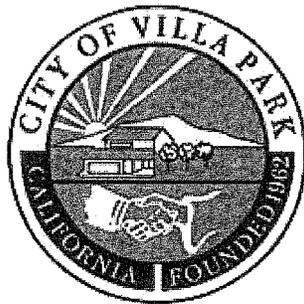


City of Villa Park
Comprehensive Annual Financial Report
Year Ended June 30, 2012

CITY OF VILLA PARK, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2012



Prepared by the Villa Park Finance Department

Michelle Danaher

Finance Director

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CITY OF VILLA PARK
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2012

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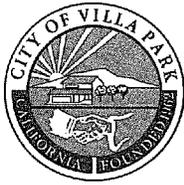
CITY OF VILLA PARK
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2012

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INTRODUCTORY SECTION



City of Villa Park

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(714) 998-1500 • Fax: (714) 998-1508 • www.villapark.org



November 30, 2012

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 2011-12. 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, 2012 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, 2012, 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, 2012. 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 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, with unemployment rates remaining at record levels in Orange County. In turn, declines in consumer spending and real estate values have had a negative impact on the City's sales 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 3.4% increase over the previous year which helped stabilize the City's revenues in an unstable economy.

LONG-TERM FINANCIAL PLANNING

As of June 30, 2012, the City has a General Fund reserve amount of \$859,800 for economic uncertainties, in the unassigned fund balance along with assignments of fund balance of \$5,000 for vehicle replacement, \$57,100 for infrastructure replacement, \$3,700 for VPTV capital improvements, \$5,000 for accrued leave, \$108,000 for sewer conditioning TV monitoring, and \$94 for the Sewer Master Plan. These assignments and General Fund reserve (unassigned) amounts have been approved by City Council at the recommendation of management to maintain the quality of services within the City of Villa Park.

Since incorporation, the City has made a practice of living within its means starting with adopting a balanced budget each year. The City Council, working in conjunction with staff, has adopted its budget without a structural deficit, which has resulted in conservative budget and a fiscally sound City. The City's budget/management tool is developed to reflect the goals and priorities established by the City Council each year in conjunction with the FY 2011-12 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 \$859,800. 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 a percentage equal to the percentage of total investment gain realized by the City's investment portfolio in the prior fiscal year. Annual increases to the reserve shall continue until the reserve reaches an amount equal to 40% of the General Fund budgeted expenditures. Currently, the reserve is at 28% of General Fund budgeted expenditures.

MAJOR INITIATIVES

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

into FY 2011-12; therefore, the City recognized two years of street rehabilitation expenses in FY 2011-12.

The City Building Inspector brought to management's attention in FY 2010-11 that the City Hall Façade was decaying and needed to be demolished and replaced. The City Council determined to use this opportunity to revitalize the façade to improve the look of City Hall while addressing the safety issue. In FY 2011-12, the City began the City Hall Façade project, which will be completed in FY 2012-13.

City Council held a nationwide recruitment for the vacant City Manager position and commencing July 1, 2012, Mr. Jarad Hildenbrand is serving as the City Manager of the City of Villa Park.

ORGANIZATIONAL ACCOMPLISHMENTS

The following are some of the City's accomplishments during FY 2011-12:

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 and successfully implemented the City's records retention program.

The Finance Department received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for Fiscal Year beginning July 1, 2011 for the second consecutive year, and the GFOA Comprehensive Annual Financial Report (CAFR) Award for FY 2010-11 for the first year in City history.

The City Attorney successfully kept the City out of litigation in FY 2011-12, and completed the renegotiation of the City's solid waste collection franchise secured rates that are more competitive for residents while increasing franchise revenues.

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 finalized the work on the Housing Element to work to gain State Certification.

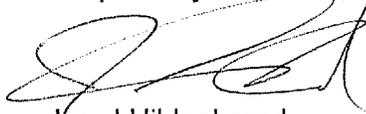
The Engineering Department successfully completed the Lemon Street Trail project from Santiago Blvd. to Valley Drive.

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 first time for FY 2010-11. For the second consecutive year, we are proud to state that the City will be submitting its fiscal year 2011-12 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.

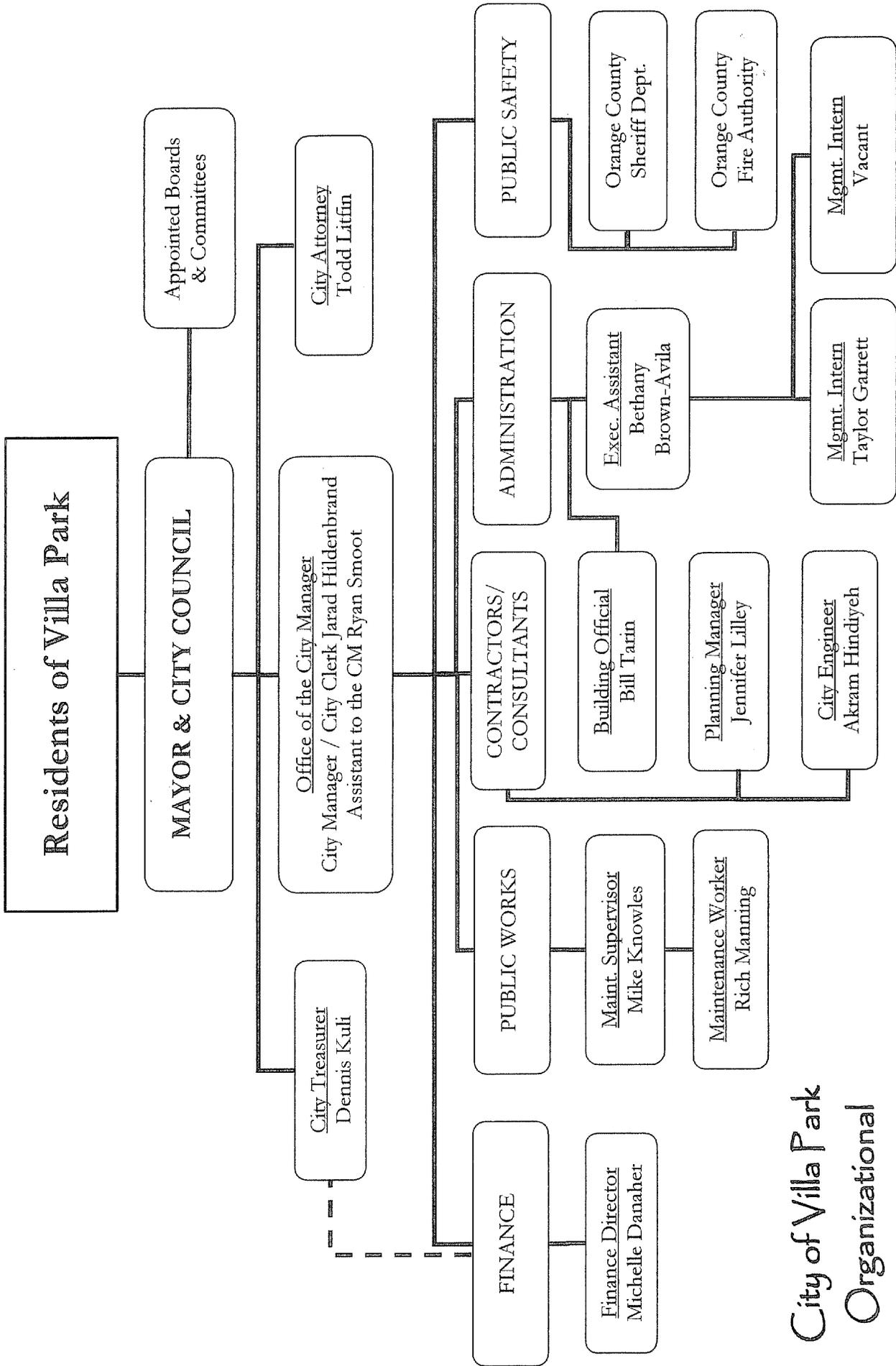
Respectfully submitted,



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

W. BILL MACALONEY
Mayor Pro Tem

RICHARD BARNETT
Councilmember

DEBORAH PAULY
Councilmember

W. RICHARD ULMER
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 Bob Wren, Chief of Police Services
Chief Keith Richter, Fire Chief

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



Mayer Hoffman McCann P.C.

An Independent CPA Firm

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Honorable Mayor and City Council
City of Villa Park, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Villa Park, California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Villa Park, California. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Villa Park for the year ended June 30, 2011, and in our report dated December 1, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Villa Park, California, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, of the City of Villa Park, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that *management's discussion and analysis* and budgetary comparison information on pages 3-12 and 50-72 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 the 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 regarding 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Villa Park's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the City of Villa Park's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated, November 30, 2012 on our consideration of the City of Villa Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Walter Hoffmann, M. Ed. P. C.

Irvine, California
November 30, 2012

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, 2012. 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 2011/2012, the City maintained an All Governmental Funds Fund Balance of \$2,587,352.
- The General Fund spendable Fund Balance decreased by 3.61% from Fiscal Year 2010/2011, for a total balance of \$1,693,334 at June 30, 2012.
- Total governmental funds revenue from all sources in Fiscal Year 2011/2012 equaled \$4,306,693.
- Total costs for all governmental funds expenses in Fiscal Year 2011/2012 equaled \$3,822,213.
- In the General Fund, the City spent \$828,271 on general government expenditures; \$1,120,437 on public safety expenditures, \$465,301 on public works expenditures and \$360,863 on capital outlay expenditures.

