

City of La Habra, California
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2008



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, 2008

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INTRODUCTORY SECTION



December 18, 2008

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, 2008 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 2007-2008 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), the La Habra Housing Authority (HA), and the La Habra Utility Authority 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's Utility Authority 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 62,635) 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 07/08 was 8.1 percent more than FY 06/07, with a total NTAV of \$4,773,433,708. 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, 2008 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, 2008 was \$13,890,417. Of this amount, \$11,007,923 is considered restricted and unavailable for appropriation with \$79,416 reserved for prepaid items, \$10,884,191 reserved for long-term advances and \$44,316 reserved for inventories.

The remaining \$2,882,494 fund balance is considered available and unrestricted with \$1,266,450 set aside as fund balance (general reserves) and \$1,616,044 set aside as an operating reserve. It should also be noted that \$4,025,000 of the General Fund's restricted reserves are available in the event of an emergency as these funds are currently reserved for future debt service payments and exceed the amount necessary for annual debt service payments.

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, 2008, the City's total restricted and unrestricted reserve levels equaled 21 percent of the adopted FY 07/08 General Fund expenditure budget, with four percent in unrestricted general reserves, 12 percent in restricted emergency reserves, and five percent in operating reserves.

Debt

As of fiscal year ended June 30, 2008, the City's component units had several outstanding debt issues. These issues included \$2,320,000 in special tax bonds, \$22,055,000 in certificates of participation, \$7,205,000 in tax allocation bonds and \$6,900,000 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, 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, 2008, the capital assets (net of depreciation) of the City's governmental activities amounted to \$72,595,092. 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	Non Operating Revenue (Expenses)	Net Transfers In and (Out)	Net Assets (Deficits) Ending
Water	\$12,166,724	\$10,207,199	\$9,091,989	\$168,310	\$(197,471)	\$13,252,773
Sewer	9,463,019	1,351,929	1,237,713	354,005	(62,232)	9,869,008
Refuse	5,491,205	2,984,474	2,936,485	318,501	(97,431)	5,760,264
Children's Museum	589,701	434,388	532,688	(4,292)	75,000	562,109
Mobile Home	544,023	2,539,845	2,405,353	36,377	0	714,892
Housing Authority	3,939,808	1,984,399	931,609	(591,474)	0	4,401,124
Total	\$32,194,480	\$19,502,234	\$17,135,837	\$281,427	\$(282,134)	\$34,560,170

The water utility, which serves over 12,000 customers, operated with a net income before transfers of \$1,283,520. Its total net assets, including the value of fixed capital assets, at year-end were \$13,252,773.

The sewer utility operated with a net income before transfers of \$468,221. Its total net assets, including the value of fixed capital assets, at year-end were \$9,869,008.

The refuse enterprise operated with a net income before transfers of \$366,490. The refuse fund's total net assets at year-end were \$5,760,264.

The Children's Museum at La Habra operated with a net loss, before transfers and after accounting for depreciation, of \$102,592 and had total net assets of \$562,109, primarily comprised of fixed capital assets.

The Mobile Home Fund operated with a net income before transfers of \$170,869 and has total net assets of \$714,892 at year-end.

The Housing Authority operated with a net income before transfers of \$461,316 and has total net assets of \$4,401,124 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 2007 and 2008 adopted investment policies had no material changes from the 2005 policy.

As of June 30, 2008, the City had \$58,822,233 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. This is accomplished 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, 2008. The reserve's balance is \$1,919,455, with net assets of \$1,130,957.

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 under the terms of a multi-year agreement to perform auditing services. In April 2008 Moreland & Associates, Inc. was acquired by Macias, Gini & O'Connell, LLP, which is now the City's primary audit firm.

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.

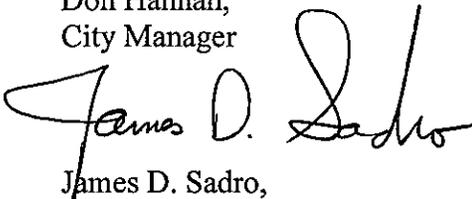
We wish to acknowledge the professional manner in which Macias, Gini & O'Connell conducted the audit and express our appreciation for their assistance, in particular Michael Moreland, Lynne Netty, Charlotte Newkirk, Maria-Luisa Valdez and Scott Diem.

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, 2007

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.



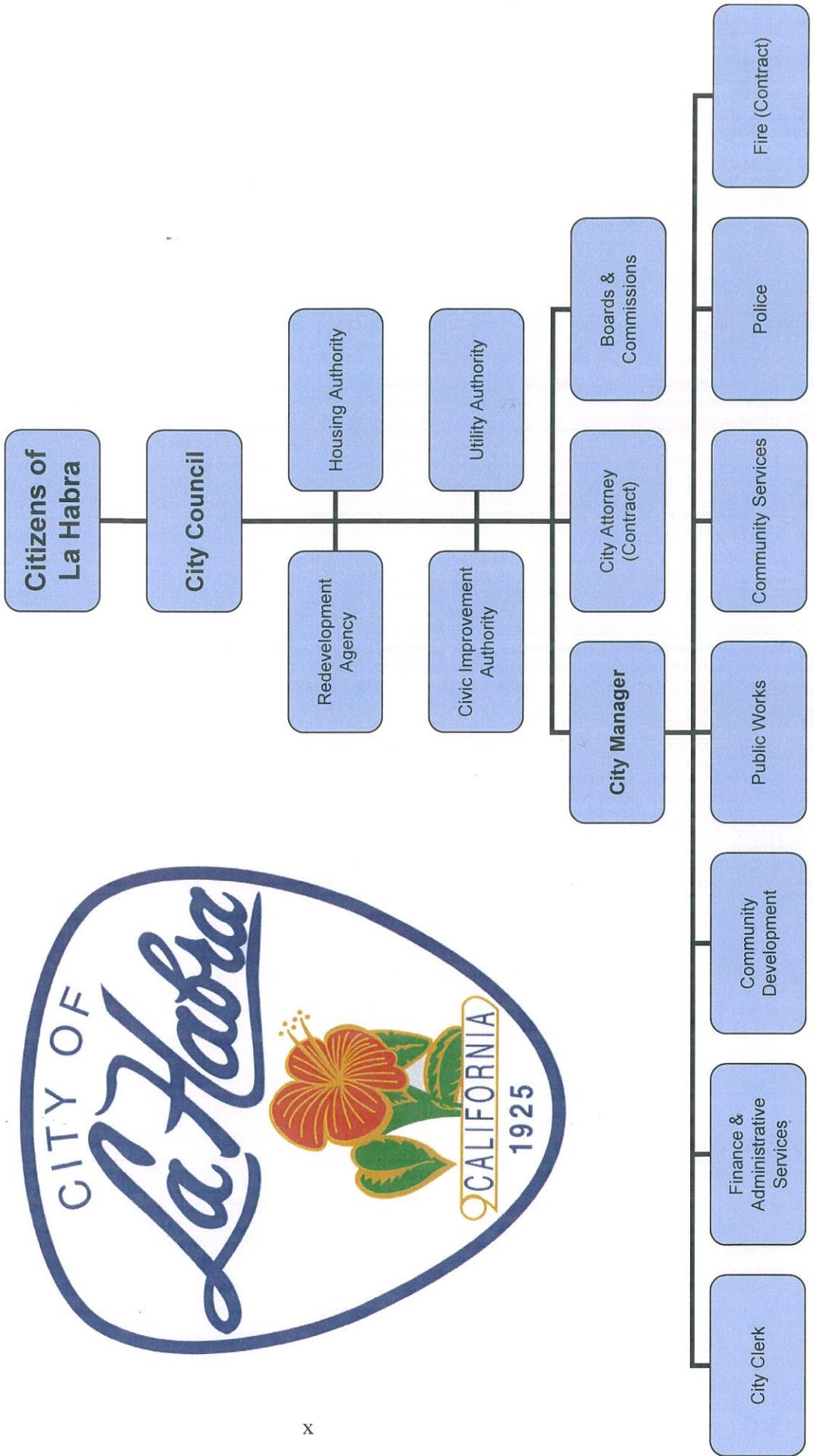
Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

City of La Habra Organization and Services



CITY OF LA HABRA

**CITY OFFICIALS
AS OF JUNE 30, 2008**

MEMBERS OF THE CITY COUNCIL

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

**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**

**Chief of Police
Dennis Kies**

**Assistant Chief of Fire
David Richardson (LA County Fire)**



FINANCIAL SECTION





MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

NEWPORT BEACH
1201 Dove Street, Suite 680
Newport Beach, CA 92660
949.221.0025

SACRAMENTO

OAKLAND

WALNUT CREEK

LOS ANGELES

SAN MARCOS

SAN DIEGO

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

Independent Auditor's 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, 2008, 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 consideration of internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of La Habra's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, 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, 2008, 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, 2008 on our consideration of the City of La Habra's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 schedule 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.

Macias Jini & O'Connell LLP

Certified Public Accountants
Newport Beach, California

December 18, 2008

Management's Discussion and Analysis

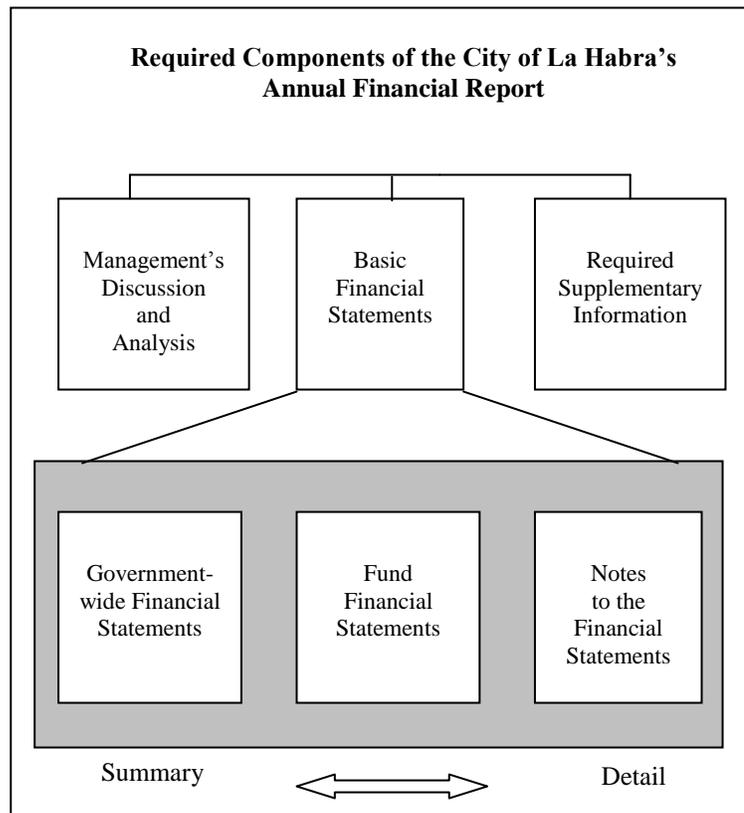
In an effort to provide insight and perspective to the City of La Habra's ("City") annual financial statements, staff has prepared this management discussion of the financial activities of the City for the fiscal year ended June 30, 2008. The intent of this discussion is to assist the reader to better 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*.
 - o 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.
 - o 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, 2008, as shown below, were \$123,735,938. 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 \$11,703,086 during the current fiscal year, primarily 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 Authority funds (water/sewer), the Refuse 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	
	FY 07/08	FY 06/07	FY 07/08	FY 06/07	FY 07/08	FY 06/07
<u>ASSETS</u>						
Current and Other Assets	43,197,454	38,178,092	29,814,382	28,762,959	73,011,836	66,941,051
Capital Assets	72,595,092	69,570,844	30,688,447	30,446,792	103,283,539	100,017,636
TOTAL ASSETS	115,792,546	107,748,936	60,502,829	59,209,751	176,295,375	166,958,687
<u>LIABILITIES</u>						
Current Liabilities	8,632,674	7,413,423	2,425,370	1,764,889	11,058,044	9,178,312
Non-Current Liabilities	18,578,570	20,965,222	22,922,823	24,782,301	41,501,393	45,747,523
TOTAL LIABILITIES	27,211,244	28,378,645	25,348,193	26,547,190	52,559,437	54,925,835
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of related debt	62,720,405	61,866,707	6,818,385	14,387,460	69,538,790	76,254,167
Restricted	3,060,362	2,962,479	0	0	3,060,362	2,962,479
Unrestricted	22,800,535	14,541,105	28,336,251	18,275,101	51,136,786	32,816,206
TOTAL NET ASSETS	88,581,302	79,370,291	35,154,636	32,662,561	123,735,938	112,032,852

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 \$123.7 million; however, 56 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, 2.5 percent, or \$3.1 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 \$28.3 million and these resources cannot be used to help fund general 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, redevelopment agency, housing authority and mobile home parks. That leaves 18 percent, or a \$22.8 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 on the following page) shows that the City's total net assets increased by \$11.7 million during the year. Of this amount \$9.2 million was attributed to general Government Activities and is mainly due to growth in revenues above budget estimates and the receipt of capital funding to reimburse advances or to provide construction funding. In the General Fund, this was the case in the areas of Property Tax, Sales Tax, Charges for Services and Capital Grants and Contributions. The increase in general tax revenues allowed for a \$900,000 transfer from the General Fund to various reserves, including \$200,000 to the Fleet Replacement fund, \$250,000 to the Fleet Maintenance Fund, \$200,000 to the Employee Benefits Fund, and \$250,000 to the Information Technology Fund. Capital funds were used to offset construction costs or to reimburse prior advances. It should be noted that the significant drop in Utility User Tax revenue was due to the planned expiration of the tax on December 31, 2007. These revenues represent six months of collections.

For business type activities, net assets increased in part due to growth in water, sewer and refuse revenues during the fiscal year with the funds set aside in each respective fund balance to fund future capital projects and establish operating reserves.

