

City of Villa Park

Year Ended
June 30, 2015

Comprehensive Annual Financial Report



17855 Santiago Boulevard
Villa Park, CA 92861
www.villapark.org

CITY OF VILLA PARK, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015



Prepared by the Villa Park Finance Department

Michelle Danaher

Finance Director

CITY OF VILLA PARK
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015

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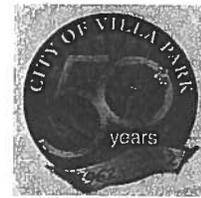
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INTRODUCTORY SECTION



City of Villa Park

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October 19, 2015

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 (FY) 2014/15. 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, 2015 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 Gruber and Associates (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, 2015, 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, 2015. 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.

DIANA FASCENELLI, Mayor • GREG MILLS, Mayor Pro Tem
RICK BARNETT, Councilmember • ROBERT COLLACOTT, Councilmember • BILL NELSON, Councilmember

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 approximately 2,000 residential homes. With the exception of the Villa Park Town Center, 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 City Attorney and volunteer City Treasurer are also appointed by the City Council. All other staff is hired by the City Manager.

The City provides a variety of municipal services through contracts for police and fire services, engineering, 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 1st 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 Manager 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, and has experienced a slight ray of hope with the slow recovery of this epic recession. Slight increases in consumer spending have been seen along with a surprising increase in real estate sales which have had a positive impact on the City's sales and property taxes.

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

Overall tax revenues remained consistent with the prior year, while property tax increased over the prior year even in light of the economic climate. Property tax unknowns include additional property tax assessment appeals as well as delinquencies going into the next fiscal year.

LONG-TERM FINANCIAL PLANNING

As of June 30, 2015, the City has a General Fund reserve amount of \$1,300,000 for economic uncertainties, in the unassigned fund balance along with assignments of fund balance (for all City funds) \$25,000 for vehicle replacement, \$100,000 for infrastructure replacement, \$11,000 for VPTV capital improvements, \$25,000 for accrued leave, \$45,000 for CJPIA retroactive deposit repayment, \$50,000 for contingency, \$100,000 for capital improvement, \$15,000 pump replacement, \$90,000 for sewer conditioning TV monitoring, and \$15,500 for the Sewer Master Plan. 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 FY 2014/15 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 have increased by 1% each year until FY 2015/16 where 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 \$1,300,000. Pursuant to the financial reserve policy, a 4/5 vote of the Council is required to use this reserve. In addition, each year the balance is to increase by an amount equal to the amount of total long-term 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 50% of the General Fund budgeted expenditures. As of June 30, 2015, the reserve is at 41% of General Fund budgeted expenditures.

MAJOR INITIATIVES

In FY 2014/15 the City Council budgeted for both its annual street rehabilitation project in conjunction with the City Pavement Management System recommendations and its annual sewer improvement project in conjunction with the City Sewer Master Plan. However, the annual street rehabilitation project was deferred into FY 2015/16 resulting in a two-year annual street rehabilitation project in order to maximize the economies of scale on a large two-year street project. The annual sewer improvement project was completed in FY 2014/15 as budgeted.

ORGANIZATIONAL ACCOMPLISHMENTS

The following are some of the City's accomplishments during FY 2014/15:

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 meetings, maintained the City's records retention program, and successfully held the November 2014 election inclusive of the firework ballot measure.

The Finance Department received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for Fiscal Year beginning July 1, 2014 for the fifth consecutive year.

The City Attorney successfully kept the City out of litigation in FY 2014/15.

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

The Public Works Department maintained its curb/gutter/sidewalk deficiency reporting program and maintenance schedule to track costs and maintenance needs.

The Building and Safety Department oversaw all citywide residential remodels.

The Planning Department completed updated of residential portions of the zoning code, and reduced the cost and time needed to service common/minor improvements to residential properties.

The Engineering Department completed the 2014/15 sewer improvement project, implemented school traffic calming improvements, and managed the Catch Basin Phase II project.

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 received this award for the third time for FY 2012/13. However, management has decided to forgo applying for this award for the second year FY 2014/15 as the benefit does not exceed the cost to the City this fiscal year. Staff has compiled 90% of the GFOA CAFR required information; it merely does not include the updated statistical information that is purchased through an outside source. Staff will continue to work with their independent auditors to publish a comprehensive document and will revisit applying each year if circumstances change.

We would like to recognize the assistance of City staff in the preparation of this CAFR with the cooperation of the City's auditors, Gruber and Associates. 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



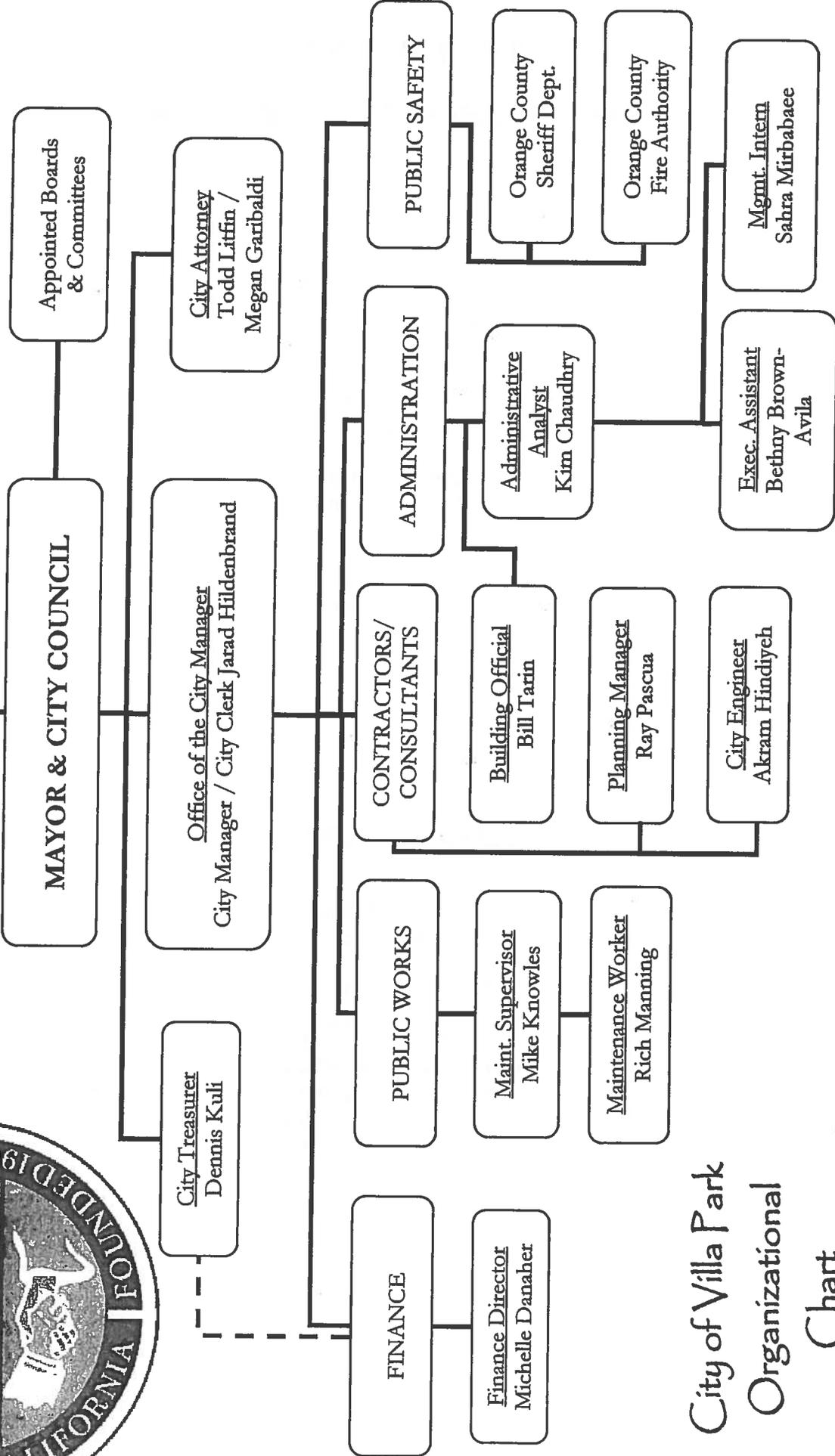
Jared Hildenbrand
City Manager



Michelle Panaher
Finance Director



Residents of Villa Park



City of Villa Park
Organizational
Chart

CITY OF VILLA PARK
LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL

DIANA FASCENELLI
Mayor

GREG MILLS
Mayor Pro Tem

RICHARD BARNETT
Councilmember

ROBERT COLLACOTT
Councilmember

WILLIAM NELSON
Councilmember

CITY ADMINISTRATION

JARAD HILDENBRAND
City Manager

Todd Litfin, City Attorney
Michelle Danaher, Finance Director
Akram Hindiyeh, City Engineer
Bill Tarin, Building Official
Ray Pascua, Planning Manager
Lieutenant Rob Gunzel, Chief of Police Services
Chief Jeff Bowman, Fire Chief

FINANCIAL SECTION



An Independent CPA Firm

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Villa Park, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Villa Park's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described further in note one to the financial statements, during the year ended June 30, 2015, the City implemented GASB Statement No's 45 and 68. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

The financial statements of the City of Villa Park as of June 30, 2014, were audited by other auditors whose report dated December 5, 2014, expressed an unmodified audit opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Villa Park's basic financial statements. The *combining and individual nonmajor fund financial statements* and the *introductory section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual nonmajor fund financial statements* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Villa Park's internal control over financial reporting and compliance.

David L. Gruber and Associates, Inc.



Huntington Beach, California
October 19, 2015

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, 2015. 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 (FY) 2014/15, the City maintained an All Governmental Funds Fund Balance of \$3,879,476.
- The General Fund spendable Fund Balance increased by 16.46% from FY 2013/14, for a total balance of \$2,664,482 at June 30, 2015.
- Total governmental funds revenue from all sources in FY 2014/15 equaled \$4,062,034.
- Total costs for all governmental funds expenses in FY 2014/15 equaled \$3,634,875.
- In the General Fund, the City spent \$1,022,097 on general government expenditures; \$1,218,338 on public safety expenditures, \$468,479 on public works expenditures and \$104,920 on capital outlay expenditures.

USING THE ACCOMPANYING FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position 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 *financial statements, required supplementary information*, and an optional section that presents *combining statements* of non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

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

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

REPORTING THE CITY AS A WHOLE

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position 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 position and changes in them. The City's net position is the difference between assets and liabilities, and is one way to measure the City's financial health or *financial position*. Over time, *increases or decreases* in the City's net position 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 Position 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 Position 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 Position 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 position (Table 1) and changes in net position (Table 2) of the City's government-wide activities. The City does not have business type activities.

