

**City of La Habra, California**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2010**



**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, 2010**

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## **INTRODUCTORY SECTION**





# City of La Habra

"A Caring Community"

ADMINISTRATION BUILDING

201 E. La Habra Boulevard

P.O. Box 337

La Habra, CA 90633-0337

Office: (562) 905-9700

Fax: (562) 905-9719

Website: [www.lahabracity.com](http://www.lahabracity.com)

March 31, 2011

## 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, 2010 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 2009-2010 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 report 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 (UA) 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 62,747) 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 unique suburban residential 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 09/10 was \$4,707,044,405, which is 3.4 percent less than FY 08/09. 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.

The City is largely residential with a stable population that has grown by 3,773 residents over the past 10 years. Unemployment has been relatively modest ranging from between 4.0 percent to 6.0 percent from 2001 through 2009; however, it increased to 10.1 percent in 2010 as the City felt the effects of the global recession that began in 2008.

## **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 judgments 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, 2010 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. The annual adopted budget is reviewed by the City Council at mid year to determine estimated year end revenue and expenditure performance of the General Fund and other major operating funds. Amendments are approved as necessary to reflect changing financial conditions or funding availability with the goal of maintaining budget at year end.

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 5-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 multi-year pavement management plan, a ten year water system master plan and a twelve year sewer system master plan. 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, 2010 was \$13,114,722. Of this amount, \$9,321,926 is considered restricted and unavailable for appropriation. The remaining \$3,792,796 fund balance is considered available and unrestricted with \$2,102,968 set aside as fund balance (general reserves) and \$1,689,828 set aside as an operating reserve.

Prudent financial management necessitates that sufficient reserves be established to provide funding for emergencies, disaster recovery, unanticipated expenses and to demonstrate creditworthiness to credit rating agencies. Among municipalities, unrestricted reserve levels typically range from 10 percent to 50 percent of annual expenditure budgets and can fluctuate based on availability of funds and individual reserve policies. As of June 30, 2010, the City's total unrestricted reserve levels equaled 11 percent of the amended FY 09/10 General Fund expenditure budget, with 6 percent in unrestricted general reserves and 5 percent in operating reserves.

### *Debt*

As of fiscal year ended June 30, 2010, the City's component units had several outstanding debt issues. These issues included \$2,035,000 in special tax bonds, \$20,405,000 in certificates of participation, \$6,950,000 in tax allocation bonds and \$6,585,000 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, 2010, the capital assets (net of depreciation) of the City's governmental activities amounted to \$84,882,541. 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 recognized 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:

| <b>Enterprise Operation</b> | <b>Net Assets (Deficits) Beginning</b> | <b>Operating Revenue</b> | <b>Operating Expenses</b> | <b>Non Operating Revenue (Expenses)</b> | <b>Net Transfers In and (Out)</b> | <b>Net Assets (Deficits) Ending</b> |
|-----------------------------|--|--------------------------|---------------------------|---|-----------------------------------|-------------------------------------|
| Water                       | \$13,806,467                           | \$10,759,475             | \$9,972,189               | \$119,444                               | \$(197,450)                       | \$14,515,747                        |
| Sewer                       | 9,924,104                              | 1,346,611                | 1,523,707                 | 137,923                                 | (58,878)                          | 9,826,053                           |
| Refuse                      | 3,409,138                              | 2,981,090                | 3,123,274                 | 114,424                                 | (108,545)                         | 3,272,833                           |
| Housing Authority           | 5,000,346                              | 2,129,124                | 890,115                   | (628,280)                               | 773,111                           | 6,384,186                           |
| Children's Museum           | 527,364                                | 495,016                  | 479,245                   | 3,686                                   | 54,236                            | 601,057                             |
| Mobile Home                 | 986,416                                | 2,595,731                | 2,671,580                 | 32,742                                  | (773,111)                         | 170,198                             |
| <b>Total</b>                | <b>\$33,653,835</b>                    | <b>\$20,307,047</b>      | <b>\$18,660,110</b>       | <b>\$(220,061)</b>                      | <b>\$(310,637)</b>                | <b>\$34,770,074</b>                 |

### *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 third-party 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 2009 and 2010 adopted investment policies had no material changes from the 2005 policy.

As of June 30, 2010, the City had \$53,889,161 in cash and short-term investments such as securities of the U.S. Government and funds held with 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 that is tasked with minimizing the loss of City assets caused by accidental loss, resulting from employee injuries or from 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 \$500,000 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 public safety occurrence has been established.

In the Risk Management Internal Service Fund, a liability has been calculated to provide for future claims resulting from incidents occurring prior to June 30, 2010. The liability's balance is \$2,056,124, with net assets of \$2,232,835.

## 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, Macias, Gini & O'Connell, LLP, has been retained by the City of La Habra under the terms of a multi-year agreement to perform auditing services.

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.

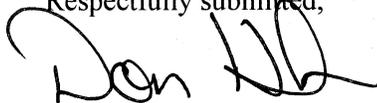
## ACKNOWLEDGEMENTS

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 II Mary Ann Sy.

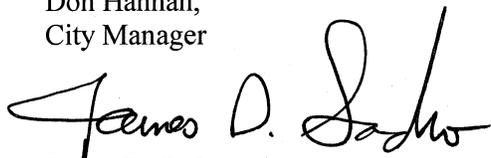
We wish to acknowledge the professional manner in which Macias, Gini & O'Connell conducted the audit and express our appreciation for their assistance, in particular Linda Hurley, Lee Jueen Siow, Monika Arora and Imran Karim.

We also thank the City Council for their commitment and support in planning and conducting the financial operations of the City in a fiscally responsible 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, 2009

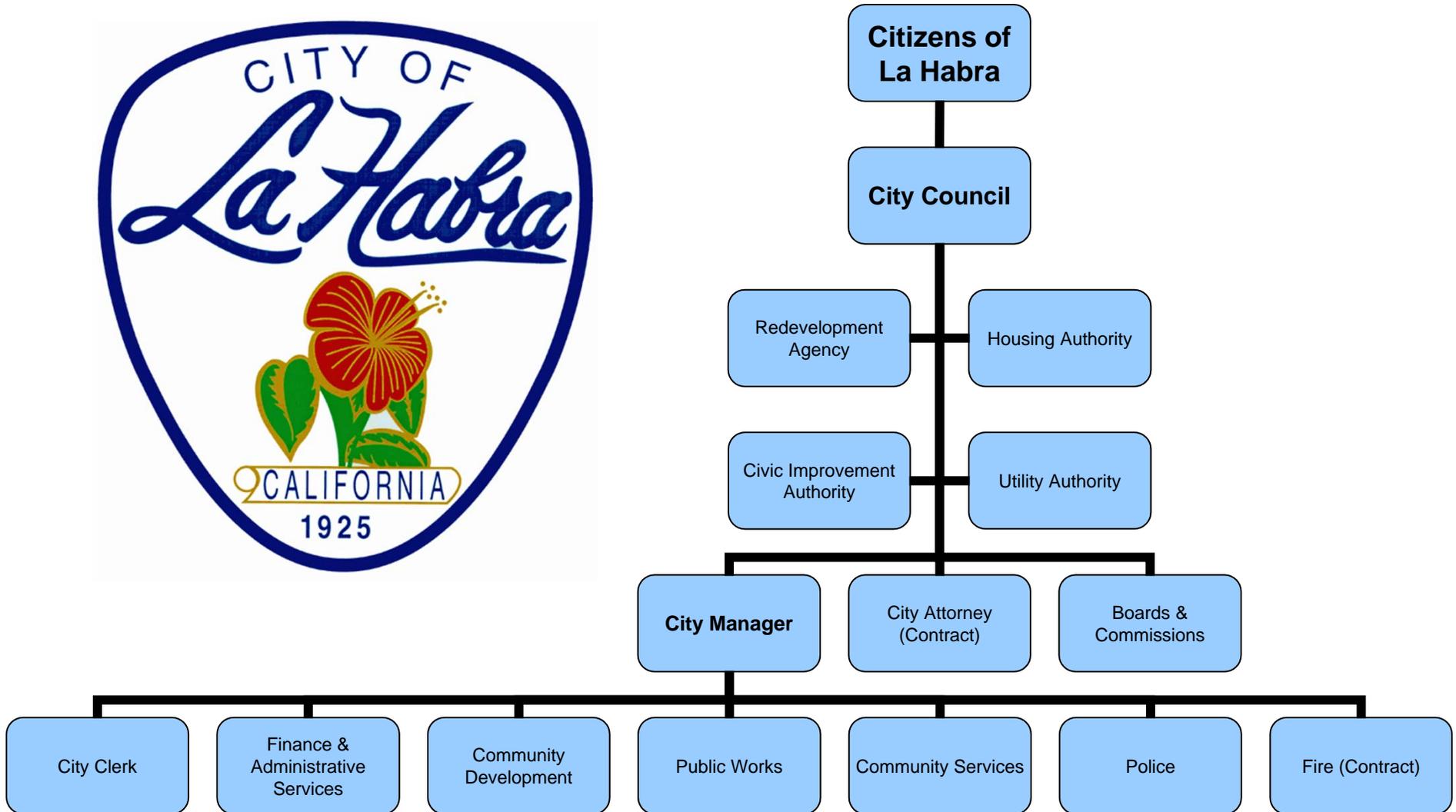
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of La Habra Organization and Services



# **CITY OF LA HABRA**

## **CITY OFFICIALS AS OF JUNE 30, 2010**

### **MEMBERS OF THE CITY COUNCIL**

Mayor James Gomez  
Mayor Pro Tem Tim Shaw  
Councilmember Rose M. Espinosa  
Councilmember Tom Beamish  
Councilmember Michael Blazey

**City Manager**  
Don Hannah

**CITY ATTORNEY**  
Richard Jones

**City Clerk**  
Tamara Mason

**DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES**  
James D. Sadro

**DIRECTOR OF COMMUNITY DEVELOPMENT**  
Michael Haack

**DIRECTOR OF COMMUNITY SERVICES**  
Salvatore Failla

**DIRECTOR OF PUBLIC WORKS**  
Thom Coughran

**CHIEF OF POLICE**  
David Hinig

**ASSISTANT CHIEF OF FIRE**  
David Richardson (L.A. County Fire)



**FINANCIAL SECTION**



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 (City), California, as of and for the year ended June 30, 2010, 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'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'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 as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows 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 March 31, 2011 on our consideration of the City'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 accounting principles generally accepted in the United States of

America. 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, 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 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 Fini & O'Connell LLP*

Certified Public Accountants  
Newport Beach, California

March 31, 2011

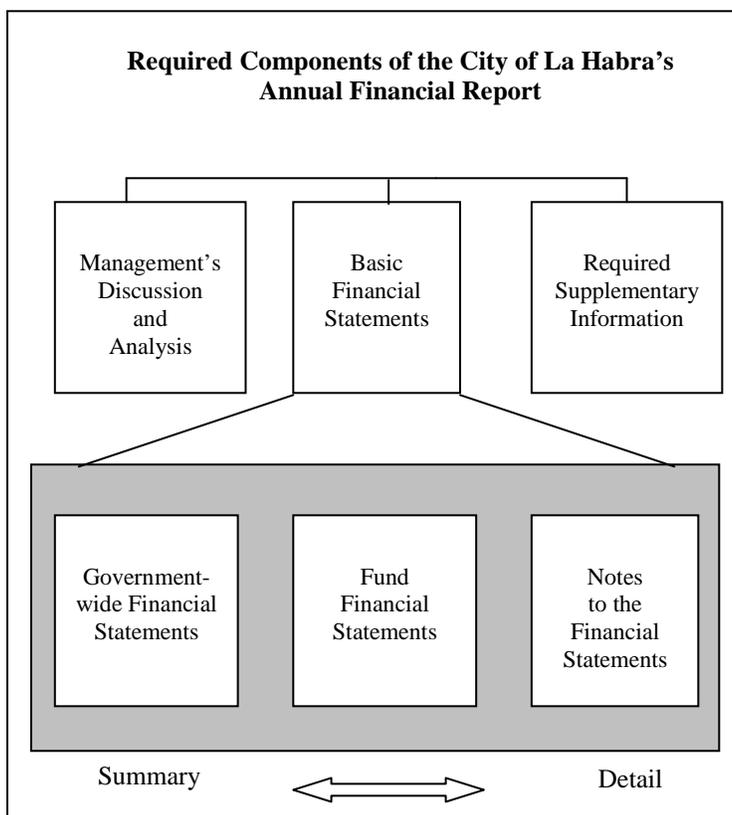
# Management's Discussion and Analysis

In an effort to provide insight and perspective to the City of 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, 2010. 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, the City has included a section with combining statements that provide detail about our non-major governmental funds, enterprise 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, refuse, and housing authority 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 or to show that it is properly using certain taxes and grants.

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*.
    - The City uses *enterprise funds* to report activities that provide business-type services, generally to external customers – such as water, sewer and refuse services. In both the Government-wide Financial Statements and the Fund Financial Statements, these funds are shown under business-type activities.
    - The City uses *internal service funds* to report activities that provide services and supplies for the City’s other programs and activities – such as fleet replacement, liability management, 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. The City excludes these activities from the 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, 2010, as shown below, were \$127,508,013. The capital asset figure for governmental activities includes all of the City’s infrastructure assets, such as streets, sidewalks, park land, buildings, etc. 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 combined total net assets increased by \$4,808,960 during the current fiscal year primarily due to the completion of several residential street repaving projects, in addition to the repavement of major intersections.

**TABLE 1**  
**STATEMENT OF NET ASSETS**

|   | <u>Governmental Activities</u> |                      | <u>Business-Type Activities</u> |                     | <u>Total</u>         |                      |
|---|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
|   | FY 09/10                       | FY 08/09             | FY 09/10                        | FY 08/09            | FY 09/10             | FY 08/09             |
| <b><u>ASSETS</u></b>                            |                                |                      |                                 |                     |                      |                      |
| Current and Other Assets                        | \$ 42,290,617                  | \$ 38,360,711        | \$26,153,079                    | \$29,257,241        | \$ 68,443,696        | \$ 67,617,952        |
| Capital Assets                                  | 84,882,541                     | 78,910,314           | 35,535,692                      | 32,961,709          | 120,418,233          | 111,872,023          |
| <b>TOTAL ASSETS</b>                             | <b>127,173,158</b>             | <b>117,271,025</b>   | <b>61,688,771</b>               | <b>62,218,950</b>   | <b>188,861,929</b>   | <b>179,489,975</b>   |
| <b><u>LIABILITIES</u></b>                       |                                |                      |                                 |                     |                      |                      |
| Current Liabilities                             | 16,643,280                     | 10,472,652           | 3,731,325                       | 3,735,908           | 20,374,605           | 14,208,560           |
| Non-Current Liabilities                         | 18,391,588                     | 18,356,778           | 22,587,723                      | 24,225,584          | 40,979,311           | 42,582,362           |
| <b>TOTAL LIABILITIES</b>                        | <b>35,034,868</b>              | <b>28,829,430</b>    | <b>26,319,048</b>               | <b>27,961,492</b>   | <b>61,353,916</b>    | <b>56,790,922</b>    |
| <b><u>NET ASSETS</u></b>                        |                                |                      |                                 |                     |                      |                      |
| Invested in Capital Assets, Net of related debt | 72,267,324                     | 69,852,168           | 16,282,084                      | 11,978,153          | 88,549,408           | 81,830,321           |
| Restricted                                      | 1,100,726                      | 443,262              | 1,630,052                       | 1,630,052           | 2,730,778            | 2,073,314            |
| Unrestricted                                    | 18,770,240                     | 18,146,165           | 17,457,587                      | 20,649,253          | 36,227,827           | 38,795,418           |
| <b>TOTAL NET ASSETS</b>                         | <b>\$ 92,138,290</b>           | <b>\$ 88,441,595</b> | <b>\$35,369,723</b>             | <b>\$34,257,458</b> | <b>\$127,508,013</b> | <b>\$122,699,053</b> |

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 \$128 million; however, 69 percent of these net assets represent capital assets, such as land, buildings, machinery, equipment, and infrastructure, less any related debt used to acquire those assets that are still outstanding. Growth in "Invested in Capital Assets" can be attributed to the repair and replacement of residential streets, major intersection improvements, replacement of water mains and other citywide capital improvements completed in FY 09/10. 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 are not usually able to pay for the associated debt.

In addition, 2 percent, or \$2,730,778, of the City's net assets represents resources that are subject to external restrictions regarding how they may be used. These include Public Safety grant funds, Community Development Block Grant Home Program funds, and pollution remediation reserve funds in the Refuse Fund. Furthermore, the unrestricted net assets of the City's business-type activities total \$17.4 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 such as the Refuse fund, Mobile Home Lease fund and the Children's Museum, or its agencies and authorities, such as the Utility Authority and Housing Authority. That leaves 15 percent, or an \$18.7 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 page 8) shows that the City's total net assets increased by \$4.8 million during the year. General Government Activities posted an increase in net assets of \$3,696,695 as the City's new Transaction and Use tax posted a full year of revenue performance, in addition to an increase in grant revenues.

For business type activities, net assets increased in part due to growth in water, sewer and Mobile Home Lease fund revenues during the fiscal year with the funds set aside in each respective fund balance to fund future capital projects and maintain 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 09/10                     | FY 08/09            | FY 09/10                        | FY 08/09            | FY 09/10             | FY 08/09             |
| <b><u>Revenues</u></b>                                       |                              |                     |                                 |                     |                      |                      |
| Program Revenues   |                              |                     |                                 |                     |                      |                      |
| Charges for Services   | \$6,162,186                  | \$5,007,882         | \$20,307,047                    | \$19,152,212        | \$26,469,233         | \$24,160,094         |
| Operating Grants and Contributions                           | 10,219,344                   | 7,944,392           | -                               | -                   | 10,219,344           | 7,944,392            |
| Capital Grants and Contributions                             | 9,314,080                    | 6,831,889           | -                               | -                   | 9,314,080            | 6,831,889            |
| General Revenues   |                              |                     |                                 |                     |                      |                      |
| Property Taxes   | 15,575,910                   | 16,153,525          | -                               | -                   | 15,575,910           | 16,153,525           |
| Sales and Use Taxes  | 7,669,656                    | 8,900,156           | -                               | -                   | 7,669,656            | 8,900,156            |
| Transaction and Use Taxes                                    | 3,572,975                    | 888,150             | -                               | -                   | 3,572,975            | 888,150              |
| Franchise Fees   | 1,492,703                    | 1,451,228           | -                               | -                   | 1,492,703            | 1,451,228            |
| Grants and Contributions not Restricted to Specific Programs | 453,076                      | 492,053             | -                               | -                   | 453,076              | 492,053              |
| Income from Property and Investments                         | 2,962,495                    | 2,808,384           | 552,883                         | 1,016,045           | 3,515,378            | 3,824,429            |
| Gain on Sale of Capital Assets                               | -                            | 499,360             | -                               | -                   | -                    | 499,360              |
| Gain on Sale of Investments                                  | -                            | -                   | -                               | -                   | -                    | -                    |
| Other General Revenue  | 577,174                      | 795,111             | -                               | -                   | 577,174              | 795,111              |
| <b>Total Revenues</b>  | <b>57,999,599</b>            | <b>51,772,130</b>   | <b>20,859,930</b>               | <b>20,168,257</b>   | <b>78,859,529</b>    | <b>71,940,387</b>    |
| <b><u>Expenses</u></b>                                       |                              |                     |                                 |                     |                      |                      |
| General Government   | 2,799,293                    | 4,567,895           | -                               | -                   | 2,799,293            | 4,567,895            |
| Public Safety  | 22,433,260                   | 22,940,011          | -                               | -                   | 22,433,260           | 22,940,011           |
| Public Works   | 12,543,772                   | 8,240,683           | -                               | -                   | 12,543,772           | 8,240,683            |
| Manpower   | 1,335,844                    | 824,748             | -                               | -                   | 1,335,844            | 824,748              |
| Community Services   | 8,412,550                    | 8,362,899           | -                               | -                   | 8,412,550            | 8,362,899            |
| Community Development  | 5,516,373                    | 5,867,904           | -                               | -                   | 5,516,373            | 5,867,904            |
| Interest on Long-Term Debt                                   | 1,265,049                    | 1,087,697           | -                               | -                   | 1,265,049            | 1,087,697            |
| Water  | -                            | -                   | 10,274,385                      | 9,616,279           | 10,274,385           | 9,616,279            |
| Sewer  | -                            | -                   | 1,523,707                       | 1,321,849           | 1,523,707            | 1,321,849            |
| Refuse   | -                            | -                   | 3,123,274                       | 3,172,439           | 3,123,274            | 3,172,439            |
| Housing Authority  | -                            | -                   | 1,671,488                       | 1,715,950           | 1,671,488            | 1,715,950            |
| Children's Museum  | -                            | -                   | 479,994                         | 555,049             | 479,994              | 555,049              |
| Mobile Home Lease  | -                            | -                   | 2,671,580                       | 2,403,869           | 2,671,580            | 2,403,869            |
| <b>Total Expenses</b>  | <b>54,306,141</b>            | <b>51,891,837</b>   | <b>19,744,428</b>               | <b>18,785,435</b>   | <b>74,050,569</b>    | <b>70,677,272</b>    |
| Excess (Deficiency) before Transfers                         | 3,693,458                    | (119,707)           | 1,115,502                       | 1,382,822           | 4,808,960            | 1,263,115            |
| Transfers  | 3,237                        | (20,000)            | (3,237)                         | 20,000              | -                    | -                    |
| <b>Increase (Decrease) in Net Assets</b>                     | <b>3,696,695</b>             | <b>(139,707)</b>    | <b>1,112,265</b>                | <b>1,402,822</b>    | <b>4,808,960</b>     | <b>1,263,115</b>     |
| <b>Net Assets - Beginning of Year</b>                        | <b>88,441,595</b>            | <b>88,581,302</b>   | <b>34,257,458</b>               | <b>32,854,636</b>   | <b>122,699,053</b>   | <b>121,435,938</b>   |
| <b>Net Assets - End of year</b>                              | <b>\$92,138,290</b>          | <b>\$88,441,595</b> | <b>\$35,369,723</b>             | <b>\$34,257,458</b> | <b>\$127,508,013</b> | <b>\$122,699,053</b> |

Approximately 46 percent of the City's governmental funds revenue is generated through taxes collected (property, sales, transaction and use, etc.), and over 97 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 \$3,696,695, caused as a result of total revenues for *governmental* activities of \$57,999,599 being offset by \$54,306,141 in total costs for *governmental* activities, with a \$3,237 transferred in from the business-type activities. Despite a net year over year decrease in Property and Sales taxes, the full year performance of the City's recently enacted Transaction and Use tax, in combination with an increase in grant funding, was able to offset the decline in tax revenues and create nominal growth in net assets.

Non-tax revenues are generated through several sources to cover the cost of the City's programs. These revenues grew by approximately 23 percent, for a total of \$6,162,186, and included growth in fees and charges paid by those who directly benefit from the programs. Increases were realized in Asset Forfeiture funds, Traffic Offender fees, Park Impact fees, and enrollment revenues related to the City's recreation classes and programs.

The "Other Revenues" category includes grants and contributions from other governments and organizations totaling \$19,533,424, and are used to subsidize certain programs; and taxes and other general revenues (such as income from property and investments and Vehicle License Fees) received by the City, which totaled \$32,303,989.

### **Business-Type Activities**

As of June 30, 2010, the business-type activities increased the City's net assets by 3.2 percent, or \$1,112,265, with revenues totaling \$20,859,930 and expenses totaling \$19,744,428. At fiscal year end, net assets for the water fund grew by \$709,280 due to revenues realized at a level greater than expenses, with the net revenues set aside for capital, operating and emergency reserves. The sewer fund decreased by \$98,051 primarily due to revenue realized at a level less than budgeted. The refuse fund decreased by \$136,305 due, in part, to planned monitoring and capital improvements at the Vista Grande park landfill site. The Mobile Home Lease fund decreased by \$816,218, primarily due to expenditures made from the Housing Authority on behalf of the Mobile Home Lease fund and were repaid through an interfund transfer. The Housing Authority net assets increased by \$1,383,840 due to reduced debt service costs as a result of the restructuring of the 1998A Certificates of Participation and the aforementioned interfund transfer from the Mobile Home Lease Fund. There was an increase in net assets in the Children's Museum of \$73,693.

## **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, 2010, the City's governmental funds reported combined ending fund balances of \$13,261,597 a decrease of \$4,505,686 compared to the prior fiscal year. This decrease was due primarily to a continued drawdown of capital projects funds as projects throughout the City were completed during the year. 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 \$9,316,967, (2) land held for resale of \$3,111,000, (3) to pay debt service in the amount of \$277,900, (4) for low-moderate income housing of \$1,602,171, (5) for inventories in the amount of \$61,016, (6) prepaid items of \$559,494, and (7) encumbrances of \$1,499,015.

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 \$13,114,722, a decrease of \$58,332. The unreserved fund balance portion of the General Fund was \$3,792,796 which is approximately 11.5 percent of the FY 09/10 amended General Fund expenditure budget; however, when combined with restricted funds reserved for future debt service payments, the General Fund's total available emergency reserves are \$8,027,796, or 23 percent of the FY 09/10 Amended General Fund expenditure budget.

### **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, 2010, the City's general Capital Projects Fund balance decreased by \$2,722,921, the Gas Tax Fund balance increased by \$286,978, the Redevelopment Agency Capital Project fund balance decreased by \$139,533 and the Measure "M" Fund balance decreased by \$1,722,462. The City maintains an active capital improvement program with numerous projects underway or in planning each fiscal year. Fluctuations in the reported fund balances 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

The Finance Department monitors revenues during the year and updates estimated revenue figures when new information is available. Due to a rapidly declining economy, revenue projections were updated shortly after the City adopted its budget, primarily to account for lower than expected sales tax performance. To address this structural deficit, the City Council approved significant expenditure cuts including programmatic reductions and staff furloughs. Actual General Fund expenditures as of June 30, 2010 were \$916,452 less than budgeted expenditures, primarily due to numerous vacant staff positions and aggressive management of operational budgets by departments. These savings were used to help offset additional losses in revenues and maintain a balanced budget at fiscal year end.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2010, the City had recorded an investment of over \$178.7 million (before accumulated depreciation) in a broad range of capital assets categories, including park facilities, land, buildings, roads, bridges, water and sewer lines, police and fire vehicles, and other maintenance equipment. As previously noted the City has completed its inventory of infrastructure assets as of June 30, 2007 and is in full compliance of GASB 34 capital asset reporting requirements.

