

CITY OF VILLA PARK, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2013



Prepared by the Villa Park Finance Department

Michelle Danaher

Finance Director

CITY OF VILLA PARK
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2013

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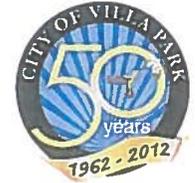
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INTRODUCTORY SECTION



City of Villa Park

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November 8, 2013

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 2012-13. 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, 2013 and in conformity with Generally Accepted Accounting Principles (GAAP).

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

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

The independent accounting firm of Mayer Hoffman McCann P.C. (Auditors) performed the annual financial audit, which was designed to meet the requirements of government auditing standards. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2013, 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, 2013. The Independent Auditors' Report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY

The City of Villa Park was incorporated in 1962 under the general laws of the State of California. The City is located in the center of Orange County. It has an area of 2.1 square miles, a population of approximately 5,800, and is almost 99.9% built out, with approximately 2,000 residential homes. With the exception of the Villa Park Towne Centre, the only commercial center, the City is zoned for single-family residences, most of which are on half-acre lots.

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

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

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

The annual budget is adopted by July 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 slightly 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. Franchise fees showed a 4.8% increase over the previous year which helped stabilize the City's revenues in an unstable economy.

LONG-TERM FINANCIAL PLANNING

As of June 30, 2013, the City has a General Fund reserve amount of \$871,800 for economic uncertainties, in the unassigned fund balance along with assignments of fund balance (for all City funds) of \$10,000 for vehicle replacement, \$62,100 for infrastructure replacement, \$100,000 for Towne Centre improvements, \$9,000 for VPTV capital improvements, \$15,000 for accrued leave, \$32,000 for CJPIA retroactive deposit repayment reserve, and \$5,000 for contingency reserve, \$30,000 for sewer conditioning TV monitoring, and \$4,500 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 a 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 2012-13 Priorities and Work Plan approved by Council. City staff continues to actively pursue outside grants and funding opportunities when possible to uphold the City's reputation for the provision of excellent services for its residents. In addition, in order to reduce personnel expenditures over the long term, employee contributions will increase by 1% each year until employees are contributing the full 7% employee share of PERS.

RELEVANT FINANCIAL POLICIES

Over the last several years, the City Council has built up a General Fund reserve that now totals \$871,800. Pursuant to the financial reserve policy, a 4/5 vote of the Council is required to use this reserve, and it can only be used in very limited and unusual circumstances. In addition, each year the balance is to increase by 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 budgeted expenditures. Currently, the reserve is at 32% of General Fund budgeted expenditures.

MAJOR INITIATIVES

In FY 2012-13 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, both of these projects were delayed until FY 2013-14 in order to combine the FY 2012-13 annual street rehabilitation project with the FY 2013-14 annual street rehabilitation project and the FY 2012-13 sewer improvement project with the FY 2013-14 sewer improvement project in order to maximize the economies of scale on a large two year street project and a large two year sewer improvement project.

ORGANIZATIONAL ACCOMPLISHMENTS

The following are some of the City's accomplishments during FY 2012-13:

The City Manager's Office completed virtually every item in the Priorities Work Plan adopted by the City Council. Beginning January 2012, the City Manager's Office kicked off management of the City's 50th year anniversary celebrations for the City of Villa Park.

The City Clerk's office prepared all documents for Council meetings, maintained the City's records retention program, and successfully conducted the November 2012 election.

The Finance Department received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for Fiscal Year beginning July 1, 2012 for the third consecutive year and the GFOA Comprehensive Annual Financial Report (CAFR) Award for FY 2011-12 for the second year, and completed comprehensive citywide fee and charges rate study.

The City Attorney successfully kept the City out of litigation in FY 2012-13, and assisted the City with a smooth transition for the new City Manager and new City Council Members.

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

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

The Building and Safety Department oversaw construction management of the City Hall Façade.

The Planning Department successfully updated the City Zoning Code to include Housing Element.

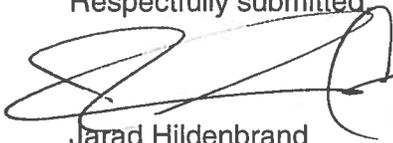
The Engineering Department completed the Lemon Street Trail project, City Hall Façade Improvement project, sewer closed circuit TV monitoring project, and seven year master plan update.

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 second time for FY 2011-12. For the third consecutive year, we are proud to state that the City will be submitting its fiscal year 2012-13 CAFR for review to GFOA.

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

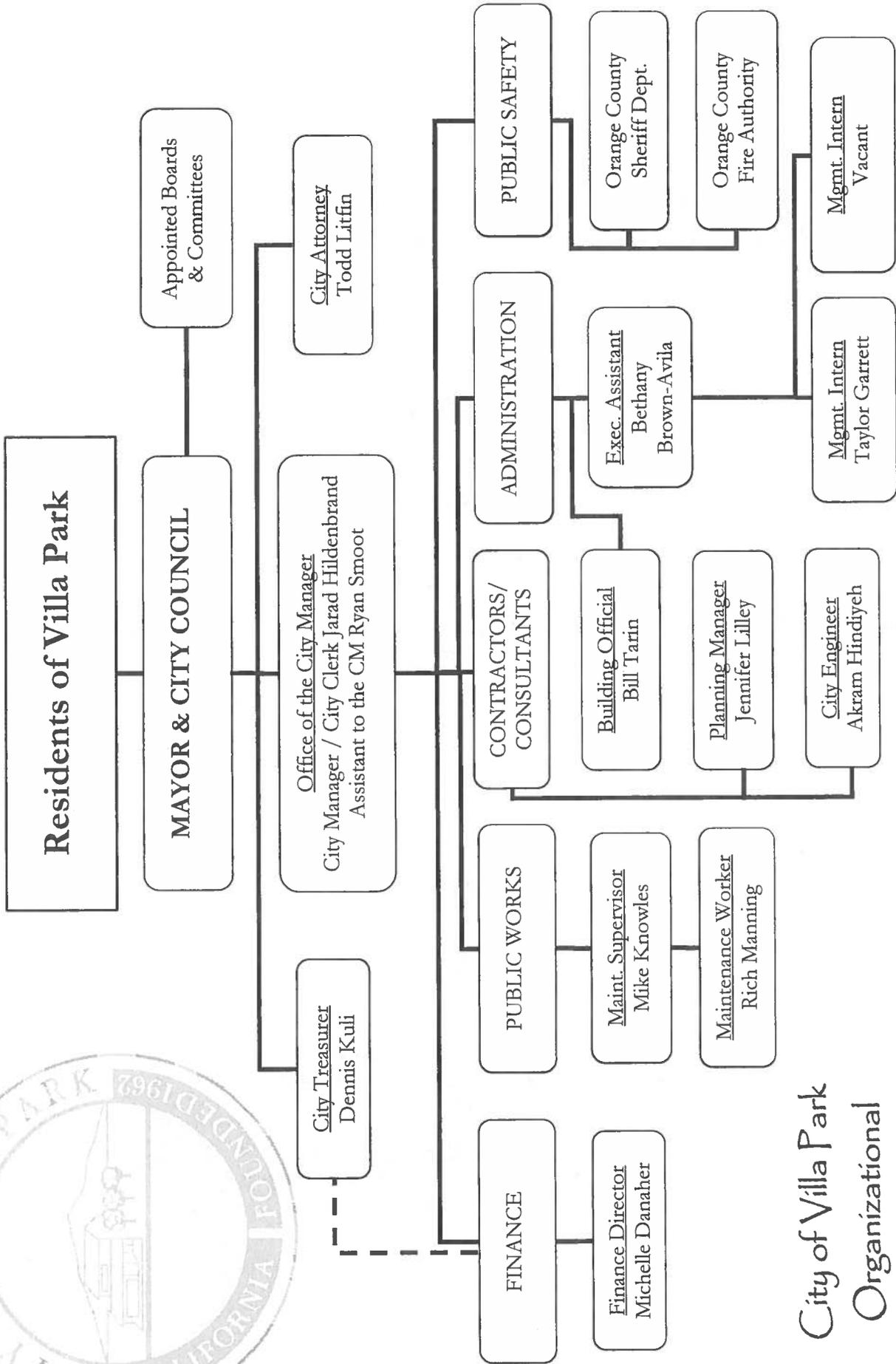
Respectfully submitted



Jarad Hildenbrand
City Manager



Michelle Danaher
Finance Director



City of Villa Park
Organizational
Chart

CITY OF VILLA PARK
LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL

BRAD REESE
Mayor

RICK BARNETT
Mayor Pro Tem

DIANA FASCENELLI
Councilmember

GREG MILLS
Councilmember

DEBORAH PAULY
Councilmember

CITY ADMINISTRATION

JARAD HILDENBRAND
City Manager

Todd Litfin, City Attorney
Michelle Danaher, Finance Director
Ryan Smoot, Assistant City Manager/City Clerk
Akram Hindiyeh, City Engineer
Bill Tarin, Deputy Building Official
Jennifer Lilley, Planning Director
Lieutenant Rob Gunzel, Chief of Police Services
Chief Keith Richter, Fire Chief



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Villa Park
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

FINANCIAL SECTION



Mayer Hoffman McCann P.C.

