

City of La Habra, California
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2007



Prepared by the Department of Finance and Administrative Services

James D. Sadro, Director/Treasurer

Melvin Shannon, Deputy Director of Finance

CITY OF LA HABRA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

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INTRODUCTORY SECTION



December 21, 2007

Honorable Mayor, Mayor Pro Tem and Members of the City Council:

The Comprehensive Annual Financial Report of the City of La Habra for the fiscal year ended June 30, 2007 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City Administration. To the best of our knowledge and belief, the enclosed data are accurate in all materials respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of La Habra. Disclosures necessary to enable a reader to gain an understanding of the City's financial activities have been included. A more comprehensive analysis of the City's financial health can be found in the Management Discussion and Analysis section of this report.

FISCAL YEAR 2006-2007 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The City of La Habra is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments and Non-profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal and state awards and the independent auditor's reports on internal controls and compliance with applicable laws and regulations, is included in a separately issued compliance report.

This reporting includes all funds of the City of La Habra (the primary government), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The component units are controlled by common governing boards and, therefore, are represented as blended component units for financial reporting purposes. Blended component units, although legally separate entities are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Redevelopment Agency of the City of La Habra (the Agency), the La Habra Civic Improvement Authority (CIA), and the La Habra Housing Authority (HA) are reported as funds of the primary government.

The City of La Habra provides a full range of traditional municipal services. Police services are provided through a department operating under the direct control of the City of La Habra while Fire services are contracted with the Los Angeles County Fire Authority. The City of La Habra also operates a water distribution system and a wastewater collection system and the collection of solid waste is provided as a City service through a franchise arrangement with a private firm. The City provides for construction, repair, and maintenance of streets and storm water collection systems and is responsible for the administration and enforcement of housing and building codes, as well as

economic and community development activities. The City also provides various community and social services, recreational activities and cultural events.

CITY LOCATION AND CHARACTER

The City of La Habra (population 62,483) is located in the northwest corner of the County of Orange, California, approximately 20 miles east of downtown Los Angeles. La Habra is known as a bedroom community where residents have access to, and participate in, the greater Orange County and Los Angeles County economies. La Habra is largely built out (90 percent developed by the mid-1970's), with the majority of residential housing constructed in the 1950's.

Net Taxable Assessed Value (NTAV) for FY 06/07 was 11.4 percent more than FY 05/06, with a total NTAV of \$4,414,500,225. Based on 2000 Census data, the median household income is on par with the state and national averages, but is low compared with the average of Orange County cities.

Although the City is largely residential, it experienced losses in employment between 1990 and 1995 as a result of a general recession in the State. However, the economic recovery of the State and City over the past decade was reflected in the addition of a significant number of new jobs and increased retail activity in the region. Unemployment for the City of La Habra is comparable to the national, state and regional rates.

The City of La Habra has long-standing contractual agreements to provide certain municipal services to other governmental entities. These services include animal control and court liaison services. During FY 05/06, the City finalized an agreement with the Los Angeles County Fire Authority to provide fire services. This agreement replaced the city-run fire department, with the transition to Los Angeles County Fire occurring in July 2005.

The City also has a practice of contracting for services with the private sector for such activities as traffic signal maintenance, civil engineering design, refuse collection, sewer maintenance, traffic engineering, tree trimming, parking citations, landscaping, building maintenance and street sweeping.

FINANCIAL INFORMATION

The management of the City of La Habra is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and, 2) the valuation of costs and benefits requires estimates and judgements by management.

Single Audit

As a recipient of federal, state and local financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable

laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management.

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2007 are provided under a separate report.

Budget Controls

The City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget appropriation adopted by resolution of the City Council for the General Fund, the Debt Service Fund, the Capital Project Funds, the Enterprise Funds, the Internal Service Funds, and the Special Revenue Funds. Some Special Revenue Funds are not included in the annual appropriation resolution, but are adopted separately on an as needed basis. Formal budgetary integration is employed as a management control during the year. Supplemental appropriations are approved by the City Council in the form of budget amendment motions, contract/project approval actions, or as part of special grant authorizing motions. The level of budgetary control is at the individual fund level, but management control is exercised at budgetary line-item level.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental and proprietary funds. Encumbrances outstanding at year-end are reported as reservations of fund balance in the equity section of the balance sheet since they do not constitute expenditures or liabilities.

The budget has been prepared in accordance with generally accepted accounting principles (GAAP). The budget statement (combined statement of revenues, expenditures and changes in fund balance), budgeted and actual, is presented on the same basis of accounting used in preparing the adopted budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility of sound financial management.

Long-Term Financial Planning

The City typically prepares two levels of financial planning for review by its governing body. The first level involves the preparation, presentation and adoption of the City's annual operating budget. This planning effort takes into account current projects, programs and staffing levels to determine the proper level of resource allocation necessary to effectively operate the City government on a year to

year basis. This short-term financial plan is flexible and can be modified by Council action to adjust for changing revenue estimates, new programs or projects, or other unanticipated operating and capital costs.

In addition, the City prepares and updates longer term capital plans, revenue estimates, and economic projections to account for high-cost long-term capital needs, major infrastructure improvement programs, and changing trends in the City's revenue and economic base. As part of the annual budget, the City updates its 10-year revenue projection model to take into account current and projected economic trends, major changes in revenues and expenses, and future capital needs. These models are based on other long-term financial plans developed by City departments, including the a seven year capital project plan, a six year pavement management plan, a ten year water system master plan and a twelve year sewer system master plan. These capital plans are updated each one to five years depending on the need for such updates or to account for major changes. The information provided by the City's long-range capital plans is also used to determine the potential net benefit of securing long-term capital financing via debt versus the use of current cash or other resources on a pay-as-you-go basis.

General Fund Balance

The total General Fund balance as of June 30, 2007 was \$11,553,383. Of this amount, \$3,473,165 is considered restricted and unavailable for appropriation with \$3,434,086 owed by other funds for long-term advances and \$39,079 reserved for inventories.

The remaining \$8,080,218 fund balance is considered available and unrestricted with \$6,464,174 set aside as fund balance (general reserves) and \$1,616,044 set aside as an operating reserve. Prudent financial management necessitates that sufficient reserves be established to provide funding for emergencies, disaster recovery, unanticipated expenses and to demonstrate creditworthiness to credit rating agencies. Among municipalities, unrestricted reserve levels typically range from 10 percent to 35 percent of annual expenditure budgets and can fluctuate based on availability of funds and individual reserve policies. As of June 30, 2007, the City's total unrestricted reserve levels equaled 25 percent of the FY 06/07 General Fund expenditure budget, with 20 percent in emergency reserves and 5 percent in operating reserves.

Debt

As of fiscal year ended June 30, 2007, the City's component units had several outstanding debt issues. These issues included \$2,450,000 in special tax bonds, \$23,045,000 in certificates of participation, \$7,325,000 in tax allocation bonds and \$7,055,000 in revenue bonds. The City, as a separate legal entity, has no general obligation debt outstanding.

Capital Projects Funds

The Capital Projects Funds belong to both the City and the Agency. The City's Capital Project Fund is used to record activities related to capital projects of the City. The Agency has two Capital Projects Funds. One consists of operations relating to specific projects of the Agency and the other is required by California Redevelopment Law to account for 20 percent of all tax increment to be set aside and used for the construction or improvement of low and moderate-income housing. Each year,

the 20 percent of all tax increment is placed in the Redevelopment Agency Low and Moderate Income Housing Fund.

Capital Assets

The capital assets of the City's governmental activities are those used in the performance of general government functions and exclude the capital assets of the Enterprise Funds, but does include the capital assets of the Internal Service Funds. As of June 30, 2007, the capital assets (net of depreciation) of the City's governmental activities amounted to \$69,570,844. This amount represents the original cost of the assets or estimated historical cost if actual historical cost is not available and is considerably less than their present value. Depreciation of capital assets is recognizable in the City's financial statements using the straight-line method based on the estimated useful life of an asset.

Enterprise Operations

The enterprise operations of the City of La Habra comprise several distinct activities as shown in the following table:

Enterprise Operation	Net Assets (Deficits) Beginning	Operating Revenue	Operating Expenses	Nonoperating Revenue (Expenses)	Net Transfers In and (Out)	Net Assets (Deficits) Ending
Water	\$ 11,058,825	\$ 9,753,270	\$ 8,557,829	\$ 128,887	\$ (216,429)	\$ 12,166,724
Sewer	9,425,643	878,314	930,137	272,049	(182,850)	9,463,019
Refuse	5,233,955	2,610,216	2,485,301	220,933	(88,598)	5,491,205
Children's Museum	618,718	452,787	566,558	(246)	85,000	589,701
Mobile Home	464,905	2,399,796	2,340,563	19,885		544,023
Housing Authority	3,494,929	1,915,376	821,182	(649,315)		3,939,808
	<u>\$ 30,296,975</u>	<u>\$ 18,009,759</u>	<u>\$ 15,701,570</u>	<u>\$ (7,807)</u>	<u>\$ (402,877)</u>	<u>\$ 32,194,480</u>

The Water utility of the City of La Habra, which serves over 12,707 customers, operated with a net income before transfers of \$1,324,328. Its total net assets, including the value of fixed capital assets, at year-end were \$12,166,724.

Sewer revenues were generated based on a rate that is 10.008 percent of the cost of water used by the customer. The sewer enterprise operated with a net income before transfers of \$220,226. Its total net assets, including the value of fixed capital assets, at year-end were \$9,463,019.

In response to AB 939, which requires the City to meet certain set percentages for solid waste recycling, the City implemented a new automated refuse and recycling collection system in the spring of 1998. The State mandate requires that 25 percent of residential solid waste be recycled by year 1995 and that 50 percent of residential solid waste be recycled by year 2000. Each residential customer was provided with two 96-gallon containers for the collection of refuse and recyclable material. As a result of the solid waste recycling program, the City has seen significant increases in the amount of recyclable material recovered. The refuse enterprise operated with a net income before transfers of \$345,848. The refuse fund's total net assets at year-end were \$5,491,205.

In July 1990, the Children's Museum at La Habra was removed from the General Fund and established as an enterprise activity. The museum enterprise operated with a net loss, before transfers and after accounting for depreciation, of \$114,017 and had total net assets of \$589,701, primarily comprised of fixed capital assets.

The Mobile Home Fund operated with a net income before transfers of \$79,118 and has total net assets of \$544,023 at year-end.

The Housing Authority operated with a net income before transfers of \$444,879 and has total net assets of \$3,929,808 at year-end.

Cash Management

To assure the most competitive rates on investments, the City maintains a cash and investment pool that is available for use by all funds, except for bond proceeds and reserves, which are required to be held by a trustee. The City's investments are guided by an investment policy adopted by the City Council that is in compliance with statutory requirements for municipal investments. In January 2005, the City submitted its adopted 2005 Investment Policy to the Association of Public Treasurers of the United States and Canada (APT US&C) for review and certification. In July 2005 the APT US&C completed their review and certified the City's 2005 Investment Policy as "meeting the standards set forth" by their organization. The 2006 and 2007 adopted investment policies had no material changes from the 2005 policy.

As of June 30, 2007, the City had \$54,019,759 in cash and short-term investments such as securities of the U.S. Government and the State of California Local Agency Investment Fund. The City's investment philosophy is to minimize credit and market risks while maintaining a competitive yield on its portfolio, to ensure that funds are available when needed, to manage its pooled idle cash position under the prudent investor's rule, and to maximize the productive use of assets entrusted to its care.

Risk Management

The City has established a Risk Management division, the goal of which is to minimize the loss of City assets caused by accidental loss or resulting in employee injury and third-party liability claims, by effectively utilizing management techniques of risk retention, risk transfer, loss prevention and loss reduction. There are two self-insured programs administered by the City: liability and industrial injury. The City became self-insured for liability claims and settlements in March 1976. Through reinsurance, a stop loss of \$250,000 per occurrence has been established. The City became self-insured for industrial injury in 1974. Through reinsurance, a stop loss of \$750,000 for each miscellaneous and \$1,000,000 for each safety occurrence has been established.

In the Risk Management Internal Service Fund, a reserve has been calculated to provide for future claims resulting from happenings prior to June 30, 2007. The reserve's balance is \$1,825,675, with net assets of \$784,139.

INDEPENDENT AUDIT

An annual audit of the accounting and financial records of the City of La Habra is conducted by independent certified public accountants to meet the requirements of the Single Audit Act and the related U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments and Non-profit Organizations*. The auditors are required to audit all funds and account groups of the City in accordance with auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's *Government Auditing Standards*. The firm, Moreland & Associates, Inc., was retained by the City of La Habra to perform these auditing services for the fiscal year ended June 30, 2007. The auditor's report on the basic financial statements and supplementary information is included in the financial section of this report. The auditor's reports on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards can be found in a separately issued compliance report.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the effort and professionalism demonstrated by the Department of Finance and Administrative Services staff. Preparation of the financials required a major effort from the entire accounting staff and we would like to express our appreciation to everyone who assisted and contributed to the effort, particularly Deputy Director of Finance Melvin Shannon, Revenue Manager Stefanie Turner, Senior Accountant John Balderas and Accountant Mary Ann Sy.

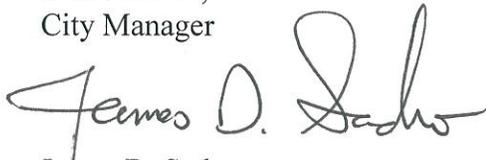
We wish to acknowledge the professional manner in which Moreland & Associates conducted the audit and express our appreciation for their assistance, in particular Michael Moreland, Lynne Netty, Charlotte Newkirk, Daniel Marinoff and Jack Ponvanit.

We also thank the City Council for their commitment and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Don Hannah,
City Manager



James D. Sadro,
Director of Finance and Administrative Services
City Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of La Habra
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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.



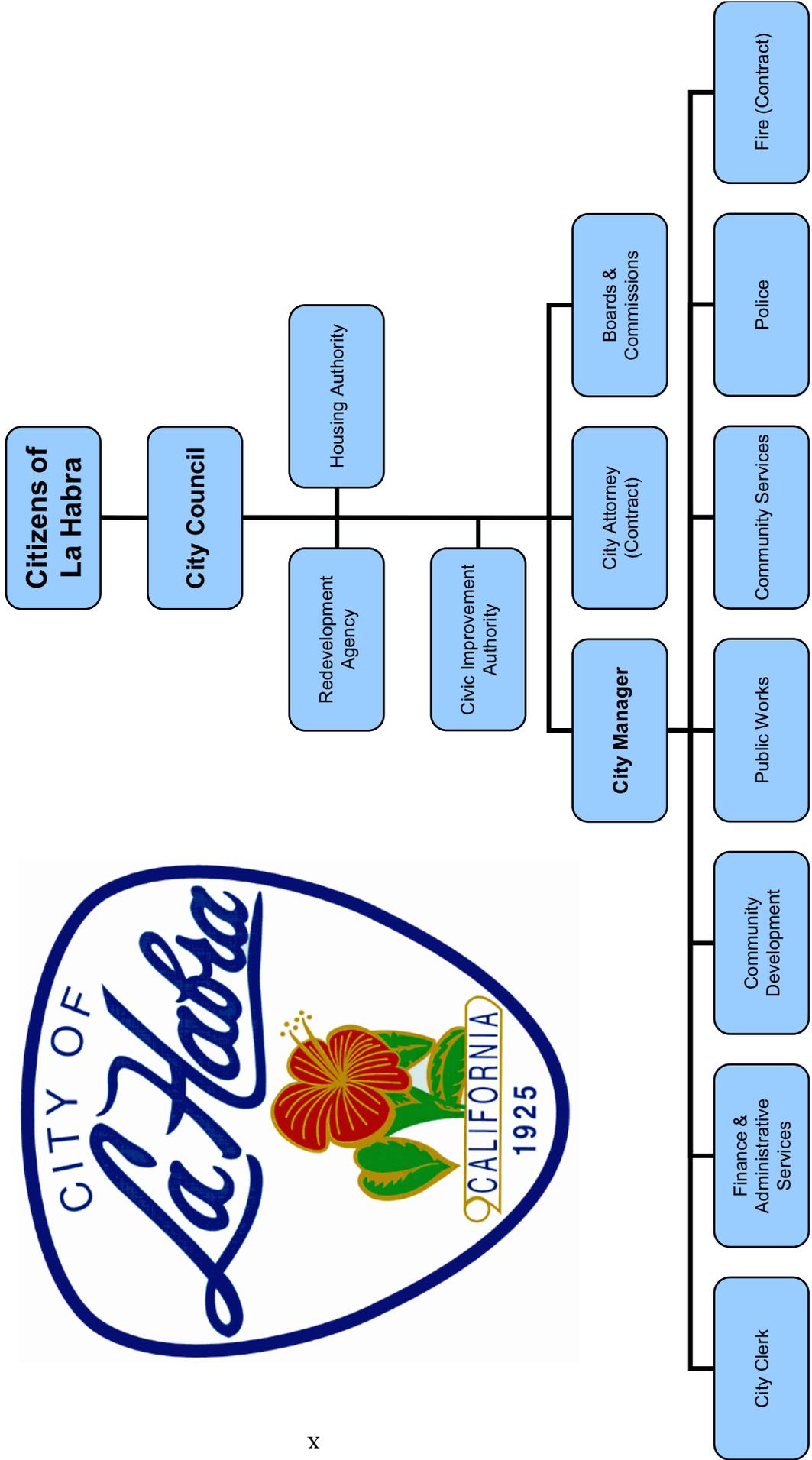
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

City of La Habra Organization and Services



CITY OF LA HABRA

**CITY OFFICIALS
AS OF JUNE 30, 2007**

MEMBERS OF THE CITY COUNCIL

Mayor James Gomez
Mayor Pro Tem Rose M. Espinosa
Councilmember Steve Anderson
Councilmember Thomas Beamish
Councilmember G. Steve Simonian

**City Manager
Don Hannah**

**City Attorney
Richard Jones**

**City Clerk
Tamara Mason**

**Director of Finance & Administrative Services
James Sadro**

**Director of Community Development
Michael Haack**

**Director of Community Services
Salvatore Failla**

**Director of Public Works
Steve Castellanos**

**Assistant Chief of Fire
Angel Montoya (LA County Fire)**

**Chief of Police
Dennis Kies**



FINANCIAL SECTION



December 18, 2007

The Honorable City Council of
the City of La Habra, California

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Habra, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of La Habra's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Habra, California, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2007 on our consideration of the City of La Habra's internal control over financial reporting and 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.

The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules listed as supplementary information in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund budgetary comparison schedule and the combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



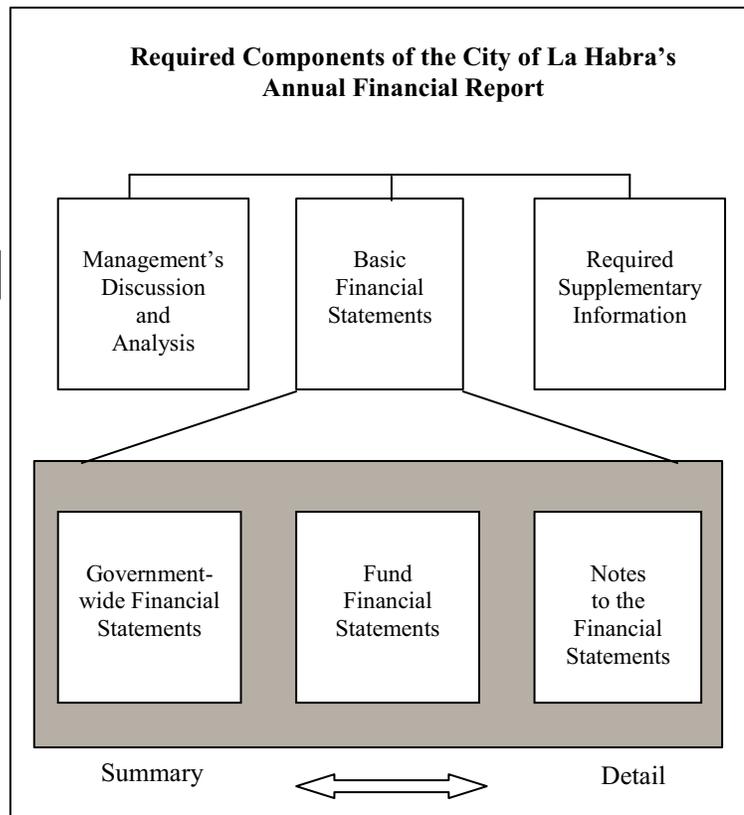
Management's Discussion and Analysis

In an effort to provide insight and perspective to the City of La Habra's ("City") annual financial statements, staff has prepared this management discussion of the financial activities of the City for the fiscal year ended June 30, 2007. The intent of this discussion is to assist the reader to better understand the fiscal condition of the City. Readers are encouraged to consider the information presented here in conjunction with the summary information found in the transmittal letter and the detailed information found in the body of the financial statements.