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

|                                   | <u>Governmental Activities</u> |                            | <u>Business-Type Activities</u> |                            | <u>Total</u>                |                             |
|-----------------------------------|--------------------------------|----------------------------|---------------------------------|----------------------------|-----------------------------|-----------------------------|
|                                   | FY 09/10                       | FY 08/09                   | FY 09/10                        | FY 08/09                   | FY 09/10                    | FY 08/09                    |
| Land                              | \$8,755,305                    | \$8,755,305                | \$12,800,000                    | \$12,800,000               | \$21,555,305                | \$21,555,305                |
| Land improvements                 | 6,431,549                      | 6,233,591                  | -                               | -                          | 6,431,549                   | 6,233,591                   |
| Buildings and improvements        | 15,937,890                     | 11,075,106                 | 5,141,477                       | 5,141,477                  | 21,079,367                  | 16,216,583                  |
| Improvements other than buildings | 1,133,296                      | 1,133,296                  | 253,490                         | 253,490                    | 1,386,786                   | 1,386,786                   |
| Machinery and equipment           | 5,768,314                      | 5,712,491                  | 1,207,920                       | 894,315                    | 6,976,234                   | 6,606,806                   |
| Autos and trucks                  | 3,981,296                      | 3,910,735                  | 257,402                         | 257,402                    | 4,238,698                   | 4,168,137                   |
| Infrastructure                    | 76,376,443                     | 69,698,574                 | 37,984,247                      | 34,856,802                 | 114,360,690                 | 104,555,376                 |
| Construction in progress          | 2,584,221                      | 5,367,371                  | 134,967                         | -                          | 2,719,188                   | 5,367,371                   |
| (Less accumulated depreciation)   | <u>(36,085,773)</u>            | <u>(32,976,155)</u>        | <u>(22,243,811)</u>             | <u>(21,241,777)</u>        | <u>(58,329,584)</u>         | <u>(54,217,932)</u>         |
| <b>TOTALS</b>                     | <b><u>\$84,882,541</u></b>     | <b><u>\$78,910,314</u></b> | <b><u>\$35,535,692</u></b>      | <b><u>\$32,961,709</u></b> | <b><u>\$120,418,233</u></b> | <b><u>\$111,872,023</u></b> |

Capital assets, before accumulated depreciation, were increased by \$12,657,862 over the prior year. The four areas of significant increase were (1) Land Improvements at Corona Park totaling \$197,958; (2) Construction of a new two story fire station facility totaling \$4,862,784; (3) Machinery and Equipment of \$104,000 for the purchase of Smart Timer remote controlled irrigation devices and \$210,000 for Solarbee Circulation solar panels; (4) Infrastructure

Improvements totaling \$9,805,314 for citywide street and road rehabilitation projects, sidewalk improvements, handicap access ramps, alley improvements, curb and gutter improvements, traffic signal improvements and water and sewer line rehabilitation.

### Long-Term Debt

At year-end, the City had \$40,107,895 in bonds, certificates of deposit, loans, leases, and accrued assessments payable, a decrease of \$3,128,537 from last year, as shown in the table below. In March 2010, the City refinanced the 1998A Certificates of Participation for the Housing Authority in an effort to reduce annual debt payment costs. The resulting higher net revenue generated by the Mobile Home Park Lease Fund will provide additional cash flow for Housing Authority programs and operations.

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

|                               | <u>Governmental Activities</u> |                            | <u>Business-Type Activities</u> |                            | <u>Total</u>               |                            |
|-------------------------------|--------------------------------|----------------------------|---------------------------------|----------------------------|----------------------------|----------------------------|
|                               | FY 09/10                       | FY 08/09                   | FY 09/10                        | FY 08/09                   | FY 09/10                   | FY 08/09                   |
| Certificates of Participation | \$4,467,502                    | \$4,710,242                | \$13,793,909                    | \$16,177,823               | \$18,261,411               | \$20,888,065               |
| Tax Allocation Bonds          | 6,950,000                      | 7,080,000                  | 0                               | 0                          | 6,950,000                  | 7,080,000                  |
| Special Tax Bonds             | 2,035,000                      | 2,180,000                  | 0                               | 0                          | 2,035,000                  | 2,180,000                  |
| Notes Payable                 | 531,199                        | 573,507                    | 0                               | 0                          | 531,199                    | 573,507                    |
| Loan Payable                  | 757,897                        | 831,620                    | 0                               | 0                          | 757,897                    | 831,620                    |
| Contract and Leases Payable   | 979,910                        | 1,041,037                  | 0                               | 0                          | 979,910                    | 1,041,037                  |
| Compensated Absences          | 4,007,478                      | 3,897,203                  | 0                               | 0                          | 4,007,478                  | 3,897,203                  |
| Revenue Bond                  | 0                              | 0                          | 6,585,000                       | 6,745,000                  | 6,585,000                  | 6,745,000                  |
| <b>TOTALS</b>                 | <b><u>\$19,728,986</u></b>     | <b><u>\$20,313,609</u></b> | <b><u>\$20,378,909</u></b>      | <b><u>\$22,922,823</u></b> | <b><u>\$40,107,895</u></b> | <b><u>\$43,236,432</u></b> |

More detail about the City's long-term liabilities is presented in Note 2(e) to the financial statements.

### Economic Factors and Next Year's Budgets and Rates

- The City's FY 09/10 net taxable property values totaled \$4,707,044,405, approximately 19 percent more than five years ago, however, is 3.4 percent lower than FY 08/09.
- FY 10/11 PERS rates for the miscellaneous plan increased from 10.249 percent to 10.573 percent, and rates for the public safety plan increased from 26.521 percent to 27.060 percent for the safety plan.
- FY 11/12 PERS rates for the miscellaneous plan will increase from 10.573 percent to 11.752 percent, and rates for public safety will increase from 27.060 percent to 31.962 percent.
- Projected FY 12/13 PERS rates for the miscellaneous plan will increase from 11.752 percent to 12.6 percent, and rates for public safety will increase from 31.962 percent to 33.4 percent.
- The Consumer Price Index (CPI) for the Los Angeles/Riverside/Orange County Metropolitan Statistical Area for all urban consumers increase by 0.9 percent from June 2009 to June 2010.

These, among other factors, were considered in preparing the City of La Habra's General Fund budget for FY 10/11. Budgeted expenditures are estimated to decrease by 5.1 percent to \$32.5 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 funding to secure a new projected bond issuance for future water projects.
- The opportunity for the Utility Authority to purchase additional privately held Cal Domestic water shares and water rights 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, business owners, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives, manages and expends. If you have any questions about this report or need additional information, please contact the Department of Finance and Administrative Services, 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](http://www.lahabracity.com).



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**CITY OF LA HABRA**  
**Statement of Net Assets**  
**June 30, 2010**

|  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>          |
|--|------------------------------------|-------------------------------------|-----------------------|
| <b>Assets:</b>                                   |                                    |                                     |                       |
| Current assets:                                  |                                    |                                     |                       |
| Cash and investments                             | \$ 28,910,136                      | \$ 20,747,433                       | \$ 49,657,569         |
| Cash and investments with fiscal agents          | 3,106,291                          | 1,125,301                           | 4,231,592             |
| Accounts receivable, net                         | 3,280,512                          | 1,995,868                           | 5,276,380             |
| Interest receivable                              | 134,405                            | 83,820                              | 218,225               |
| Prepaid items                                    | 652,205                            | 27,628                              | 679,833               |
| Due from other governments                       | 2,475,666                          | 131,820                             | 2,607,486             |
| Inventories                                      | 107,922                            | 10,432                              | 118,354               |
| Total current assets                             | <u>38,667,137</u>                  | <u>24,122,302</u>                   | <u>62,789,439</u>     |
| Noncurrent assets:                               |                                    |                                     |                       |
| Deferred charges                                 | 512,480                            | 834,441                             | 1,346,921             |
| Land held for resale                             | 3,111,000                          | 115,000                             | 3,226,000             |
| Investment in water rights stock                 | -                                  | 1,081,336                           | 1,081,336             |
| Capital assets:                                  |                                    |                                     |                       |
| Not being depreciated                            | 11,339,526                         | 12,934,967                          | 24,274,493            |
| Being depreciated, net                           | 73,543,015                         | 22,600,725                          | 96,143,740            |
| Total noncurrent assets                          | <u>88,506,021</u>                  | <u>37,566,469</u>                   | <u>126,072,490</u>    |
| Total assets                                     | <u>127,173,158</u>                 | <u>61,688,771</u>                   | <u>188,861,929</u>    |
| <b>Liabilities:</b>                              |                                    |                                     |                       |
| Current liabilities:                             |                                    |                                     |                       |
| Accounts payable                                 | 5,426,362                          | 3,163,094                           | 8,589,456             |
| Accrued liabilities                              | 3,516,695                          | 81,589                              | 3,598,284             |
| Deposits payable                                 | -                                  | 149,700                             | 149,700               |
| Interest payable                                 | 297,544                            | 245,756                             | 543,300               |
| Unearned revenue                                 | 5,443,281                          | -                                   | 5,443,281             |
| Long-term obligations, due within one year       | 1,959,398                          | 91,186                              | 2,050,584             |
| Total current liabilities                        | <u>16,643,280</u>                  | <u>3,731,325</u>                    | <u>20,374,605</u>     |
| Noncurrent liabilities:                          |                                    |                                     |                       |
| Postemployment benefit obligation                | 622,000                            | -                                   | 622,000               |
| Long-term obligations, due in more than one year | 17,769,588                         | 20,287,723                          | 38,057,311            |
| Pollution remediation liability                  | -                                  | 2,300,000                           | 2,300,000             |
| Total noncurrent liabilities                     | <u>18,391,588</u>                  | <u>22,587,723</u>                   | <u>40,979,311</u>     |
| Total liabilities                                | <u>35,034,868</u>                  | <u>26,319,048</u>                   | <u>61,353,916</u>     |
| <b>Net assets:</b>                               |                                    |                                     |                       |
| Invested in capital assets, net of related debt  | 72,267,324                         | 16,282,084                          | 88,549,408            |
| Restricted for:                                  |                                    |                                     |                       |
| Community development                            | 960,774                            | -                                   | 960,774               |
| Low-moderate income housing                      | 2,325,138                          | -                                   | 2,325,138             |
| Employment and training                          | 35,813                             | -                                   | 35,813                |
| Public safety                                    | 989,668                            | -                                   | 989,668               |
| Transportation                                   | 3,594,461                          | -                                   | 3,594,461             |
| Debt service                                     | 277,900                            | -                                   | 277,900               |
| Pollution remediation                            | -                                  | 1,630,052                           | 1,630,052             |
| Unrestricted                                     | 11,687,212                         | 17,457,587                          | 29,144,799            |
| Total net assets                                 | <u>\$ 92,138,290</u>               | <u>\$ 35,369,723</u>                | <u>\$ 127,508,013</u> |

See Accompanying Notes to Financial Statements.

**CITY OF LA HABRA**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

| <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> |
| <b>Governmental activities:</b>  |                      |                             |   |   |
| General government               | \$ 2,799,293         | \$ 428,161                  | \$ 143,977                                | \$ -                                    |
| Public safety                    | 22,433,260           | 3,359,502                   | 1,173,586                                 | -                                       |
| Public works                     | 12,201,867           | -                           | -   | 8,149,287                               |
| Employment and training          | 1,335,844            | -                           | -   | -                                       |
| Community services               | 8,412,550            | 1,445,127                   | 8,157,639                                 | -                                       |
| Community development            | 5,858,278            | 929,396                     | 744,142                                   | 1,164,793                               |
| Interest on long-term debt       | 1,265,062            | -                           | -   | -                                       |
| Total governmental activities    | <u>54,306,154</u>    | <u>6,162,186</u>            | <u>10,219,344</u>                         | <u>9,314,080</u>                        |
| <b>Business-type activities:</b> |                      |                             |   |   |
| Water                            | 10,274,385           | 10,759,475                  | -   | -                                       |
| Sewer                            | 1,523,707            | 1,346,611                   | -   | -                                       |
| Refuse                           | 3,123,274            | 2,981,090                   | -   | -                                       |
| Housing Authority                | 1,671,488            | 2,129,124                   | -   | -                                       |
| Children's Museum                | 479,994              | 495,016                     | -   | -                                       |
| Mobile Home Lease                | 2,671,580            | 2,595,731                   | -   | -                                       |
| Total business-type activities   | <u>19,744,428</u>    | <u>20,307,047</u>           | <u>-</u>                                  | <u>-</u>                                |
| Total primary government         | <u>\$ 74,050,582</u> | <u>\$ 26,469,233</u>        | <u>\$ 10,219,344</u>                      | <u>\$ 9,314,080</u>                     |

General revenues:  
Taxes:  
Property tax  
Sales and use taxes  
Transaction and use taxes  
Franchise 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**

| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>   |
|------------------------------------|-------------------------------------|----------------|
| \$ (2,227,155)                     | \$ -                                | \$ (2,227,155) |
| (17,900,172)                       | -                                   | (17,900,172)   |
| (4,052,580)                        | -                                   | (4,052,580)    |
| (1,335,844)                        | -                                   | (1,335,844)    |
| 1,190,216                          | -                                   | 1,190,216      |
| (3,019,947)                        | -                                   | (3,019,947)    |
| (1,265,062)                        | -                                   | (1,265,062)    |
| (28,610,544)                       | -                                   | (28,610,544)   |
| -                                  | 485,090                             | 485,090        |
| -                                  | (177,096)                           | (177,096)      |
| -                                  | (142,184)                           | (142,184)      |
| -                                  | 457,636                             | 457,636        |
| -                                  | 15,022                              | 15,022         |
| -                                  | (75,849)                            | (75,849)       |
| -                                  | 562,619                             | 562,619        |
| (28,610,544)                       | 562,619                             | (28,047,925)   |
| 15,575,910                         | -                                   | 15,575,910     |
| 7,669,656                          | -                                   | 7,669,656      |
| 3,572,975                          | -                                   | 3,572,975      |
| 1,492,703                          | -                                   | 1,492,703      |
| 453,076                            | -                                   | 453,076        |
| 2,962,495                          | 552,883                             | 3,515,378      |
| 577,174                            | -                                   | 577,174        |
| 3,237                              | (3,237)                             | -              |
| 32,307,226                         | 549,646                             | 32,856,872     |
| 3,696,682                          | 1,112,265                           | 4,808,947      |
| 88,441,608                         | 34,257,458                          | 122,699,066    |
| \$ 92,138,290                      | \$ 35,369,723                       | \$ 127,508,013 |



**FUND FINANCIAL STATEMENTS**

**CITY OF LA HABRA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

|  | <b>Major Funds</b>   |   |   |
|--|----------------------|---|---|
|  | <b>General</b>       | <b>Redevelopment<br/>Operating Special<br/>Revenue Fund</b> | <b>Child Development<br/>Special<br/>Revenue Fund</b> |
| <b>Assets:</b>                         |                      |   |   |
| Cash and investments                   | \$ 7,692,785         | \$ 1,251,105  | \$ 528,817  |
| Cash and investments with fiscal agent | -                    | -   | -   |
| Accounts receivables                   | 2,775,301            | -   | 448,354   |
| Interest receivables                   | 48,003               | 3,380   | -   |
| Prepaid items                          | 555,910              | -   | 3,584   |
| Due from other funds                   | 793,337              | 20,350  | -   |
| Due from other governments             | 134,171              | -   | 349,249   |
| Advances to other funds                | 10,638,937           | -   | -   |
| Land held for resale                   | -                    | 3,000,000   | -   |
| Inventories                            | 61,016               | -   | -   |
| Total assets                           | <u>\$ 22,699,460</u> | <u>\$ 4,274,835</u>   | <u>\$ 1,330,004</u>                                   |
| <b>Liabilities:</b>                    |                      |   |   |
| Accounts payable                       | \$ 1,193,747         | \$ 766,296  | \$ 697,508  |
| Accrued liabilities                    | 1,251,194            | 1,432   | 77,319  |
| Due to other funds                     | -                    | 47,120  | 58,204  |
| Advances from other funds              | 4,495,000            | 11,842,628  | -   |
| Deferred revenue                       | 2,644,797            | -   | 497,623   |
| Total liabilities                      | <u>9,584,738</u>     | <u>12,657,476</u>   | <u>1,330,654</u>                                      |
| <b>Fund balances:</b>                  |                      |   |   |
| Reserved:                              |                      |   |   |
| Prepaid items                          | 555,910              | -   | 3,584   |
| Advances                               | 8,705,000            | -   | -   |
| Land held for resale                   | -                    | 3,000,000   | -   |
| Debt service                           | -                    | -   | -   |
| Low-moderate income housing            | -                    | -   | -   |
| Inventories                            | 61,016               | -   | -   |
| Encumbrances                           | -                    | -   | -   |
| Unreserved-designated:                 |                      |   |   |
| Operating reserve                      | 1,715,713            | -   | -   |
| Unreserved-undesignated:               |                      |   |   |
| General fund                           | 2,077,083            | -   | -   |
| Special revenue funds                  | -                    | (11,382,641)  | (4,234)   |
| Capital projects funds                 | -                    | -   | -   |
| Total fund balances (deficits)         | <u>13,114,722</u>    | <u>(8,382,641)</u>  | <u>(650)</u>  |
| Total liabilities and fund balances    | <u>\$ 22,699,460</u> | <u>\$ 4,274,835</u>   | <u>\$ 1,330,004</u>                                   |

See Accompanying Notes to Financial Statements.

| <b>Major<br/>Funds</b>                        |                                     |   |
|---|-------------------------------------|---|
| <b>Measure M<br/>Special<br/>Revenue Fund</b> | <b>Other<br/>Nonmajor<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
| \$ 4,650,899                                  | \$ 7,227,642                        | \$ 21,351,248                           |
| -   | 2,610,380                           | 2,610,380                               |
| -   | 28,123                              | 3,251,778                               |
| 11,166  | 35,126                              | 97,675                                  |
| -   | -                                   | 559,494                                 |
| 161,798                                       | -                                   | 975,485                                 |
| 97,394  | 1,880,998                           | 2,461,812                               |
| -   | 612,477                             | 11,251,414                              |
| -   | 111,000                             | 3,111,000                               |
| -   | -                                   | 61,016                                  |
| <u>\$ 4,921,257</u>                           | <u>\$ 12,505,746</u>                | <u>\$ 45,731,302</u>                    |
| <br>  |                                     |   |
| \$ 1,721,754                                  | \$ 654,529                          | \$ 5,033,834                            |
| 4,464   | 97,191                              | 1,431,600                               |
| -   | 870,161                             | 975,485                                 |
| -   | -                                   | 16,337,628                              |
| 4,886,708                                     | 662,030                             | 8,691,158                               |
| <u>6,612,926</u>                              | <u>2,283,911</u>                    | <u>32,469,705</u>                       |
| <br>  |                                     |   |
| -   | -                                   | 559,494                                 |
| -   | 611,967                             | 9,316,967                               |
| -   | 111,000                             | 3,111,000                               |
| -   | 277,900                             | 277,900                                 |
| -   | 1,602,171                           | 1,602,171                               |
| -   | -                                   | 61,016                                  |
| 6,117,804                                     | 2,843,835                           | 8,961,639                               |
| -   | -                                   | 1,715,713                               |
| -   | -                                   | 2,077,083                               |
| (7,809,473)                                   | 3,981,295                           | (15,215,053)                            |
| -   | 793,667                             | 793,667                                 |
| <u>(1,691,669)</u>                            | <u>10,221,835</u>                   | <u>13,261,597</u>                       |
| <u>\$ 4,921,257</u>                           | <u>\$ 12,505,746</u>                | <u>\$ 45,731,302</u>                    |

**CITY OF LA HABRA**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2010**

Total fund balances, governmental funds \$ 13,261,597

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           | \$ 114,176,436      |            |
| Accumulated depreciation | <u>(30,942,091)</u> | 83,234,345 |

Internal service funds are used by management to charge the costs of certain activities, such as risk management and fleet management,, 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. 7,299,012

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds. (223,360)

Other long-term assets that are not available to pay current period expenditures are deferred in the funds. 3,247,877

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                      | \$ (757,897)     |                     |
| Energy capital lease             | (979,910)        |                     |
| Notes payable                    | (531,199)        |                     |
| 1999 special refunding tax bonds | (2,035,000)      |                     |
| 2000 tax allocation bonds        | (6,950,000)      |                     |
| Compensated absences             | (2,805,175)      |                     |
| Net OPEB obligation              | <u>(622,000)</u> |                     |
|                                  |                  | <u>(14,681,181)</u> |

Net assets of governmental activities \$ 92,138,290

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, 2010**

|  | <b>Major Funds</b> |   |   |
|--|--------------------|---|---|
|  | <b>General</b>     | <b>Redevelopment<br/>Operating Special<br/>Revenue Fund</b> | <b>Child Development<br/>Special<br/>Revenue Fund</b> |
| <b>Revenues:</b>   |                    |   |   |
| Property taxes and special assessments                       | \$ 12,237,586      | \$ -  | \$ -  |
| Sales and use tax  | 7,599,507          | -   | -   |
| Transaction and use tax                                      | 3,321,233          | -   | -   |
| Franchise tax  | 1,410,718          | -   | -   |
| Intergovernmental  | 257,441            | -   | 6,504,168   |
| Licenses and permits   | 967,175            | -   | -   |
| Charges for services   | 4,113,121          | 26,642  | -   |
| Fines, forfeitures, and penalties                            | 1,079,904          | -   | -   |
| Use of money and property                                    | 2,209,945          | 2,947   | 2,775   |
| Total revenues   | 33,196,630         | 29,589  | 6,506,943   |
| <b>Expenditures:</b>   |                    |   |   |
| Current:   |                    |   |   |
| General government   | 2,463,585          | -   | -   |
| Public safety  | 21,286,098         | -   | -   |
| Public works   | 2,947,639          | -   | -   |
| Employment and training                                      | -                  | -   | -   |
| Community services   | 2,380,300          | -   | 5,744,001   |
| Community development  | 2,550,568          | 1,158,319   | -   |
| Intergovernmental - SERAF payment                            | -                  | 892,557   | -   |
| Capital outlay   | -                  | -   | 827,031   |
| Debt service:  |                    |   |   |
| Principal  | 134,850            | -   | -   |
| Interest   | 79,571             | 451,059   | -   |
| Total expenditures   | 31,842,611         | 2,501,935   | 6,571,032   |
| Excess (deficiency) of revenues<br>over (under) expenditures | 1,354,019          | (2,472,346)   | (64,089)  |
| <b>Other financing sources (uses):</b>                       |                    |   |   |
| Transfers in   | -                  | 1,921,563   | -   |
| Transfers out  | (93,104)           | -   | -   |
| Total other financing sources (uses)                         | (93,104)           | 1,921,563   | -   |
| Net change in fund balances                                  | 1,260,915          | (550,783)   | (64,089)  |
| Fund balances (deficit), beginning of year, restated         | 11,853,807         | (7,831,858)   | 63,439  |
| Fund balances (deficits), end of year                        | \$ 13,114,722      | \$ (8,382,641)  | \$ (650)  |

See Accompanying Notes to Financial Statements.

| <b>Major<br/>Funds</b>                        |                                     |   |
|---|-------------------------------------|---|
| <b>Measure M<br/>Special<br/>Revenue Fund</b> | <b>Other<br/>Nonmajor<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
| \$ -  | \$ 3,338,323                        | \$ 15,575,909                           |
| -   | -                                   | 7,599,507                               |
| -   | -                                   | 3,321,233                               |
| -   | -                                   | 1,410,718                               |
| 6,232,807                                     | 7,050,252                           | 20,044,668                              |
| -   | -                                   | 967,175                                 |
| -   | 34,001                              | 4,173,764                               |
| -   | -                                   | 1,079,904                               |
| 100,364                                       | 203,776                             | 2,519,807                               |
| <u>6,333,171</u>                              | <u>10,626,352</u>                   | <u>56,692,685</u>                       |
| -   | 206,230                             | 2,669,815                               |
| -   | 799,824                             | 22,085,922                              |
| 6,405,235                                     | 197,666                             | 9,550,540                               |
| -   | 1,335,844                           | 1,335,844                               |
| -   | -                                   | 8,124,301                               |
| -   | 1,239,731                           | 4,948,618                               |
| -   | -                                   | 892,557                                 |
| 3,433,730                                     | 4,048,989                           | 8,309,750                               |
| -   | 317,308                             | 452,158                                 |
| -   | 552,327                             | 1,082,957                               |
| <u>9,838,965</u>                              | <u>8,697,919</u>                    | <u>59,452,462</u>                       |
| <u>(3,505,794)</u>                            | <u>1,928,433</u>                    | <u>(2,759,777)</u>                      |
| 1,783,332                                     | 108,820                             | 3,813,715                               |
| -   | (3,783,642)                         | (3,876,746)                             |
| <u>1,783,332</u>                              | <u>(3,674,822)</u>                  | <u>(63,031)</u>                         |
| (1,722,462)                                   | (1,746,389)                         | (2,822,808)                             |
| 30,793  | 11,968,224                          | 16,084,405                              |
| <u>\$ (1,691,669)</u>                         | <u>\$ 10,221,835</u>                | <u>\$ 13,261,597</u>                    |

**CITY OF LA HABRA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2010**

Net change in fund balances - total governmental funds: \$ (2,822,808)

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 outlay       | \$ | 8,996,460          |           |
| Depreciation expense |    | <u>(2,931,957)</u> | 6,064,503 |

The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities 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 liabilities and related items. (339,695)

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. 426,637

Accrued interest payable applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. The statement of net assets includes accrued interest. 8,424

Internal service funds are used by management to charge the costs of certain activities, such as risk management and fleet management, to individual funds. The net expense of the internal service funds is reported with governmental activities. 359,621

Change in net assets of governmental activities \$ 3,696,682

See Accompanying Notes to Financial Statements.