An Independent CPA Firm

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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, 2013, 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, 2013, 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, 2013, the City implemented GASB Statement No. 63. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the City of Villa Park's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 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*, the *introductory section* and the *statistical 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

Honorable Mayor and City Council
Page Three

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 the *statistical section* have 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 November 8, 2013 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.

Mayor Hoffman McClain P.C.

Irvine, California
November 8, 2013

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, 2013. 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 2012/2013, the City maintained an All Governmental Funds Fund Balance of \$3,737,560.
- The General Fund spendable Fund Balance increased by 12.35% from Fiscal Year 2011/2012, for a total balance of \$1,902,390 at June 30, 2013.
- Total governmental funds revenue from all sources in Fiscal Year 2012/2013 equaled \$3,897,832.
- Total costs for all governmental funds expenses in Fiscal Year 2012/2013 equaled \$2,747,624.
- In the General Fund, the City spent \$736,491 on general government expenditures; \$1,129,953 on public safety expenditures, \$345,686 on public works expenditures and \$119,734 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 *basic financial statements, required supplementary information*, and an optional section that presents *combining statements* of non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

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

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

REPORTING THE CITY AS A WHOLE

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net 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 are the difference between assets and liabilities, and are one way to measure the City's financial health or *financial position*. Over time, *increases or decreases* in the City's net 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**

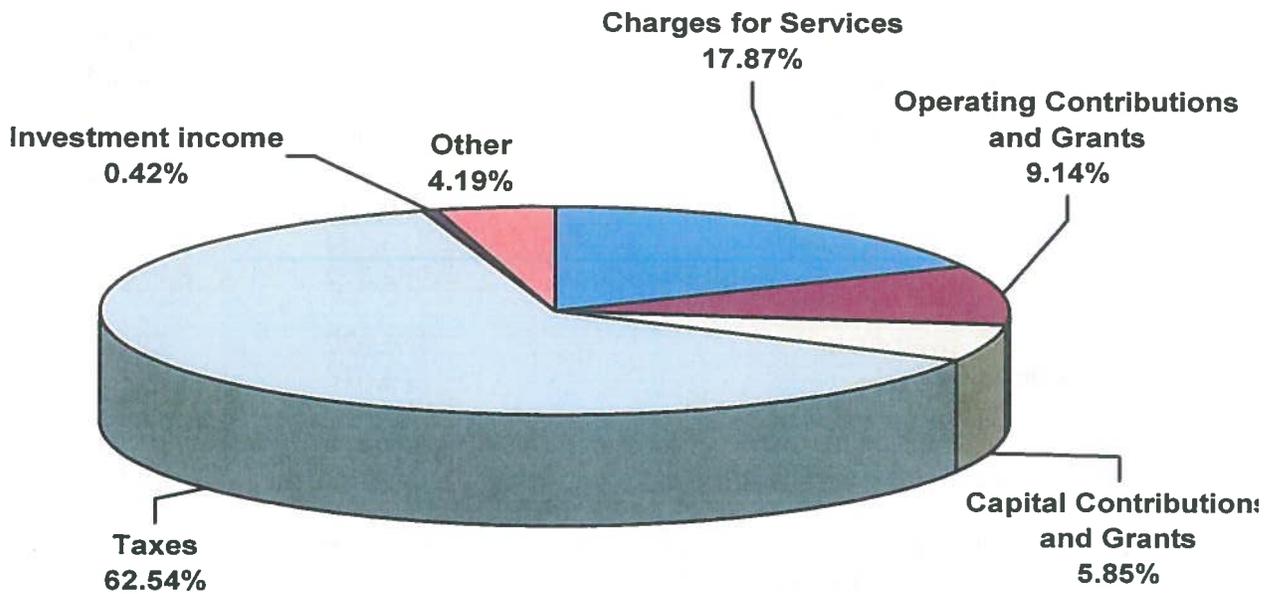
	<u>Governmental Activities</u>	
	<u>2012-2013</u>	<u>2011-2012</u>
Current & other assets	\$4,319,919	\$3,581,499
Capital assets, net	<u>7,270,250</u>	<u>7,127,857</u>
Total Assets	11,590,169	10,709,356
Non-current liabilities	278,355	251,467
Other liabilities	<u>256,388</u>	<u>662,657</u>
Total Liabilities	534,743	914,124
Net Position:		
Invested in capital assets	7,270,250	7,127,857
Restricted	1,835,170	1,131,497
Unrestricted	<u>1,950,006</u>	<u>1,535,878</u>
Total Net Position	<u>\$11,055,426</u>	<u>\$9,795,232</u>

Total net position increased from \$9,795,232 in fiscal year 2011-12 to \$11,055,426 in fiscal year 2012-13 due to the following:

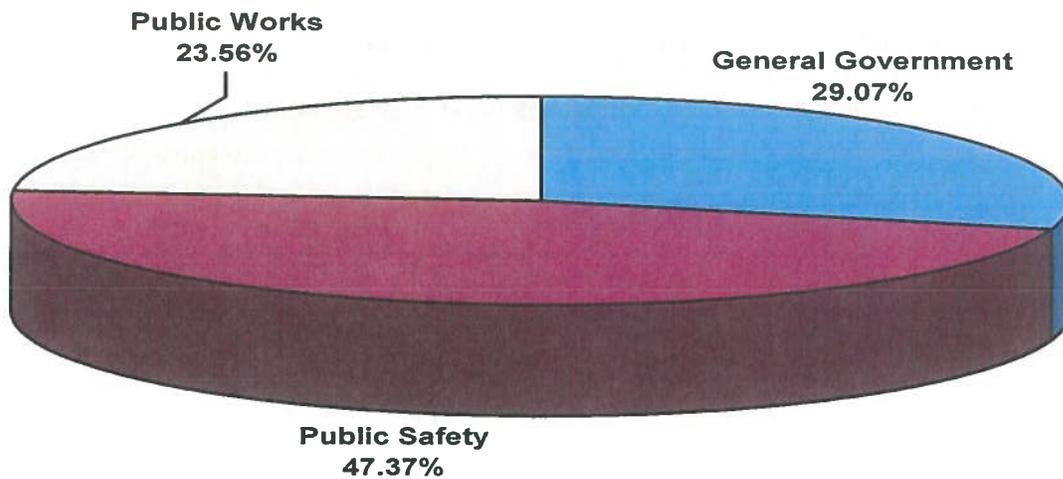
- Change in net position increased \$1,260,194 as a combination due to the delay of the 12/13 street rehabilitation project and delay of the 12/13 sewer improvement project.
- Unrestricted net position that are available for use without constraints established by legal requirements are \$1,950,006.

FISCAL YEAR 2012-2013 GOVERNMENTAL ACTIVITIES
(See Table 2)

Sources of Revenues



Functional Expenses



**Table 2
Changes in Net Position**

	<u>Governmental Activities</u>	
Revenues	<u>2012-2013</u>	<u>2011-2012</u>
Program Revenues:		
Charges for Services	\$ 695,544	\$ 617,223
Operating Contributions & Grants	355,675	392,977
Capital Contributions & Grants	<u>227,604</u>	<u>230,641</u>
Program Revenue Total	<u>1,278,823</u>	<u>1,240,841</u>
General Revenue:		
Taxes:		
Sales Taxes	221,929	242,841
Property Taxes	1,957,929	1,903,292
Franchise Taxes	239,342	228,368
Motor Vehicle in Lieu	14,928	24,274
Investment Income	16,160	14,388
Other	<u>163,202</u>	<u>64,298</u>
General Revenue Total	<u>2,613,490</u>	<u>2,477,461</u>
Total Revenues	<u>3,892,313</u>	<u>3,718,302</u>
Expenses		
General Government	765,070	721,737
Public Safety	1,246,816	1,243,881
Public Works	<u>620,233</u>	<u>859,044</u>
Total Expenses	<u>2,632,119</u>	<u>2,824,662</u>
Increase in net position	<u>\$ 1,260,194</u>	<u>\$ 893,640</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 \$3,892,313, while the total cost of all programs and services were \$2,632,119. A slight economic recovery was experienced in the housing market, along with other one-time community contributions toward city services that helped mildly bolster the City's revenue stream in FY 2012-13.

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 \$2,632,119 a decrease of \$192,543 from fiscal year 2011-12. The decreases were a result of deferred 2012-13 street rehabilitation project expenditures and deferred 2012-13 sewer improvement expenditures into FY 2013-14.