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
CHANGES IN NET ASSETS**

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	FY 07/08	FY 06/07	FY 07/08	FY 06/07	FY 07/08	FY 06/07
Revenues						
Program Revenues						
Charges for Services	5,505,786	4,944,682	19,448,450	18,009,759	24,954,236	22,954,441
Operating Grants and Contributions	7,708,528	7,403,668	53,784	0	7,762,312	7,403,668
Capital Grants and Contributions	8,343,602	3,010,784	0	0	8,343,602	3,010,784
General Revenues						
Property Taxes	16,127,594	14,975,673	0	0	16,127,594	14,975,673
Sales and Use Taxes	10,298,735	9,853,179	0	0	10,298,735	9,853,179
Utility Users Taxes	2,854,515	5,293,525	0	0	2,854,515	5,293,525
Franchise Fees	1,377,380	1,996,481	0	0	1,377,380	1,996,481
Other Taxes	0	398,603	0	0	0	398,603
Grants & contributions not restricted to specific programs	619,065	724,228	0	0	619,065	724,228
Income from Property & Investments	3,473,466	1,601,295	123,242	1,161,184	3,596,708	2,762,479
Other general revenue	309,139	717,424	0	0	309,139	717,424
Total Revenues	56,617,810	50,919,542	19,625,476	19,170,943	76,243,286	70,090,485
Expenses						
General Government	2,450,872	1,727,569	0	0	2,450,872	1,727,569
Intergovernmental	14,426	38,142	0	0	14,426	38,142
Public Safety	21,264,160	20,806,295	0	0	21,264,160	20,806,295
Public Works	7,813,863	7,399,852	0	0	7,813,863	7,399,852
Manpower	960,798	787,929	0	0	960,798	787,929
Community Services	8,024,546	7,623,969	0	0	8,024,546	7,623,969
Community Development	5,595,313	3,886,883	0	0	5,595,313	3,886,883
Interest on Long-Term Debt	1,250,321	812,194	0	0	1,250,321	812,194
Water	0	0	9,091,989	8,557,829	9,091,989	8,557,829
Sewer	0	0	1,237,713	930,137	1,237,713	930,137
Refuse	0	0	2,936,485	2,485,301	2,936,485	2,485,301
Housing Authority	0	0	961,673	1,988,194	961,673	1,988,194
Children's Museum			532,688	566,558	532,688	566,558
Mobil Home Lease	0	0	2,405,353	2,340,563	2,405,353	2,340,563
Total Expenses	47,374,299	43,082,833	17,165,901	16,868,582	64,540,200	59,951,415
Excess (Deficiency) before Transfers	9,243,511	7,836,709	2,459,575	2,302,361	11,703,086	10,139,070
Transfers	(32,500)	85,283	32,500	(85,283)	0	0
Increase (Decrease) in Net Assets	9,211,011	7,921,992	2,492,075	2,217,078	11,703,086	10,139,070
Net Assets - Beginning of Year	79,370,291	71,448,299	32,662,561	30,445,483	112,032,852	101,893,782
Net assets - End of year	88,581,302	79,370,291	35,154,636	32,662,561	123,735,938	112,032,852

Approximately 52 percent of the City's governmental funds revenue is generated through taxes collected (property, sales, utility users, etc.), and almost 99 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 \$9,211,011. This increase was generated by total revenues of *governmental* activities of \$56,605,310 offset by \$47,361,799 in total costs of *governmental* activities, less \$32,500 transferred out.

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 \$5,083,148. These revenues grew by approximately three percent due to inflationary adjustments to most fees, an increase in fees related to a development agreement, and a partial repayment of loans and advances previously made to the Redevelopment Agency.

Other revenues include grants and contributions from other governments and organizations totaling \$16,052,130 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 \$35,470,032.

Business-Type Activities

As of June 30, 2008 business-type activities increased the City's net assets by 7.6 percent, or \$2,492,075, with revenues totaling \$19,625,476 and expenses totaling \$17,165,901. The City's utility authority funds represented a significant part of the growth in net assets with revenues exceeding budget projections. At fiscal year end, net assets for the water fund grew by \$1,086,049, the sewer fund grew by \$405,989, the refuse fund grew by \$269,059, the Mobile Home Lease fund grew by \$170,869, and the Housing Authority grew by \$461,316. Due to depreciation, there was a nominal reduction in net assets in the Children's Museum of \$27,592.

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 June 30, 2008, the City's governmental funds reported combined ending fund balances of \$23,674,533 an increase of \$5,518,501 in comparison to the prior fiscal year. This increase was primarily due to funds received for capital grants and programs, property tax revenues exceeding projections, and a nominal decrease in General Fund expenditures versus budget. Approximately 24 percent of this amount, or \$5,561,389, 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 \$10,884,191, (2) land held for resale of \$3,111,000, (3) to pay debt service in the amount of \$279,666, (4) for low-moderate income housing of \$1,993,287, (5) and for inventories in the amount of \$44,316.

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 \$13,890,417, an increase of \$2,337,034. The unreserved fund balance portion of the General

Fund was \$2,882,494; however, when combined with restricted funds reserved for future debt service payments, the General Fund's total emergency reserves are \$7,622,494.

Departments experienced modest savings in their General Fund expenditure budgets and, when combined with higher than expected General Fund revenues, the City was able to transfer \$900,000 at fiscal year end from the General Fund to various reserves.

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, 2008, the Water fund had a positive change in net assets of \$1,086,049, the Sewer fund had a positive change in net assets of \$405,989, the Refuse fund had a positive change in net assets of \$269,059. These changes were mainly due to revenues exceeding projections combined with modest expenditure savings or project deferrals. In addition, the Mobile Home Lease fund had a positive change in net assets of \$170,869 and the Housing Authority fund had a positive change in net assets of \$461,316. The Children's Museum fund had a negative change in net assets of \$27,592 due to depreciation expense.

The combined \$20.8 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, 2008, net assets for the City's general Capital Projects Fund decreased by \$54,705, the Gas Tax Fund increased by \$7,522, the Redevelopment Agency increased by \$166,701 and the Measure "M" Fund increase by \$2,049,651. 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.

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 at the City's mid-year budget review process with the City Council, primarily to account for higher than expected 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 \$830,391 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 June 30, 2008, the City had recorded an investment of over \$153.7 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. Please refer to pages 39, 49, and 50 of the CAFR for more detailed information.

**TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	Governmental Activities		Business-Type Activities		Total	
	FY 07/08	FY 06/07	FY 07/08	FY 06/07	FY 07/08	FY 06/07
Land	8,755,305	8,755,305	12,800,000	12,800,000	21,555,305	21,555,305
Land improvements	6,233,591	6,223,791	0	0	6,233,591	6,223,791
Buildings and improvements Improvements other than buildings	11,395,106	11,387,906	5,141,477	5,141,477	16,536,583	16,529,383
Machinery and equipment	1,133,296	1,133,296	253,490	253,490	1,386,786	1,386,786
Autos and trucks	5,568,001	5,567,099	894,315	767,709	6,462,316	6,334,808
Infrastructure	3,853,685	3,662,123	257,402	257,402	4,111,087	3,919,525
Construction in progress	63,574,124	58,657,779	31,652,499	30,394,980	95,226,623	89,052,759
(Less accumulated depreciation)	2,264,934	1,496,556	0	295,396	2,264,934	1,791,952
	(30,182,950)	(27,313,011)	(20,310,736)	(19,463,662)	(50,493,686)	(46,776,673)
TOTALS	72,595,092	69,570,844	30,688,447	30,446,792	103,283,539	100,017,636

Long-Term Debt

At year-end, the City had \$44,553,362 in bonds, certificates of deposit, loans, leases, and accrued assessments payable, a decrease of \$1,194,161 from last year, as shown in the table below.

**TABLE 4
OUTSTANDING DEBT AT YEAR-END**

	Governmental Activities		Business-Type Activities		Total	
	FY 07/08	FY 06/07	FY 07/08	FY 06/07	FY 07/08	FY 06/07
Certificates of Participation	4,942,977	5,165,712	16,970,062	17,727,301	21,913,039	22,893,013
Tax Allocation Bonds	7,205,000	7,325,000	0	0	7,205,000	7,325,000
Special Tax Bonds	2,320,000	2,450,000	0	0	2,320,000	2,450,000
Notes Payable	613,856	652,337	0	0	613,856	652,337
Loan Payable	902,515	970,593	0	0	902,515	970,593
Contract and Leases Payable	1,095,345	1,143,252	0	0	1,095,345	1,143,252
Compensated Absences	3,603,607	3,258,328	0	0	3,603,607	3,258,328
Revenue Bond	0	0	6,900,000	7,055,000	6,900,000	7,055,000
TOTALS	20,683,300	20,965,222	23,870,062	24,782,301	44,553,362	45,747,523

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 07/08 net taxable property values totaled \$4,773,433,708, approximately 39 percent more than five years ago.
- FY 08/09 PERS rates for the miscellaneous plan have decreased from 10.55 percent to 10.49 percent, and rates for the public safety plan have increased from 21.73 percent to 25.83 percent for the safety plan.
- FY 09/10 PERS rates for the miscellaneous plan will decrease from 10.49 percent to 10.25 percent, and rates for public safety will increase from 25.83 percent to 26.52 percent.
- The City's Utility User Tax expired on December 31, 2007. In a full fiscal year, this tax generated approximately 15 percent of the General Fund's total revenue.
- In November 2008, the voters of La Habra approved Measure T which established a local ½ cent transaction and use tax. This tax will take effect on April 1, 2009 and will be available for appropriation in the FY 09/10 fiscal year. The tax is anticipated to generate over \$3.5 million of new general revenues to support City operations and capital projects.
- The Consumer Price Index (CPI) for the Los Angeles/Riverside/Orange County Metropolitan Statistical Area for all urban consumers increased by 5.4 percent from June 2007 to June 2008, 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 08/09. Budgeted expenditures were programmed to increase by 3.1 percent to \$33.8 million.

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

- The anticipation that enterprise fund rate increases will be necessary over the course of the fiscal year to maintain sufficient cash flow for operations and capital infrastructure improvements.
- The opportunity for the Utility Authority to purchase additional privately held Cal Domestic water shares if they become available.
- 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, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 30,799,472	\$ 18,164,426	\$ 48,963,898
Accounts receivable, net	3,213,284	1,771,453	4,984,737
Prepaid items	286,079	28,758	314,837
Cash and investments with fiscal agents	3,333,711	6,524,624	9,858,335
Due from other governments	1,657,676	144,378	1,802,054
Internal balances	64,956	(64,956)	-
Inventories	134,558	14,438	148,996
Total current assets	<u>39,489,736</u>	<u>26,583,121</u>	<u>66,072,857</u>
Noncurrent assets:			
Deferred charges	596,718	2,229,926	2,826,644
Land held for resale	3,111,000	-	3,111,000
Investment in water rights stock	-	1,001,335	1,001,335
Capital assets:			
Not being depreciated	11,020,239	12,800,000	23,820,239
Being depreciated, net	61,574,853	17,888,447	79,463,300
Total noncurrent assets	<u>76,302,810</u>	<u>33,919,708</u>	<u>110,222,518</u>
Total assets	<u>115,792,546</u>	<u>60,502,829</u>	<u>176,295,375</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,656,006	1,032,871	3,688,877
Accrued liabilities	3,426,659	47,254	3,473,913
Deposits payable	-	44,600	44,600
Interest payable	336,378	353,406	689,784
Unearned revenue	108,901	-	108,901
Long-term debt, due within one year	2,104,730	947,239	3,051,969
Total current liabilities	<u>8,632,674</u>	<u>2,425,370</u>	<u>11,058,044</u>
Noncurrent liabilities:			
Due in more than one year	18,578,570	22,922,823	41,501,393
Total noncurrent liabilities	<u>18,578,570</u>	<u>22,922,823</u>	<u>41,501,393</u>
Total liabilities	<u>27,211,244</u>	<u>25,348,193</u>	<u>52,559,437</u>
Net assets:			
Invested in capital assets, net of related debt	62,720,405	6,818,385	69,538,790
Restricted for:			
Community development	2,395,570	-	2,395,570
Public safety	664,792	-	664,792
Unrestricted	22,800,535	28,336,251	51,136,786
Total net assets	<u>\$ 88,581,302</u>	<u>\$ 35,154,636</u>	<u>\$ 123,735,938</u>

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA
Statement of Activities
For the Year Ended June 30, 2008

<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	\$ 2,450,872	\$ 310	\$ 153,610	\$ -
Intergovernmental	14,426	-	-	-
Public safety	21,264,160	3,017,854	416,009	-
Public works	7,813,863	-	-	5,629,246
Manpower	960,798	-	-	-
Community services	8,024,546	1,217,844	6,120,224	-
Community development	5,595,313	1,269,778	1,018,685	2,714,356
Interest long-term debt	1,250,321	-	-	-
Total governmental activities	<u>47,374,299</u>	<u>5,505,786</u>	<u>7,708,528</u>	<u>8,343,602</u>
Business-type activities:				
Water	9,091,989	10,207,199	-	-
Sewer	1,237,713	1,351,929	-	-
Refuse	2,936,485	2,984,474	-	-
Housing Authority	961,673	1,984,399	-	-
Children's Museum	532,688	380,604	53,784	-
Mobile Home Lease	2,405,353	2,539,845	-	-
Total business-type activities	<u>17,165,901</u>	<u>19,448,450</u>	<u>53,784</u>	<u>-</u>
Total primary government	<u>\$ 64,540,200</u>	<u>\$ 24,954,236</u>	<u>\$ 7,762,312</u>	<u>\$ 8,343,602</u>
General revenues:				
Taxes:				
Property tax				
Sales and use taxes				
Franchise tax				
Utility users tax				
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
\$ (2,296,952)	\$ -	\$ (2,296,952)
(14,426)	-	(14,426)
(17,830,297)	-	(17,830,297)
(2,184,617)	-	(2,184,617)
(960,798)	-	(960,798)
(686,478)	-	(686,478)
(592,494)	-	(592,494)
(1,250,321)	-	(1,250,321)
<u>(25,816,383)</u>	<u>-</u>	<u>(25,816,383)</u>
-	1,115,210	1,115,210
-	114,216	114,216
-	47,989	47,989
-	1,022,726	1,022,726
-	(98,300)	(98,300)
-	134,492	134,492
<u>-</u>	<u>2,336,333</u>	<u>2,336,333</u>
<u>(25,816,383)</u>	<u>2,336,333</u>	<u>(23,480,050)</u>
16,127,594	-	16,127,594
10,298,735	-	10,298,735
1,377,380	-	1,377,380
2,854,515	-	2,854,515
619,065	-	619,065
3,473,466	123,242	3,596,708
309,139	-	309,139
(32,500)	32,500	-
<u>35,027,394</u>	<u>155,742</u>	<u>35,183,136</u>
9,211,011	2,492,075	11,703,086
79,370,291	32,662,561	112,032,852
<u>\$ 88,581,302</u>	<u>\$ 35,154,636</u>	<u>\$ 123,735,938</u>





CITY OF LA HABRA
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds		
	General	Redevelopment Operating Special Revenue Fund	Child Development Special Revenue Fund
Assets:			
Cash and investments	\$ 6,999,552	\$ 1,382,087	\$ 1,001,836
Cash and investments with fiscal agent	-	-	-
Receivables	2,761,832	24,015	358,576
Prepaid items	79,416	-	2,338
Due from other funds	290,825	41,887	-
Due from other governments	283,926	-	374,183
Advances to other funds	10,884,191	-	-
Land held for resale	-	3,000,000	-
Inventories	44,316	-	-
Total assets	<u>\$ 21,344,058</u>	<u>\$ 4,447,989</u>	<u>\$ 1,736,933</u>
Liabilities:			
Accounts payable	\$ 669,361	\$ 698,975	\$ 278,116
Accrued liabilities	1,328,063	1,246	54,620
Due to other funds	1,110	57,712	-
Advances from other funds	4,975,000	11,475,405	-
Deferred revenue	480,107	-	1,388,343
Total liabilities	<u>7,453,641</u>	<u>12,233,338</u>	<u>1,721,079</u>
Fund balances:			
Reserved:			
Prepaid items	79,416	-	2,338
Long-term advances	10,884,191	-	-
Land held for resale	-	3,000,000	-
Debt service	-	-	-
Low-moderate income housing	-	-	-
Inventories	44,316	-	-
Encumbrances	-	-	-
Unreserved-designated:			
Operating reserve	1,616,044	-	-
Unreserved-undesignated:			
General fund	1,266,450	-	-
Special revenue funds	-	(10,785,349)	13,516
Capital projects funds	-	-	-
Total fund balances (deficit)	<u>13,890,417</u>	<u>(7,785,349)</u>	<u>15,854</u>
Total liabilities and fund balances	<u>\$ 21,344,058</u>	<u>\$ 4,447,989</u>	<u>\$ 1,736,933</u>

See Accompanying Notes to Financial Statements.