**Table 1
Net Position**

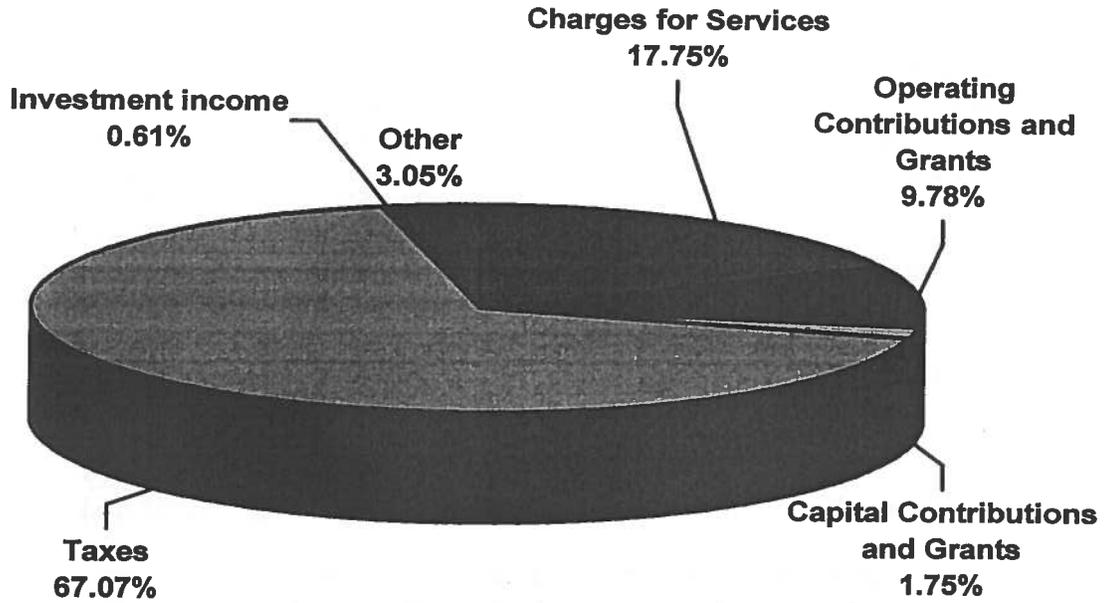
	<u>Governmental Activities</u>	
	<u>2014-2015</u>	<u>2013-2014</u>
Current & other assets	\$4,835,278	\$4,135,235
Capital assets, net	<u>9,184,718</u>	<u>8,747,671</u>
Total Assets	14,019,996	12,882,906
Deferred Outflows of Resources	131,978	-
Non-current liabilities	1,285,348	193,426
Other liabilities	<u>509,916</u>	<u>237,001</u>
Total Liabilities	1,795,264	430,427
Deferred Inflows of Resources	181,832	-
Net Position:		
Invested in capital assets	9,184,718	8,747,671
Restricted	819,750	1,164,380
Unrestricted	<u>2,170,410</u>	<u>2,540,428</u>
Total Net Position	<u>\$12,174,878</u>	<u>\$12,452,479</u>

Total net position decreased from \$12,452,479 in FY 2014/15 to \$12,174,878 in FY 2014/15 due to the following:

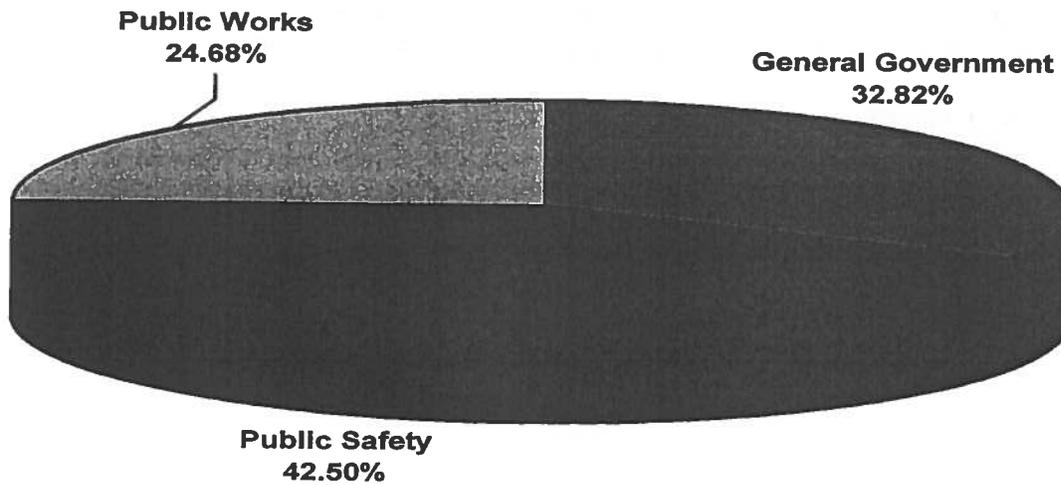
- Change in net position decreased \$481,280 specifically due to the one-time PERS sidefund payoff, and the recognition of both Villa Park's OPEB and Pension liabilities beginning in FY 14/15 in compliance with GASB 45 and GASB 68.
- Unrestricted net position that are available for use without constraints established by legal requirements are \$2,170,410 as of June 30, 2015.

**FISCAL YEAR 2014/15 GOVERNMENTAL ACTIVITIES
(See Table 2)**

Sources of Revenues



Functional Expenses



**Table 2
Changes in Net Position**

Revenues	<u>Governmental Activities</u>	
	<u>2014-2015</u>	<u>2013-2014</u>
Program Revenues:		
Charges for Services	\$ 720,876	\$ 749,283
Operating Contributions & Grants	397,086	399,859
Capital Contributions & Grants	71,055	109,038
Program Revenue Total	<u>1,189,017</u>	<u>1,258,180</u>
General Revenue:		
Taxes:		
Sales Taxes	314,860	310,131
Property Taxes	2,152,861	2,073,699
Franchise Taxes	254,191	243,188
Motor Vehicle in Lieu	2,585	2,676
Investment Income	24,655	30,272
Other	123,834	108,312
General Revenue Total	<u>2,872,986</u>	<u>2,768,278</u>
Total Revenues	<u>4,062,003</u>	<u>4,026,458</u>
Expenses		
General Government	1,032,450	801,987
Public Safety	1,337,189	1,275,791
Public Works	776,591	551,627
Total Expenses	<u>3,146,230</u>	<u>2,629,405</u>
Increase in net position	<u>\$ 915,773</u>	<u>\$ 1,397,053</u>

Overall, the City fared very well despite the overall state economics and financial markets declines over the past few years. The City's total revenues were \$4,062,003, while the total cost of all programs and services were \$3,146,230. A slight economic recovery was experienced in the housing market that helped bolster the City's revenue stream in FY 2014/15.

Overall, routine revenues were stable and consistent with budget projections for the year despite the unsteady economic state financial situation. City management makes a deliberate effort to anticipate the year's revenue flow and spend within its means.

Total City expenses were \$3,146,230, an increase of \$516,825 from fiscal year 2014/15. The most significant source of the operating increase was the one-time PERS sidefund payoff.

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, 2015

	Governmental Activities	
	<u>Total Cost of Services</u>	<u>Net Cost of Service</u>
General Government	\$ 1,032,450	(943,769)
Public Safety	1,337,189	(1,219,156)
Public Works	<u>776,591</u>	<u>205,712</u>
 Total	 <u>\$3,146,230</u>	 <u>(\$1,957,213)</u>

General Government expenses comprise 33% 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 43% 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. Their expenses include four and 1/6th of deputy positions, a portion of an investigator, and half of the cost of a Lieutenant who serves as the Chief of Police Services. Public Safety expenses mostly reflect the true cost of each deputy position, to include retirement and employee benefits, as well as expenses related to patrol cars and radio equipment.

Public Works' expenses comprise 25% 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 \$3,879,476. Seventy-nine point eight (79.7%) percent of this balance is within the General Fund. The General Fund Unassigned Reserve was established for FY 2014/15 at \$1,300,000. Furthermore, the City Council established additional fund balance assignments for all funds totaling \$356,000.

As has been observed, 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. Despite the slow economy, total tax revenues came in 3.8% above the prior year's revenue. 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 current standards. In the current year, revenues were slightly higher than the prior year. While property taxes experienced a slight growth, intergovernmental revenues (grant revenues from other government agencies) increased in FY 2014/15 by 8.4%, resulting in a net increase of \$70,622.

Overall, the City's financial position remains extremely positive with an increase in available funding over the previous year.

Management is continually seeking proactive and strategic opportunities to expand the revenues available to the City in addition to limiting expenditures beyond needed capital improvements or consolidating projects to maximize economies of scale on two-year projects. In light of the State Budget crisis, the City had taken a very conservative approach with its budget projects over the last three years. It will continue to strategically plan financially the needs of the City and the funding sources available in order to maintain its fiscal prudence. What is evident, however, from a review of the City's financial statements, is that the City has the ability to continue to deliver core services to its residents and to maintain a high quality of life through careful planning of public improvements and active solicitation of grant funding to offset net costs. The result is that overall Fund Balance Available at the end of any given Fiscal Year is dictated by the amount and extent of public work improvements undertaken during that year.

GENERAL FUND HIGHLIGHTS

Revenues: Current year General Fund revenues were greater than the prior year revenues by \$83,898. The increase in revenues from the prior year were a result of 3.8% increase in property taxes.

Expenditures: The current year General Fund expenditures were more than the prior year expenditures by \$165,514. This is due to the one-time PERS sidefund payoff. The current year expenditures were still under budget by \$330,766, as a result of deferring the 2014/15 street rehabilitation project in order to combine two year street projects maximizing economies of scale.

Ending Fund Balance: Total General Fund Balance for the year increased from \$2,754,625 to \$3,098,432.

GAS TAX FUND HIGHLIGHTS

Revenues: The current year Gas Tax Fund revenues were slightly lower than the prior year by \$11,574. This decrease is a direct result of the State adjustments made in FY 2013/14 for Highway Users Tax Account 2103 revenues.

Expenditures: Current year Gas Tax Fund expenditures were significantly lower than prior FY 2013/14 expenditures by \$309,880. This is due to the deferral of the 2014/15 street rehabilitation project in order to combine two year street projects maximizing economies of scale.

Ending Fund Balance: Total Gas Tax Fund Balance for the year increased from \$56,468 to \$190,702. These monies are restricted and available only for citywide transportation related purposes.

CITY SEWER IMPROVEMENT/MAINTENANCE FUND HIGHLIGHTS

Revenues: Current year City Sewer Improvement/Maintenance Fund revenues were lower than the prior year revenues by \$22,590, namely due to refunds discovered on properties that were billed multiple times in error by the County on their tax roll.

Expenditures: The current year City Sewer Improvement/Maintenance Fund expenditures were less than the prior year expenditures by \$103,729. This is primarily due to a two-year sewer project completed in FY 2013/14, and a slightly smaller project completed in FY 2014/15.

Ending Fund Balance: Total City Sewer Improvement/Maintenance Fund Balance for the year decreased from \$468,576 to \$307,082. These monies are restricted and available only for citywide sewer improvements.

CAPITAL IMPROVEMENT FUND HIGHLIGHTS

Revenues: The current year Capital Improvement Fund revenues were higher than the prior year by \$97,000. The primary reason for the increase was a result of the timing of grant reimbursements from three different projects, one was received in FY 2014/15. The other two reimbursements are anticipated to be released in FY 2015/16.

Expenditures: Current year Capital Improvement Fund expenditures were less than the prior year expenditures by \$165,007. Capital expenditures vary from year to year and in the current year, the only capital project in this fund was the Catch Basin Phase II project which will be completed in FY 2015/16.

Ending Fund Balance: Total Capital Improvement Fund Balance for the year increased from (\$196,206) to (\$159,206). This is a direct result of the timing difference of receipt of the cost reimbursement grant funding for the capital projects that straddle one fiscal year to the next. These monies are restricted and used for designated capital improvement projects.

NON-MAJOR GOVERNMENTAL FUNDS HIGHLIGHTS

Revenues: Current year Non-major Governmental Fund revenues (made up of the eight remaining funds) were more than the prior year revenues by \$8,787.

Expenditures: The current year Non-major Governmental Fund expenditures were less than the prior year expenditures by \$143,780. The main reason for the decrease in expenditures is due to deferral of the 2014/15 street rehabilitation project in order to combine two year street projects maximizing economies of scale.