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, 2013

	Governmental Activities	
	Total Cost of Services	Net Cost of Service
General Government	\$ 765,070	(691,275)
Public Safety	1,246,816	(1,125,732)
Public Works	<u>620,233</u>	<u>463,711</u>
 Total	 <u>\$2,632,119</u>	 <u>(\$1,353,296)</u>

General Government expenses comprise 29% of the governmental services expenses and include City Council, City Manager, City Attorney, City Clerk, Finance, and Support Services. Expenses include personnel costs, office supplies, travel and meeting budgets, and all other operating costs for the year such as copier rental, cleaning services, etc. The revenues for Charges for Services, Operating Contributions & Grants, and Capital Contributions & Grants reduce the cost of these functions/programs.

Public Safety expenses comprise 47% 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 24% 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 \$3,737,560. Sixty-two point three (62.3%) percent of this balance is within the General Fund. The General Fund Unassigned Reserve was established for FY 2012-13 at \$871,800. Furthermore, the City Council established additional fund balance assignments for all funds totaling \$267,600.

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 2.94% 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 primarily higher than the prior year due to the significant increase in property transfer tax

and the one-time donations from the various community organizations for use in improving city services.

Overall, the City's financial position remains positive with an increase in available funding over the previous year as the city deferred its annual street rehabilitation project and its annual sewer improvements projects into the FY 2013-14.

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 has taken a very conservative approach with its budget projects for the next three years and has continued a strategic financial planning process to help stay atop of this concern. What is evident, however, from a review of the City's financial statements, is that the City has the ability to continue to deliver core services to its residents and to maintain a high quality of life through careful planning of public improvements and active solicitation of grant funding to offset net costs. The result is that overall Fund Balance Available at the end of any given Fiscal Year is dictated by the amount and 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 \$210,397. The increase in revenues from the prior year were a result of several issues, the major factors were:

- A significant increase in home sales resulting in unanticipated property transfer tax;
- A slight increase in property taxes; and
- The current year influences of the slight economic recovery on the building industry and related revenues.

Expenditures: The current year General Fund expenditures were less than the prior year expenditures by \$443,008. This is due to the deferral of the 2012-13 street rehabilitation project until FY 2013-14, and the completion of the City Hall Façade project which the majority of the general fund expenditures were incurred in FY 2011-12. The current year expenditures were also under budget by \$415,636, as a result of the deferred 2012-13 street rehabilitation project and the elimination of the Mesa Guardrail project as capital funding was lost on this project.

Ending Fund Balance: Total General Fund Balance for the year increased from \$1,788,774 to \$2,329,202.

GAS TAX FUND HIGHLIGHTS

Revenues: The current year Gas Tax Fund revenues (including transfers in) were lower than the prior year by \$75,947. This decrease is a direct result of the State Controller's Office audit of the City's Gas Tax and Traffic Congestion Relief monies in FY 2011-12. This resulted in approximately \$50,000 of transfers in for the Gas Tax Fund in FY 2011-12.

Expenditures: Current year Gas Tax Fund expenditures were lower than prior FY 2011-12 expenditures by \$299,678. This is due to the postponement of the FY 2012-13 annual street rehabilitation project to FY 2013-14.

Ending Fund Balance: Total Gas Tax Fund Balance for the year increased from \$72,780 to \$220,541. 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 slightly more than the prior year revenues by \$3,930.

Expenditures: The current year City Sewer Improvement/Maintenance Fund expenditures were more than the prior year expenditures by \$55,138. This is primarily due to the completion of the Sewer CCTV (closed circuit TV) monitoring project in FY 2012-13. Also, the variance from the prior year would have been significant if the sewer improvement project for FY 2012-13 was not combined with the FY 2013-14 sewer improvement project. The FY 2012-13 project was deferred until FY 2013-14 to maximize the city's economies of scale on this large two year improvement project.

Ending Fund Balance: Total City Sewer Improvement/Maintenance Fund Balance for the year increased from \$472,026 to \$711,207. These monies are restricted and available only for citywide sewer improvements.

CAPITAL IMPROVEMENT FUND HIGHLIGHTS

Revenues: The current year Capital Improvement Fund revenues were significantly lower than the prior year by \$591,428. The primary reason for the decrease was the receipt of the completed FY 2011-12 Lemon Street improvement project cost reimbursement grants were received in FY 2011-12.

Expenditures: Current year Capital Improvement Fund expenditures were significantly less than the prior year expenditures by \$182,382. Capital expenditures vary from year to year and in the current year, both the Catch Basin Improvement project and the street rehabilitation project were deferred into FY 2013-14.

Ending Fund Balance: Total Capital Improvement Fund Balance for the year increased from (\$101,005) to \$28,801. 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 were slightly less than the prior year revenues by \$3,505.

Expenditures: The current year Non-major Governmental Fund expenditures and transfers out were less than the prior year expenditures by \$252,351. The main reason for the decrease in expenditures is due to the postponement of the FY 2012-13 annual street rehabilitation project to FY 2013-14.

Ending Fund Balance: Total Non-Major Governmental Fund Balance for the year increased from \$354,777 to \$447,809. 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 2013, the City had \$7,270,50 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>2012-2013</u>	<u>2011-2012</u>
Land	\$ 10,000	\$ 10,000
Construction in Progress	125,027	757,382
Buildings	696,069	308,289
Vehicles	128,784	128,784
Tools & Equipment	77,499	77,499
Furniture & Fixtures	127,896	131,905
Office Equipment	89,964	87,411
Intangibles	4,450	-
Infrastructure	<u>6,819,118</u>	<u>6,317,610</u>
Total Assets	8,078,807	7,818,880
Less: Accumulated Depreciation	<u>(808,557)</u>	<u>(691,023)</u>
Capital Assets, Net	<u>\$7,270,250</u>	<u>\$7,127,857</u>

Additions to capital assets were made in the amount of \$950,964. The additions were increases to construction in progress, buildings, office equipment, intangibles, 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 \$278,355 as of June 30, 2013. The City's outstanding long-term liabilities increased by \$26,888 primarily due to the final calculation of the retrospective deposits for the City's self-insurance pool based on the revised estimated liability from CJPIA. (See Table 5)

Table 5
Long-term Liabilities

	<u>2012-2013</u>	<u>2011-2012</u>
Compensated absences	\$ 56,555	\$ 59,156
Claims payable	221,800	192,311
Total long-term liabilities	<u>\$ 278,355</u>	<u>\$ 251,467</u>

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

Contacting the City's Financial Management Team

This financial report in total (the audited financials included) is designed to provide our 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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF VILLA PARK
GOVERNMENTAL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 2013
(with comparative data for prior year)

	General Fund	Capital Project			Nonmajor Governmental Funds	Totals	
		Gas Tax	City Sewer Improvement/Maintenance	Capital Improvement		2013	2012
REVENUES							
Taxes	\$ 2,267,359	-	-	-	-	2,267,359	2,202,637
Intergovernmental	88,641	153,988	417,416	227,447	185,593	1,073,085	1,637,823
Special assessments	-	-	-	-	14,006	14,006	14,006
Licenses and permits	366,399	-	-	-	-	366,399	318,961
Fines and forfeitures	30,313	-	-	-	20,627	50,940	46,575
Rental and investment income	16,160	372	1,383	157	722	18,794	16,473
Charges for services	68,184	-	-	-	-	68,184	28,174
Miscellaneous	39,065	-	-	-	-	39,065	42,044
TOTAL REVENUES	<u>2,876,121</u>	<u>154,360</u>	<u>418,799</u>	<u>227,604</u>	<u>220,948</u>	<u>3,897,832</u>	<u>4,306,693</u>
EXPENDITURES							
Current:						736,491	828,271
General government	736,491	-	-	-	-	736,491	828,271
Public safety	1,129,953	-	-	-	112,704	1,242,657	1,243,881
Public works	345,686	6,599	163,126	-	13,937	529,348	1,088,544
Capital outlay	119,734	-	16,492	97,798	5,104	239,128	661,517
Total expenditures	<u>2,331,864</u>	<u>6,599</u>	<u>179,618</u>	<u>97,798</u>	<u>131,745</u>	<u>2,747,624</u>	<u>3,822,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>544,257</u>	<u>147,761</u>	<u>239,181</u>	<u>129,806</u>	<u>89,203</u>	<u>1,150,208</u>	<u>484,480</u>
Other financing sources (uses):							
Transfers in (note 10)	-	-	-	-	3,829	3,829	47,692
Transfers out (note 10)	(3,829)	-	-	-	-	(3,829)	(47,692)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,829)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,829</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>540,428</u>	<u>147,761</u>	<u>239,181</u>	<u>129,806</u>	<u>93,032</u>	<u>1,150,208</u>	<u>484,480</u>
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	<u>1,788,774</u>	<u>72,780</u>	<u>472,026</u>	<u>(101,005)</u>	<u>354,777</u>	<u>2,587,352</u>	<u>2,102,872</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,329,202</u>	<u>220,541</u>	<u>711,207</u>	<u>28,801</u>	<u>447,809</u>	<u>3,737,560</u>	<u>2,587,352</u>