**CITY OF LA HABRA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

|   | <b>Business-Type Activities - Enterprise Funds</b> |                     |                     |
|---|--|---------------------|---------------------|
|   | <b>Major Funds</b>                                 |                     |                     |
|   | <b>Water</b>                                       | <b>Sewer</b>        | <b>Refuse</b>       |
| <b>Assets:</b>                                  |  |                     |                     |
| Current assets:                                 |  |                     |                     |
| Cash and investments                            | \$ 5,981,965                                       | \$ 5,545,419        | \$ 5,137,102        |
| Accounts receivable, net                        | 1,220,135  | 214,050             | 526,293             |
| Interest receivable                             | 16,767   | 27,232              | 23,330              |
| Prepaid items                                   | -  | -                   | -                   |
| Due from other governments                      | -  | -                   | 10,942              |
| Inventory                                       | 10,432   | -                   | -                   |
| Total current assets                            | <u>7,229,299</u>                                   | <u>5,786,701</u>    | <u>5,697,667</u>    |
| Noncurrent assets:                              |  |                     |                     |
| Cash and investments with fiscal agents         | -  | -                   | -                   |
| Advances to other funds                         | -  | -                   | -                   |
| Deferred charges                                | -  | -                   | -                   |
| Investment in water rights stock                | 1,081,336  | -                   | -                   |
| Land held for resale                            | -  | -                   | -                   |
| Capital assets, net                             | 15,344,555   | 4,222,824           | 449,215             |
| Total noncurrent assets                         | <u>16,425,891</u>                                  | <u>4,222,824</u>    | <u>449,215</u>      |
| Total assets                                    | <u>23,655,190</u>                                  | <u>10,009,525</u>   | <u>6,146,882</u>    |
| <b>Liabilities:</b>                             |  |                     |                     |
| Current liabilities:                            |  |                     |                     |
| Accounts payable                                | 2,353,498  | 171,016             | 571,134             |
| Accrued liabilities                             | 51,245   | 12,456              | 2,915               |
| Accrued interest                                | -  | -                   | -                   |
| Deposits payable                                | 149,700  | -                   | -                   |
| Certificates of participation, current          | -  | -                   | -                   |
| Water revenue bonds, current                    | -  | -                   | -                   |
| Compensated absences                            | -  | -                   | -                   |
| Total current liabilities                       | <u>2,554,443</u>                                   | <u>183,472</u>      | <u>574,049</u>      |
| Noncurrent liabilities:                         |  |                     |                     |
| Advances from other funds                       | 6,585,000  | -                   | -                   |
| Certificates of participation                   | -  | -                   | -                   |
| Water revenue bonds                             | -  | -                   | -                   |
| Pollution remediation liability                 | -  | -                   | 2,300,000           |
| Total noncurrent liabilities                    | <u>6,585,000</u>                                   | <u>-</u>            | <u>2,300,000</u>    |
| Total liabilities                               | <u>9,139,443</u>                                   | <u>183,472</u>      | <u>2,874,049</u>    |
| <b>Net assets:</b>                              |  |                     |                     |
| Invested in capital assets, net of related debt | 15,344,555   | 4,222,824           | 449,215             |
| Restricted                                      | -  | -                   | 1,630,052           |
| Unrestricted (deficits)                         | (828,808)  | 5,603,229           | 1,193,566           |
| Total net assets                                | <u>\$ 14,515,747</u>                               | <u>\$ 9,826,053</u> | <u>\$ 3,272,833</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**

| <u>Major Fund</u>   | <u>Other</u>      |                      |                      |
|---------------------|-------------------|----------------------|----------------------|
| <u>Housing</u>      | <u>Nonmajor</u>   |                      | <u>Internal</u>      |
| <u>Authority</u>    | <u>Funds</u>      | <u>Totals</u>        | <u>Service Funds</u> |
| \$ 2,910,658        | \$ 735,808        | \$ 20,310,952        | \$ 7,995,369         |
| 9,143               | 26,247            | 1,995,868            | 28,734               |
| 9,287               | 7,204             | 83,820               | 36,731               |
| 8,851               | 18,777            | 27,628               | 92,711               |
| -                   | 120,878           | 131,820              | 13,854               |
| -                   | -                 | 10,432               | 46,906               |
| <u>2,937,939</u>    | <u>908,914</u>    | <u>22,560,520</u>    | <u>8,214,305</u>     |
| 1,125,301           | -                 | 1,125,301            | 495,911              |
| 2,000,000           | -                 | 2,000,000            | 11,671,214           |
| 620,666             | -                 | 620,666              | 726,256              |
| -                   | -                 | 1,081,336            | -                    |
| 115,000             | -                 | 115,000              | -                    |
| <u>13,585,904</u>   | <u>1,933,194</u>  | <u>35,535,692</u>    | <u>1,648,196</u>     |
| <u>17,446,871</u>   | <u>1,933,194</u>  | <u>40,477,995</u>    | <u>14,541,577</u>    |
| <u>20,384,810</u>   | <u>2,842,108</u>  | <u>63,038,515</u>    | <u>22,755,882</u>    |
| 9,548               | 57,898            | 3,163,094            | 392,528              |
| 2,018               | 12,955            | 81,589               | 2,085,097            |
| 195,149             | -                 | 195,149              | 124,791              |
| -                   | -                 | 149,700              | -                    |
| -                   | -                 | -                    | 260,000              |
| -                   | -                 | -                    | 165,000              |
| -                   | -                 | -                    | 1,202,303            |
| <u>206,715</u>      | <u>70,853</u>     | <u>3,589,532</u>     | <u>4,229,719</u>     |
| -                   | 2,000,000         | 8,585,000            | -                    |
| 13,793,909          | -                 | 13,793,909           | 4,207,502            |
| -                   | -                 | -                    | 6,420,000            |
| -                   | -                 | 2,300,000            | -                    |
| <u>13,793,909</u>   | <u>2,000,000</u>  | <u>24,678,909</u>    | <u>10,627,502</u>    |
| <u>14,000,624</u>   | <u>2,070,853</u>  | <u>28,268,441</u>    | <u>14,857,221</u>    |
| 917,296             | 1,933,194         | 22,867,084           | 1,648,196            |
| -                   | -                 | 1,630,052            | -                    |
| 5,466,890           | (1,161,939)       | 10,272,938           | 6,250,465            |
| <u>\$ 6,384,186</u> | <u>\$ 771,255</u> | <u>34,770,074</u>    | <u>\$ 7,898,661</u>  |
|                     |                   | 599,649              |                      |
|                     |                   | <u>\$ 35,369,723</u> |                      |

**CITY OF LA HABRA**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**

|  | <b>Business-Type Activities - Enterprise Funds</b> |                     |                     |
|--|--|---------------------|---------------------|
|  | <b>Major Funds</b>                                 |                     |                     |
|  | <b>Water</b>                                       | <b>Sewer</b>        | <b>Refuse</b>       |
| <b>Operating revenues:</b>               |  |                     |                     |
| Water sales                              | \$ 10,541,988                                      | \$ -                | \$ -                |
| Refuse billings                          | -  | -                   | 2,958,192           |
| Charges for services                     | 217,487  | 1,346,611           | -                   |
| Intergovernmental                        | -  | -                   | 22,898              |
| Total operating revenues                 | <u>10,759,475</u>                                  | <u>1,346,611</u>    | <u>2,981,090</u>    |
| <b>Operating Expenses:</b>               |  |                     |                     |
| Water and materials                      | 5,013,425  | -                   | -                   |
| Contractual services                     | 329,905  | 121,896             | 2,679,563           |
| Wages and fringe benefits                | 1,399,500  | 399,394             | 127,780             |
| Benefits and claims                      | -  | -                   | -                   |
| Equipment and maintenance                | 384,386  | 119,679             | 46,248              |
| Materials and supplies                   | 279,044  | 18,629              | 9,461               |
| Utilities                                | 251,994  | -                   | -                   |
| Depreciation                             | 505,863  | 200,108             | 12,748              |
| Amortization                             | -  | -                   | -                   |
| Administration                           | 1,808,072  | 664,001             | 247,474             |
| Total operating expenses                 | <u>9,972,189</u>                                   | <u>1,523,707</u>    | <u>3,123,274</u>    |
| Operating income (loss)                  | <u>787,286</u>                                     | <u>(177,096)</u>    | <u>(142,184)</u>    |
| <b>Nonoperating revenues (expenses):</b> |  |                     |                     |
| Interest income                          | 75,338   | 114,459             | 94,587              |
| Gain (loss) on sale of asset             | -  | -                   | -                   |
| Gain (loss) on sale of investments       | 44,106   | 23,464              | 19,837              |
| Interest (expense)                       | -  | -                   | -                   |
| Total nonoperating revenues              | <u>119,444</u>                                     | <u>137,923</u>      | <u>114,424</u>      |
| Income (loss) before transfers           | 906,730  | (39,173)            | (27,760)            |
| Transfers in                             | 131,200  | -                   | -                   |
| Transfers out                            | (328,650)  | (58,878)            | (108,545)           |
| Change in net assets                     | 709,280  | (98,051)            | (136,305)           |
| Net assets, beginning of year            | <u>13,806,467</u>                                  | <u>9,924,104</u>    | <u>3,409,138</u>    |
| Net assets, end of year                  | <u>\$ 14,515,747</u>                               | <u>\$ 9,826,053</u> | <u>\$ 3,272,833</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**

| <u>Major Fund</u>   | <u>Other</u>      |                     |                      |
|---------------------|-------------------|---------------------|----------------------|
| <u>Housing</u>      | <u>Nonmajor</u>   | <u>Totals</u>       | <u>Internal</u>      |
| <u>Authority</u>    | <u>Funds</u>      |                     | <u>Service Funds</u> |
| \$ -                | \$ -              | \$ 10,541,988       | \$ -                 |
| -                   | -                 | 2,958,192           | -                    |
| 2,120,431           | 2,978,516         | 6,663,045           | 3,927,254            |
| 8,693               | 112,231           | 143,822             | -                    |
| <u>2,129,124</u>    | <u>3,090,747</u>  | <u>20,307,047</u>   | <u>3,927,254</u>     |
| -                   | -                 | 5,013,425           | -                    |
| 201,162             | 459,521           | 3,792,047           | 520,584              |
| 13,883              | 389,830           | 2,330,387           | 1,338,633            |
| -                   | -                 | -                   | 91,034               |
| 187,021             | 93,387            | 830,721             | 297,210              |
| -                   | 901               | 308,035             | 434,198              |
| 64,341              | 272,701           | 589,036             | 147,292              |
| 209,294             | 74,021            | 1,002,034           | 396,395              |
| 127,002             | -                 | 127,002             | 51,297               |
| 87,412              | 1,860,464         | 4,667,423           | 601,055              |
| <u>890,115</u>      | <u>3,150,825</u>  | <u>18,660,110</u>   | <u>3,877,698</u>     |
| 1,239,009           | (60,078)          | 1,646,937           | 49,556               |
| 137,593             | 22,110            | 444,087             | 407,207              |
| -                   | -                 | -                   | 9,859                |
| 6,291               | 15,067            | 108,765             | 35,578               |
| <u>(772,164)</u>    | <u>(749)</u>      | <u>(772,913)</u>    | <u>(520,221)</u>     |
| <u>(628,280)</u>    | <u>36,428</u>     | <u>(220,061)</u>    | <u>(67,577)</u>      |
| 610,729             | (23,650)          | 1,426,876           | (18,021)             |
| 773,111             | 54,236            | 958,547             | 373,668              |
| -                   | (773,111)         | (1,269,184)         | -                    |
| 1,383,840           | (742,525)         | 1,116,239           | 355,647              |
| <u>5,000,346</u>    | <u>1,513,780</u>  |                     | <u>7,543,014</u>     |
| <u>\$ 6,384,186</u> | <u>\$ 771,255</u> |                     | <u>\$ 7,898,661</u>  |
|                     |                   | (3,974)             |                      |
|                     |                   | <u>\$ 1,112,265</u> |                      |

**CITY OF LA HABRA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**

|  | <b>Business-Type Activities - Enterprise Funds</b> |                     |                     |
|--|--|---------------------|---------------------|
|  | <b>Major Funds</b>                                 |                     |                     |
|  | <b>Water</b>                                       | <b>Sewer</b>        | <b>Refuse</b>       |
| <b>Cash flows from operating activities:</b>                         |  |                     |                     |
| Receipts from customers and users                                    | \$ 10,522,631                                      | \$ 1,294,606        | \$ 2,914,672        |
| Receipts from interfund services provided                            | -  | -                   | 11,956              |
| Payments to suppliers  | (5,769,404)  | (40,862)            | (2,625,677)         |
| Cash paid for interfund services provided                            | (1,670,595)  | (738,489)           | (268,365)           |
| Payments to employees  | (1,380,821)  | (397,162)           | (119,919)           |
| Net cash provided by<br>(used in) operating activities               | <u>1,701,811</u>                                   | <u>118,093</u>      | <u>(87,333)</u>     |
| <b>Cash flows from<br/>noncapital financing activities:</b>          |  |                     |                     |
| Transfers to other funds   | (328,650)  | (58,878)            | (108,545)           |
| Transfers from other funds   | 131,200  | -                   | -                   |
| Receipts of advances to other funds                                  | -  | -                   | -                   |
| Payments of advances from other funds                                | (160,000)  | -                   | -                   |
| Payments of due to other funds                                       | -  | -                   | -                   |
| Receipts of due from other funds                                     | 2,389,131  | -                   | -                   |
| Net cash provided by (used in)<br>noncapital financing activities    | <u>2,031,681</u>                                   | <u>(58,878)</u>     | <u>(108,545)</u>    |
| <b>Cash flows from<br/>capital and related financing activities:</b> |  |                     |                     |
| Purchase of capital assets   | (2,833,880)  | (607,171)           | -                   |
| Proceeds from sale of capital assets                                 | -  | -                   | -                   |
| Purchase of land held for resale                                     | -  | -                   | -                   |
| Proceeds of capital debt   | -  | -                   | -                   |
| Principal paid on capital debt                                       | -  | -                   | -                   |
| Payment to escrow agent to refund capital debt                       | -  | -                   | -                   |
| Interest paid on capital debt  | -  | -                   | -                   |
| Net cash used in capital<br>and related financing activities         | <u>(2,833,880)</u>                                 | <u>(607,171)</u>    | <u>-</u>            |
| <b>Cash flows from investing activities:</b>                         |  |                     |                     |
| (Purchase) sale of investments                                       | (31,945)   | 23,464              | 19,837              |
| Interest on investments  | 58,571   | 122,416             | 71,257              |
| Net cash provided by investing activities                            | <u>26,626</u>                                      | <u>145,880</u>      | <u>91,094</u>       |
| Net increase (decrease)<br>in cash and cash equivalents              | 926,238  | (402,076)           | (104,784)           |
| Cash and cash equivalents, beginning of year                         | 5,055,727  | 5,947,495           | 5,241,886           |
| Cash and cash equivalents, end of year                               | <u>\$ 5,981,965</u>                                | <u>\$ 5,545,419</u> | <u>\$ 5,137,102</u> |

See Accompanying Notes to Financial Statements.

**Business-Type Activities - Enterprise Funds**

| <u>Major Fund</u>   | <u>Other</u>      |                      | <u>Internal</u>      |
|---------------------|-------------------|----------------------|----------------------|
| <u>Housing</u>      | <u>Nonmajor</u>   | <u>Totals</u>        | <u>Service Funds</u> |
| <u>Authority</u>    | <u>Funds</u>      |                      |                      |
| \$ 533,411          | \$ 2,864,905      | \$ 18,130,225        | \$ 74,373            |
| 1,587,200           | 277,170           | 1,876,326            | 3,815,051            |
| (387,670)           | (2,409,546)       | (11,233,159)         | (2,233,252)          |
| (142,400)           | (233,782)         | (3,053,631)          | (380,686)            |
| (14,341)            | (387,744)         | (2,299,987)          | (1,332,297)          |
| <u>1,576,200</u>    | <u>111,003</u>    | <u>3,419,774</u>     | <u>(56,811)</u>      |
| -                   | (773,111)         | (1,269,184)          | -                    |
| 773,111             | 54,236            | 958,547              | 373,668              |
| -                   | -                 | -                    | 405,000              |
| -                   | -                 | (160,000)            | -                    |
| -                   | (100,643)         | (100,643)            | (2,389,131)          |
| -                   | -                 | 2,389,131            | -                    |
| <u>773,111</u>      | <u>(819,518)</u>  | <u>1,817,851</u>     | <u>(1,610,463)</u>   |
| -                   | (134,967)         | (3,576,018)          | (304,120)            |
| -                   | -                 | -                    | 9,859                |
| (115,000)           | -                 | (115,000)            | -                    |
| 14,997,013          | -                 | 14,997,013           | -                    |
| (845,000)           | -                 | (845,000)            | (402,740)            |
| (15,545,648)        | -                 | (15,545,648)         | -                    |
| (742,201)           | -                 | (742,201)            | (538,995)            |
| <u>(2,250,836)</u>  | <u>(134,967)</u>  | <u>(5,826,854)</u>   | <u>(1,235,996)</u>   |
| 6,291               | 15,067            | 32,714               | 35,578               |
| 128,306             | 14,157            | 394,707              | 370,476              |
| <u>134,597</u>      | <u>29,224</u>     | <u>427,421</u>       | <u>406,054</u>       |
| 233,072             | (814,258)         | (161,808)            | (2,497,216)          |
| <u>3,802,887</u>    | <u>1,550,066</u>  | <u>21,598,061</u>    | <u>10,988,496</u>    |
| <u>\$ 4,035,959</u> | <u>\$ 735,808</u> | <u>\$ 21,436,253</u> | <u>\$ 8,491,280</u>  |

(Continued)

**CITY OF LA HABRA**  
**Statement of Cash Flows**  
**Proprietary Funds (Continued)**  
**For the Year Ended June 30, 2010**

|  | <b>Business-Type Activities - Enterprise Funds</b> |              |               |
|--|--|--------------|---------------|
|  | <b>Major Funds</b>                                 |              |               |
|  | <b>Water</b>                                       | <b>Sewer</b> | <b>Refuse</b> |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |  |              |               |
| Operating income (loss)  | \$ 787,286   | \$ (177,096) | \$ (142,184)  |
| Adjustments to Reconcile   |  |              |               |
| Operating Income (Loss) to Net Cash  |  |              |               |
| Provided by (Used in) Operating Activities:  |  |              |               |
| Depreciation   | 505,863  | 200,108      | 12,748        |
| Amortization   | -  | -            | -             |
| Change in Assets and Liabilities:  |  |              |               |
| (Increase) decrease in receivables   | (287,221)  | (52,006)     | (43,520)      |
| (Increase) decrease in due from other governments  | -  | -            | (10,942)      |
| (Increase) decrease in inventory   | (1,467)  | -            | -             |
| (Increase) decrease in prepaid items   | -  | -            | -             |
| Increase (decrease) in accrued liabilities and accounts payable  | 663,800  | 147,087      | 96,565        |
| Increase (decrease) in deposits payable  | 33,550   | -            | -             |
| Total adjustments  | 914,525  | 295,189      | 54,851        |
| Net cash provided by (used in) operating activities  | \$ 1,701,811                                       | \$ 118,093   | \$ (87,333)   |

See Accompanying Notes to Financial Statements.

**Business-Type Activities - Enterprise Funds**

| <u>Major Fund</u>   | <u>Other</u>      |                     | <u>Internal</u>      |
|---------------------|-------------------|---------------------|----------------------|
| <u>Housing</u>      | <u>Nonmajor</u>   | <u>Totals</u>       | <u>Service Funds</u> |
| <u>Authority</u>    | <u>Funds</u>      |                     |                      |
| \$ 1,239,009        | \$ (60,078)       | \$ 1,646,937        | \$ 49,556            |
| 209,294             | 74,021            | 1,002,034           | 396,395              |
| 127,002             | -                 | 127,002             | 51,297               |
| (8,515)             | (371)             | (391,633)           | (28,662)             |
| -                   | 51,700            | 40,758              | (8,682)              |
| -                   | -                 | (1,467)             | (8,627)              |
| 2,391               | (1,787)           | 604                 | (82,711)             |
| 7,019               | 47,518            | 961,989             | (425,377)            |
| -                   | -                 | 33,550              | -                    |
| <u>337,191</u>      | <u>171,081</u>    | <u>1,772,837</u>    | <u>(106,367)</u>     |
| <u>\$ 1,576,200</u> | <u>\$ 111,003</u> | <u>\$ 3,419,774</u> | <u>\$ (56,811)</u>   |

**CITY OF LA HABRA**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Fund**  
**June 30, 2010**

|                      | <b>Totals</b> |
|----------------------|---------------|
| <b>Assets:</b>       |               |
| Cash and investments | \$ 10,288,769 |
| Interest receivable  | 50,283        |
| Total assets         | \$ 10,339,052 |
| <b>Liabilities:</b>  |               |
| Accounts payable     | \$ 1,549      |
| Accrued liabilities  | 9,378         |
| Deposits             | 10,328,125    |
| Total liabilities    | \$ 10,339,052 |

See Accompanying Notes to Financial Statements.

**CITY OF LA HABRA**  
**Notes to Financial Statements**  
**June 30, 2010**

**(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 comprised of all City Council members 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, 2010**

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. Separately issued financial statements for the Authority may be obtained through written request to the City Department of Finance.

**(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 is 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, 2010**

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 Special Revenue Fund***

The Redevelopment Operating 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 Special Revenue Fund***

The Child Development Special Revenue 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, 2010**

***Measure M Special Revenue Fund***

The Measure M Special Revenue Fund is used to account for financial resources to be used for various capital and street improvements.

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:

***Water Fund***

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

***Sewer Fund***

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.

***Refuse Fund***

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.

***Housing Authority Fund***

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, 2010**

Additionally, the City reports the following:

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 Technology 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 and the Agency on September 14, 1982. Financing is mainly through the issuances of Certificates of Participation and Revenue Bonds 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.

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, 2010**

**(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, 2010**

**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, 2010 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.

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:

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

| <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 revenue 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 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.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

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.

The General Fund fund balance includes reserves for various contingencies that may occur. At June 30, 2010, the General Fund's designated contingency reserve is \$ 8,027,796, which includes a \$4,235,000 advance from the Internal Services funds, payable in annual installments, \$2,077,083 in unreserved-undesignated fund balance and \$1,715,713 from unreserved-designated for operating reserve.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

**(2) DETAILED NOTES ON ALL FUNDS**

*(a) Cash and Investments*

Cash and investments at June 30, 2010, consist of the following:

|   |               |
|---|---------------|
| <b>Statement of net assets:</b>         |               |
| Cash and investments                    | \$ 49,657,569 |
| Cash and investments with fiscal agents | 4,231,592     |
|   | 53,889,161    |
| <b>Fiduciary funds:</b>                 |               |
| Cash and investments                    | 10,288,769    |
|   | 10,288,769    |
| Total                                   | \$ 64,177,930 |

Cash and investments at June 30, 2010 are classified as follows:

|                                      |               |
|--------------------------------------|---------------|
| Petty cash                           | \$ 1,825      |
| Deposits with financial institutions | 18,665,088    |
| Investments                          | 45,511,017    |
|                                      | 45,511,017    |
| Total cash and investments           | \$ 64,177,930 |

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, 2010**

***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%                                   | \$50 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, 2010**

| <u>Authorized<br/>Investment Type</u>                   | <u>Maximum<br/>Maturity</u> | <u>Maximum<br/>Percentage<br/>Allowed</u> | <u>Maximum<br/>Investment<br/>in One Issuer</u> |
|---|-----------------------------|---|---|
| U.S. Treasury Obligations                               | None                        | None                                      | None  |
| Federal Housing<br>Administration Debentures            | None                        | None                                      | None  |
| U.S. Agency Securities                                  | None                        | None                                      | None  |
| Unsecured CDs, Time Deposits<br>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<br>Fund (LAIF)                  | None                        | None                                      | \$50 million<br>per account                     |

***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   | \$ 5,961,545         | \$ -                      | \$ 5,322,920         | \$ 638,625           |
| Federal agency securities   | 19,639,992           | -                         | 11,402,511           | 8,237,481            |
| Corporate medium-term notes | 7,441,046            | 900,000                   | 5,041,450            | 1,499,596            |
| Money market funds          | 200,092              | 200,092                   | -                    | -                    |
| LAIF                        | 8,036,750            | 8,036,750                 | -                    | -                    |
| Total                       | <u>\$ 41,279,425</u> | <u>\$ 9,136,842</u>       | <u>\$ 21,766,881</u> | <u>\$ 10,375,702</u> |

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

***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<br>Legal<br>Rating | Rating as of Year End (where applicable) |                      |                   |                     |                     |
|-----------------------------|----------------------|----------------------------|--|----------------------|-------------------|---------------------|---------------------|
|                             |                      |                            | Exempt from<br>Disclosure                | AAA                  | AA+               | AA                  | Not Rated           |
| U.S. Treasury               | \$ 5,961,545         | Exempt                     | \$ 5,961,545                             | \$ -                 | \$ -              | \$ -                | \$ -                |
| Federal agency securities   | 19,639,992           | N/A                        | -  | 19,639,992           | -                 | -                   | -                   |
| Corporate medium-term notes | 7,441,046            | AA                         | -  | 5,041,450            | 503,791           | 1,895,805           | -                   |
| Money market funds          | 200,092              | AAA                        | -  | 200,092              | -                 | -                   | -                   |
| LAIF                        | 8,036,750            | Not Rated                  | -  | -                    | -                 | -                   | 8,036,750           |
|                             | <u>\$ 41,279,425</u> |                            | <u>\$ 5,961,545</u>                      | <u>\$ 24,881,534</u> | <u>\$ 503,791</u> | <u>\$ 1,895,805</u> | <u>\$ 8,036,750</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<br>Amount |
|---------------------------------------|----------------------|--------------------|
| U.S. Treasury <sup>(1)</sup>          | U.S. Government      | \$ 5,961,545       |
| Federal Farm Credit Bank              | U.S. Agency Security | 5,170,737          |
| Federal Home Loan Mortgage Corp.      | U.S. Agency Security | 4,572,220          |
| Federal National Mortgage Association | U.S. Agency Security | 4,805,956          |
| Federal Home Loan Bank                | U.S. Agency Security | 5,091,079          |

<sup>(1)</sup> Exempt from disclosure

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

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. The City's deposits were not subject to custodial credit risk at June 30, 2010.

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)**

| <b>Investment Type</b>  | <b>Reported<br/>Amount</b> | <b>Maturity</b>  | <b>Rating</b> |
|-------------------------|----------------------------|------------------|---------------|
| Money market            | \$ 1,210,617               | Less than 1 year | AAA           |
| Investment contracts:   |                            |                  |               |
| Westdeutsche Landesbank | 395,460                    | 9/1/2022         | Not Rated     |
| Certificates of deposit | 98,000                     | 5/28/2015        | Not Rated     |
| Certificates of deposit | 98,000                     | 6/4/2015         | Not Rated     |
| Certificates of deposit | 98,000                     | 6/25/2015        | Not Rated     |
| LAIF                    | <u>2,331,515</u>           | Less than 1 year | Not Rated     |
|                         | <u>\$ 4,231,592</u>        |                  |               |

***Investment Contracts with Fiscal Agents***

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

***Investment in State Investment Pool***

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

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, 2010 was \$10,368,265.

The total amount invested by all public agencies in LAIF as of June 30, 2010 was \$23.3 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2010 had a balance of \$69.4 billion, of that amount, 5.42% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 203 days as of June 30, 2010.

**(b) Receivables**

Receivables of the City as of June 30, 2010, were:

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>        |
|---|------------------------------------|-------------------------------------|---------------------|
| <b>Accounts receivable:</b>               |                                    |                                     |                     |
| Property taxes                            | \$ 267,974                         | \$ -                                | \$ 267,974          |
| Sales taxes                               | 1,773,156                          | -                                   | 1,773,156           |
| RDA taxes                                 | 27,113                             | -                                   | 27,113              |
| Child care                                | 448,354                            | -                                   | 448,354             |
| Water sales                               | -                                  | 1,872,925                           | 1,872,925           |
| Sewer sales                               | -                                  | 214,050                             | 214,050             |
| Refuse sales                              | -                                  | 526,293                             | 526,293             |
| Franchise Fees                            | 393,394                            | -                                   | 393,394             |
| Leases                                    | -                                  | 26,247                              | 26,247              |
| Others                                    | 370,521                            | 9,143                               | 379,664             |
|   | <u>3,280,512</u>                   | <u>2,648,658</u>                    | <u>5,929,170</u>    |
| Total accounts receivable                 | 3,280,512                          | 2,648,658                           | 5,929,170           |
| Less allowance for uncollectible accounts | <u>-</u>                           | <u>(652,790)</u>                    | <u>(652,790)</u>    |
|   | <u>\$ 3,280,512</u>                | <u>\$ 1,995,868</u>                 | <u>\$ 5,276,380</u> |
| Total receivables                         | <u>\$ 3,280,512</u>                | <u>\$ 1,995,868</u>                 | <u>\$ 5,276,380</u> |

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

*(c) Interfund Receivables, Payables and Transfers*

***Due To and Due From***

The composition of interfund balances as of June 30, 2010 is as follows:

| <b>Due To</b>                                   | <b>Due From</b>                                    |  |                                   | Totals            |
|---|--|--|-----------------------------------|-------------------|
|   | Redevelopment<br>Operating Special<br>Revenue Fund | Child Development<br>Special<br>Revenue Fund | Nonmajor<br>Governmental<br>Funds |                   |
| General Fund                                    | \$ 47,120  | \$ 58,204                                    | \$ 688,013                        | \$ 793,337        |
| Redevelopment Operating<br>Special Revenue Fund | -  | -  | 20,350                            | 20,350            |
| Measure M<br>Special Revenue Fund               | -  | -  | 161,798                           | 161,798           |
| Totals  | <u>\$ 47,120</u>                                   | <u>\$ 58,204</u>                             | <u>\$ 870,161</u>                 | <u>\$ 975,485</u> |

The interfund receivables and payables balances represent routine and temporary cash flow assistance.