Overview of the Financial Statements

This section of 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* for non-major governmental funds and internal service 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 operations in *more detail* than the Government-wide Statements.
 - The *Governmental Funds* Statements detail how *general government* services such as public safety were financed in the *short term* as well as what remains for future spending.
 - *Propriety Fund* Statements offer *short-* and *long-term* financial information about the activities the City operates *like businesses*, such as the water and sewer services.
 - *Fiduciary Fund* Statements provide information about the financial relationships – such as contractor and miscellaneous deposits – in which the City acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.



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 further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide detail about our non-major governmental funds, internal service funds, and fiduciary funds, which are added together and presented in single columns in the basic financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Financial Statements

The Government-wide Financial Statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes *all* of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide Financial Statements report the City's *net* assets and how they have changed. Net assets – the difference between the City's assets and liabilities – are one way to measure the City's financial health, or *position*. Over time, increases or decreases in the City's net assets are an indicator of whether the City's financial health is improving or deteriorating, respectively. One needs to consider additional 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 fiscal condition of the City.

The Government-wide Financial Statements of the City are divided into two categories:

- *Governmental activities* – Most of the City's basic services, such as police, fire, public works, community services, community development, and general administration, are included here. Taxes, revenues from other governments and agencies, income from property and investments, grants and contributions, and charges for services finance most of these activities.
- *Business-type activities* – The City charges fees to customers to cover the costs of certain services it provides. The City's water, sewer, and Housing Authority services are the primary business-type activities.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the City's most significant *funds* – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law and bond covenants, while the City establishes other funds to control and manage money for particular purposes (such as the developer impact fee funds) or to show that it is properly using certain taxes and grants (such as the Section 8 Housing Assistance fund).

The City has three kinds of funds:

- *Governmental funds* – Most of the City’s basic services are included in governmental funds. These funds are used to account for (1) *cash and other financial assets* that can readily be converted to cash flow in and out, and (2) balances left at year-end that are available for spending. Consequently, the Governmental Funds Statements provide a detailed *short-term* view that helps the reader determine the amount of financial resources that can be spent in the near future to finance the City’s programs. Reconciliation between the long-term and short-term focus of the Government-wide Financial Statements is provided immediately following each statement.
- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the Government-wide Financial Statements, provide both long- and short-term financial information.
 - There are two types of proprietary funds: *enterprise funds* and *internal service funds*.
 - We use *enterprise funds* to report activities that provide business-type services, generally to external customers – such as water, sewer and trash services. In both the Government-wide Financial Statements and the Fund Financial Statements, these funds are shown under business-type activities.
 - We use *internal service funds* to report activities that provide services and supplies for the City’s other programs and activities – such as fleet, health insurance, and information technology.
- *Fiduciary funds* – These funds are used to account for situations where the City’s role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. All of the City’s fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the City’s Government-wide Financial Statements because the City cannot use these assets to finance its operations.

Financial Analysis of the City as a Whole

Net Assets

The City’s *combined* net assets for the fiscal year ended June 30, 2007, as shown below, were \$112,032,852. The capital asset figure for governmental activities includes all of the City’s infrastructure assets. The City completed its inventory of infrastructure assets as of June 30, 2007 and is in full compliance of GASB 34 capital asset reporting requirements. The City’s net assets increased by \$10,139,070 during the current fiscal year, mainly in the category of “Current and Other Assets”. Growth in this category is attributed to rising fund balances in many of the City’s capital funds, including the Redevelopment Agency, utility enterprise funds (water/sewer/refuse), the City’s General Capital Projects fund, and various other special revenue capital funds. In most cases, assets have accrued and have been appropriated for projects that are in design or development. The funds will be spent as the projects are undertaken and completed.

Table 1
Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<u>Assets</u>						
Current and other assets	\$ 38,178,092	\$ 31,097,870	\$ 28,762,959	\$ 26,839,578	\$ 66,941,051	\$ 57,937,448
Capital assets	69,570,844	68,308,519	30,446,792	30,850,280	100,017,636	99,158,799
Total Assets	107,748,936	99,406,389	59,209,751	57,689,858	166,958,687	157,096,247
<u>Liabilities</u>						
Current liabilities	7,413,423	6,308,802	1,764,889	1,604,835	9,178,312	7,913,637
Noncurrent liabilities	20,965,222	21,649,288	24,782,301	25,639,540	45,747,523	47,288,828
Total Liabilities	28,378,645	27,958,090	26,547,190	27,244,375	54,925,835	55,202,465
<u>Net Assets</u>						
Invested in capital assets, net of related debt	61,866,707	60,254,071	14,387,460	14,083,243	76,254,167	74,337,314
Restricted	2,962,479	2,425,184			2,962,479	2,425,184
Unrestricted	14,541,105	8,769,044	18,275,101	16,362,240	32,816,206	25,131,284
Total Net Assets	\$ 79,370,291	\$ 71,448,299	\$ 32,662,561	\$ 30,445,483	\$ 112,032,852	\$ 101,893,782

As noted earlier, comparing net assets over time may serve as a useful indicator of the City's financial position. At fiscal year end, the City's assets exceeded liabilities by \$112 million; however, 68 percent of these net assets represent capital such as land, buildings, machinery, equipment, and infrastructure, less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets cannot be easily liquidated and are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other revenue sources since the capital assets themselves usually won't be used to pay for the associated debt.

In addition, 2.6 percent, or \$2.9 million, of the City's net assets represent resources that are subject to external restrictions regarding how they may be used. Furthermore, the unrestricted net assets of the City's business-type activities total \$18.2 million and these resources cannot be used to help fund governmental activities. The City can only use these net assets to finance the continuing operations of its enterprise funds, including water, sewer, refuse, Children's Museum, housing authority and mobile home parks. That leaves 13 percent, or a \$14.5 million balance of unrestricted net assets, that can be used to meet the governmental activities ongoing obligations to citizens and creditors.

Changes in Net Assets

The condensed summary of activities (Table 2) shows that the City's total net assets increased by \$10.1 million during the year. The General Fund's portion of the increase is mainly attributed to revenues exceeding projections for the year, especially in the areas of Property Tax, Sales Tax, Utility User Tax and Franchise Fees. The increase in tax revenues allowed for a \$5.1 million transfer from the General fund to various reserves and capital funds, including \$500,000 to the General Fund Operating Reserve, \$400,000 to the Risk Management fund, \$150,000 to the Fleet Replacement fund, and the balance of \$4,050,000 to the Capital Projects fund.

For business type activities, net assets increased in part due to higher water, sewer and refuse revenues generated as a result of rate increases during the fiscal year. The purpose for the rate increases were to create funding capacity to pay for increased operating costs, commodity costs (as applicable), and to provide capital funding for infrastructure maintenance and improvements.

These and other City assets will be capitalized and depreciated over their useful lives under full-accrual accounting, versus being expensed in full in the year they were "acquired" by the City.

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Table 2
Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<u>Revenues</u>						
Program Revenues:						
Charges for services	\$ 4,944,682	\$ 6,282,920	\$ 18,009,759	\$ 21,463,274	\$ 22,954,441	\$ 27,746,194
Operating grants and contributions	7,403,668	6,155,825			7,403,668	6,155,825
Capital grants and contributions	3,010,784	2,841,673			3,010,784	2,841,673
General Revenues:						
Property taxes	14,975,673	13,768,880			14,975,673	13,768,880
Sales and use taxes	9,853,179	9,208,476			9,853,179	9,208,476
Utility users taxes	5,293,525	5,128,226			5,293,525	5,128,226
Franchise fees	1,996,481	1,807,537			1,996,481	1,807,537
Other taxes	398,603	399,436			398,603	399,436
Grants and contributions not restricted to specific programs	724,228	705,613			724,228	705,613
Income from property and investments	1,601,295	801,623	1,161,184	481,537	2,762,479	1,283,160
Gain on sale of capital assets						
Gain on sale of investments						
Other general revenue	717,424	885,929			717,424	885,929
Miscellaneous						
Total Revenues	50,919,542	47,986,138	19,170,943	21,944,811	70,090,485	69,930,949
<u>Expenses</u>						
General government	1,727,569	2,466,028			1,727,569	2,466,028
Intergovernmental	38,142	351,407			38,142	351,407
Public safety	20,806,295	20,751,487			20,806,295	20,751,487
Public works	7,399,852	5,829,033			7,399,852	5,829,033
Manpower	787,929	441,946			787,929	441,946
Community services	7,623,969	7,609,897			7,623,969	7,609,897
Community development	3,886,883	3,717,217			3,886,883	3,717,217
Interest on long-term debt	812,194	824,152			812,194	824,152
Water			8,557,829	7,591,959	8,557,829	7,591,959
Sewer			930,137	912,741	930,137	912,741
Refuse			2,485,301	2,192,933	2,485,301	2,192,933
Housing Authority			1,988,194	1,681,163	1,988,194	1,681,163
Children's Museum			566,558	542,426	566,558	542,426
Mobile home lease			2,340,563	2,365,931	2,340,563	2,365,931
Total Expenses	43,082,833	41,991,167	16,868,582	15,287,153	59,951,415	57,278,320
Excess (Deficiency) before transfers	7,836,709	5,994,971	2,302,361	6,657,658	10,139,070	12,652,629
Transfers	85,283	(85,000)	(85,283)	85,000		
Increase (Decrease) in Net Assets	7,921,992	5,909,971	2,217,078	6,742,658	10,139,070	12,652,629
Net Assets, Beginning of Year	71,448,299	65,538,328	30,445,483	23,702,825	101,893,782	89,241,153
Net Assets, End of Year	\$ 79,370,291	\$ 71,448,299	\$ 32,662,561	\$ 30,445,483	\$ 112,032,852	\$ 101,893,782

Approximately 59 percent of the City's governmental funds revenue is generated through taxes collected (property, sales, utility users, etc.), and almost 94 percent of the City's business-type revenue is generated through charges for services.

Governmental Activities

The increase in net assets for *governmental* activities was \$7,921,992. This increase was generated by total revenues of *governmental* activities of \$50,919,542 offset by \$43,082,833 in total costs of *governmental* activities, plus \$85,283 transferred in.

Revenues are generated through several sources to cover the cost of the City's programs. These revenues include fees and charges paid by those who directly benefit from the programs, which totaled \$4,944,682. Revenues from charges for services were lower than last fiscal year mainly due to the receipt of \$765,826 in one-time developer impact fees from a large residential development in FY 05/06, in addition to a one-time \$130,748 FEMA reimbursement.

Other revenues include grants and contributions from other governments and organizations totaling \$10,414,452 used to subsidize certain programs, and taxes and other revenues (such as income from property and investments and Vehicle License Fees) received by the City, which totaled \$35,560,408.

Business-Type Activities

As of June 30, 2007 business-type activities increased the City's net assets by 7.3 percent, or \$2,217,078 with revenues totaling \$19,170,943 and expenses totaling \$16,868,582. The City's utility enterprises were a significant part of the growth in net assets, primarily due to rate increases occurring during the fiscal year. At fiscal year end, net assets for the Water fund grew by \$1,107,899, the Sewer fund grew by \$37,376, the Refuse fund grew by \$257,250, the Mobile Home Lease fund grew by \$79,118, and the Housing Authority grew by \$444,879. Due to depreciation, there was a nominal reduction in net assets in the Children's Museum of \$29,017. Although underlying revenues grew in the category of "Charges for Services", the growth was partially offset by the receipt of one-time funds in FY 05/06 related to the Vista Grande landfill settlement agreed to between the City and Orange County. This produced a \$5 million one-time increase in reported revenues in this category during FY 05/06.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of FY 06/07, the City's governmental funds reported combined ending fund balances of \$18,156,032 an increase of \$4,912,915 in comparison to the prior fiscal year. This increase was primarily due to major tax revenues exceeding projections and nominal decreases in expenditures versus budget. Approximately 46 percent of this amount, or \$8,295,273, constitutes unreserved fund balance which is available for spending at the government's discretion based on the purpose for which it was received. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for (1) long-term advances of

\$3,434,086, (2) land held for resale of \$111,000, (3) to pay debt service in the amount of \$283,229, (4) for low-moderate income housing of \$1,003,834, (5) to liquidate contracts and purchase orders of the prior period in the amount of \$4,989,531, and (6) for inventories in the amount of \$39,079.

The General Fund is the chief operating fund of the City, and at the end of the fiscal year had a total fund balance of \$11,553,383, an increase of \$643,170. The unreserved fund balance portion of the General Fund was \$8,080,218.

In addition, departments experienced modest savings in their expenditure budgets and, when combined with higher than expected revenues, allowed for a combined transfer of \$4.1 million at fiscal year end from the General fund to the City's Capital Projects fund. This transfer was \$1.75 million higher than budgeted or expected at mid-year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the Government-wide Financial Statements, but in more detail.

For the fiscal year ended June 30, 2007, the Water fund had a positive change in net assets of \$1,107,899, the Sewer fund had a positive change in net assets of \$37,376, the Refuse fund had a positive change in net assets of \$257,250. These changes were mainly due to increased revenues due to rate increases and modest expenditure savings or project deferrals. In addition, the Mobile Home Lease fund had a positive change in net assets of \$79,118 and the Housing Authority fund had a positive change in net assets of \$444,879. The Children's Museum fund had a negative change in net assets of \$29,017 due to depreciation expense.

The combined \$19.4 million of unrestricted net assets for these funds are considered to be reserves for each respective fund.

Capital Funds

The City utilizes several general and special revenue funds to account for capital project funding. The major capital funding sources; however, come from the City's general Capital Projects fund, Gas Tax Fund, Measure "M" Fund, and Redevelopment Agency.

For fiscal year ended June 30, 2007, net assets for the City's general Capital Projects Fund increased by \$1,982,495, the Gas Tax Fund increased by \$1,201,638, the Redevelopment Agency Capital Projects Fund increased by \$55,523 and the Measure "M" Fund decreased by \$44,035. Fluctuations in the reported net assets for capital funds are typically due to timing between the approval and appropriation of funds for various capital projects and the actual application of those funds to design and build the projects. FY 06/07 was marked as a year of significant project design and development with the expectation that funds will be expended at a faster pace once projects begin construction and are completed.

General Fund Budgetary Highlights

Management monitors revenues during the year and updates estimated revenue figures when new information is available. Revenue projections were revised during FY 06/07 at mid-year, primarily due to account for higher than expected sales and property tax revenues. The increased revenues were not appropriated at the time and were left for allocation at fiscal year end.

Additionally, actual expenditures during the fiscal year were \$790,035 less than budgeted, primarily due to several vacant staff positions. These positions were retained in the budget and will be filled as necessary.

Capital Asset and Debt Administration

Capital Assets

At the end of FY 06/07, the City had recorded an investment of over \$146.8 million (prior to depreciation) in a broad range of capital assets, including park facilities, land, buildings, roads, bridges, water and sewer lines, police and fire vehicles, and other maintenance equipment. As previously noted, the City has completed its inventory of infrastructure assets as of June 30, 2007 and is in full compliance of GASB 34 capital asset reporting requirements.

Table 3
Capital Assets at Year End
(Net of Depreciation in Millions)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 8,755,305	\$ 8,752,305	\$ 12,800,000	\$ 12,800,000	\$ 21,555,305	\$ 21,552,305
Land improvements	6,223,791	6,223,791			6,223,791	6,223,791
Buildings and improvements	11,387,906	11,311,802	5,141,477	5,141,477	16,529,383	16,453,279
Improvements other than buildings	1,133,296	1,133,296	253,490	245,163	1,386,786	1,378,459
Machinery and equipment	5,567,099	5,781,703	767,709	729,841	6,334,808	6,511,544
Autos and trucks	3,662,123	3,223,302	257,402	26,937	3,919,525	3,250,239
Infrastructure	58657779	56,195,464	30,394,980	30,350,830	89,052,759	86,546,294
Construction in progress	1,496,556	637,150	295,396	176,897	1,791,952	814,047
Less Accumulated Depreciation	(27,313,011)	(24,950,294)	(19,463,662)	(18,620,865)	(46,776,673)	(43,571,159)
Totals	<u>\$ 69,570,844</u>	<u>\$ 68,308,519</u>	<u>\$ 30,446,792</u>	<u>\$ 30,850,280</u>	<u>\$ 100,017,636</u>	<u>\$ 99,158,799</u>

Long-Term Debt

At year-end, the City had \$45,747,523 in bonds, certificates of deposit, loans, leases, and accrued assessments payable, a decrease of \$1,154,305 from last year, as shown in the table below.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Certificates of Participation	\$ 5,165,712	\$ 5,378,452	\$ 17,727,301	\$ 18,434,540	\$ 22,893,013	\$ 23,812,992
Tax Allocation bonds	7,325,000	7,440,000			7,325,000	7,440,000
Special tax bonds	2,450,000	2,575,000			2,450,000	2,575,000
Notes payable	652,337	689,036			652,337	689,036
Loan payable	970,593	1,069,060			970,593	1,069,060
Contract and leases payable	1,143,252	1,185,155			1,143,252	1,185,155
Compensated absences	3,258,328	3,312,585			3,258,328	3,312,585
Revenue bond			7,055,000	7,205,000	7,055,000	7,205,000
Totals	<u>\$ 20,965,222</u>	<u>\$ 21,649,288</u>	<u>\$ 24,782,301</u>	<u>\$ 25,639,540</u>	<u>\$ 45,747,523</u>	<u>\$ 47,288,828</u>

More detail about the City's long-term liabilities is presented in Note 4 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The City's FY 06/07 net taxable property values totaled \$4,405,044,502, approximately 41 percent more than five years ago.
- FY 07/08 PERS rates for the miscellaneous plan have decreased from 10.92 percent to 10.55 percent, and have increased from 22.46 percent to 22.97 percent for the safety plan.
- FY 08/09 PERS rates for the miscellaneous plan will decrease from 10.55 percent to 10.49 percent, and rates for public safety will increase from 22.97 percent to 25.83 percent.
- The Consumer Price Index (CPI) for the Los Angeles/Riverside/Orange County Metropolitan Statistical Area for all urban consumers increased by 2.9 percent from June 2006 to June 2007, impacting the City's budgeted expenditures for the fiscal year.

These, among other factors, were considered in preparing the City of La Habra's General Fund budget for FY 07/08. Budgeted expenditures were programmed to increase by 2.6 percent to \$32.8 million. Growth in the expenditure budget was closely controlled in preparation for the loss of the City's Utility User Tax (UUT) in December 2007. The loss of UUT will reduce General Fund revenues by approximately \$5.4 million or 15 percent of total General Fund revenues.

The City's business-type activities reflect the following:

- The anticipation that enterprise fund rate increases may be necessary over the course of the fiscal year to maintain sufficient cash flow for operations and capital infrastructure improvements.
- Routine changes in the Enterprise funds as the result of normal fluctuations in operations.

Contacting the City's Department of Finance and Administrative Services

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Department of Finance, 201 E. La Habra Boulevard, La Habra, CA 90631. The Finance Department can also be reached at (562) 905-9729, or visit us online at www.lahabracity.com.