Major Funds	Other Nonmajor Funds	Total Governmental Funds
\$ 7,534,564	\$ 6,894,585	\$ 23,812,624
-	2,855,225	2,855,225
48,320	18,628	3,211,371
-	-	81,754
-	-	332,712
-	995,622	1,653,731
-	-	10,884,191
-	111,000	3,111,000
-	-	44,316
<u>\$ 7,582,884</u>	<u>\$ 10,875,060</u>	<u>\$ 45,986,924</u>
\$ 422,831	\$ 171,575	\$ 2,240,858
1,841	99,152	1,484,922
-	208,934	267,756
-	-	16,450,405
-	-	1,868,450
<u>424,672</u>	<u>479,661</u>	<u>22,312,391</u>
-	-	81,754
-	-	10,884,191
-	111,000	3,111,000
-	279,666	279,666
-	1,993,287	1,993,287
-	-	44,316
1,207,231	511,699	1,718,930
-	-	1,616,044
-	-	1,266,450
-	4,960,088	(5,811,745)
<u>5,950,981</u>	<u>2,539,659</u>	<u>8,490,640</u>
<u>7,158,212</u>	<u>10,395,399</u>	<u>23,674,533</u>
<u>\$ 7,582,884</u>	<u>\$ 10,875,060</u>	<u>\$ 45,986,924</u>

CITY OF LA HABRA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2008

Total fund balances, governmental funds \$ 23,674,533

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	\$ 96,234,892	
Accumulated depreciation	<u>(25,351,955)</u>	70,882,937

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. 6,808,260

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds. (245,097)

Other long-term assets that are not available to pay current period expenditures are deferred in the funds. 1,759,549

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

Energy loan	\$ (902,515)	
Energy capital lease	(1,095,345)	
Note payable	(613,856)	
1999 special refunding tax bonds	(2,320,000)	
2000 tax allocation bonds	(7,205,000)	
Compensated absences	<u>(2,162,164)</u>	<u>(14,298,880)</u>

Net assets of governmental activities \$ 88,581,302

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, 2008

	Major Funds		
	General	Redevelopment Operating Special Revenue Fund	Child Development Special Revenue Fund
Revenues:			
Property taxes and special assessments	\$ 12,918,806	\$ -	\$ -
Sales and use tax	10,298,735	-	-
Utility users tax	2,854,516	-	-
Intergovernmental	378,795	-	5,169,980
Licenses and permits	2,533,955	-	-
Charges for services	4,288,725	31,374	-
Fines, forfeitures, and penalties	922,284	-	-
Use of money and property	1,850,306	29,413	2,479
Total revenues	<u>36,046,122</u>	<u>60,787</u>	<u>5,172,459</u>
Expenditures:			
Current:			
General government	3,608,358	-	-
Intergovernmental	-	-	-
Public safety	20,210,258	-	-
Public works	4,783,083	-	-
Manpower	-	-	-
Community services	2,565,198	-	5,166,722
Community development	1,326,129	1,023,734	-
Capital outlay	-	-	-
Debt service:			
Principal	47,907	-	-
Interest	158,113	250,105	-
Total expenditures	<u>32,699,046</u>	<u>1,273,839</u>	<u>5,166,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,347,076</u>	<u>(1,213,052)</u>	<u>5,737</u>
Other financing sources (uses):			
Transfers in	-	1,794,456	-
Transfers out	(1,010,042)	-	-
Total other financing sources (uses)	<u>(1,010,042)</u>	<u>1,794,456</u>	<u>-</u>
Net change in fund balances	2,337,034	581,404	5,737
Fund balances (deficit), beginning of year	<u>11,553,383</u>	<u>(8,366,753)</u>	<u>10,117</u>
Fund balances (deficit), end of year	<u>\$ 13,890,417</u>	<u>\$ (7,785,349)</u>	<u>\$ 15,854</u>

See Accompanying Notes to Financial Statements.

Major Funds	Other Capital Projects	Other Nonmajor Funds	Total Governmental Funds
\$	-	\$ 3,208,788	\$ 16,127,594
	-	-	10,298,735
	-	-	2,854,516
	2,271,840	8,517,156	16,337,771
	-	-	2,533,955
	-	-	4,320,099
	-	-	922,284
	442,519	481,855	2,806,572
	<u>2,714,359</u>	<u>12,207,799</u>	<u>56,201,526</u>
	-	167,929	3,776,287
	-	14,426	14,426
	-	723,847	20,934,105
	-	740,620	5,523,703
	-	960,798	960,798
	-	-	7,731,920
	1,723,686	1,496,603	5,570,152
	939,524	2,865,946	3,805,470
	68,078	288,481	404,466
	37,776	583,204	1,029,198
	<u>2,769,064</u>	<u>7,841,854</u>	<u>49,750,525</u>
	<u>(54,705)</u>	<u>4,365,945</u>	<u>6,451,001</u>
	-	105,895	1,900,351
	-	(1,822,809)	(2,832,851)
	-	(1,716,914)	(932,500)
	(54,705)	2,649,031	5,518,501
	7,212,917	7,746,368	18,156,032
\$	<u>7,158,212</u>	<u>\$ 10,395,399</u>	<u>\$ 23,674,533</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, 2008

Net change in fund balances - total governmental funds: \$ 5,518,501

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 by which capital outlay exceeds depreciation in the current period.

Capital assets	\$ 5,751,592	
Depreciation expense	<u>(2,586,725)</u>	3,164,867

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. 196,792

Some revenues reported in the statement of activities do not represent current financial resources and therefore are not reported as revenue in the governmental funds. (250,717)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue of the internal service funds is reported with governmental activities. 581,568

Change in net assets of governmental activities \$ 9,211,011

See Accompanying Notes to Financial Statements.



CITY OF LA HABRA
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Refuse	Housing Authority
Assets:				
Current assets:				
Cash and investments	\$ 3,502,841	\$ 5,760,930	\$ 5,238,005	\$ 2,007,696
Accounts receivable, net	1,128,729	160,867	454,746	750
Prepaid items	-	-	-	9,637
Due from other funds	4,858,802	-	-	-
Due from other governments	-	-	1,616	-
Inventory	14,438	-	-	-
Total current assets	<u>9,504,810</u>	<u>5,921,797</u>	<u>5,694,367</u>	<u>2,018,083</u>
Noncurrent assets:				
Cash and investments with fiscal agents	-	-	-	1,666,916
Advances to other funds	-	-	-	2,000,000
Deferred charges	-	-	-	1,997,795
Investment in water rights stock	1,001,335	-	-	-
Capital assets, net	10,298,247	3,964,728	474,711	14,004,492
Total noncurrent assets	<u>11,299,582</u>	<u>3,964,728</u>	<u>474,711</u>	<u>19,669,203</u>
Total assets	<u>20,804,392</u>	<u>9,886,525</u>	<u>6,169,078</u>	<u>21,687,286</u>
Liabilities:				
Current liabilities:				
Accounts payable	580,399	10,683	406,903	17,100
Accrued liabilities	26,620	6,834	1,911	2,034
Accrued interest	-	-	-	296,966
Deposits	44,600	-	-	-
Certificates of participation, current	-	-	-	800,000
Water revenue bonds, current	-	-	-	-
Compensated absences	-	-	-	-
Due to other funds	-	-	-	-
Total current liabilities	<u>651,619</u>	<u>17,517</u>	<u>408,814</u>	<u>1,116,100</u>
Noncurrent liabilities:				
Advances from other funds	6,900,000	-	-	-
Certificates of participation	-	-	-	16,170,062
Water revenue bonds	-	-	-	-
Total noncurrent liabilities	<u>6,900,000</u>	<u>-</u>	<u>-</u>	<u>16,170,062</u>
Total liabilities	<u>7,551,619</u>	<u>17,517</u>	<u>408,814</u>	<u>17,286,162</u>
Net assets:				
Invested in capital assets, net of related debt	10,298,247	3,964,728	474,711	(2,965,570)
Unrestricted (deficit)	2,954,526	5,904,280	5,285,553	7,366,694
Total net assets	<u>\$ 13,252,773</u>	<u>\$ 9,869,008</u>	<u>\$ 5,760,264</u>	<u>\$ 4,401,124</u>

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 Other Nonmajor Funds	Totals	Internal Service Funds
\$ 1,236,222	\$ 17,745,694	\$ 7,406,081
26,361	1,771,453	1,913
19,121	28,758	204,325
-	4,858,802	-
142,762	144,378	3,945
-	14,438	90,242
<u>1,424,466</u>	<u>24,563,523</u>	<u>7,706,506</u>
-	1,666,916	5,336,194
-	2,000,000	12,466,214
-	1,997,795	828,850
-	1,001,335	-
1,946,269	30,688,447	1,712,155
<u>1,946,269</u>	<u>37,354,493</u>	<u>20,343,413</u>
<u>3,370,735</u>	<u>61,918,016</u>	<u>28,049,919</u>
17,786	1,032,871	415,148
9,855	47,254	1,941,737
-	296,966	148,229
-	44,600	-
-	800,000	235,000
-	-	155,000
-	-	1,441,443
66,093	66,093	4,857,665
<u>93,734</u>	<u>2,287,784</u>	<u>9,194,222</u>
2,000,000	8,900,000	-
-	16,170,062	4,707,971
-	-	6,745,000
<u>2,000,000</u>	<u>25,070,062</u>	<u>11,452,971</u>
<u>2,093,734</u>	<u>27,357,846</u>	<u>20,647,193</u>
1,946,269	13,718,385	1,712,155
(669,268)	20,841,785	5,690,571
<u>\$ 1,277,001</u>	<u>34,560,170</u>	<u>\$ 7,402,726</u>
	594,466	
	<u>\$ 35,154,636</u>	

CITY OF LA HABRA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Refuse	Housing Authority
Operating revenues:				
Water sales	\$ 9,834,984	\$ -	\$ -	\$ -
Refuse billings	-	-	2,924,649	-
Charges for services	300,441	1,126,294	-	1,975,348
Intergovernmental	71,774	225,635	59,825	9,051
Total operating revenues	<u>10,207,199</u>	<u>1,351,929</u>	<u>2,984,474</u>	<u>1,984,399</u>
Operating Expenses:				
Water and materials	4,522,583	-	-	-
Contractual services	611,726	89,890	2,654,276	196,552
Wages and fringe benefits	1,263,082	398,156	95,443	98,111
Benefits and claims	-	-	-	-
Equipment and maintenance	306,430	63,453	12,062	-
Materials and supplies	227,056	27,295	6,527	-
Utilities	212,683	-	-	53,355
Depreciation and amortization	363,912	187,101	12,748	350,314
Capital outlay	128,605	-	-	-
Administration	1,455,912	471,818	155,429	233,277
Total operating expenses	<u>9,091,989</u>	<u>1,237,713</u>	<u>2,936,485</u>	<u>931,609</u>
Operating income (loss)	<u>1,115,210</u>	<u>114,216</u>	<u>47,989</u>	<u>1,052,790</u>
Nonoperating revenues (expenses):				
Interest income	120,281	261,347	235,928	183,152
Gain on sale of equipment	4,124	-	-	-
Gain (loss) on sale of investments	43,905	92,658	82,573	31,002
Interest (expense)	-	-	-	(805,628)
Total nonoperating revenues	<u>168,310</u>	<u>354,005</u>	<u>318,501</u>	<u>(591,474)</u>
Income (loss) before transfers	<u>1,283,520</u>	<u>468,221</u>	<u>366,490</u>	<u>461,316</u>
Transfers in	138,413	-	-	-
Transfers out	<u>(335,884)</u>	<u>(62,232)</u>	<u>(97,431)</u>	<u>-</u>
Change in net assets	<u>1,086,049</u>	<u>405,989</u>	<u>269,059</u>	<u>461,316</u>
Net assets, beginning of year	<u>12,166,724</u>	<u>9,463,019</u>	<u>5,491,205</u>	<u>3,939,808</u>
Net assets, end of year	<u>\$ 13,252,773</u>	<u>\$ 9,869,008</u>	<u>\$ 5,760,264</u>	<u>\$ 4,401,124</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
\$ -	\$ 9,834,984	\$ -
-	2,924,649	-
2,920,449	6,322,532	3,387,586
53,784	420,069	-
<u>2,974,233</u>	<u>19,502,234</u>	<u>3,387,586</u>
-	4,522,583	-
319,967	3,872,411	316,829
401,844	2,256,636	1,195,833
-	-	795,712
105,700	487,645	263,268
534	261,412	507,523
274,778	540,816	158,443
74,020	988,095	447,402
-	128,605	-
1,761,198	4,077,634	464,820
<u>2,938,041</u>	<u>17,135,837</u>	<u>4,149,830</u>
<u>36,192</u>	<u>2,366,397</u>	<u>(762,244)</u>
19,113	819,821	727,667
-	4,124	-
12,972	263,110	95,083
-	(805,628)	(567,187)
<u>32,085</u>	<u>281,427</u>	<u>255,563</u>
68,277	2,647,824	(506,681)
75,000	213,413	1,214,634
-	(495,547)	-
<u>143,277</u>	<u>2,365,690</u>	<u>707,953</u>
<u>1,133,724</u>		<u>6,694,773</u>
<u>\$ 1,277,001</u>		<u>\$ 7,402,726</u>
	126,385	
	<u>\$ 2,492,075</u>	

CITY OF LA HABRA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Refuse	Housing Authority
Cash flows from operating activities:				
Receipts from customers and users	\$ 10,828,407	\$ 1,080,686	\$ 2,803,476	\$ 400,560
Receipts from interfund services provided	-	225,635	93,532	1,583,089
Payments to suppliers	(6,842,390)	(139,827)	(2,630,137)	(270,837)
Cash paid for interfund services provided	(1,229,941)	(530,879)	(206,123)	(196,423)
Payments to employees	(1,260,138)	(399,692)	(93,777)	(98,097)
Net cash provided by (used in) operating activities	<u>1,495,938</u>	<u>235,923</u>	<u>(33,029)</u>	<u>1,418,292</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	(335,884)	(62,232)	(97,431)	-
Transfers from other funds	138,413	-	-	-
Advances from other funds	(155,000)	-	-	-
Due to other funds	-	-	-	-
Due from other funds	(138,803)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(491,274)</u>	<u>(62,232)</u>	<u>(97,431)</u>	
Cash flows from capital and related financing activities:				
Purchase of capital assets	(706,400)	(456,987)	-	-
Proceeds from sale of capital assets	4,124	-	-	-
Principal paid on capital debt	-	-	-	(765,000)
Interest paid on capital debt	-	-	-	(805,628)
Net cash used in capital and related financing activities	<u>(702,276)</u>	<u>(456,987)</u>	<u>-</u>	<u>(1,570,628)</u>
Cash flows from investing activities:				
(Purchase) sale of investments	43,906	92,658	157,230	28,653
Interest on investments	120,281	261,347	235,928	183,152
Net cash provided by investing activities	<u>164,187</u>	<u>354,005</u>	<u>393,158</u>	<u>211,805</u>
Net increase (decrease) in cash and cash equivalents	466,575	70,709	262,698	59,469
Cash and cash equivalents, beginning of year	<u>3,036,266</u>	<u>5,690,221</u>	<u>4,975,307</u>	<u>1,948,227</u>
Cash and cash equivalents, end of year	<u>\$ 3,502,841</u>	<u>\$ 5,760,930</u>	<u>\$ 5,238,005</u>	<u>\$ 2,007,696</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds		
Other Nonmajor Funds	Totals	Internal Service Funds
\$ 2,836,726	\$ 17,949,855	\$ -
115,121	2,017,377	2,805,263
(2,328,975)	(12,212,166)	(1,220,892)
(138,764)	(2,302,130)	(561,559)
(399,763)	(2,251,467)	(1,048,401)
<u>84,345</u>	<u>3,201,469</u>	<u>(25,589)</u>
-	(495,547)	-
75,000	213,413	1,214,634
-	(155,000)	380,000
7,231	7,231	137,665
-	(138,803)	-
<u>82,231</u>	<u>(568,706)</u>	<u>1,732,299</u>
-	(1,163,387)	(255,486)
-	4,124	-
-	(765,000)	(377,735)
-	(805,628)	(571,272)
<u>-</u>	<u>(2,729,891)</u>	<u>(1,204,493)</u>
12,972	335,419	(29,594)
19,113	819,821	727,667
<u>32,085</u>	<u>1,155,240</u>	<u>698,073</u>
198,661	1,058,112	1,200,290
1,037,561	16,687,582	6,205,791
<u>\$ 1,236,222</u>	<u>\$ 17,745,694</u>	<u>\$ 7,406,081</u>

