City's self-insurance pool. (See Table 5)

**Table 5  
Long-term Liabilities**

	<u>2010-2011</u>	<u>2009-2010</u>
Compensated absences	\$ 79,586	\$ 65,369
Claims payable	287,015	-
<b>Total long-term liabilities</b>	<b><u>\$ 366,601</u></b>	<b><u>\$ 65,369</u></b>

See Note 5 in the Notes to Financial Statements for additional information.

**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, 2011  
(with comparative data for prior year)

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
Cash and investments (note 2)	\$ 2,228,838	2,599,849
Receivables:		
Taxes	19,399	27,795
Accounts	78,837	27,213
Interest	10,449	2,030
Due from other governments	901,668	792,376
Prepaid expenses	141,103	126,854
Capital assets (note 3):		
Capital assets, not being depreciated	941,697	1,389,417
Capital assets being depreciated, net of accumulated depreciation	5,311,058	3,345,947
<b>TOTAL ASSETS</b>	<b>9,633,049</b>	<b>8,311,481</b>
<b>LIABILITIES</b>		
Accounts payable	228,396	625,331
Retentions payable	25,356	120,384
Deposits	111,104	152,777
Long-term liabilities (note 5):		
Portion due within one year:		
Compensated absences	1,500	1,500
Portion due beyond one year:		
Compensated absences	78,086	63,869
Claims payable	287,015	-
<b>TOTAL LIABILITIES</b>	<b>731,457</b>	<b>963,861</b>
<b>Net assets:</b>		
Invested in capital assets	6,252,755	4,735,364
Restricted for:		
Public safety	168,109	173,199
Public works	747,470	551,951
Unrestricted	1,733,258	1,887,106
<b>TOTAL NET ASSETS</b>	<b>\$ 8,901,592</b>	<b>7,347,620</b>

See accompanying notes to the financial statements.

**CITY OF VILLA PARK**  
**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2011  
(with comparative data for prior year)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	<u>2011</u>	<u>2010</u>
					<u>Net (Expense) Revenue and Changes in Net Assets</u>	
Governmental activities:						
General government	\$1,184,187	96,174	-	-	(1,088,013)	(693,936)
Public safety	1,211,235	-	114,159	-	(1,097,076)	(1,038,979)
Public works	590,111	580,906	229,495	993,589	1,213,879	848,635
<b>Total</b>	<b>\$2,985,533</b>	<b>677,080</b>	<b>343,654</b>	<b>993,589</b>	<b>(971,210)</b>	<b>(884,280)</b>
General revenues:						
Taxes:						
Property taxes					1,895,820	1,956,232
Sales taxes					213,777	143,834
Franchise taxes					220,770	214,109
Motor vehicle in lieu, unrestricted					69,320	47,015
Investment income					19,246	12,171
Other					106,249	23,609
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>2,525,182</b>	<b>2,396,970</b>
Change in net assets					1,553,972	1,512,690
<b>NET ASSETS AT BEGINNING OF YEAR</b>					<b>7,347,620</b>	<b>5,834,930</b>
<b>NET ASSETS AT END OF YEAR</b>					<b>\$ 8,901,592</b>	<b>7,347,620</b>

See accompanying notes to the financial statements.

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**FUND FINANCIAL STATEMENTS**

**CITY OF VILLA PARK  
GOVERNMENTAL FUNDS**

**BALANCE SHEET**

June 30, 2011

(with comparative data for prior year)

	General Fund	Capital Project			Nonmajor Governmental Funds	Totals	
		Gas Tax	City Sewer Improvement/ Maintenance	Capital Improvement		2011	2010
<b>ASSETS</b>							
Cash and investments	\$ 1,352,894	148,690	201,986	-	495,864	2,199,434	2,581,171
Receivables:							
Taxes	14,596	-	4,803	-	-	19,399	27,795
Accounts	78,794	-	43	-	-	78,837	27,213
Interest	10,049	60	161	-	179	10,449	2,030
Due from other funds (note 9)	639,871	-	-	-	-	639,871	552,249
Due from other governments	91,223	-	-	792,054	18,391	901,668	792,376
Prepaid expenses	141,103	-	-	-	-	141,103	126,854
<b>TOTAL ASSETS</b>	<b>\$ 2,328,530</b>	<b>148,750</b>	<b>206,993</b>	<b>792,054</b>	<b>514,434</b>	<b>3,990,761</b>	<b>4,109,688</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 228,396	-	-	-	-	228,396	625,331
Retentions payable	-	-	25,356	-	-	25,356	120,384
Deposits payable	111,104	-	-	-	-	111,104	152,777
Due to other funds (note 9)	-	-	-	639,857	14	639,871	552,249
Deferred revenue	91,108	-	-	792,054	-	883,162	711,186
<b>TOTAL LIABILITIES</b>	<b>430,608</b>	<b>-</b>	<b>25,356</b>	<b>1,431,911</b>	<b>14</b>	<b>1,887,889</b>	<b>2,161,927</b>
<b>FUND BALANCES</b>							
Nonspendable:							
Prepaid expenses	141,103	-	-	-	-	141,103	126,854
Restricted for:							
Street projects	-	148,750	-	-	288,781	437,531	265,914
Public safety	-	-	-	-	172,527	172,527	173,199
Sewers	-	-	73,543	-	36,304	109,847	32,028
Other purposes	-	-	-	-	16,808	16,808	9,443
Assigned to:							
Vehicle replacement	-	-	-	-	-	-	13,000
Infrastructure replacement	27,100	-	-	-	-	27,100	50,000
Towne centre improvements	30,000	-	-	-	-	30,000	30,000
VPTV capital improvements	-	-	-	-	-	-	35,200
Accrued leave	1,500	-	-	-	-	1,500	5,000
Median replacement	-	-	-	-	-	-	10,000
Sewer conditioning TV monitoring	-	-	108,000	-	-	108,000	108,000
Sewer master plan update	-	-	94	-	-	94	16,200
Unassigned (note 8)	1,698,219	-	-	(639,857)	-	1,058,362	1,072,923
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>1,897,922</b>	<b>148,750</b>	<b>181,637</b>	<b>(639,857)</b>	<b>514,420</b>	<b>2,102,872</b>	<b>1,947,761</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,328,530</b>	<b>148,750</b>	<b>206,993</b>	<b>792,054</b>	<b>514,434</b>	<b>3,990,761</b>	<b>4,109,688</b>

See accompanying notes to the financial statements.

**CITY OF VILLA PARK  
GOVERNMENTAL FUNDS**

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

June 30, 2011

FUND BALANCES OF GOVERNMENTAL FUNDS \$ 2,102,872

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	6,854,740
ACCUMULATED DEPRECIATION	(601,985)

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	(79,586)
CLAIMS PAYABLE	(287,015)

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	883,162
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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>29,404</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 8,901,592</u></u>

See accompanying notes to the financial statements.