USING THE ACCOMPANYING FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

REPORTING THE CITY AS A WHOLE

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

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

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

REPORTING THE CITY'S MAJOR FUNDS

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

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

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

THE CITY AS A WHOLE

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

**Table 1
Net Assets**

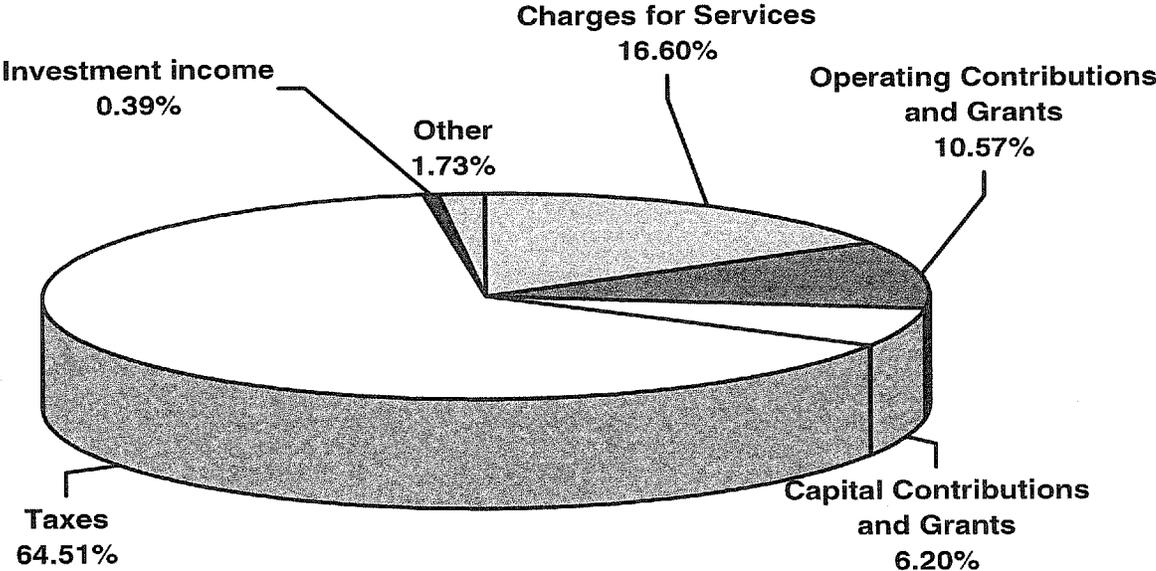
	<u>Governmental Activities</u>	
	<u>2011-2012</u>	<u>2010-2011</u>
Current & other assets	\$3,581,499	\$3,380,294
Capital assets, net	<u>7,127,857</u>	<u>6,252,755</u>
Total Assets	10,709,356	9,633,049
Non-current liabilities	696,157	416,356
Other liabilities	<u>217,967</u>	<u>315,101</u>
Total Liabilities	914,124	731,457
Net Assets:		
Invested in capital assets	7,127,857	6,252,755
Restricted	1,131,497	915,579
Unrestricted	<u>1,535,878</u>	<u>1,733,258</u>
Total Net Assets	<u>\$9,795,232</u>	<u>\$8,901,592</u>

Total net assets increased from \$8,901,592 in fiscal year 2010-11 to \$9,795,232 in fiscal year 2011-12 due to the following:

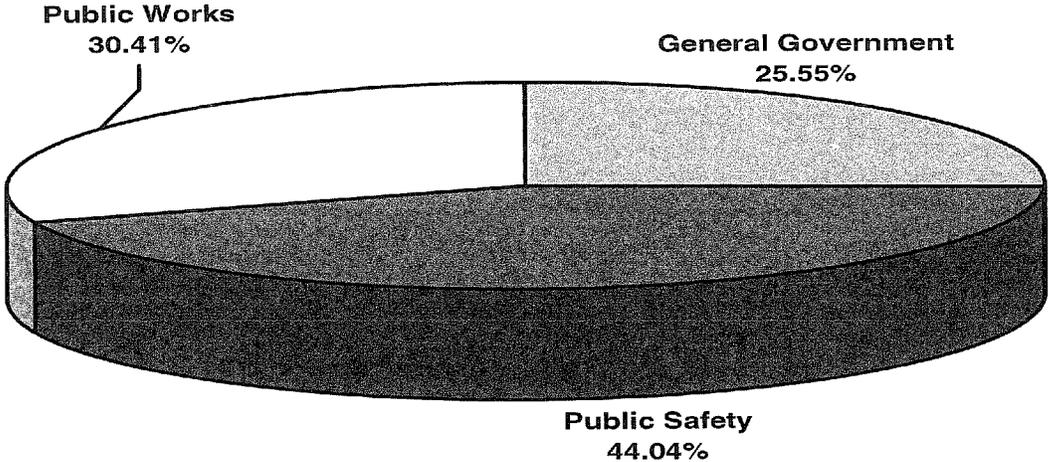
- Change in net assets increased \$893,640 primarily due to an increase in capital assets. The increase in capital assets was due to the City Hall Façade, FY 11/12 street rehabilitation and the final phase of the Lemon St. infrastructure projects.
- Unrestricted net assets that are available for use without constraints established by legal requirements are \$1,535,878.

FISCAL YEAR 2011-2012 GOVERNMENTAL ACTIVITIES
(See Table 2)

Sources of Revenues



Functional Expenses



**Table 2
Changes in Net Assets**

	<u>Governmental Activities</u>	
	<u>2011-2012</u>	<u>2010-2011</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 617,223	\$ 677,080
Operating Contributions & Grants	392,977	343,654
Capital Contributions & Grants	<u>230,641</u>	<u>993,589</u>
Program Revenue Total	<u>1,240,841</u>	<u>2,014,323</u>
General Revenue:		
Taxes:		
Sales Taxes	242,841	213,777
Property Taxes	1,903,292	1,895,820
Franchise Taxes	228,368	220,770
Motor Vehicle in Lieu	24,274	69,320
Investment Income	14,388	19,246
Other	<u>64,298</u>	<u>106,249</u>
General Revenue Total	<u>2,477,461</u>	<u>2,525,182</u>
Total Revenues	<u>3,718,302</u>	<u>4,539,505</u>
Expenses		
General Government	721,737	1,184,187
Public Safety	1,243,881	1,211,235
Public Works	<u>859,044</u>	<u>590,111</u>
Total Expenses	<u>2,824,662</u>	<u>2,985,533</u>
Increase in net assets	<u>\$ 893,640</u>	<u>\$ 1,553,972</u>

Overall, the City fared very well despite the downturn in the financial markets and the economy. The City's total revenues were \$3,718,302, while the total cost of all programs and services were \$2,824,662. Decreases in the Capital contributions and grants' revenues were a direct result of deferring both State and local grant reimbursable revenues for capital improvements completed in FY 2010-11 and the revenues were measurable and available and recorded in FY 2010-11.

Overall, routine revenues were stable and consistent with budget projections for the year despite the economy. City management makes a deliberate effort to anticipate the years revenue flow and spend within its means.

Total City expenses were \$2,824,662 a decrease of \$160,871 from fiscal year 2010-11. The decreases were a result of several small expenses that occurred in FY 2010-11 but not in FY 2011-12. The major factors were reductions in contract building service expenses because of the current slow economic framework, the completion of the General Plan in FY 2010-11 and a one-time expense to convert the City's records to the countywide PMP system also in FY 2010-11.

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, 2012

	Governmental Activities	
	<u>Total Cost of Services</u>	<u>Net Cost of Service</u>
General Government	\$ 721,737	(638,368)
Public Safety	1,243,881	(1,129,346)
Public Works	<u>859,044</u>	<u>183,893</u>
 Total	 <u>\$2,824,662</u>	 <u>(\$1,583,821)</u>

General Government expenses comprise 26% 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 44% 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 30% of the governmental services expenses. The Public Works department manages all street and traffic maintenance, capital improvement projects and any other major construction projects. This function also includes building, planning, and engineering expenses. As with General Government expenses, personnel costs and operating expenses are included in this percentage as are supplies for conducting public works and maintenance projects. Various building, planning, and engineering fees reduce the cost of this program and by far are the greatest ability of the City to recoup these costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At year-end the City's Government Funds reported a combined Fund Balance of \$2,587,352. Sixty-nine point one (69.1%) percent of this balance is within the General Fund. The General Fund Unassigned Reserve was established for FY 2011-12 at \$859,800. Furthermore, the City Council established additional fund balance assignments for all funds totaling \$178,894.

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 0.73% 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 lower than the prior year due to the economic recession, which effected sales tax, licenses and permits, and investment income.

Overall, the City's financial position remains positive with a minor decrease in available funding over the previous year as the economy weathered the current recession. The decrease in expenditures is a direct result from the current slow economic framework, which resulted in fewer contract building service expenses; the non-routine FY 2010-11 General Plan expenses; and a one-time expense to convert the City's records to the countywide PMP system.

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. 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 less than the prior year revenues by \$102,144. The decrease in revenues from the prior year were a result of several issues, the major factors were:

- A one-time reimbursement to the City for the capital improvements on the VPTV studio in FY 2010-11;
- The State of California's decision to reclassify the State Motor Vehicle revenue out of the City's General Fund revenue in order to fund the COPS Fund in FY 2011-12; and
- The current year influences of the economic recession on the building industry and related revenues.

Expenditures: The current year General Fund expenditures were less than the prior year expenditures by \$35,524. This is due to the corresponding reduction in building service expenditures.

Ending Fund Balance: Total General Fund Balance for the year decreased from \$1,897,922 to \$1,788,774.

GAS TAX FUND HIGHLIGHTS

Revenues: The current year Gas Tax Fund revenues (including transfers in) were significantly higher than the prior year by \$124,415. This increase is a direct result of the State Controller's Office audit of the City's Gas Tax and Traffic Congestion Relief monies. The auditor recommended that the City reclass the HUTA 2103 revenues that was previously reported in the Aid to Cities Fund and record them in the Gas Tax Fund. This resulted in approximately \$120,000 of new revenues and transfers in for the Gas Tax Fund in FY 2011-12.