***Advances To and Advances From***

The composition of interfund advances as of June 30, 2010 is as follows:

| <b>Advances From</b>                 | <b>Advances To</b>  |   |                             |                                 | Totals               |
|--------------------------------------|---------------------|---|-----------------------------|---------------------------------|----------------------|
|                                      | General<br>Fund     | Redevelopment<br>Operating<br>Special<br>Revenue Fund | Water<br>Enterprise<br>Fund | Nonmajor<br>Enterprise<br>Funds |                      |
| General Fund                         | \$ -                | \$ 10,638,937   | \$ -                        | \$ -                            | \$ 10,638,937        |
| Nonmajor<br>Governmental Funds       | -                   | 612,477   | -                           | -                               | 612,477              |
| Housing Authority<br>Enterprise Fund | -                   | -   | -                           | 2,000,000                       | 2,000,000            |
| Internal Service Funds               | 4,495,000           | 591,214   | 6,585,000                   | -                               | 11,671,214           |
| Totals                               | <u>\$ 4,495,000</u> | <u>\$ 11,842,628</u>                                  | <u>\$ 6,585,000</u>         | <u>\$ 2,000,000</u>             | <u>\$ 24,922,628</u> |

- As of June 30, 1992, the Agency had borrowed an aggregate amount of \$5.7 million from the City General Fund. From that date through September 1998, the balance of the advances, excluding unpaid interest of \$1,319,247, from the City totaled \$6,705,000, representing \$5,640,000 from the Series B Tax-Exempt Certificates and \$1,065,000 from the Series C Tax

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

Certificates. On September 15, 1998, a loan agreement was entered into between the City and the Agency whereby the Agency would repay these advances in annual principal installments of between \$160,000 and \$455,000, plus interest of between 4.0% and 6.5%, maturing in 2022. In October 2000, the agreement was amended to account for the illiquid position of the Agency whereby the amount of the annual payments will be contingent upon the liquidity of the Agency (i.e. the Agency's ability to make scheduled payments). For the current year, principal paid was \$200,000. At June 30, 2010, the outstanding balance of the advance was \$8,053,582. The total accrued interest included in the balance is \$1,348,582, which includes accrued interest of \$229,335 for fiscal year 2009-2010.

- In August 2007, the City General Fund advanced the Agency \$2,000,000, at an interest rate of 9%, towards the purchase of a building and land. During the year the City extended the repayment terms of the advance to June 2014. At June 30, 2010, the outstanding balance of the advance was \$2,585,355. The total accrued interest included in the balance is \$585,355, which includes accrued interest of \$221,724 for fiscal year 2009-2010.
- As authorized by State Assembly Bill (AB) 26 4x, the Agency suspended its required 20% set-aside deposit of total annual tax increment into the Low-Moderate Income Housing Set-Aside (LMIH) fund for fiscal year 2010. These funds were used to pay the Agency's required supplemental Education Revenue Augmentation Fund (SERAF) obligation to the County. The Agency has established an advance from the Redevelopment Operating special revenue fund to the LMIH fund to recover the suspended deposit on or before June 30, 2015. Interest is calculated based on the State's Pooled Money Investment Account's (PMIA) Average Monthly Effective Yields. At June 30, 2010, the outstanding balance of the advance was \$612,477, which included accrued interest of \$510.
- On July 1, 2003, the La Habra Housing Authority entered into a promissory note with La Habra Mobile Home Lease Enterprise Fund in the amount of \$2,000,000 for necessary capital improvements at the two City owned Mobile Home parks. The repayment should be made from net rent and other revenues received by the Mobile Home Lease Enterprise Fund from its operation of the Mobile Home parks, as they become available. The current interest rate is 0%.
- On September 15, 1998, the La Habra Civic Improvement Authority issued the Certificates of Participation Series B and C in an aggregate amount of \$6,705,000. The certificates are payable from lease payments made by the City General Fund to the Authority. The outstanding balance at June 30, 2010 is \$4,495,000.
- As of June 30, 2010, the Agency had borrowed \$591,214 from the Civic Improvement Authority. There are no repayment terms on these advances, and the current interest rate is 0%.
- In October 2003, the La Habra Civic Improvement Authority issued the Revenue Bonds Series A in an aggregate amount of \$7,500,000. The bonds are payable from installment payments made by the La Habra Water Enterprise Fund. The outstanding balance at June 30, 2010 is \$6,585,000.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

***Interfund Transfers***

The composition of interfund transfers for the year ended June 30, 2010 is as follows:

| <b>Transfers Out</b>   | <b>Transfers In</b>   |   |  |                                      |  |  |                                       | <b>Totals</b>       |
|------------------------|---|---|--|--------------------------------------|--|--|---------------------------------------|---------------------|
|                        | <b>Redevelopment<br/>Operating<br/>Special<br/>Revenue<br/>Fund</b> | <b>Measure M<br/>Special<br/>Revenue<br/>Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Water<br/>Enterprise<br/>Fund</b> | <b>Housing<br/>Authority<br/>Enterprise<br/>Fund</b> | <b>Nonmajor<br/>Enterprise<br/>Funds</b> | <b>Internal<br/>Service<br/>Funds</b> |                     |
| General Fund           | \$ -  | \$ -  | \$ 75,708                                  | \$ -                                 | \$ -   | \$ 11,736                                | \$ 5,660                              | \$ 93,104           |
| Nonmajor               |   |   |  |                                      |  |  |                                       |                     |
| Governmental Funds     | 1,921,563   | 1,783,332   | 33,112                                     | -                                    | -  | -  | 45,635                                | 3,783,642           |
| Water Enterprise Fund  | -   | -   | -  | -                                    | -  | 21,250                                   | 307,400                               | 328,650             |
| Sewer Enterprise Fund  | -   | -   | -  | 42,628                               | -  | 16,250                                   | -                                     | 58,878              |
| Refuse Enterprise Fund | -   | -   | -  | 88,572                               | -  | 5,000                                    | 14,973                                | 108,545             |
| Nonmajor               |   |   |  |                                      |  |  |                                       |                     |
| Enterprise Funds       | -   | -   | -  | -                                    | 773,111  | -  | -                                     | 773,111             |
| <b>Totals</b>          | <b>\$ 1,921,563</b>   | <b>\$ 1,783,332</b>                               | <b>\$ 108,820</b>                          | <b>\$ 131,200</b>                    | <b>\$ 773,111</b>                                    | <b>\$ 54,236</b>                         | <b>\$ 373,668</b>                     | <b>\$ 5,145,930</b> |

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, 2010**

**(d) Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30, 2010:

|   | <b>Balance at<br/>July 1, 2009<br/>As Restated *</b> | <b>Increases</b>     | <b>Decreases</b>    | <b>Balance at<br/>June 30, 2010</b> |
|---|--|----------------------|---------------------|-------------------------------------|
| <b>Governmental activities:</b>             |  |                      |                     |                                     |
| Capital assets not being depreciated:       |  |                      |                     |                                     |
| Land  | \$ 8,755,305   | \$ -                 | \$ -                | \$ 8,755,305                        |
| Construction in progress                    | 5,367,371  | 1,565,792            | 4,348,942           | 2,584,221                           |
| Total capital assets not being depreciated  | <u>14,122,676</u>                                    | <u>1,565,792</u>     | <u>4,348,942</u>    | <u>11,339,526</u>                   |
| Capital assets being depreciated:           |  |                      |                     |                                     |
| Land improvements                           | 6,233,591  | 197,958              | -                   | 6,431,549                           |
| Buildings and improvements                  | 11,075,106   | 4,862,784            | -                   | 15,937,890                          |
| Improvements other than buildings           | 1,133,296  | -                    | -                   | 1,133,296                           |
| Machinery and equipment                     | 5,712,491  | 125,002              | 69,179              | 5,768,314                           |
| Autos and trucks                            | 3,910,735  | 220,116              | 149,555             | 3,981,296                           |
| Infrastructure                              | 69,698,574   | 6,677,869            | -                   | 76,376,443                          |
| Total capital assets being depreciated      | <u>97,763,793</u>                                    | <u>12,083,729</u>    | <u>218,734</u>      | <u>109,628,788</u>                  |
| <b>Less accumulated depreciation for:</b>   |  |                      |                     |                                     |
| Land improvements                           | 842,010  | 260,770              | -                   | 1,102,780                           |
| Buildings and improvements                  | 5,975,444  | 252,463              | -                   | 6,227,907                           |
| Improvements other than buildings           | 906,943  | 5,270                | -                   | 912,213                             |
| Machinery and equipment                     | 3,257,706  | 268,992              | 69,179              | 3,457,519                           |
| Autos and trucks                            | 2,741,259  | 305,409              | 149,555             | 2,897,113                           |
| Infrastructure                              | 19,252,793   | 2,235,448            | -                   | 21,488,241                          |
| Total accumulated depreciation              | <u>32,976,155</u>                                    | <u>3,328,352</u>     | <u>218,734</u>      | <u>36,085,773</u>                   |
| Total capital assets being depreciated, net | <u>64,787,638</u>                                    | <u>8,755,377</u>     | <u>-</u>            | <u>73,543,015</u>                   |
| Governmental activities capital assets, net | <u>\$ 78,910,314</u>                                 | <u>\$ 10,321,169</u> | <u>\$ 4,348,942</u> | <u>\$ 84,882,541</u>                |

\* Capital assets were restated to reclassify \$922,500 from capital assets being depreciated to construction in progress. The Redevelopment Agency purchased a building in fiscal year 2009 that is being repaired and renovated and was not in use as of June 30, 2009, thus should not be depreciated.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

|  | <u>Balance at<br/>July 1, 2009</u> | <u>Increases</u>           | <u>Decreases</u>   | <u>Balance at<br/>June 30, 2010</u> |
|--|------------------------------------|----------------------------|--------------------|-------------------------------------|
| <b>Business-type activities:</b>             |                                    |                            |                    |                                     |
| Capital assets not being depreciated:        |                                    |                            |                    |                                     |
| Land   | \$ 12,800,000                      | \$ -                       | \$ -               | \$ 12,800,000                       |
| Construction in progress                     | -                                  | 134,967                    | -                  | 134,967                             |
| Total capital assets not being depreciated   | <u>12,800,000</u>                  | <u>134,967</u>             | <u>-</u>           | <u>12,934,967</u>                   |
| Capital assets being depreciated:            |                                    |                            |                    |                                     |
| Buildings and improvements                   | 5,141,477                          | -                          | -                  | 5,141,477                           |
| Improvements other than buildings            | 253,490                            | -                          | -                  | 253,490                             |
| Machinery and equipment                      | 894,315                            | 313,605                    | -                  | 1,207,920                           |
| Autos and trucks                             | 257,402                            | -                          | -                  | 257,402                             |
| Infrastructure                               | 34,856,802                         | 3,127,445                  | -                  | 37,984,247                          |
| Total capital assets being depreciated       | <u>41,403,486</u>                  | <u>3,441,050</u>           | <u>-</u>           | <u>44,844,536</u>                   |
| <b>Less accumulated depreciation for:</b>    |                                    |                            |                    |                                     |
| Buildings and improvements                   | 3,762,165                          | 231,368                    | -                  | 3,993,533                           |
| Improvements other than buildings            | 202,057                            | 12,081                     | -                  | 214,138                             |
| Machinery and equipment                      | 107,799                            | 65,132                     | (60,584)           | 233,515                             |
| Autos and trucks                             | 102,959                            | 18,058                     | -                  | 121,017                             |
| Infrastructure                               | 17,066,797                         | 675,395                    | 60,584             | 17,681,608                          |
| Total accumulated depreciation               | <u>21,241,777</u>                  | <u>1,002,034</u>           | <u>-</u>           | <u>22,243,811</u>                   |
| Total capital assets being depreciated, net  | <u>20,161,709</u>                  | <u>2,439,016</u>           | <u>-</u>           | <u>22,600,725</u>                   |
| Business-type activities capital assets, net | <u><u>\$ 32,961,709</u></u>        | <u><u>\$ 2,573,983</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 35,535,692</u></u>         |

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

|   |                            |
|---|----------------------------|
| Governmental activities:                            |                            |
| General government                                  | \$ 24,335                  |
| Public safety                                       | 347,338                    |
| Public works  | 2,651,327                  |
| Community services                                  | 288,249                    |
| Community development                               | 17,103                     |
| Total depreciation expense, Governmental Activities | <u><u>\$ 3,328,352</u></u> |

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

Business-type activities:

|  |                            |
|--|----------------------------|
| Water  | \$ 505,863                 |
| Sewer  | 200,108                    |
| Refuse   | 12,748                     |
| Housing Authority                                    | 209,294                    |
| Children's Museum                                    | 34,942                     |
| Mobile Home Lease                                    | 39,079                     |
|  | <u>1,002,034</u>           |
| Total depreciation expense, Business-type Activities | <u><u>\$ 1,002,034</u></u> |

**(e) Long-Term Liabilities**

The following is a summary of the changes in the long-term liabilities for the year ended June 30, 2010:

|  | Balance at<br>July 1, 2009 | Increases     | Decreases     | Balance at<br>June 30, 2010 | Due within<br>One Year |
|--|----------------------------|---------------|---------------|-----------------------------|------------------------|
| <b>Governmental activities:</b>                              |                            |               |               |                             |                        |
| Energy loan agreement  | \$ 831,620                 | \$ -          | \$ 73,723     | \$ 757,897                  | \$ 76,663              |
| Energy capital lease agreement                               | 1,041,037                  | -             | 61,127        | 979,910                     | 68,390                 |
| Notes payable  | 573,507                    | -             | 42,308        | 531,199                     | 44,362                 |
| 1999 refunding special tax bonds                             | 2,180,000                  | -             | 145,000       | 2,035,000                   | 155,000                |
| 2000 tax allocation bonds                                    | 7,080,000                  | -             | 130,000       | 6,950,000                   | 155,000                |
|  | 11,706,164                 | -             | 452,158       | 11,254,006                  | 499,415                |
| Compensated absences *                                       | 3,897,203                  | 2,125,429     | 2,015,154     | 4,007,478                   | 1,202,243              |
|  | 15,603,367                 | 2,125,429     | 2,467,312     | 15,261,484                  | 1,701,658              |
| Internal service funds included in governmental activities:  |                            |               |               |                             |                        |
| 1998 Certificates of Participation, Series B                 | 3,955,000                  | -             | 210,000       | 3,745,000                   | 220,000                |
| 1998 Certificates of Participation, Series C                 | 785,000                    | -             | 35,000        | 750,000                     | 40,000                 |
|  | 4,740,000                  | -             | 245,000       | 4,495,000                   | 260,000                |
| Less unamortized discount                                    | 29,758                     | -             | 2,260         | 27,498                      | 2,260                  |
|  | 4,710,242                  | -             | 242,740       | 4,467,502                   | 257,740                |
| Total long-term debt of governmental activities              | \$ 20,313,609              | \$ 2,125,429  | \$ 2,710,052  | \$ 19,728,986               | \$ 1,959,398           |
| <b>Business-type activities:</b>                             |                            |               |               |                             |                        |
| 1998 Certificates of Participation, Series A                 | \$ 16,280,000              | \$ -          | \$ 16,280,000 | \$ -                        | \$ -                   |
| 2010 Refunding Certificates of Participation, Series A       | -                          | 15,910,000    | -             | 15,910,000                  | -                      |
| Internal service funds included in business-type activities: |                            |               |               |                             |                        |
| 2003 Revenue Bond, Series A                                  | 6,745,000                  | -             | 160,000       | 6,585,000                   | 165,000                |
|  | 23,025,000                 | 15,910,000    | 16,440,000    | 22,495,000                  | 165,000                |
| Less unamortized discount                                    | 102,177                    | 287,178       | 104,537       | 284,818                     | 9,441                  |
| Less loss on refunding                                       | -                          | 1,847,366     | 16,093        | 1,831,273                   | 64,373                 |
|  | 102,177                    | 1,847,366     | 16,093        | 1,831,273                   | 64,373                 |
| Total long-term debt of business-type activities             | \$ 22,922,823              | \$ 13,775,456 | \$ 16,319,370 | \$ 20,378,909               | \$ 91,186              |

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

\* The portion of compensated absences due within one year is 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.

**1. Governmental Activities**

***Energy Loan Agreement and Energy Capital Lease Agreement***

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

To pay for these solutions, the City entered into a \$1,080,000 loan agreement and a separate \$1,273,390 capital lease agreement for the acquisition of buildings and improvements. The loan agreement is due in 28 semiannual installments of \$52,981, payments beginning on December 22, 2005. The capital lease agreement calls for 62 quarterly payments ranging from \$22,581 to \$38,999, ending on November 11, 2020. The City remitted a total of \$214,421 for principal and interest during the year ended June 30, 2010.

| <b>Fiscal Year<br/>Ending June 30</b> | <b>Energy Loan</b> |                   | <b>Energy Capital Lease</b> |                   |
|---------------------------------------|--------------------|-------------------|-----------------------------|-------------------|
|                                       | <b>Principal</b>   | <b>Interest</b>   | <b>Principal</b>            | <b>Interest</b>   |
| 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                                  | 86,206             | 19,648            | 93,077                      | 33,860            |
| 2015                                  | 89,645             | 16,209            | 102,362                     | 29,517            |
| 2016-2020                             | 342,831            | 27,658            | 555,625                     | 66,984            |
| <b>Totals</b>                         | <b>\$ 757,897</b>  | <b>\$ 141,861</b> | <b>\$ 979,910</b>           | <b>\$ 254,092</b> |

***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. The outstanding balance at June 30, 2010 is \$531,199.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

***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 bonds are secured primarily by a pledge of all special tax revenues levied on taxable real property with the District. Special tax revenues are defined as the special taxes levied by the Agency within 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. These revenues have been pledged until the year 2019, the final maturity date of the bonds. The total principal and interest remaining on the bonds is \$2,702,040, the approximate amount of revenue pledged. Special tax revenue recognized during the year ended June 30, 2010 was \$278,485 as against the total debt service payments of \$270,468. The outstanding balance at June 30, 2010 is \$2,035,000.

***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 secured and to be serviced from tax increment revenues of the Agency. All tax increment revenues are the security for bonds. The total principal and interest remaining on the bonds is \$12,172,199, the approximate amount of revenue pledged. Pledged tax increment revenue recognized during the year ended June 30, 2010 was \$2,447,871 as against the total debt service payments of \$528,995. The outstanding balance at June 30, 2010 is \$6,950,000.

***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 as defined in the lease agreement. Lease payments are to be paid by the City in each rental period for and in consideration of the right to use and occupy the properties during each such period. Pledged lease payment revenue recognized during the year ended June 30, 2010, was \$307,400 as against the total debt service payments of \$438,233. The outstanding balance at June 30, 2010, is \$4,495,000.

**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%.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

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. Lease payments are to be paid by the City in each rental period for and in consideration of the right to use and occupy the properties during each such period. Pledged lease payment revenue recognized during the year ended June 30, 2010 was \$1,587,199. The total principal and interest payment was \$1,697,846, and the remaining outstanding principal of \$15,435,000 was refunded by 2010 Refunding Certificates of Participation, Series A.

***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 1.500% to 5.125%. The Revenue Bonds mature in varying amounts through October 2033 and are secured by and to be serviced from all net income and revenue reported in the Water Fund. Net revenue recognized during the year ended June 30, 2010 was \$787,286 against the total principal and interest payment of \$467,400. The outstanding balance at June 30, 2010 is \$6,585,000.

***2010 Refunding Certificates of Participation, Series A***

On March 25, 2010, the Housing Authority issued Certificates of Participation, Series A (Certificates) in an aggregate amount of \$15,910,000 with variable and fixed interest rates ranging from 1.00% to 5.25% to provide funds to refund on a current basis the outstanding 1998 Refunding Certificates of Participation, Series A (1998 Certificates), with interest rates ranging from 4% to 4.8%. The Certificates mature in varying annual amounts through September 1, 2040. Lease payments are to be paid by the city in each rental period for and in consideration of the right to use and occupy the properties during each such period. No debt service payment was required during the year ended June 30, 2010.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

At June 30, 2010, annual debt service requirements to maturity for long-term debt, excluding accrued compensated absences, are as follows:

| <b>Fiscal Year<br/>Ending June 30</b> | <b>Governmental Activities</b> |                     | <b>Business-Type Activities</b> |                      |
|---------------------------------------|--------------------------------|---------------------|---------------------------------|----------------------|
|                                       | <b>Principal</b>               | <b>Interest</b>     | <b>Principal</b>                | <b>Interest</b>      |
| 2011                                  | \$ 759,416                     | \$ 824,888          | \$ 165,000                      | \$ 671,819           |
| 2012                                  | 852,287                        | 785,565             | 455,000                         | 1,034,044            |
| 2013                                  | 901,012                        | 741,793             | 465,000                         | 1,024,294            |
| 2014                                  | 950,425                        | 695,270             | 475,000                         | 1,012,836            |
| 2015                                  | 1,005,630                      | 645,710             | 490,000                         | 1,000,035            |
| 2016-2020                             | 5,395,236                      | 2,391,951           | 2,695,000                       | 4,737,623            |
| 2021-2025                             | 2,920,000                      | 1,217,686           | 3,325,000                       | 4,106,459            |
| 2026-2030                             | 1,700,000                      | 628,038             | 4,215,000                       | 3,207,928            |
| 2031-2035                             | 1,265,000                      | 114,122             | 4,945,000                       | 2,006,131            |
| 2036-2040                             | -                              | -                   | 4,270,000                       | 845,250              |
| 2041                                  | -                              | -                   | 995,000                         | 26,119               |
|                                       | 15,749,006                     | 8,045,023           | 22,495,000                      | 19,672,538           |
| Unamortized discount                  | (27,498)                       | 27,498              | (284,818)                       | 284,818              |
| Loss on refunding                     | -                              | -                   | (1,831,273)                     | 1,831,273            |
| Totals                                | <u>\$ 15,721,508</u>           | <u>\$ 8,072,521</u> | <u>\$ 20,378,909</u>            | <u>\$ 21,788,629</u> |

**(f) Operating Leases**

The City is committed under non-cancellable operating lease agreements principally related to office equipment. Most of the City leases include renewal options, purchase options or both. These provisions may be exercised by the City upon the expiration of the related lease agreements. Total costs for such leases were \$24,809 for the year ended June 30, 2010. The future minimum lease payments are as follows:

| <b>Fiscal Year<br/>Ending June 30</b> | <b>Amount</b>    |
|---------------------------------------|------------------|
| 2011                                  | \$ 10,664        |
| 2012                                  | 5,616            |
| 2013                                  | 5,616            |
| 2014                                  | 1,872            |
| Totals                                | <u>\$ 23,768</u> |

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

**(3) OTHER INFORMATION**

*(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 Safety Plan, a 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 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 10.249% and 26.521% 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, 2008, actuarial valuation as follows:

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Accrued<br/>Liability</b> | <b>Actuarial<br/>Value of<br/>Assets</b> | <b>Unfunded<br/>Liability<br/>(Excess<br/>Assets)</b> | <b>Funded<br/>Ratio</b> | <b>Annual<br/>Covered<br/>Payroll</b> | <b>Actuarial<br/>Accrued<br/>Liability %<br/>of Payroll</b> |
|---|------------------------------|--|---|-------------------------|---------------------------------------|---|
| <u>Miscellaneous Plan</u>               |                              |  |   |                         |                                       |   |
| 6/30/2009                               | \$ 68,081,220                | \$ 61,706,020                            | \$ 6,375,200  | 66.2%                   | \$ 11,639,123                         | 54.8%   |

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.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

***Annual Pension Cost***

For the year ended June 30, 2010, the City's annual pension cost of \$3,974,713 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, 2007 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 3.55% 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, 2009, was 30 years. The information presented below is the latest available.

| <b>Three-Year Trend Information for PERS</b> |                                      |  |                                   |
|--|--------------------------------------|--|-----------------------------------|
| <b>Fiscal Year</b>                           | <b>Annual Pension<br/>Cost (APC)</b> | <b>Percentage of<br/>APC Contributed</b> | <b>Net Pension<br/>Obligation</b> |
|  | <u>Miscellaneous Plan</u>            |  |                                   |
| 6/30/2008                                    | \$ 1,901,773                         | 100%                                     | \$ -0-                            |
| 6/30/2009                                    | 1,998,823                            | 100%                                     | -0-                               |
| 6/30/2010                                    | 1,940,851                            | 100%                                     | -0-                               |

| <b>Three-Year Trend Information for PERS</b> |                                      |  |                                   |
|--|--------------------------------------|--|-----------------------------------|
| <b>Fiscal Year</b>                           | <b>Annual Pension<br/>Cost (APC)</b> | <b>Percentage of<br/>APC Contributed</b> | <b>Net Pension<br/>Obligation</b> |
|  | <u>Safety Plan</u>                   |  |                                   |
| 6/30/2008                                    | \$ 1,691,192                         | 100%                                     | \$ -0-                            |
| 6/30/2009                                    | 2,073,049                            | 100%                                     | -0-                               |
| 6/30/2010                                    | 2,033,861                            | 100%                                     | -0-                               |

The City's employer contribution rate for safety employees is estimated to increase to approximately 27.060% and 31.962% for the fiscal years 2010-2011 and 2011-2012, respectively. Also, the City's employer contribution rate for miscellaneous employees is estimated to decrease to approximately 10.573% and 11.752% for the fiscal years 2010-2011 and 2011-2012.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

**(b) Post Employment Benefits**

**Plan Description**

The City of La Habra Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the City. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its management employees, and unions representing City employees.

The City provides retiree medical benefits through the California Public Employees' Retirement System healthcare program (PEMHCA) administered by the CalPERS. The City contributes the PEMHCA minimum for eligible retirees and surviving spouses. The City additionally contributes \$200 monthly to two eligible Fire Union retirees until age 65. The City also provides full medical coverage for life under a special agreement to one annuitant and dependents. No dental, vision, or life insurance benefits are provided. As of June 30, 2008, plan membership consisted of 249 active participants and 131 retirees and beneficiaries, 63 of whom are currently receiving benefits. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

**Funding Policy**

There is no statutory requirement for the City to prefund its OPEB obligation. The City has currently chosen to pay plan benefits on a pay-as-you-go basis. There are no employee contributions. The Annual Required Contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. For fiscal year 2009-2010, the City paid approximately \$100,000 for retiree healthcare plan benefits.

**Annual OPEB Cost and Net OPEB Obligation**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation:

|  |                          |
|--|--------------------------|
| Annual required contribution               | \$ 434,000               |
| Interest on net OPEB obligation            | 13,000                   |
| Adjustment to annual required contribution | <u>(22,000)</u>          |
| Annual OPEB cost (expense)                 | 425,000                  |
| Contributions (benefit payments)           | <u>(100,000)</u>         |
| Increase in net OPEB obligation            | 325,000                  |
| Net OPEB obligation - beginning of year    | <u>297,000</u>           |
| Net OPEB obligation - end of year          | <u><u>\$ 622,000</u></u> |

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 are as follows:

| <u>Fiscal Year</u><br><u>Ended</u> | <u>Annual</u><br><u>OPEB Cost</u> | <u>Percentage of</u><br><u>Annual OPEB</u><br><u>Cost Contributed</u> | <u>Net OPEB</u><br><u>Obligation</u> |
|------------------------------------|-----------------------------------|---|--------------------------------------|
| 6/30/2010                          | \$ 425,000                        | 23.5%   | \$ 622,000                           |

***Funded Status and Funding Progress***

The funded status of the plan as of June 30, 2008, the plan's first and most recent actuarial valuation date was as follows:

|   |              |
|---|--------------|
| Actuarial accrued liability (AAL)               | \$ 4,473,000 |
| Actuarial value of plan assets                  | -            |
| Unfunded actuarial accrued liability (UAAL)     | 4,473,000    |
| Fund ratio (actuarial value of plan assets/AAL) | 0%           |
| Covered payroll (active Plan members)           | 15,920,000   |
| UAAL as a percentage of covered payroll         | 28.1%        |

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumption***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.25% investment rate of return (net of administrative expenses), which is the expected long-term investment return on City investments, an annual healthcare cost

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

trend rate of 9.1% to 10.8% initially, which varies by the medical plan, reduced by decrements to an ultimate rate of 4.5% after 8 years, a 3% general inflation assumption and an annual PEMHCA minimum increase rate of 4.5% after 2010. The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed basis, from 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 claim, \$1,000,000 for 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 Risk Management Fund 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 \$1,349,176 and \$706,948 for the workers' compensation claims and general liability claims, respectively.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

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

|   | <b>Workers'<br/>Compensation</b> | <b>General<br/>Liability</b> |
|---|----------------------------------|------------------------------|
| Amount of accrued claims at June 30, 2008   | \$ 1,630,185                     | \$ 289,270                   |
| 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 | 97,772                           | 634,173                      |
| Payments on claims attributable to events of both the current fiscal year and prior fiscal years  | (112,020)                        | (211,812)                    |
| Amounts of accrued claims at June 30, 2009  | 1,615,937                        | 711,631                      |
| 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 | 92,783                           | (1,749)                      |
| Payments on claims attributable to events of both the current fiscal year and prior fiscal years  | (359,544)                        | (594,881)                    |
| Amounts of accrued claims at June 30, 2010  | \$ 1,349,176                     | \$ 115,001                   |

**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 Agency 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 Agency remitted approximately \$527,357 during the year ended June 30, 2010.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

**4. Contractual Commitments**

The City was involved in contractual agreements for construction in progress. As of June 30, 2010, the remaining estimated costs for the contractual agreements are approximately \$10,167,957.