**CITY OF VILLA PARK  
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

Year Ended June 30, 2011  
(with comparative data for prior year)

	General Fund	Capital Project			Nonmajor Governmental Funds	Totals	
		Gas Tax	City Sewer Improvement/ Maintenance	Capital Improvement		2011	2010
<b>REVENUES</b>							
Taxes	\$ 2,186,674	-	-	-	-	2,186,674	2,135,350
Intergovernmental	71,739	105,475	419,354	821,612	223,120	1,641,300	1,047,111
Special assessments	-	-	-	-	14,006	14,006	14,006
Licenses and permits	349,467	-	-	-	-	349,467	338,795
Fines and forfeitures	45,313	-	-	-	13,475	58,788	131,944
Rental and investment income	19,246	417	922	-	1,280	21,865	18,220
Charges for services	25,150	-	-	-	-	25,150	21,269
Miscellaneous	70,279	-	-	-	-	70,279	28,171
<b>TOTAL REVENUES</b>	<b>2,767,868</b>	<b>105,892</b>	<b>420,276</b>	<b>821,612</b>	<b>251,881</b>	<b>4,367,529</b>	<b>3,734,866</b>
<b>EXPENDITURES</b>							
Current:							
General government	877,916	-	-	-	-	877,916	837,660
Public safety	1,091,985	-	-	-	114,832	1,206,817	1,173,861
Public works	359,952	36,844	73,353	-	23,176	493,325	833,956
Capital outlay	480,543	-	292,411	860,649	757	1,634,360	1,681,774
<b>Total expenditures</b>	<b>2,810,396</b>	<b>36,844</b>	<b>365,764</b>	<b>860,649</b>	<b>138,765</b>	<b>4,212,418</b>	<b>4,527,251</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(42,528)</b>	<b>69,048</b>	<b>54,512</b>	<b>(39,037)</b>	<b>113,116</b>	<b>155,111</b>	<b>(792,385)</b>
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR</b>							
	<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>	<u>2,740,146</u>
<b>FUND BALANCES (DEFICITS) AT END OF YEAR</b>							
	<u>\$ 1,897,922</u>	<u>148,750</u>	<u>181,637</u>	<u>(639,857)</u>	<u>514,420</u>	<u>2,102,872</u>	<u>1,947,761</u>

See accompanying notes to the 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, 2011

Net change in fund balances - total governmental funds	\$ 155,111
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	1,595,165
Depreciation expense	(77,774)
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	(14,217)
Claims payable expenses reported in the Statement of Activities that are not expected to use the current financial resources are therefore not reported as expenditures in governmental funds.	
Claims payable - current year accrual	(287,015)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	171,976
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 are reported with governmental activities.	
Changes in fund net assets of Internal Service fund	<u>10,726</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,553,972</u></u>

See accompanying notes to the financial statements.

**CITY OF VILLA PARK  
PROPRIETARY FUND**

**STATEMENT OF FUND NET ASSETS**

June 30, 2011

(with comparative data for prior year)

	<b>Governmental Activities - Internal Service Employee Benefits Fund</b>	
	2011	2010
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 29,404	18,678
<b>TOTAL ASSETS</b>	<b>29,404</b>	<b>18,678</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>FUND NET ASSETS</b>		
Unrestricted	29,404	18,678
<b>TOTAL FUND NET ASSETS</b>	<b>\$ 29,404</b>	<b>18,678</b>

See accompanying notes to the financial statements.

**CITY OF VILLA PARK  
PROPRIETARY FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

Year Ended June 30, 2011  
(with comparative data for prior year)

	<b>Governmental Activities - Internal Service Employee Benefits Fund</b>	
	2011	2010
OPERATING REVENUES		
Charges for services	\$ 165,545	168,842
TOTAL OPERATING REVENUES	165,545	168,842
OPERATING EXPENSES		
Employee benefits	154,819	170,144
TOTAL OPERATING EXPENSES	154,819	170,144
Change in fund net assets	10,726	(1,302)
FUND NET ASSETS AT BEGINNING OF YEAR	18,678	19,980
FUND NET ASSETS AT END OF YEAR	\$ 29,404	18,678

See accompanying notes to the financial statements.

**CITY OF VILLA PARK  
PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2011  
(with comparative data for prior year)

	<b>Governmental Activities - Internal Service Employee Benefits Fund</b>	
	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from internal users	\$ 165,545	168,842
Cash payments for employee services	<u>(154,819)</u>	<u>(170,144)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,726	(1,302)
Cash and cash equivalents at beginning of year	<u>18,678</u>	<u>19,980</u>
Cash and cash equivalents at end of year	<u>\$ 29,404</u>	<u>18,678</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	<u>\$ 10,726</u>	<u>(1,302)</u>
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:	<u>-</u>	<u>-</u>
TOTAL ADJUSTMENTS	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 10,726</u>	<u>(1,302)</u>

There were no noncash capital, financing or investing activities for the year ended June 30, 2011.

See accompanying notes to the financial statements.

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended June 30, 2011

**(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 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 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 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 is deferred until they become current receivables. Noncurrent portions of long-term receivables are offset by nonspendable fund balance.

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 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:

**Special Revenue Funds** – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

(d) **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.

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(1) Summary of Significant Accounting Policies (Continued)**

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.

**(e) 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.

**(f) 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.

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

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(1) Summary of Significant Accounting Policies (Continued)**

sick leave is 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.

**(g) 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 2003-2011 and pavement improvements in fiscal years 2004-2011. 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

**(h) 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 classified as nonspendable fund balance for amounts equal to the prepaid items in the fund-level statements.

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(1) Summary of Significant Accounting Policies (Continued)**

**(i) Fund Equity**

The accompanying financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance.

Due to the implementation of GASB No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. Prior year amounts have been restated to reflect the component designations required by GASB No. 54.

Fund balances are reported in the fund statements in the following classifications:

**Nonspendable Fund Balance**

Nonspendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

**Spendable Fund Balance**

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Council action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed Fund Balance – this includes amounts that can be used only for the specific purposes determined by a formal action of the Council. It includes legislation (Council action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Council action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The City considers a resolution, an ordinance, or a minutes action to constitute a formal action of City Council for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are designated or expressed by the Council, but does not require a formal action like a resolution or ordinance. The Council may delegate the ability of an employee or committee to

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(1) Summary of Significant Accounting Policies (Continued)**

assign uses of specific funds, for specific purposes. Such delegation of authority has not yet been granted to persons or bodies other than City Council.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Council.

**(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, 2011 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	<u>\$2,228,838</u>
Total cash and investments	<u>\$2,228,838</u>

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(2) Cash and Investments (Continued)**

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$	400
Deposits with financial institutions		76,549
Investments		<u>2,151,889</u>
Total cash and investments		<u>\$2,228,838</u>

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

The table below identifies the investment types that are authorized for the City by the California Government Code 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.

<b>Investment Types <u>Authorized by State Law</u></b>	<b>Authorized by Investment <u>Policy</u></b>	<b>Maximum Maturity*</b>	<b>Maximum Percentage of Portfolio*</b>	<b>Maximum Investment In One Issuer*</b>
Local Agency Bonds	Yes	5 years	20%	5%
U.S. Treasury Obligations	Yes	5 years	None	30%
U.S. Agency Securities	Yes	5 years	None	40%
Banker's Acceptances	Yes	180 days	40%	5%
Commercial Paper	Yes	270 days	25%	5%
Negotiable Certificates of Deposit	Yes	5 years	30%	5%
Medium-Term Notes	Yes	5 years	30%	5%
Mutual Funds	Yes	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 is 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.

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(2) Cash and Investments (Continued)**

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:

<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>
Federal agency securities	\$ 498,626	96,590	201,926	200,110	-
Negotiable certificates of deposit	500,000	100,000	100,000	300,000	-
State investment pool	528,335	528,335	-	-	-
County investment pool	<u>624,928</u>	<u>624,928</u>	-	-	-
Total	<u>\$2,151,889</u>	<u>1,349,853</u>	<u>301,926</u>	<u>500,110</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>
Federal agency securities	\$ 498,626	N/A	-	498,626	-	-
Negotiable certificates of deposit	500,000	N/A	-	-	-	500,000
State investment pool	528,335	N/A	-	-	-	528,335
County investment pool	<u>624,928</u>	N/A	-	-	-	<u>624,928</u>
Total	<u>\$2,151,889</u>		<u>-</u>	<u>498,626</u>	<u>-</u>	<u>1,653,263</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.

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(2) Cash and Investments (Continued)**

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FHLMC	Federal Agency Securities	\$ 201,926
FHLB	Federal Agency Securities	200,110

**Custodial Credit Risk** - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**Investment in State Investment Pool and County 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 City is also 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 investments in these pools is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF and OCIP for each respective portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and OCIP, which are recorded on an amortized cost basis.