Expenditures: Current year Gas Tax Fund expenditures exceeded prior FY 2010-11 expenditures by \$269,433. This is due to the postponement of the FY 2010-11 annual street rehabilitation project to FY 2011-12. In FY 2011-12, the Gas Tax Fund expensed two years worth of street rehabilitation expenditures.

Ending Fund Balance: Total Gas Tax Fund Balance for the year decreased from \$148,750 to \$72,780. 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 less than the prior year revenues by \$5,407. The slight decrease is a result of property owners reporting in the FY 2011-12 that their property is a non-sewer parcel, resulting in a reduction of sewer taxes collected on that property.

Expenditures: The current year City Sewer Improvement/Maintenance Fund expenditures were less than the prior year expenditures by \$241,284. This is primarily due to the postponement of the FY 2011-12 sewer improvement expenditures until the Sewer Master Plan is completed, thus identifying the first priority sewer repairs/replacements. The City is currently undergoing a closed circuit monitoring of the sewer system throughout the City. Every seven years the sewers are monitored and a new Sewer Master Plan is created that specifies which areas have the highest need for repair. Since the City is still undergoing this monitoring (which began in FY 2011-12), the improvements have been postponed until the new Sewer Master Plan is completed and the high-risk areas are identified.

Ending Fund Balance: Total City Sewer Improvement/Maintenance Fund Balance for the year increased from \$181,637 to \$472,026. These monies are restricted and available only for citywide sewer improvements.

CAPITAL IMPROVEMENT FUND HIGHLIGHTS

Revenues: The current year Capital Improvement Fund revenues were slightly lower than the prior year by \$2,580. Receipts were materially consistent with management's expectations.

Expenditures: Current year Capital Improvement Fund expenditures were significantly less than the prior year expenditures by \$580,469. Capital expenditures vary from year to year and in the current year, there were only three active projects: Lemon Street Trail – Santiago to Valley; Civic Center Energy Commission Improvements; and the Civic Center Smoke Alarm projects totaling approximately \$280,000. However, in the prior year the City had five active projects: Lemon Street Median; Lemon Street Trail –Villa Park Road to Santiago; Lemon Street Trail - Santiago to Valley; Civic Center Energy Commission Improvements; and Taft Avenue Improvement projects totaling approximately \$860,000.

Ending Fund Balance: Total Capital Improvement Fund Balance for the year increased from (\$639,857) to (\$101,005). 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 less than the prior year revenues by \$27,428. This decrease is primarily due to the reclassification recommended by the State Controller's Office audit of the City's Gas Tax and Traffic Congestion Relief monies. The auditor recommended that the City reclass the HUTA 2103 revenues that were previously reported in the Aid to Cities Fund and record them in the Gas Tax Fund (a major fund).

Expenditures: The current year Non-major Governmental Fund expenditures and transfers out were more than the prior year expenditures by \$245,331. The main reason for the increase in expenditures is due to the postponement of the FY 2010-11 annual street rehabilitation project to FY 2011-12. In FY 2011-12, the Non-major Governmental Funds expensed two years worth of street rehabilitation expenditures.

Ending Fund Balance: Total Non-Major Governmental Fund Balance for the year decreased from \$514,420 to \$354,777. 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 2012, the City had \$7,127,857 invested in a broad range of capital assets, including police equipment, land, construction in progress, vehicles, buildings, furniture and fixtures, office equipment, and infrastructure. (See Table 4).

Table 4
Capital Assets

<u>Asset Type</u>	<u>2011-2012</u>	<u>2010-2011</u>
Land	\$ 10,000	\$ 10,000
Construction in Progress	757,382	931,697
Buildings	308,289	308,289
Vehicles	128,784	126,461
Tools & Equipment	77,499	77,499
Furniture & Fixtures	131,905	131,905
Office Equipment	87,411	87,411
Infrastructure	<u>6,317,610</u>	<u>5,181,478</u>
Total Assets	7,051,498	6,854,740
Less: Accumulated Depreciation	<u>(691,023)</u>	<u>(601,985)</u>
Capital Assets, Net	<u>\$7,127,857</u>	<u>\$6,252,755</u>

Additions to capital assets were made in the amount of \$2,122,564. The additions were increases to construction in progress, vehicles, 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 \$251,467 as of June 30, 2012. The City's outstanding long-term liabilities decreased by \$115,134 primarily due to the reduction in 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>2011-2012</u>	<u>2010-2011</u>
Compensated absences	\$ 59,156	\$ 79,586
Claims payable	<u>192,311</u>	<u>287,015</u>
Total long-term liabilities	<u>\$ 251,467</u>	<u>\$ 366,601</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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF VILLA PARK
STATEMENT OF NET ASSETS

June 30, 2012
(with comparative data for prior year)

	Governmental Activities	
	2012	2011
ASSETS		
Cash and investments (note 2)	\$ 3,118,081	2,228,838
Receivables:		
Taxes	24,848	19,399
Accounts	12,441	78,837
Interest	3,538	10,449
Due from other governments	327,151	901,668
Prepaid items	95,440	141,103
Capital assets (note 3):		
Capital assets, not being depreciated	767,382	941,697
Capital assets being depreciated, net of accumulated depreciation	6,360,475	5,311,058
TOTAL ASSETS	10,709,356	9,633,049
LIABILITIES		
Accounts payable	529,454	228,396
Retentions payable	52,374	25,356
Deposits	80,829	111,104
Long-term liabilities (note 5):		
Portion due within one year:		
Compensated absences	1,500	1,500
Claims payable	32,000	50,000
Portion due beyond one year:		
Compensated absences	57,656	78,086
Claims payable	160,311	237,015
TOTAL LIABILITIES	914,124	731,457
Net assets:		
Invested in capital assets	7,127,857	6,252,755
Restricted for:		
Public safety	163,617	168,109
Public works	967,880	747,470
Unrestricted	1,535,878	1,733,258
TOTAL NET ASSETS	\$ 9,795,232	8,901,592

See accompanying notes to the financial statements

CITY OF VILLA PARK
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012
(with comparative data for prior year)

Functions/Programs	Expenses	Program Revenues			Governmental Activities	
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	2012	2011
					Net (Expense) Revenue and Changes in Net Assets	
Governmental activities:						
General government	\$ 721,737	83,369	-	-	(638,368)	(1,088,013)
Public safety	1,243,881	-	114,535	-	(1,129,346)	(1,097,076)
Public works	859,044	533,854	278,442	230,641	183,893	1,213,879
Total	\$ 2,824,662	617,223	392,977	230,641	(1,583,821)	(971,210)
General revenues:						
Taxes:						
Property taxes					1,903,292	1,895,820
Sales taxes					242,841	213,777
Franchise taxes					228,368	220,770
Motor vehicle in lieu, unrestricted					24,274	69,320
Investment income					14,388	19,246
Other					64,298	106,249
TOTAL GENERAL REVENUES AND TRANSFERS					2,477,461	2,525,182
Change in net assets					893,640	1,553,972
NET ASSETS AT BEGINNING OF YEAR					8,901,592	7,347,620
NET ASSETS AT END OF YEAR					\$ 9,795,232	8,901,592

See accompanying notes to the financial statements

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FUND FINANCIAL STATEMENTS

**CITY OF VILLA PARK
GOVERNMENTAL FUNDS**

BALANCE SHEET

June 30, 2012
(with comparative data for prior year)

	General Fund	Capital Projects			Nonmajor Governmental Funds	Totals	
		Gas Tax	City Sewer Improvement/ Maintenance	Capital Improvement		2012	2011
ASSETS							
Cash and investments	\$ 2,201,929	72,757	466,576	-	340,100	3,081,362	2,199,434
Receivables:							
Taxes	19,079	-	5,330	-	439	24,848	19,399
Accounts	12,441	-	-	-	-	12,441	78,837
Interest	3,234	23	120	70	91	3,538	10,449
Due from other funds (note 9)	101,431	-	-	-	-	101,431	639,871
Due from other governments	95,050	-	-	217,598	14,503	327,151	901,668
Prepaid items	95,440	-	-	-	-	95,440	141,103
TOTAL ASSETS	\$ 2,528,604	72,780	472,026	217,668	355,133	3,646,211	3,990,761
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 529,454	-	-	-	-	529,454	228,396
Retentions payable	52,374	-	-	-	-	52,374	25,356
Deposits payable	80,829	-	-	-	-	80,829	111,104
Due to other funds (note 9)	-	-	-	101,075	356	101,431	639,871
Deferred revenue	77,173	-	-	217,598	-	294,771	883,162
TOTAL LIABILITIES	739,830	-	-	318,673	356	1,058,859	1,887,889
FUND BALANCES							
Nonspendable:							
Prepaid items	95,440	-	-	-	-	95,440	141,103
Restricted for:							
Street projects	-	72,780	-	-	136,169	208,949	437,531
Public safety	-	-	-	-	163,617	163,617	172,527
Sewers	-	-	363,932	-	43,002	406,934	109,847
Other purposes	-	-	-	-	11,989	11,989	16,808
Assigned to:							
Vehicle replacement	5,000	-	-	-	-	5,000	-
Infrastructure replacement	57,100	-	-	-	-	57,100	27,100
Towne centre improvements	-	-	-	-	-	-	30,000
VPTV capital improvements	3,700	-	-	-	-	3,700	-
Accrued leave	5,000	-	-	-	-	5,000	1,500
Sewer conditioning TV monitoring	-	-	108,000	-	-	108,000	108,000
Sewer master plan update	-	-	94	-	-	94	94
Unassigned (note 8)	1,622,534	-	-	(101,005)	-	1,521,529	1,058,362
TOTAL FUND BALANCES (DEFICITS)	1,788,774	72,780	472,026	(101,005)	354,777	2,587,352	2,102,872
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,528,604	72,780	472,026	217,668	355,133	3,646,211	3,990,761