See accompanying notes to the financial statements

**CITY OF VILLA PARK
GOVERNMENTAL FUNDS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$ 1,150,208
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.	
Capital outlay	266,635
Depreciation expense	(124,242)
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	2,601
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	(29,489)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	
	(5,448)
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>(71)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,260,194</u></u>

See accompanying notes to the financial statements

**CITY OF VILLA PARK
PROPRIETARY FUND**

STATEMENT OF NET POSITION

June 30, 2013
(with comparative data for prior year)

	Governmental Activities - Internal Service Employee Benefits Fund	
	2013	2012
ASSETS		
Current assets:		
Cash and investments	\$ 36,648	36,719
 TOTAL ASSETS	 36,648	 36,719
 NET POSITION		
Unrestricted	36,648	36,719
 TOTAL NET POSITION	 \$ 36,648	 36,719

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, 2013
(with comparative data for prior year)

	Governmental Activities - Internal Service Employee Benefits Fund	
	2013	2012
OPERATING REVENUES		
Charges for services	\$ 168,192	171,394
TOTAL OPERATING REVENUES	168,192	171,394
OPERATING EXPENSES		
Employee benefits	168,263	164,079
TOTAL OPERATING EXPENSES	168,263	164,079
Change in net position	(71)	7,315
NET POSITION AT BEGINNING OF YEAR	36,719	29,404
NET POSITION AT END OF YEAR	\$ 36,648	36,719

See accompanying notes to the financial statements

**CITY OF VILLA PARK
PROPRIETARY FUND**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2013
(with comparative data for prior year)

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

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from internal users	\$ 168,192	171,394
Cash payments for employee services	<u>(168,263)</u>	<u>(164,079)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(71)	7,315
Cash and cash equivalents at beginning of year	<u>36,719</u>	<u>29,404</u>
Cash and cash equivalents at end of year	<u><u>\$ 36,648</u></u>	<u><u>36,719</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	<u>\$ (71)</u>	<u>7,315</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ (71)</u></u>	<u><u>7,315</u></u>

There were no noncash capital, financing or investing activities for the year ended June 30, 2013.

See accompanying notes to the financial statements

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2013

(1) Summary of Significant Accounting Policies

The financial statements of the City of Villa Park, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

(a) Reporting Entity

The City of Villa Park was incorporated in 1962 under the general laws of the State of California. The City operates under the Council/City Manager form of government.

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

(b) Measurement Focus and Basis of Accounting

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

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

The City applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. The City has not adopted the preceding pronouncements issued after November 30, 1989.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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

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

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

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

The accompanying financial statements reflect the implementation of GASB Statements No. 63. Significant impacts of GASB Statement No. 63 include changing the title of the statement of net assets to the statement of net position and reformatting the statement of net position to add separate sections for deferred inflows of resources and deferred outflows of resources, which was not applicable to the City. There were no significant impacts as a result of the implementation of GASB Statement No. 63.

(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 type:

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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.

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

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

(g) Capital Assets

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

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

Capital assets currently include only the completed storm drain additions in fiscal years 2003-2013 and pavement improvements in fiscal years 2004-2013. The City may optionally capitalize other infrastructure assets acquired prior to fiscal year ended June 30, 2004 in subsequent years, but is not required to do so.

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

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

CITY OF VILLA PARK
NOTES TO THE 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 Equity**

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

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

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

Nonspendable Fund Balance

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

Spendable Fund Balance

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

Committed Fund Balance – this includes amounts that can be used only for the specific purposes determined by a formal action of the Council. It includes legislation (Council action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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.

(j) Prior Year Data

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

(k) Use of Estimates

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	<u>\$3,742,801</u>
Total cash and investments	<u>\$3,742,801</u>

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 400
Deposits with financial institutions	203,022
Investments	<u>3,539,379</u>
Total cash and investments	<u>\$3,742,801</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.

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer*
Local Agency Bonds	Yes	5 years	20%	5%
U.S. Treasury Obligations	Yes	5 years	None	30%
U.S. Agency Securities	Yes	5 years	None	40%
Banker's Acceptances	Yes	180 days	40%	5%
Commercial Paper	Yes	270 days	25%	5%
Negotiable Certificates of Deposit	Yes	5 years	30%	5%
Medium-Term Notes	Yes	5 years	30%	5%
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
County Pooled Investment Funds	Yes	N/A	33%	None
Local Agency Investment Fund	Yes	N/A	80%	None

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

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments (Continued)

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.

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturing (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Federal agency securities	\$ 196,571	-	-	196,571	-
Negotiable certificates of deposit	605,260	-	303,058	302,202	-
Medium term notes	193,151	-	193,151	-	-
State investment pool	1,406,506	1,406,506	-	-	-
County investment pool	<u>1,137,891</u>	<u>1,137,891</u>	-	-	-
Total	<u>\$3,539,379</u>	<u>2,544,397</u>	<u>496,209</u>	<u>498,773</u>	<u>-</u>

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

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>			
				<u>AAA</u>	<u>A2</u>	<u>BAA1</u>	<u>Not Rated</u>
Federal agency securities	\$ 196,571	N/A	-	196,571	-	-	-
Negotiable certificates of deposit	605,260	N/A	-	-	-	-	605,260
Medium term note	193,151	A	-	-	96,176	96,975	-
State investment pool	1,406,506	N/A	-	-	-	-	1,406,506
County investment pool	<u>1,137,891</u>	<u>N/A</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,137,891</u>
Total	<u>\$3,539,379</u>		<u>-</u>	<u>196,571</u>	<u>96,176</u>	<u>96,975</u>	<u>3,149,657</u>

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments (Continued)

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

Investment in State Investment Pool and County Investment Pool - The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The City is also a voluntary participant in the Orange County Investment Pool (OCIP) that is regulated by California Government Code and the Orange County Board of Supervisors under the oversight of the Orange County Treasurer-Tax Collector. The fair value of the City's investments in these pools is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF and OCIP for each respective portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and OCIP, which are recorded on an amortized cost basis.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(3) Capital Assets

A summary of capital asset activity for the year ended June 30, 2013 is as follows:

	<u>Balance at June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2013</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 10,000	-	-	10,000
Construction in progress	<u>757,382</u>	<u>175,767</u>	<u>(808,122)</u>	<u>125,027</u>
Total capital assets not being depreciated	<u>767,382</u>	<u>175,767</u>	<u>(808,122)</u>	<u>135,027</u>
Capital assets being depreciated:				
Buildings	308,289	387,780	-	696,069
Vehicles	128,784	-	-	128,784
Tools and equipment	77,499	-	-	77,499
Furniture and fixtures	131,905	-	(4,009)	127,896
Office equipment	87,411	5,701	(3,148)	89,964
Intangible	-	4,450	-	4,450
Infrastructure	<u>6,317,610</u>	<u>501,508</u>	<u>-</u>	<u>6,819,118</u>
Total capital assets being depreciated	<u>7,051,498</u>	<u>899,439</u>	<u>(7,157)</u>	<u>7,943,780</u>
Less accumulated depreciation for:				
Buildings	(140,212)	(6,166)	-	(146,378)
Vehicles	(108,271)	(4,923)	-	(113,194)
Tools and equipment	(66,187)	(6,356)	-	(72,543)
Furniture and fixtures	(103,988)	(11,254)	4,009	(111,233)
Office equipment	(62,844)	(7,788)	2,699	(67,933)
Intangible	-	(297)	-	(297)
Infrastructure	<u>(209,521)</u>	<u>(87,458)</u>	<u>-</u>	<u>(296,979)</u>
Total accumulated depreciation	<u>(691,023)</u>	<u>(124,242)</u>	<u>6,708</u>	<u>(808,557)</u>
Total capital assets being depreciated, net	<u>6,360,475</u>	<u>775,197</u>	<u>(449)</u>	<u>7,135,223</u>
Governmental activity capital assets, net	<u>\$7,127,857</u>	<u>950,964</u>	<u>(808,571)</u>	<u>7,270,250</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, 2013 as follows:

Governmental activities:	
General government	\$ 20,425
Public safety	4,160
Public works	<u>99,657</u>
Total governmental activities	<u>\$124,242</u>

(4) Construction Commitments

As of June 30, 2013, 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	\$ 20,823	20,823	-
Civic Center	5,600	5,600	-
Civic Entrance Monuments	80,000	54,876	25,124
Network Recable/Wiring	15,000	2,000	13,000
FY 12/13 Sewer Improvements	286,000	16,491	269,509
SLPP Street Project FY 12/13 – 13/14	<u>680,000</u>	<u>25,237</u>	<u>654,763</u>
Total	<u>\$ 1,087,423</u>	<u>125,027</u>	<u>962,396</u>

(5) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	<u>Balance at June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2013</u>	<u>Portion Due Within One Year</u>
<u>Governmental Activities:</u>					
Compensated absences	\$ 59,156	35,764	(38,365)	56,555	-
Claims payable	<u>192,311</u>	<u>29,489</u>	-	<u>221,800</u>	-
Total long-term liabilities	<u>\$ 251,467</u>	<u>65,253</u>	<u>(38,365)</u>	<u>278,355</u>	<u>-</u>

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

Claims Payable

The City's self-insurance pool calculates an annual retrospective adjustment on recent developments of claims incurred in prior coverage periods. Retrospective adjustments can result in either an additional deposit or a refund. As of June 30, 2013, the City owed \$221,800 in retrospective adjustments.