CITY OF LA HABRA
Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash and investments	\$ 27,498,761	\$ 16,971,232	\$ 44,469,993
Accounts receivable, net	4,215,271	1,596,382	5,811,653
Prepaid items	60,528	324,763	385,291
Cash and investments with fiscal agents	3,161,633	6,388,133	9,549,766
Due from other governments	2,370,936	151,569	2,522,505
Internal balances	58,862	(58,862)	
Inventories	62,264	8,282	70,546
Deferred charges	638,837	2,380,124	3,018,961
Land held for resale	111,000		111,000
Investment in water rights stock		1,001,336	1,001,336
Total Current Assets	<u>38,178,092</u>	<u>28,762,959</u>	<u>66,941,051</u>
Noncurrent Assets:			
Capital assets:			
Not being depreciated	10,251,861	13,095,396	23,347,257
Being depreciated, net	59,318,983	17,351,396	76,670,379
Total Noncurrent Assets	<u>69,570,844</u>	<u>30,446,792</u>	<u>100,017,636</u>
Total Assets	<u>107,748,936</u>	<u>59,209,751</u>	<u>166,958,687</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	3,984,411	1,356,439	5,340,850
Accrued liabilities	2,939,774	43,279	2,983,053
Interest payable	339,865	365,171	705,036
Unearned revenue	149,373		149,373
Total Current Liabilities	<u>7,413,423</u>	<u>1,764,889</u>	<u>9,178,312</u>
Noncurrent Liabilities:			
Due within one year	1,930,537	912,239	2,842,776
Due in more than one year	19,034,685	23,870,062	42,904,747
Total Noncurrent Liabilities	<u>20,965,222</u>	<u>24,782,301</u>	<u>45,747,523</u>
Total Liabilities	<u>28,378,645</u>	<u>26,547,190</u>	<u>54,925,835</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	61,866,707	14,387,460	76,254,167
Restricted for:			
Community development	2,307,427		2,307,427
Public safety	655,052		655,052
Unrestricted	14,541,105	18,275,101	32,816,206
Total Net Assets	<u>\$ 79,370,291</u>	<u>\$ 32,662,561</u>	<u>\$ 112,032,852</u>

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA
Statement of Activities
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 1,727,569	\$ 2,032	\$ 295,453	
Intergovernmental	38,142			
Public safety	20,806,295	2,790,739	669,182	
Public works	7,399,852			\$ 2,723,870
Manpower	787,929			
Community services	7,623,969	930,670	5,359,857	
Community development	3,886,883	1,221,241	1,079,176	286,914
Interest long-term debt	812,194			
Total Governmental Activities	43,082,833	4,944,682	7,403,668	3,010,784
Business-type Activities:				
Water	8,557,829	9,753,270		
Sewer	930,137	878,314		
Refuse	2,485,301	2,610,216		
Housing Authority	1,988,194	1,915,376		
Children's Museum	566,558	452,787		
Mobile Home Lease	2,340,563	2,399,796		
Total Business-Type Activities	16,868,582	18,009,759		
Total Primary Government	\$ 59,951,415	\$ 22,954,441	\$ 7,403,668	\$ 3,010,784

General Revenues:

Taxes:

Property tax
Sales and use taxes
Franchise tax
Utility users tax
Other taxes

Grants and contributions not restricted to specific programs

Income from property and investments

Other general revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

See Accompanying Notes to Financial Statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (1,430,084)		\$ (1,430,084)
(38,142)		(38,142)
(17,346,374)		(17,346,374)
(4,675,982)		(4,675,982)
(787,929)		(787,929)
(1,333,442)		(1,333,442)
(1,299,552)		(1,299,552)
(812,194)		(812,194)
<u>(27,723,699)</u>		<u>(27,723,699)</u>
	\$ 1,195,441	1,195,441
	(51,823)	(51,823)
	124,915	124,915
	(72,818)	(72,818)
	(113,771)	(113,771)
	59,233	59,233
	<u>1,141,177</u>	<u>1,141,177</u>
<u>(27,723,699)</u>	<u>1,141,177</u>	<u>(26,582,522)</u>
14,975,673		14,975,673
9,853,179		9,853,179
1,996,481		1,996,481
5,293,525		5,293,525
398,603		398,603
724,228		724,228
1,601,295	1,161,184	2,762,479
717,424		717,424
85,283	(85,283)	
<u>35,645,691</u>	<u>1,075,901</u>	<u>36,721,592</u>
7,921,992	2,217,078	10,139,070
71,448,299	30,445,483	101,893,782
<u>\$ 79,370,291</u>	<u>\$ 32,662,561</u>	<u>\$ 112,032,852</u>





CITY OF LA HABRA
Balance Sheet
Governmental Funds
June 30, 2007

<u>Assets</u>	Major Funds			
	General	Redevelopment Operating	Child Development	Other Capital Projects
Cash and investments	\$ 6,405,188	\$ 1,427,022	\$ 888,713	\$ 8,103,632
Cash and investments with fiscal agent				
Receivables	3,730,187	39,532	362,663	48,320
Prepaid items	60,528			
Due from other funds	444,150	4,350		
Due from other governments	147,424		332,898	19,026
Advances to other funds	8,634,086			
Land held for resale				
Inventories	39,079			
Total Assets	\$ 19,460,642	\$ 1,470,904	\$ 1,584,274	\$ 8,170,978
<u>Liabilities</u>				
Accounts payable	\$ 896,481	\$ 556,535	\$ 195,528	\$ 955,766
Accrued liabilities	978,448	921	46,970	2,295
Due to other funds	4,350	54,901		
Advances from other funds	5,200,000	9,225,300		
Deferred revenue	827,980		1,331,659	
Total Liabilities	7,907,259	9,837,657	1,574,157	958,061
<u>Fund Balances</u>				
Reserved:				
Long-term advances	3,434,086			
Land held for resale				
Debt service				
Low-moderate income housing				
Inventories	39,079			
Encumbrances				1,171,619
Unreserved-designated:				
Operating reserve	1,616,044			
Unreserved-undesignated:				
General fund	6,464,174			
Special revenue funds				
Capital projects funds		(8,366,753)	10,117	6,041,298
Total Fund Balances (Deficit)	11,553,383	(8,366,753)	10,117	7,212,917
Total Liabilities and Fund Balances	\$ 19,460,642	\$ 1,470,904	\$ 1,584,274	\$ 8,170,978

See Accompanying Notes to Financial Statements.

Other Nonmajor Funds	Total Governmental Funds
\$ 4,752,065	\$ 21,576,620
2,670,272	2,670,272
14,615	4,195,317
	60,528
	448,500
1,864,757	2,364,105
	8,634,086
111,000	111,000
	39,079
\$ 9,412,709	\$ 40,099,507

\$ 1,268,564	\$ 3,872,874
67,390	1,096,024
330,387	389,638
	14,425,300
	2,159,639
1,666,341	21,943,475

	3,434,086
111,000	111,000
283,229	283,229
1,003,834	1,003,834
	39,079
3,817,912	4,989,531
	1,616,044
	6,464,174
157,435	157,435
2,372,958	57,620
7,746,368	18,156,032
\$ 9,412,709	\$ 40,099,507

CITY OF LA HABRA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2007

Total fund balances, governmental funds \$ 18,156,032

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	\$ 90,483,302	
Accumulated depreciation	<u>(22,765,229)</u>	67,718,073

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds, other than certain assets and liabilities of the Civic Improvement Authority which are business-activity related, are included in governmental activities in the statement of net assets. 6,226,690

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds. (244,591)

Other long-term assets that are not available to pay current period expenditures are deferred in the funds. 2,010,266

Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.

Due within one year	\$ (404,466)	
Due in more than one year	<u>(14,091,713)</u>	<u>(14,496,179)</u>

Net Assets of Governmental Activities \$ 79,370,291

See Accompanying Notes to Financial Statements.



CITY OF LA HABRA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	Major Funds			
	General	Redevelopment Operating	Child Development	Other Capital Projects
Revenues:				
Property taxes and special assessments	\$ 12,356,776			
Sales and use tax	9,853,179			
Utility users tax	5,293,525			
Intergovernmental	480,236		\$ 4,569,826	\$ 94,274
Licenses and permits	3,005,752			
Charges for services	4,191,688			
Fines, forfeitures, and penalties	827,929			
Use of money and property	815,470	\$ 18,499	2,779	195,057
Total Revenues	<u>36,824,555</u>	<u>18,499</u>	<u>4,572,605</u>	<u>289,331</u>
Expenditures:				
Current:				
General government	3,017,889			
Intergovernmental				
Public safety	19,593,175			
Public works	4,675,832			
Manpower				
Community services	2,771,429		4,569,720	
Community development	1,220,447	994,555		647,609
Capital outlay				1,539,953
Debt service:				
Principal	98,467			41,903
Interest expense				
Total Expenditures	<u>31,377,239</u>	<u>994,555</u>	<u>4,569,720</u>	<u>2,229,465</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,447,316</u>	<u>(976,056)</u>	<u>2,885</u>	<u>(1,940,134)</u>
Other Financing Sources (Uses):				
Transfers in	39,142	1,353,430		4,097,190
Transfers out	(4,843,288)			(174,561)
Total Other Financing Sources (Uses)	<u>(4,804,146)</u>	<u>1,353,430</u>		<u>3,922,629</u>
Net Change in Fund Balances	643,170	377,374	2,885	1,982,495
Fund Balances (Deficit), Beginning of Year	10,910,213	(8,744,127)	7,232	5,230,422
Fund Balances (Deficit), End of Year	<u>\$ 11,553,383</u>	<u>\$ (8,366,753)</u>	<u>\$ 10,117</u>	<u>\$ 7,212,917</u>

See Accompanying Notes to Financial Statements.

Other Nonmajor Funds	Total Governmental Funds
\$ 2,618,896	\$ 14,975,672
	9,853,179
	5,293,525
5,727,788	10,872,124
	3,005,752
26,100	4,217,788
	827,929
293,250	1,325,055
<u>8,666,034</u>	<u>50,371,024</u>
168,086	3,185,975
38,142	38,142
914,826	20,508,001
488,526	5,164,358
787,929	787,929
	7,341,149
991,111	3,853,722
1,391,190	2,931,143
276,699	417,069
595,620	595,620
<u>5,652,129</u>	<u>44,823,108</u>
<u>3,013,905</u>	<u>5,547,916</u>
291,190	5,780,952
<u>(1,398,104)</u>	<u>(6,415,953)</u>
<u>(1,106,914)</u>	<u>(635,001)</u>
1,906,991	4,912,915
5,839,377	13,243,117
<u>\$ 7,746,368</u>	<u>\$ 18,156,032</u>

CITY OF LA HABRA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2007

Net change in fund balances - total governmental funds: \$ 4,912,915

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.

Capital assets	\$	3,859,131	
Depreciation expense		<u>(2,861,763)</u>	997,368

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. 446,313

Some revenues reported in the statement of activities do not represent current financial resources and therefore are not reported as revenues in the governmental funds. 12,968

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net expense of the internal service funds is reported with governmental activities. 1,552,428

Change in net assets of governmental activities \$ 7,921,992

See Accompanying Notes to Financial Statements.



CITY OF LA HABRA
Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Refuse	Housing Authority
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 3,036,266	\$ 5,690,221	\$ 4,975,307	\$ 1,948,227
Accounts receivable, net	1,117,062	115,259	333,574	
Prepaid items	297,444			10,210
Due from other funds	4,720,000			
Due from other governments			35,322	
Advances to other funds				2,000,000
Inventory	8,282			
Total Current Assets	9,179,054	5,805,480	5,344,203	3,958,437
Noncurrent Assets:				
Cash and investments with fiscal agents				1,667,977
Deferred charges				2,138,815
Investment in water rights stock	1,001,336			
Capital assets, net	9,955,759	3,694,842	562,116	14,213,786
Total Noncurrent Assets	10,957,095	3,694,842	562,116	18,020,578
Total Assets	20,136,149	9,500,322	5,906,319	21,979,015
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	890,749	28,933	413,674	1,749
Accrued liabilities	23,676	8,370	1,440	2,020
Accrued interest				308,137
Advances from other funds	7,055,000			
Certificates of participation, current				765,000
Water revenue bonds, current				
Compensated absences				
Due to other funds				
Total Current Liabilities	7,969,425	37,303	415,114	1,076,906
Noncurrent Liabilities:				
Certificates of participation				16,962,301
Water revenue bond				
Total Noncurrent Liabilities				16,962,301
Total Liabilities	7,969,425	37,303	415,114	18,039,207
<u>Net Assets</u>				
Invested in capital assets, net of related debt	9,955,759	3,694,842	562,116	(3,513,515)
Unrestricted (deficit)	2,210,965	5,768,177	4,929,089	7,453,323
Total Net Assets	\$ 12,166,724	\$ 9,463,019	\$ 5,491,205	\$ 3,939,808

Adjustment to reflect consolidation of internal service fund activities to related enterprise funds
Net assets of business-type activities

See Accompanying Notes to Financial Statements.

Business-Type
Activities -
Enterprise Funds

<u>Other Nonmajor Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
\$ 1,037,561	\$ 16,687,582	\$ 6,205,791
30,487	1,596,382	19,954
17,109	324,763	
	4,720,000	
116,247	151,569	6,832
	2,000,000	12,846,214
	8,282	23,185
<u>1,201,404</u>	<u>25,488,578</u>	<u>19,101,976</u>
	1,667,977	5,211,517
	2,138,815	880,147
	1,001,336	
<u>2,020,289</u>	<u>30,446,792</u>	<u>1,852,774</u>
<u>2,020,289</u>	<u>35,254,920</u>	<u>7,944,438</u>
<u>3,221,693</u>	<u>60,743,498</u>	<u>27,046,414</u>
21,334	1,356,439	111,541
7,773	43,279	1,843,749
	308,137	152,309
2,000,000	9,055,000	
	765,000	225,000
		155,000
		1,303,331
58,862	58,862	4,720,000
<u>2,087,969</u>	<u>11,586,717</u>	<u>8,510,930</u>
	16,962,301	4,940,711
		6,900,000
	<u>16,962,301</u>	<u>11,840,711</u>
<u>2,087,969</u>	<u>28,549,018</u>	<u>20,351,641</u>
2,020,289	12,719,491	1,852,774
(886,565)	19,474,989	4,841,999
<u>\$ 1,133,724</u>	<u>32,194,480</u>	<u>\$ 6,694,773</u>
	468,081	
	<u>\$ 32,662,561</u>	

CITY OF LA HABRA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Refuse	Housing Authority
Operating Revenues:				
Water sales	\$ 9,454,609			
Refuse billings			\$ 2,425,067	
Charges for services	298,661	\$ 878,314		\$ 1,897,211
Intergovernmental			185,149	18,165
Total Operating Revenues	<u>9,753,270</u>	<u>878,314</u>	<u>2,610,216</u>	<u>1,915,376</u>
Operating Expenses:				
Water and materials	4,378,079			
Contractual services	473,600	143,401	2,235,638	134,359
Wages and fringe benefits	1,109,038	323,083	68,489	56,653
Benefits and claims				
Equipment and maintenance	236,670	57,819		
Materials and supplies	131,742	30,942	12,670	67
Utilities	579,391	6,269		45,185
Depreciation and amortization	361,879	184,853	12,748	350,314
Capital outlay	571		8,712	
Administration	1,286,859	183,770	147,044	234,604
Total Operating Expenses	<u>8,557,829</u>	<u>930,137</u>	<u>2,485,301</u>	<u>821,182</u>
Operating Income (Loss)	<u>1,195,441</u>	<u>(51,823)</u>	<u>124,915</u>	<u>1,094,194</u>
Nonoperating Revenues (Expenses):				
Interest income	118,512	209,166	166,456	165,838
Gain on sale of equipment	3,101			
Gain (loss) on sale of investments	7,274	62,883	54,477	20,942
Interest (expense)				(836,095)
Total Nonoperating Revenues	<u>128,887</u>	<u>272,049</u>	<u>220,933</u>	<u>(649,315)</u>
Income (Loss) Before Transfers	<u>1,324,328</u>	<u>220,226</u>	<u>345,848</u>	<u>444,879</u>
Transfers in	123,361			
Transfers out	(339,790)	(182,850)	(88,598)	
Change in Net Assets	<u>1,107,899</u>	<u>37,376</u>	<u>257,250</u>	<u>444,879</u>
Net Assets, Beginning of Year	<u>11,058,825</u>	<u>9,425,643</u>	<u>5,233,955</u>	<u>3,494,929</u>
Net Assets, End of Year	<u>\$ 12,166,724</u>	<u>\$ 9,463,019</u>	<u>\$ 5,491,205</u>	<u>\$ 3,939,808</u>

Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds.
Change in net assets of business-type activities

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			
Other Nonmajor Funds	Totals	Internal Service Funds	
	\$ 9,454,609		
	2,425,067		
\$ 2,851,217	5,925,403	\$ 3,787,968	
1,366	204,680	7,562	
<u>2,852,583</u>	<u>18,009,759</u>	<u>3,795,530</u>	
	4,378,079		
262,278	3,249,276	380,195	
415,237	1,972,500	781,643	
		415,216	
134,878	429,367	106,789	
4,034	179,455	403,064	
272,458	903,303	181,780	
74,021	983,815	413,992	
	9,283	8,757	
<u>1,744,215</u>	<u>3,596,492</u>	<u>585,735</u>	
<u>2,907,121</u>	<u>15,701,570</u>	<u>3,277,171</u>	
<u>(54,538)</u>	<u>2,308,189</u>	<u>518,359</u>	
11,754	671,726	803,389	
	3,101	9,285	
7,885	153,461	67,767	
	(836,095)	(575,525)	
<u>19,639</u>	<u>(7,807)</u>	<u>304,916</u>	
<u>(34,899)</u>	<u>2,300,382</u>	<u>823,275</u>	
85,000	208,361	1,037,877	
	(611,238)		
<u>50,101</u>	<u>1,897,505</u>	<u>1,861,152</u>	
<u>1,083,623</u>		<u>4,833,621</u>	
<u>\$ 1,133,724</u>		<u>\$ 6,694,773</u>	
	319,573		
	<u>\$ 2,217,078</u>		

CITY OF LA HABRA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Refuse	Housing Authority
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 9,730,242	\$ 878,459	\$ 2,421,957	\$ 340,777
Receipts from interfund services provided			205,422	1,572,185
Payments to suppliers	(5,768,723)	(195,075)	(2,094,833)	(216,962)
Cash paid for interfund services provided	(1,180,761)	(214,464)	(264,307)	(199,306)
Payments to employees	(1,105,057)	(326,640)	(62,724)	(55,074)
Net Cash Provided by (Used in) Operating Activities	<u>1,675,701</u>	<u>142,280</u>	<u>205,515</u>	<u>1,441,620</u>
Cash Flows from				
Noncapital Financing Activities:				
Transfers to other funds	(339,790)	(182,850)	(88,598)	
Transfers from other funds	123,361			
Advances from other funds	(150,000)			
Due to other funds				
Due from other funds	(330,810)			
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(697,239)</u>	<u>(182,850)</u>	<u>(88,598)</u>	
Cash Flows from				
Capital and Related Financing Activities:				
Purchase of capital assets	(286,021)	(70,304)	(74,657)	
Proceeds from sale of capital assets	3,101			
Principal paid on capital debt				(707,239)
Interest paid on capital debt				(847,254)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(282,920)</u>	<u>(70,304)</u>	<u>(74,657)</u>	<u>(1,554,493)</u>
Cash Flows from Investing Activities:				
(Purchase) sale of short-term investments	(87,525)	62,883	54,477	20,942
Interest on investments	118,512	209,166	166,456	165,838
Net Cash Provided by Investing Activities	<u>30,987</u>	<u>272,049</u>	<u>220,933</u>	<u>186,780</u>
Net Increase (Decrease) in Cash and Cash Equivalents	726,529	161,175	263,193	73,907
Cash and Cash Equivalents, Beginning of Year	<u>2,309,737</u>	<u>5,529,046</u>	<u>4,712,114</u>	<u>1,874,320</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,036,266</u>	<u>\$ 5,690,221</u>	<u>\$ 4,975,307</u>	<u>\$ 1,948,227</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds		
Other Nonmajor Funds	Totals	Internal Service Funds
\$ 2,666,647	\$ 16,038,082	
143,456	1,921,063	\$ 3,922,793
(2,333,578)	(10,609,171)	(2,355,399)
(70,772)	(1,929,610)	(51,045)
(496,673)	(2,046,168)	(771,498)
<u>(90,920)</u>	<u>3,374,196</u>	<u>744,851</u>
	(611,238)	
85,000	208,361	1,037,877
	(150,000)	365,000
43,733	43,733	11,083
	(330,810)	
<u>128,733</u>	<u>(839,954)</u>	<u>1,413,960</u>
	(8,327)	
(8,327)	(439,309)	(627,653)
	3,101	9,285
	(707,239)	(362,740)
	(847,254)	(575,525)
<u>(8,327)</u>	<u>(1,990,701)</u>	<u>(1,556,633)</u>
7,885	58,662	(255,952)
11,753	671,725	803,389
<u>19,638</u>	<u>730,387</u>	<u>547,437</u>
49,124	1,273,928	1,149,615
988,437	15,413,654	5,056,176
<u>\$ 1,037,561</u>	<u>\$ 16,687,582</u>	<u>\$ 6,205,791</u>

CITY OF LA HABRA
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Refuse	Housing Authority
Reconciliation of Operating Income to Net Cash				
Provided by Operating Activities:				
Operating Income (Loss)	\$ 1,195,441	\$ (51,823)	\$ 124,915	\$ 1,094,194
Adjustments to Reconcile				
Operating Income (Loss) to Net Cash				
Provided by (Used in) Operating Activities:				
Depreciation and amortization	361,879	184,853	12,748	350,314
Change in Assets and Liabilities:				
(Increase) decrease in receivables	(57,584)	5,089	17,164	
(Increase) decrease in due from other governments				
(Increase) decrease in inventory	(3,254)			
(Increase) decrease in prepaid items				(3,544)
Increase (decrease) in accrued liabilities and accounts payable	179,219	4,161	50,688	656
Total Adjustments	480,260	194,103	80,600	347,426
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,675,701</u>	<u>\$ 142,280</u>	<u>\$ 205,515</u>	<u>\$ 1,441,620</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds		
Other Nonmajor Funds	Totals	Internal Service Funds
\$ (54,538)	\$ 2,308,189	\$ 518,359
74,021	983,815	413,992
(42,377)	(77,708)	
		61,538
	(3,254)	23,108
(4,515)	(8,059)	18,354
(63,511)	171,213	(290,500)
(36,382)	1,066,007	226,492
\$ (90,920)	\$ 3,374,196	\$ 744,851

CITY OF LA HABRA
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2007

<u>Assets</u>	<u>Totals</u>
Cash and investments	\$ 10,545,116
Total Assets	<u>\$ 10,545,116</u>
<u>Liabilities</u>	
Accounts payable	\$ 3,448
Accrued liabilities	21,073
Deposits	<u>10,520,595</u>
Total Liabilities	<u>\$ 10,545,116</u>

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA
Notes to Financial Statements
June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of La Habra, California (City) was incorporated in 1925 under the general laws of the State of California. The City operates under an elected Council/City Manager form of government. The City's major operations include police and fire protection, public works, parks, recreation, and certain social services and general administration services. In addition, the City operates four major enterprise activities, including water, sewer, refuse, and housing.