Ending Fund Balance: Total Non-Major Governmental Fund Balance for the year increased from \$368,854 to \$442,466. 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 2015, the City had \$9,184,718 invested in a broad range of capital assets, including police equipment, land, construction in progress, vehicles, buildings, furniture and fixtures, office equipment, intangibles, and infrastructure. (See Table 4).

Table 4
Capital Assets

<u>Asset Type</u>	<u>2014-2015</u>	<u>2013-2014</u>
Land	\$ 10,000	\$ 10,000
Construction in Progress	241,517	110,039
Buildings	700,805	700,805
Vehicles	91,343	91,343
Tools & Equipment	81,672	77,499
Furniture & Fixtures	148,793	147,007
Office Equipment	118,027	102,314
Intangibles	4,450	4,450
Infrastructure	<u>8,815,744</u>	<u>8,392,816</u>
Total Assets	10,212,351	9,636,273
Less: Accumulated Depreciation	<u>(1,027,633)</u>	<u>(888,602)</u>
Capital Assets, Net	<u>\$9,184,718</u>	<u>\$8,747,671</u>

Additions to capital assets were made in the amount of \$597,553. The additions were increases to construction in progress, tools and equipment, 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 \$1,285,348 as of June 30, 2015. The City's outstanding long-term liabilities increased by \$1,091,922 primarily due to implementation of GASB 45 (Other Post-Employment Benefits, "OPEB") and GASB 68 (Pensions). This is the first fiscal year that the City of Villa Park implemented both GASB 45 and GASB 68 which requires the City to record the Unfunded Actuarial Accrued Liability (UAAL) on OPEB and the Net Pension Liability owed based on an actuarial valuation performed (See Table 5).

Table 5
Long-term Liabilities

	<u>2014-2015</u>	<u>2013-2014</u>
Compensated absences	\$ 66,522	\$ 61,768
Claims payable	90,825	131,658
OPEB liability	159,088	0
PERS liability	968,913	0
Total long-term liabilities	<u>\$ 1,285,348</u>	<u>\$ 193,426</u>

See Notes 5, 6 and 7 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 residents, 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 taxpayers' 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF VILLA PARK
STATEMENT OF NET POSITION
June 30, 2015
(with comparative totals for prior year)

	Governmental	
	Activities	
	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments (note 2)	\$ 4,298,665	3,484,652
Receivables:		
Taxes	22,846	23,480
Accounts	27,837	20,305
Interest	9,484	8,887
Due from other governments	398,496	431,222
Prepaid expenses	77,950	166,689
Capital assets (note 3):		
Capital assets, not being depreciated	251,517	120,039
Capital assets being depreciated, net of accumulated depreciation	<u>8,933,201</u>	<u>8,627,632</u>
TOTAL ASSETS	<u>14,019,996</u>	<u>12,882,906</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension (note 6)	<u>131,978</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>131,978</u>	<u>-</u>
LIABILITIES		
Accounts payable	355,420	121,943
Retentions payable	17,308	-
Deposits	137,188	115,058
Long-term liabilities (note 5):		
Compensated absences	66,522	61,768
Claims payable	90,825	131,658
Other post-employment benefits liability	159,088	-
Net pension liability	<u>968,913</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,795,264</u>	<u>430,427</u>
DEFERRED INFLOWS OF RESOURCES		
Pension (note 6)	<u>181,832</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>181,832</u>	<u>-</u>
Net position:		
Invested in capital assets	9,184,718	8,747,671
Restricted for:		
Public safety	154,634	161,202
Public works	665,115	1,003,178
Unrestricted	<u>2,170,410</u>	<u>2,540,428</u>
TOTAL NET POSITION	<u>\$ 12,174,877</u>	<u>12,452,479</u>

See accompanying notes to the financial statements.

CITY OF VILLA PARK
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

(with comparative totals 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>2015</u>	<u>2014</u>
Governmental activities:						
General government	\$ 1,032,450	88,681	-	-	(943,769)	(704,474)
Public safety	1,337,189	-	118,033	-	(1,219,156)	(1,160,585)
Public works	776,592	632,195	279,053	71,055	205,711	493,834
Total	\$ 3,146,232	720,876	397,086	71,055	(1,957,213)	(1,371,225)
General revenues:						
Taxes:						
Property					2,152,861	2,073,699
Sales					314,860	310,131
Franchise					254,191	243,188
Motor vehicle in lieu, unrestricted					2,585	2,676
Investment income					24,655	30,272
Other					123,834	108,312
TOTAL GENERAL REVENUES					2,872,986	2,768,278
Change in net position					915,773	1,397,053
NET POSITION AT BEGINNING OF YEAR, as restated (note 13)					11,259,105	11,055,426
NET POSITION AT END OF YEAR					\$ 12,174,878	12,452,479

See accompanying notes to the financial statements.

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FUND FINANCIAL STATEMENTS

**CITY OF VILLA PARK
GOVERNMENTAL FUNDS
BALANCE SHEET**

June 30, 2015

(with comparative totals for prior year)

	General Fund	Special Revenue	Capital Project		Nonmajor Governmental Funds	Totals	
		Gas Tax	City Sewer Improvement/ Maintenance	Capital Improvement		2015	2014
ASSETS							
Cash and investments	\$ 3,089,375	197,318	508,974	-	429,528	4,225,195	3,437,096
Receivables:							
Taxes	16,741	-	6,105	-	-	22,846	23,480
Accounts	27,837	-	-	-	-	27,837	20,305
Interest	8,977	84	263	-	160	9,484	8,886
Due from other funds (note 11)	99,206	-	-	-	-	99,206	198,267
Due from other governments	83,981	-	-	292,625	21,890	398,496	431,223
Prepaid expenses	77,950	-	-	-	-	77,950	166,689
TOTAL ASSETS	\$ 3,404,067	197,402	515,342	292,625	451,578	4,861,014	4,285,946
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 93,656	6,700	190,952	60,000	4,112	355,420	121,943
Retentions payable	-	-	17,308	-	-	17,308	-
Deposits payable	137,188	-	-	-	-	137,188	115,058
Due to other funds (note 11)	-	-	-	99,206	-	99,206	198,267
TOTAL LIABILITIES	230,844	6,700	208,260	159,206	4,112	609,122	435,268
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	74,791	-	-	292,625	5,000	372,416	398,361
TOTAL DEFERRED INFLOWS OF RESOURCES	74,791	-	-	292,625	5,000	372,416	398,361
FUND BALANCES							
Nonspendable:							
Prepaid items	77,950	-	-	-	-	77,950	166,689
Restricted for:							
Street projects	-	190,702	-	-	207,612	398,314	177,743
Public safety	-	-	-	-	154,634	154,634	161,202
Sewers	-	-	201,582	-	32,763	234,345	449,858
Other purposes	-	-	-	-	32,456	32,456	25,095
Assigned to:							
Vehicle replacement	25,000	-	-	-	-	25,000	-
Infrastructure replacement	100,000	-	-	-	-	100,000	70,000
Town Center improvements	-	-	-	-	-	-	150,000
VPTV capital improvements	11,000	-	-	-	-	11,000	14,000
Accrued leave	25,000	-	-	-	-	25,000	16,000
CJPIA retro deposit repayment	45,000	-	-	-	-	45,000	40,000
Contingency	50,000	-	-	-	-	50,000	10,000
Capital improvement	100,000	-	-	-	-	100,000	-
Median replacement	-	-	-	-	-	-	10,000
Pump replacement	-	-	-	-	15,000	15,000	-
Sewer Conditioning TV Monitoring	-	-	90,000	-	-	90,000	60,000
Sewer master plan update	-	-	15,500	-	-	15,500	10,000
Unassigned (note 12)	2,664,482	-	-	(159,206)	-	2,505,276	2,091,730
TOTAL FUND BALANCES (DEFICITS)	3,098,432	190,702	307,082	(159,206)	442,465	3,879,475	3,452,317
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,404,067	197,402	515,342	292,625	451,577	4,861,013	4,285,946

See accompanying notes to the financial statements.

**CITY OF VILLA PARK
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2015**

FUND BALANCES OF GOVERNMENTAL FUNDS \$ 3,879,475

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.

CAPITAL ASSETS	10,212,351
ACCUMULATED DEPRECIATION	(1,027,633)

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 Position.

COMPENSATED ABSENCES	(66,522)
CLAIMS PAYABLE	(90,825)

Governmental funds report all Other Post-Employment Benefits (OPEB) and PERS pension contributions as expenditures, however, in the Statement of Net Position, any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.

OTHER POST-EMPLOYMENT BENEFITS LIABILITY	(159,088)
PENSION LIABILITY	(1,018,767)

Unavailable revenue balances relating to franchise fees are not reported as liabilities in the Statement of Net Position since recognition is not based upon measurable and available criteria.

UNAVAILABLE REVENUE	372,416
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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 Position since revenue recognition is not based upon measurable and available criteria.

CASH AND INVESTMENTS	73,470
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 12,174,877

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, 2015

(with comparative totals for prior year)

	General Fund	Special Revenue	Capital Project		Nonmajor Governmental Funds	Totals	
		Gas Tax	City Sewer Improvement/ Maintenance	Capital Improvement		2015	2014
REVENUES							
Taxes	\$ 2,545,828	-	-	-	-	2,545,828	2,456,914
Intergovernmental	33,647	184,926	395,777	97,000	196,975	908,325	837,703
Special assessments	-	-	-	-	14,006	14,006	14,006
Licenses and permits	413,802	-	-	-	-	413,802	404,787
Fines and forfeitures	42,133	-	-	-	14,796	56,929	56,885
Rental and investment income	24,655	128	475	-	310	25,568	31,275
Charges for services	68,495	-	-	-	-	68,495	68,362
Miscellaneous	29,081	-	-	-	-	29,081	36,581
TOTAL REVENUES	3,157,641	185,054	396,252	97,000	226,087	4,062,034	3,906,513
EXPENDITURES							
Current:							
General government	1,022,097	-	-	-	-	1,022,097	807,579
Public safety	1,218,338	-	-	-	117,771	1,336,109	1,272,170
Public works	468,479	-	137,019	-	20,550	626,048	824,125
Capital Outlay	104,920	50,820	420,727	60,000	14,154	650,621	1,287,882
TOTAL EXPENDITURES	2,813,834	50,820	557,746	60,000	152,475	3,634,875	4,191,756
NET CHANGE IN FUND BALANCES	343,807	134,234	(161,494)	37,000	73,612	427,159	(285,243)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	2,754,625	56,468	468,576	(196,206)	368,854	3,452,317	3,737,560
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ 3,098,432	190,702	307,082	(159,206)	442,466	3,879,476	3,452,317

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, 2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 427,159

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 position decrease by the amount of depreciation expense charged for the year.

CAPITAL OUTLAY	597,553
DEPRECIATION EXPENSE	(160,506)

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	(4,754)
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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	40,833
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Governmental funds report all contributions in relation to the annual required contribution (ARC) for Other Post-Employment Benefits (OPEB) and PERS as expenditures; however, in the Statement of Activities only the ARC is an expense.

CHANGES IN OPEB/PERS ASSET/LIABILITY FOR THE CURRENT YEAR	15,519
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	(25,945)
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Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the Internal Service Fund is reported with governmental activities.

CHANGES IN FUND NET POSITION OF INTERNAL SERVICE FUND	<u>25,914</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 915,773</u>

See accompanying notes to the financial statements.