(6) Defined Benefit Pension Plan

Plan Description

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

Contributions and Funding Policy

Miscellaneous participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2013 is 20.354% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by City Council in conjunction with applicable labor contracts. The City's contributions to the plan for the years ending June 30, 2011, 2012, and 2013 were \$72,913, and \$89,772, and \$92,910, respectively, and were equal to the required contributions for each year.

Three-Year Trend Information

Annual Pension Cost (Miscellaneous)

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Annual Pension Cost (Employer Contribution)</u>	<u>Percentage of APC Contributed</u>
6/30/13	20.354%	\$92,910	100%
6/30/12	20.046%	89,772	100%
6/30/11	22.132%	72,913	100%

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(7) 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 122 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 Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution 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

CITY OF VILLA PARK

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(7) Liability, Workers' Compensation Protection, and Purchased Insurance

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 \$50 million are covered through excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

Workers' Compensation

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

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

Authority. City of Villa Park property currently has all-risk property insurance protection in the amount of \$2,131,608. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and flood insurance - The City of Villa Park purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Villa Park property currently has earthquake protection in the amount of \$1,899,706. 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.

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 2012-13.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(8) Fund Balances

General Fund Balance Policy - It is the policy of the City to maintain a reserve for large and unanticipated one-time expenditure requirements, a revenue reduction due to a change in state or federal legislation, impacts from adverse litigation or environmental occurrences/disaster, or similar unforeseen action and economic uncertainty. In fiscal year 2010/11 the City Council established an initial reserve of \$850,000. Each year the balance is to increase by 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 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.

(9) Joint Venture - Orange County Fire Authority

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

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2013. 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, 2012 (the most recent data available).

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

	<u>Governmental Activities</u>
Total Assets	<u>\$376,665,967</u>
Total Liabilities	<u>\$108,120,816</u>
Total Revenues	\$265,212,548
Total Expenses	<u>284,296,768</u>
Changes in Net Assets	(19,084,220)
Net Assets, Beginning, as restated	<u>287,629,371</u>
Net Assets, Ending	<u>\$268,545,151</u>

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

(10) Interfund Transfers

Interfund transfers in and out at June 30, 2013 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General fund	Other governmental funds	<u>\$ 3,829</u>

Interfund transfers between general fund and other governmental funds were recommended by the State auditors to reclassify vehicle related expenses into the appropriate fund.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

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

CITY OF VILLA PARK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2013

(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 XIIIB 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, 2013
(with comparative data for prior year)

	2013				2012 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
REVENUES					
Taxes	\$ 2,106,300	2,116,300	2,267,359	151,059	2,202,637
Intergovernmental	61,000	74,400	88,641	14,241	27,043
Licenses and permits	326,000	326,000	366,399	40,399	318,961
Fines and forfeitures	32,000	27,000	30,313	3,313	32,476
Rental and investment income	18,000	14,400	16,160	1,760	14,389
Charges for services	21,200	44,200	68,184	23,984	28,174
Miscellaneous	18,000	18,000	39,065	21,065	42,044
TOTAL REVENUES	<u>2,582,500</u>	<u>2,620,300</u>	<u>2,876,121</u>	<u>255,821</u>	<u>2,665,724</u>
EXPENDITURES					
Current:					
General government	781,100	796,400	736,491	59,909	828,271
Public safety	1,136,100	1,131,400	1,129,953	1,447	1,120,437
Public works	468,700	500,800	345,686	155,114	465,301
Capital outlay	162,500	318,900	119,734	199,166	360,863
Total expenditures	<u>2,548,400</u>	<u>2,747,500</u>	<u>2,331,864</u>	<u>415,636</u>	<u>2,774,872</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,100</u>	<u>(127,200)</u>	<u>544,257</u>	<u>671,457</u>	<u>(109,148)</u>
Other financing sources (uses):					
Transfers out	-	-	(3,829)	(3,829)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,829)</u>	<u>(3,829)</u>	<u>-</u>
Net change in fund balances	34,100	(127,200)	540,428	667,628	(109,148)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,788,774</u>	<u>1,788,774</u>	<u>1,788,774</u>	<u>-</u>	<u>1,897,922</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,822,874</u>	<u>1,661,574</u>	<u>2,329,202</u>	<u>667,628</u>	<u>1,788,774</u>

SUPPLEMENTARY SCHEDULES

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City of Villa Park has the following Nonmajor Special Revenue Funds:

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

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

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

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

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

MAJOR AND NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Project 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:

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 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, 2013
(with comparative data for prior year)

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Totals</u>	
			<u>2013</u>	<u>2012</u>
ASSETS				
Cash and investments	\$ 189,871	239,157	429,028	340,100
Receivables:				
Taxes	-	-	-	439
Interest	47	25	72	91
Due from other governments	<u>5,556</u>	<u>13,183</u>	<u>18,739</u>	<u>14,503</u>
Total assets	<u><u>\$ 195,474</u></u>	<u><u>252,365</u></u>	<u><u>447,839</u></u>	<u><u>355,133</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	30	30	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>356</u>
Total liabilities	<u>-</u>	<u>30</u>	<u>30</u>	<u>356</u>
Fund balances:				
Restricted for:				
Street projects	5,707	204,136	209,843	136,169
Public safety	171,266	-	171,266	163,617
Sewers	-	48,199	48,199	43,002
Other purposes	<u>18,501</u>	<u>-</u>	<u>18,501</u>	<u>11,989</u>
TOTAL FUND BALANCES	<u>195,474</u>	<u>252,335</u>	<u>447,809</u>	<u>354,777</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 195,474</u></u>	<u><u>252,365</u></u>	<u><u>447,839</u></u>	<u><u>355,133</u></u>

**CITY OF VILLA PARK
NONMAJOR GOVERNMENTAL FUNDS**

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

Year Ended June 30, 2013
(with comparative data for prior year)

	Special Revenue Funds	Capital Project Funds	Totals	
			2013	2012
REVENUES				
Intergovernmental	\$ 112,027	73,566	185,593	195,501
Special assessments	-	14,006	14,006	14,006
Fines and forfeitures	20,627	-	20,627	14,099
Rental and investment income	500	222	722	847
TOTAL REVENUES	133,154	87,794	220,948	224,453
EXPENDITURES				
Current:				
Public safety	112,704	-	112,704	123,444
Public works	5,000	8,937	13,937	196,103
Capital outlay	5,104	-	5,104	16,857
TOTAL EXPENDITURES	122,808	8,937	131,745	336,404
Excess (deficiency) of revenues over (under) expenditures	10,346	78,857	89,203	(111,951)
Other financing sources (uses):				
Transfers in	3,829	-	3,829	-
Transfers out	-	-	-	(47,692)
Total other financing sources (uses)	3,829	-	3,829	(47,692)
Net change in fund balances	14,175	78,857	93,032	(159,643)
FUND BALANCES AT BEGINNING OF YEAR	181,299	173,478	354,777	514,420
FUND BALANCES AT END OF YEAR	\$ 195,474	252,335	447,809	354,777

**CITY OF VILLA PARK
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

June 30, 2013
(with comparative data for prior year)

	<u>Traffic Safety</u>	<u>Aid to Cities</u>	<u>Air Quality Management</u>
ASSETS			
Cash and investments	\$ 3,885	706	18,498
Receivables:			
Interest	4	1	3
Due from other governments	<u>556</u>	<u>5,000</u>	<u>-</u>
Total assets	<u>\$ 4,445</u>	<u>5,707</u>	<u>18,501</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	<u>\$ -</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted for:			
Street projects	-	5,707	-
Public safety	4,445	-	-
Other purposes	<u>-</u>	<u>-</u>	<u>18,501</u>
TOTAL FUND BALANCES	<u>4,445</u>	<u>5,707</u>	<u>18,501</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,445</u>	<u>5,707</u>	<u>18,501</u>