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(3) Capital Assets**

A summary of capital asset activity for the year ended June 30, 2011 is as follows:

	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 10,000	-	-	10,000
Construction in progress	<u>1,379,417</u>	<u>1,273,717</u>	<u>(1,721,437)</u>	<u>931,697</u>
Total capital assets not being depreciated	<u>1,389,417</u>	<u>1,273,717</u>	<u>(1,721,437)</u>	<u>941,697</u>
Capital assets being depreciated:				
Buildings	308,289	-	-	308,289
Vehicles	126,461	-	-	126,461
Tools and equipment	82,533	-	(5,034)	77,499
Furniture and fixtures	112,424	19,481	-	131,905
Office equipment	52,967	34,444	-	87,411
Infrastructure	<u>3,192,518</u>	<u>1,988,960</u>	<u>-</u>	<u>5,181,478</u>
Total capital assets being depreciated	<u>3,875,192</u>	<u>2,042,885</u>	<u>(5,034)</u>	<u>5,913,043</u>
Less accumulated depreciation for:				
Buildings	(127,881)	(6,166)	-	(134,047)
Vehicles	(125,711)	(750)	-	(126,461)
Tools and equipment	(58,408)	(6,406)	5,034	(59,780)
Furniture and fixtures	(84,222)	(8,270)	-	(92,492)
Office equipment	(49,685)	(5,397)	-	(55,082)
Infrastructure	<u>(83,338)</u>	<u>(50,785)</u>	<u>-</u>	<u>(134,123)</u>
Total accumulated depreciation	<u>(529,245)</u>	<u>(77,774)</u>	<u>5,034</u>	<u>(601,985)</u>
Total capital assets being depreciated, net	<u>3,345,947</u>	<u>1,965,111</u>	<u>-</u>	<u>5,311,058</u>
Governmental activity capital assets, net	<u>\$4,735,364</u>	<u>3,238,828</u>	<u>(1,721,437)</u>	<u>6,252,755</u>

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(3) Capital Assets (Continued)**

Depreciation expense was charged to functions for the year ended June 30, 2011 as follows:

Governmental activities:		
General government		\$ 17,157
Public safety		4,418
Public works		<u>56,199</u>
Total governmental activities		<u>\$ 77,774</u>

**(4) Construction Commitments**

As of June 30, 2011, 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	853,233	857,065
Loma Street	320,000	20,823	299,177
Civic Center	125,000	5,600	119,400
Mesa Drive Guardrail	308,100	15,834	292,266
City Hall Façade Improvements	511,600	29,435	482,165
Civic Center Energy Efficiency	<u>32,600</u>	<u>6,772</u>	<u>25,828</u>
Total	<u>\$ 3,007,598</u>	<u>931,697</u>	<u>2,075,901</u>

**(5) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2011</u>	<u>Portion Due Within One Year</u>
<b><u>Governmental Activities:</u></b>					
Compensated absences	\$ 65,369	39,589	(25,372)	79,586	1,500
Claims payable	<u>-</u>	<u>287,015</u>	<u>-</u>	<u>287,015</u>	<u>-</u>
Total long-term liabilities	<u>\$ 65,369</u>	<u>326,604</u>	<u>(25,372)</u>	<u>366,601</u>	<u>1,500</u>

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(5) Changes in Long-Term Liabilities (Continued)**

**Claims Payable**

The City's self-insurance pool calculates an annual retrospective adjustment on recent developments of claims incurred in prior coverage periods. Retrospective adjustments can result in either an additional deposit or a refund. As of June 30, 2011 the City owed \$287,015 in retrospective deposits.

**(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 and Funding Policy**

Miscellaneous participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2011 is 22.132% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by City Council in conjunction with applicable labor contracts. The City's contributions to the plan for the years ending June 30, 2009, 2010, and 2011 were \$72,749, \$68,401, and \$72,913, respectively, and were equal to the required contributions for each year.

**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>
6/30/11	22.132%	\$72,913	100%	-0-
6/30/10	22.151%	68,401	100%	-0-
6/30/09	18.959%	72,749	100%	-0-

**CITY OF VILLA PARK**  
**NOTES TO THE 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**

A revised cost allocation methodology was introduced in 2010-11; however it retains many elements of the previous cost allocation methodology. Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

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

**General Liability**

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

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

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

to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2010-11 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

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

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

**Workers' Compensation**

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

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$4 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$4 million to \$10 million are pooled among members.

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

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

**C. Purchased Insurance**

**Property insurance** - The City of Villa Park participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Villa Park property is currently insured according to a schedule of covered property submitted by the City of Villa Park to the Authority. City of Villa Park property currently has all-risk property insurance protection in the amount of \$2,008,474. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

**Earthquake and flood insurance** - The City of Villa Park purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Villa Park property currently has earthquake protection in the amount of \$1,787,880. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

**Pollution Legal Liability Insurance** - The City of Villa Park participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Villa Park. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

**Crime insurance** - The City of Villa Park purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

**Special Event Tenant User Liability Insurance** - The City of Villa Park 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 of Villa Park according to a schedule. The City of Villa Park then pays for the insurance. The insurance is arranged by the Authority.

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

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

**D. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2010-11.

**(8) Fund Balances**

General Fund Balance Policy - It is the policy of the City to maintain a reserve for large and unanticipated one-time expenditure requirements, a revenue reduction due to a change in state or federal legislation, impacts from adverse litigation or environmental occurrences/disaster, or similar unforeseen action and economic uncertainty. In fiscal year 2010/11 the City Council established an initial reserve of \$850,000. Each year the balance is to increase by a percentage equal to the percentage of total investment gain realized by the City's investment portfolio in the prior fiscal year. Annual increases to the reserve shall continue until the reserve reaches an amount equal to 40% of the General Fund budgeted expenditures. In any fiscal year when the reserve equals or exceeds 40% of the budgeted General Fund expenditures, the reserve amount shall not be increased. The City Council may, as part of the annual budget review, suspend increases to the reserve. The funds may be restricted for the uses described above if approved by a 4/5<sup>th</sup> vote of the City Council. Because this reserve is not restricted or committed to a specific program, it has been classified as unassigned fund balance in the accompanying financial statements.

**(9) Due From and To Other Funds**

Interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	\$ 639,857
	Nonmajor Governmental Funds	<u>14</u>
Total		<u>\$ 639,871</u> (a)

(a) These interfund balances are a result of short-term borrowings to cover temporary cash deficits in the Capital Improvement and Traffic Safety funds of the City at June 30, 2011.

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(10) Accumulated Fund Deficits**

The following funds reported deficits in fund balances/net assets as of June 30, 2011:

	<u>Deficit Balance</u>
Capital Projects Fund:	
Capital Improvement	\$ 639,857

Management's explanation for the resolution of significant accumulated fund deficit is summarized as follows:

Capital Improvement Fund:

The deficit in fund balance of \$639,857 is a result of \$792,054 of deferred revenue that has been recorded for receivables that are earned but not available within the availability period of 60 days.

**(11) 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, 2011. 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, 2010 (the most recent data available).

**CITY OF VILLA PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**(11) Joint Venture - Orange County Fire Authority (Continued)**

	<u>Governmental Activities</u>
Total Assets	<u>\$383,473,164</u>
Total Liabilities	<u>\$ 82,166,911</u>
Total Revenues	\$251,842,703
Total Expenses	<u>245,336,424</u>
Changes in Net Assets	6,506,279
Net Assets, Beginning, as restated	<u>294,799,974</u>
Net Assets, Ending	<u>\$301,306,253</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*.

## CITY OF VILLA PARK

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2011

(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.