See accompanying notes to the financial statements

**CITY OF VILLA PARK
GOVERNMENTAL FUNDS**

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2012

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 2,587,352
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	
CAPITAL ASSETS	7,818,880
ACCUMULATED DEPRECIATION	(691,023)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets.	
COMPENSATED ABSENCES	(59,156)
CLAIMS PAYABLE	(192,311)
Deferred revenue balances relating to franchise fees are not reported as liabilities in the Statement of Net Assets since recognition is not based upon measurable and available criteria.	
DEFERRED REVENUE	294,771
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds must be added to the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria.	
CASH AND INVESTMENTS	<u>36,719</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 9,795,232</u></u>

See accompanying notes to the financial statements

**CITY OF VILLA PARK
GOVERNMENTAL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 2012
(with comparative data for prior year)

	General Fund	Capital Project			Nonmajor Governmental Funds	Totals	
		Gas Tax	City Sewer Improvement/ Maintenance	Capital Improvement		2012	2011
REVENUES							
Taxes	\$ 2,202,637	-	-	-	-	2,202,637	2,186,674
Intergovernmental	27,043	182,388	414,141	818,750	195,501	1,637,823	1,641,300
Special assessments	-	-	-	-	14,006	14,006	14,006
Licenses and permits	318,961	-	-	-	-	318,961	349,467
Fines and forfeitures	32,476	-	-	-	14,099	46,575	58,788
Rental and investment income	14,389	227	728	282	847	16,473	21,865
Charges for services	28,174	-	-	-	-	28,174	25,150
Miscellaneous	42,044	-	-	-	-	42,044	70,279
TOTAL REVENUES	2,665,724	182,615	414,869	819,032	224,453	4,306,693	4,367,529
EXPENDITURES							
Current:							
General government	828,271	-	-	-	-	828,271	877,916
Public safety	1,120,437	-	-	-	123,444	1,243,881	1,206,817
Public works	465,301	306,277	120,863	-	196,103	1,088,544	493,325
Capital outlay	360,863	-	3,617	280,180	16,857	661,517	1,634,360
Total expenditures	2,774,872	306,277	124,480	280,180	336,404	3,822,213	4,212,418
Excess (deficiency) of revenues over (under) expenditures	(109,148)	(123,662)	290,389	538,852	(111,951)	484,480	155,111
Other financing sources (uses):							
Transfers in (note 12)	-	47,692	-	-	-	47,692	-
Transfers out (note 12)	-	-	-	-	(47,692)	(47,692)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	47,692	-	-	(47,692)	-	-
NET CHANGE IN FUND BALANCES	(109,148)	(75,970)	290,389	538,852	(159,643)	484,480	155,111
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR							
	<u>1,897,922</u>	<u>148,750</u>	<u>181,637</u>	<u>(639,857)</u>	<u>514,420</u>	<u>2,102,872</u>	<u>1,947,761</u>
FUND BALANCES (DEFICITS) AT END 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>

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, 2012

Net change in fund balances - total governmental funds	\$ 484,480
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>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.</p>	
Capital outlay	986,432
Depreciation expense	(111,330)
<p>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.</p>	
Compensated absences - current year accrual	20,430
<p>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.</p>	
Claims payable - current year accrual	94,704
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	(588,391)
<p>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.</p>	
Changes in fund net assets of Internal Service fund	<u>7,315</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 893,640</u></u>

**CITY OF VILLA PARK
PROPRIETARY FUND**

STATEMENT OF FUND NET ASSETS

June 30, 2012

(with comparative data for prior year)

	Governmental Activities - Internal Service Employee Benefits Fund	
	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash and investments	<u>\$ 36,719</u>	<u>29,404</u>
TOTAL ASSETS	<u>36,719</u>	<u>29,404</u>
FUND NET ASSETS		
Unrestricted	<u>36,719</u>	<u>29,404</u>
TOTAL FUND NET ASSETS	<u><u>\$ 36,719</u></u>	<u><u>29,404</u></u>

See accompanying notes to the financial statements

**CITY OF VILLA PARK
PROPRIETARY FUND**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Year Ended June 30, 2012
(with comparative data for prior year)

	Governmental Activities - Internal Service Employee Benefits Fund	
	2012	2011
OPERATING REVENUES		
Charges for services	\$ 171,394	165,545
TOTAL OPERATING REVENUES	171,394	165,545
OPERATING EXPENSES		
Employee benefits	164,079	154,819
TOTAL OPERATING EXPENSES	164,079	154,819
Change in fund net assets	7,315	10,726
FUND NET ASSETS AT BEGINNING OF YEAR	29,404	18,678
FUND NET ASSETS AT END OF YEAR	\$ 36,719	29,404

See accompanying notes to the financial statements

**CITY OF VILLA PARK
PROPRIETARY FUND**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2012
(with comparative data for prior year)

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

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from internal users	\$ 171,394	165,545
Cash payments for employee services	(164,079)	(154,819)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,315	10,726
Cash and cash equivalents at beginning of year	29,404	18,678
Cash and cash equivalents at end of year	\$ 36,719	29,404
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 7,315	10,726
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 7,315	10,726

There were no noncash capital, financing or investing activities for the year ended June 30, 2012.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2012

(1) Summary of Significant Accounting Policies

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

(a) Reporting Entity

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

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

(b) Measurement Focus and Basis of Accounting

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

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

(c) Fund Classifications

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

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

Gas Tax Fund – To account for revenue received for gasoline taxes under Sections 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.

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

(d) Cash and Investments

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

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

(e) Property Tax

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

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

(f) Compensated Absences

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

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

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

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

(g) Capital Assets

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

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

Capital assets currently include only the completed storm drain additions in fiscal years 2003-2012 and pavement improvements in fiscal years 2004-2012. The City may optionally capitalize other infrastructure assets acquired prior to fiscal year ended June 30, 2004 in subsequent years, but is not required to do so.

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

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

(h) 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.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(i) Fund Equity

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

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

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

Nonspendable Fund Balance

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

Spendable Fund Balance

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(i) Fund Equity, (Continued)

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.

(2) Cash and Investments

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	<u>\$3,118,081</u>
Total cash and investments	<u>\$3,118,081</u>

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments (Continued)

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$	400
Deposits with financial institutions		275,672
Investments		<u>2,842,009</u>
Total cash and investments		<u>\$3,118,081</u>

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

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

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

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments (Continued)

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturing (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Federal agency securities	\$ 301,652	101,642	-	200,010	-
Negotiable certificates of deposit	500,000	100,000	200,000	200,000	-
State investment pool	1,163,620	1,163,620	-	-	-
County investment pool	<u>876,737</u>	<u>876,737</u>	-	-	-
Total	<u>\$2,842,009</u>	<u>2,241,999</u>	<u>200,000</u>	<u>400,010</u>	<u>-</u>

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

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Federal agency securities	\$ 301,652	N/A	-	301,652	-	-
Negotiable certificates of deposit	500,000	N/A	-	-	-	500,000
State investment pool	1,163,620	N/A	-	-	-	1,163,620
County investment pool	<u>876,737</u>	N/A	-	-	-	<u>876,737</u>
Total	<u>\$2,842,009</u>		<u>-</u>	<u>301,652</u>	<u>-</u>	<u>2,540,357</u>

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments (Continued)

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FHLMC	Federal Agency Securities	<u>\$ 201,647</u>

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, 2012 is as follows:

	<u>Balance at June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2012</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 10,000	-	-	10,000
Construction in progress	<u>931,697</u>	<u>961,817</u>	<u>(1,136,132)</u>	<u>757,382</u>
Total capital assets not being depreciated	<u>941,697</u>	<u>961,817</u>	<u>(1,136,132)</u>	<u>767,382</u>
Capital assets being depreciated:				
Buildings	308,289	-	-	308,289
Vehicles	126,461	24,615	(22,292)	128,784
Tools and equipment	77,499	-	-	77,499
Furniture and fixtures	131,905	-	-	131,905
Office equipment	87,411	-	-	87,411
Infrastructure	<u>5,181,478</u>	<u>1,136,132</u>	<u>-</u>	<u>6,317,610</u>
Total capital assets being depreciated	<u>5,913,043</u>	<u>1,160,747</u>	<u>(22,292)</u>	<u>7,051,498</u>
Less accumulated depreciation for:				
Buildings	(134,047)	(6,165)	-	(140,212)
Vehicles	(126,461)	(4,102)	22,292	(108,271)
Tools and equipment	(59,780)	(6,407)	-	(66,187)
Furniture and fixtures	(92,492)	(11,496)	-	(103,988)
Office equipment	(55,082)	(7,762)	-	(62,844)
Infrastructure	<u>(134,123)</u>	<u>(75,398)</u>	<u>-</u>	<u>(209,521)</u>
Total accumulated depreciation	<u>(601,985)</u>	<u>(111,330)</u>	<u>22,292</u>	<u>(691,023)</u>
Total capital assets being depreciated, net	<u>5,311,058</u>	<u>1,049,417</u>	<u>-</u>	<u>6,360,475</u>
Governmental activity capital assets, net	<u>\$6,252,755</u>	<u>2,011,234</u>	<u>(1,136,132)</u>	<u>7,127,857</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, 2012 as follows:

Governmental activities:	
General government	\$ 19,671
Public safety	87,275
Public works	<u>4,384</u>
Total governmental activities	<u>\$111,330</u>

(4) Construction Commitments

As of June 30, 2012, budgeted funds committed for major capital projects included the following:

	<u>Project Budget</u>	<u>Expenditures To Date</u>	<u>Unexpended Balance</u>
Loma Street	\$ 320,000	20,823	299,177
Civic Center	125,000	5,600	119,400
Mesa Drive Guardrail	308,100	15,834	292,266
City Hall Façade Improvements	511,600	334,344	177,256
Civic Entrance Monuments	80,000	2,521	77,479
Civic Center Smoke Alarms	23,200	22,344	856
FY 11/12 Pavement Rehabilitation	<u>356,820</u>	<u>355,916</u>	<u>904</u>
Total	<u>\$ 1,724,720</u>	<u>757,382</u>	<u>967,338</u>

(5) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	<u>Balance at June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2012</u>	<u>Portion Due Within One Year</u>
<u>Governmental Activities:</u>					
Compensated absences	\$ 79,586	31,281	(51,711)	59,156	1,500
Claims payable	<u>287,015</u>	<u>-</u>	<u>(94,704)</u>	<u>192,311</u>	<u>32,000</u>
Total long-term liabilities	<u>\$ 366,601</u>	<u>31,281</u>	<u>(146,415)</u>	<u>251,467</u>	<u>33,500</u>

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

Claims Payable

The City's self-insurance pool calculates an annual retrospective adjustment on recent developments of claims incurred in prior coverage periods. Retrospective adjustments can result in either an additional deposit or a refund. As of June 30, 2012 the City owed \$192,311 in retrospective deposits.

(6) Defined Benefit Pension Plan

Plan Description

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

Contributions and Funding Policy

Miscellaneous participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2012 is 20.046% 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, 2010, 2011, and 2012 were \$68,401, \$72,913, and \$89,772, 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>
6/30/12	20.046%	\$89,772	100%
6/30/11	22.132%	72,913	100%
6/30/10	22.151%	68,401	100%

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(7) Liability, Property and Workers' Compensation Protection

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

The City is a member of the California Joint Powers Insurance Authority ("Authority"). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500, et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

B. Self-Insurance Programs of the Authority

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

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

General Liability

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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

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

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

Workers' Compensation

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

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

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

C. Purchased Insurance

Property insurance - The City of Villa Park participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Villa Park property is currently insured according to a schedule of covered property submitted by the City of Villa Park to the Authority. City of Villa Park property currently has all-risk property insurance protection in the amount of \$2,073,011. 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 \$1,848,734. 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.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2011-12.

(8) Fund Balances

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

Interfund receivable and payable balances at June 30, 2012 are as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	\$ 101,075
	Nonmajor Governmental Funds	<u>356</u>
Total		<u>\$ 101,431</u> (a)

(a) These interfund balances are a result of short-term borrowings to cover temporary cash deficits in the Capital Improvement and Traffic Safety funds of the City at June 30, 2012.

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(10) Accumulated Fund Deficits

The following funds reported deficits in fund balances/net assets as of June 30, 2012:

	<u>Deficit Balance</u>
Capital Projects Fund:	
Capital Improvement	<u>\$ 101,005</u>

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

Capital Improvement Fund:

The deficit in fund balance of \$101,005 is a result of \$217,568 of deferred revenue that has been recorded for receivables that are earned but not available within the availability period of 60 days.

(11) Joint Venture - Orange County Fire Authority

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

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2012. 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, 2011 (the most recent data available).

CITY OF VILLA PARK
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

	<u>Governmental Activities</u>
Total Assets	<u>\$378,901,717</u>
Total Liabilities	<u>\$ 91,272,346</u>
Total Revenues	\$247,002,109
Total Expenses	<u>261,415,891</u>
Changes in Net Assets	(14,413,782)
Net Assets, Beginning, as restated	<u>302,043,153</u>
Net Assets, Ending	<u>\$287,629,371</u>

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

(12) Interfund Transfers

Interfund transfers in and out at June 30, 2012 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Other governmental funds	Other governmental funds	<u>\$ 47,692</u>

Interfund transfers between other governmental funds were recommended by the State auditors to reclassify gas tax revenue (HUTA 2103) into the appropriate fund.

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REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

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

CITY OF VILLA PARK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2012

(1) **Budgetary Control and Accounting**

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

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

Expenditures may not legally exceed budgeted appropriations at the fund level.

**CITY OF VILLA PARK
GENERAL FUND**

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

Year Ended June 30, 2012
(with comparative data for prior year)

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes	\$ 2,075,100	2,098,100	2,202,637	104,537	2,186,674
Intergovernmental	38,400	48,200	27,043	(21,157)	71,739
Licenses and permits	345,400	335,400	318,961	(16,439)	349,467
Fines and forfeitures	34,700	34,700	32,476	(2,224)	45,313
Rental and investment income	30,000	20,000	14,389	(5,611)	19,246
Charges for services	29,000	39,000	28,174	(10,826)	25,150
Miscellaneous	17,500	21,500	42,044	20,544	70,279
TOTAL REVENUES	<u>2,570,100</u>	<u>2,596,900</u>	<u>2,665,724</u>	<u>68,824</u>	<u>2,767,868</u>
EXPENDITURES					
Current:					
General government	897,200	886,800	828,271	58,529	877,916
Public safety	1,127,300	1,124,200	1,120,437	3,763	1,091,985
Public works	512,200	523,800	465,301	58,499	359,952
Capital outlay	496,200	564,200	360,863	203,337	480,543
Total expenditures	<u>3,032,900</u>	<u>3,099,000</u>	<u>2,774,872</u>	<u>324,128</u>	<u>2,810,396</u>
Net change in fund balances	(462,800)	(502,100)	(109,148)	392,952	(42,528)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,897,922</u>	<u>1,897,922</u>	<u>1,897,922</u>	-	<u>1,940,450</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,435,122</u>	<u>1,395,822</u>	<u>1,788,774</u>	<u>392,952</u>	<u>1,897,922</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, 2012
(with comparative data for prior year)

	Special Revenue Funds	Capital Project Funds	Totals	
			2012	2011
ASSETS				
Cash and investments	\$ 179,442	160,658	340,100	495,864
Receivables:				
Taxes	-	439	439	-
Interest	70	21	91	179
Due from other governments	2,143	12,360	14,503	18,391
Total assets	\$ 181,655	173,478	355,133	514,434
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 356	-	356	14
Total liabilities	356	-	356	14
Fund balances:				
Restricted for:				
Street projects	5,693	130,476	136,169	288,781
Public safety	163,617	-	163,617	172,527
Sewers	-	43,002	43,002	36,304
Other purposes	11,989	-	11,989	16,808
TOTAL FUND BALANCES	181,299	173,478	354,777	514,420
TOTAL LIABILITIES AND FUND BALANCES	\$ 181,655	173,478	355,133	514,434

**CITY OF VILLA PARK
NONMAJOR GOVERNMENTAL FUNDS**

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

Year Ended June 30, 2012
(with comparative data for prior year)

	Special Revenue Funds	Capital Project Funds	Totals	
			2012	2011
REVENUES				
Intergovernmental	\$ 121,992	73,509	195,501	223,120
Special assessments	-	14,006	14,006	14,006
Fines and forfeitures	14,099	-	14,099	13,475
Rental and investment income	648	199	847	1,280
	136,739	87,714	224,453	251,881
EXPENDITURES				
Current:				
Public safety	123,444	-	123,444	114,832
Public works	84,684	111,419	196,103	23,176
Capital outlay	16,857	-	16,857	757
	224,985	111,419	336,404	138,765
Excess (deficiency) of revenues over (under) expenditures	(88,246)	(23,705)	(111,951)	113,116
Other financing sources (uses):				
Transfers out	(47,692)	-	(47,692)	-
Total other financing sources (uses)	(47,692)	-	(47,692)	-
Net change in fund balances	(135,938)	(23,705)	(159,643)	113,116
FUND BALANCES AT BEGINNING OF YEAR	317,237	197,183	514,420	401,304
FUND BALANCES AT END OF YEAR	\$ 181,299	173,478	354,777	514,420

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

COMBINING BALANCE SHEET

June 30, 2012
(with comparative data for prior year)

	<u>Traffic Safety</u>	<u>Aid to Cities</u>	<u>Air Quality Management</u>	<u>Citizens Option for Public Safety</u>
ASSETS				
Cash and investments	\$ -	5,678	11,984	103,434
Receivables:				
Interest	3	15	5	33
Due from other governments	2,143	-	-	-
Total assets	\$ 2,146	5,693	11,989	103,467
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 356	-	-	-
Total liabilities	356	-	-	-
Fund balances:				
Restricted for:				
Street projects	-	5,693	-	-
Public safety	1,790	-	-	103,467
Other purposes	-	-	11,989	-
TOTAL FUND BALANCES	1,790	5,693	11,989	103,467
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,146	5,693	11,989	103,467

California Law Enforcement Equipment Program	Totals	
	2012	2011
58,346	179,442	305,003
14	70	147
-	2,143	12,101
<u>58,360</u>	<u>181,655</u>	<u>317,251</u>
-	356	14
-	356	14
-	5,693	127,902
58,360	163,617	172,527
-	11,989	16,808
<u>58,360</u>	<u>181,299</u>	<u>317,237</u>
<u>58,360</u>	<u>181,655</u>	<u>317,251</u>

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

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

Year Ended June 30, 2012
(with comparative data for prior year)