**5. Pollution Remediation Obligation**

The City was named as a responsible party in the environmental remediation of a City owned park. The property was had been previously used as a refuse disposal site operated by the County of Orange, California (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 refuse disposal activities, several regulatory agencies have issued notices, orders and/or directives requiring the City to monitor methane gas emissions. In response to the regulatory agencies, the City has installed a methane monitoring system. The City estimates the cost to fully remediate the property to be \$2,300,000, which includes the preliminary design and construction of a permanent landfill “cap”.

The City anticipates spending approximately \$57,000 annually for an indeterminable period of time for environmental mitigation and monitoring obligations. Environmental monitoring costs relating to legal mandates such as regulatory agency orders, court orders or other affirmative legal obligations are included in the anticipated spending.

*Measurement and Assumptions*

The City measured the environmental liabilities for pollution remediation site using the Expected Cash Flow technique. The measurements are based on the current value of the outlays expected to be incurred. The cash flow scenarios include each component which can be reasonably estimated for outlays such as preliminary engineering and construction instead of ranges of all components. Reasonable estimates of ranges of possible cash flows are limited from a single scenario to a few scenarios. Data used to develop the cash flow scenarios is obtained City staff. Changes to estimates will be made when new information becomes available and/or benchmarks in the estimated outlay change, such as the following:

- Receipt of an administrative order.
- Participation, as a responsible party or a potentially responsible party, in the site assessment or investigation.
- Completion of a corrective measures feasibility study.
- Issuance of an authorization to proceed.
- Remediation design and implementation, through and including operation and maintenance and postremediation monitoring.
- Change in the remediation plan or operating conditions, including but not limited to type of equipment, facilities and services that will be used and price increases.
- Changes in technology.
- Changes in legal or regulatory requirements.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

*Recoveries*

The City Council approved a settlement agreement with the County of Orange on November 21, 2005, related to the remediation of the property. Under the terms of the settlement agreement, dated November 30, 2005, the County has paid \$4,995,000 for the full cost of remediation and to provide funding for future ongoing maintenance costs. The settlement relieves the County of any further remediation obligation related to the methane gas emissions and obligates the City as the responsible party to respond to current and future orders, notices and directives from regulatory agencies. As of June 30, 2010, the City has expensed \$1,131,615 related to monitoring activities. \$2,300,000 of the remaining cash balance is off-set by a pollution remediation liability and \$1,563,385 is restricted for future annual monitoring expenses that will be incurred.

**6. SERAF Payment**

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift is approximately \$892,557 in fiscal year 2009-2010 and \$183,584 in fiscal year 2010-2011. Accordingly, the first payment was made on May 10, 2010 to the County and the next payment will be made on May 10, 2011.

The Agency is part of a certified class in the lawsuit brought by the California Redevelopment Association, along with the plaintiffs/petitioners, against the Director of the California department of Finance and all California County Auditors challenging AB26X4, passed in July 2009 as part of the State budget package. This statute required the Agency to pay \$1,076,141 into the SERAF over two fiscal years. The plaintiffs lost this case in the trial court, and it is now on appeal. If the redevelopment agencies lose the appeal, or if the case is not decided before May 10, 2011, the Agency will required to make another payment of \$183,584 to the SERAF.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

*(d) Individual Fund Disclosures*

*1. Deficit Fund Balance*

The following funds had deficit fund balances for the year ended June 30, 2010:

| <u>Fund</u>                                  | <u>Deficit<br/>Amount</u> |
|--|---------------------------|
| Redevelopment Operating Special Revenue Fund | \$ (8,382,641)            |
| Child Development Special Revenue Fund       | (650)                     |
| Measure M Special Revenue Fund               | (1,691,669)               |
| Other Federal Grants Special Revenue Fund    | (336,897)                 |

The deficits in the Redevelopment Operating Fund, Child Development Fund, Measure M Fund, and Other Federal Grants Fund are due to the funding of current projects. The deficits will eventually be recovered through the future revenues or transfers.

*2. Excess of Expenditures Over Appropriations*

| <u>Fund</u>                                       | <u>Amount<br/>Over Budget</u> |
|---|-------------------------------|
| Redevelopment Operating Special Revenue Fund      | \$ 1,007,309                  |
| Park and Capital Improvement Special Revenue Fund | 309,330                       |
| Air Quality Improvement Special Revenue Fund      | 2,982                         |
| Law Enforcement Special Revenue Fund              | 313,212                       |
| Public Safety Augmentation Special Revenue Fund   | 93,674                        |
| Traffic Safety Special Revenue Fund               | 2,226                         |
| Other Capital Projects Fund                       | 205,414                       |

*3. Restatements of Fund Balances*

*General Fund*

|   |                      |
|---|----------------------|
| Fund balance as of June 30, 2009, as originally reported    | \$ 13,173,054        |
| Correct accrued interest on advances reported in prior year | (1,319,247)          |
| Fund balance as of June 30, 2009, as restated               | <u>\$ 11,853,807</u> |

This restatement was necessary to correct accrued interest that was not received within the availability period and reported as revenue in the General Fund.

**CITY OF LA HABRA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010**

***Redevelopment Operating Special Revenue Fund***

|  |                              |
|--|------------------------------|
| Fund balance as of June 30, 2009, as originally reported     | \$ (7,468,227)               |
| Interest expenditure on advances not reported in prior years | <u>(363,631)</u>             |
| Fund balance as of June 30, 2009, as restated                | <u><u>\$ (7,831,858)</u></u> |

This restatement was necessary to correct the interest expenditures that were not reported in prior years.

**(4) SUBSEQUENT EVENT**

***Issuance of 2010 Water Revenue Bonds, Series A and B***

On December 1, 2010, the La Habra Utility Authority issued Water Revenue Bonds, Series A and B in an aggregate amount of \$19,675,000 with interest rates ranging from 2% to 7.55% to finance future capital improvements. The bonds mature in various annual amounts through November 2040 and are secured by a pledge of net income and revenues reported in the Water Enterprise Fund. Principal is payable annually on each November 1, commencing November 1, 2011. Interest is payable semiannually on each May 1 and November 1, commencing May 1, 2011.

***Purchase of Real Property***

On May 17, 2010, the Agency approved the purchase of real property located at 951 E. Imperial Highway, La Habra, between the Agency and Howard's Appliances Inc. for future development purchases. The Agency entered into a secured promissory note with Howard's Appliances in the purchase price of \$1,450,000. The agreement requires the Agency to make the first payment on the Closing of Escrow. The Agency will pay annual principal and interest payments at six percent per annum for nine years thereafter in the amount of \$193,176 each on the same date in each calendar year as the first payment date. The Agency made the first payment on July 23, 2010.



**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF LA HABRA  
 Postemployment Healthcare Plan  
 Schedule of Funding Progress  
 June 30, 2010**

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets<br/>(a)</b> | <b>Actuarial<br/>Accrued<br/>Liability<br/>(b)</b> | <b>Unfunded<br/>Actuarial<br/>Accrued<br/>Liability<br/>[(b)-(a)]</b> | <b>Funded<br/>Ratio<br/>[(a)/(b)]</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>UAAL as<br/>a % of<br/>Covered<br/>Payroll<br/>{[(b)-(a)]/(c)}</b> |
|---|--|--|---|---------------------------------------|------------------------------------|---|
| 06/30/08                                | \$ -   | \$ 4,473,000                                       | \$ 4,473,000  | \$ -                                  | \$ 15,920,000                      | 28.1%   |

See Accompanying Note to Required Supplementary Information.

**CITY OF LA HABRA**  
**Public Employees Retirement System**  
**Schedule of Funding Progress**  
**June 30, 2010**

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Entry Age<br/>Actuarial<br/>Accrued<br/>Liability<br/>(a)</b> | <b>Actuarial<br/>Asset<br/>Value<br/>(b)</b> | <b>Unfunded<br/>Liability/<br/>(Excess<br/>Assets)<br/>[(a)-(b)]</b> | <b>Funded<br/>Ratio<br/>[(b)/(a)]</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>UAAL as<br/>a % of<br/>Covered<br/>Payroll<br/>{[(a)-(b)]/(c)}</b> |
|---|--|--|--|---------------------------------------|------------------------------------|---|
| 06/30/07                                |  |  |  |                                       |                                    |   |
| Misc.                                   | \$ 57,412,196  | \$ 54,943,902                                | \$ 2,468,294   | 95.7%                                 | \$ 10,518,779                      | 23.5%   |
| 06/30/08                                |  |  |  |                                       |                                    |   |
| Misc.                                   | 62,198,216   | 58,853,770                                   | 3,344,446  | 96.3%                                 | 11,313,529                         | 29.6%   |
| 06/30/09                                |  |  |  |                                       |                                    |   |
| Misc.                                   | 68,081,220   | 61,706,020                                   | 6,375,200  | 66.2%                                 | 11,639,123                         | 54.8%   |

See Accompanying Note to Required Supplementary Information.

**CITY OF LA HABRA**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual</u>        | <b>Variance from<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|----------------------|----------------------|---|
|  | <u>Original</u>         | <u>Final</u>         |                      | <u>Actual</u>   |
| <b>Revenues:</b>                                     |                         |                      |                      |   |
| Property taxes<br>and special assessments            | \$ 13,049,011           | \$ 12,319,011        | \$ 12,237,586        | \$ (81,425)   |
| Sales and use tax                                    | 8,612,000               | 8,248,800            | 7,599,507            | (649,293)   |
| Transaction and use tax                              | 3,875,400               | 3,505,000            | 3,321,233            | (183,767)   |
| Intergovernmental                                    | 270,000                 | 270,000              | 257,441              | (12,559)  |
| Licenses and permits                                 | 701,997                 | 701,997              | 967,175              | 265,178   |
| Charges for services                                 | 3,386,148               | 3,385,648            | 4,113,121            | 727,473   |
| Fines, forfeitures, and penalties                    | 948,600                 | 949,100              | 1,079,904            | 130,804   |
| Use of money and property                            | 2,059,104               | 2,059,104            | 2,209,945            | 150,841   |
| Total revenues                                       | <u>32,902,260</u>       | <u>31,438,660</u>    | <u>31,785,912</u>    | <u>347,252</u>  |
| <b>Expenditures:</b>                                 |                         |                      |                      |   |
| Current:   |                         |                      |                      |   |
| General government                                   | 3,044,841               | 2,791,683            | 2,463,585            | 328,098   |
| Public safety  | 22,045,559              | 21,320,866           | 21,286,098           | 34,768  |
| Public works   | 3,360,688               | 3,178,057            | 2,947,639            | 230,418   |
| Community services                                   | 2,655,332               | 2,570,038            | 2,380,300            | 189,738   |
| Community development                                | 2,913,047               | 2,683,998            | 2,550,568            | 133,430   |
| Debt service:  |                         |                      |                      |   |
| Principal  | 134,850                 | 134,850              | 134,850              | -   |
| Interest expense                                     | 79,571                  | 79,571               | 79,571               | -   |
| Total expenditures                                   | <u>34,233,888</u>       | <u>32,759,063</u>    | <u>31,842,611</u>    | <u>916,452</u>  |
| Excess (deficiency) of revenues<br>over expenditures | <u>(1,331,628)</u>      | <u>(1,320,403)</u>   | <u>(56,699)</u>      | <u>1,263,704</u>  |
| <b>Other financial sources (uses):</b>               |                         |                      |                      |   |
| Transfers out  | <u>(80,372)</u>         | <u>(80,372)</u>      | <u>(93,104)</u>      | <u>(12,732)</u>   |
| Total other financing sources (uses)                 | <u>(80,372)</u>         | <u>(80,372)</u>      | <u>(93,104)</u>      | <u>(12,732)</u>   |
| Net change in fund balance                           | (1,412,000)             | (1,400,775)          | (149,803)            | 1,250,972   |
| Fund balance, beginning of year, restated            | <u>11,853,807</u>       | <u>11,853,807</u>    | <u>11,853,807</u>    | <u>-</u>  |
| Fund balance, end of year                            | <u>\$ 10,441,807</u>    | <u>\$ 10,453,032</u> | <u>\$ 11,704,004</u> | <u>\$ 1,250,972</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, 2010**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>         | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|-----------------------|---|
| <b>Revenues:</b>   |                            |                         |                       |   |
| Charges for services   | \$ 26,100                  | \$ 26,100               | \$ 26,642             | \$ 542                                      |
| Use of money and property                                    | 22,000                     | 22,000                  | 2,947                 | (19,053)                                    |
| Total revenues   | <u>48,100</u>              | <u>48,100</u>           | <u>29,589</u>         | <u>(18,511)</u>                             |
| <b>Expenditures:</b>   |                            |                         |                       |   |
| Current:   |                            |                         |                       |   |
| Community development  | 1,497,062                  | 1,494,626               | 1,158,319             | 336,307                                     |
| Intergovernmental - SERAF payment                            | -                          | -                       | 892,557               | (892,557)                                   |
| Debt service:  |                            |                         |                       |   |
| Interest   | -                          | -                       | 451,059               | (451,059)                                   |
| Total expenditures   | <u>1,497,062</u>           | <u>1,494,626</u>        | <u>2,501,935</u>      | <u>(1,007,309)</u>                          |
| Excess (deficiency) of revenues<br>over (under) expenditures | (1,448,962)                | (1,446,526)             | (2,472,346)           | 988,798                                     |
| <b>Other financing sources (uses):</b>                       |                            |                         |                       |   |
| Transfers in   | <u>1,787,485</u>           | <u>1,787,485</u>        | <u>1,921,563</u>      | <u>134,078</u>                              |
| Net change in fund balance                                   | 338,523                    | 340,959                 | (550,783)             | 1,122,876                                   |
| Fund balance (deficit), beginning of year, restated          | <u>(7,831,858)</u>         | <u>(7,831,858)</u>      | <u>(7,831,858)</u>    | <u>-</u>                                    |
| Fund balance (deficit), end of year                          | <u>\$ (7,493,335)</u>      | <u>\$ (7,490,899)</u>   | <u>\$ (8,382,641)</u> | <u>\$ 1,122,876</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, 2010**

|                                     | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b>    | <b>Actual</b>          | <b>Variance<br/>Positive<br/>(Negative)</b> |
|-------------------------------------|----------------------------|----------------------------|------------------------|---|
| <b>Revenues:</b>                    |                            |                            |                        |   |
| Intergovernmental                   | \$ 6,242,565               | \$ 6,242,565               | \$ 6,504,168           | \$ 261,603                                  |
| Use of money and property           | -                          | -                          | 2,775                  | 2,775                                       |
| Total revenues                      | <u>6,242,565</u>           | <u>6,242,565</u>           | <u>6,506,943</u>       | <u>264,378</u>                              |
| <b>Expenditures:</b>                |                            |                            |                        |   |
| Current:                            |                            |                            |                        |   |
| Community services                  | 6,242,565                  | 6,171,999                  | 5,744,001              | 427,998                                     |
| Capital outlay                      | <u>1,000,000</u>           | <u>1,000,000</u>           | <u>827,031</u>         | <u>172,969</u>                              |
| Total expenditures                  | <u>7,242,565</u>           | <u>7,171,999</u>           | <u>6,571,032</u>       | <u>600,967</u>                              |
| Net change in fund balance          | (1,000,000)                | (929,434)                  | (64,089)               | 865,345                                     |
| Fund balance, beginning of year     | <u>63,439</u>              | <u>63,439</u>              | <u>63,439</u>          | -   |
| Fund balance (deficit), end of year | <u><u>\$ (936,561)</u></u> | <u><u>\$ (865,995)</u></u> | <u><u>\$ (650)</u></u> | <u><u>\$ 865,345</u></u>                    |

See Accompanying Note to Required Supplementary Information.

**CITY OF LA HABRA**  
**Measure M Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u>  | <u>Actual</u>                | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|----------------------------|--------------------------|------------------------------|---|
| <b>Revenues:</b>   |                            |                          |                              |   |
| Intergovernmental  | \$ 17,457,747              | \$ 17,457,747            | \$ 6,232,807                 | \$ (11,224,940)                             |
| Use of money and property                                    | 15,000                     | 15,000                   | 100,364                      | 85,364                                      |
| Total Revenues   | <u>17,472,747</u>          | <u>17,472,747</u>        | <u>6,333,171</u>             | <u>(11,139,576)</u>                         |
| <b>Expenditures:</b>   |                            |                          |                              |   |
| Current:   |                            |                          |                              |   |
| Public works   | 277,161                    | 271,212                  | 6,405,235                    | (6,134,023)                                 |
| Capital outlay   | 17,236,475                 | 17,236,475               | 3,433,730                    | 13,802,745                                  |
| Total expenditures   | <u>17,513,636</u>          | <u>17,507,687</u>        | <u>9,838,965</u>             | <u>7,668,722</u>                            |
| Excess (deficiency) of revenues<br>over (under) expenditures | (40,889)                   | (34,940)                 | (3,505,794)                  | (18,808,298)                                |
| <b>Other financing sources (uses):</b>                       |                            |                          |                              |   |
| Transfers in   | 520,653                    | 520,653                  | 1,783,332                    | 1,262,679                                   |
| Net change in fund balance                                   | 479,764                    | 485,713                  | (1,722,462)                  | (17,545,619)                                |
| Fund balance, beginning of year                              | <u>30,793</u>              | <u>30,793</u>            | <u>30,793</u>                | <u>-</u>                                    |
| Fund balance (deficit), end of year                          | <u><u>\$ 510,557</u></u>   | <u><u>\$ 516,506</u></u> | <u><u>\$ (1,691,669)</u></u> | <u><u>\$ (17,545,619)</u></u>               |

See Accompanying Note to Required Supplementary Information.

**CITY OF LA HABRA**  
**Note to Required Supplementary Information**  
**June 30, 2010**

**(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*

| <b>Fund</b>                                  | <b>Amount<br/>Over Budget</b> |
|--|-------------------------------|
| Redevelopment Operating Special Revenue Fund | \$ 1,007,309                  |



**SUPPLEMENTARY INFORMATION**





**CITY OF LA HABRA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**

|  | <u>Special Revenue Funds</u> |   |                                    |
|--|------------------------------|---|------------------------------------|
|  | <u>State<br/>Gas Tax</u>     | <u>Park and<br/>Capital<br/>Development</u> | <u>Air Quality<br/>Improvement</u> |
| <b>Assets:</b>                         |                              |   |                                    |
| Cash and investments                   | \$ 3,403,363                 | \$ 1,105,581                                | \$ 85,613                          |
| Cash and investments with fiscal agent | -                            | -   | -                                  |
| Accounts receivables                   | -                            | -   | -                                  |
| Interest receivables                   | 15,365                       | 5,078                                       | 406                                |
| Due from other governments             | 400,982                      | 309,599                                     | 19,103                             |
| Advances to other funds                | -                            | -   | -                                  |
| Land held for resale                   | -                            | -   | -                                  |
|  | <hr/>                        | <hr/>                                       | <hr/>                              |
| Total assets                           | <u>\$ 3,819,710</u>          | <u>\$ 1,420,258</u>                         | <u>\$ 105,122</u>                  |
| <b>Liabilities:</b>                    |                              |   |                                    |
| Accounts payable                       | \$ 248,090                   | \$ 295,368                                  | \$ 30,012                          |
| Accrued liabilities                    | 2,478                        | 342   | -                                  |
| Due to other funds                     | -                            | -   | -                                  |
| Deferred revenue                       | 49,791                       | 274,832                                     | -                                  |
|  | <hr/>                        | <hr/>                                       | <hr/>                              |
| Total liabilities                      | <u>300,359</u>               | <u>570,542</u>                              | <u>30,012</u>                      |
| <b>Fund balances:</b>                  |                              |   |                                    |
| Reserved:                              |                              |   |                                    |
| Debt service                           | -                            | -   | -                                  |
| Advances                               | -                            | -   | -                                  |
| Land held for resale                   | -                            | -   | -                                  |
| Low-moderate income housing            | -                            | -   | -                                  |
| Encumbrances                           | 1,283,632                    | -   | -                                  |
| Unreserved-undesignated:               |                              |   |                                    |
| Special revenue funds                  | 2,235,719                    | 849,716                                     | 75,110                             |
| Capital projects funds                 | -                            | -   | -                                  |
|  | <hr/>                        | <hr/>                                       | <hr/>                              |
| Total fund balances                    | <u>3,519,351</u>             | <u>849,716</u>                              | <u>75,110</u>                      |
|  | <hr/>                        | <hr/>                                       | <hr/>                              |
| Total liabilities and fund balances    | <u>\$ 3,819,710</u>          | <u>\$ 1,420,258</u>                         | <u>\$ 105,122</u>                  |

**Special Revenue Funds**

| <b>Law Enforcement</b> | <b>Housing and Community Development</b> | <b>Employment and Training</b> | <b>Public Safety Augmentation</b> |
|------------------------|--|--------------------------------|-----------------------------------|
| \$ 426,672             | \$ -                                     | \$ -                           | \$ 381,625                        |
| -                      | -  | -                              | -                                 |
| -                      | -  | -                              | -                                 |
| 2,393                  | -  | -                              | 1,801                             |
| 226,495                | 314,924                                  | 227,552                        | 24,696                            |
| -                      | -  | -                              | -                                 |
| -                      | -  | -                              | -                                 |
| <u>\$ 655,560</u>      | <u>\$ 314,924</u>                        | <u>\$ 227,552</u>              | <u>\$ 408,122</u>                 |
| <br>                   |  |                                |                                   |
| \$ 7,809               | \$ 32,238                                | \$ 2,343                       | \$ -                              |
| 66,205                 | 9,140                                    | 12,980                         | -                                 |
| -                      | 162,488                                  | 176,416                        | -                                 |
| -                      | -  | -                              | -                                 |
| <u>74,014</u>          | <u>203,866</u>                           | <u>191,739</u>                 | <u>-</u>                          |
| <br>                   |  |                                |                                   |
| -                      | -  | -                              | -                                 |
| -                      | -  | -                              | -                                 |
| -                      | -  | -                              | -                                 |
| -                      | -  | -                              | -                                 |
| 581,546                | 111,058                                  | 35,813                         | 408,122                           |
| -                      | -  | -                              | -                                 |
| <u>581,546</u>         | <u>111,058</u>                           | <u>35,813</u>                  | <u>408,122</u>                    |
| <br>                   |  |                                |                                   |
| <u>\$ 655,560</u>      | <u>\$ 314,924</u>                        | <u>\$ 227,552</u>              | <u>\$ 408,122</u>                 |

(Continued)

**CITY OF LA HABRA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds (Continued)**  
**June 30, 2010**

|  | <u>Special Revenue Funds</u>        |                           | <u>Debt</u>   |
|--|-------------------------------------|---------------------------|---|
|  | <u>Other<br/>Federal<br/>Grants</u> | <u>Traffic<br/>Safety</u> | <u>Service Funds<br/>Redevelopment<br/>Debt<br/>Service</u> |
| <b>Assets:</b>                         |                                     |                           |   |
| Cash and investments                   | \$ -                                | \$ 21,014                 | \$ -  |
| Cash and investments with fiscal agent | -                                   | -                         | 277,900   |
| Accounts receivables                   | -                                   | -                         | 21,690  |
| Interest receivables                   | -                                   | 94                        | -   |
| Due from other governments             | 357,647                             | -                         | -   |
| Advances to other funds                | -                                   | -                         | -   |
| Land held for resale                   | -                                   | -                         | -   |
|  | <hr/>                               | <hr/>                     | <hr/>   |
| Total assets                           | <u>\$ 357,647</u>                   | <u>\$ 21,108</u>          | <u>\$ 299,590</u>   |
| <b>Liabilities:</b>                    |                                     |                           |   |
| Accounts payable                       | \$ 6,453                            | \$ -                      | \$ 1,340  |
| Accrued liabilities                    | 2,085                               | -                         | -   |
| Due to other funds                     | 349,109                             | -                         | 20,350  |
| Deferred revenue                       | 336,897                             | -                         | -   |
|  | <hr/>                               | <hr/>                     | <hr/>   |
| Total liabilities                      | <u>694,544</u>                      | <u>-</u>                  | <u>21,690</u>   |
| <b>Fund balances:</b>                  |                                     |                           |   |
| Reserved:                              |                                     |                           |   |
| Debt service                           | -                                   | -                         | 277,900   |
| Advances                               | -                                   | -                         | -   |
| Land held for resale                   | -                                   | -                         | -   |
| Low-moderate income housing            | -                                   | -                         | -   |
| Encumbrances                           | -                                   | -                         | -   |
| Unreserved-undesignated:               |                                     |                           |   |
| Special revenue funds                  | (336,897)                           | 21,108                    | -   |
| Capital projects funds                 | -                                   | -                         | -   |
|  | <hr/>                               | <hr/>                     | <hr/>   |
| Total fund balances (deficit)          | <u>(336,897)</u>                    | <u>21,108</u>             | <u>277,900</u>  |
| Total liabilities and fund balances    | <u>\$ 357,647</u>                   | <u>\$ 21,108</u>          | <u>\$ 299,590</u>   |

| <b>Debt<br/>Service Funds</b> | <b>Capital Projects Funds</b>     |                                       |   | <b>Total</b>         |
|-------------------------------|-----------------------------------|---------------------------------------|---|----------------------|
|                               | <b>Other<br/>Debt<br/>Service</b> | <b>Other<br/>Capital<br/>Projects</b> | <b>Redevelopment<br/>Capital<br/>Projects</b> |                      |
| \$ -                          | \$ 176,930                        | \$ 22,008                             | \$ 1,604,836                                  | \$ 7,227,642         |
| -                             | -                                 | 2,332,480                             | -   | 2,610,380            |
| -                             | -                                 | 1,010                                 | 5,423   | 28,123               |
| -                             | 9,989                             | -                                     | -   | 35,126               |
| -                             | -                                 | -                                     | -   | 1,880,998            |
| -                             | -                                 | -                                     | 612,477                                       | 612,477              |
| -                             | -                                 | -                                     | 111,000                                       | 111,000              |
| <b>\$ -</b>                   | <b>\$ 186,919</b>                 | <b>\$ 2,355,498</b>                   | <b>\$ 2,333,736</b>                           | <b>\$ 12,505,746</b> |
| \$ -                          | \$ 25,270                         | \$ 615                                | \$ 4,991                                      | \$ 654,529           |
| -                             | 864                               | -                                     | 3,097   | 97,191               |
| -                             | -                                 | 161,798                               | -   | 870,161              |
| -                             | -                                 | -                                     | 510   | 662,030              |
| -                             | 26,134                            | 162,413                               | 8,598   | 2,283,911            |
| -                             | -                                 | -                                     | -   | 277,900              |
| -                             | -                                 | -                                     | 611,967                                       | 611,967              |
| -                             | -                                 | -                                     | 111,000                                       | 111,000              |
| -                             | -                                 | -                                     | 1,602,171                                     | 1,602,171            |
| -                             | 1,560,203                         | -                                     | -   | 2,843,835            |
| -                             | -                                 | -                                     | -   | 3,981,295            |
| -                             | (1,399,418)                       | 2,193,085                             | -   | 793,667              |
| -                             | 160,785                           | 2,193,085                             | 2,325,138                                     | 10,221,835           |
| <b>\$ -</b>                   | <b>\$ 186,919</b>                 | <b>\$ 2,355,498</b>                   | <b>\$ 2,333,736</b>                           | <b>\$ 12,505,746</b> |