**CITY OF VILLA PARK  
GENERAL FUND**

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

Year Ended June 30, 2011  
(with comparative data for prior year)

	2011				2010 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
<b>REVENUES</b>					
Taxes	\$ 2,045,900	2,080,900	2,186,674	105,774	2,135,350
Intergovernmental	32,500	50,400	71,739	21,339	49,401
Licenses and permits	346,000	346,000	349,467	3,467	338,795
Fines and forfeitures	49,000	44,000	45,313	1,313	119,458
Rental and investment income	25,000	25,000	19,246	(5,754)	12,171
Charges for services	34,000	34,000	25,150	(8,850)	21,269
Miscellaneous	67,700	67,700	70,279	2,579	28,171
<b>TOTAL REVENUES</b>	<u>2,600,100</u>	<u>2,648,000</u>	<u>2,767,868</u>	<u>119,868</u>	<u>2,704,615</u>
<b>EXPENDITURES</b>					
Current:					
General government	918,800	942,700	877,916	64,784	837,660
Public safety	1,092,200	1,092,600	1,091,985	615	1,081,880
Public works	380,200	376,400	359,952	16,448	443,741
Capital outlay	611,200	745,079	480,543	264,536	132,513
<b>Total expenditures</b>	<u>3,002,400</u>	<u>3,156,779</u>	<u>2,810,396</u>	<u>346,383</u>	<u>2,495,794</u>
<b>Net change in fund balances</b>	<u>(402,300)</u>	<u>(508,779)</u>	<u>(42,528)</u>	<u>466,251</u>	<u>208,821</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>1,940,450</u>	<u>1,940,450</u>	<u>1,940,450</u>	<u>-</u>	<u>1,731,629</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 1,538,150</u>	<u>1,431,671</u>	<u>1,897,922</u>	<u>466,251</u>	<u>1,940,450</u>

**SUPPLEMENTARY SCHEDULES**

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## 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 the following Nonmajor Special Revenue Funds:

**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.

**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.

## MAJOR AND NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Project Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

The City of Villa Park has the following Major Capital Project Funds:

**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 project.

The City of Villa Park has the following Nonmajor Capital Project Funds:

**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.

**CITY OF VILLA PARK  
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET**

June 30, 2011  
(with comparative data for prior year)

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Totals</b>	
			<b>2011</b>	<b>2010</b>
<b>ASSETS</b>				
Cash and investments	\$ 305,003	190,861	495,864	397,458
Receivables:				
Interest	147	32	179	211
Due from other governments	12,101	6,290	18,391	65,416
Total assets	\$ 317,251	197,183	514,434	463,085
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	-	-	13,776
Retentions payable	-	-	-	31,702
Due to other funds	14	-	14	16,303
Total liabilities	14	-	14	61,781
Fund balances:				
Restricted for:				
Street projects	127,902	160,879	288,781	196,212
Public safety	172,527	-	172,527	173,199
Sewers	-	36,304	36,304	29,103
Other purposes	16,808	-	16,808	9,443
Unassigned	-	-	-	(6,653)
TOTAL FUND BALANCES	317,237	197,183	514,420	401,304
TOTAL LIABILITIES AND FUND BALANCES	\$ 317,251	197,183	514,434	463,085

**CITY OF VILLA PARK  
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2011  
(with comparative data for prior year)

	Special Revenue Funds	Capital Project Funds	Totals	
			2011	2010
<b>REVENUES</b>				
Intergovernmental	\$ 169,636	53,484	223,120	254,285
Special assessments	-	14,006	14,006	14,006
Fines and forfeitures	13,475	-	13,475	12,486
Rental and investment income	1,096	184	1,280	2,163
<b>TOTAL REVENUES</b>	<b>184,207</b>	<b>67,674</b>	<b>251,881</b>	<b>282,940</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	114,832	-	114,832	91,981
Public works	16,716	6,460	23,176	199,009
Capital outlay	-	757	757	14,937
<b>TOTAL EXPENDITURES</b>	<b>131,548</b>	<b>7,217</b>	<b>138,765</b>	<b>305,927</b>
Net change in fund balances	52,659	60,457	113,116	(22,987)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>264,578</b>	<b>136,726</b>	<b>401,304</b>	<b>424,291</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 317,237</b>	<b>197,183</b>	<b>514,420</b>	<b>401,304</b>

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

**COMBINING BALANCE SHEET**

June 30, 2011  
(with comparative data for prior year)

	<u>Traffic Safety</u>	<u>Aid to Cities</u>	<u>Air Quality Management</u>	<u>Citizens Option for Public Safety</u>
<b>ASSETS</b>				
Cash and investments	\$ -	127,848	16,801	95,283
Receivables:				
Interest	6	54	7	51
Due from other governments	785	-	-	11,316
 Total assets	\$ 791	127,902	16,808	106,650
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Retentions payable	-	-	-	-
Due to other funds	14	-	-	-
 Total liabilities	14	-	-	-
Fund balances:				
Restricted for:				
Street projects	-	127,902	-	-
Public safety	777	-	-	106,650
Other purposes	-	-	16,808	-
 TOTAL FUND BALANCES	777	127,902	16,808	106,650
 TOTAL LIABILITIES AND FUND BALANCES	\$ 791	127,902	16,808	106,650

California Law Enforcement Equipment Program	Totals	
	2011	2010
65,071	305,003	254,098
29	147	163
-	12,101	55,795
<u>65,100</u>	<u>317,251</u>	<u>310,056</u>
-	-	13,776
-	-	31,702
-	14	-
<u>-</u>	<u>14</u>	<u>45,478</u>
-	127,902	81,936
65,100	172,527	173,199
-	16,808	9,443
<u>65,100</u>	<u>317,237</u>	<u>264,578</u>
<u>65,100</u>	<u>317,251</u>	<u>310,056</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

Year Ended June 30, 2011  
(with comparative data for prior year)

	<u>Traffic Safety</u>	<u>Aid to Cities</u>	<u>Air Quality Management</u>	<u>Citizens Option for Public Safety</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	62,300	7,320	100,016
Fines and forfeitures	13,475	-	-	-
Rental and investment income	32	382	45	402
<b>TOTAL REVENUES</b>	<u>13,507</u>	<u>62,682</u>	<u>7,365</u>	<u>100,418</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	14,000	-	-	93,422
Public works	-	16,716	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>14,000</u>	<u>16,716</u>	<u>-</u>	<u>93,422</u>
Net change in fund balances	(493)	45,966	7,365	6,996
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>1,270</u>	<u>81,936</u>	<u>9,443</u>	<u>99,654</u>
<b>FUND BALANCES (DEFICITS) AT END OF YEAR</b>	<u>\$ 777</u>	<u>127,902</u>	<u>16,808</u>	<u>106,650</u>

California Law Enforcement Equipment Program	Totals	
	2011	2010
-	169,636	200,301
-	13,475	12,486
<u>235</u>	<u>1,096</u>	<u>1,708</u>
<u>235</u>	<u>184,207</u>	<u>214,495</u>
7,410	114,832	91,981
-	16,716	104,843
<u>-</u>	<u>-</u>	<u>9,702</u>
<u>7,410</u>	<u>131,548</u>	<u>206,526</u>
(7,175)	52,659	7,969
<u>72,275</u>	<u>264,578</u>	<u>256,609</u>
<u><u>65,100</u></u>	<u><u>317,237</u></u>	<u><u>264,578</u></u>

**CITY OF VILLA PARK  
TRAFFIC SAFETY FUND**

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

Year Ended June 30, 2011  
(with comparative data for prior year)

	<u>2011</u>			<b>Variance with Final Budget Positive (Negative)</b>	<b>2010 Actual</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
<b>REVENUES</b>					
Fines and forfeitures	\$ 13,700	13,700	13,475	(225)	12,486
Rent and investment income	<u>300</u>	<u>300</u>	<u>32</u>	<u>(268)</u>	<u>39</u>
<b>TOTAL REVENUES</b>	<u>14,000</u>	<u>14,000</u>	<u>13,507</u>	<u>(493)</u>	<u>12,525</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>12,438</u>
<b>TOTAL EXPENDITURES</b>	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>12,438</u>
Net change in fund balances	-	-	(493)	(493)	87
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>1,270</u>	<u>1,270</u>	<u>1,270</u>	<u>-</u>	<u>1,183</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 1,270</u>	<u>1,270</u>	<u>777</u>	<u>(493)</u>	<u>1,270</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, 2011  
(with comparative data for prior year)