Citizens Option for Public Safety	California Law Enforcement Equipment Program	Totals	
		2013	2012
114,229	52,553	189,871	179,442
28	11	47	70
-	-	5,556	2,143
<u>114,257</u>	<u>52,564</u>	<u>195,474</u>	<u>181,655</u>
-	-	-	356
-	-	-	356
-	-	5,707	5,693
114,257	52,564	171,266	163,617
-	-	18,501	11,989
<u>114,257</u>	<u>52,564</u>	<u>195,474</u>	<u>181,299</u>
<u>114,257</u>	<u>52,564</u>	<u>195,474</u>	<u>181,655</u>

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

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

Year Ended June 30, 2013
(with comparative data for prior year)

	<u>Traffic Safety</u>	<u>Aid to Cities</u>	<u>Air Quality Management</u>
REVENUES			
Intergovernmental	\$ -	5,000	7,027
Fines and forfeitures	20,627	-	-
Rental and investment income	27	14	30
TOTAL REVENUES	20,654	5,014	7,057
EXPENDITURES			
Current:			
Public safety	17,999	-	-
Public works	-	5,000	-
Capital outlay	-	-	4,374
TOTAL EXPENDITURES	17,999	5,000	4,374
Excess (deficiency) of revenues over (under) expenditures	2,655	14	2,683
Other financing sources (uses):			
Transfers in	-	-	3,829
Transfers out	-	-	-
Total other financing sources (uses)	-	-	3,829
Net change in fund balances	2,655	14	6,512
FUND BALANCES AT BEGINNING OF YEAR	1,790	5,693	11,989
FUND BALANCES AT END OF YEAR	\$ 4,445	5,707	18,501

Citizens Option for Public Safety	California Law Enforcement Equipment Program	Totals	
		2013	2012
100,000	-	112,027	121,992
-	-	20,627	14,099
<u>293</u>	<u>136</u>	<u>500</u>	<u>648</u>
<u>100,293</u>	<u>136</u>	<u>133,154</u>	<u>136,739</u>
89,503	5,202	112,704	123,444
-	-	5,000	84,684
<u>-</u>	<u>730</u>	<u>5,104</u>	<u>16,857</u>
<u>89,503</u>	<u>5,932</u>	<u>122,808</u>	<u>224,985</u>
<u>10,790</u>	<u>(5,796)</u>	<u>10,346</u>	<u>(88,246)</u>
-	-	3,829	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,692)</u>
<u>-</u>	<u>-</u>	<u>3,829</u>	<u>(47,692)</u>
10,790	(5,796)	14,175	(135,938)
<u>103,467</u>	<u>58,360</u>	<u>181,299</u>	<u>317,237</u>
<u><u>114,257</u></u>	<u><u>52,564</u></u>	<u><u>195,474</u></u>	<u><u>181,299</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, 2013
(with comparative data for prior year)

	<u>2013</u>			Variance with Final Budget Positive (Negative)	2012 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
REVENUES					
Fines and forfeitures	\$ 12,900	17,900	20,627	2,727	14,099
Rental and investment income	<u>100</u>	<u>100</u>	<u>27</u>	<u>(73)</u>	<u>14</u>
TOTAL REVENUES	<u>13,000</u>	<u>18,000</u>	<u>20,654</u>	<u>2,654</u>	<u>14,113</u>
EXPENDITURES					
Current:					
Public safety	<u>13,000</u>	<u>18,000</u>	<u>17,999</u>	<u>1</u>	<u>13,100</u>
TOTAL EXPENDITURES	<u>13,000</u>	<u>18,000</u>	<u>17,999</u>	<u>1</u>	<u>13,100</u>
Net change in fund balances	-	-	2,655	2,655	1,013
FUND BALANCES AT BEGINNING OF YEAR	<u>1,790</u>	<u>1,790</u>	<u>1,790</u>	-	<u>777</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 1,790</u></u>	<u><u>1,790</u></u>	<u><u>4,445</u></u>	<u><u>2,655</u></u>	<u><u>1,790</u></u>

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

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

Year Ended June 30, 2013
(with comparative data for prior year)

	<u>2013</u>			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 5,000	5,000	5,000	-	10,000
Rental and investment income	100	100	14	(86)	167
TOTAL REVENUES	<u>5,100</u>	<u>5,100</u>	<u>5,014</u>	<u>(86)</u>	<u>10,167</u>
EXPENDITURES					
Current:					
Public works	5,000	5,000	5,000	-	84,684
TOTAL EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>84,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100</u>	<u>100</u>	<u>14</u>	<u>(86)</u>	<u>(74,517)</u>
Other financing sources (uses):					
Transfers out	-	-	-	-	(47,692)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,692)</u>
Net change in fund balances	100	100	14	(86)	(122,209)
FUND BALANCES AT BEGINNING OF YEAR	<u>5,693</u>	<u>5,693</u>	<u>5,693</u>	<u>-</u>	<u>127,902</u>
FUND BALANCES AT END OF YEAR	<u>\$ 5,793</u>	<u>5,793</u>	<u>5,707</u>	<u>(86)</u>	<u>5,693</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, 2013
(with comparative data for prior year)

	2013			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 7,000	7,000	7,027	27	11,992
Rental and investment income	100	100	30	(70)	46
TOTAL REVENUES	7,100	7,100	7,057	(43)	12,038
EXPENDITURES					
Current:					
Public works	3,000	3,000	-	3,000	-
Capital outlay	2,000	7,900	4,374	3,526	16,857
TOTAL EXPENDITURES	5,000	10,900	4,374	6,526	16,857
Excess (deficiency) of revenues over (under) expenditures	2,100	(3,800)	2,683	6,483	(4,819)
Other financing sources (uses):					
Transfers in	-	-	3,829	3,829	-
Total other financing sources (uses)	-	-	3,829	3,829	-
Net change in fund balances	2,100	(3,800)	6,512	10,312	(4,819)
FUND BALANCES AT BEGINNING OF YEAR	11,989	11,989	11,989	-	16,808
FUND BALANCES AT END OF YEAR	<u>\$ 14,089</u>	<u>8,189</u>	<u>18,501</u>	<u>10,312</u>	<u>11,989</u>

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

Year Ended June 30, 2013
(with comparative data for prior year)

	2013			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 100,000	100,000	100,000	-	100,000
Rental and investment income	300	300	293	(7)	284
Total revenues	<u>100,300</u>	<u>100,300</u>	<u>100,293</u>	<u>(7)</u>	<u>100,284</u>
EXPENDITURES					
Current:					
Public safety	102,000	102,000	89,503	12,497	103,467
Total expenditures	<u>102,000</u>	<u>102,000</u>	<u>89,503</u>	<u>12,497</u>	<u>103,467</u>
Net change in fund balances	(1,700)	(1,700)	10,790	12,490	(3,183)
FUND BALANCES AT BEGINNING OF YEAR	<u>103,467</u>	<u>103,467</u>	<u>103,467</u>	<u>-</u>	<u>106,650</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 101,767</u></u>	<u><u>101,767</u></u>	<u><u>114,257</u></u>	<u><u>12,490</u></u>	<u><u>103,467</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, 2013
(with comparative data for prior year)

	2013			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Rental and investment income	\$ 100	100	136	36	137
Total revenues	100	100	136	36	137
EXPENDITURES					
Current:					
Public safety	7,100	7,100	5,202	1,898	6,877
Capital outlay	3,000	3,000	730	2,270	-
Total expenditures	10,100	10,100	5,932	4,168	6,877
Net change in fund balances	(10,000)	(10,000)	(5,796)	4,204	(6,740)
FUND BALANCES AT BEGINNING OF YEAR	58,360	58,360	58,360	-	65,100
FUND BALANCES AT END OF YEAR	\$ 48,360	48,360	52,564	4,204	58,360

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

COMBINING BALANCE SHEET

June 30, 2013
(with comparative data for prior year)

	<u>Measure M</u>	<u>Street Improvements</u>	<u>Sewer Pump Maintenance</u>	<u>Totals</u>	
				<u>2013</u>	<u>2012</u>
ASSETS					
Cash and investments	\$ 76,662	114,276	48,219	239,157	160,658
Receivables:					
Taxes	-	-	-	-	439
Interest	15	-	10	25	21
Due from other governments	13,183	-	-	13,183	12,360
Total assets	<u>\$ 89,860</u>	<u>114,276</u>	<u>48,229</u>	<u>252,365</u>	<u>173,478</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	-	30	30	-
Total liabilities	<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>	<u>-</u>
Fund balances:					
Restricted for:					
Street projects	89,860	114,276	-	204,136	130,476
Sewers	-	-	48,199	48,199	43,002
TOTAL FUND BALANCES	<u>89,860</u>	<u>114,276</u>	<u>48,199</u>	<u>252,335</u>	<u>173,478</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 89,860</u>	<u>114,276</u>	<u>48,229</u>	<u>252,365</u>	<u>173,478</u>

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

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

Year Ended June 30, 2013
(with comparative data for prior year)