**CITY OF VILLA PARK
PROPRIETARY FUND**

STATEMENT OF FUND NET POSITION

June 30, 2015

(with comparative totals for prior year)

	Governmental Activities - Internal Service Employee Benefits Fund	
	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets:		
Cash and investments	<u>\$ 73,470</u>	<u>47,556</u>
TOTAL ASSETS	<u><u>\$ 73,470</u></u>	<u><u>47,556</u></u>
FUND NET POSITION		
Unrestricted	<u>\$ 73,470</u>	<u>47,556</u>
TOTAL FUND NET POSITION	<u><u>\$ 73,470</u></u>	<u><u>47,556</u></u>

See accompanying notes to the financial statements.

**CITY OF VILLA PARK
PROPRIETARY FUND**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

Year Ended June 30, 2015

(with comparative totals for prior year)

	Governmental Activities - Internal Service Employee Benefits Fund	
	2015	2014
OPERATING REVENUES		
Charges for services	\$ 453,861	191,873
TOTAL OPERATING REVENUES	453,861	191,873
Operating expenses:		
Employee benefits	427,947	180,965
TOTAL OPERATING EXPENSES	427,947	180,965
Change in fund net position	25,914	10,908
FUND NET POSITION AT BEGINNING OF YEAR	47,556	36,648
FUND NET POSITION AT END OF YEAR	\$ 73,470	47,556

See accompanying note to the financial statements.

**CITY OF VILLA PARK
PROPRIETARY FUND**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2015
(with comparative totals for prior year)

	Governmental Activities - Internal Service Employee Benefits Fund	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from internal users	\$ 453,861	191,873
Cash payments for employee services	<u>(427,947)</u>	<u>(180,965)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>25,914</u>	<u>10,908</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,914	10,908
Cash and cash equivalents at beginning of year	<u>47,556</u>	<u>36,648</u>
Cash and cash equivalents at end of year	<u>\$ 73,470</u>	<u>47,556</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	<u>\$ 25,914</u>	<u>10,908</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 25,914</u>	<u>10,908</u>

There were no noncash capital, financing or investing activities for the year ended June 30, 2015.

See accompanying notes to the financial statements.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2015

(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 Services Foundation is a component unit of the City of Villa Park. The entity's activities were not 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 *financial statements* of the City are composed of the following:

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

Government-wide Financial Statements - Government-wide financial statements display information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government. The City of Villa Park currently does not have any business-type activities. 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.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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.

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.

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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 decrease (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.

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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 position.

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 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 2103, 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 types:

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.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

(c) **Fund Classifications (Continued)**

Capital Project Funds – Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

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.

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.

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(f) Compensated Absences (Continued)

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 sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

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

(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.

Infrastructure assets currently include only the completed storm drain additions in fiscal years 2003-2015 and pavement improvements in fiscal years 2004-2015. 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
Intangibles	5 years
Infrastructure:	
Storm drain lines	75 years
Pavement	75 years

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(h) Prepaid Items

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. Prepaid items are reported under the consumption method. 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.

(i) Fund Balance Classifications

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 to constitute the formal action of City Council necessary to commit 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 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.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

(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) **Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. Deferred outflows relating to the net pension obligation reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, and of adjustment due to difference in proportions and the difference between actual contributions made and the proportionate share of the risk pool's total contributions. These amounts are deferred and amortized over the expected average remaining service life time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category which are deferred inflows relating to the net pension obligation reported in the government-wide statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments. This amount is deferred and amortized straight-line over a five-year period.

(l) **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.

(m) **Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Villa Park's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(2) Cash and Investments

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	<u>\$4,298,665</u>
Total cash and investments	<u>\$4,298,665</u>

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 400
Deposits with financial institutions	166,629
Investments	<u>4,131,636</u>
Total cash and investments	<u>\$4,298,665</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.

<u>Investment Types</u> <u>Authorized by State Law</u>	<u>Authorized by</u> <u>Investment</u> <u>Policy</u>	<u>Maximum</u> <u>Maturity*</u>	<u>Maximum</u> <u>Percentage</u> <u>of Portfolio*</u>	<u>Maximum</u> <u>Investment</u> <u>In One Issuer*</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	30%
Registered CA Treasury Obligations	Yes	5 years	20%	5%
Other CA Obligations	Yes	5 years	10%	5%
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%
Repurchase Agreements	Yes	1 year	30%	None
Reverse Repurchase Agreements	Yes	92 days	0%	N/A
Securities Lending	Yes	92 days	0%	N/A
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 Fund	Yes	N/A	35%	N/A
Local Agency Investment Fund	Yes	N/A	35%	N/A
CalTRUST Investment Fund	Yes	N/A	40%	N/A

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments (Continued)

* 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. In FY 2014-15 the City also began diversifying its investments into a medium term investment strategy through a joint powers authority, Investment Trust of California (CalTRUST).

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 Maturity (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	\$ 99,838	-	-	99,838	-
Negotiable certificates of deposit	602,289	-	101,238	501,051	-
Medium term notes	492,001	93,143	-	398,858	-
State investment pool	1,092,415	1,092,415	-	-	-
County investment pool	1,343,352	1,343,352	-	-	-
CalTRUST	501,741	-	501,741	-	-
Total	\$ 4,131,636	2,528,910	602,979	999,747	-

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments (Continued)

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>Rating as of Year End</u>				
			<u>Aaa</u>	<u>A1</u>	<u>A2</u>	<u>A3</u>	<u>Not Rated</u>
Federal agency securities	\$ 99,838	N/A	99,838	-	-	-	-
Negotiable certificates of deposit	602,289	N/A	-	-	-	-	602,289
Medium term note	492,001	A	-	100,796	93,143	298,062	-
State investment pool	1,092,415	N/A	-	-	-	-	1,092,415
County investment pool	1,343,352	N/A	-	-	-	-	1,343,352
CalTRUST	<u>501,741</u>	N/A	-	-	-	-	<u>501,741</u>
Total	<u>\$ 4,131,636</u>		<u>99,838</u>	<u>100,796</u>	<u>93,143</u>	<u>298,062</u>	<u>3,539,797</u>

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

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

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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, Investment Trust of California (CalTRUST), and County Investment Pool - The City is a voluntary participant in both the Local Agency Investment Fund (LAIF) and Investment Trust of California (CalTRUST) that are 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, CalTRUST, 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, CalTRUST, 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, 2015 is as follows:

<u>Governmental Activities:</u>	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 10,000	-	-	10,000
Construction in progress	110,039	131,478	-	241,517
Total capital assets not being depreciated	<u>120,039</u>	<u>131,478</u>	<u>-</u>	<u>251,517</u>
Capital assets being depreciated:				
Buildings	700,805	-	-	700,805
Vehicles	91,343	-	-	91,343
Tools and equipment	77,499	14,154	(9,981)	81,672
Furniture and fixtures	147,007	1,786	-	148,793
Office equipment	102,314	27,207	(11,494)	118,027
Intangible asset	4,450	-	-	4,450
Infrastructure	8,392,816	422,928	-	8,815,744
Total capital assets being depreciated	<u>9,516,234</u>	<u>466,075</u>	<u>(21,475)</u>	<u>9,960,834</u>
Less accumulated depreciation for:				
Buildings	(160,394)	(14,016)	-	(174,410)
Vehicles	(59,991)	(9,436)	-	(69,427)
Tools and equipment	(76,683)	(1,079)	9,981	(67,781)
Furniture and fixtures	(120,753)	(8,076)	-	(128,829)
Office equipment	(77,379)	(15,075)	11,494	(80,960)
Intangible asset	(1,187)	(890)	-	(2,077)
Infrastructure	(392,215)	(111,934)	-	(504,149)
Total accumulated depreciation	<u>(888,602)</u>	<u>(160,506)</u>	<u>21,475</u>	<u>(1,027,633)</u>
Total capital assets being depreciated, net	<u>8,627,632</u>	<u>305,569</u>	<u>-</u>	<u>8,933,201</u>
Governmental activity capital assets, net	<u>\$ 8,747,671</u>	<u>437,047</u>	<u>-</u>	<u>9,184,718</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, 2015 as follows:

Governmental activities:		
General government	\$ 33,964	
Public works	125,462	
Public safety	<u>1,080</u>	
Total governmental activities		<u>\$160,506</u>

(4) Construction Commitments

As of June 30, 2015, budgeted funds committed for major capital projects included the following:

	<u>Project budget</u>	<u>Expenditures to date</u>	<u>Unexpended balance</u>
Loma Street	\$ 320,000	20,823	299,177
Civic Center	20,000	5,600	14,400
Civic Center Entrance Monuments	179,216	137,314	41,902
Catch Basin Phase II	200,000	60,000	140,000
Taft Rehabilitation Project	<u>756,994</u>	<u>17,780</u>	<u>739,214</u>
Total	<u>\$ 1,476,210</u>	<u>241,517</u>	<u>1,234,693</u>

(5) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2015</u>	<u>Portion Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 61,768	36,499	(31,745)	66,522	-
Retrospective premiums payable	131,658	3,180	(44,013)	90,825	33,906
Other post-employment benefits liability	139,447	19,641	-	159,088	6,200
Net pension liability	<u>1,181,879</u>	<u>-</u>	<u>(212,966)</u>	<u>968,913</u>	<u>70,000</u>
Total long-term liabilities	<u>\$ 1,514,752</u>	<u>59,320</u>	<u>(288,724)</u>	<u>1,285,348</u>	<u>110,106</u>

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

Retrospective Premiums 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, 2015, the City owed \$90,825 in retrospective adjustments.

(6) Defined Benefit Pension Plans

General Information about the Pension Plans

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

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

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire Date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 65	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	8.512% + \$26,105	6.237%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(6) Defined Benefit Pension Plans (Continued)

in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City of Villa Park is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan is as follows:

	<u>Miscellaneous</u>
Contributions – employer	\$101,275
Contributions – employee (paid by employer)	25,907

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2015, the City of Villa Park reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$968,913
 Total Net Pension Liability	 <u>\$968,913</u>

The City of Villa Park's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City of Villa Park's proportion of the net pension liability was based on a projection of the City of Villa Park's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2015, the City of Villa Park recognized pension expense of \$92,022. At June 30, 2015, the City of Villa Park reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$127,182	
Changes in assumptions	4,796	
Net differences between projected and actual earnings on plan investments		(\$181,832)
 Total	 <u>\$131,978</u>	 <u>(\$181,832)</u>

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(6) Defined Benefit Pension Plans (Continued)

\$131,978 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	\$ 51,452
2017	51,452
2018	51,795
2019	53,165

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Mortality	(2)

- (1) Net of pension plan investment expenses, including inflation.
- (2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(6) **Defined Benefit Pension Plans (Continued)**

necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(6) Defined Benefit Pension Plans (Continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1–10 (a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Villa Park’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Villa Park’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.50%
Net Pension Liability	\$1,508,175
Current Discount Rate	7.50%
Net Pension Liability	\$968,913
1% Increase	8.50%
Net Pension Liability	\$521,376

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(7) Other Post-Employment Benefits (OPEB)

Plan Description

Medical coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. Employees may choose from a variety of HMO and PPO medical and prescription drug options.

The City sets its monthly contribution rates for health insurance on behalf of active employees according to the PEMHCA statutory minimum (\$119.00/month for calendar 2014 and \$122.00/month for calendar 2015.) These amounts are indexed (increased) in all future years according to the rate of medical inflation.

Employees may designate additional amounts contributed by the City to a cafeteria plan to be used for the purpose of paying PEMHCA premiums; the City then remits these additional amounts to CalPERS as employee contributions. The City also pays a 0.33% of premium administrative fee for all active employees.

The City offers the same medical plans to its retirees as to its active employees, with the exception that once a retiree becomes eligible for Medicare (that is, reaches age 65), he or she must join a Medicare HMO or a Medicare Supplement plan under PEMHCA.