CITY OF LA HABRA
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2008

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Major Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Housing Authority</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,115,210	\$ 114,216	\$ 47,989	\$ 1,052,790
Adjustments to Reconcile				
Operating Income (Loss) to Net Cash				
Provided by (Used in) Operating Activities:				
Depreciation and amortization	363,912	187,101	12,748	350,314
Change in Assets and Liabilities:				
(Increase) decrease in receivables	(11,667)	(45,608)	(121,172)	(750)
(Increase) decrease in due from other governments	-	-	33,706	-
(Increase) decrease in inventory	(6,155)	-	-	-
(Increase) decrease in prepaid items	297,444	-	-	573
Increase (decrease) in accrued liabilities and accounts payable	(307,406)	(19,786)	(6,300)	15,365
Increase (decrease) in deposits payable	44,600	-	-	-
Total adjustments	<u>380,728</u>	<u>121,707</u>	<u>(81,018)</u>	<u>365,502</u>
Net cash provided by (used in) operating activities	<u>\$ 1,495,938</u>	<u>\$ 235,923</u>	<u>\$ (33,029)</u>	<u>\$ 1,418,292</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds Other Nonmajor Funds	Totals	Internal Service Funds
\$ 36,192	\$ 2,366,397	\$ (762,244)
74,020	988,095	447,402
4,126	(175,071)	18,041
(26,515)	7,191	2,887
-	(6,155)	(67,057)
(2,012)	296,005	(204,325)
(1,466)	(319,593)	539,707
-	44,600	-
<u>48,153</u>	<u>835,072</u>	<u>736,655</u>
<u>\$ 84,345</u>	<u>\$ 3,201,469</u>	<u>\$ (25,589)</u>

CITY OF LA HABRA
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2008

	<u>Totals</u>
Assets:	
Cash and investments	\$ 10,951,579
Total assets	<u>\$ 10,951,579</u>
Liabilities:	
Accounts payable	\$ 67,287
Accrued liabilities	21,609
Deposits	<u>10,862,683</u>
Total liabilities	<u>\$ 10,951,579</u>

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA
Notes to Financial Statements
June 30, 2008

(1) 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.

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.

The Utility Authority of the City of La Habra (Utility Authority) was formed on January 16, 2007 and began legal operation on July 1, 2007. The Utility Authority was formed by the City of La Habra (City) to maintain and operate the City's Water and Sewer systems. The

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

Utility Authority is responsible for establishing utility rates, performing routine system maintenance, establishing and executing necessary capital improvement plans, purchasing and selling water, and performing other necessary utility system operations.

(b) *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) 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 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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

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.

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

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.

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 business type activities in the government-wide statements and 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.

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

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.

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 custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

(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, except for nonparticipating investments (i.e. investment contracts) which are recorded at cost. 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 restricted 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.

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."

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

5. *Taxes Receivable*

Real property taxes are levied for the 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 governmental 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 realizable value as determined upon the execution of a disposition and development agreement at June 30, 2008 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.

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

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. *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.

9. *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.

10. *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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

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.

11. 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.

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.

12. 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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

(2) DETAILED NOTED ON ALL FUNDS

(a) Cash and Investments

Cash and investments at June 30, 2008 consist of the following:

Statement of net assets:	
Cash and investments	\$ 48,963,898
Cash and investments with fiscal agents	9,858,335
	58,822,233
Fiduciary funds:	
Cash and investments	10,951,579
	10,951,579
Total	\$ 69,773,812

Cash and investments at June 30, 2008 are classified as follows:

Petty cash	\$ 1,725
Deposits with financial institutions	2,271,358
Investments	67,500,729
	67,500,729
Total Cash and Investments	\$ 69,773,812

The City maintains a cash and investment pool that is 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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

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

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

<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.

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, except for fiscal agent investments which are reported in a separate section below:

<u>Investment Types</u>	<u>Amount</u>	<u>Remaining Maturity</u>		
		<u>Less Than 1 Year</u>	<u>1 to 3 Years</u>	<u>3 to 5 Years</u>
U.S. Treasury obligations	\$ 6,487,606	\$ -	\$ 3,999,716	\$ 2,487,890
Federal agency securities	21,132,591	2,282,229	15,795,892	3,054,470
Corporate medium-term notes	4,160,646	2,432,912	1,727,734	-
Money market funds	181,362	181,362	-	-
LAIF	25,680,189	25,680,189	-	-
Total	<u>\$ 57,642,394</u>	<u>\$ 30,576,692</u>	<u>\$ 21,523,342</u>	<u>\$ 5,542,360</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

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, except for fiscal agent investments which are reported in a separate section below.

Investment Types	Amount	Minimum Legal Rating	Rating as of Year End (where applicable)				
			Exempt from Disclosure	AAA	AA+	AA	Not Rated
U.S. Treasury	\$ 6,487,606	Exempt	\$ 6,487,606	\$ -	\$ -	\$ -	\$ -
Federal agency securities	21,132,591	N/A	-	21,132,591	-	-	-
Corporate medium-term notes	4,160,646	AA	-	1,700,302	752,471	1,707,873	-
Money market funds	181,362	AAA	-	181,362	-	-	-
LAIF	25,680,189	Not Rated	-	-	-	-	25,680,189
	<u>\$ 57,642,394</u>		<u>\$ 6,487,606</u>	<u>\$ 23,014,255</u>	<u>\$ 752,471</u>	<u>\$ 1,707,873</u>	<u>\$ 25,680,189</u>

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 ⁽¹⁾	U.S. Government	\$ 6,487,606
Federal Home Loan Mortgage	U.S. Agency Bond	6,133,132
Federal Home Loan Bank	U.S. Agency Bond	5,763,995
Fannie Mae	U.S. Agency Bond	5,764,486
Federal Farm Credit Bank	U.S. Agency Bond	3,470,978

⁽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 OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

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, 2008, \$2,284,154 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts. As of June 30, 2008, no City investments were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

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	\$ 5,268,292	Less than 1 year	Not Rated
Investment contracts:			
Westdeutsche Landesbank	395,460	9/1/2022	AA
Westdeutsche Landesbank	1,620,310	9/1/2022	AA
LAIF	2,574,273	Less than 1 year	Not Rated
	<u>\$ 9,858,335</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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

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, 2008 was \$25,680,189.

LAIF management has indicated that as of June 30, 2008, the amortized cost of the pool was \$70,027,950,242 and the estimated fair value of the pool was \$70,024,464,150. Included in the LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes, totaling \$6,113.006 million and asset backed securities totaling \$4,188.272 million.

(b) *Receivables*

Receivables of the City as of June 30, 2008 were:

	Governmental Activities	Business-type Activities	Total
Accounts receivable:			
Interest	\$ 183,365	\$ -	\$ 183,365
Property taxes	448,346	-	448,346
Sales taxes	1,295,384	-	1,295,384
Utility taxes	1,192	-	1,192
RDA taxes	18,045	-	18,045
Child care	358,576	-	358,576
Water sales	-	1,500,294	1,500,294
Sewer sales	-	160,867	160,867
Refuse sales	-	454,746	454,746
Franchise Fees	493,019	-	493,019
Leases	48,320	24,761	73,081
Others	367,037	2,350	369,387
Total accounts receivable	3,213,284	2,143,018	5,356,302
Less allowance for uncollectible accounts	-	(371,565)	(371,565)
Total receivables	\$ 3,213,284	\$ 1,771,453	\$ 4,984,737

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

(c) Interfund Receivables, Payables and Transfers

Interfund balances from lending/borrowing agreements consisted of the following at June 30, 2008:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General	\$ 290,825	\$ 1,110	\$ 10,884,191	\$ 4,975,000
Redevelopment Operating	41,887	57,712	-	11,475,405
Other Nonmajor Governmental Funds	-	208,934	-	-
Water	4,858,802	-	-	6,900,000
Housing Authority	-	-	2,000,000	-
Other Nonmajor Enterprise Funds	-	66,093	-	2,000,000
Internal Service Funds	-	4,857,665	12,466,214	-
Total	<u>\$ 5,191,514</u>	<u>\$ 5,191,514</u>	<u>\$ 25,350,405</u>	<u>\$ 25,350,405</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. Of the \$4,975,000 balance in the General Fund, the amount due within one year is \$235,000. In the event of an emergency, the General Fund may access the remaining amount of \$4,740,000, and when combined with the \$1,266,450 reported as Unreserved-Undesignated fund balance and the \$1,616,044 reported as Unreserved-Designated for Operating Reserves, gives the General Fund a total emergency fund balance of \$7,622,494.

Interfund transfers for the year ended June 30, 2008 consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total</u>
	<u>Redevelopment Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ 77,542	\$ -	\$ 32,500	\$ 900,000	\$ 1,010,042
Nonmajor Governmental Funds	1,794,456	28,353	-	-	-	1,822,809
Water Fund	-	-	-	21,250	314,634	335,884
Sewer Fund	-	-	45,982	16,250	-	62,232
Refuse Fund	-	-	92,431	5,000	-	97,431
Total	<u>\$ 1,794,456</u>	<u>\$ 105,895</u>	<u>\$ 138,413</u>	<u>\$ 75,000</u>	<u>\$ 1,214,634</u>	<u>\$ 3,328,398</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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

(d) Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2008:

	<u>Balance at July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2008</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,755,305	\$ -	\$ -	\$ 8,755,305
Construction in progress	1,496,556	2,114,343	1,345,965	2,264,934
Total capital assets not being depreciated	<u>10,251,861</u>	<u>2,114,343</u>	<u>1,345,965</u>	<u>11,020,239</u>
Capital assets being depreciated:				
Land improvements	6,223,791	9,800	-	6,233,591
Buildings and improvements	11,387,906	7,200	-	11,395,106
Improvements other than buildings	1,133,296	-	-	1,133,296
Machinery and equipment	5,567,099	113,793	112,891	5,568,001
Autos and trucks	3,662,123	191,562	-	3,853,685
Infrastructure	58,657,779	4,916,345	-	63,574,124
Total capital assets being depreciated	<u>86,631,994</u>	<u>5,238,700</u>	<u>112,891</u>	<u>91,757,803</u>
Less accumulated depreciation for:				
Land improvements	320,960	260,280	-	581,240
Buildings and improvements	5,461,608	282,335	-	5,743,943
Improvements other than buildings	895,383	6,290	-	901,673
Machinery and equipment	2,871,507	257,781	112,891	3,016,397
Autos and trucks	2,379,828	308,723	-	2,688,551
Infrastructure	15,383,725	1,867,421	-	17,251,146
Total accumulated depreciation	<u>27,313,011</u>	<u>2,982,830</u>	<u>112,891</u>	<u>30,182,950</u>
Total capital assets being depreciated, net	<u>59,318,983</u>	<u>2,255,870</u>	<u>-</u>	<u>61,574,853</u>
Governmental activities capital assets, net	<u>\$ 69,570,844</u>	<u>\$ 4,370,213</u>	<u>\$ 1,345,965</u>	<u>\$ 72,595,092</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

	Balance at July 1, 2007	Increases	Decreases	Balance at June 30, 2008
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,800,000	\$ -	\$ -	\$ 12,800,000
Construction in progress	295,396	-	295,396	-
	13,095,396	-	295,396	12,800,000
Total capital assets not being depreciated				
	13,095,396	-	295,396	12,800,000
Capital assets being depreciated:				
Buildings and improvements	5,141,477	-	-	5,141,477
Improvements other than buildings	253,490	-	-	253,490
Machinery and equipment	767,709	126,606	-	894,315
Autos and trucks	257,402	-	-	257,402
Infrastructure	30,394,980	1,257,519	-	31,652,499
	36,815,058	1,384,125	-	38,199,183
Total capital assets being depreciated				
	36,815,058	1,384,125	-	38,199,183
Less accumulated depreciation for:				
Buildings and improvements	3,299,429	231,368	-	3,530,797
Improvements other than buildings	177,895	12,081	-	189,976
Machinery and equipment	55,208	28,948	-	84,156
Autos and trucks	74,138	10,763	-	84,901
Infrastructure	15,856,992	563,914	-	16,420,906
	19,463,662	847,074	-	20,310,736
Total accumulated depreciation				
	19,463,662	847,074	-	20,310,736
Total capital assets being depreciated, net				
	17,351,396	537,051	-	17,888,447
Business-type activities capital assets, net				
	\$ 30,446,792	\$ 537,051	\$ 295,396	\$ 30,688,447

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

Governmental activities:	
General government	\$ 44,828
Public safety	330,055
Public works	2,290,160
Community services	292,626
Community development	25,161
	2,982,830
Total Depreciation Expense, Governmental Activities	\$ 2,982,830

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

Business-type activities:

Water	\$ 363,912
Sewer	187,101
Refuse	12,748
Housing Authority	209,293
Children's Museum	34,941
Mobile Home Lease	39,079
	847,074
Total Depreciation Expense, Business-Type Activities	\$ 847,074

(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, 2008:

	Balance at July 1, 2007	Increases	Decreases	Balance at June 30, 2008	Due within One Year
Governmental activities:					
Energy loan agreement	\$ 970,593	\$ -	\$ 68,078	\$ 902,515	\$ 70,895
Energy capital lease agreement	1,143,252	-	47,907	1,095,345	54,308
Notes payable	652,337	-	38,481	613,856	40,349
1999 refunding special tax bonds	2,450,000	-	130,000	2,320,000	140,000
2000 tax allocation bonds	7,325,000	-	120,000	7,205,000	125,000
	12,541,182	-	404,466	12,136,716	430,552
Compensated absences *	3,258,328	2,116,363	1,771,084	3,603,607	1,441,443
	15,799,510	2,116,363	2,175,550	15,740,323	1,871,995
Internal Service Funds Included in					
Governmental Activities:					
1998 Certificates of Participation, Series B	4,345,000	-	190,000	4,155,000	200,000
1998 Certificates of Participation, Series C	855,000	-	35,000	820,000	35,000
	5,200,000	-	225,000	4,975,000	235,000
Less unamortized discount	34,288	-	2,265	32,023	2,265
	5,165,712	-	222,735	4,942,977	232,735
Total long-term debt of governmental activities	\$ 20,965,222	\$ 2,116,363	\$ 2,398,285	\$ 20,683,300	\$ 2,104,730
Business-type activities:					
1998 Certificates of Participation, Series A	\$ 17,845,000	\$ -	\$ 765,000	\$ 17,080,000	\$ 800,000
Internal Service Funds included in business-type activities:					
2003 Revenue Bond, Series A	7,055,000	-	155,000	6,900,000	155,000
	24,900,000	-	920,000	23,980,000	955,000
Less unamortized discount	117,699	-	7,761	109,938	7,761
Total long-term debt of business-type activities	\$ 24,782,301	\$ -	\$ 912,239	\$ 23,870,062	\$ 947,239

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

* 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.