	<u>2011</u>			<b>Variance with Final Budget Positive (Negative)</b>	<b>2010 Actual</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
REVENUES					
Intergovernmental	\$ 62,300	62,300	62,300	-	65,832
Rent and investment income	600	600	382	(218)	752
<b>TOTAL REVENUES</b>	<u>62,900</u>	<u>62,900</u>	<u>62,682</u>	<u>(218)</u>	<u>66,584</u>
EXPENDITURES					
Current:					
Public works	129,000	129,000	16,716	112,284	100,920
<b>TOTAL EXPENDITURES</b>	<u>129,000</u>	<u>129,000</u>	<u>16,716</u>	<u>112,284</u>	<u>100,920</u>
Net change in fund balances	(66,100)	(66,100)	45,966	112,066	(34,336)
FUND BALANCES AT BEGINNING OF YEAR	<u>81,936</u>	<u>81,936</u>	<u>81,936</u>	<u>-</u>	<u>116,272</u>
FUND BALANCES AT END OF YEAR	<u>\$ 15,836</u>	<u>15,836</u>	<u>127,902</u>	<u>112,066</u>	<u>81,936</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, 2011  
(with comparative data for prior year)

	2011			Variance with Final Budget Positive (Negative)	2010 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 6,000	6,000	7,320	1,320	7,155
Rent and investment income	200	200	45	(155)	56
<b>TOTAL REVENUES</b>	<b>6,200</b>	<b>6,200</b>	<b>7,365</b>	<b>1,165</b>	<b>7,211</b>
EXPENDITURES					
Current:					
Public works	5,000	5,000	-	5,000	3,923
Capital outlay	2,000	2,000	-	2,000	-
<b>TOTAL EXPENDITURES</b>	<b>7,000</b>	<b>7,000</b>	<b>-</b>	<b>7,000</b>	<b>3,923</b>
Net change in fund balances	(800)	(800)	7,365	8,165	3,288
FUND BALANCES AT BEGINNING OF YEAR	9,443	9,443	9,443	-	6,155
FUND BALANCES AT END OF YEAR	<u>\$ 8,643</u>	<u>8,643</u>	<u>16,808</u>	<u>8,165</u>	<u>9,443</u>

**CITY OF VILLA PARK  
CITIZENS OPTION FOR PUBLIC SAFETY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2011  
(with comparative data for prior year)

	<u>2011</u>			<b>Variance with Final Budget Positive (Negative)</b>	<b>2010 Actual</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		
<b>REVENUES</b>					
Intergovernmental	\$ 100,000	100,000	100,016	16	124,253
Rent and investment income	<u>600</u>	<u>600</u>	<u>402</u>	<u>(198)</u>	<u>630</u>
Total revenues	<u>100,600</u>	<u>100,600</u>	<u>100,418</u>	<u>(182)</u>	<u>124,883</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	<u>85,000</u>	<u>98,500</u>	<u>93,422</u>	<u>5,078</u>	<u>69,048</u>
Total expenditures	<u>85,000</u>	<u>98,500</u>	<u>93,422</u>	<u>5,078</u>	<u>69,048</u>
Net change in fund balances	15,600	2,100	6,996	4,896	55,835
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>99,654</u>	<u>99,654</u>	<u>99,654</u>	<u>-</u>	<u>43,819</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><u>\$ 115,254</u></u>	<u><u>101,754</u></u>	<u><u>106,650</u></u>	<u><u>4,896</u></u>	<u><u>99,654</u></u>

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

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

Year Ended June 30, 2011  
(with comparative data for prior year)

	2011				2010 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
<b>REVENUES</b>					
Intergovernmental	\$ -	-	-	-	3,061
Rent and investment income	200	200	235	35	231
<b>Total revenues</b>	<u>200</u>	<u>200</u>	<u>235</u>	<u>35</u>	<u>3,292</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	9,400	9,400	7,410	1,990	10,495
Capital outlay	1,300	1,300	-	1,300	9,702
<b>Total expenditures</b>	<u>10,700</u>	<u>10,700</u>	<u>7,410</u>	<u>3,290</u>	<u>20,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,500)</u>	<u>(10,500)</u>	<u>(7,175)</u>	<u>3,325</u>	<u>(16,905)</u>
Net change in fund balances	(10,500)	(10,500)	(7,175)	3,325	(16,905)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>72,275</u>	<u>72,275</u>	<u>72,275</u>	<u>-</u>	<u>89,180</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><u>\$ 61,775</u></u>	<u><u>61,775</u></u>	<u><u>65,100</u></u>	<u><u>3,325</u></u>	<u><u>72,275</u></u>

**CITY OF VILLA PARK  
NONMAJOR CAPITAL PROJECT FUNDS**

**COMBINING BALANCE SHEET**

June 30, 2011  
(with comparative data for prior year)

	<u>Measure M</u>	<u>Street Improvements</u>	<u>Sewer Pump Maintenance</u>	<u>Totals</u>	
				<u>2011</u>	<u>2010</u>
<b>A S S E T S</b>					
Cash and investments	\$ 40,297	114,276	36,288	190,861	143,360
Receivables:					
Interest	16	-	16	32	48
Due from other governments	6,290	-	-	6,290	9,621
<b>Total assets</b>	<b>\$ 46,603</b>	<b>114,276</b>	<b>36,304</b>	<b>197,183</b>	<b>153,029</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ -	-	-	-	16,303
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,303</b>
Fund balances:					
Restricted for:					
Street projects	46,603	114,276	-	160,879	114,276
Sewers	-	-	36,304	36,304	29,103
Unassigned	-	-	-	-	(6,653)
<b>TOTAL FUND BALANCES</b>	<b>46,603</b>	<b>114,276</b>	<b>36,304</b>	<b>197,183</b>	<b>136,726</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 46,603</b>	<b>114,276</b>	<b>36,304</b>	<b>197,183</b>	<b>153,029</b>

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

Year Ended June 30, 2011  
(with comparative data for prior year)

	<u>Measure M</u>	<u>Street Improvements</u>	<u>Sewer Pump Maintenance</u>	<u>Totals</u>	
				<u>2011</u>	<u>2010</u>
<b>REVENUES</b>					
Intergovernmental	\$ 53,484	-	-	53,484	53,984
Special assessments	-	-	14,006	14,006	14,006
Rental and investment income	72	-	112	184	455
<b>TOTAL REVENUES</b>	<u>53,556</u>	<u>-</u>	<u>14,118</u>	<u>67,674</u>	<u>68,445</u>
<b>EXPENDITURES</b>					
Current:					
Public works	300	-	6,160	6,460	94,166
Capital outlay	-	-	757	757	5,235
<b>TOTAL EXPENDITURES</b>	<u>300</u>	<u>-</u>	<u>6,917</u>	<u>7,217</u>	<u>99,401</u>
Net change in fund balances	53,256	-	7,201	60,457	(30,956)
<b>FUND BALANCES (DEFICITS)</b>					
AT BEGINNING OF YEAR	<u>(6,653)</u>	<u>114,276</u>	<u>29,103</u>	<u>136,726</u>	<u>167,682</u>
<b>FUND BALANCES</b>					
AT END OF YEAR	<u>\$ 46,603</u>	<u>114,276</u>	<u>36,304</u>	<u>197,183</u>	<u>136,726</u>

**CITY OF VILLA PARK  
GAS TAX FUND**

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

Year Ended June 30, 2011  
(with comparative data for prior year)