Employees become eligible to retire and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by qualifying disability retirement status. Benefits are paid for the lifetime of the retiree and, if applicable, the surviving spouse of the retiree. The City's statutory contribution on behalf of all eligible retirees is determined under the "Unequal Contribution Method", under which the contribution for retirees is equal to the employer contribution for active employees, times 5% multiplied by the number of years the City has participated in PEMHCA, to a maximum of 100% of the contribution for active employees after 20 years in PEMHCA. City Council members first elected on or after January 1, 1995 are eligible on a self-paid basis only.

For 2014, the City's fifteenth year in PEMHCA, the statutory contributions for active employees and retirees were \$119.00/month and \$89.25/month, respectively. For 2015, the City's sixteenth year in PEMHCA, the statutory contributions for active employees and retirees are \$122.00/month and \$97.60/month, respectively.

The City also pays a 0.33% of premium administrative fee for all retirees.

Funding Policy

As required by GASB 45, an actuary will determine the City's Annual Required Contributions (ARC) at least once every three fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAL) over a period not to exceed 30 years.

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(7) Other Post-Employment Benefits (OPEB) (CONTINUED)

GASB 45 does not require pre-funding of OPEB benefits. Therefore, the City's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The City has elected not to establish an irrevocable trust at this time.

The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City.

Annual OPEB Cost and Net OPEB Obligation/ (Asset)

The following table shows the components of the City's Annual OPEB Cost for the fiscal year ended June 30, 2015, the amount actually contributed to the plan (including administrative costs), and changes in the City's Net OPEB Obligation/(Asset):

<u>Item</u>	<u>FYE 6/30/15</u>
Annual Required Contributions	\$ 19,641
Interest on Net OPEB Obligation/(Asset)	0
Adjustment to Annual Required Contributions	(0)
Annual OPEB cost (expense)	<u>\$ 19,641</u>
Contributions made	(0)
Increase in Net OPEB Obligation/(Asset)	\$ 19,641
Net OPEB Obligation/(Asset)— beginning of year	<u>\$139,447</u>
Net OPEB Obligation/(Asset) – end of year	<u>\$159,088</u>

The City's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/ (Asset) for the fiscal year ended June 30, 2015 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/ (Asset)</u>
6/30/15	\$19,641	\$0	0%	\$159,088

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, the end of the first year of GASB 45 implementation, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Projected Actuarial Unit Credit Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2014	\$0	\$139,447	\$139,447	0.00%	\$416,222	33.5%

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(7) **Other Post-Employment Benefits (OPEB) (CONTINUED)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

The plan's most recent actuarial valuation was performed as of July 1, 2014. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after 2 years. The valuation also used a Medical CPI assumption of 4 percent per year for projecting the minimum employer contribution. These assumptions reflect an implicit 3.0 percent general inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of June 30, 2015 was 30 years.

(8) **Liability, Workers' Compensation Protection, and Purchased Insurance**

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

The City of Villa Park is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

B. Self-Insurance Programs of the Authority

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

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

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. 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.

The \$3 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million up to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence. Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(8) **Liability, Workers' Compensation Protection, and Purchased Insurance (Continued)**

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

C. Purchased Insurance

Property insurance - The City of 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 \$2,415,000. 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 \$2,400,000. 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, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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.

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 2014-15.

(9) 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 an amount equal to the amount of total long-term 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's 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 4/5th 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.

(10) 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

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(10) Joint Venture - Orange County Fire Authority (Continued)

based on the Authority's annual budget. The County pays all structural fire fees it collects to the Authority (which is 1% of the assessed value, approximately \$1,500,000). 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, 2015. 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, 2014 (the most recent data available).

	<u>Governmental Activities</u>
Total Assets	<u>\$396,694,637</u>
Total Liabilities	<u>\$152,940,022</u>
Total Revenues	\$311,595,747
Total Expenses	<u>324,600,955</u>
Changes in Net Position	\$ (13,005,208)
Net Position, Beginning, as restated	<u>256,759,823</u>
Net Position, Ending	<u>\$243,754,615</u>

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

(11) Due From and To Other Funds

Interfund receivable and payable balances at June 30, 2015 were as follows:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General fund	Capital Improvements Capital Project Fund	<u>\$ 99,206</u>
Total		<u>\$ 99,206</u>

Interfund receivable and payable balances are a result of short term borrowings to cover deficit cash balances as of June 30, 2015.

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(12) **Deficit Fund Balances**

The following fund reported a deficit in fund balance/net position as of June 30, 2015:

	<u>Deficit Balance</u>
Capital Projects Funds:	
Capital Improvements	\$(159,206)

The expenditures that occurred in the Capital Improvements Fund during the prior fiscal year encompassed street improvements that were funded by a Rubberized Asphalt Concrete Grant and a State-Local Partnership Program Grant. These two funding sources are cost reimbursement grants, which were not received by June 30, 2015; therefore, the City expended the money upfront and is awaiting reimbursement resulting in a deficit balance as of June 30, 2015.

(13) **Restatement of Net Position**

The following schedule summarizes the effects of the prior period adjustment to the Government-wide Statements as a result of the implementation of GASB 45 and 68.

Government-wide

Beginning Net Position, as previously reported	\$ 12,452,479
Recording of GASB 45 other post- employment benefit liability as of July 1, 2014	(139,447)
Recording of GASB 68 pension liability as of July 1, 2014	<u>(1,053,927)</u>
Beginning Net Position, as restated	<u>\$ 11,259,105</u>

(14) **Contingencies**

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the City for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

(15) **Subsequent Events**

Management has evaluated subsequent events through October 19, 2015, the date the financial statements were available to be issued.

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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*.

GAS TAX FUND

The Gas Tax Fund has been classified as a major fund and is used to account for revenue received for gasoline taxes under Sections 2103, 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. 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, 2015

(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 budgeted amounts without City Council approval, 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, 2015
(with comparative data for prior year)

	2015			Variance with Final Budget Positive (Negative)	2014 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes	\$ 2,286,800	2,286,800	2,545,828	259,028	2,456,914
Intergovernmental	20,500	20,500	33,647	13,147	31,748
Licenses and permits	390,900	390,900	413,802	22,902	404,787
Fines and forfeitures	37,600	37,600	42,133	4,533	45,079
Rental and investment income	20,500	20,500	24,655	4,155	30,272
Charges for services	64,800	64,800	68,495	3,695	68,362
Miscellaneous	23,200	23,200	29,081	5,881	36,581
TOTAL REVENUES	<u>2,844,300</u>	<u>2,844,300</u>	<u>3,157,641</u>	<u>313,341</u>	<u>3,073,743</u>
EXPENDITURES					
Current:					
General government	881,300	1,105,100	1,022,097	83,003	807,579
Public safety	1,219,400	1,220,400	1,218,338	2,062	1,151,123
Public works	533,600	618,800	468,479	150,321	534,104
Capital outlay	160,500	200,300	104,920	95,380	155,514
TOTAL EXPENDITURES	<u>2,794,800</u>	<u>3,144,600</u>	<u>2,813,834</u>	<u>330,766</u>	<u>2,648,320</u>
Net change in fund balances	49,500	(300,300)	343,807	644,107	425,423
FUND BALANCES AT BEGINNING OF YEAR	<u>2,754,625</u>	<u>2,754,625</u>	<u>2,754,625</u>	-	<u>2,329,202</u>
END OF YEAR	<u>\$ 2,804,125</u>	<u>2,454,325</u>	<u>3,098,432</u>	<u>644,107</u>	<u>2,754,625</u>

**CITY OF VILLA PARK
GAS TAX FUND**

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

Year Ended June 30, 2015
(with comparative data for prior year)

	<u>2015</u>			Variance with Final Budget Positive (Negative)	2014 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 157,900	157,900	184,926	27,026	196,397
Rent and investment income	100	100	128	28	230
TOTAL REVENUES	<u>158,000</u>	<u>158,000</u>	<u>185,054</u>	<u>27,054</u>	<u>196,627</u>
EXPENDITURES					
Current:					
Capital outlay	195,000	195,000	50,820	144,180	360,700
TOTAL EXPENDITURES	<u>195,000</u>	<u>195,000</u>	<u>50,820</u>	<u>144,180</u>	<u>360,700</u>
Net change in fund balances	(37,000)	(37,000)	134,234	171,233	(164,073)
FUND BALANCES AT BEGINNING OF YEAR	<u>56,468</u>	<u>56,468</u>	<u>56,468</u>	<u>-</u>	<u>220,541</u>
FUND BALANCES AT END OF YEAR	<u>\$ 19,468</u>	<u>19,468</u>	<u>190,702</u>	<u>171,233</u>	<u>56,468</u>

CITY OF VILLA PARK

Schedule of Proportionate Share of the Net Pension Liability

Fiscal Year Ending 2015 *

	<u>2015</u>
Proportion of the net pension liability	0.01557%
Proportionate share of the net pension liability	\$ 968,913
Covered - employee payroll	\$ 438,716
Proportionate Share of the net pension liability as percentage of covered-employee payroll	220.85%
Plan's fiduciary net position	\$ 737,924
Plan fiduciary net position as a percentge of the total pension liability	76.16%

Notes to Schedule:

Changes in assumptions: In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF VILLA PARK

Schedule of Plan Contributions

Fiscal Year Ending 2015 *

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 96,478
Contributions in relation to the actuarial determined contributions	<u>\$ 96,478</u>
Contribution deficiency (excess)	<u>\$ -</u>

Notes to Schedule:

Valuation date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.00%
Investment rate of return	7.50%
Retirement age	62
Mortality	Derived using CalPERS' membership data for all funds

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF VILLA PARK
Required Supplementary Information - Unaudited
Summary of Other Post Employment Benefits Funding Progress
Year ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability (AVA)	Funded Ratios (AVA)	Annual Covered Payroll	UL as a % of Payroll
July 1, 2014	\$ -	\$ 139,447	\$ 139,447	\$ -	\$ 416,222	33.5%

SUPPLEMENTARY SCHEDULES

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 Funds are 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:

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, 2015

(with comparative data for prior year)

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Totals</u>	
			<u>2015</u>	<u>2014</u>
ASSETS				
Cash and investments	\$ 188,544	240,984	429,528	349,177
Receivables:				
Accounts	-	-	-	2,055
Interest	101	59	160	109
Due from other governments	<u>7,684</u>	<u>14,206</u>	<u>21,890</u>	<u>19,574</u>
TOTAL ASSETS	<u><u>\$ 196,329</u></u>	<u><u>255,249</u></u>	<u><u>451,578</u></u>	<u><u>370,915</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,760	352	4,112	-
Deferred revenue	5,000	-	5,000	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,061</u>
TOTAL LIABILITIES	<u>8,760</u>	<u>352</u>	<u>9,112</u>	<u>2,061</u>
Fund balances:				
Restricted for:				
Street projects	479	207,133	207,612	131,275
Public safety	154,634	-	154,634	161,202
Sewers	-	32,763	32,763	51,282
Other purposes	32,456	-	32,456	25,095
Assigned to:				
Pump replacement	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
TOTAL FUND BALANCES	<u>187,569</u>	<u>254,896</u>	<u>442,465</u>	<u>368,854</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 196,329</u></u>	<u><u>255,248</u></u>	<u><u>451,577</u></u>	<u><u>370,915</u></u>

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

Year Ended June 30, 2015
(with comparative data for prior year)