I. 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 \$206,020 for principal and interest during the year ended June 30, 2008.

Fiscal Year Ending June 30	Energy Loan		Energy Capital Lease	
	Principal	Interest	Principal	Interest
2009	\$ 70,896	\$ 34,958	\$ 54,308	\$ 49,997
2010	73,724	32,130	61,127	47,440
2011	76,663	29,190	68,390	44,568
2012	79,653	26,201	76,118	41,362
2013	82,899	22,955	84,338	37,801
2014-2018	466,781	62,487	709,717	129,064
2019	51,899	1,028	41,347	1,297
Totals	\$ 902,515	\$ 208,949	\$ 1,095,345	\$ 351,529

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

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.

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, 2008

At June 30, 2008, 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
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	901,012	741,793	1,150,000	913,358
2014-2018	5,232,699	2,950,656	6,565,000	3,718,639
2019-2023	4,373,948	1,610,393	8,250,000	1,987,301
2024-2028	1,670,000	824,493	1,515,000	792,725
2029-2033	1,959,643	306,234	1,930,000	337,134
2034	-	-	445,000	11,403
	17,111,716	9,795,437	23,980,000	11,867,671
Unamortized discount	(32,023)	32,023	(109,938)	109,938
Totals	<u>\$ 17,079,693</u>	<u>\$ 9,827,460</u>	<u>\$ 23,870,062</u>	<u>\$ 11,977,609</u>

(3) OTHER INFORMATION

During the year ended June 30, 2008, the City implemented GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and 27*.

(a) Pension Plan

Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries of the Miscellaneous Plan of the City of La Habra. The Miscellaneous Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. The City also contributes to the cost sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries of the Safety Police Plan of the City of La Habra. A menu of benefit provisions as well as other requirements are established by State statutes within the Public

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

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.

The funded status of the plan is based on the June 30, 2007 actuarial valuation as follows:

Actuarial Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Actuarial Accrued Liability % of Payroll
<u>Miscellaneous Plan</u>						
6/30/2007	\$ 57,412,196	\$ 59,943,902	\$ 2,468,294	95.7%	\$ 10,518,779	23.5%

The Schedule of Funding Progress presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Cost

For the year ended June 30, 2008, the City's annual pension cost of \$3,592,965 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, 2005, 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, 2007 was 30 years. The information presented below is the latest available.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

Three-Year Trend Information for PERS			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Miscellaenous Plan</u>			
6/30/2006	\$ 1,848,437	100%	\$ -0-
6/30/2007	1,844,800	100%	-0-
6/30/2008	1,901,773	100%	-0-

Three-Year Trend Information for PERS			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Safety Plan</u>			
6/30/2006	\$ 1,639,180	100%	\$ -0-
6/30/2007	1,635,954	100%	-0-
6/30/2008	1,691,192	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.

(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. For the fiscal year ended June 30, 2008, these costs totaled \$4,800.

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.

Additional post-retirement medical benefits are provided to the family of the former City Manager as part of a negotiated benefits package. For the fiscal year ended June 30, 2008, these costs totaled \$21,461.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

(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 \$1,630,185 and \$289,270 for the workers' compensation claims and general liability claims, respectively.

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

	Workers' Compensation	General Liability
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	(1,218,720)	(282,626)
Amount of accrued claims at June 30, 2007	1,539,968	285,707
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	1,221,622	214,492
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	(1,131,405)	(210,929)
Amounts of accrued claims at June 30, 2008	\$ 1,630,185	\$ 289,270

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

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 \$374,784 during the year ended June 30, 2008.

4. *Contractual Commitments*

The City is involved in contractual agreements for construction in progress. As of June 30, 2008, the remaining estimated costs for the contractual agreements are approximately \$4,101,406.

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2008

(d) *Individual Fund Disclosures*

1. *Deficit Fund Balance*

The following funds had deficit fund balances for the year ended June 30, 2008:

Fund	Deficit Amount
Redevelopment Operating Fund	\$ 7,785,349

2. *Excess of Expenditures Over Appropriations*

Fund	Amount Over Budget
Redevelopment Operating Special Revenue Fund	\$ 159,608
Housing and Community Development Special Revenue Fund	188,095
Public Safety Augmentation Special Revenue Fund	79,300
Redevelopment Debt Service Fund	6,927

(4) **SUBSEQUENT EVENT**

The credit crisis subsequent to June 30, 2008, moved beyond its origins in subprime mortgages and began to accelerate in September. The financial market experienced an unprecedented turbulence, and the values of most securities and bonds declined significantly. Given the volatility of the financial market, readers of financial statements may also consider the current financial information.

Investment Type	June 30, 2008	November 30, 2008	\$ Change	% Change
U.S. Treasury	\$ 6,487,606	\$ 8,351,736	\$ 1,864,130	28.7%
Federal agency securities	21,132,591	20,534,131	(598,460)	-2.8%
Corporate medium-term notes	4,160,646	4,143,877	(16,769)	-0.4%
Total	\$ 31,780,843	\$ 33,029,744	\$ 1,248,901	3.9%



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF LA HABRA
Public Employees Retirement System
Schedule of Funding Progress
June 30, 2008

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (a)	Actuarial Asset Value (b)	Unfunded Liability/ (Excess Assets) [(a)-(b)]	Funded Ratio [(b)/(a)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {[(a)-(b)]/(c)}
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%
06/30/07						
Misc.	57,412,196	54,943,902	2,468,294	95.7%	10,518,779	23.5%

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance from
	<u>Original</u>	<u>Final</u>		Final Budget
				(Negative)
Revenues:				
Property taxes and special assessments	\$ 12,247,116	\$ 12,247,116	\$ 12,918,806	\$ 671,690
Sales and use tax	10,189,966	10,189,966	10,298,735	108,769
Utility users tax	2,653,219	2,653,219	2,854,516	201,297
Intergovernmental	496,123	496,123	378,795	(117,328)
Licenses and permits	2,346,200	2,346,200	2,533,955	187,755
Charges for services	4,308,085	4,308,085	4,288,725	(19,360)
Fines, forfeitures, and penalties	1,404,940	1,404,940	922,284	(482,656)
Use of money and property	1,923,100	1,923,100	1,850,306	(72,794)
Total revenues	<u>35,568,749</u>	<u>35,568,749</u>	<u>36,046,122</u>	<u>477,373</u>
Expenditures:				
Current:				
General government	4,184,152	4,184,152	3,608,358	575,794
Public safety	20,469,084	20,469,084	20,210,258	258,826
Public works	4,623,701	4,623,701	4,783,083	(159,382)
Community services	2,637,776	2,637,776	2,565,198	72,578
Community development	1,408,703	1,408,703	1,326,129	82,574
Debt service:				
Principal	47,907	47,907	47,907	-
Interest expense	158,113	158,113	158,113	-
Total expenditures	<u>33,529,436</u>	<u>33,529,436</u>	<u>32,699,046</u>	<u>830,390</u>
Excess (deficiency) of revenues over expenditures	<u>2,039,313</u>	<u>2,039,313</u>	<u>3,347,076</u>	<u>1,307,763</u>
Other financial sources (uses):				
Transfers out	(101,137)	(101,137)	(1,010,042)	(908,905)
Total other financing sources (uses)	<u>(101,137)</u>	<u>(101,137)</u>	<u>(1,010,042)</u>	<u>(908,905)</u>
Net change in fund balance	1,938,176	1,938,176	2,337,034	398,858
Fund balance, beginning of year	<u>11,553,383</u>	<u>11,553,383</u>	<u>11,553,383</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,491,559</u>	<u>\$ 13,491,559</u>	<u>\$ 13,890,417</u>	<u>\$ 398,858</u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Redevelopment Operating Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Charges for services	\$ 26,100	\$ 26,100	\$ 31,374	\$ 5,274
Use of money and property	-	-	29,413	29,413
	<u>26,100</u>	<u>26,100</u>	<u>60,787</u>	<u>34,687</u>
Total revenues				
Expenditures:				
Current:				
Community development	764,231	764,231	1,023,734	(259,503)
Debt service:				
Interest	350,000	350,000	250,105	99,895
	<u>1,114,231</u>	<u>1,114,231</u>	<u>1,273,839</u>	<u>(159,608)</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	(1,088,131)	(1,088,131)	(1,213,052)	(124,921)
Other financing sources (uses):				
Transfers in	1,521,560	1,521,560	1,794,456	272,896
	<u>433,429</u>	<u>433,429</u>	<u>581,404</u>	<u>147,975</u>
Net change in fund balance				
Fund balance, beginning of year	<u>(8,366,753)</u>	<u>(8,366,753)</u>	<u>(8,366,753)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (7,933,324)</u></u>	<u><u>\$ (7,933,324)</u></u>	<u><u>\$ (7,785,349)</u></u>	<u><u>\$ 147,975</u></u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Child Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 5,334,777	\$ 5,706,777	\$ 5,169,980	\$ (536,797)
Use of money and property	-	-	2,479	2,479
Total revenues	<u>5,334,777</u>	<u>5,706,777</u>	<u>5,172,459</u>	<u>(534,318)</u>
Expenditures:				
Current:				
Community services	<u>5,334,777</u>	<u>5,706,777</u>	<u>5,166,722</u>	<u>540,055</u>
Net change in fund balance	-	-	5,737	5,737
Fund balance, beginning of year	<u>10,117</u>	<u>10,117</u>	<u>10,117</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 10,117</u></u>	<u><u>\$ 10,117</u></u>	<u><u>\$ 15,854</u></u>	<u><u>\$ 5,737</u></u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Note to Required Supplementary Information
June 30, 2008

(1) 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.

(a) Excess of Expenditures Over Appropriations

Fund	Amount Over Budget
Redevelopment Operating Special Revenue Fund	\$ 159,608



SUPPLEMENTARY INFORMATION



CITY OF LA HABRA
Other Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 2,271,840	\$ 2,271,840
Use of money and property	-	442,519	442,519
	<hr/>	<hr/>	<hr/>
Total revenues	-	2,714,359	2,714,359
Expenditures:			
Current:			
Community development	326,574	1,723,686	(1,397,112)
Capital outlay	5,380,710	939,524	4,441,186
Debt service:			
Principal	-	68,078	(68,078)
Interest	-	37,776	(37,776)
	<hr/>	<hr/>	<hr/>
Total expenditures	5,707,284	2,769,064	2,938,220
Net change in fund balance	(5,707,284)	(54,705)	5,652,579
Fund balance, beginning of year	<hr/>	<hr/>	<hr/>
	7,212,917	7,212,917	-
Fund balance, end of year	<u>\$ 1,505,633</u>	<u>\$ 7,158,212</u>	<u>\$ 5,652,579</u>





CITY OF LA HABRA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds			
	State Gas Tax	Park and Capital Development	Air Quality Improvement	Law Enforcement
Assets:				
Cash and investments	\$ 1,761,606	\$ 406,171	\$ 126,099	\$ 162,372
Cash and investments with fiscal agent	-	-	-	-
Receivables	-	-	-	-
Due from other governments	366,350	-	19,500	59,249
Land held for resale	-	-	-	-
Total assets	\$ 2,127,956	\$ 406,171	\$ 145,599	\$ 221,621
Liabilities:				
Accounts payable	\$ 7,600	\$ -	\$ 28,383	\$ 1,649
Accrued liabilities	516	-	-	70,890
Due to other funds	-	-	-	-
Total liabilities	8,116	-	28,383	72,539
Fund balances:				
Reserved:				
Debt service	-	-	-	-
Land held for resale	-	-	-	-
Low-moderate income housing	-	-	-	-
Encumbrances	342,661	-	-	-
Unreserved-undesignated:				
Special revenue funds	1,777,179	406,171	117,216	149,082
Capital projects funds	-	-	-	-
Total fund balances	2,119,840	406,171	117,216	149,082
Total liabilities and fund balances	\$ 2,127,956	\$ 406,171	\$ 145,599	\$ 221,621

Special Revenue Funds				Debt Service Funds
Housing and Community Development	Manpower	Measure M	Public Safety Augmentation	Redevelopment Debt Service
\$ -	\$ -	\$ 1,792,339	\$ 476,095	\$ -
-	-	-	-	279,752
-	42	541	-	14,436
226,070	163,819	119,925	40,709	-
-	-	-	-	-
<u>\$ 226,070</u>	<u>\$ 163,861</u>	<u>\$ 1,912,805</u>	<u>\$ 516,804</u>	<u>\$ 294,188</u>
\$ 48,116	\$ 5,758	\$ 62,462	\$ 1,094	\$ 8,000
7,737	12,272	4,223	-	-
59,159	108,279	-	-	6,522
<u>115,012</u>	<u>126,309</u>	<u>66,685</u>	<u>1,094</u>	<u>14,522</u>
-	-	-	-	279,666
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
111,058	37,552	1,846,120	515,710	-
-	-	-	-	-
<u>111,058</u>	<u>37,552</u>	<u>1,846,120</u>	<u>515,710</u>	<u>279,666</u>
<u>\$ 226,070</u>	<u>\$ 163,861</u>	<u>\$ 1,912,805</u>	<u>\$ 516,804</u>	<u>\$ 294,188</u>

(Continued)

CITY OF LA HABRA
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2008

	<u>Debt Service</u>	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Funds</u>	<u>Redevelopment</u>	<u>Low-Moderate</u>	
	<u>Other</u>	<u>Capital</u>	<u>Income</u>	
	<u>Debt</u>	<u>Projects</u>	<u>Housing</u>	
	<u>Service</u>			
Assets:				
Cash and investments	\$ -	\$ -	\$ 2,169,903	\$ 6,894,585
Cash and investments with fiscal agent	-	2,575,473	-	2,855,225
Receivables	-	-	3,609	18,628
Due from other governments	-	-	-	995,622
Land held for resale	-	-	111,000	111,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ -	\$ 2,575,473	\$ 2,284,512	\$ 10,875,060
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities:				
Accounts payable	\$ -	\$ 840	\$ 7,673	\$ 171,575
Accrued liabilities	-	-	3,514	99,152
Due to other funds	-	34,974	-	208,934
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	35,814	11,187	479,661
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Reserved:				
Debt service	-	-	-	279,666
Land held for resale	-	-	111,000	111,000
Low-moderate income housing	-	-	1,993,287	1,993,287
Encumbrances	-	-	169,038	511,699
Unreserved-undesignated:				
Special revenue funds	-	-	-	4,960,088
Capital projects funds	-	2,539,659	-	2,539,659
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	-	2,539,659	2,273,325	10,395,399
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ -	\$ 2,575,473	\$ 2,284,512	\$ 10,875,060
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