	2011			Variance with Final Budget Positive (Negative)	2010 Actual
	Original Budget	Final Budget	Actual		
<b>REVENUES</b>					
Intergovernmental	\$ 104,900	104,900	105,475	575	106,680
Rent and investment income	900	900	417	(483)	1,113
Miscellaneous	3,000	3,000	-	(3,000)	-
Total revenues	<u>108,800</u>	<u>108,800</u>	<u>105,892</u>	<u>(2,908)</u>	<u>107,793</u>
<b>EXPENDITURES</b>					
Current:					
Public works	168,000	179,300	36,844	142,456	106,400
Capital outlay	-	-	-	-	65,025
Total expenditures	<u>168,000</u>	<u>179,300</u>	<u>36,844</u>	<u>142,456</u>	<u>171,425</u>
Net change in fund balances	(59,200)	(70,500)	69,048	139,548	(63,632)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>79,702</u>	<u>79,702</u>	<u>79,702</u>	<u>-</u>	<u>143,334</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><u>\$ 20,502</u></u>	<u><u>9,202</u></u>	<u><u>148,750</u></u>	<u><u>139,548</u></u>	<u><u>79,702</u></u>

**CITY OF VILLA PARK  
CITY SEWER IMPROVEMENT/MAINTENANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended June 30, 2011  
(with comparative data for prior year)

	2011			Variance with Final Budget Positive (Negative)	2010 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 415,000	415,000	419,354	4,354	423,497
Rent and investment income	1,200	1,200	922	(278)	1,521
Total revenues	<u>416,200</u>	<u>416,200</u>	<u>420,276</u>	<u>4,076</u>	<u>425,018</u>
EXPENDITURES					
Current:					
Public works	87,400	75,400	73,353	2,047	84,806
Capital outlay	257,069	292,492	292,411	81	558,956
Total expenditures	<u>344,469</u>	<u>367,892</u>	<u>365,764</u>	<u>2,128</u>	<u>643,762</u>
Net change in fund balances	71,731	48,308	54,512	6,204	(218,744)
FUND BALANCES AT BEGINNING OF YEAR	<u>127,125</u>	<u>127,125</u>	<u>127,125</u>	-	<u>345,869</u>
FUND BALANCES AT END OF YEAR	<u>\$ 198,856</u>	<u>175,433</u>	<u>181,637</u>	<u>6,204</u>	<u>127,125</u>

**CITY OF VILLA PARK  
CAPITAL IMPROVEMENT FUND**

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

Year Ended June 30, 2011  
(with comparative data for prior year)

	2011				2010 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
<b>REVENUES</b>					
Intergovernmental	\$ 1,318,500	1,456,700	821,612	(635,088)	213,248
Rental and investment income	2,000	2,000	-	(2,000)	1,252
<b>TOTAL REVENUES</b>	<u>1,320,500</u>	<u>1,458,700</u>	<u>821,612</u>	<u>(637,088)</u>	<u>214,500</u>
<b>EXPENDITURES</b>					
Capital outlay	1,291,700	1,429,900	860,649	569,251	910,343
<b>TOTAL EXPENDITURES</b>	<u>1,291,700</u>	<u>1,429,900</u>	<u>860,649</u>	<u>569,251</u>	<u>910,343</u>
Net change in fund balances	28,800	28,800	(39,037)	(67,837)	(695,843)
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR</b>	<u>(600,820)</u>	<u>(600,820)</u>	<u>(600,820)</u>	<u>-</u>	<u>95,023</u>
<b>FUND BALANCES (DEFICITS) AT END OF YEAR</b>	<u>\$ (572,020)</u>	<u>(572,020)</u>	<u>(639,857)</u>	<u>(67,837)</u>	<u>(600,820)</u>

**CITY OF VILLA PARK  
MEASURE M FUND**

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

Year Ended June 30, 2011  
(with comparative data for prior year)

	<u>2011</u>			<b>Variance with Final Budget Positive (Negative)</b>	<b>2010 Actual</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		
<b>REVENUES</b>					
Intergovernmental	\$ 48,000	48,000	53,484	5,484	53,984
Rent and investment income	<u>300</u>	<u>300</u>	<u>72</u>	<u>(228)</u>	<u>283</u>
<b>TOTAL REVENUES</b>	<u>48,300</u>	<u>48,300</u>	<u>53,556</u>	<u>5,256</u>	<u>54,267</u>
<b>EXPENDITURES</b>					
Current:					
Public works	<u>40,000</u>	<u>40,000</u>	<u>300</u>	<u>39,700</u>	<u>89,645</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>300</u>	<u>39,700</u>	<u>89,645</u>
Net change in fund balances	8,300	8,300	53,256	44,956	(35,378)
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR</b>	<u>(6,653)</u>	<u>(6,653)</u>	<u>(6,653)</u>	<u>-</u>	<u>28,725</u>
<b>FUND BALANCES (DEFICITS) AT END OF YEAR</b>	<u>\$ 1,647</u>	<u>1,647</u>	<u>46,603</u>	<u>44,956</u>	<u>(6,653)</u>

**CITY OF VILLA PARK  
STREET IMPROVEMENTS FUND**

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

Year Ended June 30, 2011  
(with comparative data for prior year)

	<u>2011</u>			<b>Variance with Final Budget Positive (Negative)</b>	<b>2010 Actual</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
<b>REVENUES</b>					
Charges for services	\$ -	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
Public works	-	-	-	-	-
Net change in fund balances	-	-	-	-	-
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>114,276</u>	<u>114,276</u>	<u>114,276</u>	<u>-</u>	<u>114,276</u>
<b>FUND BALANCES AT END OF YEAR</b>	<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, 2011  
(with comparative data for prior year)

	<u>2011</u>			<b>Variance with Final Budget Positive (Negative)</b>	<b>2010 Actual</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		
<b>REVENUES</b>					
Special assessments	\$ 14,000	14,000	14,006	6	14,006
Rent and investment income	300	300	112	(188)	172
<b>TOTAL REVENUES</b>	<u>14,300</u>	<u>14,300</u>	<u>14,118</u>	<u>(182)</u>	<u>14,178</u>
<b>EXPENDITURES</b>					
Current:					
Public works	6,500	7,700	6,160	1,540	4,521
Capital outlay	7,600	6,400	757	5,643	5,235
<b>TOTAL EXPENDITURES</b>	<u>14,100</u>	<u>14,100</u>	<u>6,917</u>	<u>7,183</u>	<u>9,756</u>
Net change in fund balances	200	200	7,201	7,001	4,422
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>29,103</u>	<u>29,103</u>	<u>29,103</u>	<u>-</u>	<u>24,681</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><u>\$ 29,303</u></u>	<u><u>29,303</u></u>	<u><u>36,304</u></u>	<u><u>7,001</u></u>	<u><u>29,103</u></u>

**STATISTICAL SECTION**

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**CITY OF VILLA PARK**  
**STATISTICAL SECTION (Unaudited)**

Year Ended June 30, 2011

This part of the City of Villa Park's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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**CITY OF VILLA PARK**  
**NET ASSETS BY COMPONENT**  
 Last Eight Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:								
Invested in capital assets, net of related debt	\$ 508,789	831,286	980,993	1,427,882	2,755,499	3,127,671	4,735,364	6,252,755
Restricted	443,356	316,813	374,832	455,514	703,962	1,008,517	725,150	915,579
Unrestricted	1,607,456	1,378,410	1,306,592	1,684,085	1,712,031	1,698,742	1,887,106	1,733,258
<b>Total governmental activities net assets</b>	<b>\$ 2,559,601</b>	<b>2,526,509</b>	<b>2,662,417</b>	<b>3,567,481</b>	<b>5,171,492</b>	<b>5,834,930</b>	<b>7,347,620</b>	<b>8,901,592</b>

*Eight years of data reflects the City's implementation of GASB 34 for the fiscal year ended June 30, 2004. Information prior to the implementation of GASB 34 is not available.*