	<u>Measure M</u>	<u>Street Improvements</u>	<u>Sewer Pump Maintenance</u>	<u>Totals</u>	
				<u>2013</u>	<u>2012</u>
REVENUES					
Intergovernmental	\$ 73,566	-	-	73,566	73,509
Special assessments	-	-	14,006	14,006	14,006
Rental and investment income	114	-	108	222	199
TOTAL REVENUES	<u>73,680</u>	<u>-</u>	<u>14,114</u>	<u>87,794</u>	<u>87,714</u>
EXPENDITURES					
Current:					
Public works	20	-	8,917	8,937	111,419
TOTAL EXPENDITURES	<u>20</u>	<u>-</u>	<u>8,917</u>	<u>8,937</u>	<u>111,419</u>
Net change in fund balances	73,660	-	5,197	78,857	(23,705)
FUND BALANCES					
AT BEGINNING OF YEAR	<u>16,200</u>	<u>114,276</u>	<u>43,002</u>	<u>173,478</u>	<u>197,183</u>
FUND BALANCES AT END OF YEAR	<u>\$ 89,860</u>	<u>114,276</u>	<u>48,199</u>	<u>252,335</u>	<u>173,478</u>

**CITY OF VILLA PARK
GAS TAX FUND**

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

Year Ended June 30, 2013
(with comparative data for prior year)

	2013			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 170,000	170,000	153,988	(16,012)	182,388
Rent and investment income	300	300	372	72	227
Total revenues	<u>170,300</u>	<u>170,300</u>	<u>154,360</u>	<u>(15,940)</u>	<u>182,615</u>
EXPENDITURES					
Current:					
Public works	175,000	181,600	6,599	175,001	306,277
Capital outlay	14,000	14,000	-	14,000	-
Total expenditures	<u>189,000</u>	<u>195,600</u>	<u>6,599</u>	<u>189,001</u>	<u>306,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,700)</u>	<u>(25,300)</u>	<u>147,761</u>	<u>173,061</u>	<u>(123,662)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	47,692
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,692</u>
Net change in fund balances	<u>(18,700)</u>	<u>(25,300)</u>	<u>147,761</u>	<u>173,061</u>	<u>(75,970)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>72,780</u>	<u>72,780</u>	<u>72,780</u>	<u>-</u>	<u>148,750</u>
FUND BALANCES AT END OF YEAR	<u>\$ 54,080</u>	<u>47,480</u>	<u>220,541</u>	<u>173,061</u>	<u>72,780</u>

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

Year Ended June 30, 2013
(with comparative data for prior year)

	<u>2013</u>			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 415,000	414,700	417,416	2,716	414,141
Rent and investment income	300	600	1,383	783	728
Total revenues	<u>415,300</u>	<u>415,300</u>	<u>418,799</u>	<u>3,499</u>	<u>414,869</u>
EXPENDITURES					
Current:					
Public works	108,500	252,000	163,126	88,874	120,863
Capital outlay	286,000	433,300	16,492	416,808	3,617
Total expenditures	<u>394,500</u>	<u>685,300</u>	<u>179,618</u>	<u>505,682</u>	<u>124,480</u>
Net change in fund balances	20,800	(270,000)	239,181	509,181	290,389
FUND BALANCES AT BEGINNING OF YEAR	<u>472,026</u>	<u>472,026</u>	<u>472,026</u>	-	<u>181,637</u>
FUND BALANCES AT END OF YEAR	<u>\$ 492,826</u>	<u>202,026</u>	<u>711,207</u>	<u>509,181</u>	<u>472,026</u>

**CITY OF VILLA PARK
CAPITAL IMPROVEMENT FUND**

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

Year Ended June 30, 2013
(with comparative data for prior year)

	2013			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 622,500	622,500	227,447	(395,053)	818,750
Rental and investment income	100	100	157	57	282
TOTAL REVENUES	<u>622,600</u>	<u>622,600</u>	<u>227,604</u>	<u>(394,996)</u>	<u>819,032</u>
EXPENDITURES					
Capital outlay	610,100	610,900	97,798	513,102	280,180
TOTAL EXPENDITURES	<u>610,100</u>	<u>610,900</u>	<u>97,798</u>	<u>513,102</u>	<u>280,180</u>
Net change in fund balances	12,500	11,700	129,806	118,106	538,852
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	<u>(101,005)</u>	<u>(101,005)</u>	<u>(101,005)</u>	<u>-</u>	<u>(639,857)</u>
FUND BALANCES (DEFICITS) AT END OF YEAR	<u>\$ (88,505)</u>	<u>(89,305)</u>	<u>28,801</u>	<u>118,106</u>	<u>(101,005)</u>

**CITY OF VILLA PARK
MEASURE M FUND**

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

Year Ended June 30, 2013
(with comparative data for prior year)

	<u>2013</u>			Variance with Final Budget Positive (Negative)	2012 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
REVENUES					
Intergovernmental	\$ 77,000	77,000	73,566	(3,434)	73,509
Rental and investment income	100	100	114	14	113
TOTAL REVENUES	<u>77,100</u>	<u>77,100</u>	<u>73,680</u>	<u>(3,420)</u>	<u>73,622</u>
EXPENDITURES					
Current:					
Public works	88,000	88,000	20	87,980	104,025
Total expenditures	88,000	88,000	20	87,980	104,025
Net change in fund balances	(10,900)	(10,900)	73,660	84,560	(30,403)
FUND BALANCES AT BEGINNING OF YEAR	<u>16,200</u>	<u>16,200</u>	<u>16,200</u>	<u>-</u>	<u>46,603</u>
FUND BALANCES AT END OF YEAR	<u>\$ 5,300</u>	<u>5,300</u>	<u>89,860</u>	<u>84,560</u>	<u>16,200</u>

**CITY OF VILLA PARK
STREET IMPROVEMENTS FUND**

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

Year Ended June 30, 2013
(with comparative data for prior year)

	<u>2013</u>			Variance with Final Budget Positive (Negative)	2012 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
REVENUES					
Charges for services	\$ -	-	-	-	-
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Current:					
Public works	-	-	-	-	-
Net change in fund balances	-	-	-	-	-
FUND BALANCES AT BEGINNING OF YEAR	114,276	114,276	114,276	-	114,276
FUND BALANCES AT END OF YEAR	<u>\$ 114,276</u>	<u>114,276</u>	<u>114,276</u>	-	<u>114,276</u>

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

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

Year Ended June 30, 2013
(with comparative data for prior year)

	2013			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Special assessments	\$ 14,000	14,000	14,006	6	14,006
Rent and investment income	100	100	108	8	86
TOTAL REVENUES	<u>14,100</u>	<u>14,100</u>	<u>14,114</u>	<u>14</u>	<u>14,092</u>
EXPENDITURES					
Current:					
Public works	10,700	10,700	8,917	1,783	7,394
Capital outlay	15,000	15,000	-	15,000	-
TOTAL EXPENDITURES	<u>25,700</u>	<u>25,700</u>	<u>8,917</u>	<u>16,783</u>	<u>7,394</u>
Net change in fund balances	(11,600)	(11,600)	5,197	16,797	6,698
FUND BALANCES AT BEGINNING OF YEAR	<u>43,002</u>	<u>43,002</u>	<u>43,002</u>	<u>-</u>	<u>36,304</u>
FUND BALANCES AT END OF YEAR	<u>\$ 31,402</u>	<u>31,402</u>	<u>48,199</u>	<u>16,797</u>	<u>43,002</u>

STATISTICAL SECTION

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CITY OF VILLA PARK
STATISTICAL SECTION (unaudited)

Year Ended June 30, 2013

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in capital assets	\$ 508,789	831,286	980,993	1,427,882	2,755,499	3,127,671	4,735,364	6,252,755	7,127,857	7,270,250
Restricted	443,356	316,813	374,832	455,514	703,962	1,008,517	725,150	915,579	1,131,497	1,835,170
Unrestricted	1,607,456	1,378,410	1,306,592	1,684,085	1,712,031	1,698,742	1,887,106	1,733,258	1,535,878	1,950,006
Total governmental activities net position	\$ 2,559,601	2,626,509	2,662,417	3,567,481	5,171,492	5,834,930	7,347,620	8,901,592	9,795,232	11,055,426