Accounting principles generally accepted in the United States of America require that these financial statements represent the City and its component units. The component units discussed below are included in the City's reporting entity because of their operational significance or financial relationships with the City. All component units included in the reporting entity report their financial information on a fiscal year ending June 30. These component units are controlled by common governing boards and are presented as blended component units for financial reporting purposes as follows:

The Redevelopment Agency of the City of La Habra (Agency) was established in September 1975 pursuant to the State of California Health and Safety Code, Section 33000, entitled *Community Redevelopment Law*. Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and redevelopment of blighted areas within the City. Separately issued financial statements for the Agency may be obtained through written request to the City Department of Finance.

The La Habra Civic Improvement Authority (Authority) was formed by a joint exercise of powers agreement between the City and the Agency in September 1982. The purpose of the agreement is to provide a single public agency to acquire property for both the City and the Redevelopment Agency. Separate financial statements are not prepared for this blended component unit.

The City of La Habra Housing Authority (Housing Authority) was formed on September 23, 1992 by resolution of the City Council. The purpose of the Housing Authority is to assist the City in financing the acquisition and construction of low- and moderate-income housing projects within the City. Separate financial statements are not prepared for this blended component unit.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

The Community Facilities District (District) was set up to acquire real property and construct a public parking facility. The facility was paid for by the Agency from proceeds received from special tax bonds, which will be paid back from levies on taxable real property within the District. Separate financial statements are not prepared for this blended component unit.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City and its blended component units. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support. Exceptions to this general rule are charges between the government's enterprise activity functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly classified as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, have no measurement focus because they report only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. Basis of accounting refers to

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Notes to Financial Statements (Continued)
June 30, 2007

when revenues and expenses are recognized in the accounts and are 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.

Net assets are reported as restricted when constraints placed on their use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through local enabling legislation. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Principal and interest on long-term debt are recorded as fund liabilities when payment is due.

Property taxes, sales tax, vehicle license fees, highway users' tax, interest, and some state and federal grants are all considered to be susceptible to accrual and so have been recognized in the revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

Governmental fund types are those funds through which most governmental functions typically are financed. The following comprise the City's major governmental funds:

General Fund

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City's general service departments; street and highway maintenance, public safety, parks and recreation programs are accounted for in this fund.

Redevelopment Operating Fund

The Redevelopment Operating Fund, a special revenue fund, is used to account for the financial resources to be used for the improvement and rehabilitation of the community development project areas. In the prior year this fund was included as

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Notes to Financial Statements (Continued)
June 30, 2007

part of the Redevelopment capital projects fund and was reclassified in fiscal year 2006-2007 as the operating fund.

Child Development Fund

The Child Development Fund is used to account for financial resources to be used for various childcare and childcare food programs. Financing is provided through state and federal grants.

Other Capital Projects Fund

The Other Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds, Special Assessment Funds, or Trust Funds.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed in the Proprietary Fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected to follow the standards set by the GASB as opposed to subsequently issued private-sector guidance. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The City reports the following major enterprise funds:

The Water Fund accounts for activities associated with the distribution and transmission of potable water to users.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

The Sewer Fund accounts for all revenue and expenses of the sanitary sewer system. This enterprise activity, including maintenance, replacement, and improvement of capital projects, serves all residents of the City.

The Refuse Fund accounts for all revenue and expenses of the refuse system. This enterprise activity, including maintenance, replacement, and improvement of capital projects, serves all residents of the City.

The Housing Authority Fund accounts for all revenue and expenses relating to the Housing Authority's activities.

Additionally, the City reports the following fund types:

The Internal Service funds account for financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The following funds are included in this fund type:

The Fleet Management Fund accounts for the financing of the fuel, maintenance, and operation of motor vehicles owned by the City. Departments using vehicles are charged an annual amount for fuel, maintenance, and operation based on their actual experience.

The Risk Management Fund accounts for claim settlements, administrative costs, and the reserve trust fund established for future losses from liability suits; workers' compensation claims and medical, disability, and rehabilitation payments; legal and administrative costs; and the reserve trust fund established for future losses from industrial injury. This self-insurance fund is financed by departmental premiums based on historical experience.

The Information Systems Fund accounts for the provision of telephone and data technology services. The departments using these services are charged fees based on the number of telephones and computers assigned to each department.

The Civic Improvement Authority Fund accounts for all revenue and expenses of the separate legal entity as a joint powers agency by the City of La Habra and the RDA on September 14, 1982. Financing is mainly through the issuance of Certificates of Participation used for the acquisition of equipment to be leased to the City. Additionally, the Authority has purchased real property which produces rental income until it is included in a redevelopment project.

The Fleet Replacement Fund accounts for the financing of vehicles and similar types of equipment. The departments using these vehicles and equipment are charged a "rental fee" composed of depreciation calculated on the straight-line basis plus an additional amount sufficient to finance the replacement of said vehicles and equipment.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

The Employee Benefits Fund accounts for the payments and reserves for compensated absences. The departments with the respective employees are charged as benefit is used.

Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

The Agency Fund accounts for public deposits on a variety of City services held by the City as an agent for others. The Agency Fund is custodian in nature (assets equal liabilities) and does not involve measurement of results of operations.

D. Assets, Liabilities and Net Assets

1. Deposits and investments

The City pools idle cash from all funds in order to maximize income from investment activities. Investments are recorded on the City's books at fair value (quoted market price or best available estimate thereof) in accordance with GASB Statement No. 31. Interest income on investments is recorded in the General Fund, except for that allocated to enterprise funds and where specifically required by law to be recorded in other funds.

The City's cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Statement of Cash Flows

For purposes of the statement of cash flows for proprietary funds, all highly liquid investments (including structured assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

3. Receivables and Payables

All trade, service, and tax receivables are shown net of an allowance for uncollectibles.

4. Interfund Transactions

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported in the respective funds' operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year is referred to as "due to/from other funds" or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

5. Taxes Receivable

Real property taxes are levied for period beginning on July 1 to June 30 against property owners of record on January 1. The taxes are due in two installments, on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Tax liens attach annually as of 12:01 a.m. on the first day of January in the fiscal year for which the taxes are levied. Under the provisions of NCGA Interpretation 3, property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided it is collected within 60 days of the end of the fiscal year in the fund financial statements.

6. Inventories, prepaid items and land held for resale

Inventory reported in Governmental Funds is valued at cost using the first in, first out (FIFO) method. The cost is recorded as an expense as inventory items are consumed. Inventory in the proprietary funds consists of expendable supplies and water held for consumption.

Land held for resale is valued at lower of cost or estimated net realizable value at June 30, 2007 and is located in the City's redevelopment project area.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Capital assets, which include land, buildings and improvements, vehicles, improvements other than buildings, property and equipment, and infrastructure assets (e.g. roads, bridges, traffic signals, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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Notes to Financial Statements (Continued)
June 30, 2007

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life is not capitalized.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of an asset. The estimated useful lives of depreciable assets are as follows:

<u>Type of Asset</u>	<u>Life in Years</u>
Sewer:	
Main	40
Lateral	40
Manholes	40
Water:	
Pumping equipment	20-25
Reservoirs and mains	40
Meters and hydrants	30
Telemetry	25
Autos and trucks	2-15
Machinery and equipment	3-20
Buildings and improvements	5-40
Infrastructure	30-50
Improvements other than buildings	5-20

8. Debt Discount / Issuance Costs

Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using a method which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable, whereas the issuance costs are recorded as deferred charges.

9. Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Sick leave is payable when used, or upon death or retirement.

For governmental fund types, the amount of accumulated unpaid vacation and sick leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. For government-wide and proprietary fund statements, the liability for compensated absences is recognized as incurred.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

10. Deferred Revenue/Unearned Revenue

Deferred revenues in the governmental funds represent amounts due which are measurable but not available. In the statement of net assets, unearned revenues represent the property tax receivables which are levied for a future period. Unearned revenues also represent grants and similar items received; however, the City has not met all eligibility required imposed by the provider.

11. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Budgets and Encumbrances

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The government's department head, with approval of the Finance Director and City Manager, may make transfers of appropriations within a department. Transfers of appropriations between departments within a fund must be approved by the City Manager. Transfers between funds must be approved by the City Council; therefore, the legal level of budgetary control is at the fund level. The council made several supplemental budgetary appropriations throughout the year.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

13. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans and are subject to change.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments at June 30, 2007 consist of the following:

Statement of Net Assets:	
Cash and investments	\$ 44,469,993
Cash and investments with fiscal agents	9,549,766
	54,019,759
Fiduciary Funds:	
Cash and investments	10,545,116
	10,545,116
Total	\$ 64,564,875

Cash and investments at June 30, 2007 are classified as follows:

Petty cash	\$ 2,485
Deposits with financial institutions	11,200,594
Investments	53,361,796
	53,361,796
Total Cash and Investments	\$ 64,564,875

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

The City maintains cash and investment pools that are available for use by all funds. Each fund's share of the pool balance is reported in the financial statements as cash and investments. Separate cash and investment accounts are not maintained for each City fund; however, individual accounting records are maintained showing the balance attributable to each fund. Investment income resulting from this pooling is allocated to the respective funds based on the sources of funds invested as required by law.

Investments Authorized by the California Government Code and the City of La Habra Adopted Investment Policy

The table below identifies the investment types that are authorized for the City of La Habra by the California Government Code and by the City's adopted investment policy. The table also identifies certain provisions of the California Government Code or the City's adopted investment policy, where 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 or its Authorities, rather than the general provisions of the California Government Code or the City's adopted investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
City or City Agency Bonds	5 years	10%	None
U.S. Treasury Obligations	5 years	100%	None
State of California Obligations	5 years	20%	None
California Local Agency Bonds	5 years	20%	None
U.S. Agency Obligations	5 years	100%	10%
Bankers' Acceptance	180 days	20%	5%
Commercial Paper	270 days	25%	5%
Negotiable CDs	5 years	20%	5%
Time Certificates of Deposit	5 years	100%	None
Repurchase Agreements	90 days	100%	None
Medium Term Notes	5 years	20 %	5%
Money Market Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	100%	\$40 million per Account

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the general investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
Federal Housing Administration Debentures	None	None	None
U.S. Agency Securities	None	None	None
Unsecured CDs, Time Deposits and Bankers' Acceptance	30 days	None	None
FDIC Insured Bank Deposits	None	None	None
Commercial Paper	270 days	None	None
Money Market Funds	N/A	None	None
State Obligations	None	None	None
Pre-funded Municipal Obligations	None	None	None
Repurchase Agreements	90 days	None	None
Investment Agreements	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

Disclosures Related 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 to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

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

Investment Types	Amount	Remaining Maturity		
		Less Than 1 Year	1 to 3 Years	3 to 5 Years
U.S. Treasury bonds	\$ 4,816,379		\$ 2,575,457	\$ 2,240,922
Federal agency securities	19,602,832	\$ 1,494,605	13,695,523	4,412,704
Corporate medium-term notes	4,990,210		4,100,568	889,642
Money market funds	181,276	181,276		
LAIF	23,771,099	23,771,099		
Total	\$ 53,361,796	\$ 25,446,980	\$ 20,371,548	\$ 7,543,268

Disclosures Related 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 the California Government Code or the City's investment policy, and the actual rating as of year end for each investment type.

Investment Types	Amount	Minimum Legal Rating	Rating as of Year End (where applicable)			
			Exempt from Disclosure	AAA	AA	Not Rated
U.S. Treasury bonds	\$ 4,816,379	Exempt	\$ 4,816,379			
Federal agency securities	19,602,832	N/A		\$ 19,602,832		
Corporate medium-term notes	4,990,210	AA		880,113	\$ 4,110,097	
Money market funds	181,276	AAA		181,276		
LAIF	23,771,099	Not Rated				\$ 23,771,099
	\$ 53,361,796		\$ 4,816,379	\$ 20,664,221	\$ 4,110,097	\$ 23,771,099

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

Concentration of Credit Risk

The City's investment policy contains certain limitations as disclosed in the accompanying table on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The distribution of investments, by issuer that represents 5% or more of the City's investments are as follows:

Issuer Name	Investment Type	Reported Amount
U.S. Treasury Bond ⁽¹⁾	U.S. Government Bond	\$ 4,816,379
Federal Home Loan Mortgage	U.S. Agency Bond	8,203,738
Federal Home Loan Bank	U.S. Agency Bond	5,079,296
Fannie Mae	U.S. Agency Bond	6,319,798

⁽¹⁾ Exempt from disclosure

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.

As of June 30, 2007, \$1,566,503 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts. As of June 30, 2007, no City investments were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

The following table lists the investment holdings of City issued bond transactions:

Cash and Investments Held with Fiscal Agents
(1998 Series A, B, and C COPs, 2000 Tax Allocation Bond, and 2003 Revenue Bond)

Investment Type	Reported Amount	Maturity	Rating
Money market and deposits	\$ 5,148,353	Less than 1 year	Not Rated
Investment contracts:			
Westdeutsche Landesbank	1,620,310	9/1/2022	AA
Westdeutsche Landesbank	395,460	9/1/2022	AA
LAIF	<u>2,385,643</u>	Less than 1 year	Not Rated
	<u>\$ 9,549,766</u>		

Investment Contracts with Fiscal Agents

The City has investment contracts held by trustees pledged to the payment or security of certain bonds. Two of the investment contracts represent monies invested with Westdeutsche Landesbank Girozentrale (WLG) out of New York City, New York, carried at cost. Pursuant to the Custody Agreement, WLG has posted collateral securities with the Custodian acting on behalf of the City. In the unlikely event of a payment default by WLG, the Custodian would liquidate the collateral securities, resulting in the City receiving 100% of its invested funds. The City receives semiannual interest payments each March 1 and September 1 at annual rates of 5.69% and 5.90%. The investment agreements expire September 1, 2022, at which time all unpaid principal will be remitted to the City. This investment is not insured.

Investment in State 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 fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City's LAIF balance at June 30, 2007 was \$23,771,099.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

B. Receivables

Receivables of the City as of June 30, 2007 were:

	Governmental Activities	Business-type Activities	Total
Accounts Receivable:			
Interest	\$ 293,316		\$ 293,316
Property taxes	521,578		521,578
Sales taxes	1,531,121		1,531,121
Utility taxes	500,632		500,632
RDA taxes	14,615		14,615
Child care	362,663		362,663
Water sales		\$ 1,334,713	1,334,713
Sewer sales		115,259	115,259
Refuse sales		333,574	333,574
Franchise Fees	546,146		546,146
Leases	48,320		48,320
Others	396,880	30,487	427,367
	4,215,271	1,814,033	6,029,304
Less Allowance for Uncollectible Accounts		(217,651)	(217,651)
	\$ 4,215,271	\$ 1,596,382	\$ 5,811,653

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

C. Interfund Receivables, Payables and Transfers

Interfund balances from lending/borrowing agreements consisted of the following at June 30, 2007:

Fund	Due From Other Funds	Due To Other Funds	Advances To Other Funds	Advances From Other Funds
General	\$ 444,150	\$ 4,350	\$ 8,634,086	\$ 5,200,000
Redevelopment Operating	4,350	54,901		9,225,300
Other Nonmajor Governmental Funds		330,387		
Water	4,720,000			7,055,000
Housing Authority			2,000,000	
Other Nonmajor Enterprise Funds		58,862		2,000,000
Internal Service Funds		4,720,000	12,846,214	
Total	<u>\$ 5,168,500</u>	<u>\$ 5,168,500</u>	<u>\$ 23,480,300</u>	<u>\$ 23,480,300</u>

The Due To/From Other Fund balances resulted from expenditures being incurred prior to receipt of the related revenue source.

The Advances To/From Other Fund balances are primarily long-term advances used to fund capital projects in advance of related financing assessments.

Interfund transfers for the year ended June 30, 2007 consisted of the following:

Transfers In	Transfers Out						Total
	General Fund	Other Capital Projects Fund	Nonmajor Governmental Funds	Water Fund	Sewer Fund	Refuse Fund	
General Fund			\$ 39,142				\$ 39,142
Redevelopment Operating			1,353,430				1,353,430
Other Capital Projects Fund	\$ 4,097,190						4,097,190
Other Nonmajor Governmental Funds	111,098	\$ 174,561	5,532				291,191
Water Fund					\$ 34,763	\$ 88,598	123,361
Nonmajor Enterprise Funds	85,000						85,000
Internal Service Funds	550,000			\$ 339,790	148,087		1,037,877
Total	<u>\$ 4,843,288</u>	<u>\$ 174,561</u>	<u>\$ 1,398,104</u>	<u>\$ 339,790</u>	<u>\$ 182,850</u>	<u>\$ 88,598</u>	<u>\$ 7,027,191</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and 2) move receipts collected in debt service to other funds after debt service requirements have been met.

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Notes to Financial Statements (Continued)
June 30, 2007

D. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2007:

	Balance at July 1, 2006	Increases	Decreases	Balance at June 30, 2007
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,752,305	\$ 3,000		\$ 8,755,305
Construction in progress	637,150	1,443,980	\$ 584,574	1,496,556
Total Capital Assets not Being Depreciated	<u>9,389,455</u>	<u>1,446,980</u>	<u>584,574</u>	<u>10,251,861</u>
Capital assets being depreciated:				
Land improvements	6,223,791			6,223,791
Buildings and improvements	11,311,802	76,104		11,387,906
Improvements other than buildings	1,133,296			1,133,296
Machinery and equipment	5,781,703	159,917	374,521	5,567,099
Autos and trucks	3,223,302	586,906	148,085	3,662,123
Infrastructure	56,195,464	2,569,076	106,761	58,657,779
Total Capital Assets Being Depreciated	<u>83,869,358</u>	<u>3,392,003</u>	<u>629,367</u>	<u>86,631,994</u>
Less Accumulated Depreciation for:				
Land improvements	57,328	263,632		320,960
Buildings and improvements	5,182,988	278,620		5,461,608
Improvements other than buildings	889,609	5,774		895,383
Machinery and equipment	2,964,469	257,999	350,961	2,871,507
Autos and trucks	2,253,959	273,954	148,085	2,379,828
Infrastructure	13,601,941	1,781,784		15,383,725
Total Accumulated Depreciation	<u>24,950,294</u>	<u>2,861,763</u>	<u>499,046</u>	<u>27,313,011</u>
Total Capital Assets Being Depreciated, Net	<u>58,919,064</u>	<u>530,240</u>	<u>130,321</u>	<u>59,318,983</u>
Governmental Activities Capital Assets, Net	<u>\$ 68,308,519</u>	<u>\$ 1,977,220</u>	<u>\$ 714,895</u>	<u>\$ 69,570,844</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

	Balance at July 1, 2006	Increases	Decreases	Balance at June 30, 2007
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 12,800,000			\$ 12,800,000
Construction in progress	176,897	\$ 295,395	\$ 176,896	295,396
Total Capital Assets not Being Depreciated	12,976,897	295,395	176,896	13,095,396
Capital assets being depreciated:				
Buildings and improvements	5,141,477			5,141,477
Improvements other than buildings	245,163	8,327		253,490
Machinery and equipment	729,841	268,333	230,465	767,709
Autos and trucks	26,937	230,465		257,402
Infrastructure	30,350,830	44,150		30,394,980
Total Capital Assets Being Depreciated	36,494,248	551,275	230,465	36,815,058
Less Accumulated Depreciation for:				
Buildings and improvements	3,068,060	231,369		3,299,429
Improvements other than buildings	165,813	12,082		177,895
Machinery and equipment	80,471	20,829	46,092	55,208
Autos and trucks	9,988	64,150		74,138
Infrastructure	15,296,533	560,459		15,856,992
Total Accumulated Depreciation	18,620,865	888,889	46,092	19,463,662
Total Capital Assets Being Depreciated, Net	17,873,383	(337,614)	184,373	17,351,396
Business-type Activities Capital Assets, Net	\$ 30,850,280	\$ (42,219)	\$ 361,269	\$ 30,446,792

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
Public safety	\$ 298,294
Public works	2,235,494
Community services	294,814
Community development	33,161
Total Depreciation Expense, Governmental Activities	\$ 2,861,763

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

E. Long-Term Debt

The following is a summary of the changes in the principal balance of long-term debt for the year ended June 30, 2007:

	Balance at July 1, 2006	Increases	Decreases	Balance at June 30, 2007	Due within One Year
Governmental Activities:					
Energy loan agreement	\$ 1,069,060		\$ 98,467	\$ 970,593	\$ 68,078
Energy capital lease agreement	1,185,155		41,903	1,143,252	47,907
Notes payable	689,036		36,699	652,337	38,481
1999 refunding special tax bonds	2,575,000		125,000	2,450,000	130,000
2000 tax allocation bonds	7,440,000		115,000	7,325,000	120,000
	12,958,251		417,069	12,541,182	404,466
Compensated absences *	3,312,585	\$ 2,205,240	2,259,497	3,258,328	1,303,331
	16,270,836	2,205,240	2,676,566	15,799,510	1,707,797
Internal Service Funds Included in Governmental Activities:					
1998 Certificates of Participation, Series B	4,530,000		185,000	4,345,000	190,000
1998 Certificates of Participation, Series C	885,000		30,000	855,000	35,000
	5,415,000		215,000	5,200,000	225,000
Less unamortized discount	36,548		2,260	34,288	2,260
	5,378,452		212,740	5,165,712	222,740
Total Long-term Debt of Governmental Activities	<u>\$ 21,649,288</u>	<u>\$ 2,205,240</u>	<u>\$ 2,889,306</u>	<u>\$ 20,965,222</u>	<u>\$ 1,930,537</u>
Business-type Activities:					
1998 Certificates of Participation, Series A	\$ 18,560,000		\$ 715,000	\$ 17,845,000	\$ 765,000
Internal Service Funds included in business-type activities:					
2003 Revenue Bond, Series A	7,205,000		150,000	7,055,000	155,000
	25,765,000		865,000	24,900,000	920,000
Less unamortized discount	125,460		7,761	117,699	7,761
Total Long-term Debt of Business-type Activities	<u>\$ 25,639,540</u>	<u>\$ -</u>	<u>\$ 857,239</u>	<u>\$ 24,782,301</u>	<u>\$ 912,239</u>

* The portion of compensated absences due within one year are reported in the Internal Service Employee Benefit fund. All compensated absences are expended out of each of the respective funds that the payroll time was allocated to during that payroll period.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

1. Governmental Activities

Energy Loan Agreement and Energy Capital Lease Agreement

During the fiscal year ended June 30, 2003, Chevron Energy Solutions Company (Chevron) conducted a study of the City's energy use. Based on that study, in March 2004 the City and Chevron Energy Solutions Company entered into a service contract whereby Chevron would construct and install approximately \$2.3 million of energy saving solutions for the City. These solutions include lighting, motors, tiller systems, air conditioners, controllers, and control systems in both City buildings and on other City property (i.e. parks and streets).