Source: City Finance Department

**CITY OF VILLA PARK**  
**CHANGES IN NET ASSETS**  
 Last Eight Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses:</b>								
General government	\$ 641,530	930,222	920,770	996,307	1,023,511	964,900	859,970	1,184,187
Public safety	883,490	884,136	1,119,673	982,947	1,224,440	1,087,108	1,179,679	1,211,235
Public works	1,116,370	1,122,214	1,021,788	811,364	783,269	1,003,246	893,713	590,111
Total expenses	<u>2,641,390</u>	<u>2,936,572</u>	<u>3,062,231</u>	<u>2,790,618</u>	<u>3,031,220</u>	<u>3,055,254</u>	<u>2,933,362</u>	<u>2,985,533</u>
<b>Revenues:</b>								
<b>Program revenues:</b>								
Charges for services	335,366	333,387	328,106	773,650	349,941	658,572	746,841	677,080
Operating contributions & grants	527,603	332,282	447,515	454,842	987,257	373,061	376,555	343,654
Capital contributions & grants	148,111	46,320	80,706	9,007	493,822	173,202	925,686	993,589
<b>Taxes:</b>								
Property taxes	1,137,495	1,258,748	1,378,297	1,808,514	1,903,805	1,947,486	1,956,232	1,895,820
Sales tax	200,651	225,819	219,339	225,259	241,718	212,281	143,834	213,777
Franchise taxes	191,437	199,353	233,129	246,754	213,695	237,104	214,109	220,770
Motor vehicle in lieu, unrestricted	301,644	448,252	385,372	63,766	47,255	54,993	47,015	69,320
Investment income	16,099	17,011	41,306	54,469	58,214	30,876	12,171	19,246
Other general revenues	34,176	42,308	73,199	59,421	223,744	31,117	23,609	106,249
Total revenues	<u>2,892,562</u>	<u>2,903,480</u>	<u>3,186,969</u>	<u>3,695,682</u>	<u>4,519,451</u>	<u>3,718,692</u>	<u>4,446,052</u>	<u>4,539,505</u>
Changes in net assets	\$ <u>251,192</u>	<u>(33,092)</u>	<u>124,738</u>	<u>905,064</u>	<u>1,488,231</u>	<u>663,438</u>	<u>1,512,690</u>	<u>1,553,972</u>

Eight years of data reflects the City's implementation of GASB 34 for the fiscal year ended June 30, 2004. Information prior to the implementation of GASB 34 is not available.

Source: City Finance Department

**CITY OF VILLA PARK  
FUND BALANCES OF GOVERNMENTAL FUNDS**

Fiscal Year Ended  
(modified accrual basis of accounting)

	<b>2011</b>
General fund:	
Nonspendable	\$ 141,103
Restricted	-
Assigned	58,600
Unassigned	1,698,219
Total general fund	\$ 1,897,922
All other governmental funds:	
Nonspendable	\$ -
Restricted	736,713
Assigned	108,094
Unassigned	(639,857)
Total all other governmental funds	\$ 204,950

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*Current year data reflects the City's implementation of GASB 54 for the fiscal year ended June 30, 2011. Information prior to the implementation of GASB 54 is not available.*

Source: City Finance Department

**CITY OF VILLA PARK**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Taxes	1,269,336	1,308,983	1,368,019	1,514,824	1,635,430	2,072,155	2,183,560	2,196,320	2,135,350	2,186,674
Intergovernmental	700,315	711,967	787,432	744,038	785,488	969,787	1,302,839	1,141,778	1,047,111	1,641,300
Special assessments	5,456	13,958	15,154	15,154	14,860	15,200	12,313	15,155	14,006	14,006
Licenses and permits	395,565	426,947	459,629	465,010	446,090	418,139	424,466	368,861	338,795	349,467
Fines and forfeitures	37,924	37,360	44,856	36,466	53,062	22,019	47,359	39,343	131,944	58,788
Rental and investment income	90,861	50,907	25,247	37,432	61,310	93,862	93,596	47,956	18,220	21,865
Charges for services	29,929	90,004	40,452	41,305	61,822	56,400	48,730	35,882	21,269	25,150
Other	17,829	140,724	151,705	49,166	112,591	49,295	255,012	40,990	28,171	70,279
<b>Total revenues</b>	<b>\$ 2,547,215</b>	<b>2,780,850</b>	<b>2,892,494</b>	<b>2,903,395</b>	<b>3,170,473</b>	<b>3,696,857</b>	<b>4,367,875</b>	<b>3,886,285</b>	<b>3,734,866</b>	<b>4,367,529</b>
<b>Expenditures</b>										
<b>Current:</b>										
General government	791,239	691,404	850,993	895,243	899,640	975,665	1,001,707	944,402	837,660	877,916
Public safety	737,297	861,401	873,086	874,773	1,110,493	975,403	1,222,843	1,085,521	1,173,861	1,206,817
Public works	745,680	1,138,708	1,083,338	1,443,368	1,174,784	675,413	734,588	944,474	833,956	493,325
Capital Outlay	424,030	7,290	14,400	14,000	-	497,481	1,386,804	442,599	1,681,774	1,634,360
<b>Total expenditures</b>	<b>2,698,246</b>	<b>2,698,713</b>	<b>2,821,817</b>	<b>3,227,384</b>	<b>3,184,917</b>	<b>3,123,962</b>	<b>4,345,942</b>	<b>3,416,996</b>	<b>4,527,251</b>	<b>4,212,418</b>
Excess (deficiency) of revenues over (under) expenditures	(151,031)	82,137	70,677	(323,989)	(14,444)	572,895	21,933	469,289	(792,385)	155,111
<b>Other financing sources (uses):</b>										
Transfers in	-	208,918	139,302	447,000	247,963	-	-	-	-	-
Transfers out	-	(218,993)	(139,302)	(503,500)	(297,963)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(10,075)</b>	<b>-</b>	<b>(56,500)</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (151,031)</b>	<b>72,062</b>	<b>70,677</b>	<b>(380,489)</b>	<b>(64,444)</b>	<b>572,895</b>	<b>21,933</b>	<b>469,289</b>	<b>(792,385)</b>	<b>155,111</b>

Source: City Finance Department

**CITY OF VILLA PARK  
PROPERTY TAX LEVIES AND COLLECTIONS**

Last Fiscal Year

<b>Fiscal Year</b>	<b>Original Taxes Levied</b>	<b>Adjustments</b>	<b>Total Levy</b>	<b>Amount Collected</b>	<b>% of Total Levy Collected</b>
2010-11	\$ 1,344,833	\$ 12,898	\$ 1,357,731	\$ 1,311,674	96.6%

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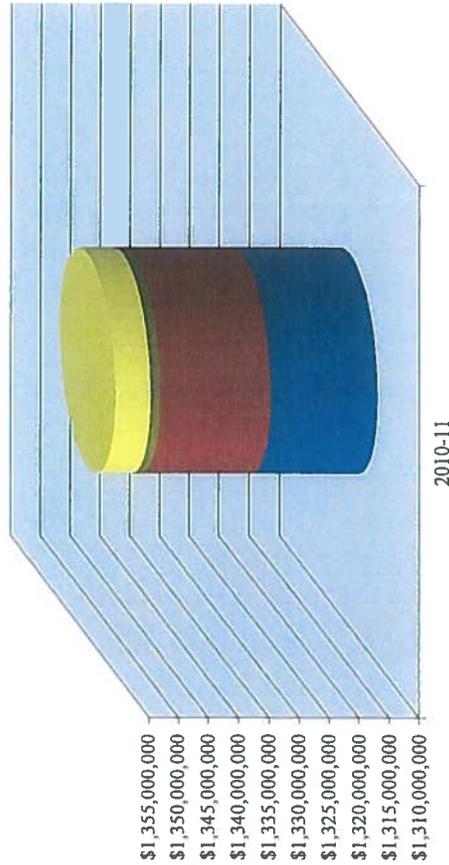
*Data prior to the fiscal year ended June 30, 2011 is not available.*

Source: Orange County Auditor-Controller, MuniServices, LLC

**CITY OF VILLA PARK  
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY, CITYWIDE**

Last Fiscal Year

Fiscal Year End	Residential Property	Commercial Property	Rural Property	Government Property	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2010-11	\$ 1,327,759,490	\$ 18,405,768	\$ 1,555,706	\$ -	\$ 5,966,415	\$ 11,453,411	\$ 1,342,233,968	0.104734	\$ 1,346,663,340	1.003300



- Unsecured
- Secured - Rural
- Secured - Commercial
- Secured - Residential

Data prior to the fiscal year ended June 30, 2011 is not available.