	Special Revenue Funds	Capital Project Funds	Totals	
			2015	2014
REVENUES				
Intergovernmental	\$ 115,437	81,538	196,975	191,061
Special assessments	-	14,006	14,006	14,006
Fines and forfeitures	14,796	-	14,796	11,806
Rental and investment income	226	84	310	427
TOTAL REVENUES	130,459	95,628	226,087	217,300
EXPENDITURES				
Current:				
Public safety	117,771	-	117,771	121,047
Public works	10,300	10,250	20,550	170,984
Capital outlay	6,830	7,324	14,154	4,224
TOTAL EXPENDITURES	134,901	17,574	152,475	296,255
Net change in fund balances	(4,442)	78,054	73,612	(78,955)
FUND BALANCES AT BEGINNING OF YEAR	192,011	176,843	368,854	447,809
FUND BALANCES AT END OF YEAR	\$ 187,569	254,897	442,466	368,854

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

COMBINING BALANCE SHEET

June 30, 2015

(with comparative data for prior year)

	<u>Traffic Safety</u>	<u>Aid to Cities</u>	<u>Air Quality Management</u>
ASSETS			
Cash and investments	\$ 6,352	2,447	32,441
Receivables:			
Interest	6	1	15
Due from other governments	893	6,791	-
 TOTAL ASSETS	 \$ 7,251	 9,239	 32,456
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	3,760	-
Deferred revenue	-	5,000	-
 TOTAL LIABILITIES	 -	 8,760	 -
Fund balances:			
Restricted for:			
Street projects	-	479	-
Public safety	7,251	-	-
Other purposes	-	-	32,456
 TOTAL FUND BALANCES	 7,251	 479	 32,456
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 7,251	 9,239	 32,456

Citizens Option for Public Safety	California Law Enforcement Equipment Program	Totals	
		2015	2014
114,925	32,379	188,544	185,693
64	15	101	90
-	-	7,684	6,228
<u>114,989</u>	<u>32,394</u>	<u>196,329</u>	<u>192,011</u>
-	-	3,760	-
-	-	5,000	-
-	-	8,760	-
-	-	479	5,714
114,989	32,394	154,634	161,202
-	-	32,456	25,095
<u>114,989</u>	<u>32,394</u>	<u>187,569</u>	<u>192,011</u>
<u>114,989</u>	<u>32,394</u>	<u>196,329</u>	<u>192,011</u>

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

Year Ended June 30, 2015
(with comparative data for prior year)

	<u>Traffic Safety</u>	<u>Aid to Cities</u>	<u>Air Quality Management</u>
REVENUES			
Intergovernmental	\$ -	5,060	7,332
Fines and forfeitures	14,796	-	-
Rental and investment income	11	5	29
TOTAL REVENUES	<u>14,807</u>	<u>5,065</u>	<u>7,361</u>
EXPENDITURES			
Current:			
Public safety	12,000	-	-
Public works	-	10,300	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>12,000</u>	<u>10,300</u>	<u>-</u>
Net change in fund balances	2,807	(5,235)	7,361
FUND BALANCES AT BEGINNING OF YEAR	<u>4,444</u>	<u>5,714</u>	<u>25,095</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 7,251</u></u>	<u><u>479</u></u>	<u><u>32,456</u></u>

Citizens Option for Public Safety	California Law Enforcement Equipment Program	Totals	
		2015	2014
103,045	-	115,437	114,721
-	-	14,796	11,806
138	43	226	281
<u>103,183</u>	<u>43</u>	<u>130,459</u>	<u>126,808</u>
100,769	5,002	117,771	121,047
-	-	10,300	5,000
-	6,830	6,830	4,224
<u>100,769</u>	<u>11,832</u>	<u>134,901</u>	<u>130,271</u>
2,414	(11,789)	(4,442)	(3,463)
<u>112,575</u>	<u>44,183</u>	<u>192,011</u>	<u>195,474</u>
<u><u>114,989</u></u>	<u><u>32,394</u></u>	<u><u>187,569</u></u>	<u><u>192,011</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, 2015
(with comparative data for prior year)

	2015			Variance with Final Budget Positive (Negative)	2014 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Fines and forfeitures	\$ 11,700	11,700	14,796	3,096	11,806
Rent and investment income	100	100	11	(89)	9
TOAL REVENUES	11,800	11,800	14,807	3,007	11,815
EXPENDITURES					
Current:					
Public safety	12,000	12,000	12,000	-	11,816
TOTAL EXPENDITURES	12,000	12,000	12,000	-	11,816
Net change in fund balances	(200)	(200)	2,807	3,007	(1)
FUND BALANCES AT BEGINNING OF YEAR	4,444	4,444	4,444	-	4,445
FUND BALANCES AT END OF YEAR	\$ 4,244	4,244	7,251	3,007	4,444

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

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

Year Ended June 30, 2015
(with comparative data for prior year)

	2015			Variance with Final Budget Positive (Negative)	2014 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 5,000	10,300	5,060	(5,240)	5,000
Rent and investment income	100	100	5	(95)	7
TOTAL REVENUES	<u>5,100</u>	<u>10,400</u>	<u>5,065</u>	<u>(5,335)</u>	<u>5,007</u>
EXPENDITURES					
Current:					
Public works	5,000	10,300	10,300	-	5,000
TOTAL EXPENDITURES	<u>5,000</u>	<u>10,300</u>	<u>10,300</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances	100	100	(5,235)	(5,335)	7
FUND BALANCE AT BEGINNING OF YEAR	<u>5,714</u>	<u>5,714</u>	<u>5,714</u>	<u>-</u>	<u>5,707</u>
FUND BALANCES AT END OF YEAR	<u>\$ 5,814</u>	<u>5,814</u>	<u>479</u>	<u>(5,335)</u>	<u>5,714</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, 2015
(with comparative data for prior year)

	<u>2015</u>			Variance with Final Budget Positive (Negative)	2014 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 7,000	7,000	7,332	332	6,564
Rent and investment income	100	100	29	(71)	30
TOTAL REVENUES	<u>7,100</u>	<u>7,100</u>	<u>7,361</u>	<u>261</u>	<u>6,594</u>
EXPENDITURES					
Current:					
Public works	1,000	1,000	-	1,000	-
Capital outlay	15,000	15,000	-	15,000	-
TOTAL EXPENDITURES	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>16,000</u>	<u>-</u>
Net change in fund balances	(8,900)	(8,900)	7,361	16,261	6,594
FUND BALANCES AT BEGINNING OF YEAR	<u>25,095</u>	<u>25,095</u>	<u>25,095</u>	<u>-</u>	<u>18,501</u>
FUND BALANCES AT END OF YEAR	<u>\$ 16,195</u>	<u>16,195</u>	<u>32,456</u>	<u>16,261</u>	<u>25,095</u>

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

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

Year Ended June 30, 2015
(with comparative data for prior year)

	<u>2015</u>			Variance with Final Budget Positive (Negative)	2014 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
REVENUES					
Intergovernmental	\$ 100,000	100,000	103,045	3,045	103,157
Rent and investment income	<u>100</u>	<u>100</u>	<u>138</u>	<u>38</u>	<u>174</u>
TOTAL REVENUES	<u>100,100</u>	<u>100,100</u>	<u>103,183</u>	<u>3,083</u>	<u>103,331</u>
EXPENDITURES					
Current:					
Public safety	<u>93,000</u>	<u>108,000</u>	<u>100,769</u>	<u>7,231</u>	<u>105,013</u>
TOTAL EXPENDITURES	<u>93,000</u>	<u>108,000</u>	<u>100,769</u>	<u>7,231</u>	<u>105,013</u>
 Net change in fund balances	 7,100	 (7,900)	 2,414	 10,314	 (1,682)
 FUND BALANCES AT BEGINNING OF YEAR	 <u>112,575</u>	 <u>112,575</u>	 <u>112,575</u>	 <u>-</u>	 <u>114,257</u>
 FUND BALANCES AT END OF YEAR	 <u><u>\$ 119,675</u></u>	 <u><u>104,675</u></u>	 <u><u>114,989</u></u>	 <u><u>10,314</u></u>	 <u><u>112,575</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, 2015
(with comparative data for prior year)

	<u>2015</u>			Variance with Final Budget Positive (Negative)	2014 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Rent and investment income	\$ 100	100	43	(57)	61
TOTAL REVENUES	<u>100</u>	<u>100</u>	<u>43</u>	<u>(57)</u>	<u>61</u>
EXPENDITURES					
Current:					
Public safety	6,200	6,200	5,002	1,198	4,218
Capital outlay	-	6,900	6,830	70	4,224
TOTAL EXPENDITURES	<u>6,200</u>	<u>13,100</u>	<u>11,832</u>	<u>1,268</u>	<u>8,442</u>
Net change in fund balances	(6,100)	(13,000)	(11,789)	1,210	(8,381)
FUND BALANCES AT BEGINNING OF YEAR	<u>44,183</u>	<u>44,183</u>	<u>44,183</u>	<u>-</u>	<u>52,564</u>
FUND BALANCES AT END OF YEAR	<u>\$ 38,083</u>	<u>31,183</u>	<u>32,394</u>	<u>1,210</u>	<u>44,183</u>

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

COMBINING BALANCE SHEET

June 30, 2015

(with comparative data for prior year)

	Measure M	Street Improvements	Sewer Pump Maintenance	Totals	
				2015	2014
A S S E T S					
Cash and investments	\$ 78,618	114,276	48,090	240,984	163,484
Receivables:					
Accounts	-	-	-	-	2,055
Interest	34	-	25	59	19
Due from other governments	14,206	-	-	14,206	13,346
TOTAL ASSETS	\$ 92,858	114,276	48,115	255,249	178,904
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	-	352	352	-
Due to other funds	-	-	-	-	2,061
TOTAL LIABILITIES	-	-	352	352	2,061
Fund balances:					
Restricted for:					
Street projects	92,858	114,276	-	207,133	125,561
Sewers	-	-	32,763	32,763	51,282
Assigned to:					
Pump replacement	-	-	15,000	15,000	-
TOTAL FUND BALANCES	92,858	114,276	47,763	254,896	176,843
TOTAL LIABILITIES AND FUND BALANCES	\$ 92,858	114,276	48,115	255,248	178,904

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

Year Ended June 30, 2015
(with comparative data for prior year)

	<u>Measure M</u>	<u>Street Improvements</u>	<u>Sewer Pump Maintenance</u>	<u>Totals</u>	
				<u>2015</u>	<u>2014</u>
REVENUES					
Intergovernmental	\$ 81,538	-	-	81,538	76,340
Special assessments	-	-	14,006	14,006	14,006
Rental and investment income	35	-	49	84	146
TOTAL REVENUES	81,573	-	14,055	95,628	90,492
EXPENDITURES					
Current:					
Public works	-	-	10,250	10,250	165,984
Capital outlay	-	-	7,324	7,324	-
TOTAL EXPENDITURES	-	-	17,574	17,574	165,984
Net change in fund balances	81,573	-	(3,519)	78,054	(75,492)
FUND BALANCES AT BEGINNING OF YEAR	11,285	114,276	51,282	176,843	252,335
FUND BALANCES AT END OF YEAR	\$ 92,858	114,276	47,763	254,897	176,843

**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, 2015
(with comparative data for prior year)

	2015			Variance with Final Budget Positive (Negative)	2014 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 414,700	414,700	395,777	(18,923)	418,497
Rent and investment income	300	300	475	175	346
TOTAL REVENUES	415,000	415,000	396,252	(18,748)	418,843
EXPENDITURES					
Current:					
Public works	119,700	146,000	137,019	8,981	119,037
Capital outlay	550,000	550,000	420,727	129,273	542,437
TOTAL EXPENDITURES	669,700	696,000	557,746	138,253	661,474
Net change in fund balances	(254,700)	(281,000)	(161,494)	119,506	(242,631)
FUND BALANCES AT BEGINNING OF YEAR	468,576	468,576	468,576	-	711,207
FUND BALANCES AT END OF YEAR	\$ 213,876	187,576	307,082	119,506	468,576