To pay for these solutions, the City entered into a \$1,080,000 loan agreement and a separate \$1,273,390 capital lease agreement for the acquisition of buildings and improvements. The loan agreement is due in 28 semiannual installments of \$52,981, payments beginning on December 22, 2005. The capital lease agreement calls for 62 quarterly payments ranging from \$22,581 to \$38,999, ending on November 11, 2020. The City remitted a total of \$234,905 for principal and interest during the year ended June 30, 2007.

Notes Payable

The City has a note payable to the Lowell Joint School District that bears interest at 4.75% per annum and is secured by a deed of trust. The note payable calls for monthly payments of \$5,720, including interest, and expires in February 2020. The source of repayment is the General Fund.

1999 Refunding Special Tax Bonds

On July 1, 1999, the Community Facilities District of the Agency issued 1999 Special Tax Bonds (Refunding Bonds) in the amount of \$3,185,000 at interest rates ranging from 4.25% to 6% to advance refund \$3,250,000 of outstanding 1990 Special Tax Bonds (Refunded Bonds) with interest rates ranging from 7% to 7.75%. The Refunding Bonds mature in varying amounts through September 2019 and are collateralized by and payable from a first pledge of special taxes to be levied on taxable real property with the District. In addition, the Agency has committed, through an Owner Participation Agreement, to subsidize the special taxes payable on the Refunding Bonds with incremental property taxes.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

2000 Tax Allocation Bonds

On November 1, 2000, the Agency issued Tax Allocation Bonds in an aggregate amount of \$8,000,000 with variable and fixed interest rates ranging from 4.5% to 5.875% to finance the Agency's redevelopment activities. The bonds mature in various annual amounts through October 1, 2032 and are payable from tax increment revenues.

1998 Certificates of Participation, Series B and C

On September 15, 1998, the Civic Improvement Authority issued Certificates of Participation, Series B and C (Refunding Certificates) in an aggregate amount of \$6,705,000 with variable and fixed interest rates ranging from 4% to 6.5% to advance refund \$5,105,000 of outstanding 1992 Tax Allocation Revenue Bonds (Refunding Bonds), with interest rates ranging from 4.75% to 7.6%. The certificates mature in various annual amounts through September 1, 2022 and are payable from lease payments made by the City to the Authority.

2. Business-Type Activities

1998 Certificates of Participation, Series A

On September 15, 1998, the Housing Authority issued Certificates of Participation, Series A (Refunding Certificates, Series A) in an aggregate amount of \$21,895,000 with variable and fixed interest rates ranging from 4% to 4.8% to advance refund \$19,005,000 of outstanding 1992 Certificates of Participation (Refunded Certificates), with interest rates ranging from 4% to 5%. The Refunding Certificates, Series A mature in varying annual amounts through September 1, 2022 and are collateralized by amounts payable by the City to the Housing Authority under a lease agreement.

2003 Revenue Bonds, Series A

On October 1, 2003, the Civic Improvement Authority issued \$5,475,000 Serial Bonds and \$2,025,000 Term Bonds, collectively called Revenue Bonds, 2003 Series A, in the amount of \$7,500,000 with variable and fixed interest rates ranging from 1.5000% to 5.125%. The Revenue Bonds mature in varying amounts through October 2033 and are collateralized by the net revenues of the water enterprises, payable under an installment sale agreement.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

At June 30, 2007, annual debt service requirements to maturity for long-term debt, excluding accrued compensated absences, are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 629,466	\$ 921,756	\$ 920,000	\$ 1,123,672
2009	665,552	891,718	955,000	1,087,999
2010	697,159	859,697	1,005,000	1,049,599
2011	759,416	824,888	1,060,000	1,007,498
2012	852,287	785,565	1,105,000	962,015
2013-2017	5,022,291	3,212,716	6,285,000	4,012,420
2018-2022	4,705,367	1,854,307	7,870,000	2,370,326
2023-2027	2,110,000	934,118	2,995,000	900,158
2028-2032	1,890,000	420,356	1,835,000	466,253
2033-2034	409,644	13,072	870,000	45,100
	17,741,182	10,718,193	24,900,000	13,025,040
Unamortized discount	(34,288)	34,291	(117,699)	117,699
Totals	<u>\$ 17,706,894</u>	<u>\$ 10,752,484</u>	<u>\$ 24,782,301</u>	<u>\$ 13,142,739</u>

III. OTHER INFORMATION

A. Pension Plan

Plan Description

The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan for the miscellaneous employees and a cost sharing multiple employer public employee defined pension benefit plan for the public safety employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from their executive office at 400 P. Street, Sacramento, California 95814.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

Funding Policy

Participants are required to contribute 7% and 9% for miscellaneous and safety employees, respectively, of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 10.922% and 22.464% of annual covered payroll for miscellaneous and safety employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Annual Pension Cost

For the year ended June 30, 2007, the City's annual pension cost of \$3,480,794 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the latest actuarial valuation, June 30, 2006, using the entry age actuarial cost method. The actuarial assumptions included a) 7.75% investment rate of return (net of administrative expenses); b) projected salary increases ranging from 3.25% to 14.45% depending on age, duration of service, and type of employment; and c) 3.25% per year cost-of-living adjustments. Both a) and b) included an inflation component of 3.0%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. CalPERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2006 was 28 years. The information presented below is the latest available.

Three-Year Trend Information for PERS			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	\$ 3,848,344	100%	\$ -0-
6/30/2006	3,487,617	100%	-0-
6/30/2007	3,480,754	100%	-0-

The City's employer contribution rate for safety employees is estimated to increase to approximately 25.831% and 25.4% for the fiscal years 2008-2009 and 2009-2010, respectively. Also, the City's employer contribution rate for miscellaneous employees is estimated to decrease to approximately 10.489% and 10.1% for the fiscal years 2008-2009 and 2009-2010.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

B. Post Employment Benefits

Fire Union Employees who retire from the City are eligible to receive reimbursement toward their medical insurance premium. For all covered employees with effective dates of retirement after April 1, 2000 and a minimum of 15 years of continuous service, the City contributes up to \$200 per month up to age 65.

The cost of retiree health care insurance benefits is recognized as an expenditure as insurance premiums are paid on a monthly basis. For the fiscal year ended June 30, 2007, those costs totaled \$4,600. As of June 30, 2007, two retired employees received post-employment benefits.

As a result of the City contracting with Los Angeles County Fire Authority to provide fire services beginning in July 2005, no further Fire Union Employees are eligible for this post-employment benefit.

C. Commitments and Contingencies

1. Self-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The City established a self-insurance program, the Risk Management Fund, to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$750,000 for each miscellaneous and each safety workers' compensation claim and \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. All funds of the City participate in the program and make payments to the Self-Insurance Funds based on actuarial estimates of amounts needed to pay claims.

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year end. The accruals are in the amounts of \$1,539,968 and \$285,707 for the workers' compensation claims and general liability claims, respectively.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

A reconciliation of changes in aggregate liabilities for claims for the current fiscal year and the prior fiscal year is as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>
Amount of accrued claims at June 30, 2005	\$ 1,646,494	\$ 480,760
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years	1,377,806	282,303
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(1,222,107)</u>	<u>(471,344)</u>
Amount of accrued claims at June 30, 2006	1,802,193	291,719
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years	956,495	276,614
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(1,218,720)</u>	<u>(282,626)</u>
Amounts of accrued claims at June 30, 2007	<u>\$ 1,539,968</u>	<u>\$ 285,707</u>

2. Litigation

There are several lawsuits pending against the City. According to the City's legal counsel, the outcome and eventual liability of the City, if any, in these cases is not known at this time. Management estimates that the potential claims against the City not covered by insurance or self-insurance reserves resulting from such litigation would not materially affect the financial statements of the City.

3. Owner Participation Agreements

The City has entered into several Owner Participation Agreements with various business owners within the City. Generally, these agreements require the Agency to remit to these businesses a portion of the sales tax revenue generated by their operations. However, one agreement requires the Agency to remit a percentage of the incremental property tax revenue earned by the Agency due to the increase in the assessed value of the business property in addition to a percentage of the sales tax revenue generated by their operations. Most of the agreements provide for limits of the amount of tax that can be remitted back to the business owner, ranging in the aggregate up to a maximum of \$5,839,000. The remaining number of years under these agreements range from 1 to 13 years. The City remitted approximately \$339,761 during the year ended June 30, 2007.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

4. Contractual Commitments

The City is involved in contractual agreements for construction in progress. As of June 30, 2007, the remaining estimated costs for the contractual agreements are approximately \$1,791,952.

5. Environmental Remediation

The City Council approved a settlement agreement with the County of Orange regarding the remediation of a City park that had been previously used as a refuse disposal site operated by the County between 1949 and 1958. Prior to 1949, the park site was a burn dump operated by the City. As a result of these prior activities, the City has determined that remediation must be done in order to bring the park up to current environmental standards. The City estimates costs to remediate the park to be in excess of \$2 million with the balance of the settlement amount to be used for current and future methane mitigation operations and maintenance costs. Under the terms of the settlement agreement dated November 30, 2005, the County has agreed to pay \$4,995,000 for the full cost of remediation and assist funding ongoing maintenance costs; however, the City would be responsible for any park-related improvements once remediation is complete. In addition, the City and the County will share any future liability, if any, related to any groundwater contamination at the site. As of October 27, 2005, the City has not determined if park improvements will be made once the remediation project has been completed. As a result, the City has not recorded a remediation liability related to this site.

6. Utility Users Tax

The City's utility tax (UUT) is an unrestricted General Fund revenue that comprises approximately 15% of the total General Fund revenue budget. It is currently set at a rate of 4.5% on electricity and 6.0% on all other utilities and is scheduled to sunset on December 31, 2007. The City is currently looking at ways to reduce future operating expenditures to help offset the loss of such revenue.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2007

D. Individual Fund Disclosures

1. Deficit Fund Balance

The following funds had deficit fund balances for the year ended June 30, 2007:

Fund	Deficit Amount
Redevelopment Operating Fund	\$ 8,366,753
Measure M Special Revenue Fund	203,531

2. Excess of Expenditures Over Appropriations

Fund	Amount Over Budget
Redevelopment Operating Fund	\$ 278,323
Parks and Capital Improvement Special Revenue Fund	34,576
Air Quality Special Revenue Fund	39,953
Law Enforcement Special Revenue Fund	44,983
Housing and Community Development Special Revenue Fund	16,372
Public Safety Augmentation Special Revenue Fund	4,780
Redevelopment Debt Service Fund	4,066

E. Subsequent Event

On August 20, 2007, the City settled a pending case for \$5,200,000. The settlement resulted in the following transactions; the Redevelopment Agency (Agency) purchased a building and land for \$3,000,000, the City's re-insurers paid \$1,350,000 toward the settlement and the City paid out of its General Fund reserves \$850,000 toward the settlement.

In addition, the City's General Fund, in the form of a short-term advance, loaned the Agency \$2,000,000, at an interest rate of 9%, to help purchase the building and land. The Agency has two years to sell the property or obtain private financing to pay back the loan to the City.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF LA HABRA
Public Employees Retirement System
Schedule of Funding Progress
June 30, 2007

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Asset Value (b)	Liability/ (Excess Assets) [(a)-(b)]	Funded Ratio [(b)/(a)]	Covered Payroll (c)	a % of Covered Payroll {[(a)-(b)]/(c)}
06/30/04 Misc.	\$ 47,920,775	\$ 43,687,696	\$ 4,233,079	91.2%	9,678,876	44%
06/30/05 Misc.	50,848,854	46,887,587	3,961,267	92.2%	10,098,383	39.2%
06/30/06 Misc.	54,447,575	53,582,532	865,043	98.4%	9,737,535	8.9%

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance from
	Original	Final		Final Budget
Revenues:				
Property taxes and special assessments	\$ 11,595,573	\$ 11,595,573	\$ 12,356,776	\$ 761,203
Sales and use tax	9,535,000	9,535,000	9,853,179	318,179
Utility users tax	5,084,903	5,084,903	5,293,525	208,622
Intergovernmental	402,100	402,100	480,236	78,136
Licenses and permits	2,247,818	2,247,818	3,005,752	757,934
Charges for services	4,292,139	4,292,139	4,191,688	(100,451)
Fines, forfeitures, and penalties	715,000	715,000	827,929	112,929
Use of money and property	386,200	386,200	815,470	429,270
Total Revenues	34,258,733	34,258,733	36,824,555	2,565,822
Expenditures:				
Current:				
General government	3,397,101	3,397,101	3,017,889	379,212
Public safety	19,767,044	19,767,044	19,593,175	173,869
Public works	4,702,799	4,702,799	4,675,832	26,967
Community services	2,819,241	2,819,241	2,771,429	47,812
Community development	1,481,089	1,481,089	1,220,447	260,642
Debt service:				
Principal			98,467	(98,467)
Total Expenditures	32,167,274	32,167,274	31,377,239	790,035
Excess (Deficiency) of Revenues Over Expenditures	2,091,459	2,091,459	5,447,316	3,355,857
Other Financial Sources (Uses):				
Transfers in			39,142	39,142
Transfers out	(153,607)	(153,607)	(4,843,288)	(4,689,681)
Total Other Financing Sources	(153,607)	(153,607)	(4,804,146)	(4,650,539)
Net Change in Fund Balance	1,937,852	1,937,852	643,170	(1,294,682)
Fund Balance, Beginning of Year	10,910,213	10,910,213	10,910,213	
Fund Balance, End of Year	\$ 12,848,065	\$ 12,848,065	\$ 11,553,383	\$ (1,294,682)

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Redevelopment Operating Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Use of money and property			\$ 18,499	\$ 18,499
Total Revenues			18,499	18,499
Expenditures:				
Current:				
Community development	\$ 716,232	\$ 716,232	994,555	(278,323)
Total Expenditures	716,232	716,232	994,555	(278,323)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(716,232)	(716,232)	(976,056)	(259,824)
Other Financing Sources (Uses):				
Transfers in	1,208,426	1,208,426	1,353,430	145,004
Net Change in Fund Balance	492,194	492,194	377,374	(114,820)
Fund Balance, Beginning of Year	(8,744,127)	(8,744,127)	(8,744,127)	
Fund Balance, End of Year	<u>\$ (8,251,933)</u>	<u>\$ (8,251,933)</u>	<u>\$ (8,366,753)</u>	<u>\$ (114,820)</u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Child Development Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 4,712,157	\$ 4,712,157	\$ 4,569,826	\$ (142,331)
Use of money and property			2,779	2,779
Total Revenues	<u>4,712,157</u>	<u>4,712,157</u>	<u>4,572,605</u>	<u>(139,552)</u>
Expenditures:				
Current:				
Community services	<u>4,712,157</u>	<u>4,712,157</u>	<u>4,569,720</u>	<u>142,437</u>
Total Expenditures	<u>4,712,157</u>	<u>4,712,157</u>	<u>4,569,720</u>	<u>142,437</u>
Net Change in Fund Balance			2,885	2,885
Fund Balance, Beginning of Year	<u>7,232</u>	<u>7,232</u>	<u>7,232</u>	
Fund Balance, End of Year	<u>\$ 7,232</u>	<u>\$ 7,232</u>	<u>\$ 10,117</u>	<u>\$ 2,885</u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Note to Required Supplementary Information
June 30, 2007

I. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The government's department head, with approval of the Finance Director and City Manager, may make transfers of appropriations within a department. Transfers of appropriations between departments within a fund must be approved by the City Manager. Transfers between funds must be approved by the City Council; therefore, the legal level of budgetary control is at the fund level. The Council made several supplemental budgetary appropriations throughout the year.

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.