Source: County Assessor data, MuniServices, LLC  
Value does not include state utility value of \$27,442

(1.) Total direct tax rate is the city share of the 1% Proposition 13 tax only for TRA 024-000.

(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

**CITY OF VILLA PARK**  
**ASSESSED VALUE OF TAXABLE PROPERTY BY USE CODE, CITYWIDE**

Last Fiscal Year

<u>Category</u>	<u>2010-11</u>
Residential	\$ 1,327,759,490
Commercial	18,405,768
Rural	1,555,706
Government	-
Gross Secured Value	<u>1,347,720,964</u>
Unsecured	5,966,415
Exemptions	11,453,411
Net Taxable Value	<u>\$ 1,342,233,968</u>

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*Data prior to the fiscal year ended June 30, 2011 is not available.*

Source: County Assessor data, MuniServices, LLC  
 Use code categories based on Orange County Assessor's data.  
 State Utilities values are not included in assessed value totals.

**CITY OF VILLA PARK  
OPERATING INDICATORS**

Last Fiscal Year

	<u><b>2010-11</b></u>
Finance	
Business Licenses Issued	158
Police	
Part 1 Crimes	53
Fire	
Calls for Service	388
Planning	
Conditional Use Permits Issued	3
Variance Permits Issued	5
Public Works	
Building Permits Issued	323
Street Area Resurfaced (sq/ft)	761,550

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*Data prior to the fiscal year ended June 30, 2011 is not available.*

Source: City Manager's Office, City Finance Department, City Public Works Department, City Planning Department

**CITY OF VILLA PARK  
 FULL-TIME AND PART-TIME EMPLOYEES  
 BY FUNCTION  
 Last Ten Fiscal Years**

<u>Function</u>	<u>Full-Time and Part-Time Employees as of June 30</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government	4	4	4	4	4	5	5	5	5	5
Public Safety <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
Public Works	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

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Source: City Finance Department

<sup>1</sup> Police services were provided by the Orange County Sheriff's Department.

**CITY OF VILLA PARK  
PRINICIPAL EMPLOYERS**

Last Fiscal Year

<u>Business Name</u>	<u>2010-11</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment (%)</u>
Orange Unified School District	1,320	40.00%
Steve Wolff & Associates	25	0.76%
Ralphs Grocery	20	0.61%
Wells Fargo Bank	18	0.55%
New Life Chiropractic	13	0.39%
Serrano Water District	13	0.39%
Villa Park Pharmacy	10	0.30%
Union Bank	9	0.27%
First Class Pizza*	9	0.27%
Pink Laundry Clothing Boutique	6	0.18%
<b>Total Top Employers</b>	<b>1,443</b>	<b>43.73%</b>
<b>Total City Labor Force (1)</b>	<b>3,300</b>	

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*Data prior to the fiscal year ended June 30, 2011 is not available.*

Source: MuniServices, LLC

\*includes full and part time employees.

Additional businesses that may qualify for Top 10 ranking were identified. However, actual employee counts could not be verified.

**CITY OF VILLA PARK  
DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Fiscal Year

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age</b>	<b>*Public School Enrollment</b>	<b>County Unemployment Rate (%) (3)</b>	<b>City Unemployment Rate (%) (3)</b>	<b>County Population (1)</b>
2010-11	5,823	\$ 458,408,396	\$ 78,724	48.5	30,373	9.0%	5.2%	1,573,800

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*Data prior to the fiscal year ended June 30, 2011 is not available.*

Source: MuniServices, LLC

1.) Population Projections are provided by the California Department of Finance Projections.

2.) Income Data is provided by the United States Census Data and is adjusted for inflation.

3.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

\*Public School Enrollment reflects the total number of students enrolled in the Orange Unified School District only.

**CITY OF VILLA PARK  
DIRECT AND OVERLAPPING PROPERTY TAX RATES**

Last Fiscal Year

	<u><b>2010-11</b></u>
Basic City and County Levy	
CITY OF VILLA PARK	0.10473352
COUNTY ORANGE	0.24744949
ORANGE COUNTY SCHOOLS	0.64781699
TOTAL	<u>1.00000000</u>
Override Assessments	
RANCHO SANTIAGO CCD 2002 SR 2005B	0.01227000
RANCHO SANTIAGO CCD 2002 SR 2003A	0.01186000
RANCHO SANTIAGO CCD 2002 SR 2006C	0.00728000
METRO WATER DIST	0.00370000
TOTAL	<u>0.03511000</u>
TOTAL TAX RATE	<u><u>1.03511000</u></u>

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*Data prior to the fiscal year ended June 30, 2011 is not available.*

Source: Orange County Auditor/Controller data, MuniServices, LLC  
 Primary TRA 024-000 is represented for purposes of this table.  
 Rates are not adjusted for ERAF.

**CITY OF VILLA PARK  
PRINCIPAL PROPERTY TAX PAYERS**

Last Fiscal Year

Taxpayer	2010-11	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Ralphs Grocery	\$ 7,562,687	0.56%
Sarkaria Daljit	4,744,456	0.35%
Lee Mie Kyung	4,635,583	0.35%
Lee Anthony	3,849,298	0.29%
Nieman Charles	3,580,245	0.27%
De Santis Joseph	3,468,000	0.26%
White Thomas	3,447,991	0.26%
Matranga Robert	3,292,432	0.25%
Jackson David	3,285,178	0.24%
Sarkaria John	3,160,428	0.24%
Olia Ben	3,088,830	0.23%
Kruger John	3,072,699	0.23%
Albert Marsha	3,006,684	0.22%
Keller Ulrich	3,004,264	0.22%
First Santiago Business LLC	2,812,196	0.21%
Anderson William Judy	2,801,578	0.21%
Malloy Family Partners	2,589,771	0.19%
Vednor Robert David Linda S	2,405,845	0.18%
Flores Larry L	2,384,807	0.18%
Gudzunas Petronella A	2,372,625	0.18%
Granito Arthur	2,296,607	0.17%
Skeffington William	2,289,599	0.17%
Roaf William	2,187,801	0.16%
Patel Jayanti n Bhavana	2,157,864	0.16%
Thornburn Andrew	2,150,000	0.16%
Total Top 25 Taxpayers	\$ 79,647,468	5.93%
Total Taxable Value	\$ 1,342,233,968	100.00%

*Data prior to the fiscal year ended June 30, 2011 is not available.*

Source: Los Angeles County Assessor data, MuniServices, LLC

**CITY OF VILLA PARK**  
**CAPITAL ASSETS STATISTICS BY FUNCTION**  
 Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government:										
Community Facilities	1	1	1	1	1	1	1	1	1	1
Public Works:										
Streets (Lane Miles)	70	70	70	70	70	70	70	70	70	70
Street Lights	1	1	1	1	1	1	1	1	1	1
Traffic Signals	15	15	15	15	15	15	15	15	15	15

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Source: City Manager's Office, City Public Works Department

**CITY OF VILLA PARK  
MISCELLANEOUS STATISTICAL INFORMATION**

June 30, 2011

Date of Incorporation .....January 16, 1962

Form of Government.....General Law/Council-Manager  
Area..... 2.1 Square Miles  
Population (as of January 1, 2011) ..... 5,823

Lane miles of streets..... 68

Employees (full-time) ..... 5  
Employees (part-time)..... 2

Public Safety:  
Police..... Contracted with the Orange County Sheriff's Department  
Fire ..... Contracted with the Orange County Fire Authority

Recreation & Culture:  
Park Acreage.....None

Education:  
Elementary schools (K-6) ..... 2  
Middle schools (7-8) ..... 1  
High schools..... 1  
Private schools ..... 0

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Source: City Manager's Office