**CITY OF LA HABRA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2010**

|  | <b>Special Revenue Funds</b> |   |                                    |
|--|------------------------------|---|------------------------------------|
|  | <b>State<br/>Gas Tax</b>     | <b>Park and<br/>Capital<br/>Development</b> | <b>Air Quality<br/>Improvement</b> |
| <b>Revenues:</b>   |                              |   |                                    |
| Property taxes and special assessments                       | \$ -                         | \$ -  | \$ -                               |
| Intergovernmental  | 1,691,040                    | 458,492                                     | 142,326                            |
| Charges for services   | -                            | -   | -                                  |
| Use of money and property                                    | 75,285                       | 33,447                                      | 1,651                              |
| Total revenues   | <u>1,766,325</u>             | <u>491,939</u>                              | <u>143,977</u>                     |
| <b>Expenditures:</b>   |                              |   |                                    |
| Current:   |                              |   |                                    |
| General government   | -                            | 34,498                                      | 171,732                            |
| Public safety  | -                            | -   | -                                  |
| Public works   | 153,224                      | -   | -                                  |
| Employment and training                                      | -                            | -   | -                                  |
| Community development  | -                            | -   | -                                  |
| Capital outlay   | 1,359,235                    | 274,832                                     | -                                  |
| Debt service:  |                              |   |                                    |
| Principal  | -                            | -   | -                                  |
| Interest expense   | -                            | -   | -                                  |
| Total expenditures   | <u>1,512,459</u>             | <u>309,330</u>                              | <u>171,732</u>                     |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>253,866</u>               | <u>182,609</u>                              | <u>(27,755)</u>                    |
| <b>Other financing sources (uses):</b>                       |                              |   |                                    |
| Transfers in   | 33,112                       | -   | -                                  |
| Transfers out  | -                            | -   | -                                  |
| Total other financing<br>sources (uses)                      | <u>33,112</u>                | <u>-</u>                                    | <u>-</u>                           |
| Net change in fund balances                                  | 286,978                      | 182,609                                     | (27,755)                           |
| Fund balances, beginning of year                             | <u>3,232,373</u>             | <u>667,107</u>                              | <u>102,865</u>                     |
| Fund balances, end of year                                   | <u><u>\$ 3,519,351</u></u>   | <u><u>\$ 849,716</u></u>                    | <u><u>\$ 75,110</u></u>            |

**Special Revenue Funds**

| <b>Law<br/>Enforcement</b> | <b>Housing and<br/>Community<br/>Development</b> | <b>Employment<br/>and Training</b> | <b>Public<br/>Safety<br/>Augmentation</b> |
|----------------------------|--|------------------------------------|---|
| \$ -                       | \$ -   | \$ -                               | \$ -                                      |
| 1,242,461                  | 744,142  | 1,334,188                          | 269,438                                   |
| -                          | -  | -                                  | -   |
| 18,874                     | -  | -                                  | (88)                                      |
| <u>1,261,335</u>           | <u>744,142</u>                                   | <u>1,334,188</u>                   | <u>269,350</u>                            |
| -                          | -  | -                                  | -   |
| 692,969                    | -  | -                                  | 93,674                                    |
| -                          | -  | -                                  | -   |
| -                          | -  | 1,335,844                          | -   |
| -                          | 625,393  | -                                  | -   |
| 41,000                     | 118,749  | -                                  | -   |
| -                          | -  | -                                  | -   |
| 1,536                      | -  | -                                  | -   |
| <u>735,505</u>             | <u>744,142</u>                                   | <u>1,335,844</u>                   | <u>93,674</u>                             |
| <u>525,830</u>             | <u>-</u>   | <u>(1,656)</u>                     | <u>175,676</u>                            |
| 1,593                      | -  | -                                  | -   |
| (45,635)                   | -  | -                                  | -   |
| <u>(44,042)</u>            | <u>-</u>   | <u>-</u>                           | <u>-</u>                                  |
| 481,788                    | -  | (1,656)                            | 175,676                                   |
| 99,758                     | 111,058  | 37,469                             | 232,446                                   |
| <u>\$ 581,546</u>          | <u>\$ 111,058</u>                                | <u>\$ 35,813</u>                   | <u>\$ 408,122</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, 2010**

|  | <u>Special Revenue Funds</u>        |                           | <u>Debt<br/>Service Funds</u>             |
|--|-------------------------------------|---------------------------|---|
|  | <u>Other<br/>Federal<br/>Grants</u> | <u>Traffic<br/>Safety</u> | <u>Redevelopment<br/>Debt<br/>Service</u> |
| <b>Revenues:</b>   |                                     |                           |   |
| Property taxes and special assessments                       | \$ -                                | \$ -                      | \$ 2,726,356                              |
| Intergovernmental  | 42,857                              | -                         | -   |
| Charges for services   | -                                   | 22,530                    | -   |
| Use of money and property                                    | -                                   | 804                       | 2   |
|  | <u>42,857</u>                       | <u>23,334</u>             | <u>2,726,358</u>                          |
| Total revenues   |                                     |                           |   |
| <b>Expenditures:</b>   |                                     |                           |   |
| Current:   |                                     |                           |   |
| General government   | -                                   | -                         | -   |
| Public safety  | 10,955                              | 2,226                     | -   |
| Public works   | 44,442                              | -                         | -   |
| Employment and training                                      | -                                   | -                         | -   |
| Community development  | -                                   | -                         | 5,333                                     |
| Capital outlay   | 329,835                             | -                         | -   |
| Debt service:  |                                     |                           |   |
| Principal  | -                                   | -                         | 275,000                                   |
| Interest expense   | -                                   | -                         | 524,462                                   |
|  | <u>385,232</u>                      | <u>2,226</u>              | <u>804,795</u>                            |
| Total expenditures   |                                     |                           |   |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(342,375)</u>                    | <u>21,108</u>             | <u>1,921,563</u>                          |
| <b>Other financing sources (uses):</b>                       |                                     |                           |   |
| Transfers in   | 5,478                               | -                         | -   |
| Transfers out  | -                                   | -                         | (1,921,563)                               |
|  | <u>5,478</u>                        | <u>-</u>                  | <u>(1,921,563)</u>                        |
| Total other financing<br>sources (uses)                      |                                     |                           |   |
| Net change in fund balances                                  | (336,897)                           | 21,108                    | -   |
| Fund balances, beginning of year                             | -                                   | -                         | 277,900                                   |
| Fund balances (deficit), end of year                         | <u>\$ (336,897)</u>                 | <u>\$ 21,108</u>          | <u>\$ 277,900</u>                         |

| <b>Debt<br/>Service Funds</b>     | <b>Capital Projects Funds</b>         |   |  |               |
|-----------------------------------|---------------------------------------|---|--|---------------|
| <b>Other<br/>Debt<br/>Service</b> | <b>Other<br/>Capital<br/>Projects</b> | <b>Redevelopment<br/>Capital<br/>Projects</b> | <b>Low-Moderate<br/>Income<br/>Housing</b> | <b>Total</b>  |
| \$ -                              | \$ -                                  | \$ -  | \$ 611,967                                 | \$ 3,338,323  |
| -                                 | 1,125,308                             | -   | -  | 7,050,252     |
| -                                 | -                                     | 11,471  | -  | 34,001        |
| -                                 | 39,485                                | 23,873  | 10,443                                     | 203,776       |
| -                                 | 1,164,793                             | 35,344  | 622,410                                    | 10,626,352    |
| -                                 | -                                     | -   | -  | 206,230       |
| -                                 | -                                     | -   | -  | 799,824       |
| -                                 | -                                     | -   | -  | 197,666       |
| -                                 | -                                     | -   | -  | 1,335,844     |
| -                                 | 307,730                               | 13,079  | 288,196                                    | 1,239,731     |
| -                                 | 1,763,540                             | 161,798                                       | -  | 4,048,989     |
| 42,308                            | -                                     | -   | -  | 317,308       |
| 26,329                            | -                                     | -   | -  | 552,327       |
| 68,637                            | 2,071,270                             | 174,877                                       | 288,196                                    | 8,697,919     |
| (68,637)                          | (906,477)                             | (139,533)                                     | 334,214                                    | 1,928,433     |
| 68,637                            | -                                     | -   | -  | 108,820       |
| -                                 | (1,816,444)                           | -   | -  | (3,783,642)   |
| 68,637                            | (1,816,444)                           | -   | -  | (3,674,822)   |
| -                                 | (2,722,921)                           | (139,533)                                     | 334,214                                    | (1,746,389)   |
| -                                 | 2,883,706                             | 2,332,618                                     | 1,990,924                                  | 11,968,224    |
| \$ -                              | \$ 160,785                            | \$ 2,193,085                                  | \$ 2,325,138                               | \$ 10,221,835 |

**CITY OF LA HABRA**  
**State Gas Tax Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|  | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------|---|
| <b>Revenues:</b>   |                         |               |   |
| Intergovernmental  | \$ 1,816,152            | \$ 1,691,040  | \$ (125,112)                                |
| Use of money and property                                    | 64,000                  | 75,285        | 11,285                                      |
| Total revenues   | 1,880,152               | 1,766,325     | (113,827)                                   |
| <b>Expenditures:</b>   |                         |               |   |
| Current:   |                         |               |   |
| Public works   | 172,806                 | 153,224       | 19,582                                      |
| Capital outlay   | 2,511,639               | 1,359,235     | 1,152,404                                   |
| Total expenditures   | 2,684,445               | 1,512,459     | 1,171,986                                   |
| Excess (deficiency) of revenues<br>over (under) expenditures | (804,293)               | 253,866       | (1,285,813)                                 |
| <b>Other financing sources:</b>                              |                         |               |   |
| Transfers in   | -                       | 33,112        | 33,112                                      |
| Net change in fund balance                                   | (804,293)               | 286,978       | 1,091,271                                   |
| Fund balance, beginning of year                              | 3,232,373               | 3,232,373     | -   |
| Fund balance, end of year                                    | \$ 2,428,080            | \$ 3,519,351  | \$ 1,091,271                                |

**CITY OF LA HABRA**  
**Park and Capital Improvement Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|                                 | <b>Final<br/>Budget</b>  | <b>Actual</b>            | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---------------------------------|--------------------------|--------------------------|---|
| <b>Revenues:</b>                |                          |                          |   |
| Intergovernmental               | \$ 64,072                | \$ 458,492               | \$ 394,420                                  |
| Use of money and property       | 14,000                   | 33,447                   | 19,447                                      |
| <br>                            |                          |                          |   |
| Total Revenues                  | <u>78,072</u>            | <u>491,939</u>           | <u>413,867</u>                              |
| <br>                            |                          |                          |   |
| <b>Expenditures:</b>            |                          |                          |   |
| Current:                        |                          |                          |   |
| General government              | -                        | 34,498                   | (34,498)                                    |
| Capital outlay                  | -                        | 274,832                  | (274,832)                                   |
| <br>                            |                          |                          |   |
| Total Expenditures              | <u>-</u>                 | <u>309,330</u>           | <u>(309,330)</u>                            |
| <br>                            |                          |                          |   |
| Net Change in Fund Balance      | 78,072                   | 182,609                  | 104,537                                     |
| <br>                            |                          |                          |   |
| Fund balance, beginning of year | <u>667,107</u>           | <u>667,107</u>           | <u>-</u>                                    |
| <br>                            |                          |                          |   |
| Fund balance, end of year       | <u><u>\$ 745,179</u></u> | <u><u>\$ 849,716</u></u> | <u><u>\$ 104,537</u></u>                    |

**CITY OF LA HABRA**  
**Air Quality Improvement Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|  | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|------------------|---|
| <b>Revenues:</b>   |                         |                  |   |
| Intergovernmental  | \$ 142,194              | \$ 142,326       | \$ 132                                      |
| Use of money and property                                    | 5,000                   | 1,651            | (3,349)                                     |
| Total revenues   | <u>147,194</u>          | <u>143,977</u>   | <u>(3,217)</u>                              |
| <b>Expenditures:</b>   |                         |                  |   |
| Current:   |                         |                  |   |
| General government   | <u>168,750</u>          | <u>171,732</u>   | <u>(2,982)</u>                              |
| Excess (deficiency) of revenues<br>over (under) expenditures | (21,556)                | (27,755)         | (6,199)                                     |
| <b>Other financing sources:</b>                              |                         |                  |   |
| Transfers out  | <u>-</u>                | <u>-</u>         | <u>-</u>                                    |
| Net change in fund balance                                   | (21,556)                | (27,755)         | (6,199)                                     |
| Fund balance, beginning of year                              | <u>102,865</u>          | <u>102,865</u>   | <u>-</u>                                    |
| Fund balance, end of year                                    | <u>\$ 81,309</u>        | <u>\$ 75,110</u> | <u>\$ (6,199)</u>                           |

**CITY OF LA HABRA**  
**Law Enforcement Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|  | <b>Final<br/>Budget</b>  | <b>Actual</b>            | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|--------------------------|--------------------------|---|
| <b>Revenues:</b>   |                          |                          |   |
| Intergovernmental  | \$ 439,796               | \$ 1,242,461             | \$ 802,665                                  |
| Use of money and property                                    | 5,300                    | 18,874                   | 13,574                                      |
|  | <u>445,096</u>           | <u>1,261,335</u>         | <u>816,239</u>                              |
| <b>Expenditures:</b>   |                          |                          |   |
| Current:   |                          |                          |   |
| Public safety  | 422,293                  | 692,969                  | (270,676)                                   |
| Capital outlay   | -                        | 41,000                   | (41,000)                                    |
| Debt Service:  |                          |                          |   |
| Interest Expense   | -                        | 1,536                    | (1,536)                                     |
|  | <u>422,293</u>           | <u>735,505</u>           | <u>(313,212)</u>                            |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>22,803</u>            | <u>525,830</u>           | <u>(503,027)</u>                            |
| <b>Other financing sources:</b>                              |                          |                          |   |
| Transfers in   | -                        | 1,593                    | 1,593                                       |
| Transfers out  | -                        | (45,635)                 | 45,635                                      |
|  | <u>-</u>                 | <u>(44,042)</u>          | <u>47,228</u>                               |
| Net change in fund balance                                   | 22,803                   | 481,788                  | 458,985                                     |
| Fund balance, beginning of year                              | <u>99,758</u>            | <u>99,758</u>            | <u>-</u>                                    |
| Fund balance, end of year                                    | <u><u>\$ 122,561</u></u> | <u><u>\$ 581,546</u></u> | <u><u>\$ 458,985</u></u>                    |

**CITY OF LA HABRA**  
**Housing and Community Development Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|                                 | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---------------------------------|-------------------------|---------------|---|
| <b>Revenues:</b>                |                         |               |   |
| Intergovernmental               | \$ 999,640              | \$ 744,142    | \$ (255,498)                                |
| <b>Expenditures:</b>            |                         |               |   |
| Current:                        |                         |               |   |
| Community development           | 935,871                 | 625,393       | 310,478                                     |
| Capital outlay                  | 49,121                  | 118,749       | (69,628)                                    |
| Total expenditures              | 984,992                 | 744,142       | 240,850                                     |
| Net change in fund balance      | 14,648                  | -             | (14,648)                                    |
| Fund balance, beginning of year | 111,058                 | 111,058       | -   |
| Fund balance, end of year       | \$ 125,706              | \$ 111,058    | \$ (14,648)                                 |

**CITY OF LA HABRA**  
**Employment and Training Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|                                 | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---------------------------------|-------------------------|---------------|---|
| <b>Revenues:</b>                |                         |               |   |
| Intergovernmental               | \$ 1,298,273            | \$ 1,334,188  | \$ 35,915                                   |
| <b>Expenditures:</b>            |                         |               |   |
| Current:                        |                         |               |   |
| Employment and training         | 1,672,712               | 1,335,844     | 336,868                                     |
| Net change in fund balance      | (374,439)               | (1,656)       | 372,783                                     |
| Fund balance, beginning of year | 37,469                  | 37,469        | -   |
| Fund balance, end of year       | \$ (336,970)            | \$ 35,813     | \$ 372,783                                  |

**CITY OF LA HABRA**  
**Public Safety Augmentation Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|                                 | <b>Final<br/>Budget</b>  | <b>Actual</b>            | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---------------------------------|--------------------------|--------------------------|---|
| <b>Revenues:</b>                |                          |                          |   |
| Intergovernmental               | \$ 225,000               | \$ 269,438               | \$ 44,438                                   |
| Use of money and property       | 17,000                   | (88)                     | (17,088)                                    |
|                                 | <u>242,000</u>           | <u>269,350</u>           | <u>27,350</u>                               |
| Total revenues                  |                          |                          |   |
| <b>Expenditures:</b>            |                          |                          |   |
| Current:                        |                          |                          |   |
| Public safety                   | -                        | 93,674                   | (93,674)                                    |
|                                 | <u>242,000</u>           | <u>175,676</u>           | <u>(66,324)</u>                             |
| Net change in fund balance      |                          |                          |   |
| Fund balance, beginning of year | <u>232,446</u>           | <u>232,446</u>           | <u>-</u>                                    |
| Fund balance, end of year       | <u><u>\$ 474,446</u></u> | <u><u>\$ 408,122</u></u> | <u><u>\$ (66,324)</u></u>                   |

**CITY OF LA HABRA**  
**Other Federal Grants Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|  | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------|---|
| <b>Revenues:</b>                                     |                         |               |   |
| Intergovernmental                                    | \$ -                    | \$ 42,857     | \$ 42,857                                   |
| Total revenues                                       | -                       | 42,857        | 42,857                                      |
| <b>Expenditures:</b>                                 |                         |               |   |
| Current:   |                         |               |   |
| Public safety  | -                       | 10,955        | (10,955)                                    |
| Public works   | 528,500                 | 44,442        | 484,058                                     |
| Capital outlay                                       | -                       | 329,835       | (329,835)                                   |
| Total expenditures                                   | 528,500                 | 385,232       | 143,268                                     |
| Excess (deficiency) of<br>revenues over expenditures | (528,500)               | (342,375)     | 186,125                                     |
| <b>Other financing sources (uses):</b>               |                         |               |   |
| Transfers in   | -                       | 5,478         | 5,478                                       |
| Net change in fund balance                           | (528,500)               | (336,897)     | 191,603                                     |
| Fund balance, beginning of year                      | -                       | -             | -   |
| Fund balance (deficit), end of year                  | \$ (528,500)            | \$ (336,897)  | \$ 191,603                                  |

**CITY OF LA HABRA**  
**Traffic Safety Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|                                 | <b>Final<br/>Budget</b> | <b>Actual</b>    | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---------------------------------|-------------------------|------------------|---|
| <b>Revenues:</b>                |                         |                  |   |
| Charges for services            | \$ -                    | 22,530           | \$ 22,530                                   |
| Use of money and property       | -                       | 804              | 804   |
|                                 | <hr/>                   | <hr/>            | <hr/>                                       |
| Total revenues                  | -                       | 23,334           | 23,334                                      |
|                                 | <hr/>                   | <hr/>            | <hr/>                                       |
| <b>Expenditures:</b>            |                         |                  |   |
| Current:                        |                         |                  |   |
| Public safety                   | -                       | 2,226            | (2,226)                                     |
|                                 | <hr/>                   | <hr/>            | <hr/>                                       |
| Net change in fund balance      | -                       | 21,108           | 21,108                                      |
|                                 | <hr/>                   | <hr/>            | <hr/>                                       |
| Fund balance, beginning of year | -                       | -                | -   |
|                                 | <hr/>                   | <hr/>            | <hr/>                                       |
| Fund balance, end of year       | <u>\$ -</u>             | <u>\$ 21,108</u> | <u>\$ 21,108</u>                            |

**CITY OF LA HABRA**  
**Redevelopment Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|  | <b>Final<br/>Budget</b>  | <b>Actual</b>            | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|--------------------------|--------------------------|---|
| <b>Revenues:</b>                                     |                          |                          |   |
| Property taxes and special assessments               | \$ 2,594,247             | 2,726,356                | \$ 132,109                                  |
| Use of money and property                            | 200                      | 2                        | (198)                                       |
|  | <u>2,594,447</u>         | <u>2,726,358</u>         | <u>131,911</u>                              |
| <b>Expenditures:</b>                                 |                          |                          |   |
| Current:   |                          |                          |   |
| Community development                                | 7,500                    | 5,333                    | 2,167                                       |
| Debt service:  |                          |                          |   |
| Principal  | 275,000                  | 275,000                  | -   |
| Interest expense                                     | 524,462                  | 524,462                  | -   |
|  | <u>806,962</u>           | <u>804,795</u>           | <u>2,167</u>                                |
| Excess (deficiency) of<br>revenues over expenditures | 1,787,485                | 1,921,563                | 134,078                                     |
| <b>Other financing (uses):</b>                       |                          |                          |   |
| Transfers out  | <u>(1,787,485)</u>       | <u>(1,921,563)</u>       | <u>(134,078)</u>                            |
| Net change in fund balance                           | -                        | -                        | -   |
| Fund balance, beginning of year                      | <u>277,900</u>           | <u>277,900</u>           | <u>-</u>                                    |
| Fund balance, end of year                            | <u><u>\$ 277,900</u></u> | <u><u>\$ 277,900</u></u> | <u><u>\$ -</u></u>                          |

**CITY OF LA HABRA**  
**Other Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|  | <u>Final<br/>Budget</u>   | <u>Actual</u>      | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---------------------------|--------------------|---|
| <b>Expenditures:</b>   |                           |                    |   |
| Debt service:  |                           |                    |   |
| Principal  | \$ 42,308                 | \$ 42,308          | \$ -  |
| Interest expense   | 26,329                    | 26,329             | -   |
|  | <u>68,637</u>             | <u>68,637</u>      | <u>-</u>                                    |
| <br>   |                           |                    |   |
| Excess (deficiency) of revenues<br>over (under) expenditures | (68,637)                  | (68,637)           | -   |
| <br>   |                           |                    |   |
| <b>Other financing sources:</b>                              |                           |                    |   |
| Transfers in   | <u>-</u>                  | <u>68,637</u>      | <u>68,637</u>                               |
| <br>   |                           |                    |   |
| Net change in fund balance                                   | (68,637)                  | -                  | 68,637                                      |
| <br>   |                           |                    |   |
| Fund balance, beginning of year                              | <u>-</u>                  | <u>-</u>           | <u>-</u>                                    |
| <br>   |                           |                    |   |
| Fund balance, end of year                                    | <u><u>\$ (68,637)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 68,637</u></u>                     |

**CITY OF LA HABRA**  
**Other Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|  | <b>Final<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|---|
| <b>Revenues:</b>   |                         |                   |   |
| Intergovernmental  | \$ -                    | \$ 1,125,308      | \$ 1,125,308                                |
| Use of money and property                                    | -                       | 39,485            | 39,485                                      |
| Total revenues   | -                       | 1,164,793         | 1,164,793                                   |
| <b>Expenditures:</b>   |                         |                   |   |
| Current:   |                         |                   |   |
| Community development  | 219,856                 | 307,730           | (87,874)                                    |
| Capital outlay   | 1,646,000               | 1,763,540         | (117,540)                                   |
| Total expenditures   | 1,865,856               | 2,071,270         | (205,414)                                   |
| Excess (deficiency) of revenues<br>over (under) expenditures | (1,865,856)             | (906,477)         | 959,379                                     |
| <b>Other financing sources (uses):</b>                       |                         |                   |   |
| Transfers out  | -                       | (1,816,444)       | (1,816,444)                                 |
| Net change in fund balance                                   | (1,865,856)             | (2,722,921)       | (857,065)                                   |
| Fund balance, beginning of year                              | 2,883,706               | 2,883,706         | -   |
| Fund balance, end of year                                    | <u>\$ 1,017,850</u>     | <u>\$ 160,785</u> | <u>(857,065)</u>                            |

**CITY OF LA HABRA**  
**Redevelopment Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|                                 | <b>Final<br/>Budget</b>  | <b>Actual</b>              | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---------------------------------|--------------------------|----------------------------|---|
| <b>Revenues:</b>                |                          |                            |   |
| Charges for services            | \$ -                     | \$ 11,471                  | \$ 11,471                                   |
| Use of money and property       | 65,000                   | 23,873                     | (41,127)                                    |
|                                 | <u>65,000</u>            | <u>23,873</u>              | <u>(41,127)</u>                             |
| Total revenues                  | <u>65,000</u>            | <u>35,344</u>              | <u>(29,656)</u>                             |
| <b>Expenditures:</b>            |                          |                            |   |
| Current:                        |                          |                            |   |
| Community development           | 1,800,000                | 13,079                     | 1,786,921                                   |
| Capital outlay                  | -                        | 161,798                    | (161,798)                                   |
|                                 | <u>1,800,000</u>         | <u>174,877</u>             | <u>1,625,123</u>                            |
| Total expenditures              | <u>1,800,000</u>         | <u>174,877</u>             | <u>1,625,123</u>                            |
| Net change in fund balance      | (1,735,000)              | (139,533)                  | 1,595,467                                   |
| Fund balance, beginning of year | <u>2,332,618</u>         | <u>2,332,618</u>           | <u>-</u>                                    |
| Fund balance, end of year       | <u><u>\$ 597,618</u></u> | <u><u>\$ 2,193,085</u></u> | <u><u>\$ 1,595,467</u></u>                  |

**CITY OF LA HABRA**  
**Low-Moderate Income Housing Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

|  | <b>Final<br/>Budget</b>    | <b>Actual</b>              | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|----------------------------|----------------------------|---|
| <b>Revenues:</b>                       |                            |                            |   |
| Property taxes and special assessments | \$ 579,085                 | \$ 611,967                 | \$ 32,882                                   |
| Use of money and property              | 30,000                     | 10,443                     | (19,557)                                    |
| Total revenues                         | <u>609,085</u>             | <u>622,410</u>             | <u>13,325</u>                               |
| <b>Expenditures:</b>                   |                            |                            |   |
| Current:                               |                            |                            |   |
| Community development                  | <u>1,272,244</u>           | <u>288,196</u>             | <u>984,048</u>                              |
| Net change in fund balance             | (663,159)                  | 334,214                    | 997,373                                     |
| Fund balance, beginning of year        | <u>1,990,924</u>           | <u>1,990,924</u>           | <u>-</u>                                    |
| Fund balance, end of year              | <u><u>\$ 1,327,765</u></u> | <u><u>\$ 2,325,138</u></u> | <u><u>\$ 997,373</u></u>                    |