SUPPLEMENTARY INFORMATION



CITY OF LA HABRA
Other Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental		\$ 94,274	\$ 94,274
Use of money and property		195,057	195,057
Total Revenues	4,309,532	2,229,465	2,080,067
Expenditures:			
Current:			
Community development	\$ 550,041	647,609	(97,568)
Capital outlay	3,759,491	1,539,953	2,219,538
Debt service:			
Principal		41,903	(41,903)
Total Expenditures	4,309,532	2,229,465	2,080,067
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,309,532)	(1,940,134)	2,369,398
Other Financing Sources (Uses):			
Transfers in		4,097,190	(4,097,190)
Transfers out		(174,561)	174,561
Total Other Financing Sources	3,922,629	3,922,629	(3,922,629)
Net Change in Fund Balance	(4,309,532)	1,982,495	6,292,027
Fund Balance, Beginning of Year	5,230,422	5,230,422	
Fund Balance, End of Year	\$ 920,890	\$ 7,212,917	\$ 6,292,027





CITY OF LA HABRA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

<u>Assets</u>	Special Revenue Funds			
	State Gas Tax	Park and Capital Development	Air Quality Improvement	Law Enforcement
Cash and investments	\$ 2,052,760	\$ 3,963		\$ 17,530
Cash and investments with fiscal agent				
Receivables				
Due from other governments	106,463	164,367	\$ 174,720	157,422
Land held for resale				
	<u>\$ 2,159,223</u>	<u>\$ 168,330</u>	<u>\$ 174,720</u>	<u>\$ 174,952</u>
Total Assets	<u>\$ 2,159,223</u>	<u>\$ 168,330</u>	<u>\$ 174,720</u>	<u>\$ 174,952</u>
 <u>Liabilities</u>				
Accounts payable	\$ 46,800		\$ 28,942	\$ 301
Accrued liabilities	105			40,718
Due to other funds			14,242	
	<u>46,905</u>	<u></u>	<u>43,184</u>	<u>41,019</u>
Total Liabilities	<u>46,905</u>	<u></u>	<u>43,184</u>	<u>41,019</u>
 <u>Fund Balances</u>				
Reserved:				
Debt service				
Land held for resale				
Low-moderate income housing				
Encumbrances	1,405,968			
Unreserved-undesignated:				
Capital projects fund				
Special revenue funds	706,350	\$ 168,330	131,536	133,933
	<u>2,112,318</u>	<u>168,330</u>	<u>131,536</u>	<u>133,933</u>
Total Fund Balances	<u>2,112,318</u>	<u>168,330</u>	<u>131,536</u>	<u>133,933</u>
Total Liabilities and Fund Balances	<u>\$ 2,159,223</u>	<u>\$ 168,330</u>	<u>\$ 174,720</u>	<u>\$ 174,952</u>

Special Revenue Funds				Debt Service Funds
Housing and Community Development	Manpower	Measure M	Public Safety Augmentation	Redevelopment Debt Service
		\$ 211,736	\$ 478,249	\$ 283,230
\$ 678,080	\$ 185,573	355,262	42,870	11,692
<u>\$ 678,080</u>	<u>\$ 185,573</u>	<u>\$ 566,998</u>	<u>\$ 521,119</u>	<u>\$ 294,922</u>
\$ 397,295	\$ 10,809	\$ 770,164		\$ 7,046
5,794	17,007	365		
163,934	107,172			4,647
<u>567,023</u>	<u>134,988</u>	<u>770,529</u>		<u>11,693</u>
				283,229
		1,461,944		
<u>111,057</u>	<u>50,585</u>	<u>(1,665,475)</u>	<u>\$ 521,119</u>	
<u>111,057</u>	<u>50,585</u>	<u>(203,531)</u>	<u>521,119</u>	<u>283,229</u>
<u>\$ 678,080</u>	<u>\$ 185,573</u>	<u>\$ 566,998</u>	<u>\$ 521,119</u>	<u>\$ 294,922</u>

(Continued)

CITY OF LA HABRA
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2007

	Debt Service Funds		Capital Projects Funds		Total
	Other Debt Service	Redevelopment Capital Projects	Low-Moderate Income Housing		
<u>Assets</u>					
Cash and investments			\$ 1,987,827		\$ 4,752,065
Cash and investments with fiscal agent		\$ 2,387,042			2,670,272
Receivables			2,923		14,615
Due from other governments					1,864,757
Land held for resale			111,000		111,000
Total Assets	\$ -	\$ 2,387,042	\$ 2,101,750		\$ 9,412,709
<u>Liabilities</u>					
Accounts payable		\$ 1,645	\$ 5,562		\$ 1,268,564
Accrued liabilities			3,401		67,390
Due to other funds		12,439	27,953		330,387
Total Liabilities		14,084	36,916		1,666,341
<u>Fund Balances</u>					
Reserved:					
Debt service					283,229
Land held for resale			111,000		111,000
Low-moderate income housing			1,003,834		1,003,834
Encumbrances			950,000		3,817,912
Unreserved-undesignated:					
Capital projects fund		2,372,958			2,372,958
Special revenue funds					157,435
Total Fund Balances		2,372,958	2,064,834		7,746,368
Total Liabilities and Fund Balances	\$ -	\$ 2,387,042	\$ 2,101,750		\$ 9,412,709



CITY OF LA HABRA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue Funds			
	State Gas Tax	Park and Capital Development	Air Quality Improvement	Law Enforcement
Revenues:				
Property taxes and special assessments				
Charges for services				
Intergovernmental	\$ 1,574,151		\$ 294,706	\$ 666,320
Use of money and property	67,528	\$ 16,359	746	12,184
Total Revenues	1,641,679	16,359	295,452	678,504
Expenditures:				
Current:				
General government			168,086	
Intergovernmental		31,576		
Public safety				710,046
Public works	309,531			
Manpower				
Community development				
Capital outlay	130,510	3,000		
Debt service:				
Principal				
Interest expense				
Total Expenditures	440,041	34,576	168,086	710,046
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,201,638	(18,217)	127,366	(31,542)
Other Financing Sources (Uses):				
Transfers in		174,561		47,993
Transfers out				(39,142)
Total Other Financing Sources (Uses)		174,561		8,851
Net Change in Fund Balances	1,201,638	156,344	127,366	(22,691)
Fund Balances, Beginning of Year	910,680	11,986	4,170	156,624
Fund Balances, End of Year	<u>\$ 2,112,318</u>	<u>\$ 168,330</u>	<u>\$ 131,536</u>	<u>\$ 133,933</u>

Housing and Community Development	Special Revenue Funds			Debt Service Funds
	Manpower	Measure M	Public Safety Augmentation	Redevelopment Debt Service
				\$ 2,150,413
\$ 1,079,176	\$ 787,252	\$ 1,082,191	\$ 243,992	
			26,182	14,169
<u>1,079,176</u>	<u>787,252</u>	<u>1,082,191</u>	<u>270,174</u>	<u>2,164,582</u>
				6,566
			204,780	
		178,995		
	787,929			
740,761				
310,449		947,231		
				240,000
				563,683
<u>1,051,210</u>	<u>787,929</u>	<u>1,126,226</u>	<u>204,780</u>	<u>810,249</u>
<u>27,966</u>	<u>(677)</u>	<u>(44,035)</u>	<u>65,394</u>	<u>1,354,333</u>
			<u>(5,532)</u>	<u>(1,353,430)</u>
			<u>(5,532)</u>	<u>(1,353,430)</u>
27,966	(677)	(44,035)	59,862	903
83,091	51,262	(159,496)	461,257	282,326
<u>\$ 111,057</u>	<u>\$ 50,585</u>	<u>\$ (203,531)</u>	<u>\$ 521,119</u>	<u>\$ 283,229</u>

(Continued)

CITY OF LA HABRA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2007

	Debt Service	Capital Projects Funds		Total
	Funds	Redevelopment	Low-Moderate	
	Other	Capital	Income	
	Debt	Projects	Housing	
	Service			
Revenues:				
Property taxes and special assessments			\$ 468,483	\$ 2,618,896
Charges for services		\$ 26,100		26,100
Intergovernmental				5,727,788
Use of money and property		58,543	97,539	293,250
		<u>84,643</u>	<u>566,022</u>	<u>8,666,034</u>
Total Revenues				
Expenditures:				
Current:				
General government				168,086
Intergovernmental				38,142
Public safety				914,826
Public works				488,526
Manpower				787,929
Community development		29,120	221,230	991,111
Capital outlay				1,391,190
Debt service:				
Principal	\$ 36,699			276,699
Interest expense	31,937			595,620
	<u>68,636</u>	<u>29,120</u>	<u>221,230</u>	<u>5,652,129</u>
Total Expenditures				
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(68,636)</u>	<u>55,523</u>	<u>344,792</u>	<u>3,013,905</u>
Other Financing Sources (Uses):				
Transfers in	68,636			291,190
Transfers out				(1,398,104)
	<u>68,636</u>			<u>(1,106,914)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances		55,523	344,792	1,906,991
Fund Balances, Beginning of Year		<u>2,317,435</u>	<u>1,720,042</u>	<u>5,839,377</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 2,372,958</u>	<u>\$ 2,064,834</u>	<u>\$ 7,746,368</u>

CITY OF LA HABRA
State Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,553,399	\$ 1,574,151	\$ 20,752
Use of money and property	5,000	67,528	62,528
Total Revenues	<u>1,558,399</u>	<u>1,641,679</u>	<u>83,280</u>
Expenditures:			
Current:			
Public works	233,284	309,531	(76,247)
Capital outlay	<u>1,188,000</u>	<u>130,510</u>	<u>1,057,490</u>
Total Expenditures	<u>1,421,284</u>	<u>440,041</u>	<u>981,243</u>
Net Change in Fund Balance	137,115	1,201,638	1,064,523
Fund Balance, Beginning of Year	<u>910,680</u>	<u>910,680</u>	
Fund Balance, End of Year	<u><u>\$ 1,047,795</u></u>	<u><u>\$ 2,112,318</u></u>	<u><u>\$ 1,064,523</u></u>

CITY OF LA HABRA
Park and Capital Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 8,000	\$ 16,359	\$ 8,359
Expenditures:			
Current:			
Intergovernmental		31,576	(31,576)
Capital outlay		3,000	(3,000)
Total Expenditures		<u>34,576</u>	<u>(34,576)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,000	(18,217)	(26,217)
Other Financing Sources:			
Transfers in		<u>174,561</u>	<u>174,561</u>
Net Change in Fund Balance	8,000	156,344	148,344
Fund Balance, Beginning of Year	<u>11,986</u>	<u>11,986</u>	
Fund Balance, End of Year	<u><u>\$ 19,986</u></u>	<u><u>\$ 168,330</u></u>	<u><u>\$ 148,344</u></u>

CITY OF LA HABRA
Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 136,590	\$ 294,706	\$ 158,116
Use of money and property		746	746
Total Revenues	136,590	295,452	158,862
Expenditures:			
Current:			
General government	128,133	168,086	(39,953)
Net Change in Fund Balance	8,457	127,366	118,909
Fund Balance, Beginning of Year	4,170	4,170	
Fund Balance, End of Year	<u>\$ 12,627</u>	<u>\$ 131,536</u>	<u>\$ 118,909</u>

CITY OF LA HABRA
Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 665,530	\$ 666,320	\$ 790
Use of money and property	5,000	12,184	7,184
	<u>670,530</u>	<u>678,504</u>	<u>7,974</u>
Total Revenues			
Expenditures:			
Current:			
Public safety	<u>665,063</u>	<u>710,046</u>	<u>(44,983)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,467	(31,542)	(37,009)
Other Financing Sources (Uses):			
Transfers in		47,993	47,993
Transfers out		<u>(39,142)</u>	<u>(39,142)</u>
Net Change in Fund Balance	5,467	(22,691)	(28,158)
Fund Balance, Beginning of Year	<u>156,624</u>	<u>156,624</u>	
Fund Balance, End of Year	<u>\$ 162,091</u>	<u>\$ 133,933</u>	<u>\$ (28,158)</u>

CITY OF LA HABRA
Housing and Community Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,034,838	\$ 1,079,176	\$ 44,338
Expenditures:			
Current:			
Community development	849,838	740,761	109,077
Capital outlay	185,000	310,449	(125,449)
Total Expenditures	1,034,838	1,051,210	(16,372)
Net Change in Fund Balance		27,966	27,966
Fund Balance, Beginning of Year	83,091	83,091	
Fund Balance, End of Year	\$ 83,091	\$ 111,057	\$ 27,966

CITY OF LA HABRA
Manpower Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 868,700	\$ 787,252	\$ (81,448)
Expenditures:			
Current:			
Manpower	<u>868,700</u>	<u>787,929</u>	<u>80,771</u>
Net Change in Fund Balance		(677)	(677)
Fund Balance, Beginning of Year	<u>51,262</u>	<u>51,262</u>	<u> </u>
Fund Balance, End of Year	<u><u>\$ 51,262</u></u>	<u><u>\$ 50,585</u></u>	<u><u>\$ (677)</u></u>

CITY OF LA HABRA
Measure M Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 13,717,127	\$ 1,082,191	\$ (12,634,936)
Expenditures:			
Current:			
Public works	377,848	178,995	198,853
Capital outlay	3,378,205	947,231	2,430,974
Total Expenditures	3,756,053	1,126,226	2,629,827
Net Change in Fund Balance	9,961,074	(44,035)	(10,005,109)
Fund Balance, Beginning of Year	(159,496)	(159,496)	
Fund Balance, End of Year	\$ 9,801,578	\$ (203,531)	\$ (10,005,109)

CITY OF LA HABRA
Public Safety Augmentation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 254,000	\$ 243,992	\$ (10,008)
Use of money and property	10,000	26,182	16,182
	<hr/>	<hr/>	<hr/>
Total Revenues	264,000	270,174	6,174
Expenditures:			
Current:			
Public safety	200,000	204,780	(4,780)
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	64,000	65,394	1,394
Other Financing (Uses):			
Transfers out		(5,532)	(5,532)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	64,000	59,862	(4,138)
Fund Balance, Beginning of Year	461,257	461,257	
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	<u>\$ 525,257</u>	<u>\$ 521,119</u>	<u>\$ (4,138)</u>

CITY OF LA HABRA
Redevelopment Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes and special assessments	\$ 2,014,609	\$ 2,150,413	\$ 135,804
Use of money and property		14,169	14,169
Total Revenues	2,014,609	2,164,582	149,973
Expenditures:			
Current:			
Intergovernmental	7,500	6,566	934
Debt service:			
Principal	240,000	240,000	
Interest expense	558,683	563,683	(5,000)
Total Expenditures	806,183	810,249	(4,066)
Excess (Deficiency) of Revenues Over Expenditures	1,208,426	1,354,333	154,039
Other Financing (Uses):			
Transfers out	(1,208,426)	(1,353,430)	(145,004)
Net Change in Fund Balance		903	903
Fund Balance, Beginning of Year	282,326	282,326	
Fund Balance, End of Year	\$ 282,326	\$ 283,229	\$ 903

CITY OF LA HABRA
Other Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Debt service:			
Principal	\$ 36,699	\$ 36,699	
Interest expense	31,938	31,937	\$ 1
	<u>68,637</u>	<u>68,636</u>	<u>1</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,637)	(68,636)	1
Other Financing Sources:			
Transfers in		<u>68,636</u>	<u>68,636</u>
Net Change in Fund Balance	(68,637)		68,637
Fund Balance, Beginning of Year			
Fund Balance, End of Year	<u>\$ (68,637)</u>	<u>\$ -</u>	<u>\$ 68,637</u>

CITY OF LA HABRA
Redevelopment Capital Projects
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 26,100	\$ 26,100	
Use of money and property		58,543	\$ 58,543
Total Revenues	<u>26,100</u>	<u>84,643</u>	<u>58,543</u>
Expenditures:			
Current:			
Community development	50,000	29,120	20,880
Capital outlay	<u>1,039,373</u>		<u>1,039,373</u>
Total Expenditures	<u>1,089,373</u>	<u>29,120</u>	<u>1,060,253</u>
Net Change in Fund Balance	(1,063,273)	55,523	1,118,796
Fund Balance, Beginning of Year	<u>2,317,435</u>	<u>2,317,435</u>	
Fund Balance, End of Year	<u><u>\$ 1,254,162</u></u>	<u><u>\$ 2,372,958</u></u>	<u><u>\$ 1,118,796</u></u>

CITY OF LA HABRA
Low-Moderate Income Housing Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Property taxes and special assessments	\$ 445,632	\$ 468,483	\$ 22,851
Use of money and property	<u>20,000</u>	<u>97,539</u>	<u>77,539</u>
Total Revenues	465,632	566,022	100,390
Expenditures:			
Current:			
Community development	<u>266,796</u>	<u>221,230</u>	<u>45,566</u>
Excess (Deficiency) of Revenues Over Expenditures	198,836	344,792	145,956
Other Financing Sources:			
Transfers in	<u>50,000</u>	<u> </u>	<u>(50,000)</u>
Net Change in Fund Balance	248,836	344,792	95,956
Fund Balance, Beginning of Year	<u>1,720,042</u>	<u>1,720,042</u>	<u> </u>
Fund Balance, End of Year	<u><u>\$ 1,968,878</u></u>	<u><u>\$ 2,064,834</u></u>	<u><u>\$ 95,956</u></u>

CITY OF LA HABRA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2007

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash and investments		\$ 1,037,561	\$ 1,037,561
Accounts receivable, net	\$ 14,499	15,988	30,487
Prepaid items		17,109	17,109
Due from other governments	116,247		116,247
	<u>130,746</u>	<u>1,070,658</u>	<u>1,201,404</u>
Total Current Assets			
Noncurrent Assets:			
Property, plant, and equipment, net	532,982	1,487,307	2,020,289
	<u>663,728</u>	<u>2,557,965</u>	<u>3,221,693</u>
Total Assets			
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	7,392	13,942	21,334
Accrued liabilities	7,773		7,773
Due to other funds	58,862		58,862
Advances from other funds		2,000,000	2,000,000
	<u>74,027</u>	<u>2,013,942</u>	<u>2,087,969</u>
Total Liabilities			
<u>Net Assets</u>			
Invested in capital assets	532,982	1,487,307	2,020,289
Unrestricted (deficit)	56,719	(943,284)	(886,565)
	<u>\$ 589,701</u>	<u>\$ 544,023</u>	<u>\$ 1,133,724</u>
Total Net Assets			

CITY OF LA HABRA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2007

	Children's Museum	Mobile Home Lease	Total
Operating Revenues:			
Charges for services	\$ 451,421	\$ 2,399,796	\$ 2,851,217
Intergovernmental	1,366		1,366
Total Operating Revenues	452,787	2,399,796	2,852,583
Operating Expenses:			
Contractual services	23,773	238,505	262,278
Wages and fringe benefits	415,162	75	415,237
Equipment and maintenance	7,131	127,747	134,878
Materials and supplies	4,034		4,034
Utilities	27,335	245,123	272,458
Depreciation and amortization	34,942	39,079	74,021
Administration	54,181	1,690,034	1,744,215
Total Operating Expenses	566,558	2,340,563	2,907,121
Operating Income (Loss)	(113,771)	59,233	(54,538)
Nonoperating Revenues (Expenses):			
Interest income		11,754	11,754
Gain (loss) on sale of investments	(246)	8,131	7,885
Total Nonoperating Revenues	(246)	19,885	19,639
Income (Loss) Before Transfers	(114,017)	79,118	(34,899)
Transfers in	85,000		85,000
Changes in Net Assets	(29,017)	79,118	50,101
Net Assets, Beginning of Year	618,718	464,905	1,083,623
Net Assets, End of Year	\$ 589,701	\$ 544,023	\$ 1,133,724

CITY OF LA HABRA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2007

	Children's Museum	Mobile Home Lease	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 266,786	\$ 2,399,861	\$ 2,666,647
Receipts from interfund services provided	143,456		143,456
Payments to suppliers	(33,963)	(2,299,615)	(2,333,578)
Cash paid for internal services provided		(70,772)	(70,772)
Payments to employees	(496,598)	(75)	(496,673)
Net Cash Provided by (Used in) Operating Activities	<u>(120,319)</u>	<u>29,399</u>	<u>(90,920)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds	85,000		85,000
Due to other funds	43,733		43,733
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>128,733</u>		<u>128,733</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	<u>(8,327)</u>		<u>(8,327)</u>
Cash Flows from Investing Activities:			
(Purchase) sale of short-term investments	(246)	8,131	7,885
Interest on investments		11,753	11,753
Net Cash Provided by Investing Activities	<u>(246)</u>	<u>19,884</u>	<u>19,638</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(159)	49,283	49,124
Cash and Cash Equivalents, Beginning of Year	<u>159</u>	<u>988,278</u>	<u>988,437</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 1,037,561</u>	<u>\$ 1,037,561</u>

(Continued)

CITY OF LA HABRA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended June 30, 2007

	Children's Museum	Mobile Home Lease	Total
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	<u>\$ (113,771)</u>	<u>\$ 59,233</u>	<u>\$ (54,538)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and amortization	34,942	39,079	74,021
Change in Assets and Liabilities:			
(Increase) decrease in receivables	(42,442)	65	(42,377)
(Increase) decrease in prepaid items		(4,515)	(4,515)
Increase (decrease) in accrued liabilities and accounts payable	<u>952</u>	<u>(64,463)</u>	<u>(63,511)</u>
Total Adjustments	<u>(6,548)</u>	<u>(29,834)</u>	<u>(36,382)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (120,319)</u></u>	<u><u>\$ 29,399</u></u>	<u><u>\$ (90,920)</u></u>



CITY OF LA HABRA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2007

	<u>Fleet</u> <u>Management</u>	<u>Risk</u> <u>Management</u>	<u>Information</u> <u>Systems</u>
<u>Assets</u>			
Current Assets:			
Cash and investments	\$ 112,273	\$ 2,630,710	\$ 788,600
Accounts receivable, net	16,301		3,653
Due from other governments	6,832		
Advances to other funds			
Inventory	23,185		
Total Current Assets	<u>158,591</u>	<u>2,630,710</u>	<u>792,253</u>
Noncurrent Assets:			
Cash and investments with fiscal agents			
Deferred charges			
Capital assets, net of accumulated depreciation			86,483
Total Noncurrent Assets			<u>86,483</u>
Total Assets	<u>158,591</u>	<u>2,630,710</u>	<u>878,736</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	18,398	18,038	38,318
Accrued liabilities	8,311	1,828,533	5,634
Accrued interest			
Compensated absences			
Due to other funds			
Certificates of participation, current			
Water revenue bond, current			
Total Current Liabilities	<u>26,709</u>	<u>1,846,571</u>	<u>43,952</u>
Noncurrent Liabilities:			
Certificates of participation			
Water revenue bond			
Total Noncurrent Liabilities			
Total Liabilities	<u>26,709</u>	<u>1,846,571</u>	<u>43,952</u>
<u>Net Assets</u>			
Invested in capital assets			86,483
Unrestricted	131,882	784,139	748,301
Total Net Assets	<u>\$ 131,882</u>	<u>\$ 784,139</u>	<u>\$ 834,784</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
\$ 26,190	\$ 1,254,833	\$ 1,393,185	\$ 6,205,791
			19,954
			6,832
12,846,214			12,846,214
			23,185
<u>12,872,404</u>	<u>1,254,833</u>	<u>1,393,185</u>	<u>19,101,976</u>
5,211,517			5,211,517
880,147			880,147
	1,766,291		1,852,774
<u>6,091,664</u>	<u>1,766,291</u>		<u>7,944,438</u>
<u>18,964,068</u>	<u>3,021,124</u>	<u>1,393,185</u>	<u>27,046,414</u>
	36,787		111,541
		1,271	1,843,749
152,309			152,309
		1,303,331	1,303,331
4,720,000			4,720,000
225,000			225,000
155,000			155,000
<u>5,252,309</u>	<u>36,787</u>	<u>1,304,602</u>	<u>8,510,930</u>
4,940,711			4,940,711
6,900,000			6,900,000
<u>11,840,711</u>			<u>11,840,711</u>
<u>17,093,020</u>	<u>36,787</u>	<u>1,304,602</u>	<u>20,351,641</u>
	1,766,291		1,852,774
1,871,048	1,218,046	88,583	4,841,999
<u>\$ 1,871,048</u>	<u>\$ 2,984,337</u>	<u>\$ 88,583</u>	<u>\$ 6,694,773</u>