CITY OF LA HABRA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds			
	State Gas Tax	Park and Capital Development	Air Quality Improvement	Law Enforcement
Revenues:				
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,150,868	218,069	144,975	439,362
Use of money and property	110,326	19,772	8,634	10,389
Total revenues	<u>1,261,194</u>	<u>237,841</u>	<u>153,609</u>	<u>449,751</u>
Expenditures:				
Current:				
General government	-	-	167,929	-
Intergovernmental	-	-	-	-
Public safety	-	-	-	444,547
Public works	92,062	-	-	-
Manpower	-	-	-	-
Community development	-	-	-	-
Capital outlay	1,161,610	-	-	-
Debt service:				
Principal	-	-	-	-
Interest expense	-	-	-	1,588
Total expenditures	<u>1,253,672</u>	<u>-</u>	<u>167,929</u>	<u>446,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,522</u>	<u>237,841</u>	<u>(14,320)</u>	<u>3,616</u>
Other financing sources (uses):				
Transfers in	-	-	-	11,533
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,533</u>
Net change in fund balances	7,522	237,841	(14,320)	15,149
Fund balances, beginning of year	<u>2,112,318</u>	<u>168,330</u>	<u>131,536</u>	<u>133,933</u>
Fund balances, end of year	<u>\$ 2,119,840</u>	<u>\$ 406,171</u>	<u>\$ 117,216</u>	<u>\$ 149,082</u>

Special Revenue Funds				Debt Service Funds
Housing and Community Development	Manpower	Measure M	Public Safety Augmentation	Redevelopment Debt Service
\$ -	\$ -	\$ -	\$ -	\$ 2,622,802
1,018,685	947,765	4,357,162	240,270	-
-	-	10,889	36,249	9,702
<u>1,018,685</u>	<u>947,765</u>	<u>4,368,051</u>	<u>276,519</u>	<u>2,632,504</u>
-	-	-	-	-
-	-	-	-	14,426
-	-	-	279,300	-
-	-	648,558	-	-
-	960,798	-	-	-
984,190	-	-	-	-
34,494	-	1,669,842	-	-
-	-	-	-	250,000
-	-	-	-	551,460
<u>1,018,684</u>	<u>960,798</u>	<u>2,318,400</u>	<u>279,300</u>	<u>815,886</u>
<u>1</u>	<u>(13,033)</u>	<u>2,049,651</u>	<u>(2,781)</u>	<u>1,816,618</u>
-	-	-	-	-
-	-	-	(2,628)	(1,820,181)
-	-	-	(2,628)	(1,820,181)
<u>1</u>	<u>(13,033)</u>	<u>2,049,651</u>	<u>(5,409)</u>	<u>(3,563)</u>
<u>111,057</u>	<u>50,585</u>	<u>(203,531)</u>	<u>521,119</u>	<u>283,229</u>
<u>\$ 111,058</u>	<u>\$ 37,552</u>	<u>\$ 1,846,120</u>	<u>\$ 515,710</u>	<u>\$ 279,666</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, 2008

	<u>Debt Service</u>	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Funds</u>	<u>Redevelopment</u>	<u>Low-Moderate</u>	
	<u>Other</u>	<u>Capital</u>	<u>Income</u>	
	<u>Debt</u>	<u>Projects</u>	<u>Housing</u>	
	<u>Service</u>			
Revenues:				
Property taxes and special assessments	\$ -	\$ -	\$ 585,986	\$ 3,208,788
Intergovernmental	-	-	-	8,517,156
Use of money and property	-	188,920	86,974	481,855
Total revenues	-	188,920	672,960	12,207,799
Expenditures:				
Current:				
General government	-	-	-	167,929
Intergovernmental	-	-	-	14,426
Public safety	-	-	-	723,847
Public works	-	-	-	740,620
Manpower	-	-	-	960,798
Community development	-	22,219	490,194	1,496,603
Capital outlay	-	-	-	2,865,946
Debt service:				
Principal	38,481	-	-	288,481
Interest expense	30,156	-	-	583,204
Total expenditures	68,637	22,219	490,194	7,841,854
Excess (deficiency) of revenues over (under) expenditures	(68,637)	166,701	182,766	4,365,945
Other financing sources (uses):				
Transfers in	68,637	-	25,725	105,895
Transfers out	-	-	-	(1,822,809)
Total other financing sources (uses)	68,637	-	25,725	(1,716,914)
Net change in fund balances	-	166,701	208,491	2,649,031
Fund balances, beginning of year	-	2,372,958	2,064,834	7,746,368
Fund balances, end of year	\$ -	\$ 2,539,659	\$ 2,273,325	\$ 10,395,399



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	\$ 1,130,207	\$ 1,150,868	\$ 20,661
Use of money and property	15,000	110,326	95,326
	<u>1,145,207</u>	<u>1,261,194</u>	<u>115,987</u>
Expenditures:			
Current:			
Public works	173,734	92,062	81,672
Capital outlay	1,080,640	1,161,610	(80,970)
	<u>1,254,374</u>	<u>1,253,672</u>	<u>702</u>
Net change in fund balance	(109,167)	7,522	116,689
Fund balance, beginning of year	<u>2,112,318</u>	<u>2,112,318</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,003,151</u>	<u>\$ 2,119,840</u>	<u>\$ 116,689</u>

CITY OF LA HABRA
Park and Capital Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 160,000	\$ 218,069	\$ 58,069
Use of money and property	6,000	19,772	13,772
 Total Revenues	 166,000	 237,841	 71,841
Expenditures:			
Capital outlay	100,000	-	100,000
 Total Expenditures	 100,000	 -	 100,000
 Net Change in Fund Balance	 66,000	 237,841	 171,841
 Fund balance, beginning of year	 168,330	 168,330	 -
 Fund balance, end of year	 <u>\$ 234,330</u>	 <u>\$ 406,171</u>	 <u>\$ 171,841</u>

CITY OF LA HABRA
Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 140,458	\$ 144,975	\$ 4,517
Use of money and property	800	8,634	7,834
	<u>141,258</u>	<u>153,609</u>	<u>12,351</u>
Expenditures:			
Current:			
General government	168,744	167,929	815
	<u>(27,486)</u>	<u>(14,320)</u>	<u>13,166</u>
Fund balance, beginning of year	<u>131,536</u>	<u>131,536</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 104,050</u></u>	<u><u>\$ 117,216</u></u>	<u><u>\$ 13,166</u></u>

CITY OF LA HABRA
Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 568,752	\$ 439,362	\$ (129,390)
Use of money and property	2,000	10,389	8,389
	<u>570,752</u>	<u>449,751</u>	<u>(121,001)</u>
Expenditures:			
Current:			
Public safety	544,176	444,547	99,629
Debt Service:			
Interest Expense	-	1,588	(1,588)
	<u>544,176</u>	<u>446,135</u>	<u>98,041</u>
Excess (deficiency) of revenues over (under) expenditures	26,576	3,616	(22,960)
Other financing sources:			
Transfers in	47,993	11,533	(36,460)
Net change in fund balance	74,569	15,149	(59,420)
Fund balance, beginning of year	<u>133,933</u>	<u>133,933</u>	<u>-</u>
Fund balance, end of year	<u>\$ 208,502</u>	<u>\$ 149,082</u>	<u>\$ (59,420)</u>

CITY OF LA HABRA
Housing and Community Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 830,589	\$ 1,018,685	\$ 188,096
Expenditures:			
Current:			
Community development	688,959	984,190	(295,231)
Capital outlay	141,630	34,494	107,136
Total expenditures	830,589	1,018,684	(188,095)
Net change in fund balance	-	1	1
Fund balance, beginning of year	111,057	111,057	-
Fund balance, end of year	\$ 111,057	\$ 111,058	\$ 1

CITY OF LA HABRA
Manpower Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,048,700	\$ 947,765	\$ (100,935)
Expenditures:			
Current:			
Manpower	1,048,700	960,798	87,902
Net change in fund balance	-	(13,033)	(13,033)
Fund balance, beginning of year	50,585	50,585	-
Fund balance, end of year	\$ 50,585	\$ 37,552	\$ (13,033)

CITY OF LA HABRA
Measure M Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 16,159,302	\$ 4,357,162	\$ (11,802,140)
Use of money and property	-	10,889	10,889
	<u>16,159,302</u>	<u>4,368,051</u>	<u>(11,791,251)</u>
Total Revenues			
Expenditures:			
Current:			
Public works	263,311	648,558	(385,247)
Capital outlay	<u>15,081,000</u>	<u>1,669,842</u>	<u>13,411,158</u>
	<u>15,344,311</u>	<u>2,318,400</u>	<u>13,025,911</u>
Total expenditures			
Net change in fund balance	814,991	2,049,651	1,234,660
Fund balance, beginning of year	<u>(203,531)</u>	<u>(203,531)</u>	-
Fund balance, end of year	<u>\$ 611,460</u>	<u>\$ 1,846,120</u>	<u>\$ 1,234,660</u>

CITY OF LA HABRA
Public Safety Augmentation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 260,000	240,270	\$ (19,730)
Use of money and property	15,000	36,249	21,249
Total revenues	<u>275,000</u>	<u>276,519</u>	<u>1,519</u>
Expenditures:			
Current:			
Public safety	<u>200,000</u>	<u>279,300</u>	<u>(79,300)</u>
Excess (deficiency) of revenues over expenditures	75,000	(2,781)	(77,781)
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(2,628)</u>	<u>(2,628)</u>
Net change in fund balance	75,000	(5,409)	(80,409)
Fund balance, beginning of year	<u>521,119</u>	<u>521,119</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 596,119</u></u>	<u><u>\$ 515,710</u></u>	<u><u>\$ (80,409)</u></u>

CITY OF LA HABRA
Redevelopment Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes and special assessments	\$ 2,316,020	2,622,802	\$ 306,782
Use of money and property	14,500	9,702	(4,798)
Total revenues	2,330,520	2,632,504	301,984
Expenditures:			
Current:			
Intergovernmental	7,500	14,427	(6,927)
Debt service:			
Principal	250,000	250,000	-
Interest expense	551,460	551,460	-
Total expenditures	808,960	815,887	(6,927)
Excess (deficiency) of revenues over expenditures	1,521,560	1,816,617	295,057
Other financing (uses):			
Transfers out	(1,521,560)	(1,820,180)	(298,620)
Net change in fund balance	-	(3,563)	(3,563)
Fund balance, beginning of year	283,229	283,229	-
Fund balance, end of year	\$ 283,229	\$ 279,666	\$ (3,563)

CITY OF LA HABRA
Other Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Debt service:			
Principal	\$ 38,481	\$ 38,481	\$ -
Interest expense	30,156	30,156	-
	<u>68,637</u>	<u>68,637</u>	<u>-</u>
Total expenditures			
	<u>68,637</u>	<u>68,637</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(68,637)	(68,637)	-
Other financing sources:			
Transfers in	<u>68,637</u>	<u>68,637</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF LA HABRA
Redevelopment Capital Projects
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 188,920	\$ 188,920
Expenditures:			
Current:			
Community development	655,787	22,219	633,568
Capital outlay	883,586	-	883,586
Total expenditures	1,539,373	22,219	1,517,154
Net change in fund balance	(1,539,373)	166,701	1,706,074
Fund balance, beginning of year	2,372,958	2,372,958	-
Fund balance, end of year	\$ 833,585	\$ 2,539,659	\$ 1,706,074

CITY OF LA HABRA
Low-Moderate Income Housing Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes and special assessments	\$ 509,505	\$ 585,986	\$ 76,481
Use of money and property	50,000	86,974	36,974
Total revenues	<u>559,505</u>	<u>672,960</u>	<u>113,455</u>
Expenditures:			
Current:			
Community development	<u>1,213,494</u>	<u>490,194</u>	<u>723,300</u>
Excess (deficiency) of revenues over expenditures	(653,989)	182,766	836,755
Other financing sources:			
Transfers in	<u>-</u>	<u>25,725</u>	<u>25,725</u>
Net change in fund balance	(653,989)	208,491	862,480
Fund balance, beginning of year	<u>2,064,834</u>	<u>2,064,834</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,410,845</u></u>	<u><u>\$ 2,273,325</u></u>	<u><u>\$ 862,480</u></u>





CITY OF LA HABRA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2008

	Children's Museum	Mobile Home Lease	Total
Assets:			
Current assets:			
Cash and investments	\$ 159	\$ 1,236,063	\$ 1,236,222
Accounts receivable, net	1,600	24,761	26,361
Prepaid items	-	19,121	19,121
Due from other governments	142,762	-	142,762
Total current assets	144,521	1,279,945	1,424,466
Noncurrent assets:			
Capital assets, net	498,041	1,448,228	1,946,269
Total assets	642,562	2,728,173	3,370,735
Liabilities:			
Current Liabilities:			
Accounts payable	4,505	13,281	17,786
Accrued liabilities	9,855	-	9,855
Due to other funds	66,093	-	66,093
Advances from other funds	-	2,000,000	2,000,000
Total liabilities	80,453	2,013,281	2,093,734
Net assets:			
Invested in capital assets	498,041	1,448,228	1,946,269
Unrestricted (deficit)	64,068	(733,336)	(669,268)
Total net assets	\$ 562,109	\$ 714,892	\$ 1,277,001

CITY OF LA HABRA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 380,604	\$ 2,539,845	\$ 2,920,449
Intergovernmental	53,784	-	53,784
	<u>434,388</u>	<u>2,539,845</u>	<u>2,974,233</u>
Total operating revenues			
Operating expenses:			
Contractual services	12,596	307,371	319,967
Wages and fringe benefits	400,380	1,464	401,844
Equipment and maintenance	3,732	101,968	105,700
Materials and supplies	534	-	534
Utilities	25,291	249,487	274,778
Depreciation and amortization	34,941	39,079	74,020
Administration	55,214	1,705,984	1,761,198
	<u>532,688</u>	<u>2,405,353</u>	<u>2,938,041</u>
Total operating expenses			
Operating income (loss)	<u>(98,300)</u>	<u>134,492</u>	<u>36,192</u>
Nonoperating revenues (expenses):			
Interest income	(3,130)	22,243	19,113
Gain (loss) on sale of investments	(1,162)	14,134	12,972
	<u>(4,292)</u>	<u>36,377</u>	<u>32,085</u>
Total nonoperating revenues			
Income (loss) before transfers	(102,592)	170,869	68,277
Transfers in	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Change in net assets	(27,592)	170,869	143,277
Net assets, beginning of year	<u>589,701</u>	<u>544,023</u>	<u>1,133,724</u>
Net assets, end of year	<u>\$ 562,109</u>	<u>\$ 714,892</u>	<u>\$ 1,277,001</u>