**CITY OF LA HABRA**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2010**

|                            | <u>Children's<br/>Museum</u> | <u>Mobile Home<br/>Lease</u> | <u>Total</u>      |
|----------------------------|------------------------------|------------------------------|-------------------|
| <b>Assets:</b>             |                              |                              |                   |
| Current assets:            |                              |                              |                   |
| Cash and investments       | \$ 69,895                    | \$ 665,913                   | \$ 735,808        |
| Accounts receivable, net   | -                            | 26,247                       | 26,247            |
| Interest receivable        | 312                          | 6,892                        | 7,204             |
| Prepaid items              | -                            | 18,777                       | 18,777            |
| Due from other governments | 120,878                      | -                            | 120,878           |
|                            | <hr/>                        | <hr/>                        | <hr/>             |
| Total current assets       | 191,085                      | 717,829                      | 908,914           |
| Noncurrent assets:         |                              |                              |                   |
| Capital assets, net        | 428,157                      | 1,505,037                    | 1,933,194         |
|                            | <hr/>                        | <hr/>                        | <hr/>             |
| Total assets               | 619,242                      | 2,222,866                    | 2,842,108         |
|                            | <hr/>                        | <hr/>                        | <hr/>             |
| <b>Liabilities:</b>        |                              |                              |                   |
| Current Liabilities:       |                              |                              |                   |
| Accounts payable           | 6,821                        | 51,077                       | 57,898            |
| Accrued liabilities        | 11,364                       | 1,591                        | 12,955            |
| Advances from other funds  | -                            | 2,000,000                    | 2,000,000         |
|                            | <hr/>                        | <hr/>                        | <hr/>             |
| Total liabilities          | 18,185                       | 2,052,668                    | 2,070,853         |
|                            | <hr/>                        | <hr/>                        | <hr/>             |
| <b>Net assets:</b>         |                              |                              |                   |
| Invested in capital assets | 428,157                      | 1,505,037                    | 1,933,194         |
| Unrestricted (deficit)     | 172,900                      | (1,334,839)                  | (1,161,939)       |
|                            | <hr/>                        | <hr/>                        | <hr/>             |
| Total net assets           | <u>\$ 601,057</u>            | <u>\$ 170,198</u>            | <u>\$ 771,255</u> |

**CITY OF LA HABRA**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2010**

|  | <u>Children's<br/>Museum</u> | <u>Mobile Home<br/>Lease</u> | <u>Total</u>      |
|--|------------------------------|------------------------------|-------------------|
| <b>Operating revenues:</b>               |                              |                              |                   |
| Charges for services                     | \$ 382,785                   | \$ 2,595,731                 | \$ 2,978,516      |
| Intergovernmental                        | 112,231                      | -                            | 112,231           |
|  | <u>495,016</u>               | <u>2,595,731</u>             | <u>3,090,747</u>  |
| <b>Operating expenses:</b>               |                              |                              |                   |
| Contractual services                     | 53,035                       | 406,486                      | 459,521           |
| Wages and fringe benefits                | 316,945                      | 72,885                       | 389,830           |
| Equipment and maintenance                | -                            | 93,387                       | 93,387            |
| Materials and supplies                   | 901                          | -                            | 901               |
| Utilities                                | 31,277                       | 241,424                      | 272,701           |
| Depreciation                             | 34,942                       | 39,079                       | 74,021            |
| Administration                           | 42,145                       | 1,818,319                    | 1,860,464         |
|  | <u>479,245</u>               | <u>2,671,580</u>             | <u>3,150,825</u>  |
| Total operating expenses                 | <u>479,245</u>               | <u>2,671,580</u>             | <u>3,150,825</u>  |
| Operating income (loss)                  | <u>15,771</u>                | <u>(75,849)</u>              | <u>(60,078)</u>   |
| <b>Nonoperating revenues (expenses):</b> |                              |                              |                   |
| Interest income (expense)                | -                            | 22,110                       | 22,110            |
| Gain (loss) on sale of investments       | 4,435                        | 10,632                       | 15,067            |
| Interest (expense)                       | (749)                        | -                            | (749)             |
|  | <u>3,686</u>                 | <u>32,742</u>                | <u>36,428</u>     |
| Total nonoperating revenues              | <u>3,686</u>                 | <u>32,742</u>                | <u>36,428</u>     |
| Income (loss) before transfers           | 19,457                       | (43,107)                     | (23,650)          |
| Transfers in                             | 54,236                       | -                            | 54,236            |
| Transfers out                            | -                            | (773,111)                    | (773,111)         |
|  | <u>73,693</u>                | <u>(816,218)</u>             | <u>(742,525)</u>  |
| Change in net assets                     | <u>73,693</u>                | <u>(816,218)</u>             | <u>(742,525)</u>  |
| Net assets, beginning of year            | <u>527,364</u>               | <u>986,416</u>               | <u>1,513,780</u>  |
| Net assets, end of year                  | <u>\$ 601,057</u>            | <u>\$ 170,198</u>            | <u>\$ 771,255</u> |

**CITY OF LA HABRA**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2010**

|  | <u>Children's<br/>Museum</u> | <u>Mobile Home<br/>Lease</u> | <u>Total</u>      |
|--|------------------------------|------------------------------|-------------------|
| <b>Cash flows from operating activities:</b>                     |                              |                              |                   |
| Receipts from customers and users                                | \$ 277,484                   | \$ 2,587,421                 | \$ 2,864,905      |
| Receipts from interfund services provided                        | 277,170                      | -                            | 277,170           |
| Payments to suppliers  | (30,465)                     | (2,379,081)                  | (2,409,546)       |
| Cash paid for internal services provided                         | (94,971)                     | (138,811)                    | (233,782)         |
| Payments to employees  | (316,450)                    | (71,294)                     | (387,744)         |
|  | <u>112,768</u>               | <u>(1,765)</u>               | <u>111,003</u>    |
| Net cash provided by (used in)<br>operating activities           |                              |                              |                   |
| <b>Cash flows from noncapital financing activities:</b>          |                              |                              |                   |
| Transfers to other funds   | -                            | (773,111)                    | (773,111)         |
| Transfers from other funds                                       | 54,236                       | -                            | 54,236            |
| Due to other funds   | (100,643)                    | -                            | (100,643)         |
|  | <u>(46,407)</u>              | <u>(773,111)</u>             | <u>(819,518)</u>  |
| Net cash used in noncapital<br>financing activities              |                              |                              |                   |
| <b>Cash flows from capital and related financing activities:</b> |                              |                              |                   |
| Purchase of capital assets                                       | -                            | (134,967)                    | (134,967)         |
|  | <u>-</u>                     | <u>(134,967)</u>             | <u>(134,967)</u>  |
| Net cash used in capital and related<br>financing activities     |                              |                              |                   |
| <b>Cash flows from investing activities:</b>                     |                              |                              |                   |
| (Purchase) sale of short-term investments                        | 4,435                        | 10,632                       | 15,067            |
| Interest on investments  | (1,061)                      | 15,218                       | 14,157            |
|  | <u>3,374</u>                 | <u>25,850</u>                | <u>29,224</u>     |
| Net cash provided by investing activities                        |                              |                              |                   |
| Net increase (decrease) in cash and cash equivalents             | 69,735                       | (883,993)                    | (814,258)         |
| Cash and cash equivalents, beginning of year                     | <u>160</u>                   | <u>1,549,906</u>             | <u>1,550,066</u>  |
| Cash and cash equivalents, end of year                           | <u>\$ 69,895</u>             | <u>\$ 665,913</u>            | <u>\$ 735,808</u> |

(Continued)

**CITY OF LA HABRA**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds (Continued)**  
**For the Year Ended June 30, 2010**

|  | <u>Children's<br/>Museum</u> | <u>Mobile Home<br/>Lease</u> | <u>Total</u>      |
|--|------------------------------|------------------------------|-------------------|
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |                              |                              |                   |
| Operating Income (Loss)  | \$ 15,771                    | \$ (75,849)                  | \$ (60,078)       |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                              |                              |                   |
| Depreciation   | 34,942                       | 39,079                       | 74,021            |
| Change in assets and liabilities:  |                              |                              |                   |
| (Increase) decrease in receivables   | 7,939                        | (8,310)                      | (371)             |
| (Increase) decrease in from other governments  | 51,700                       | -                            | 51,700            |
| (Increase) decrease in prepaid items   | -                            | (1,787)                      | (1,787)           |
| Increase (decrease) in accrued liabilities and accounts payable  | 2,416                        | 45,102                       | 47,518            |
| Total adjustments  | <u>96,997</u>                | <u>74,084</u>                | <u>171,081</u>    |
| Net cash provided by (used in) operating activities  | <u>\$ 112,768</u>            | <u>\$ (1,765)</u>            | <u>\$ 111,003</u> |



**CITY OF LA HABRA**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2010**

|   | <u>Fleet<br/>Management</u> | <u>Risk<br/>Management</u> | <u>Information<br/>Technology</u> |
|---|-----------------------------|----------------------------|-----------------------------------|
| <b>Assets:</b>                                  |                             |                            |                                   |
| Current assets:                                 |                             |                            |                                   |
| Cash and investments                            | \$ 110,226                  | \$ 4,322,437               | \$ 589,236                        |
| Accounts receivable, net                        | 150                         | 2,250                      | 24                                |
| Interest receivable                             | 196                         | 20,076                     | 2,768                             |
| Prepays   | -                           | -                          | 580                               |
| Due from other governments                      | 7,851                       | 6,003                      | -                                 |
| Inventory                                       | 46,906                      | -                          | -                                 |
| Total current assets                            | <u>165,329</u>              | <u>4,350,766</u>           | <u>592,608</u>                    |
| Noncurrent assets:                              |                             |                            |                                   |
| Cash and investments with fiscal agents         | -                           | -                          | -                                 |
| Advances to other funds                         | -                           | -                          | -                                 |
| Deferred charges                                | -                           | -                          | -                                 |
| Capital assets, net of accumulated depreciation | -                           | -                          | 133,992                           |
| Total noncurrent assets                         | <u>-</u>                    | <u>-</u>                   | <u>133,992</u>                    |
| Total assets                                    | <u>165,329</u>              | <u>4,350,766</u>           | <u>726,600</u>                    |
| <b>Liabilities:</b>                             |                             |                            |                                   |
| Current liabilities:                            |                             |                            |                                   |
| Accounts payable                                | 53,536                      | 57,014                     | 13,551                            |
| Accrued liabilities                             | 12,509                      | 2,060,917                  | 11,670                            |
| Accrued interest                                | -                           | -                          | -                                 |
| Compensated absences                            | -                           | -                          | -                                 |
| Certificates of participation, current          | -                           | -                          | -                                 |
| Water revenue bonds, current                    | -                           | -                          | -                                 |
| Total current liabilities                       | <u>66,045</u>               | <u>2,117,931</u>           | <u>25,221</u>                     |
| Noncurrent liabilities:                         |                             |                            |                                   |
| Certificates of participation                   | -                           | -                          | -                                 |
| Water revenue bonds                             | -                           | -                          | -                                 |
| Total noncurrent liabilities                    | <u>-</u>                    | <u>-</u>                   | <u>-</u>                          |
| Total liabilities                               | <u>66,045</u>               | <u>2,117,931</u>           | <u>25,221</u>                     |
| <b>Net assets:</b>                              |                             |                            |                                   |
| Invested in capital assets                      | -                           | -                          | 133,992                           |
| Unrestricted                                    | 99,284                      | 2,232,835                  | 567,387                           |
| Total net assets                                | <u>\$ 99,284</u>            | <u>\$ 2,232,835</u>        | <u>\$ 701,379</u>                 |

| <b>Civic<br/>Improvement<br/>Authority</b> | <b>Fleet<br/>Replacement</b> | <b>Employee<br/>Benefits</b> | <b>Totals</b>       |
|--|------------------------------|------------------------------|---------------------|
| \$ 250,801                                 | \$ 1,526,084                 | \$ 1,196,585                 | \$ 7,995,369        |
| -  | 26,310                       | -                            | 28,734              |
| 1,186                                      | 6,787                        | 5,718                        | 36,731              |
| -  | 92,131                       | -                            | 92,711              |
| -  | -                            | -                            | 13,854              |
| -  | -                            | -                            | 46,906              |
| <u>251,987</u>                             | <u>1,651,312</u>             | <u>1,202,303</u>             | <u>8,214,305</u>    |
| 495,911                                    | -                            | -                            | 495,911             |
| 11,671,214                                 | -                            | -                            | 11,671,214          |
| 726,256                                    | -                            | -                            | 726,256             |
| -  | 1,514,204                    | -                            | 1,648,196           |
| <u>12,893,381</u>                          | <u>1,514,204</u>             | <u>-</u>                     | <u>14,541,577</u>   |
| <u>13,145,368</u>                          | <u>3,165,516</u>             | <u>1,202,303</u>             | <u>22,755,882</u>   |
| 2,000                                      | 266,427                      | -                            | 392,528             |
| 1  | -                            | -                            | 2,085,097           |
| 124,791                                    | -                            | -                            | 124,791             |
| -  | -                            | 1,202,303                    | 1,202,303           |
| 260,000                                    | -                            | -                            | 260,000             |
| 165,000                                    | -                            | -                            | 165,000             |
| <u>551,792</u>                             | <u>266,427</u>               | <u>1,202,303</u>             | <u>4,229,719</u>    |
| 4,207,502                                  | -                            | -                            | 4,207,502           |
| 6,420,000                                  | -                            | -                            | 6,420,000           |
| <u>10,627,502</u>                          | <u>-</u>                     | <u>-</u>                     | <u>10,627,502</u>   |
| <u>11,179,294</u>                          | <u>266,427</u>               | <u>1,202,303</u>             | <u>14,857,221</u>   |
| -  | 1,514,204                    | -                            | 1,648,196           |
| 1,966,074                                  | 1,384,885                    | -                            | 6,250,465           |
| <u>\$ 1,966,074</u>                        | <u>\$ 2,899,089</u>          | <u>\$ -</u>                  | <u>\$ 7,898,661</u> |

**CITY OF LA HABRA**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2010**

|  | <u>Fleet<br/>Management</u> | <u>Risk<br/>Management</u> | <u>Information<br/>Technology</u> |
|--|-----------------------------|----------------------------|-----------------------------------|
| <b>Operating revenues:</b>               |                             |                            |                                   |
| Charges for services                     | \$ 1,053,649                | \$ 1,709,992               | \$ 474,961                        |
| <b>Operating expenses:</b>               |                             |                            |                                   |
| Contractual services                     | 111,283                     | 353,526                    | 49,085                            |
| Wages and fringe benefits                | 403,605                     | 158,944                    | 388,441                           |
| Benefits and claims                      | -                           | 91,034                     | -                                 |
| Equipment and maintenance                | 17,289                      | -                          | 114,375                           |
| Materials and supplies                   | 426,205                     | 56                         | 7,937                             |
| Utilities                                | 782                         | -                          | 146,510                           |
| Depreciation                             | -                           | -                          | 24,110                            |
| Amortization                             | -                           | -                          | -                                 |
| Administration                           | 22,566                      | 566,297                    | 11,635                            |
| Total operating expenses                 | <u>981,730</u>              | <u>1,169,857</u>           | <u>742,093</u>                    |
| Operating income (loss)                  | <u>71,919</u>               | <u>540,135</u>             | <u>(267,132)</u>                  |
| <b>Nonoperating revenues (expenses):</b> |                             |                            |                                   |
| Interest income                          | 981                         | 84,883                     | 12,497                            |
| Interest (expense)                       | -                           | -                          | -                                 |
| Gain (loss) on sale of asset             | -                           | -                          | 2,047                             |
| Gain (loss) on sale of investment        | 2,940                       | 31,449                     | (4,329)                           |
| Total nonoperating revenues              | <u>3,921</u>                | <u>116,332</u>             | <u>10,215</u>                     |
| Income (loss) before transfers           | <u>75,840</u>               | <u>656,467</u>             | <u>(256,917)</u>                  |
| Transfers in                             | <u>-</u>                    | <u>-</u>                   | <u>-</u>                          |
| Changes in net assets                    | 75,840                      | 656,467                    | (256,917)                         |
| Net assets, beginning of year            | <u>23,444</u>               | <u>1,576,368</u>           | <u>958,296</u>                    |
| Net assets, end of year                  | <u>\$ 99,284</u>            | <u>\$ 2,232,835</u>        | <u>\$ 701,379</u>                 |

| <b>Civic<br/>Improvement<br/>Authority</b> | <b>Fleet<br/>Replacement</b> | <b>Employee<br/>Benefits</b> | <b>Totals</b>       |
|--|------------------------------|------------------------------|---------------------|
| \$ -                                       | \$ 332,074                   | \$ 356,578                   | \$ 3,927,254        |
| 6,690                                      | -                            | -                            | 520,584             |
| -  | -                            | 387,643                      | 1,338,633           |
| -  | -                            | -                            | 91,034              |
| -  | 165,546                      | -                            | 297,210             |
| -  | -                            | -                            | 434,198             |
| -  | -                            | -                            | 147,292             |
| -  | 372,285                      | -                            | 396,395             |
| 51,297                                     | -                            | -                            | 51,297              |
| 19   | 538                          | -                            | 601,055             |
| 58,006                                     | 538,369                      | 387,643                      | 3,877,698           |
| (58,006)                                   | (206,295)                    | (31,065)                     | 49,556              |
| 255,510                                    | 26,918                       | 26,418                       | 407,207             |
| (520,221)                                  | -                            | -                            | (520,221)           |
| -  | 7,812                        | -                            | 9,859               |
| (666)                                      | 7,197                        | (1,013)                      | 35,578              |
| (265,377)                                  | 41,927                       | 25,405                       | (67,577)            |
| (323,383)                                  | (164,368)                    | (5,660)                      | (18,021)            |
| 307,400                                    | 60,608                       | 5,660                        | 373,668             |
| (15,983)                                   | (103,760)                    | -                            | 355,647             |
| 1,982,057                                  | 3,002,849                    | -                            | 7,543,014           |
| <u>\$ 1,966,074</u>                        | <u>\$ 2,899,089</u>          | <u>\$ -</u>                  | <u>\$ 7,898,661</u> |

**CITY OF LA HABRA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2010**

|   | <u>Fleet<br/>Management</u> | <u>Risk<br/>Management</u> | <u>Information<br/>Technology</u> |
|---|-----------------------------|----------------------------|-----------------------------------|
| <b>Cash flows from operating activities:</b>                      |                             |                            |                                   |
| Receipts from customers and users                                 | \$ 74,373                   | \$ -                       | \$ -                              |
| Receipts from interfund services provided                         | 975,960                     | 1,701,738                  | 475,010                           |
| Payments to suppliers   | (595,780)                   | (1,242,140)                | (348,424)                         |
| Cash paid for interfund services provided                         | (8,532)                     | (5,544)                    | (10,032)                          |
| Payments to employees   | (397,833)                   | (158,694)                  | (388,127)                         |
| Net cash provided by (used in)<br>operating activities            | <u>48,188</u>               | <u>295,360</u>             | <u>(271,573)</u>                  |
| <b>Cash flows from noncapital financing activities:</b>           |                             |                            |                                   |
| Transfers from other funds  | -                           | -                          | -                                 |
| Advances to other funds   | -                           | -                          | -                                 |
| Due to other funds  | -                           | -                          | -                                 |
| Net cash provided by (used in) noncapital<br>financing activities | <u>-</u>                    | <u>-</u>                   | <u>-</u>                          |
| <b>Cash flows from capital and related financing activities:</b>  |                             |                            |                                   |
| Purchase of capital assets  | -                           | -                          | (51,405)                          |
| Proceeds from sale of capital assets                              | -                           | -                          | 2,047                             |
| Principal paid on capital debt                                    | -                           | -                          | -                                 |
| Interest paid on capital debt                                     | -                           | -                          | -                                 |
| Net cash used in capital and<br>related financing activities      | <u>-</u>                    | <u>-</u>                   | <u>(49,358)</u>                   |
| <b>Cash flows from investing activities:</b>                      |                             |                            |                                   |
| (Purchase) sale of investments                                    | 2,940                       | 31,449                     | (4,329)                           |
| Interest on investments   | 785                         | 64,807                     | 9,729                             |
| Net cash provided by investing activities                         | <u>3,725</u>                | <u>96,256</u>              | <u>5,400</u>                      |
| Net increase (decrease) in cash and cash equivalents              | 51,913                      | 391,616                    | (315,531)                         |
| Cash and cash equivalents, beginning of year                      | <u>58,313</u>               | <u>3,930,821</u>           | <u>904,767</u>                    |
| Cash and cash equivalents, end of year                            | <u>\$ 110,226</u>           | <u>\$ 4,322,437</u>        | <u>\$ 589,236</u>                 |

| <b>Civic<br/>Improvement<br/>Authority</b> | <b>Fleet<br/>Replacement</b> | <b>Employee<br/>Benefits</b> | <b>Totals</b>       |
|--|------------------------------|------------------------------|---------------------|
| \$ -                                       | \$ -                         | \$ -                         | \$ 74,373           |
| -  | 305,765                      | 356,578                      | 3,815,051           |
| (4,708)                                    | (42,200)                     | -                            | (2,233,252)         |
| -  | -                            | (356,578)                    | (380,686)           |
| -  | -                            | (387,643)                    | (1,332,297)         |
| <u>(4,708)</u>                             | <u>263,565</u>               | <u>(387,643)</u>             | <u>(56,811)</u>     |
| 307,400                                    | 60,608                       | 5,660                        | 373,668             |
| 405,000                                    | -                            | -                            | 405,000             |
| (2,389,131)                                | -                            | -                            | (2,389,131)         |
| <u>(1,676,731)</u>                         | <u>60,608</u>                | <u>5,660</u>                 | <u>(1,610,463)</u>  |
| -  | (252,715)                    | -                            | (304,120)           |
| -  | 7,812                        | -                            | 9,859               |
| (402,740)                                  | -                            | -                            | (402,740)           |
| (538,995)                                  | -                            | -                            | (538,995)           |
| <u>(941,735)</u>                           | <u>(244,903)</u>             | <u>-</u>                     | <u>(1,235,996)</u>  |
| (666)                                      | 7,197                        | (1,013)                      | 35,578              |
| 254,324                                    | 20,131                       | 20,700                       | 370,476             |
| <u>253,658</u>                             | <u>27,328</u>                | <u>19,687</u>                | <u>406,054</u>      |
| (2,369,516)                                | 106,598                      | (362,296)                    | (2,497,216)         |
| <u>3,116,228</u>                           | <u>1,419,486</u>             | <u>1,558,881</u>             | <u>10,988,496</u>   |
| <u>\$ 746,712</u>                          | <u>\$ 1,526,084</u>          | <u>\$ 1,196,585</u>          | <u>\$ 8,491,280</u> |

(Continued)

**CITY OF LA HABRA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds (Continued)**  
**For the Year Ended June 30, 2010**

|  | <u>Fleet<br/>Management</u> | <u>Risk<br/>Management</u> | <u>Information<br/>Technology</u> |
|--|-----------------------------|----------------------------|-----------------------------------|
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |                             |                            |                                   |
| Operating Income (Loss)  | \$ 71,919                   | \$ 540,135                 | \$ (267,132)                      |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: |                             |                            |                                   |
| Depreciation   | -                           | -                          | 24,110                            |
| Amortization   | -                           | -                          | -                                 |
| Change in Assets and Liabilities:  |                             |                            |                                   |
| (Increase) decrease in accounts receivable   | (150)                       | (2,250)                    | 48                                |
| (Increase) decrease in due from other governments  | (3,167)                     | (5,515)                    | -                                 |
| (Increase) decrease in inventory   | (8,627)                     | -                          | -                                 |
| (Increase) decrease in prepaid items   | -                           | -                          | (580)                             |
| Increase (decrease) in accounts payable and accrued liabilities  | <u>(11,787)</u>             | <u>(237,010)</u>           | <u>(28,019)</u>                   |
| Total adjustments  | <u>(23,731)</u>             | <u>(244,775)</u>           | <u>(4,441)</u>                    |
| Net cash provided by (used in) operating activities  | <u>\$ 48,188</u>            | <u>\$ 295,360</u>          | <u>\$ (271,573)</u>               |

| <b>Civic<br/>Improvement<br/>Authority</b> | <b>Fleet<br/>Replacement</b> | <b>Employee<br/>Benefits</b> | <b>Totals</b>             |
|--|------------------------------|------------------------------|---------------------------|
| <u>\$ (58,006)</u>                         | <u>\$ (206,295)</u>          | <u>\$ (31,065)</u>           | <u>\$ 49,556</u>          |
| -  | 372,285                      | -                            | 396,395                   |
| 51,297                                     | -                            | -                            | 51,297                    |
| -  | (26,310)                     | -                            | (28,662)                  |
| -  | -                            | -                            | (8,682)                   |
| -  | -                            | -                            | (8,627)                   |
| -  | (82,131)                     | -                            | (82,711)                  |
| <u>2,001</u>                               | <u>206,016</u>               | <u>(356,578)</u>             | <u>(425,377)</u>          |
| <u>53,298</u>                              | <u>469,860</u>               | <u>(356,578)</u>             | <u>(106,367)</u>          |
| <u><u>\$ (4,708)</u></u>                   | <u><u>\$ 263,565</u></u>     | <u><u>\$ (387,643)</u></u>   | <u><u>\$ (56,811)</u></u> |



**CITY OF LA HABRA**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Year Ended June 30, 2010**

|                      | <u>Balance<br/>July 1, 2009</u> | <u>Additions</u>            | <u>Deletions</u>            | <u>Balance<br/>June 30, 2010</u> |
|----------------------|---------------------------------|-----------------------------|-----------------------------|----------------------------------|
| <b>Assets:</b>       |                                 |                             |                             |                                  |
| Cash and investments | \$ 10,511,669                   | \$ 805,654                  | \$ 1,028,554                | \$ 10,288,769                    |
| Interest receivable  | -                               | 50,283                      | -                           | 50,283                           |
|                      | <u>                    </u>     | <u>                    </u> | <u>                    </u> | <u>                    </u>      |
| Total assets         | <u>\$ 10,511,669</u>            | <u>\$ 855,937</u>           | <u>\$ 1,028,554</u>         | <u>\$ 10,339,052</u>             |
| <b>Liabilities:</b>  |                                 |                             |                             |                                  |
| Accounts payable     | \$ 5,892                        | \$ 200,703                  | \$ 205,046                  | \$ 1,549                         |
| Accrued liabilities  | 9,090                           | 31,703                      | 31,415                      | 9,378                            |
| Deposits             | 10,496,687                      | 570,320                     | 738,882                     | 10,328,125                       |
|                      | <u>                    </u>     | <u>                    </u> | <u>                    </u> | <u>                    </u>      |
| Total liabilities    | <u>\$ 10,511,669</u>            | <u>\$ 802,726</u>           | <u>\$ 975,343</u>           | <u>\$ 10,339,052</u>             |

**CITY OF LA HABRA**  
**Measure T Transaction and Use Tax: Use of Funds**  
**For the Year Ended June 30, 2010**

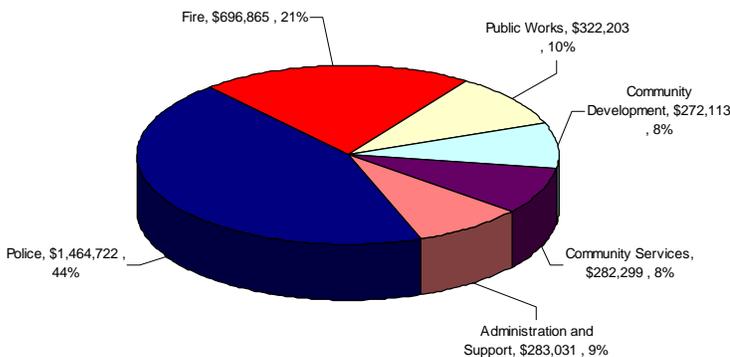
In November 2008, the citizens of La Habra approved Measure T which established a ½ cent local transaction and use tax. The measure was approved as an undesignated “general” tax that would be used to help support the activities and operations of the City’s General Fund. As this is a general tax, it legally cannot be earmarked for any specific use by code or statute.

One method to determine how this new revenue source has impacted General Fund operations is to compare the allocation of the revenues by a proportional share of General Fund expenditures by department. The following table details this breakdown based on Measure T revenues received in FY 09/10 and the proportional allocation of General Fund budgeted expenditures by department.