CITY OF LA HABRA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2007

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Operating Revenues:			
Charges for services	\$ 650,048	\$ 2,011,032	\$ 621,705
Intergovernmental			
Total Operating Revenues	<u>650,048</u>	<u>2,011,032</u>	<u>621,705</u>
Operating Expenses:			
Contractual services	96,989	236,298	36,709
Wages and fringe benefits	366,562	127,157	286,653
Benefits and claims		415,216	
Equipment and maintenance	18,646		80,235
Materials and supplies	382,506	3,364	17,194
Capital outlay	3,026		5,731
Utilities			181,780
Depreciation and amortization			30,430
Administration	23,746	548,271	13,718
Total Operating Expenses	<u>891,475</u>	<u>1,330,306</u>	<u>652,450</u>
Operating Income (Loss)	<u>(241,427)</u>	<u>680,726</u>	<u>(30,745)</u>
Nonoperating Revenues (Expenses):			
Interest income	6,128	76,879	26,434
Interest (expense)			
Gain (loss) on sale of assets			
Gain (loss) on sale of investment	6,310	16,419	8,714
Total Nonoperating Revenues	<u>12,438</u>	<u>93,298</u>	<u>35,148</u>
Income (Loss) Before Transfers	<u>(228,989)</u>	<u>774,024</u>	<u>4,403</u>
Transfers in		<u>400,000</u>	
Changes in Net Assets	(228,989)	1,174,024	4,403
Net Assets, Beginning of Year	<u>360,871</u>	<u>(389,885)</u>	<u>830,381</u>
Net Assets, End of Year	<u>\$ 131,882</u>	<u>\$ 784,139</u>	<u>\$ 834,784</u>

<u>Civic Improvement Authority</u>	<u>Fleet Replacement</u>	<u>Employee Benefits</u>	<u>Totals</u>
	\$ 483,480	\$ 21,703	\$ 3,787,968
	7,562		7,562
	491,042	21,703	3,795,530
\$ 9,586	613		380,195
		1,271	781,643
			415,216
	7,908		106,789
			403,064
			8,757
			181,780
51,297	332,265		413,992
			585,735
60,883	340,786	1,271	3,277,171
(60,883)	150,256	20,432	518,359
610,846	36,096	47,006	803,389
(575,525)			(575,525)
	9,285		9,285
(2,897)	18,076	21,145	67,767
32,424	63,457	68,151	304,916
(28,459)	213,713	88,583	823,275
317,594	320,283		1,037,877
289,135	533,996	88,583	1,861,152
1,581,913	2,450,341		4,833,621
<u>\$ 1,871,048</u>	<u>\$ 2,984,337</u>	<u>\$ 88,583</u>	<u>\$ 6,694,773</u>

CITY OF LA HABRA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2007

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Cash Flows from Operating Activities:			
Receipts from interfund services provided	\$ 647,714	\$ 2,011,034	\$ 635,203
Payments to suppliers	(572,411)	(1,464,227)	(309,175)
Cash paid for interfund services provided	(7,932)	(5,304)	(12,240)
Payments to employees	(360,596)	(126,666)	(284,236)
Net Cash Provided by (Used in) Operating Activities	<u>(293,225)</u>	<u>414,837</u>	<u>29,552</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds		400,000	
Advances to other funds			
Due to other funds			
Net Cash Provided by (Used in) Noncapital Financing Activities		<u>400,000</u>	
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets			(13,497)
Proceeds from sale of capital assets			
Principal paid on capital debt			
Interest paid on capital debt			
Net Cash Provided by (Used for) Capital and Related Financing Activities			<u>(13,497)</u>
Cash Flows from Investing Activities:			
(Purchase) sale of short-term investments	6,310	16,419	8,714
Interest on investments	6,128	76,879	26,434
Net Cash Provided by Investing Activities	<u>12,438</u>	<u>93,298</u>	<u>35,148</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(280,787)	908,135	51,203
Cash and Cash Equivalents, Beginning of Year	<u>393,060</u>	<u>1,722,575</u>	<u>737,397</u>
Cash and Cash Equivalents, End of Year	<u>\$ 112,273</u>	<u>\$ 2,630,710</u>	<u>\$ 788,600</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
\$ (9,586)	\$ 607,139	\$ 21,703	\$ 3,922,793
(3,866)		(21,703)	(2,355,399)
			(51,045)
			(771,498)
<u>(13,452)</u>	<u>607,139</u>		<u>744,851</u>
317,594	320,283		1,037,877
365,000			365,000
11,083			11,083
<u>693,677</u>	<u>320,283</u>		<u>1,413,960</u>
	(614,156)		(627,653)
	9,285		9,285
(362,740)			(362,740)
<u>(575,525)</u>			<u>(575,525)</u>
<u>(938,265)</u>	<u>(604,871)</u>		<u>(1,556,633)</u>
(326,616)	18,076	21,145	(255,952)
<u>610,846</u>	<u>36,096</u>	<u>47,006</u>	<u>803,389</u>
<u>284,230</u>	<u>54,172</u>	<u>68,151</u>	<u>547,437</u>
26,190	376,723	68,151	1,149,615
	878,110	1,325,034	5,056,176
<u>\$ 26,190</u>	<u>\$ 1,254,833</u>	<u>\$ 1,393,185</u>	<u>\$ 6,205,791</u>

(Continued)

CITY OF LA HABRA
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2007

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	<u>\$ (241,427)</u>	<u>\$ 680,726</u>	<u>\$ (30,745)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and amortization			30,430
Change in Assets and Liabilities:			
(Increase) decrease in due from other governments	(18,584)		(3,165)
(Increase) decrease in inventory	23,108		
(Increase) decrease in prepaid items			
Increase (decrease) in accounts payable and accrued liabilities	<u>(56,322)</u>	<u>(265,889)</u>	<u>33,032</u>
Total Adjustments	<u>(51,798)</u>	<u>(265,889)</u>	<u>60,297</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (293,225)</u></u>	<u><u>\$ 414,837</u></u>	<u><u>\$ 29,552</u></u>

<u>Civic Improvement Authority</u>	<u>Fleet Replacement</u>	<u>Employee Benefits</u>	<u>Totals</u>
<u>\$ (60,883)</u>	<u>\$ 150,256</u>	<u>\$ 20,432</u>	<u>\$ 518,359</u>
51,297	332,265		413,992
	83,287		61,538
	18,354		23,108
			18,354
<u>(3,866)</u>	<u>22,977</u>	<u>(20,432)</u>	<u>(290,500)</u>
<u>47,431</u>	<u>456,883</u>	<u>(20,432)</u>	<u>226,492</u>
<u><u>\$ (13,452)</u></u>	<u><u>\$ 607,139</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 744,851</u></u>



CITY OF LA HABRA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>Assets</u>				
Cash and investments	\$ 9,972,578	\$ 1,415,872	\$ 843,334	\$ 10,545,116
Total Assets	<u>\$ 9,972,578</u>	<u>\$ 1,415,872</u>	<u>\$ 843,334</u>	<u>\$ 10,545,116</u>
 <u>Liabilities</u>				
Accounts payable	\$ 11,549	\$ 655,863	\$ 663,964	\$ 3,448
Accrued liabilities	16,375	192,452	187,754	21,073
Deposits	<u>9,944,654</u>	<u>1,798,128</u>	<u>1,222,187</u>	<u>10,520,595</u>
Total Liabilities	<u>\$ 9,972,578</u>	<u>\$ 2,646,443</u>	<u>\$ 2,073,905</u>	<u>\$ 10,545,116</u>



STATISTICAL SECTION



CITY OF LA HABRA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

STATISTICAL SECTION

This section of the City of La Habra’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 city’s overall financial health.

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Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	110-120
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government’s most significant current local revenue source, the property tax</i>	121-126
Debt Capacity <i>These schedules contain present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	127-138
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	139-140
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	141-150

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year. Information prior to the implementation of GASB is unavailable.



STATISTICAL SECTION
Financial Trends





CITY OF LA HABRA
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Governmental Activities:			
Invested in capital assets, net of related debt	\$ 27,013,799	\$ 38,141,590	\$ 51,744,947
Restricted	4,542,690	2,135,692	2,125,116
Unrestricted	25,086,148	18,324,199	11,668,265
Total Governmental Activities Net Assets	<u>\$ 56,642,637</u>	<u>\$ 58,601,481</u>	<u>\$ 65,538,328</u>
Business-type Activities:			
Invested in capital assets, net of related debt	\$ 11,948,919	\$ 9,357,868	\$ 13,069,789
Restricted	1,621,849		
Unrestricted	8,690,425	13,299,092	10,633,039
Total Business-type Activities Net Assets	<u>\$ 22,261,193</u>	<u>\$ 22,656,960</u>	<u>\$ 23,702,828</u>
Primary Government:			
Invested in capital assets, net of related debt	\$ 38,962,718	\$ 47,499,458	\$ 64,814,733
Restricted	6,164,539	2,135,692	2,125,116
Unrestricted	33,776,573	31,623,291	22,301,304
Total Primary Government Net Assets	<u>\$ 78,903,830</u>	<u>\$ 81,258,441</u>	<u>\$ 89,241,153</u>

Source: Finance Office, City of La Habra

The City implemented GASB 34 for the fiscal year ended June 30, 2003.
Schedules presenting government-wide information include information beginning in that year.
Information prior to the implementation of GASB 34 is not available.

Fiscal Year

2006	2007
\$ 60,254,071	\$ 61,866,707
2,425,184	2,962,479
11,732,953	14,541,105
\$ 74,412,208	\$ 79,370,291
\$ 14,083,243	\$ 14,387,460
13,398,329	18,275,101
\$ 27,481,572	\$ 32,662,561
\$ 74,337,314	\$ 76,254,167
2,425,184	2,962,479
25,131,282	32,816,206
\$ 101,893,780	\$ 112,032,852

CITY OF LA HABRA
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Expenses:			
Governmental activities:			
General government	\$ 4,366,256	\$ 4,908,401	\$ 3,740,025
Intergovernmental	147,666	405,876	392,850
Public safety	16,255,125	17,673,769	19,176,709
Public works	5,165,411	5,512,565	5,525,165
Manpower	1,790,020	651,364	411,959
Community services	6,954,095	6,949,893	7,149,700
Community development	3,396,903	2,813,028	3,401,359
Interest on long-term debt	1,235,886	1,229,418	975,885
Total Governmental Activities Expenses	<u>39,311,362</u>	<u>40,144,314</u>	<u>40,773,652</u>
Business-type activities:			
Water	7,111,037	7,242,103	7,198,574
Sewer	607,387	888,690	994,576
Housing Authority	1,620,563	1,676,726	1,701,542
Other business activities	4,900,125	4,988,149	4,764,065
Total Business-type Activities Expenses	<u>14,239,112</u>	<u>14,795,668</u>	<u>14,658,757</u>
Total Primary Government Expenses	<u>\$ 53,550,474</u>	<u>\$ 54,939,982</u>	<u>\$ 55,432,409</u>
Program Revenues:			
Governmental activities:			
Charges for services			
General government	\$ 11,477	\$ 1,204	\$ 3,668
Public safety	2,152,221	3,022,676	2,674,842
Community services	1,185,931	1,132,402	1,086,984
Community development	1,335,490	1,052,934	960,996
Operating grants and contributions	7,749,881	6,927,062	9,667,385
Capital grants and contributions	3,904,341	3,581,386	2,617,891
Total Governmental Activities Program Revenues	<u>16,339,341</u>	<u>15,717,664</u>	<u>17,011,766</u>
Business-type activities:			
Charges for services:			
Water	6,106,848	7,561,979	7,517,970
Sewer	542,569	700,340	914,135
Housing authority	1,811,363	1,857,585	1,957,341
Other business -type activities	4,668,265	4,613,838	4,893,092
Total Business-type Activities Program Revenues	<u>13,129,045</u>	<u>14,733,742</u>	<u>15,282,538</u>
Total Primary Government Program Revenues	<u>\$ 29,468,386</u>	<u>\$ 30,451,406</u>	<u>\$ 32,294,304</u>
Net (Expense)/Revenue:			
Governmental activities	\$(22,972,021)	\$(24,426,650)	\$(23,761,886)
Business-type activities	(1,110,067)	(61,926)	623,781
Total Primary Government Net Expense	<u>\$(24,082,088)</u>	<u>\$(24,488,576)</u>	<u>\$(23,138,105)</u>

Fiscal Year

2006	2007
\$ 2,466,028	\$ 1,727,569
351,407	38,142
20,751,487	20,806,295
5,829,033	7,399,852
441,946	787,929
7,609,897	7,623,969
3,717,217	3,886,883
824,152	812,194
<u>41,991,167</u>	<u>43,082,833</u>
7,591,959	8,557,829
912,741	930,137
1,681,163	1,988,194
5,101,290	5,392,422
<u>15,287,153</u>	<u>16,868,582</u>
<u>\$ 57,278,320</u>	<u>\$ 59,951,415</u>
\$ 1,940	\$ 2,032
3,272,096	2,790,739
1,739,998	930,670
1,268,886	1,221,241
6,155,825	7,403,668
2,841,673	3,010,784
<u>15,280,418</u>	<u>15,359,134</u>
8,625,652	9,753,270
791,592	878,314
1,951,143	1,915,376
10,094,887	5,462,799
<u>21,463,274</u>	<u>18,009,759</u>
<u>\$ 36,743,692</u>	<u>\$ 33,368,893</u>
\$ (26,710,749)	\$ (27,723,699)
6,176,121	1,141,177
<u>\$ (20,534,628)</u>	<u>\$ (26,582,522)</u>

(Continued)

CITY OF LA HABRA
Changes in Net Assets (Continued)
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
General Revenues and Other Changes in Net Assets:			
Governmental activities:			
Taxes:			
Property taxes	\$ 7,108,330	\$ 7,566,606	\$ 11,634,029
Sales and use taxes	8,658,378	8,098,753	8,836,139
Franchise tax	1,659,466	1,704,822	1,689,369
Utility users tax	4,469,335	4,712,780	4,765,367
Other taxes	195,675	283,436	599,921
Grants and contributions not restricted to specific programs	3,666,960	2,800,517	1,696,647
Income from property and investments	1,533,247	172,725	757,030
Other general revenues	1,308,356	1,130,855	796,231
Transfers	(85,000)	(85,000)	(76,000)
Total Governmental Activities	<u>28,514,747</u>	<u>26,385,494</u>	<u>30,698,733</u>
Business-type Activities:			
Income from property and investments	283,035	372,693	346,084
Gain on sale of capital assets	262	-	-
Gain on sale of investment	195,881	-	-
Other general revenues	-	-	-
Transfers	85,000	85,000	76,000
Total Business-type Activities	<u>564,178</u>	<u>457,693</u>	<u>422,084</u>
Total Primary Government	<u>\$ 29,078,925</u>	<u>\$ 26,843,187</u>	<u>\$ 31,120,817</u>
Change in Net Assets:			
Governmental activities	\$ 5,542,726	\$ 1,958,844	\$ 6,936,847
Business-type activities	(545,889)	395,767	1,045,865
Total Primary Government	<u>\$ 4,996,837</u>	<u>\$ 2,354,611</u>	<u>\$ 7,982,712</u>

Source: Finance Office, City of La Habra

The City implemented GASB 34 for the fiscal year ended June 30, 2003.
Schedules presenting government-wide information include information beginning in that year
Information prior to the implementation of GASB 34 is not available.

Fiscal Year	
2006	2007
\$ 13,768,880	\$ 14,975,673
9,208,476	9,853,179
1,807,537	1,996,481
5,128,226	5,293,525
399,436	398,603
705,613	724,228
801,623	1,601,295
885,929	717,424
(85,000)	85,283
<u>32,620,720</u>	<u>35,645,691</u>
481,537	1,161,184
-	-
-	-
-	-
85,000	(85,283)
<u>566,537</u>	<u>1,075,901</u>
<u>\$ 33,187,257</u>	<u>\$ 36,721,592</u>
\$ 5,909,971	\$ 7,921,992
6,742,658	2,217,078
<u>\$ 12,652,629</u>	<u>\$ 10,139,070</u>

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

	Fiscal Year		
	2003	2004	2005
General Fund:			
Reserved	\$ 7,580,149	\$ 2,027,017	\$ 2,518,385
Unreserved	1,482,228	6,816,442	7,717,762
Total General Fund	\$ 9,062,377	\$ 8,843,459	\$ 10,236,147
All Other Governmental Funds:			
Reserved	\$ 2,295,717	\$ 5,320,954	\$ 3,811,387
Unreserved undesignated, reported in:			
Special revenue funds	3,701,502	2,078,084	728,328
Debt service funds	(91,918)	(207,873)	(178,299)
Capital projects funds	11,192,298	7,818,828	3,159,216
Total All Other Governmental Funds	\$ 17,097,599	\$ 15,009,993	\$ 7,520,632

Source: Finance Office, City of La Habra

The City implemented GASB 34 for the fiscal year ended June 30, 2003.
Schedules presenting government-wide information include information beginning in that year
Information prior to the implementation of GASB 34 is not available.

Fiscal Year	
2006	2007
\$ 2,984,541	\$ 3,473,165
7,925,672	8,080,218
<u>\$ 10,910,213</u>	<u>\$ 11,553,383</u>
\$ 6,530,768	\$ 6,387,594
771,473	157,435
-	-
<u>(4,969,337)</u>	<u>57,620</u>
<u>\$ 2,332,904</u>	<u>\$ 6,602,649</u>

CITY OF LA HABRA
Changes in Fund Balances of Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Revenues:			
Property taxes and special assessments	\$7,304,005	\$ 7,850,042	\$11,634,029
Sales and use tax	8,350,697	8,222,600	8,580,008
Utility users tax	4,469,335	4,712,780	4,765,367
Intergovernmental	15,511,486	13,172,100	13,939,559
Licenses and permits	2,551,969	2,659,088	2,609,181
Charges for services	4,171,819	4,072,499	4,111,510
Fines, forfeitures and penalties	489,987	557,614	624,665
Use of money and property	1,782,109	875,324	1,201,020
Total Revenue	<u>44,631,407</u>	<u>42,122,047</u>	<u>47,465,339</u>
Expenditures:			
General government	3,194,518	4,019,240	3,794,454
Intergovernmental	147,666	405,876	392,850
Public safety	16,131,193	17,596,969	19,008,603
Public works	4,326,013	4,563,727	4,348,452
Manpower	1,790,020	651,364	411,959
Community services	6,809,351	6,826,434	7,006,481
Community development	3,388,911	2,805,036	3,363,698
Capital outlay	6,742,010	6,577,885	15,079,158
Debt service:			
Principal	236,875	283,966	568,967
Interest expense	1,238,096	1,215,411	929,510
Total Expenditures	<u>44,004,653</u>	<u>44,945,908</u>	<u>54,904,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>626,754</u>	<u>(2,823,861)</u>	<u>(7,438,793)</u>
Other Financing Sources (Uses):			
Proceeds from note payable	350,000	705,948	1,608,437
Transfers in	4,648,758	1,706,004	1,817,542
Transfers out	(4,733,758)	(1,894,615)	(2,083,859)
Total Other Financing Sources (Uses)	<u>265,000</u>	<u>517,337</u>	<u>1,342,120</u>
Net change in fund balances	<u>\$ 891,754</u>	<u>\$(2,306,524)</u>	<u>\$ (6,096,673)</u>
Debt service as a percentage of noncapital expenditures	4.0%	3.9%	3.9%

Source: Finance Office, City of La Habra

The City implemented GASB 34 for the fiscal year ended June 30, 2003.