Source: City Finance Department

CITY OF VILLA PARK

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
General government	\$ 641,530	930,222	920,770	996,307	1,023,511	964,900	859,970	1,194,187	721,737	765,070
Public safety	883,490	884,136	1,119,673	982,947	1,224,440	1,087,108	1,179,679	1,211,235	1,243,881	1,246,816
Public works	1,116,370	1,122,214	1,021,788	811,364	783,269	1,003,246	893,713	590,111	859,044	620,233
Total expenses	<u>2,641,390</u>	<u>2,936,572</u>	<u>3,062,231</u>	<u>2,790,618</u>	<u>3,031,220</u>	<u>3,055,254</u>	<u>2,933,362</u>	<u>2,985,533</u>	<u>2,824,662</u>	<u>2,632,119</u>
Revenues:										
Program revenues:										
Charges for services	335,366	333,387	328,106	773,650	349,941	658,572	746,841	677,080	617,223	695,540
Operating contributions & grants	527,603	332,282	447,515	454,842	987,257	373,061	376,555	343,654	392,977	355,675
Capital contributions & grants	148,111	46,320	80,706	9,007	493,822	173,202	925,686	993,589	230,641	227,604
General revenues:										
Taxes:										
Property taxes	1,137,495	1,258,748	1,378,297	1,808,514	1,903,805	1,947,486	1,956,232	1,895,820	1,903,292	1,957,929
Sales tax	200,651	225,819	219,339	225,259	241,718	212,281	143,834	213,777	242,841	221,929
Franchise taxes	191,437	199,353	233,129	246,754	213,695	237,104	214,109	220,770	228,368	239,342
Motor vehicle in lieu, unrestricted	301,644	448,252	385,372	63,766	47,255	54,993	47,015	69,320	24,274	14,928
Investment income	16,099	17,011	41,306	54,469	58,214	30,876	12,171	19,246	14,388	16,160
Other general revenues	34,176	42,308	73,199	59,421	223,744	31,117	23,609	106,249	64,298	163,202
Total revenues	<u>2,892,582</u>	<u>2,903,480</u>	<u>3,186,969</u>	<u>3,695,682</u>	<u>4,519,451</u>	<u>3,718,692</u>	<u>4,446,052</u>	<u>4,539,505</u>	<u>3,718,302</u>	<u>3,892,309</u>
Changes in net position	\$ 251,192	(33,092)	124,738	905,064	1,488,231	663,438	1,512,690	1,553,972	893,640	1,260,190

Source: City Finance Department

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

	Fiscal Year		
	2011	2012	2013
General fund:			
Nonspendable	\$ 141,103	95,440	193,712
Restricted	-	-	-
Assigned	58,600	70,800	233,100
Unassigned	<u>1,698,219</u>	<u>1,622,534</u>	<u>1,902,390</u>
Total general fund	<u>\$ 1,897,922</u>	<u>1,788,774</u>	<u>2,329,202</u>
All other governmental funds:			
Nonspendable	\$ -	-	-
Restricted	736,713	791,489	1,363,858
Assigned	108,094	108,094	44,500
Unassigned	<u>(639,857)</u>	<u>(101,005)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 204,950</u>	<u>798,578</u>	<u>1,408,358</u>

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	\$ 1,368,019	1,514,824	1,635,430	2,072,155	2,183,560	2,196,320	2,135,350	2,186,674	2,202,637	2,267,359
Intergovernmental	787,432	744,038	785,488	969,787	1,302,839	1,141,778	1,047,111	1,641,300	1,637,823	1,073,085
Special assessments	15,154	15,154	14,680	15,200	12,313	15,155	14,006	14,006	14,006	14,006
Licenses and permits	459,629	465,010	446,090	418,139	424,466	368,861	338,795	349,467	318,961	366,399
Fines and forfeitures	44,856	36,466	53,062	22,019	47,359	39,343	131,944	58,788	46,575	50,940
Rental and investment income	25,247	37,432	61,310	93,862	93,596	47,956	18,220	21,865	16,473	18,794
Charges for services	40,452	41,305	61,822	56,400	48,730	35,882	21,269	25,150	28,174	68,184
Other	151,705	49,166	112,591	49,295	255,012	40,990	28,171	70,279	42,044	39,065
Total revenues	2,892,494	2,903,395	3,170,473	3,696,857	4,367,875	3,886,285	3,734,866	4,367,529	4,306,693	3,897,832
Expenditures										
Current:										
General government	850,993	895,243	899,640	975,665	1,001,707	944,402	837,660	877,916	828,271	736,491
Public safety	873,086	874,773	1,110,493	975,403	1,222,843	1,085,521	1,173,861	1,206,817	1,243,881	1,242,657
Public works	1,083,338	1,443,368	1,174,784	675,413	734,588	944,474	833,956	493,325	1,088,544	529,348
Capital Outlay	14,400	14,000	-	487,481	1,386,804	442,599	1,681,774	1,634,360	661,517	239,128
Total expenditures	2,821,817	3,227,384	3,184,917	3,123,962	4,345,942	3,416,996	4,527,251	4,212,418	3,822,213	2,747,624
Excess (deficiency) of revenues over (under) expenditures	70,677	(323,989)	(14,444)	572,895	21,933	469,289	(792,385)	155,111	484,480	1,150,208
Other financing sources (uses):										
Transfers in	139,302	447,000	247,963	-	-	-	-	-	47,692	3,829
Transfers out	(139,302)	(503,500)	(297,963)	-	-	-	-	-	(47,692)	(3,829)
Total other financing sources (uses)	-	(56,500)	(50,000)	-						
Net change in fund balances	\$ 70,677	(380,489)	(64,444)	572,895	21,933	469,289	(792,385)	155,111	484,480	1,150,208

Source: City Finance Department

CITY OF VILLA PARK
Property Tax Levies and Collections
 Last Five Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Delinquent Tax Collections	Total Collections to Date	
		Amount Collected	% of Levy	Amount Collected		% of Levy	
2008-09	\$ 1,350,682	\$ 1,298,878	96.16%	\$ 4,506	\$ 1,303,384	96.50%	
2009-10	1,348,985	1,153,401	85.50%	165,940	1,319,341	97.80%	
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, 2009 is not available.

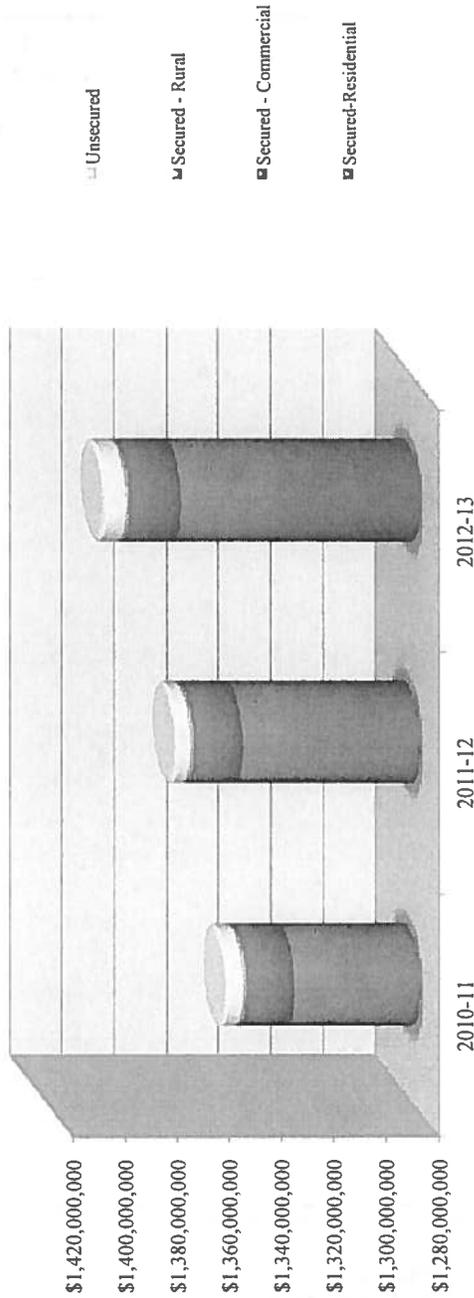
Source: Orange County Auditor-Controller, MuniServices, LLC

CITY OF VILLA PARK

Assessed Value and Estimated Actual Value of Taxable Property, Citywide

Last Three Fiscal Years

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

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
Last Three Fiscal Years

<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.

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
 Last Three Fiscal Years

	<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>1.03511000</u>	 <u>1.03516000</u>	 <u>1.03591000</u>

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

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

CITY OF VILLA PARK

**Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago**

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 Marlyn	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 Tsun	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%

CITY OF VILLA PARK
Demographic and Economic Statistics
 Last Three Fiscal Years

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.

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	

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

Function	Full-Time and Part-Time Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	¹ 4	4	4	5	5	5	5	5	7	6
Public Safety	² -	-	-	-	-	-	-	-	-	-
Public Works	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>9</u>	<u>8</u>

Source: City Finance Department

¹ In FY 2012-13, 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 Three Fiscal Years

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

¹ 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.

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

¹ In FY 2010-11, two years of slurry resurfacing was performed compared to FY 2011-12 overlay surfacing.

CITY OF VILLA PARK
Capital Assets Statistics by Function
 Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</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, 2013

Date of Incorporation	January 16, 1962
Form of Government	General Law/Council-Manager
Area	2.1 Square Miles
Population	5,867
Lane miles of streets	68
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 schools	0

Source: City Manager's Office