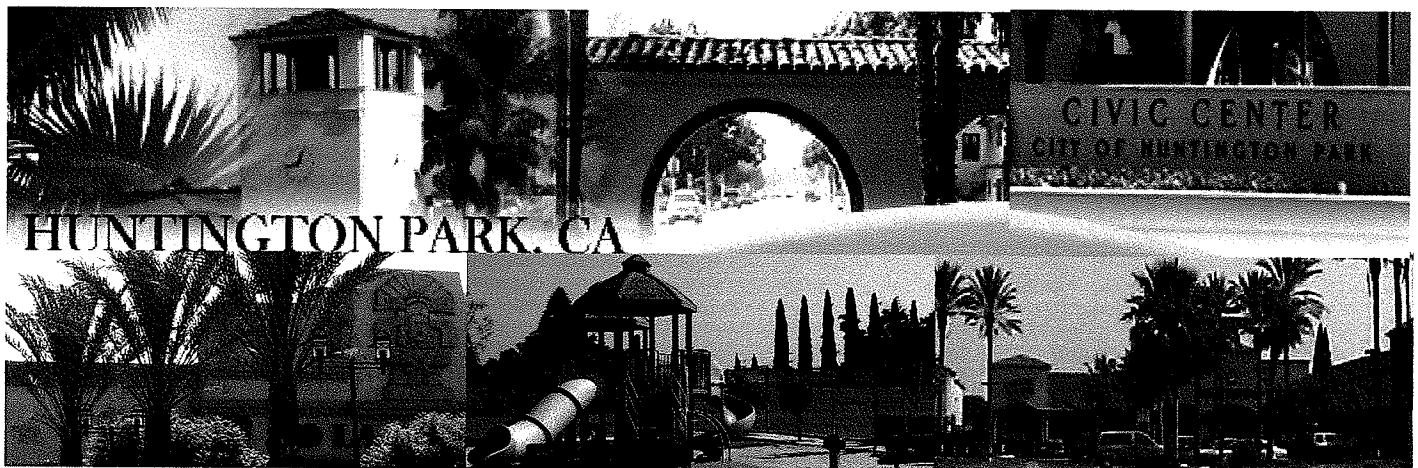




# CITY OF HUNTINGTON PARK, CALIFORNIA

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED  
JUNE 30, 2009

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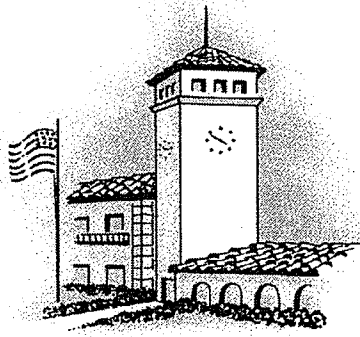
PREPARED BY:  
FINANCE DEPARTMENT

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City of  
**HUNTINGTON PARK**

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**FINANCE DEPARTMENT**

November 25, 2009

To the Members of the City Council and Citizens of the City of Huntington Park:

It is the policy of the City of Huntington Park to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Huntington Park ("the City") for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Vasquez & Company LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009, 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 independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2009, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls

and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### Profile of the Government

The City was incorporated on September 1, 1906 under the general laws of the State of California. The City currently occupies a land area of 3.03 square miles and serves a population of 64,617. The City is empowered to levy property tax on both real and personal properties located within its boundaries. The City is also empowered by state statute to extend its corporate limits by annexation where deemed appropriate by the City Council.

The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested in the City Council consisting of the Mayor and four other council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing all other department heads. The council is elected on a non-partisan basis. Council members serve four-year staggered terms. Council members are elected in March on odd-numbered years. The Mayor and Vice-Mayor are chosen by the Council to serve a one year term.

The City provides a full range of services, including police protection; the construction and maintenance of streets and other infrastructure; and recreational activities and cultural events. The City is financially accountable for a redevelopment agency and financing authority, both of which are reported separately within the City's financial statements. Additional information regarding all three of these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager; these requests are the starting point for developing a proposed budget. The City manager then presents this proposed budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by resolution.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Council and Manager charge department directors with the responsibility of controlling department budgets. Budgetary control is exercised through an on-line computerized system, which interfaces with the City's general ledger. The system maintains an on-going record of budget balances throughout the year based on actual expenditures and unfilled purchase orders.

City Council has the legal authority to amend the budget at any time during the fiscal year but by policy amendments to the budget is limited to the mid-year budget review and following the end of the fiscal year. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general

fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

It is the City's policy to maintain an un-obligated reserve of an amount equal to half of its most recent annual general fund revenues and the same for working capital balances in the water and sewer fund. This policy objective was not achieved for the general fund for 2008-2009. This policy objective was achieved for the water and sewer fund for 2008-2009.

#### Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local Economy.** The City currently enjoys a favorable economic environment due to the variety of business activity. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Not being immune to the downturn in the economy in 2008-2009 the City's sales tax revenues, one of our key sources of revenues, declined by 13% compared to 2007-2008. The City's central business district is now experiencing vacancies in a variety of stores, specialty shops and commercial businesses. Meanwhile, there continues to be a discernable trend toward steady residential growth.

**Key Revenue Sources.** Sales tax is the City's largest revenue source, accounting for about 22% of General Fund revenues. General sales tax receipts variance from estimated to actual was large, due to no budget adjustment, and were \$869,703 (13%) than prior year.

City's voter approved Utility Users' Fee of 6.5% for communications and 7% for all other utilities shows a steady growth each year of about 5%; however, it is 20% above budget estimates, budget estimates were very conservative.

**Award For Excellence in Financial Reporting.** The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huntington Park for its CAFR for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City is very proud of receiving the first Certificate of Achievement. We believe our current CAFR conforms to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.



### Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department, working in conjunction with the City's independent auditors. We would like to express our appreciation to all members of the department and independent auditors who assisted and contributed to the preparation of this report. Credit also must be given to City Council for its unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Elba Padilla". The signature is written in a cursive, flowing style.

Elba Padilla  
Director of Finance

# City of Huntington Park

## Elected Officials and Administrative Officials

Mayor	Mario Gomez
Vice Mayor	Juan R. Noguez
Council Member	Ofelia Hernandez
Council Member	Elba Guerrero
Council Member	Andy Molina
City Manager	Gregory D. Korduner
City Clerk	Rosanna M. Ramirez
City Attorney	Leal-Trejo, LLP
Director of Public Works	Patrick Fu
Director of Finance	Elba Padilla
Director of Community Development	Henry L. Gray
Director of Parks and Recreation	Josette Espinosa
Chief of Police	Paul Wadley