CITY OF LA HABRA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

	Children's Museum	Mobile Home Lease	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 305,653	\$ 2,531,073	\$ 2,836,726
Receipts from interfund services provided	115,121	-	115,121
Payments to suppliers	(30,848)	(2,298,127)	(2,328,975)
Cash paid for internal services provided	(69,407)	(69,357)	(138,764)
Payments to employees	(398,299)	(1,464)	(399,763)
	<u>(77,780)</u>	<u>162,125</u>	<u>84,345</u>
Net cash provided by (used in) operating activities			
Cash flows from noncapital financing activities:			
Transfers from other funds	75,000	-	75,000
Due to other funds	7,231	-	7,231
	<u>82,231</u>	<u>-</u>	<u>82,231</u>
Net cash provided by noncapital financing activities			
Cash flows from investing activities:			
(Purchase) sale of short-term investments	(1,162)	14,134	12,972
Interest on investments	(3,130)	22,243	19,113
	<u>(4,292)</u>	<u>36,377</u>	<u>32,085</u>
Net cash provided by (used in) investing activities			
Net increase (decrease) in cash and cash equivalents	159	198,502	198,661
Cash and cash equivalents, beginning of year	<u>-</u>	<u>1,037,561</u>	<u>1,037,561</u>
Cash and cash equivalents, end of year	<u>\$ 159</u>	<u>\$ 1,236,063</u>	<u>\$ 1,236,222</u>

(Continued)

CITY OF LA HABRA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended June 30, 2008

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating Income (Loss)	\$ (98,300)	\$ 134,492	\$ 36,192
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	34,941	39,079	74,020
Change in assets and liabilities:			
(Increase) decrease in receivables	12,899	(8,773)	4,126
(Increase) decrease in from other governments	(26,515)	-	(26,515)
(Increase) decrease in prepaid items	-	(2,012)	(2,012)
Increase (decrease) in accrued liabilities and accounts payable	(805)	(661)	(1,466)
Total adjustments	<u>20,520</u>	<u>27,633</u>	<u>48,153</u>
Net cash provided by (used in) operating activities	<u>\$ (77,780)</u>	<u>\$ 162,125</u>	<u>\$ 84,345</u>





CITY OF LA HABRA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Assets:			
Current assets:			
Cash and investments	\$ 62,419	\$ 3,064,616	\$ 1,022,792
Accounts receivable, net	1,736	-	177
Prepays	-	-	-
Due from other governments	3,945	-	-
Inventory	90,242	-	-
Total current assets	<u>158,342</u>	<u>3,064,616</u>	<u>1,022,969</u>
Noncurrent assets:			
Cash and investments with fiscal agents	-	-	-
Advances to other funds	-	-	-
Deferred charges	-	-	-
Capital assets, net of accumulated depreciation	-	-	119,202
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>119,202</u>
Total assets	<u>158,342</u>	<u>3,064,616</u>	<u>1,142,171</u>
Liabilities:			
Current liabilities:			
Accounts payable	108,448	10,366	70,596
Accrued liabilities	9,562	1,923,293	8,882
Accrued interest	-	-	-
Compensated absences	-	-	-
Due to other funds	-	-	-
Certificates of participation, current	-	-	-
Water revenue bonds, current	-	-	-
Total current liabilities	<u>118,010</u>	<u>1,933,659</u>	<u>79,478</u>
Noncurrent liabilities:			
Certificates of participation	-	-	-
Water revenue bonds	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>118,010</u>	<u>1,933,659</u>	<u>79,478</u>
Net assets:			
Invested in capital assets	-	-	119,202
Unrestricted	40,332	1,130,957	943,491
Total net assets	<u>\$ 40,332</u>	<u>\$ 1,130,957</u>	<u>\$ 1,062,693</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
\$ 197,288	\$ 1,517,486	\$ 1,541,480	\$ 7,406,081
-	-	-	1,913
-	204,325	-	204,325
-	-	-	3,945
-	-	-	90,242
<u>197,288</u>	<u>1,721,811</u>	<u>1,541,480</u>	<u>7,706,506</u>
5,336,194	-	-	5,336,194
12,466,214	-	-	12,466,214
828,850	-	-	828,850
-	1,592,953	-	1,712,155
<u>18,631,258</u>	<u>1,592,953</u>	<u>-</u>	<u>20,343,413</u>
<u>18,828,546</u>	<u>3,314,764</u>	<u>1,541,480</u>	<u>28,049,919</u>
-	225,738	-	415,148
-	-	-	1,941,737
148,229	-	-	148,229
-	-	1,441,443	1,441,443
4,857,665	-	-	4,857,665
235,000	-	-	235,000
155,000	-	-	155,000
<u>5,395,894</u>	<u>225,738</u>	<u>1,441,443</u>	<u>9,194,222</u>
4,707,971	-	-	4,707,971
6,745,000	-	-	6,745,000
<u>11,452,971</u>	<u>-</u>	<u>-</u>	<u>11,452,971</u>
<u>16,848,865</u>	<u>225,738</u>	<u>1,441,443</u>	<u>20,647,193</u>
-	1,592,953	-	1,712,155
1,979,681	1,496,073	100,037	5,690,571
<u>\$ 1,979,681</u>	<u>\$ 3,089,026</u>	<u>\$ 100,037</u>	<u>\$ 7,402,726</u>

CITY OF LA HABRA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2008

	Fleet Management	Risk Management	Information Systems
Operating revenues:			
Charges for services	\$ 641,508	\$ 1,749,692	\$ 657,062
Total operating revenues	<u>641,508</u>	<u>1,749,692</u>	<u>657,062</u>
Operating expenses:			
Contractual services	56,439	203,681	30,742
Wages and fringe benefits	398,340	153,174	367,523
Benefits and claims	-	795,712	-
Equipment and maintenance	18,821	-	95,647
Materials and supplies	479,835	-	27,688
Utilities	-	-	158,443
Depreciation and amortization	-	-	31,205
Administration	23,896	426,703	14,221
Total operating expenses	<u>977,331</u>	<u>1,579,270</u>	<u>725,469</u>
Operating income (loss)	<u>(335,823)</u>	<u>170,422</u>	<u>(68,407)</u>
Nonoperating revenues (expenses):			
Interest income	-	134,144	34,419
Interest (expense)	(4,268)	-	-
Gain (loss) on sale of investment	(1,459)	42,252	11,897
Total nonoperating revenues	<u>(5,727)</u>	<u>176,396</u>	<u>46,316</u>
Income (loss) before transfers	<u>(341,550)</u>	<u>346,818</u>	<u>(22,091)</u>
Transfers in	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Changes in net assets	(91,550)	346,818	227,909
Net assets, beginning of year	<u>131,882</u>	<u>784,139</u>	<u>834,784</u>
Net assets, end of year	<u>\$ 40,332</u>	<u>\$ 1,130,957</u>	<u>\$ 1,062,693</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
\$ -	\$ 339,324	\$ -	\$ 3,387,586
-	339,324	-	3,387,586
25,967	-	-	316,829
-	-	276,796	1,195,833
-	-	-	795,712
-	148,800	-	263,268
-	-	-	507,523
-	-	-	158,443
51,297	364,900	-	447,402
-	-	-	464,820
77,264	513,700	276,796	4,149,830
(77,264)	(174,376)	(276,796)	(762,244)
433,793	59,883	65,428	727,667
(562,919)	-	-	(567,187)
389	19,182	22,822	95,083
(128,737)	79,065	88,250	255,563
(206,001)	(95,311)	(188,546)	(506,681)
314,634	200,000	200,000	1,214,634
108,633	104,689	11,454	707,953
1,871,048	2,984,337	88,583	6,694,773
\$ 1,979,681	\$ 3,089,026	\$ 100,037	\$ 7,402,726

CITY OF LA HABRA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 44,072	\$ 1,749,692	\$ 672,175
Payments to suppliers	600,324	(1,334,684)	(296,391)
Cash paid for interfund services provided	(546,655)	(5,304)	(9,600)
Payments to employees	(391,868)	(152,194)	(364,384)
Net cash provided by (used in) operating activities	<u>(294,127)</u>	<u>257,510</u>	<u>1,800</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	250,000	-	250,000
Advances to other funds	-	-	-
Due to other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	-	(63,924)
Principal paid on capital debt	-	-	-
Interest paid on capital debt	(4,268)	-	-
Net cash provided by (used for) capital and related financing activities	<u>(4,268)</u>	<u>-</u>	<u>(63,924)</u>
Cash flows from investing activities:			
(Purchase) sale of investments	(1,459)	42,252	11,897
Interest on investments	-	134,144	34,419
Net cash provided by investing activities	<u>(1,459)</u>	<u>176,396</u>	<u>46,316</u>
Net increase (decrease) in cash and cash equivalents	(49,854)	433,906	234,192
Cash and cash equivalents, beginning of year	<u>112,273</u>	<u>2,630,710</u>	<u>788,600</u>
Cash and cash equivalents, end of year	<u>\$ 62,419</u>	<u>\$ 3,064,616</u>	<u>\$ 1,022,792</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
\$ -	\$ 339,324	\$ -	\$ 2,805,263
(25,967)	(164,174)	-	(1,220,892)
-	-	-	(561,559)
-	-	(139,955)	(1,048,401)
<u>(25,967)</u>	<u>175,150</u>	<u>(139,955)</u>	<u>(25,589)</u>
314,634	200,000	200,000	1,214,634
380,000	-	-	380,000
137,665	-	-	137,665
<u>832,299</u>	<u>200,000</u>	<u>200,000</u>	<u>1,732,299</u>
-	(191,562)	-	(255,486)
(377,735)	-	-	(377,735)
(567,004)	-	-	(571,272)
<u>(944,739)</u>	<u>(191,562)</u>	<u>-</u>	<u>(1,204,493)</u>
(124,288)	19,182	22,822	(29,594)
433,793	59,883	65,428	727,667
<u>309,505</u>	<u>79,065</u>	<u>88,250</u>	<u>698,073</u>
171,098	262,653	148,295	1,200,290
26,190	1,254,833	1,393,185	6,205,791
<u>\$ 197,288</u>	<u>\$ 1,517,486</u>	<u>\$ 1,541,480</u>	<u>\$ 7,406,081</u>

(Continued)

CITY OF LA HABRA
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2008

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating Income (Loss)	\$ (335,823)	\$ 170,422	\$ (68,407)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and amortization	-	-	31,205
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	14,565	-	3,476
(Increase) decrease in due from other governments	2,887	-	-
(Increase) decrease in inventory	(67,057)	-	-
(Increase) decrease in prepaid items	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	<u>91,301</u>	<u>87,088</u>	<u>35,526</u>
Total adjustments	<u>41,696</u>	<u>87,088</u>	<u>70,207</u>
Net cash provided by (used in) operating activities	<u>\$ (294,127)</u>	<u>\$ 257,510</u>	<u>\$ 1,800</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
<u>\$ (77,264)</u>	<u>\$ (174,376)</u>	<u>\$ (276,796)</u>	<u>\$ (762,244)</u>
51,297	364,900	-	447,402
-	-	-	18,041
-	-	-	2,887
-	-	-	(67,057)
-	(204,325)	-	(204,325)
<u>-</u>	<u>188,951</u>	<u>136,841</u>	<u>539,707</u>
<u>51,297</u>	<u>349,526</u>	<u>136,841</u>	<u>736,655</u>
<u><u>\$ (25,967)</u></u>	<u><u>\$ 175,150</u></u>	<u><u>\$ (139,955)</u></u>	<u><u>\$ (25,589)</u></u>



CITY OF LA HABRA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Assets:				
Cash and investments	\$ 10,545,116	\$ 1,822,335	\$ (1,415,872)	\$ 10,951,579
Total assets	<u>\$ 10,545,116</u>	<u>\$ 1,822,335</u>	<u>\$ (1,415,872)</u>	<u>\$ 10,951,579</u>
Liabilities:				
Accounts payable	\$ 3,448	\$ 719,702	\$ (655,863)	\$ 67,287
Accrued liabilities	21,073	192,988	(192,452)	21,609
Deposits	<u>10,520,595</u>	<u>1,848,524</u>	<u>(1,506,436)</u>	<u>10,862,683</u>
Total liabilities	<u>\$ 10,545,116</u>	<u>\$ 2,761,214</u>	<u>\$ (2,354,751)</u>	<u>\$ 10,951,579</u>



STATISTICAL SECTION



CITY OF LA HABRA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2008

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>	106-116
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>	117-122
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>	123-136
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>	137-138
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>	139-149

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 Six 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	2008
\$ 60,254,071	\$ 61,866,707	\$ 62,720,405
2,425,184	2,962,479	3,060,362
11,732,953	14,541,105	22,800,535
<u>\$ 74,412,208</u>	<u>\$ 79,370,291</u>	<u>\$ 88,581,302</u>
\$ 14,083,243	\$ 14,387,460	\$ 6,818,385
-	-	-
13,398,329	18,275,101	28,336,251
<u>\$ 27,481,572</u>	<u>\$ 32,662,561</u>	<u>\$ 35,154,636</u>
\$ 74,337,314	\$ 76,254,167	\$ 69,538,790
2,425,184	2,962,479	3,060,362
25,131,282	32,816,206	51,136,786
<u>\$ 101,893,780</u>	<u>\$ 112,032,852</u>	<u>\$ 123,735,938</u>

CITY OF LA HABRA
Changes in Net Assets
Last Six 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	2008
\$ 2,466,028	\$ 1,727,569	\$ 2,450,872
351,407	38,142	14,426
20,751,487	20,806,295	21,264,160
5,829,033	7,399,852	7,813,863
441,946	787,929	960,798
7,609,897	7,623,969	8,024,546
3,717,217	3,886,883	5,595,313
824,152	812,194	1,250,321
<u>41,991,167</u>	<u>43,082,833</u>	<u>47,374,299</u>
7,591,959	8,557,829	9,091,989
912,741	930,137	1,237,713
1,681,163	1,988,194	961,673
5,101,290	5,392,422	5,874,526
<u>15,287,153</u>	<u>16,868,582</u>	<u>17,165,901</u>
<u>\$ 57,278,320</u>	<u>\$ 59,951,415</u>	<u>\$ 64,540,200</u>
\$ 1,940	\$ 2,032	\$ 310
3,272,096	2,790,739	3,017,854
1,739,998	930,670	1,217,844
1,268,886	1,221,241	1,269,778
6,155,825	7,403,668	7,708,528
2,841,673	3,010,784	8,343,602
<u>15,280,418</u>	<u>15,359,134</u>	<u>21,557,916</u>
8,625,652	9,753,270	10,207,199
791,592	878,314	1,351,929
1,951,143	1,915,376	1,984,399
10,094,887	5,462,799	5,958,707
<u>21,463,274</u>	<u>18,009,759</u>	<u>19,502,234</u>
<u>\$ 36,743,692</u>	<u>\$ 33,368,893</u>	<u>\$ 41,060,150</u>
(26,710,749)	(27,723,699)	(25,816,383)
6,176,121	1,141,177	2,336,333
<u>\$ (20,534,628)</u>	<u>\$ (26,582,522)</u>	<u>\$ (23,480,050)</u>

(Continued)

CITY OF LA HABRA
Changes in Net Assets (Continued)
Last Six 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	2008
13,768,880	14,975,673	16,127,594
9,208,476	9,853,179	10,298,735
1,807,537	1,996,481	1,377,380
5,128,226	5,293,525	2,854,515
399,436	398,603	-
705,613	724,228	619,065
801,623	1,601,295	3,473,466
885,929	717,424	309,139
(85,000)	85,283	(32,500)
32,620,720	35,645,691	35,027,394
481,537	1,161,184	123,242
-	-	-
-	-	-
-	-	-
85,000	(85,283)	32,500
566,537	1,075,901	155,742
\$ 33,187,257	\$ 36,721,592	\$ 35,183,136
\$ 5,909,971	\$ 7,921,992	\$ 9,211,011
6,742,658	2,217,078	2,492,075
\$ 12,652,629	\$ 10,139,070	\$ 11,703,086