	<u>Traffic Safety</u>	<u>Aid to Cities</u>	<u>Air Quality Management</u>	<u>Citizens Option for Public Safety</u>
REVENUES				
Intergovernmental	\$ -	10,000	11,992	100,000
Fines and forfeitures	14,099	-	-	-
Rental and investment income	14	167	46	284
TOTAL REVENUES	<u>14,113</u>	<u>10,167</u>	<u>12,038</u>	<u>100,284</u>
EXPENDITURES				
Current:				
Public safety	13,100	-	-	103,467
Public works	-	84,684	-	-
Capital outlay	-	-	16,857	-
TOTAL EXPENDITURES	<u>13,100</u>	<u>84,684</u>	<u>16,857</u>	<u>103,467</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,013</u>	<u>(74,517)</u>	<u>(4,819)</u>	<u>(3,183)</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(47,692)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(47,692)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,013	(122,209)	(4,819)	(3,183)
FUND BALANCES AT BEGINNING OF YEAR	<u>777</u>	<u>127,902</u>	<u>16,808</u>	<u>106,650</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,790</u>	<u>5,693</u>	<u>11,989</u>	<u>103,467</u>

California Law Enforcement Equipment Program	Totals	
	2012	2011
-	121,992	169,636
-	14,099	13,475
<u>137</u>	<u>648</u>	<u>1,096</u>
<u>137</u>	<u>136,739</u>	<u>184,207</u>
6,877	123,444	114,832
-	84,684	16,716
<u>-</u>	<u>16,857</u>	<u>-</u>
<u>6,877</u>	<u>224,985</u>	<u>131,548</u>
<u>(6,740)</u>	<u>(88,246)</u>	<u>52,659</u>
<u>-</u>	<u>(47,692)</u>	<u>-</u>
<u>-</u>	<u>(47,692)</u>	<u>-</u>
(6,740)	(135,938)	52,659
<u>65,100</u>	<u>317,237</u>	<u>264,578</u>
<u><u>58,360</u></u>	<u><u>181,299</u></u>	<u><u>317,237</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, 2012
(with comparative data for prior year)

	<u>2012</u>			Variance with Final Budget Positive (Negative)	2011 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Fines and forfeitures	\$ 13,000	13,000	14,099	1,099	13,475
Rental and investment income	100	100	14	(86)	32
TOTAL REVENUES	<u>13,100</u>	<u>13,100</u>	<u>14,113</u>	<u>1,013</u>	<u>13,507</u>
EXPENDITURES					
Current:					
Public safety	13,100	13,100	13,100	-	14,000
TOTAL EXPENDITURES	<u>13,100</u>	<u>13,100</u>	<u>13,100</u>	<u>-</u>	<u>14,000</u>
Net change in fund balances	-	-	1,013	1,013	(493)
FUND BALANCES AT BEGINNING OF YEAR	<u>777</u>	<u>777</u>	<u>777</u>	<u>-</u>	<u>1,270</u>
FUND BALANCES AT END OF YEAR	<u>\$ 777</u>	<u>777</u>	<u>1,790</u>	<u>1,013</u>	<u>777</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, 2012
(with comparative data for prior year)

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 63,200	5,000	10,000	5,000	62,300
Rental and investment income	300	300	167	(133)	382
TOTAL REVENUES	<u>63,500</u>	<u>5,300</u>	<u>10,167</u>	<u>4,867</u>	<u>62,682</u>
EXPENDITURES					
Current:					
Public works	84,000	84,700	84,684	16	16,716
TOTAL EXPENDITURES	<u>84,000</u>	<u>84,700</u>	<u>84,684</u>	<u>16</u>	<u>16,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,500)</u>	<u>(79,400)</u>	<u>(74,517)</u>	<u>4,883</u>	<u>45,966</u>
Other financing sources (uses):					
Transfers out	-	(47,700)	(47,692)	8	-
Total other financing sources (uses)	<u>-</u>	<u>(47,700)</u>	<u>(47,692)</u>	<u>8</u>	<u>-</u>
Net change in fund balances	(20,500)	(127,100)	(122,209)	4,891	45,966
FUND BALANCES AT BEGINNING OF YEAR	<u>127,902</u>	<u>127,902</u>	<u>127,902</u>	<u>-</u>	<u>81,936</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 107,402</u></u>	<u><u>802</u></u>	<u><u>5,693</u></u>	<u><u>4,891</u></u>	<u><u>127,902</u></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, 2012
(with comparative data for prior year)

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 6,500	11,600	11,992	392	7,320
Rental and investment income	100	100	46	(54)	45
TOTAL REVENUES	6,600	11,700	12,038	338	7,365
EXPENDITURES					
Capital outlay	22,000	23,000	16,857	6,143	-
TOTAL EXPENDITURES	22,000	23,000	16,857	6,143	-
Net change in fund balances	(15,400)	(11,300)	(4,819)	6,481	7,365
FUND BALANCES AT BEGINNING OF YEAR	16,808	16,808	16,808	-	9,443
FUND BALANCES AT END OF YEAR	<u>\$ 1,408</u>	<u>5,508</u>	<u>11,989</u>	<u>6,481</u>	<u>16,808</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, 2012
(with comparative data for prior year)

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ -	100,000	100,000	-	100,016
Rental and investment income	300	300	284	(16)	402
Total revenues	300	100,300	100,284	(16)	100,418
EXPENDITURES					
Current:					
Public safety	45,000	110,000	103,467	6,533	93,422
Total expenditures	45,000	110,000	103,467	6,533	93,422
Net change in fund balances	(44,700)	(9,700)	(3,183)	6,517	6,996
FUND BALANCES AT BEGINNING OF YEAR	106,650	106,650	106,650	-	99,654
FUND BALANCES AT END OF YEAR	<u>\$ 61,950</u>	<u>96,950</u>	<u>103,467</u>	<u>6,517</u>	<u>106,650</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, 2012
(with comparative data for prior year)

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Rental and investment income	\$ 100	100	137	37	235
Total revenues	100	100	137	37	235
EXPENDITURES					
Current:					
Public safety	7,700	7,700	6,877	823	7,410
Total expenditures	7,700	7,700	6,877	823	7,410
Net change in fund balances	(7,600)	(7,600)	(6,740)	860	(7,175)
FUND BALANCES AT BEGINNING OF YEAR	65,100	65,100	65,100	-	72,275
FUND BALANCES AT END OF YEAR	<u>\$ 57,500</u>	<u>57,500</u>	<u>58,360</u>	<u>860</u>	<u>65,100</u>

**CITY OF VILLA PARK
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET**

June 30, 2012
(with comparative data for prior year)

	<u>Measure M</u>	<u>Street Improvements</u>	<u>Sewer Pump Maintenance</u>	<u>Totals</u>	
				<u>2012</u>	<u>2011</u>
ASSETS					
Cash and investments	\$ 3,829	114,276	42,553	160,658	190,861
Receivables:					
Taxes	-	-	439	439	-
Interest	11	-	10	21	32
Due from other governments	12,360	-	-	12,360	6,290
Total assets	<u>\$ 16,200</u>	<u>114,276</u>	<u>43,002</u>	<u>173,478</u>	<u>197,183</u>
Fund balances:					
Restricted for:					
Street projects	\$ 16,200	114,276	-	130,476	160,879
Sewers	-	-	43,002	43,002	36,304
TOTAL FUND BALANCES	<u>\$ 16,200</u>	<u>114,276</u>	<u>43,002</u>	<u>173,478</u>	<u>197,183</u>

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

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

Year Ended June 30, 2012
(with comparative data for prior year)

	<u>Measure M</u>	<u>Street Improvements</u>	<u>Sewer Pump Maintenance</u>	<u>Totals</u>	
				<u>2012</u>	<u>2011</u>
REVENUES					
Intergovernmental	\$ 73,509	-	-	73,509	53,484
Special assessments	-	-	14,006	14,006	14,006
Rental and investment income	113	-	86	199	184
TOTAL REVENUES	<u>73,622</u>	<u>-</u>	<u>14,092</u>	<u>87,714</u>	<u>67,674</u>
EXPENDITURES					
Current:					
Public works	104,025	-	7,394	111,419	6,460
Capital outlay	-	-	-	-	757
TOTAL EXPENDITURES	<u>104,025</u>	<u>-</u>	<u>7,394</u>	<u>111,419</u>	<u>7,217</u>
Net change in fund balances	(30,403)	-	6,698	(23,705)	60,457
FUND BALANCES					
AT BEGINNING OF YEAR	<u>46,603</u>	<u>114,276</u>	<u>36,304</u>	<u>197,183</u>	<u>136,726</u>
FUND BALANCES AT END OF YEAR	<u>\$ 16,200</u>	<u>114,276</u>	<u>43,002</u>	<u>173,478</u>	<u>197,183</u>

**CITY OF VILLA PARK
GAS TAX FUND**

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

Year Ended June 30, 2012
(with comparative data for prior year)

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 107,100	170,300	182,388	12,088	105,475
Rent and investment income	300	300	227	(73)	417
Total revenues	<u>107,400</u>	<u>170,600</u>	<u>182,615</u>	<u>12,015</u>	<u>105,892</u>
EXPENDITURES					
Current:					
Public works	68,500	315,900	306,277	9,623	36,844
Capital outlay	20,000	20,000	-	20,000	-
Total expenditures	<u>88,500</u>	<u>335,900</u>	<u>306,277</u>	<u>29,623</u>	<u>36,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,900</u>	<u>(165,300)</u>	<u>(123,662)</u>	<u>41,638</u>	<u>69,048</u>
Other financing sources (uses):					
Transfers in	-	47,700	47,692	(8)	-
Total other financing sources (uses)	<u>-</u>	<u>47,700</u>	<u>47,692</u>	<u>(8)</u>	<u>-</u>
Net change in fund balances	18,900	(117,600)	(75,970)	41,630	69,048
FUND BALANCES AT BEGINNING OF YEAR	<u>148,750</u>	<u>148,750</u>	<u>148,750</u>	<u>-</u>	<u>79,702</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 167,650</u></u>	<u><u>31,150</u></u>	<u><u>72,780</u></u>	<u><u>41,630</u></u>	<u><u>148,750</u></u>