Schedules presenting government-wide information include information beginning in that year.

Information prior to the implementation of GASB 34 is not available.

Fiscal Year	
2006	2007
\$13,768,879	\$14,975,672
9,208,476	9,853,179
5,128,227	5,293,525
10,474,304	10,872,124
3,003,519	3,005,752
4,736,754	4,217,788
711,923	827,929
886,846	1,325,055
<u>47,918,928</u>	<u>50,371,024</u>
3,190,161	3,185,975
351,407	38,142
20,189,955	20,508,001
4,883,604	5,164,358
441,946	787,929
7,326,891	7,341,149
3,700,056	3,853,722
11,942,906	2,931,143
265,000	417,069
877,374	595,620
<u>53,169,300</u>	<u>44,823,108</u>
<u>(5,250,372)</u>	<u>5,547,916</u>
-	-
4,451,401	5,780,952
<u>(3,714,691)</u>	<u>(6,415,953)</u>
<u>736,710</u>	<u>(635,001)</u>
<u>\$ (4,513,662)</u>	<u>\$ 4,912,915</u>
2.8%	2.5%



STATISTICAL SECTION
Revenue Capacity



CITY OF LA HABRA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Secured Valuation	Unsecured Valuation	Total Taxable Assessed Value	Total Direct Tax rate
1998	\$ 2,193,566,081	\$ 103,060,866	\$2,296,626,947	1.00%
1999	2,241,540,147	103,742,789	2,345,282,936	1.00%
2000	2,404,303,084	102,575,166	2,506,878,250	1.00%
2001	2,645,834,633	123,622,193	2,769,456,826	1.00%
2002	2,867,047,662	140,161,962	3,007,209,624	1.00%
2003	3,008,917,762	110,654,038	3,119,571,800	1.00%
2004	3,242,829,033	107,812,811	3,350,641,844	1.00%
2005	3,486,867,442	111,174,645	3,598,042,087	1.00%
2006	3,849,648,253	113,067,353	3,962,715,606	1.00%
2007	4,262,341,656	142,702,846	4,405,044,502	1.00%

Sources: Hinderliter, De Llamas and Associates
Orange County Assessor's Office

Note: Property in the city is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value.

CITY OF LA HABRA
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	Fiscal Year					
	1998	1999	2000	2001	2002	2003
City Direct Rates:						
City basic rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total City Direct Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Overlapping Rates:						
School System	0.00000	0.00000	0.0000	0.0000	0.0160	0.0597
Metropolitan Water District	0.0089	0.0089	0.0089	0.0089	0.0077	0.0067
Total Direct Rate	<u>1.0089</u>	<u>1.0089</u>	<u>1.0089</u>	<u>1.0089</u>	<u>1.0237</u>	<u>1.0664</u>

Source: Orange County Assessor's Office

Fiscal Year			
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
1.0000	1.0000	1.0000	1.0000
0.0567	0.0510	0.0516	0.0474
<u>0.0061</u>	<u>0.0058</u>	<u>0.0052</u>	<u>0.0047</u>
<u><u>1.0628</u></u>	<u><u>1.0568</u></u>	<u><u>1.0568</u></u>	<u><u>1.0521</u></u>

CITY OF LA HABRA
Principal Property Taxpayers
Current and Five Years Ago

Taxpayer	2007		2002	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
La Habra Associates LLC	\$ 81,508,530	1.79%	-	0.00%
American Food & Drug Inc.	68,792,270	1.51%	\$ 88,453,673	2.86%
La Habra Westridge Partners	56,725,900	1.25%	23,387,580	0.76%
Eun H. Rhee	32,476,981	0.72%		0.00%
Ralphs Grocery Company	29,827,710	0.66%	-	0.00%
Costco Wholesale Corporation	26,201,090	0.58%	-	0.00%
Essex Portfolio	23,248,411	0.51%	21,084,297	0.68%
Fullerton Joint Union High School Distri	22,923,726	0.50%	20,789,849	0.67%
City of La Habra	22,425,490	0.49%	32,429,719	1.05%
Bank First Security of Utah Trust	17,818,785	0.39%	19,139,760	0.62%
Trol Realty LLC		0.00%	48,840,621	1.58%
M & H Realty Partners LP		0.00%	37,447,089	1.21%
Townhouse Apartments At Slate Creek		0.00%	20,119,500	0.65%
Bank First Security of Utah Trust		0.00%	-	0.00%
Westridge Golf Inc.		0.00%	17,188,061	0.56%
Top Ten Assessed Value	<u>381,948,893</u>	8.41%	<u>328,880,149</u>	10.63%
Total Assessed Value	<u>\$4,542,188,093</u>		<u>\$3,094,428,809</u>	

Source: Orange County Assessor's Office

The amounts shown above include assessed value data for both the City and the Redevelopment Agency. Statistical information for prior fiscal years is not available.

CITY OF LA HABRA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1998	5,358,636	5,034,663	93.95%	64,003	5,098,666	95.15%
1999	5,443,969	5,303,481	97.42%	86,275	5,389,756	99.00%
2000	5,827,592	5,746,331	98.61%	91,001	5,837,332	100.17%
2001	6,619,210	6,551,895	98.98%	125,222	6,677,117	100.87%
2002	7,179,490	7,047,354	98.16%	108,436	7,155,790	99.67%
2003	7,132,703	6,996,398	98.09%	122,715	7,119,113	99.81%
2004	7,689,081	7,456,853	96.98%	179,062	7,635,915	99.31%
2005	7,785,149	7,661,313	98.41%	125,325	7,786,638	100.02%
2006	9,263,705	9,073,384	97.95%	186,799	9,260,183	99.96%
2007	10,396,449	10,071,273	96.87%	426,431	10,497,705	100.97%

Source: Orange County Auditor Controller's Office

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.



STATISTICAL SECTION
Debt Capacity





CITY OF LA HABRA
Ratios of Outstanding Debt by Type
Last Four Fiscal Years

Governmental Activities

Fiscal Year Ended June 30	Certificates of Participation	Tax Allocation Bonds	Special Tax Bonds	Notes Payable	Loan Payable	Contract and Lease Payable
2004	\$ 5,783,931	\$ 7,655,000	\$ 2,810,000	\$ 1,762,348	-	\$ 172,109
2005	5,586,192	7,550,000	2,695,000	724,036	1,080,000	1,236,783
2006	5,378,452	7,440,000	2,575,000	689,036	1,069,060	1,185,155
2007	5,165,712	7,325,000	2,450,000	652,337	970,593	1,143,252

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

² These ratios are calculated using personal income and population for the prior calendar year. Statistical information for prior fiscal years is unavailable.

Governmental Activities		Business-type Activities	Business-type Activities		Total Primary Government	Percentage of Personal Income ⁽²⁾	Debt Per Capita ⁽²⁾
Compensated Absences	Total Governmental Long-term Debt	Certificates of Participation	Revenue Bonds	Total Business-type Activities			
\$ 3,946,916	\$22,130,304	\$ 19,664,018	\$ 7,500,000	\$ 27,164,018	\$49,294,322	1.92%	1,177
4,108,211	22,980,222	19,086,779	7,355,000	26,441,779	49,422,001	1.84%	1,138
3,312,585	21,649,288	18,434,540	7,205,000	25,639,540	47,288,828	1.68%	1,036
3,258,328	20,965,222	17,727,301	7,055,000	24,782,301	45,747,523	1.53%	953

CITY OF LA HABRA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt ⁽²⁾			Percent of Assessed Value ⁽¹⁾	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Total		
2005	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

⁽¹⁾ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

⁽²⁾ The City of La Habra had no general obligation debt outstanding.

CITY OF LA HABRA
Direct and Overlapping Debt
June 30, 2007

2006-07 Assessed Valuation	\$ 4,414,500,225
Redevelopment Incremental Valuation	259,656,984
Adjusted Assessed Valuation	\$ 4,154,843,241

	%age Applicable ⁽¹⁾	Outstanding Debt 6/30/07	Estimated Share of Overlapping Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Orange County Teeter Plan Obligations	1.220%	\$ 123,725,000	\$ 1,509,445
Metropolitan Water District	0.255%	359,115,000	915,743
North Orange County Joint Community College District	5.667%	238,124,001	13,494,487
Fullerton Joint Union High School District	20.582%	62,482,910	12,860,233
La Habra City School District	82.247%	15,294,295	12,579,099
City of La Habra Community Facilities District No. 1990-1	100.000%	2,450,000	2,450,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			43,809,007
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	1.220%	597,550,000	7,290,110
Orange County Pension Obligations	1.220%	89,893,078	1,096,696
Orange County Board of Education Certificates of Participation	1.220%	19,720,000	240,584
Orange County Transit Authority	1.220%	1,235,000	15,067
Municipal Water District of Orange County Water Facilities Corporation	1.456%	20,800,000	302,848
Orange County Sanitation District Certificates of Participation	1.718%	117,705,000	2,022,172
North Orange County Regional Occupation Program Certificate of Participatio	5.878%	11,920,000	700,658
Fullerton Joint Union High School District Certificates of Participation	20.582%	23,820,000	4,902,632
City of La Habra Certificate of Participation	100.000%	23,045,000	23,045,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			39,615,766
Less: Orange County Transit Authority (80% self-supporting)			12,054
MWDOC Water Facilities Corporation (100% self-supporting)			302,848
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT (2)			39,300,864
GROSS COMBINED TOTAL DEBT			83,424,773 ⁽²⁾
NET COMBINED TOTAL DEBT			83,109,871

⁽¹⁾ Percentage of overlapping agency's assessed valuation located within boundaries of the city.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2006-07 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 0.99%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$23,045,000).....0.55%

Gross Combined Total Debt.....2.01%

Net Combined Total Debt.....2.00%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/07: \$0

Source: California Municipal Statistics, Inc.

CITY OF LA HABRA
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year		
	1998	1999	2000
Total Assessed Value of all Real and Personal Property	\$ 2,378,012,206	\$ 2,425,699,840	\$ 2,506,416,296
Debt Limit Percentage	15.00%	15.00%	15.00%
Total Debt Limit (1)	<u>356,701,831</u>	<u>363,854,976</u>	<u>375,962,444</u>
Amount of Debt Applicable to Debt Limit (2)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal Debt Margin	<u>\$ 356,701,831</u>	<u>\$ 363,854,976</u>	<u>\$ 375,962,444</u>

(1) - In accordance with California Government Code Section 43605, general obligation bonds outstanding cannot exceed 15 percent of total assessed valuation.

(2) - The City currently has no general bonded indebtedness.

Source: City Finance Department
Orange County Assessor's Office

Fiscal Year						
2001	2002	2003	2004	2005	2006	2007
\$2,769,456,826	\$3,007,174,478	\$3,119,571,800	\$3,350,641,844	\$3,598,042,087	\$3,962,715,606	\$4,414,500,225
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
415,418,524	451,076,172	467,935,770	502,596,277	539,706,313	594,407,341	662,175,034
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 415,418,524</u>	<u>\$ 451,076,172</u>	<u>\$ 467,935,770</u>	<u>\$ 502,596,277</u>	<u>\$ 539,706,313</u>	<u>\$ 594,407,341</u>	<u>\$ 662,175,034</u>

CITY OF LA HABRA
Pledged-Revenue Coverage
Last Three Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds					Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2005	\$ 7,619,270	\$6,680,887	\$ 938,383	\$145,000	\$322,244	2.01
2006	8,723,742	6,872,437	1,851,305	150,000	320,031	3.94
2007	9,876,631	8,151,398	1,725,233	150,000	317,594	3.69

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

Statistical information for prior fiscal years is unavailable.

Certificate of Participation, Series A

<u>Revenue</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
			<u>Principal</u>	<u>Interest</u>	
\$ 2,224,906	\$ 774,838	\$1,450,068	\$585,000	\$891,420	0.98
2,322,577	806,585	1,515,992	660,000	866,520	0.99
2,399,796	747,270	1,652,526	684,996	869,024	1.06

(Continued)

CITY OF LA HABRA
Pledged-Revenue Coverage (Continued)
Last Three Fiscal Years

Tax Allocation Bonds					
Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 1,370,272	\$ 802,566	\$ 567,706	\$105,000	\$426,423	1.07
2,085,904	1,121,430	964,474	110,000	421,585	1.81
1,873,932	734,015	1,139,917	115,000	416,465	2.14

Special Tax Bonds

<u>Revenue</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
			<u>Principal</u>	<u>Interest</u>	
\$ 286,158	\$ 6,869	\$279,289	\$115,000	\$159,703	1.02
279,694	7,192	272,502	120,000	153,650	1.00
276,483	7,569	268,914	125,000	147,218	0.99



STATISTICAL SECTION

Demographic and Economic Information



CITY OF LA HABRA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (2)
1998	\$ 55,383	\$ 1,808,975	\$ 32,663	n/a
1999	56,072	1,917,326	34,194	n/a
2000	58,974	2,188,112	37,103	4.5%
2001	59,711	2,248,179	37,651	5.1%
2002	60,702	2,316,935	38,169	6.4%
2003	61,188	2,419,129	39,536	6.2%
2004	61,454	2,572,956	41,868	5.5%
2005	61,771	2,682,962	43,434	4.9%
2006	61,789	2,821,348	45,661	4.4%
2007	62,483	2,999,059	47,998	4.0%

Sources:

- (1) State Department of Finance
- (2) State of California Employment Development Department (data shown is for the County)

CITY OF LA HABRA
Principal Employers
Current Fiscal Year and Last Year

Employer	2006		2007	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Wal-Mart/Sams Stores Inc	400	1.33%	425	1.42%
City of La Habra	391	1.30%	390	1.30%
Peerless Maintenance Service	300	1.00%	300	1.00%
Lowe's Home Centers Inc.	150	0.50%	150	0.50%
Kohl's Department Stores Inc.	121	0.40%	121	0.40%
VIP Rubber Co Inc.	120	0.40%	120	0.40%
Mary & Friends	120	0.40%	120	0.40%
United States Postal Service	105	0.35%	-	0.00%
B & L Diners, Inc	100	0.33%	-	0.00%
Home Depot USA			250	0.83%
Costco			236	0.79%
The Kroger Co./La Habra Bakery			265	0.88%
Target Stores T-248			233	0.78%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: Harris InfoSource, a Dun & Bradstreet
Statistical information for prior fiscal years is not available.

STATISTICAL SECTION
Operating Information



CITY OF LA HABRA
Full-time Equivalent City Employees
by Function/Department
Last Five Fiscal Years

Function/Department	Full-time Equivalent Employees				
	2003	2004	2005	2006	2007
City Manager	4.94	4.94	4.94	4.94	4.94
City Clerk	3.00	3.00	3.00	3.00	3.00
Community Development	13.76	15.36	17.88	18.88	18.77
Community Services	137.94	121.26	100.34	100.18	100.72
Finance/Administrative Services	17.59	20.54	20.44	20.82	19.98
Fire *	41.00	41.00	41.00	-	-
Police	131.95	122.65	117.18	122.70	122.52
Public Works	59.75	60.33	60.81	64.11	67.37
Children's Museum	8.39	10.17	8.67	7.51	7.98
Total	418.32	399.25	374.26	342.14	345.28

Note: The City contracted Fire Operations to Los Angeles County Fire Department in 2006.

Source: City of La Habra, Finance Department

CITY OF LA HABRA
Operating Indicators
by Function
Last Two Fiscal Years

	<u>2006</u>	<u>2007</u>
Police:		
Arrests	2,727	2,423
Crime Reports	-	8,786
Moving citations issued	-	6,098
Parking citations issued	13,875	14,856
Fire*:		
Number of emergency calls	-	3,401
Inspections	-	2,068
Public Works:		
Street resurfacing (miles)	14	14
Community development		
Building Permits Issued	1,184	1,322
Parks and recreation:		
Number of Parks	23	24
Park Acreage	133.17	133.45
Number of recreation classes	29	26
Number of Facility Rentals	1,572	1,572
Municipal Water Department:		
Number of Accounts	12,601	12,707
Average daily consumption (thousands of gallons)	3,127	2,996
New connections	92	-

Note: The City contracted Fire Operations to Los Angeles County Fire Department in 2006.

Source: City of La Habra, Finance Department
Statistical information for prior fiscal years is not available.

**CITY OF LA HABRA
Capital Asset Statistics
by Function
Last Two Fiscal Years**

	<u>2006</u>	<u>2007</u>
Police:		
Stations	1	1
Fire *		
Stations	4	4
Public works:		
Streets (miles)	112	117
Streetlights	2,646	2,649
Traffic signals	33	33
Parks and recreation:		
Parks	23	24
Park Acrage	133.17	133.45
Community centers	1	1
Water:		
Water mains (miles)	120	120
Number or Connections	12,548	12,548
Sewer		
Sanitary sewers (miles)	108	108

Note: The City contracted Fire Operations to Los Angeles County Fire Department in 2006.

Source: City of La Habra, Finance Department



STATISTICAL SECTION
Water Enterprise Schedules



CITY OF LA HABRA
Water Service By Type of Customer
Last Five Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
Water Services:					
Residential	11,380	11,398	11,481	11,507	11,598
Commercial/Industrial	969	829	836	833	849
Schools/Other	106	313	250	261	260
Total	<u>12,455</u>	<u>12,540</u>	<u>12,567</u>	<u>12,601</u>	<u>12,707</u>

Source: City of La Habra
Statistical information for prior fiscal years is not available.

CITY OF LA HABRA
Water Rates
Last Two Fiscal Years

Adopted: 07/17/06

Effective: 08/01/06

Meter Size	2006		2007	
	Monthly Meter Charge	Water Consumption Charge	Water Consumption Charge (1)	
5/8 inch	\$ 7.08	\$ 1.59	\$ 7.40	\$ 1.66
3/4 inch	8.00	1.59	8.36	1.66
1 inch	10.33	1.59	10.79	1.66
1-1/2 inches	23.23	1.59	24.78	1.66
2 inches	41.11	1.59	42.96	1.66
3 inches	92.51	1.59	96.67	1.66
4 inches	163.73	1.59	171.10	1.66
6 inches	368.41	1.59	384.99	1.66
8 inches	415.00	1.59	434.42	1.66
10 inches	n/a	n/a	n/a	n/a

(1) For each Additional 100 cubic feet. From May 1 to September of each year, a charge of \$1.79 per 100 cubic feet is assessed for consumption above 17,000 cubic feet.

Source: City of La Habra

Statistical information for prior fiscal years is not available.



CITY OF LA HABRA
Average Monthly Water Service Rate Comparison
Last Two Fiscal Years

Water Agency	FY 2006			
	Usage (in ccfs)	Commodity Charge	Readiness to Serve	Total Bill
La Habra	25	\$ 1.59	\$ 7.08	\$ 42.03
Brea	25	1.80	2.87	47.87
Fullerton	25	1.24	5.12	36.12
La Habra Heights	25	1.38	25.96	48.21
Suburban Water System (La Mirada & Whittier)	25	1.23	8.25	39.00
Whittier	25	\$ 1.54	\$ 4.00	\$ 42.50

Source: City of La Habra
Statistical information for prior fiscal years is not available.

FY 2007

Usage (in ccfs)	Commodity Charge	Readiness to Serve	Total Bill
25	\$ 1.66	\$ 7.40	\$ 52.90
25	2.11	5.15	57.90
25	1.96	5.12	54.12
25	1.01	25.96	51.21
25	1.39	9.45	44.86
25	\$ 1.88	\$ 4.00	\$ 51.00

CITY OF LA HABRA
Ten Largest Users of Water
Current Fiscal Year and Last Year

Customer	2007		2006	
	12 Month Consumption (100 Cubic	Percentage of Total Consumptio	12 Month Consumption (100 Cubic	Percentage of Total Consumptio
Westridge Golf, Inc.	152,407	1.32%	150,331	3.47%
Whittier Christian HS	30,215	0.26%	13,799	0.32%
Chick-Fel-A	17,592	0.15%	-	0.35%
Fullerton Union High School Distri	16,745	0.15%	13,207	0.31%
The Kroger Co./La Habra Bakery	14,328	0.12%	-	0.00%
Brooklake Apts	11,922	0.10%	-	0.00%
La Habra Woods Apts	10,995	0.10%	10,806	0.25%
Park La Habra	10,414	0.09%	-	0.00%
Viewpark	9,787	0.08%	-	0.00%
La Habra Assoc LLC	9,563	0.08%	-	0.00%
Albertson's Bakery			17,234	0.40%
Friendly Village Mobilehome Park			14,983	0.35%
City of La Habra			12,400	0.29%
The Garden of La Habra Heights			12,248	0.28%
G & K Las Lomas			12,232	0.28%
La Habra School District			11,070	0.26%
Total Consumption in 100 CCF		<u><u>11,527,012</u></u>		<u><u>4,329,437</u></u>

Source: City of La Habra

Statistical information for prior fiscal years is not available.