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

Year Ended June 30, 2015
(with comparative data for prior year)

	2015				2014 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
REVENUES					
Intergovernmental	\$ -	529,700	97,000	(432,700)	-
Rental and investment income	100	100	-	(100)	-
TOTAL REVENUES	100	529,800	97,000	(432,800)	-
EXPENDITURES					
Capital outlay	-	200,000	60,000	139,999	225,007
TOTAL EXPENDITURES	-	200,000	60,000	139,999	225,007
Net change in fund balances	100	329,800	37,000	(292,800)	(225,007)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	(196,206)	(196,206)	(196,206)	-	28,801
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ (196,106)	133,595	(159,206)	(292,800)	(196,206)

**CITY OF VILLA PARK
MEASURE M FUND**

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

Year Ended June 30, 2015
(with comparative data for prior year)

	<u>2015</u>			Variance with Final Budget Positive (Negative)	2014 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 70,000	70,000	81,538	11,538	76,340
Rent and investment income	100	100	35	(65)	85
TOTAL REVENUES	<u>70,100</u>	<u>70,100</u>	<u>81,573</u>	<u>11,472</u>	<u>76,425</u>
EXPENDITURES					
Current:					
Public works	80,400	80,400	-	80,400	155,000
TOTAL EXPENDITURES	<u>80,400</u>	<u>80,400</u>	<u>-</u>	<u>80,400</u>	<u>155,000</u>
Net change in fund balances	(10,300)	(10,300)	81,573	91,872	(78,575)
FUND BALANCES AT BEGINNING OF YEAR	<u>11,285</u>	<u>11,285</u>	<u>11,285</u>	<u>-</u>	<u>89,860</u>
FUND BALANCES AT END OF YEAR	<u>\$ 985</u>	<u>985</u>	<u>92,858</u>	<u>91,872</u>	<u>11,285</u>

**CITY OF VILLA PARK
STREET IMPROVEMENTS FUND**

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

Year Ended June 30, 2015
(with comparative data for prior year)

	<u>2015</u>			Variance with Final Budget Positive (Negative)	2014 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Charges for services	\$ -	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current:					
Public works	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-
FUND BALANCES AT BEGINNING OF YEAR	<u>114,276</u>	<u>114,276</u>	<u>114,276</u>	<u>-</u>	<u>114,276</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 114,276</u></u>	<u><u>114,276</u></u>	<u><u>114,276</u></u>	<u><u>-</u></u>	<u><u>114,276</u></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, 2015
(with comparative data for prior year)

	<u>2015</u>			Variance with Final Budget Positive (Negative)	2014 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Special assessments	\$ 14,000	14,000	14,006	6	14,006
Rent and investment income	100	100	49	(51)	61
TOTAL REVENUES	<u>14,100</u>	<u>14,100</u>	<u>14,055</u>	<u>(45)</u>	<u>14,067</u>
EXPENDITURES					
Current:					
Public works	10,500	11,200	10,250	950	10,984
Capital outlay	15,000	15,000	7,324	7,676	-
TOTAL EXPENDITURES	<u>25,500</u>	<u>26,200</u>	<u>17,574</u>	<u>8,626</u>	<u>10,984</u>
Net change in fund balances	(11,400)	(12,100)	(3,519)	8,581	3,083
FUND BALANCES AT BEGINNING OF YEAR	<u>51,282</u>	<u>51,282</u>	<u>51,282</u>	<u>-</u>	<u>48,199</u>
FUND BALANCES AT END OF YEAR	<u>\$ 39,882</u>	<u>39,182</u>	<u>47,763</u>	<u>8,581</u>	<u>51,282</u>

STATISTICAL SECTION

CITY OF VILLA PARK
STATISTICAL SECTION (unaudited)

Year Ended June 30, 2015

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 Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 980,993	1,427,882	2,755,499	3,127,671	4,735,364	6,252,755	7,127,857	7,270,250	8,747,671	9,184,718
Restricted	374,832	455,514	703,962	1,008,517	725,150	915,579	1,131,497	1,835,170	1,164,380	819,750
Unrestricted	1,306,592	1,684,085	1,712,031	1,699,742	1,887,106	1,733,258	1,535,878	1,950,006	2,540,428	2,170,410
Total governmental activities net position	\$ 2,662,417	3,567,481	5,171,492	5,834,930	7,347,620	8,901,592	9,795,232	11,055,426	12,452,479	12,174,878

CITY OF VILLA PARK

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
General government	\$ 920,770	996,307	1,023,511	964,900	859,970	1,184,187	721,737	765,070	801,987	1,032,450
Public safety	1,119,673	982,947	1,224,440	1,087,108	1,179,679	1,211,235	1,243,881	1,246,816	1,275,791	1,337,189
Public works	1,021,788	811,364	783,269	1,003,246	893,713	590,111	859,044	620,233	551,627	776,591
Total expenses	<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>	<u>2,824,662</u>	<u>2,632,119</u>	<u>2,629,405</u>	<u>3,146,230</u>
Revenues:										
Program revenues:										
Charges for services	328,106	773,650	349,941	658,572	746,841	677,080	617,223	695,544	749,283	720,876
Operating contributions & grants	447,515	454,842	987,257	373,061	376,555	343,654	392,977	355,675	399,859	397,086
Capital contributions & grants	80,706	9,007	493,822	173,202	925,686	993,589	230,641	227,604	109,038	71,055
General revenues:										
Taxes:										
Property taxes	1,378,297	1,808,514	1,903,805	1,947,486	1,956,232	1,895,820	1,903,292	1,957,929	2,073,699	2,152,861
Sales tax	219,339	225,259	241,718	212,281	143,834	213,777	242,841	221,929	310,131	314,860
Franchise taxes	233,129	246,754	213,695	237,104	214,109	220,770	228,368	239,342	243,188	254,191
Motor vehicle in lieu, unrestricted	385,372	63,766	47,255	54,993	47,015	69,320	24,274	14,928	2,676	2,585
Investment income	41,306	54,469	58,214	30,876	12,171	19,246	14,388	16,160	30,272	24,655
Other general revenues	73,199	59,421	223,744	31,117	23,609	106,249	64,298	163,202	108,312	123,834
Total revenues	<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>	<u>3,718,302</u>	<u>3,892,313</u>	<u>4,026,458</u>	<u>4,062,003</u>
Changes in net position	\$ <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>	<u>893,640</u>	<u>1,260,194</u>	<u>1,397,053</u>	<u>915,773</u>

CITY OF VILLA PARK
Fund Balances of Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General fund:					
Nonspendable	\$ 141,103	95,440	193,712	166,689	77,950
Restricted	-	-	-	-	-
Assigned	58,600	70,800	233,100	300,000	356,000
Unassigned	1,698,219	1,622,534	1,902,390	2,287,936	2,664,482
Total general fund	\$ 1,897,922	1,788,774	2,329,202	2,754,625	3,098,432
All other governmental funds:					
Nonspendable	\$ -	-	-	-	-
Restricted	736,713	791,489	1,373,858	823,898	819,750
Assigned	108,094	108,094	34,500	70,000	120,500
Unassigned	(639,857)	(101,005)	-	(196,206)	(159,206)
Total all other governmental funds	\$ 204,950	798,578	1,408,358	697,692	781,044

Three years of 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes	\$ 1,635,430	2,072,155	2,183,560	2,196,320	2,135,350	2,186,674	2,202,637	2,267,359	2,456,914	2,545,828
Intergovernmental	785,488	969,787	1,302,839	1,141,778	1,047,111	1,641,300	1,637,823	1,073,085	837,703	908,325
Special assessments	14,680	15,200	12,313	15,155	14,006	14,006	14,006	14,006	14,006	14,006
Licenses and permits	446,090	418,139	424,466	368,961	338,795	349,467	318,961	366,399	404,787	413,802
Fines and forfeitures	53,062	22,019	47,359	39,343	131,944	58,788	46,575	50,940	56,885	56,929
Rental and investment income	61,310	93,862	93,596	47,956	18,220	21,865	16,473	18,794	31,275	25,568
Charges for services	61,822	56,400	48,730	35,882	21,289	25,150	28,174	68,184	68,362	68,485
Other	112,591	49,295	255,012	40,990	28,171	70,279	42,044	39,065	36,581	29,081
Total revenues	<u>3,170,473</u>	<u>3,696,857</u>	<u>4,367,875</u>	<u>3,886,285</u>	<u>3,734,866</u>	<u>4,367,529</u>	<u>4,306,693</u>	<u>3,897,832</u>	<u>3,906,513</u>	<u>4,062,034</u>
Expenditures										
Current:										
General government	899,640	975,665	1,001,707	944,402	837,660	877,916	828,271	736,491	807,579	1,022,087
Public safety	1,110,493	975,403	1,222,843	1,085,521	1,173,861	1,206,817	1,243,881	1,242,657	1,272,170	1,336,109
Public works	1,174,784	675,413	734,588	944,474	833,956	493,325	1,088,544	529,348	824,125	626,048
Capital Outlay	-	497,481	1,386,804	442,599	1,681,774	1,634,360	661,517	239,128	1,287,882	650,621
Total expenditures	<u>3,184,917</u>	<u>3,123,962</u>	<u>4,345,942</u>	<u>3,416,996</u>	<u>4,527,251</u>	<u>4,212,418</u>	<u>3,822,213</u>	<u>2,747,624</u>	<u>4,191,756</u>	<u>3,634,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,444)</u>	<u>572,895</u>	<u>21,933</u>	<u>469,289</u>	<u>(792,385)</u>	<u>155,111</u>	<u>484,480</u>	<u>1,150,208</u>	<u>(285,243)</u>	<u>427,159</u>
Other financing sources (uses):										
Transfers in	247,963	-	-	-	-	-	47,692	3,829	-	-
Transfers out	(297,963)	-	-	-	-	-	(47,692)	(3,829)	-	-
Total other financing sources (uses)	<u>(50,000)</u>	<u>-</u>								
Net change in fund balances	<u>\$ (64,444)</u>	<u>572,895</u>	<u>21,933</u>	<u>469,289</u>	<u>(792,385)</u>	<u>155,111</u>	<u>484,480</u>	<u>1,150,208</u>	<u>(285,243)</u>	<u>427,159</u>

Source: City Finance Department

CITY OF VILLA PARK
Property Tax Levies and Collections
Fiscal Years Ending 2011-2013

Fiscal Year	Original Taxes Levied	Current Tax Collection	% of Current Levy Collected	Deliquent Tax Collections	Total Levy Collections	% of Total Levy Collected
2010-11	\$ 1,344,833	\$ 1,311,674	97.53%	\$ 12,898	\$ 1,324,572	98.49%
2011-12	1,368,419	1,331,124	97.27%	18,426	1,349,550	98.62%
2012-13	1,398,066	1,356,660	97.04%	11,063	1,367,723	97.83%

*Data prior to the fiscal year ended June 30, 2011 is not available.
Data subsequent to the fiscal year ended June 30, 2013 was not purchased.*