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

Year Ended June 30, 2012
(with comparative data for prior year)

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 415,000	415,000	414,141	(859)	419,354
Rent and investment income	300	300	728	428	922
Total revenues	<u>415,300</u>	<u>415,300</u>	<u>414,869</u>	<u>(431)</u>	<u>420,276</u>
EXPENDITURES					
Current:					
Public works	292,200	292,200	120,863	171,337	73,353
Capital outlay	285,900	285,900	3,617	282,283	292,411
Total expenditures	<u>578,100</u>	<u>578,100</u>	<u>124,480</u>	<u>453,620</u>	<u>365,764</u>
Net change in fund balances	(162,800)	(162,800)	290,389	453,189	54,512
FUND BALANCES AT BEGINNING OF YEAR	<u>181,637</u>	<u>181,637</u>	<u>181,637</u>	<u>-</u>	<u>127,125</u>
FUND BALANCES AT END OF YEAR	<u>\$ 18,837</u>	<u>18,837</u>	<u>472,026</u>	<u>453,189</u>	<u>181,637</u>

**CITY OF VILLA PARK
CAPITAL IMPROVEMENT FUND**

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

Year Ended June 30, 2012
(with comparative data for prior year)

	2012				2011 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
REVENUES					
Intergovernmental	\$ 1,078,975	1,086,955	818,750	(268,205)	821,612
Rental and investment income	100	100	282	182	-
TOTAL REVENUES	<u>1,079,075</u>	<u>1,087,055</u>	<u>819,032</u>	<u>(268,023)</u>	<u>821,612</u>
EXPENDITURES					
Capital outlay	-	281,080	280,180	900	860,649
TOTAL EXPENDITURES	<u>-</u>	<u>281,080</u>	<u>280,180</u>	<u>900</u>	<u>860,649</u>
Net change in fund balances	1,079,075	805,975	538,852	(267,123)	(39,037)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	<u>(639,857)</u>	<u>(639,857)</u>	<u>(639,857)</u>	<u>-</u>	<u>(600,820)</u>
FUND BALANCES (DEFICITS) AT END OF YEAR	<u>\$ 439,218</u>	<u>166,118</u>	<u>(101,005)</u>	<u>(267,123)</u>	<u>(639,857)</u>

**CITY OF VILLA PARK
MEASURE M FUND**

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

Year Ended June 30, 2012
(with comparative data for prior year)

	<u>2012</u>			Variance with Final Budget Positive (Negative)	2011 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental	\$ 70,300	70,300	73,509	3,209	53,484
Rental and investment income	100	100	113	13	72
TOTAL REVENUES	<u>70,400</u>	<u>70,400</u>	<u>73,622</u>	<u>3,222</u>	<u>53,556</u>
EXPENDITURES					
Current:					
Public works	48,500	104,600	104,025	575	300
Total expenditures	<u>48,500</u>	<u>104,600</u>	<u>104,025</u>	<u>575</u>	<u>300</u>
Net change in fund balances	21,900	(34,200)	(30,403)	3,797	53,256
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	<u>46,603</u>	<u>46,603</u>	<u>46,603</u>	<u>-</u>	<u>(6,653)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 68,503</u>	<u>12,403</u>	<u>16,200</u>	<u>3,797</u>	<u>46,603</u>

**CITY OF VILLA PARK
STREET IMPROVEMENTS FUND**

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

Year Ended June 30, 2012
(with comparative data for prior year)

	<u>2012</u>			Variance with Final Budget Positive (Negative)	2011 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Charges for services	\$ -	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current:					
Public works	-	-	-	-	-
Net change in fund balances	-	-	-	-	-
FUND BALANCES AT BEGINNING OF YEAR	<u>114,276</u>	<u>114,276</u>	<u>114,276</u>	<u>-</u>	<u>114,276</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 114,276</u></u>	<u><u>114,276</u></u>	<u><u>114,276</u></u>	<u><u>-</u></u>	<u><u>114,276</u></u>

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

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

Year Ended June 30, 2012
(with comparative data for prior year)

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Special assessments	\$ 14,000	14,000	14,006	6	14,006
Rent and investment income	100	100	86	(14)	112
TOTAL REVENUES	<u>14,100</u>	<u>14,100</u>	<u>14,092</u>	<u>(8)</u>	<u>14,118</u>
EXPENDITURES					
Current:					
Public works	8,100	9,600	7,394	2,206	6,160
Capital outlay	6,100	4,600	-	4,600	757
TOTAL EXPENDITURES	<u>14,200</u>	<u>14,200</u>	<u>7,394</u>	<u>6,806</u>	<u>6,917</u>
Net change in fund balances	(100)	(100)	6,698	6,798	7,201
FUND BALANCES AT BEGINNING OF YEAR	<u>36,304</u>	<u>36,304</u>	<u>36,304</u>	<u>-</u>	<u>29,103</u>
FUND BALANCES AT END OF YEAR	<u>\$ 36,204</u>	<u>36,204</u>	<u>43,002</u>	<u>6,798</u>	<u>36,304</u>

STATISTICAL SECTION

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CITY OF VILLA PARK
STATISTICAL SECTION (Unaudited)

Year Ended June 30, 2012

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

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CITY OF VILLA PARK

Net Assets by Component

Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:									
Invested in capital assets,									
net of related debt	\$ 508,789	831,286	980,993	1,427,882	2,755,499	3,127,671	4,735,364	6,252,755	7,127,857
Restricted	443,356	316,813	374,832	455,514	703,962	1,008,517	725,150	915,579	1,131,497
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
Total governmental activities net assets	\$ 2,559,601	2,526,509	2,662,417	3,567,481	5,171,492	5,834,930	7,347,620	8,901,592	9,795,232

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

Source: City Finance Department

CITY OF VILLA PARK
Changes in Net Assets
 Last Nine Fiscal Years

(accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:									
General government	\$ 641,530	930,222	920,770	996,307	1,023,511	964,900	859,970	1,184,187	721,737
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
Public works	1,116,370	1,122,214	1,021,788	811,364	783,269	1,003,246	893,713	590,111	859,044
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>
Revenues:									
Program revenues:									
Charges for services	335,366	333,387	328,106	773,650	349,941	658,572	746,841	677,080	617,223
Operating contributions & grants	527,603	332,282	447,515	454,842	987,257	373,061	376,555	343,654	392,977
Capital contributions & grants	148,111	46,320	80,706	9,007	493,822	173,202	925,686	993,589	230,641
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
Sales tax	200,651	225,819	219,339	225,259	241,718	212,281	143,834	213,777	242,841
Franchise taxes	191,437	199,353	233,129	246,754	213,695	237,104	214,109	220,770	228,368
Motor vehicle in lieu, unrestricted	301,644	448,252	385,372	63,766	47,255	54,993	47,015	69,320	24,274
Investment income	16,099	17,011	41,306	54,469	58,214	30,876	12,171	19,246	14,388
Other general revenues	34,176	42,308	73,199	59,421	223,744	31,117	23,609	106,249	64,298
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>
Changes in net assets	\$ <u>251,192</u>	<u>(33,092)</u>	<u>124,738</u>	<u>905,064</u>	<u>1,488,231</u>	<u>663,438</u>	<u>1,512,690</u>	<u>1,553,972</u>	<u>893,640</u>

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

Source: City Finance Department

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

	Fiscal Year	
	2011	2012
General fund:		
Nonspendable	\$ 141,103	95,440
Restricted	-	-
Assigned	58,600	70,800
Unassigned	<u>1,698,219</u>	<u>1,622,534</u>
Total general fund	<u>\$ 1,897,922</u>	<u>1,788,774</u>
All other governmental funds:		
Nonspendable	\$ -	-
Restricted	736,713	791,489
Assigned	108,094	108,094
Unassigned	<u>(639,857)</u>	<u>(101,005)</u>
Total all other governmental funds	<u>\$ 204,950</u>	<u>798,578</u>

Two 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	1,308,983	1,368,019	1,514,824	1,635,430	2,072,155	2,183,560	2,196,320	2,135,350	2,186,674	2,202,637
Intergovernmental	711,967	787,432	744,038	785,488	969,787	1,302,839	1,141,778	1,047,111	1,641,300	1,637,823
Special assessments	13,958	15,154	15,154	14,680	15,200	12,313	15,155	14,006	14,006	14,006
Licenses and permits	426,947	459,629	465,010	446,090	418,139	424,466	368,861	338,795	349,467	318,961
Fines and forfeitures	37,360	44,856	36,466	53,062	22,019	47,359	39,343	131,944	58,788	46,575
Rental and investment income	50,907	25,247	37,432	61,310	93,862	93,596	47,956	18,220	21,865	16,473
Charges for services	90,004	40,452	41,305	61,822	56,400	48,730	35,882	21,269	25,150	28,174
Other	140,724	151,705	49,166	112,591	49,295	255,012	40,980	28,171	70,279	42,044
Total revenues	2,780,850	2,892,494	2,903,395	3,170,473	3,696,957	4,367,875	3,866,285	3,734,866	4,367,529	4,306,893
Expenditures										
Current:										
General government	691,404	850,993	895,243	899,640	975,665	1,001,707	944,402	837,660	877,916	828,271
Public safety	861,401	873,086	874,773	1,110,493	975,403	1,222,843	1,085,521	1,173,861	1,206,817	1,243,881
Public works	1,138,708	1,083,338	1,443,368	1,174,784	675,413	734,588	944,474	633,956	493,325	1,088,544
Capital Outlay	7,200	14,400	14,000	-	497,481	1,386,804	442,599	1,681,774	1,634,360	661,517
Total expenditures	2,698,713	2,821,817	3,227,384	3,184,917	3,123,962	4,345,942	3,416,996	4,627,251	4,212,418	3,822,213
Excess (deficiency) of revenues over (under) expenditures	82,137	70,677	(323,989)	(14,444)	572,895	21,933	469,289	(792,385)	155,111	484,480
Other financing sources (uses):										
Transfers in	208,918	139,302	447,000	247,963	-	-	-	-	-	47,692
Transfers out	(218,993)	(139,302)	(503,500)	(297,963)	-	-	-	-	-	(47,692)
Total other financing sources (uses)	(10,075)	-	(56,500)	(50,000)	-	-	-	-	-	-
Net change in fund balances	\$ 72,062	\$ 70,677	\$ (380,489)	\$ (64,444)	\$ 572,895	\$ 21,933	\$ 469,289	\$ (792,385)	\$ 155,111	\$ 484,480