CITY OF LA HABRA
Fund Balances of Governmental Funds
Last Six 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	<u>\$ 9,062,377</u>	<u>\$ 8,843,459</u>	<u>\$ 10,236,147</u>
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	<u>\$ 17,097,599</u>	<u>\$ 15,009,993</u>	<u>\$ 7,520,632</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	2008
\$ 2,984,541	\$ 3,473,165	\$ 11,007,923
7,925,672	8,080,218	2,882,494
<u>\$ 10,910,213</u>	<u>\$ 11,553,383</u>	<u>\$ 13,890,417</u>
\$ 6,530,768	\$ 6,387,594	\$ 7,105,221
771,473	157,435	(5,811,745)
-	-	-
(4,969,337)	57,620	8,490,640
<u>\$ 2,332,904</u>	<u>\$ 6,602,649</u>	<u>\$ 9,784,116</u>

CITY OF LA HABRA
Changes in Fund Balances of Governmental Funds
Last Six 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	2008
\$ 13,768,879	\$ 14,975,672	\$ 16,127,594
9,208,476	9,853,179	10,298,735
5,128,227	5,293,525	2,854,516
10,474,304	10,872,124	16,337,771
3,003,519	3,005,752	2,533,955
4,736,754	4,217,788	4,320,099
711,923	827,929	922,284
886,846	1,325,055	2,806,572
<u>47,918,928</u>	<u>50,371,024</u>	<u>56,201,526</u>
3,190,161	3,284,442	3,776,287
351,407	38,142	14,426
20,189,955	20,508,001	20,934,105
4,883,604	5,164,358	5,523,703
441,946	787,929	960,798
7,326,891	7,341,149	7,731,920
3,700,056	3,895,625	5,570,152
11,942,906	2,931,143	3,805,470
265,000	276,699	404,466
877,374	595,620	1,029,198
<u>53,169,300</u>	<u>44,823,108</u>	<u>49,750,525</u>
<u>(5,250,372)</u>	<u>5,547,916</u>	<u>6,451,001</u>
-	-	-
4,451,401	5,780,952	1,900,351
(3,714,691)	(6,415,953)	(2,832,851)
<u>736,710</u>	<u>(635,001)</u>	<u>(932,500)</u>
<u>\$ (4,513,662)</u>	<u>\$ 4,912,915</u>	<u>\$ 5,518,501</u>

2.8%

2.5%

3.2%



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
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%
2008	4,639,284,748	132,488,330	4,771,773,078	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					
	1999	2000	2001	2002	2003	2004
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	0.0000	0.0000	0.01597	0.05971	0.05671
Metropolitan Water District	0.00890	0.00890	0.00890	0.00770	0.00670	0.00610
Total Direct Rate	<u>1.00890</u>	<u>1.00890</u>	<u>1.00890</u>	<u>1.02367</u>	<u>1.06641</u>	<u>1.06281</u>

Source: Orange County Assessor's Office

Fiscal Year			
2005	2006	2007	2008
1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000
0.05099	0.05157	0.04736	0.04764
0.00580	0.00520	0.00470	0.00450
<u>1.05679</u>	<u>1.05677</u>	<u>1.05206</u>	<u>1.05214</u>

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

<u>Taxpayer</u>	<u>2008</u>		<u>2002</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>
CVS Pharmacy Inc	\$ 87,443,262	1.78%	-	0.00%
La Habra Association LLC	83,138,695	1.69%	88,453,673	2.86%
La Habra Westridge Partners	57,860,406	1.18%	23,387,580	0.76%
Shea Homes Limited Partnership	30,066,210	0.61%	-	0.00%
Costco Wholesale Corporation	27,089,921	0.55%	-	0.00%
Ralphs Grocery Company	26,412,283	0.54%	-	0.00%
Essex Portfolio	23,713,379	0.48%	21,084,297	0.68%
Fullerton Joint Union High School District	23,441,288	0.48%	20,789,849	0.67%
City of La Habra	23,314,489	0.47%	32,429,719	1.05%
Bank First Security of Utah Trust	20,934,050	0.43%	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	403,413,983	8.21%	328,880,149	10.63%
Total assessed value	<u>\$ 4,915,509,961</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
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%
2008	16,197,920	15,706,057	96.96%	401,412	16,107,469	99.44%

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 Five Fiscal Years

Fiscal Year Ended June 30	Governmental Activities		
	Certificates of Participation	Tax Allocation Bonds	Special Tax Bonds
2004	\$ 5,783,931	\$ 7,655,000	\$ 2,810,000
2005	5,586,192	7,550,000	2,695,000
2006	5,378,452	7,440,000	2,575,000
2007	5,165,712	7,325,000	2,450,000
2008	4,942,977	7,205,000	2,320,000

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			Total Governmental Long-term Debt
Notes Payable	Loan Payable	Contract and Lease Payable	
\$ 1,762,348	\$ -	\$ 172,109	\$ 18,183,388
724,036	1,080,000	1,236,783	18,872,011
689,036	1,069,060	1,185,155	18,336,703
652,337	970,593	1,143,252	17,706,894
613,856	902,515	1,095,345	17,079,693

(Continued)

CITY OF LA HABRA
Ratios of Outstanding Debt by Type (Continued)
Last Five Fiscal Years

Business-type Activities					
Certificates of Participation	Revenue Bonds	Total Business-type Activities	Total Primary Government	Percentage of Personal Income (2)	Debt Per Capita (2)
\$ 19,664,018	\$ 7,500,000	\$ 27,164,018	\$ 45,347,406	1.76%	1,083
19,086,779	7,355,000	26,441,779	45,313,790	1.69%	1,043
18,434,540	7,205,000	25,639,540	43,976,243	1.56%	963
17,727,301	7,055,000	24,782,301	42,489,195	1.42%	885
16,970,062	6,900,000	23,870,062	40,949,755	1.26%	790

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

Fiscal Year	Outstanding General Bonded Debt (2)			Percent of	Per
	General	Tax			
Ended	Obligation	Allocation	Total	Value (1)	
June 30	Bonds	Bonds			
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
2008	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, 2008

2007-08 Assessed Valuation	\$4,773,433,708
Redevelopment Incremental Valuation	<u>292,030,922</u>
Adjusted Assessed Valuation	<u>\$4,481,402,786</u>

	%age Applicable (1)	Outstanding Debt 6/30/08	Estimated Share of Overlapping Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Orange County Teeter Plan Obligations	1.219%	\$ 123,725,000	\$ 1,508,208
Metropolitan Water District	0.253%	327,215,000	827,854
North Orange County Joint Community College District	5.799%	233,349,001	13,531,909
Fullerton Joint Union High School District	20.738%	61,552,910	12,764,842
La Habra City School District	82.514%	14,898,807	12,293,602
City of La Habra Community Facilities District No. 1990-1	100.000%	2,320,000	2,320,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$43,246,415
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	1.219%	\$ 532,326,000	\$ 6,489,054
Orange County Pension Obligations	1.219%	72,729,867	886,577
Orange County Board of Education Certificates of Participation	1.219%	19,590,000	238,802
Municipal Water District of Orange County Water Facilities Corporation	1.456%	19,295,000	279,199
North Orange County Regional Occupation Program Certificate of Participation	6.010%	11,810,000	709,781
Fullerton Joint Union High School District Certificates of Participation	20.738%	22,725,000	4,712,711
City of La Habra Certificate of Participation	100.000%	22,055,000	22,055,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			35,371,124 (2)
Less: MWDOC Water Facilities Corporation (100% self-supporting)			279,199
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$35,091,925
GROSS COMBINED TOTAL DEBT			78,617,539 (3)
NET COMBINED TOTAL DEBT			78,338,340

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

(2) Previously classified Orange County Sanitation District Certificates of Participation have been reclassified as district revenue supported issues and are no longer included in the debt statement.

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

Ratios to 2007-08 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 0.91%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$22,055,000).....0.49%

Gross Combined Total Debt.....1.75%

Net Combined Total Debt.....1.75%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/08: \$0

Source: California Municipal Statistics, Inc.



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

	Fiscal Year			
	1999	2000	2001	2002
Total Assessed Value of all Real and Personal Property	\$ 2,425,699,840	\$ 2,506,416,296	\$ 2,769,456,826	\$ 3,007,174,478
Debt Limit Percentage	15.00%	15.00%	15.00%	15.00%
Total Debt Limit (1)	363,854,976	375,962,444	415,418,524	451,076,172
Amount of Debt Applicable to Debt Limit (2)	-	-	-	-
Legal Debt Margin	<u>\$ 363,854,976</u>	<u>\$ 375,962,444</u>	<u>\$ 415,418,524</u>	<u>\$ 451,076,172</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

2003	2004	2005	2006	2007	2008
\$ 3,119,571,800	\$ 3,350,641,844	\$ 3,598,042,087	\$ 3,962,715,606	\$ 4,414,500,225	\$ 4,773,433,708
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
467,935,770	502,596,277	539,706,313	594,407,341	662,175,034	716,015,056
-	-	-	-	-	-
<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>	<u>\$ 716,015,056</u>

CITY OF LA HABRA
Pledged-Revenue Coverage
Last Four 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
2008	10,269,413	8,574,164	1,695,249	155,000	314,634	3.61

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

Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 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
2,539,842	792,238	1,747,604	706,416	867,682	1.11

(Continued)

CITY OF LA HABRA
Pledged-Revenue Coverage (Continued)
Last Four 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
2,343,944	1,038,171	1,305,773	120,000	411,000	2.46

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
278,857	7,834	271,023	130,000	140,460	1.00



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)
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%
2008	62,635	3,245,683	51,819	5.3%

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 Year and Last Year**

Employer	2008		2007	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Wal-Mart/Sams Stores Inc	511	1.69%	425	1.42%
City of La Habra	430	1.42%	390	1.30%
Costco	266	0.88%	236	0.79%
The Kroger Co./La Habra Bakery	265	0.88%	265	0.88%
Target Stores T-248	260	0.86%	233	0.78%
Home Depot USA	162	0.54%	250	0.83%
Kohl's Department Stores Inc.	150	0.50%	121	0.40%
Lowe's Home Centers Inc.	139	0.46%	150	0.50%
VIP Rubber Co Inc.	116	0.38%	120	0.40%
Peerless Maintenance Service	20	0.07%	300	1.00%
Mary & Friends	20	0.07%	120	0.40%

"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 Six Fiscal Years

Function/Department	Full-time Equivalent Employees					
	2003	2004	2005	2006	2007	2008
City Manager	4.94	4.94	4.94	4.94	4.94	5.50
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00
Community Development	13.76	15.36	17.88	18.88	18.77	21.29
Community Services	137.94	121.26	100.34	100.18	100.72	100.24
Finance/Administrative Services	17.59	20.54	20.44	20.82	19.98	20.12
Fire *	41.00	41.00	41.00	-	-	-
Police	131.95	122.65	117.18	122.70	122.52	127.05
Public Works	59.75	60.33	60.81	64.11	67.37	67.59
Children's Museum	8.39	10.17	8.67	7.51	7.98	6.50
Total	418.32	399.25	374.26	342.14	345.28	351.29

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 Three Fiscal Years

	Fiscal Year		
	2006	2007	2008
Police:			
Arrests	2,727	2,423	2,494
Crime Reports	-	8,786	8,190
Moving citations issued	-	6,098	7,845
Parking citations issued	13,875	14,856	17,051
Fire*:			
Number of emergency calls	-	3,401	3,293
Public works:			
Street resurfacing (miles)	14	14	15
Community development:			
Building Permits Issued	1,184	1,322	1,340
Parks and recreation:			
Number of Parks	23	24	24
Park Acreage	133.17	133.45	133.66
Number of recreation classes	29	26	24
Number of Facility Rentals	1,572	1,572	1,572
Municipal water department:			
Number of Accounts	12,601	12,589	12,584
Average daily consumption (thousands of gallons)	3,127	2,996	3,343
New connections	92	-	15

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 Three Fiscal Years

	Fiscal Year		
	2006	2007	2008
Police:			
Stations	1	1	1
Fire*:			
Stations	4	4	4
Public works:			
Streets (miles)	108	108	108
Streetlights	2,646	2,649	2,637
Traffic signals	33	33	34
Parks and recreation:			
Parks	23	24	24
Park Acrage	133.17	133.45	133.66
Community centers	1	1	1
Water:			
Water mains (miles)	120	120	130
Number or Connections	12,548	12,548	12,562
Sewer:			
Sanitary sewers (miles)	108	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 Six Fiscal Years

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Water Services						
Residential	11,380	11,398	11,481	11,507	11,598	11,478
Commercial/Industrial	969	829	836	833	849	842
Schools/Other	106	313	250	261	260	264
Total	<u>12,455</u>	<u>12,540</u>	<u>12,567</u>	<u>12,601</u>	<u>12,707</u>	<u>12,584</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	2007		2008	
	Monthly Meter Charge	Water Consumption Charge	Monthly Meter Charge	Water Consumption Charge (1)
5/8 inch	\$ 7.40	\$ 1.66	\$ 8.13	\$ 1.82
3/4 inch	8.36	1.66	9.18	1.82
1 inch	10.79	1.66	11.85	1.82
1-1/2 inches	24.78	1.66	27.21	1.82
2 inches	42.96	1.66	47.17	1.82
3 inches	96.67	1.66	106.14	1.82
4 inches	171.10	1.66	187.87	1.82
6 inches	384.99	1.66	422.72	1.82
8 inches	434.42	1.66	479.99	1.82
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

FY 2007					
Water Agency	Usage (in ccf's)	Commodity Charge	Readiness to Serve	Total Bill	
La Habra	25	\$ 1.66	\$ 7.40	\$	52.90
Brea	25	2.11	5.15		57.90
Fullerton	25	1.96	5.12		54.12
La Habra Heights	25	1.01	25.96		51.21
Suburban Water System (La Mirada & Whittier)	25	1.39	9.45		44.86
Whittier	25	1.88	4.00		51.00

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

FY 2008

Usage (in ccf's)	Commodity Charge	Readiness to Serve	Total Bill
25	\$ 1.82	\$ 8.13	\$ 53.63
25	2.32	5.15	63.15
25	2.19	5.12	59.75
25	1.01	25.96	51.21
25	1.34	9.33	42.83
25	1.99	4.00	53.75

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

Customer	2008	
	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption
Westridge Golf, Inc.	131,806	2.87%
Whittier Christian HS	28,718	0.63%
Friendly Village A/P	19,296	0.42%
The Kroger Co./La Habra Bakery	16,998	0.37%
Fullerton Union High School District	15,664	0.34%
Viewpark	14,295	0.31%
La Habra Woods Apts	12,020	0.26%
La Habra Assoc LLC	10,613	0.23%
CVC	9,517	0.21%
Fashion Knolls HOA	9,351	0.20%
Brooklake Apts	11,922	0.10%
Park La Habra	10,414	0.09%
Chick-Fel-A	-	0.00%
Total Consumption in 100 CCF		<u><u>11,527,012</u></u>

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

2007

12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption
152,407	1.32%
30,215	0.26%
-	-
14,328	0.12%
16,745	0.15%
9,787	0.08%
10,995	0.10%
9,563	0.08%
-	-
-	-
11,922	0.10%
10,414	0.09%
17,592	0.15%
<hr/> <hr/> 11,527,012 <hr/> <hr/>	