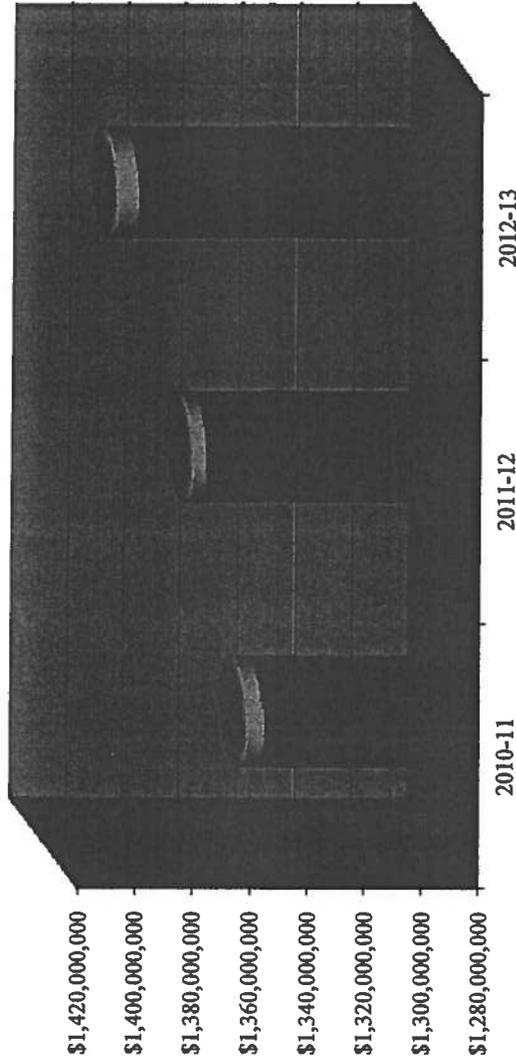
Source: Orange County Auditor-Controller, MuniServices, LLC

CITY OF VILLA PARK

Assessed Value and Estimated Actual Value of Taxable Property, Citywide

Fiscal Years Ending 2011-2013

Fiscal Year End	Residential Property	Commercial Property	Rural Property	Government Property	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	Total Direct		Factor of Taxable Assessed Value (2)
								Tax Rate (1)	Estimated Taxable 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
2011-12	1,347,611,706	18,684,325	1,567,419	-	5,344,822	11,680,405	1,361,527,867	0.104734	1,656,541,002	1.216678
2012-13	1,371,126,951	19,709,436	1,623,789	-	8,167,183	11,522,903	1,389,104,456	0.104734	1,743,551,145	1.255162



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

Data subsequent to the fiscal year ended June 30, 2013 was not purchased.

Source: County Assessor data, MuniServices, LLC

Value does not include state utility value of \$27,443

(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

Fiscal Years Ending 2011-2013

<u>Category</u>	<u>Fiscal Year</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential	\$ 1,327,759,490	1,347,611,706	1,371,126,951
Commercial	18,405,768	18,684,325	19,709,436
Rural	1,555,706	1,567,419	1,623,789
Government	-	-	-
Gross Secured Value	<u>1,347,720,964</u>	<u>1,367,863,450</u>	<u>1,392,460,176</u>
Unsecured	5,966,415	5,344,822	8,167,183
Exemptions	11,453,411	11,680,405	11,522,903
Net Taxable Value	<u>\$ 1,342,233,968</u>	<u>1,361,527,867</u>	<u>1,389,104,456</u>

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

Data subsequent to the fiscal year ended June 30, 2013 was not purchased.

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
Direct and Overlapping Property Tax Rates
Fiscal Years Ending 2011-2013

	<u>Fiscal Year</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Basic City and County Levy			
CITY OF VILLA PARK	0.10473352	0.10473352	0.10473352
COUNTY ORANGE	0.24744949	0.23591235	0.23591235
ORANGE COUNTY SCHOOLS	<u>0.64781699</u>	<u>0.65935413</u>	<u>0.65935413</u>
TOTAL	1.00000000	1.00000000	1.00000000
Override Assessments			
RANCHO SANTIAGO CCD 2002 SR 2005B	0.01227000	0.01225000	0.00432000
RANCHO SANTIAGO CCD 2012 GO REF BOND	0.00000000	0.00000000	0.00808000
RANCHO SANTIAGO CCD 2002 SR 2003A	0.01186000	0.01156000	0.01235000
RANCHO SANTIAGO CCD 2002 SR 2006C	0.00728000	0.00765000	0.00766000
METRO WATER DIST	<u>0.00370000</u>	<u>0.00370000</u>	<u>0.00350000</u>
TOTAL	0.03511000	0.03516000	0.03591000
TOTAL TAX RATE	<u><u>1.03511000</u></u>	<u><u>1.03516000</u></u>	<u><u>1.03591000</u></u>

Data prior to the fiscal year ended June 30, 2011 is not available.
Data subsequent to the fiscal year ended June 30, 2013 was not purchased.

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
Fiscal Year 2012-13 and Nine Years Prior

Taxpayer	Fiscal Year 2012-13			Fiscal Year 2003-04		
	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)
Sarkaria Daljit S	9,893,159	1	0.71%	0		0.00%
Ralphs Grocery	8,384,061	2	0.60%	4,521,697	2	0.46%
Lee Mie Kyung	6,136,502	3	0.44%	2,360,539	8	0.24%
Lee Anthony T	3,956,041	4	0.28%	2,646,020	5	0.27%
Niemann Charles Martyn	3,679,537	5	0.26%	2,532,246	6	0.26%
Ellis Stanley Jerome	3,600,000	6	0.26%	0		0.00%
White Thomas A Susan	3,543,339	7	0.26%	2,314,126	9	0.24%
De Santis Joseph	3,537,500	8	0.25%	0		0.00%
Olia Ben	3,174,523	9	0.23%	2,752,140	4	0.28%
Anderson William L Judy	3,120,464	10	0.22%	0		0.00%
Malloy Family Partners LP	3,106,981	11	0.22%	0		0.00%
Etter Bradley N	3,097,144	12	0.22%	0		0.00%
Albert Marsha	3,029,923	13	0.22%	0		0.00%
Keller Ulrich E Jr.	3,005,830	14	0.22%	1,903,174	16	0.19%
First Santiago Business LLC	2,913,238	15	0.21%	2,371,194	7	0.24%
Jackson David R	2,819,121	16	0.20%	0		0.00%
Vednor Robert David Linda S	2,472,633	17	0.18%	1,735,500	18	0.18%
Flores Larry L Jr	2,458,013	18	0.18%	2,061,045	12	0.21%
Gudzunas Petronella A Trof Vic	2,438,299	19	0.18%	2,007,972	13	0.20%
Skeffington William J	2,352,975	20	0.17%	0		0.00%
De Belle Diane L	2,318,000	21	0.17%	0		0.00%
Patel Jayanti N Bhavana	2,291,788	22	0.16%	1,966,356	15	0.20%
Kracke David L	2,105,788	23	0.15%	0		0.00%
Bova Michael Charles	2,093,000	24	0.15%	0		0.00%
Chao Andy Tse Tsan	2,068,105	25	0.15%	0		0.00%
Gries Louis; Elizabeth Trust	0		0.00%	6,226,421	1	0.63%
Patel Ash	0		0.00%	3,570,722	3	0.36%
Matranga Trust	0		0.00%	2,184,840	10	0.22%
Shewa Trust	0		0.00%	2,168,700	11	0.22%
Munoz Joseph J Tr	0		0.00%	1,985,671	14	0.20%
Rousan Amer E	0		0.00%	1,850,000	17	0.19%
Parson Narendra L	0		0.00%	1,732,750	19	0.18%
Mac Aloney Willard R	0		0.00%	1,713,227	20	0.17%
Dixon Michael W	0		0.00%	1,700,926	21	0.17%
Caudill Edward B; Diane E	0		0.00%	1,700,000	22	0.17%
Doshi Sudhir R Tr	0		0.00%	1,697,613	23	0.17%
Evert Kerry L	0		0.00%	1,657,191	24	0.17%
Wheatley Robert A Tr	0		0.00%	1,638,519	25	0.17%
Total Top 25 Taxpayers	87,595,964		6.31%	58,998,589		6.01%
Total Taxable Value	1,389,104,456		100.00%	981,726,691		100.00%

Data subsequent to the fiscal year ended June 30, 2013 was not purchased.

Source: Orange County Assessor data, MuniServices, LLC

CITY OF VILLA PARK
Demographic and Economic Statistics
 Fiscal Years Ending 2011-2013

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age	*Public School Enrollment	County Unemployment Rate (%) (3)	City Unemployment Rate (%) (3)	**County Population (1)
2010-11	5,823	\$ 458,408,396	\$ 78,724	48.5	30,373	9.0%	5.2%	3,028,846
2011-12	5,867	426,615,854	72,714	46.3	30,136	7.9%	4.5%	3,055,792
2012-13	5,900	435,274,152	73,775	49.6	29,854	7.6%	4.3%	3,081,804

Data prior to the fiscal year ended June 30, 2011 is not available.
Data subsequent to the fiscal year ended June 30, 2013 was not purchased.

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.
 **2010-11 County Population has been updated to show the correct county data.

City of Villa Park

**Principal Employers
Last Fiscal Year**

Business Name	Fiscal Year 2012-13	
	Number of Employees	Percent of Total Employment (%)
Orange Unified School District	2,786	79.60%
Ralphs Grocery	75	2.14%
Steve Wolff & Associates	38	1.09%
Wells Fargo Bank	13	0.37%
Serrano Water District	11	0.31%
Villa Park Fire Dept	11	0.31%
New Life Chiropractic	11	0.31%
First Class Pizza*	10	0.29%
Villa Park Pharmacy	9	0.26%
City of Villa Park	8	0.23%
Total Top Employers	2,972	84.91%
Total City Labor Force (1)	3,500	

Data subsequent to the fiscal year ended June 30, 2013 was not purchased.

Source: MuniServices, LLC

Results based on direct correspondence with city's local businesses.

(1.) Total City Labor Force provided by EDD Labor Force Data

*First Class Pizza's employee count is off of last year's report. The current employee count for this year was not available.

CITY OF VILLA PARK
Full-Time and Part-Time City Employees
by Function

Last Ten Fiscal Years

Full-Time and Part-Time Employees as of June 30

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government ¹	4	5	5	5	5	5	7	6	6	6
Public Safety ²	-	-	-	-	-	-	-	-	-	-
Public Works	<u>2</u>									
Total	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>9</u>	<u>8</u>	<u>8</u>	<u>8</u>

Source: City Finance Department

¹ In FY 2013-15, 4 of the 6 general government employees are part-time. The Building Inspector is now a part-time employee of the City and not a consultant.

² Police services were provided by the Orange County Sheriff's Department.

CITY OF VILLA PARK

Operating Indicators

Last Five Fiscal Years

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Finance					
Business Licenses Issued	158	188	121	153	148
Police					
Part 1 Crimes	53	77	82	82	92
Fire					
Calls for Service	388	365	392	383	378
Planning					
Conditional Use Permits Issued	3	12	20	13	7
Variance Permits Issued	5	3	4	1	3
Public Works					
Building Permits Issued	323	248	296	322	371
Street Area Resurfaced (sq/ft)	761,550 ¹	235,000 ¹	- ²	251,174 ²	71,100 ³

In FY 2010-11, two years of slurry resurfacing was performed compared to FY 2011-12 overlay surfacing.

² In FY 2012-13, street project was combined with FY 2013-14 project to be completed in FY 2013-14.

In FY 2014-15, street project was combined with FY 2015-16 project to be completed in FY 2015-16.

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
Capital Assets Statistics by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</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

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

CITY OF VILLA PARK

Miscellaneous Statistical Information

June 30, 2015

Date of Incorporation January 16, 1962

Form of Government.....General Law/Council-Manager

Area 2.1 Square Miles

Population5,867

Lane miles of streets68

Employees (full-time)4

Employees (part-time).....4

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 schools0

Source: City Manager's Office