Source: City Finance Department

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

Fiscal Year	Original Taxes Levied	Adjustments	Total Levy	Amount Collected	% of Total Levy Collected
2010-11	\$ 1,344,833	\$ 12,898	\$ 1,357,731	\$ 1,311,674	96.6%
2011-12	1,368,419	18,426	1,386,845	1,331,124	96.0%

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

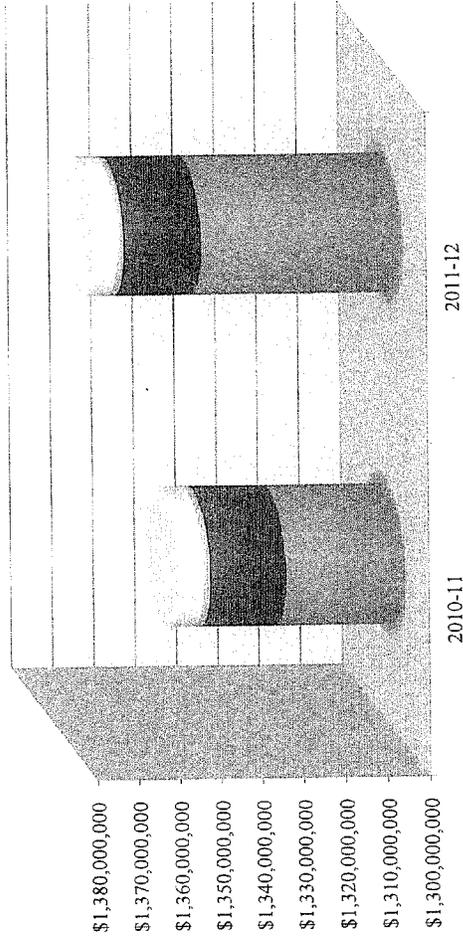
Source: Orange County Auditor-Controller, MuniServices, LLC

CITY OF VILLA PARK

Assessed Value and Estimated Actual Value of Taxable Property, Citywide

Last Two Fiscal Years

Fiscal Year End	Residential Property	Commercial Property	Rural Property	Government Property	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	Total		Factor of Taxable Assessed Value (2)
								Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	
2010-11	\$ 1,327,759,490	\$ 18,405,768	\$ 1,555,706	-	\$ 5,966,415	\$ 11,453,411	\$ 1,342,233,968	0.104734	\$ 1,346,663,340	1.003300
2011-12	1,347,611,706	18,684,325	1,567,419	-	5,344,822	11,680,405	1,361,527,867	0.104734	1,656,541,002	1.216678



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 Two Fiscal Years

<u>Category</u>	<u>Fiscal Year</u>	
	<u>2011</u>	<u>2012</u>
Residential	\$ 1,327,759,490	1,347,611,706
Commercial	18,405,768	18,684,325
Rural	1,555,706	1,567,419
Government	-	-
Gross Secured Value	1,347,720,964	1,367,863,450
Unsecured	5,966,415	5,344,822
Exemptions	11,453,411	11,680,405
Net Taxable Value	\$ 1,342,233,968	1,361,527,867

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 Two Fiscal Years

	<u>Fiscal Year</u>	
	<u>2011</u>	<u>2012</u>
Basic City and County Levy		
CITY OF VILLA PARK	0.10473352	0.10473352
COUNTY ORANGE	0.24744949	0.23591235
ORANGE COUNTY SCHOOLS	<u>0.64781699</u>	<u>0.65935413</u>
TOTAL	1.00000000	1.00000000
Override Assessments		
RANCHO SANTIAGO CCD 2002 SR 2005B	0.01227000	0.01225000
RANCHO SANTIAGO CCD 2002 SR 2003A	0.01186000	0.01156000
RANCHO SANTIAGO CCD 2002 SR 2006C	0.00728000	0.00765000
METRO WATER DIST	<u>0.00370000</u>	<u>0.00370000</u>
TOTAL	0.03511000	0.03516000
TOTAL TAX RATE	<u><u>1.03511000</u></u>	<u><u>1.03516000</u></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 2011-12			Fiscal Year 2002-03		
	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)
Sarkaria John A	8,065,922	1	0.59%	0		0.00%
Ralphs Grocery	7,612,776	2	0.56%	4,273,427	1	0.46%
Lee Mie Kyung	6,229,963	3	0.46%	0		0.00%
Lee Anthony T	3,878,335	4	0.28%	2,594,000	4	0.28%
Niemann Charles Marlyn	3,607,254	5	0.26%	2,413,287	6	0.26%
White Thomas A Susan	3,471,997	6	0.26%	1,926,914	12	0.21%
De Santis Joseph	3,468,000	7	0.25%	0		0.00%
Matranga Robert	3,317,276	8	0.24%	0		0.00%
Olia Ben	3,112,141	9	0.23%	2,705,040	3	0.29%
Malloy Family Partners LP	3,106,981	10	0.23%	0		0.00%
Anderson William L Judy	3,105,259	11	0.23%	0		0.00%
Albert Marsha	3,029,324	12	0.22%	0		0.00%
Keller Ulrich E Jr.	2,996,402	13	0.22%	1,872,720	14	0.20%
First Santiago Business LLC	2,833,370	14	0.21%	2,284,906	7	0.25%
Jackson David R	2,763,707	15	0.20%	0		0.00%
Vednor Robert David Linda S	2,424,013	16	0.18%	1,636,500	22	0.18%
Gudzunas Petronella A	2,390,490	17	0.18%	1,968,600	9	0.21%
De Belle Diane L	2,325,000	18	0.17%	0		0.00%
Wang Wendi	2,313,900	19	0.17%	0		0.00%
Skeffington William J	2,306,839	20	0.17%	0		0.00%
Patel Jayanti N Bhavana	2,246,714	21	0.17%	0		0.00%
Etter Bradley N	2,186,279	22	0.16%	0		0.00%
Chao Andy Tse Tsen	2,126,182	23	0.16%	0		0.00%
Villa Park Investment Co	2,101,899	24	0.15%	0		0.00%
Bova Michael Charles	2,093,000	25	0.15%	0		0.00%
Patel Ash	0		0.00%	3,290,964	2	0.36%
Essenmacher Todd	0		0.00%	2,552,389	5	0.28%
Matranga Trust	0		0.00%	2,142,000	8	0.23%
Shewa Raju	0		0.00%	1,954,130	10	0.21%
Munoz Joseph J; Marie D	0		0.00%	1,946,738	11	0.21%
Hulett Glenn	0		0.00%	1,920,800	13	0.21%
Puterman Howard B	0		0.00%	1,793,300	15	0.19%
Tseteris Terry	0		0.00%	1,789,978	16	0.19%
Flores Larry; Helen Trust	0		0.00%	1,751,875	17	0.19%
Valley Estates II LLC	0		0.00%	1,749,089	18	0.19%
Mac Aloney Willard R	0		0.00%	1,679,498	19	0.18%
Dixon Michael W	0		0.00%	1,667,438	20	0.18%
Caselli David	0		0.00%	1,642,985	21	0.18%
Evert Kerry L	0		0.00%	1,631,560	23	0.18%
Deconnick Doris	0		0.00%	1,631,432	24	0.18%
Reznick Trust	0		0.00%	1,556,140	25	0.17%
Total Top 25 Taxpayers	\$ 83,113,023		6.10%	52,375,710		5.66%
Total Taxable Value	\$ 1,361,527,867		100.00%	925,426,079		100.00%

Source: Orange County Assessor data, MuniServices, LLC

CITY OF VILLA PARK
Demographic and Economic Statistics
 Last Two 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

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

<u>Business Name</u>	<u>2011-12</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment (%)</u>
Orange Unified School District	2,739	80.56%
Ralphs Grocery	82	2.41%
Steve Wolff & Associates	22	0.65%
Wells Fargo Bank	16	0.47%
Serrano Water District	13	0.38%
Villa Park Fire Dept	12	0.35%
New Life Chiropractic	10	0.29%
Villa Park Pharmacy	10	0.29%
Phil's Villa Park 76 Station	10	0.29%
First Class Pizza	10	0.29%
Total Top Employers	2,924	86.00%
Total City Labor Force (1)	3,400	

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

Source: MuniServices, LLC

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

CITY OF VILLA PARK
Full-Time and Part-Time City Employees
by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Full-Time and Part-Time Employees as of June 30</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government	¹ 4	4	4	4	5	5	5	5	5	7
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>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>9</u>

Source: City Finance Department

¹ In FY 2011-12, 5 of the 7 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 Two Fiscal Years

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

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</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, 2012

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).....	5
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