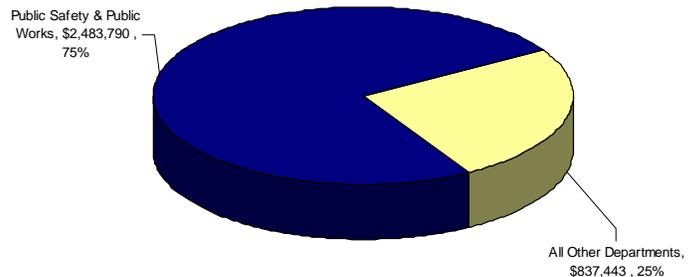
**Measure T Allocation Analysis by General Fund Department**

| Department                 | FY 09/10 GF<br>Budgeted<br>Expenditures | % of Total GF<br>Budgeted<br>Expenditures | Proportional<br>Allocation of Measure<br>T Revenues |
|----------------------------|---|---|---|
| Police                     | \$14,447,318                            | 44.1%                                     | \$1,464,722   |
| Fire                       | \$6,873,548                             | 21.0%                                     | \$696,865   |
| Public Works               | \$3,178,057                             | 9.7%                                      | \$322,203   |
| Community Development      | \$2,683,998                             | 8.2%                                      | \$272,113   |
| Community Services         | \$2,784,459                             | 8.5%                                      | \$282,299   |
| Administration and Support | \$2,791,683                             | 8.5%                                      | \$283,031   |
| <b>Total</b>               | <b>\$32,759,063</b>                     |   | <b>\$3,321,233</b>                                  |

Proportional Allocation of Measure T Revenues



Proportional Allocation of Measure T Revenues



It should be noted that this method of demonstrating the use of Measure T revenues is a fair representation based on the allocation of revenues to budgeted expenditures on a proportional basis. It is not possible to specifically identify the actual use of any undesignated General Fund revenue since they are considered to be discretionary in nature. In addition, no Measure T revenues were allocated in FY 09/10 to the City’s Capital Projects fund due to other available funding.

**STATISTICAL SECTION**



**CITY OF LA HABRA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2010**

**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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| <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>  | 124-133        |
| <b>Revenue Capacity</b>   |                |
| <i>These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax.</i>  | 135-139        |
| <b>Debt Capacity</b>  |                |
| <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>            | 142-151        |
| <b>Demographic and Economic Information</b>   |                |
| <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>   | 153-154        |
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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

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

|  | Fiscal Year                 |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|
|  | 2003                        | 2004                        | 2005                        |
| <b>Governmental activities</b>                   |                             |                             |                             |
| 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                  |
| <b>Total governmental activities net assets</b>  | <b><u>\$ 56,642,637</u></b> | <b><u>\$ 58,601,481</u></b> | <b><u>\$ 65,538,328</u></b> |
| <b>Business-type activities</b>                  |                             |                             |                             |
| Invested in capital assets, net of related debt  | \$ 11,948,919               | \$ 9,357,868                | \$ 13,069,786               |
| Restricted                                       | 1,621,849                   | -                           | -                           |
| Unrestricted                                     | 8,690,425                   | 13,299,092                  | 10,633,039                  |
| <b>Total business-type activities net assets</b> | <b><u>\$ 22,261,193</u></b> | <b><u>\$ 22,656,960</u></b> | <b><u>\$ 23,702,825</u></b> |
| <b>Primary Government</b>                        |                             |                             |                             |
| 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                  |
| <b>Total primary government net assets</b>       | <b><u>\$ 78,903,830</u></b> | <b><u>\$ 81,258,441</u></b> | <b><u>\$ 89,241,153</u></b> |

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                  | 2009                  | 2010                  |
| \$ 60,254,071         | \$ 61,866,707         | \$ 62,720,405         | \$ 69,852,168         | \$ 72,267,324         |
| 2,425,184             | 2,962,479             | 3,060,362             | 443,262               | 1,100,726             |
| 8,769,044             | 14,541,105            | 22,800,535            | 18,146,165            | 18,770,240            |
| <u>\$ 71,448,299</u>  | <u>\$ 79,370,291</u>  | <u>\$ 88,581,302</u>  | <u>\$ 88,441,595</u>  | <u>\$ 92,138,290</u>  |
| <br>                  |                       |                       |                       |                       |
| \$ 14,083,243         | \$ 14,387,460         | \$ 6,818,385          | \$ 11,978,153         | \$ 16,282,084         |
| -                     | -                     | -                     | 1,630,052             | 1,630,052             |
| 16,362,240            | 18,275,101            | 28,336,251            | 20,649,253            | 17,457,587            |
| <u>\$ 30,445,483</u>  | <u>\$ 32,662,561</u>  | <u>\$ 35,154,636</u>  | <u>\$ 34,257,458</u>  | <u>\$ 35,369,723</u>  |
| <br>                  |                       |                       |                       |                       |
| \$ 74,337,314         | \$ 76,254,167         | \$ 69,538,790         | \$ 81,830,321         | \$ 88,549,408         |
| 2,425,184             | 2,962,479             | 3,060,362             | 2,073,314             | 2,730,778             |
| 25,131,284            | 32,816,206            | 51,136,786            | 38,795,418            | 36,227,827            |
| <u>\$ 101,893,782</u> | <u>\$ 112,032,852</u> | <u>\$ 123,735,938</u> | <u>\$ 122,699,053</u> | <u>\$ 127,508,013</u> |

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

|   | Fiscal Year            |                        |                        |
|---|------------------------|------------------------|------------------------|
|   | 2003                   | 2004                   | 2005                   |
| <b>Expenses</b>                                 |                        |                        |                        |
| 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>   |
| <b>Program Revenues</b>                         |                        |                        |                        |
| 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 | 2009                | 2010 |                     |    |                     |
| \$ | 2,466,028           | \$          | 1,727,569           | \$   | 2,450,872           | \$   | 4,567,895           | \$ | 2,799,293           |
|    | 351,407             |             | 38,142              |      | 14,426              |      | -                   |    | -                   |
|    | 20,751,487          |             | 20,806,295          |      | 21,264,160          |      | 22,940,011          |    | 22,433,260          |
|    | 5,829,033           |             | 7,399,852           |      | 7,813,863           |      | 8,240,683           |    | 12,543,772          |
|    | 441,946             |             | 787,929             |      | 960,798             |      | 824,748             |    | 1,335,844           |
|    | 7,609,897           |             | 7,623,969           |      | 8,024,546           |      | 8,362,899           |    | 8,412,550           |
|    | 3,717,217           |             | 3,886,883           |      | 5,595,313           |      | 5,867,904           |    | 5,516,373           |
|    | 824,152             |             | 812,194             |      | 1,250,321           |      | 1,087,697           |    | 1,265,049           |
|    | <u>41,991,167</u>   |             | <u>43,082,833</u>   |      | <u>47,374,299</u>   |      | <u>51,891,837</u>   |    | <u>54,306,141</u>   |
|    | 7,591,959           |             | 8,557,829           |      | 9,091,989           |      | 9,616,279           |    | 10,274,385          |
|    | 912,741             |             | 930,137             |      | 1,237,713           |      | 1,321,849           |    | 1,523,707           |
|    | 1,681,163           |             | 1,988,194           |      | 961,673             |      | 1,715,950           |    | 1,671,488           |
|    | 5,101,290           |             | 5,392,422           |      | 5,874,526           |      | 6,131,357           |    | 6,274,848           |
|    | <u>15,287,153</u>   |             | <u>16,868,582</u>   |      | <u>17,165,901</u>   |      | <u>18,785,435</u>   |    | <u>19,744,428</u>   |
| \$ | <u>57,278,320</u>   | \$          | <u>59,951,415</u>   | \$   | <u>64,540,200</u>   | \$   | <u>70,677,272</u>   | \$ | <u>74,050,569</u>   |
| \$ | 1,940               | \$          | 2,032               | \$   | 310                 | \$   | 7,183               | \$ | 428,161             |
|    | 3,272,096           |             | 2,790,739           |      | 3,017,854           |      | 2,801,704           |    | 3,359,502           |
|    | 1,739,998           |             | 930,670             |      | 1,217,844           |      | 1,192,031           |    | 1,445,127           |
|    | 1,268,886           |             | 1,221,241           |      | 1,269,778           |      | 1,006,964           |    | 929,396             |
|    | 6,155,825           |             | 7,403,668           |      | 7,708,528           |      | 7,944,392           |    | 10,219,344          |
|    | 2,841,673           |             | 3,010,784           |      | 8,343,602           |      | 6,831,889           |    | 9,314,080           |
|    | <u>15,280,418</u>   |             | <u>15,359,134</u>   |      | <u>21,557,916</u>   |      | <u>19,784,163</u>   |    | <u>25,695,610</u>   |
|    | 8,625,652           |             | 9,753,270           |      | 10,207,199          |      | 9,889,342           |    | 10,759,475          |
|    | 791,592             |             | 878,314             |      | 1,351,929           |      | 1,124,764           |    | 1,346,611           |
|    | 1,951,143           |             | 1,915,376           |      | 1,984,399           |      | 2,097,380           |    | 2,129,124           |
|    | 10,094,887          |             | 5,462,799           |      | 5,958,707           |      | 6,040,726           |    | 6,071,837           |
|    | <u>21,463,274</u>   |             | <u>18,009,759</u>   |      | <u>19,502,234</u>   |      | <u>19,152,212</u>   |    | <u>20,307,047</u>   |
| \$ | <u>36,743,692</u>   | \$          | <u>33,368,893</u>   | \$   | <u>41,060,150</u>   | \$   | <u>38,936,375</u>   | \$ | <u>46,002,657</u>   |
| \$ | (26,710,749)        | \$          | (27,723,699)        | \$   | (25,816,383)        | \$   | (32,107,674)        | \$ | (28,610,531)        |
|    | 6,176,121           |             | 1,141,177           |      | 2,336,333           |      | 366,777             |    | 562,619             |
| \$ | <u>(20,534,628)</u> | \$          | <u>(26,582,522)</u> | \$   | <u>(23,480,050)</u> | \$   | <u>(31,740,897)</u> | \$ | <u>(28,047,912)</u> |

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

|  | Fiscal Year          |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | 2003                 | 2004                 | 2005                 |
| 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            |
| Transaction and use taxes                                    | -                    | -                    | -                    |
| 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 purposes | 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              |
| Gain on sale of property                                     | -                    | -                    | -                    |
| 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> |
| <b>Change in Net Assets</b>                                  |                      |                      |                      |
| 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 | 2009              | 2010 |                   |    |                   |
| \$ | 13,768,880        | \$          | 14,975,673        | \$   | 16,127,594        | \$   | 16,153,525        | \$ | 15,575,910        |
|    | 9,208,476         |             | 9,853,179         |      | 10,298,735        |      | 8,900,156         |    | 7,669,656         |
|    | -                 |             | -                 |      | -                 |      | 888,150           |    | 3,572,975         |
|    | 1,807,537         |             | 1,996,481         |      | 1,377,380         |      | 1,451,228         |    | 1,492,703         |
|    | 5,128,226         |             | 5,293,525         |      | 2,854,515         |      | -                 |    | -                 |
|    | 399,436           |             | 398,603           |      | -                 |      | -                 |    | -                 |
|    | 705,613           |             | 724,228           |      | 619,065           |      | 492,053           |    | 453,076           |
|    | 801,623           |             | 1,601,295         |      | 3,473,466         |      | 2,808,384         |    | 2,962,495         |
|    | 885,929           |             | 717,424           |      | 309,139           |      | 795,111           |    | 577,174           |
|    | -                 |             | -                 |      | -                 |      | 499,360           |    | -                 |
|    | (85,000)          |             | 85,283            |      | (32,500)          |      | (20,000)          |    | 3,237             |
|    | <u>32,620,720</u> |             | <u>35,645,691</u> |      | <u>35,027,394</u> |      | <u>31,967,967</u> |    | <u>32,307,226</u> |
|    | 481,537           |             | 1,161,184         |      | 123,242           |      | 1,016,045         |    | 552,883           |
|    | -                 |             | -                 |      | -                 |      | -                 |    | -                 |
|    | -                 |             | -                 |      | -                 |      | -                 |    | -                 |
|    | -                 |             | -                 |      | -                 |      | -                 |    | -                 |
|    | 85,000            |             | (85,283)          |      | 32,500            |      | 20,000            |    | (3,237)           |
|    | <u>566,537</u>    |             | <u>1,075,901</u>  |      | <u>155,742</u>    |      | <u>1,036,045</u>  |    | <u>549,646</u>    |
| \$ | <u>33,187,257</u> | \$          | <u>36,721,592</u> | \$   | <u>35,183,136</u> | \$   | <u>33,004,012</u> | \$ | <u>32,856,872</u> |
| \$ | 5,909,971         | \$          | 7,921,992         | \$   | 9,211,011         | \$   | (139,707)         | \$ | 3,696,695         |
|    | 6,742,658         |             | 2,217,078         |      | 2,492,075         |      | 1,402,822         |    | 1,112,265         |
|    | <u>12,652,629</u> |             | <u>10,139,070</u> |      | <u>11,703,086</u> |      | <u>1,263,115</u>  |    | <u>4,808,960</u>  |

**CITY OF LA HABRA**  
**Fund Balances of Governmental Funds**  
**Last Eight 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> |
| <br>                                  |                      |                      |                      |
| 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                 | 2009                 | 2010                 |
| \$ 2,984,541         | \$ 3,473,165         | \$ 11,007,923        | \$ 10,105,173        | \$ 9,321,926         |
| 7,925,672            | 8,080,218            | 2,882,494            | 3,067,881            | 3,792,796            |
| <u>\$ 10,910,213</u> | <u>\$ 11,553,383</u> | <u>\$ 13,890,417</u> | <u>\$ 13,173,054</u> | <u>\$ 13,114,722</u> |
|                      |                      |                      |                      |                      |
| \$ 6,530,768         | \$ 6,387,594         | \$ 7,105,221         | \$ 11,841,774        | \$ 7,105,637         |
| 771,473              | 157,435              | (5,811,745)          | (10,520,112)         | (9,312,632)          |
| -                    | -                    | -                    | -                    | -                    |
| (4,969,337)          | 57,620               | 8,490,640            | 3,272,567            | 2,353,870            |
| <u>\$ 2,332,904</u>  | <u>\$ 6,602,649</u>  | <u>\$ 9,784,116</u>  | <u>\$ 4,594,229</u>  | <u>\$ 146,875</u>    |

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

|  | Fiscal Year       |                       |                       |
|--|-------------------|-----------------------|-----------------------|
|  | 2003              | 2004                  | 2005                  |
| <b>Revenues</b>  |                   |                       |                       |
| 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             |
| Transaction and use tax                                      | -                 | -                     | -                     |
| 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>     |
| <b>Expenditures</b>  |                   |                       |                       |
| 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             |
| Intergovernmental - SERAF payment                            | -                 | -                     | -                     |
| 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<br>(under) expenditures | <u>626,754</u>    | <u>(2,823,861)</u>    | <u>(7,438,793)</u>    |
| <b>Other financing sources (uses)</b>                        |                   |                       |                       |
| Proceeds from note payable                                   | 350,000           | 705,948               | 1,608,437             |
| Proceeds from sale of property                               | -                 | -                     | -                     |
| 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      | 4.12%             | 4.07%                 | 3.91%                 |

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. The debt service as a percentage of noncapital expenditures have updated for all fiscal years to accurately reflect the amount of capital outlay used to calculate the ratio.

|    |                    | Fiscal Year |                    |      |                    |      |                    |    |                    |
|----|--------------------|-------------|--------------------|------|--------------------|------|--------------------|----|--------------------|
|    |                    | 2006        | 2007               | 2008 | 2009               | 2010 |                    |    |                    |
| \$ | 13,768,879         | \$          | 14,975,672         | \$   | 16,127,594         | \$   | 16,153,525         | \$ | 15,575,909         |
|    | 9,208,476          |             | 9,853,179          |      | 10,298,735         |      | 8,900,156          |    | 7,599,507          |
|    | 5,128,227          |             | 5,293,525          |      | 2,854,516          |      | -                  |    | -                  |
|    | -                  |             | -                  |      | -                  |      | 888,150            |    | 3,321,233          |
|    | 10,474,304         |             | 10,872,124         |      | 16,337,771         |      | 15,173,403         |    | 20,044,668         |
|    | 3,003,519          |             | 3,005,752          |      | 2,533,955          |      | 2,289,291          |    | 2,377,893          |
|    | 4,736,754          |             | 4,217,788          |      | 4,320,099          |      | 4,017,259          |    | 4,173,764          |
|    | 711,923            |             | 827,929            |      | 922,284            |      | 1,019,890          |    | 1,079,904          |
|    | 886,846            |             | 1,325,055          |      | 2,806,572          |      | 2,751,588          |    | 2,519,807          |
|    | <u>47,918,928</u>  |             | <u>50,371,024</u>  |      | <u>56,201,526</u>  |      | <u>51,193,262</u>  |    | <u>56,692,685</u>  |
|    | 3,190,161          |             | 3,284,442          |      | 3,776,287          |      | 3,054,085          |    | 2,669,815          |
|    | 351,407            |             | 38,142             |      | 14,426             |      | 2,949              |    | -                  |
|    | 20,189,955         |             | 20,508,001         |      | 20,934,105         |      | 22,606,775         |    | 22,085,922         |
|    | 4,883,604          |             | 5,164,358          |      | 5,523,703          |      | 5,762,012          |    | 9,892,445          |
|    | 441,946            |             | 787,929            |      | 960,798            |      | 824,748            |    | 1,335,844          |
|    | 7,326,891          |             | 7,341,149          |      | 7,731,920          |      | 8,064,550          |    | 8,124,301          |
|    | 3,700,056          |             | 3,895,625          |      | 5,570,152          |      | 5,847,794          |    | 4,606,713          |
|    | -                  |             | -                  |      | -                  |      | -                  |    | 892,557            |
|    | 11,942,906         |             | 2,931,143          |      | 3,805,470          |      | 10,281,332         |    | 8,309,750          |
|    | 265,000            |             | 276,699            |      | 404,466            |      | 430,552            |    | 452,158            |
|    | 877,374            |             | 595,620            |      | 1,029,198          |      | 891,714            |    | 1,082,957          |
|    | <u>53,169,300</u>  |             | <u>44,823,108</u>  |      | <u>49,750,525</u>  |      | <u>57,766,511</u>  |    | <u>59,452,462</u>  |
|    | <u>(5,250,372)</u> |             | <u>5,547,916</u>   |      | <u>6,451,001</u>   |      | <u>(6,573,249)</u> |    | <u>(2,759,777)</u> |
|    | -                  |             | -                  |      | -                  |      | -                  |    | -                  |
|    | -                  |             | -                  |      | -                  |      | 790,000            |    | -                  |
|    | 4,451,401          |             | 5,780,952          |      | 1,900,351          |      | 2,331,551          |    | 3,813,715          |
|    | <u>(3,714,691)</u> |             | <u>(6,415,953)</u> |      | <u>(2,832,851)</u> |      | <u>(2,455,552)</u> |    | <u>(3,876,746)</u> |
|    | 736,710            |             | (635,001)          |      | (932,500)          |      | 665,999            |    | (63,031)           |
| \$ | <u>(4,513,662)</u> | \$          | <u>4,912,915</u>   | \$   | <u>5,518,501</u>   | \$   | <u>(5,907,250)</u> | \$ | <u>(2,822,808)</u> |
|    | 2.85%              |             | 2.13%              |      | 3.22%              |      | 2.86%              |    | 3.09%              |



**STATISTICAL SECTION**  
Revenue Capacity

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

| Fiscal<br>Year | Residential<br>Property | Commercial<br>Property | Industrial<br>Property | Other<br>Property (1) | Total<br>Taxable<br>Assessed<br>Value (2) | Total<br>Direct<br>Tax Rate |
|----------------|-------------------------|------------------------|------------------------|-----------------------|---|-----------------------------|
| 2001           | \$ 1,982,506,612        | \$ 348,214,471         | \$ 177,793,733         | \$ 261,222,420        | \$2,769,737,236                           | 0.21002%                    |
| 2002           | 2,139,466,876           | 360,302,982            | 188,445,029            | 303,987,554           | 2,992,202,441                             | 0.21289%                    |
| 2003           | 2,326,969,383           | 363,989,522            | 198,177,500            | 229,175,539           | 3,118,311,944                             | 0.20660%                    |
| 2004           | 2,497,718,042           | 439,806,996            | 208,390,091            | 202,651,878           | 3,348,567,007                             | 0.20573%                    |
| 2005           | 2,697,043,410           | 470,826,383            | 219,273,760            | 212,114,339           | 3,599,257,892                             | 0.20811%                    |
| 2006           | 2,973,108,220           | 536,382,942            | 223,084,427            | 229,773,922           | 3,962,349,511                             | 0.21467%                    |
| 2007           | 3,350,470,647           | 552,151,340            | 241,253,193            | 261,169,322           | 4,405,044,502                             | 0.21348%                    |
| 2008           | 3,665,098,412           | 578,024,306            | 276,420,264            | 252,230,096           | 4,771,773,078                             | 0.21732%                    |
| 2009           | 3,700,917,522           | 607,254,122            | 299,147,783            | 266,515,101           | 4,873,834,528                             | 0.21826%                    |
| 2010           | 3,470,814,380           | 676,973,961            | 344,242,790            | 215,013,274           | 4,707,044,405                             | 0.22193%                    |

(1) Other property includes recreational, institutional, vacant and miscellaneous property.

(2) Tax-exempt property is excluded from the total taxable assessed value.

NOTE.

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Sources: HdL Coren & Cone; Orange County Assessor's Office

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

|                             | Fiscal Year    |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
|                             | 2001           | 2002           | 2003           | 2004           | 2005           |
| City Direct Rates:          |                |                |                |                |                |
| City basic rate             | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         |
| Total City Direct Rate      | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         |
| Overlapping Rates:          |                |                |                |                |                |
| School System               | 0.0000         | 0.01597        | 0.05971        | 0.05671        | 0.05099        |
| Metropolitan Water District | 0.00890        | 0.00770        | 0.00670        | 0.00610        | 0.00580        |
| Total Direct Rate           | <u>1.00890</u> | <u>1.02367</u> | <u>1.06641</u> | <u>1.06281</u> | <u>1.05679</u> |

Source: Orange County Assessor's Office

| Fiscal Year           |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>2006</u>           | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           |
| <u>1.0000</u>         | <u>1.0000</u>         | <u>1.0000</u>         | <u>1.0000</u>         | <u>1.0000</u>         |
| 1.0000                | 1.0000                | 1.0000                | 1.0000                | 1.0000                |
| 0.05157               | 0.04736               | 0.04764               | 0.04860               | 0.05359               |
| <u>0.00520</u>        | <u>0.00470</u>        | <u>0.00450</u>        | <u>0.00430</u>        | <u>0.00430</u>        |
| <u><u>1.05677</u></u> | <u><u>1.05206</u></u> | <u><u>1.05214</u></u> | <u><u>1.05290</u></u> | <u><u>1.05789</u></u> |

**CITY OF LA HABRA**  
**Principal Property Taxpayers**  
**Current and Nine Years Ago**

| Taxpayer                          | 2010                         |  | 2001                         |  |
|-----------------------------------|------------------------------|--|------------------------------|--|
|                                   | Taxable<br>Assessed<br>Value | Percent of<br>Total City<br>Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | Percent of<br>Total City<br>Taxable<br>Assessed<br>Value |
| La Habra Associates LLC           | \$ 86,617,825                | 1.84%  | \$ -                         | 0.00%  |
| CVS Pharmacy                      | 66,845,700                   | 1.42%  | -                            | 0.00%  |
| La Habra Westridge Partnership LP | 60,197,938                   | 1.28%  | -                            | 0.00%  |
| Ralph's Grocery Company           | 33,749,687                   | 0.72%  | -                            | 0.00%  |
| Costco Wholesale Corporation      | 27,759,392                   | 0.59%  | -                            | 0.00%  |
| Bank First Security of Utah Trust | 25,741,964                   | 0.55%  | -                            | 0.00%  |
| Essex Portfolio                   | 24,671,398                   | 0.52%  | -                            | 0.00%  |
| City of La Habra                  | 21,943,489                   | 0.47%  | -                            | 0.00%  |
| New Albertson's                   | 21,270,548                   | 0.45%  | -                            | 0.00%  |
| Clipperton Partners Lowes HIW     | 18,812,508                   | 0.40%  | -                            | 0.00%  |
| American Food & Drug Inc          | -                            | 0.00%  | 82,332,014                   | 2.97%  |
| Bank First Security               | -                            | 0.00%  | 56,115,477                   | 2.03%  |
| M & H Realty Partners LP          | -                            | 0.00%  | 36,070,872                   | 1.30%  |
| Albertson's                       | -                            | 0.00%  | 26,742,584                   | 0.97%  |
| La Habra Westridge                | -                            | 0.00%  | 22,936,000                   | 0.83%  |
| Essex Portfolio                   | -                            | 0.00%  | 20,670,880                   | 0.75%  |
| Lennar Homes                      | -                            | 0.00%  | 19,585,766                   | 0.71%  |
| Westridge Development II          | -                            | 0.00%  | 17,882,009                   | 0.65%  |
| FSF Woodlake Village              | -                            | 0.00%  | 16,331,220                   | 0.59%  |
| Westridge Golf Club LLC           | -                            | 0.00%  | 15,985,763                   | 0.58%  |
| Top Ten Assessed Value            | \$ 387,610,449               | 8.23%  | \$ 314,652,585               | 11.36%   |
| Total Assessed Value              | <u>\$ 4,707,044,405</u>      |  | <u>\$ 2,769,737,236</u>      |  |

Source: Orange County Assessor's Office, HdL Coren & Cone

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

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

| Fiscal<br>Year Ended<br>June 30 | Taxes Levied<br>for the<br>Fiscal Year (1) | Collected within the<br>Fiscal Year of Levy |                    | Collections in<br>Subsequent<br>Years | Total Collections to Date (2) |                    |
|---------------------------------|--|---|--------------------|---------------------------------------|-------------------------------|--------------------|
|                                 |  | Amount                                      | Percent<br>of Levy |                                       | Amount                        | Percent<br>of Levy |
| 2001                            | \$ 6,619,210                               | \$ 6,522,660                                | 98.54%             | \$ 10,212                             | \$ 6,532,872                  | 98.70%             |
| 2002                            | 7,179,490                                  | 6,704,399                                   | 93.38%             | 289,797                               | 6,994,196                     | 97.42%             |
| 2003                            | 7,132,703                                  | 7,018,318                                   | 98.40%             | 17,210                                | 7,035,528                     | 98.64%             |
| 2004                            | 7,689,081                                  | 7,485,771                                   | 97.36%             | 11,328                                | 7,497,098                     | 97.50%             |
| 2005 (1)                        | 8,440,987                                  | 8,279,720                                   | 98.09%             | 23,723                                | 8,303,444                     | 98.37%             |
| 2006                            | 9,919,544                                  | 9,704,534                                   | 97.83%             | 14,551                                | 9,719,085                     | 97.98%             |
| 2007                            | 10,396,449                                 | 9,977,803                                   | 95.97%             | 28,837                                | 10,006,640                    | 96.25%             |
| 2008                            | 11,581,270                                 | 11,312,879                                  | 97.68%             | 40,478                                | 11,353,357                    | 98.03%             |
| 2009                            | 11,484,540                                 | 11,087,232                                  | 96.54%             | 62,236                                | 11,149,467                    | 97.08%             |
| 2010                            | 11,119,314                                 | 10,827,627                                  | 97.38%             | 34,366                                | 10,861,993                    | 97.69%             |

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.

Property Tax amounts reclassified/corrected to agree to how presented in the audited financial statements.

(1). Amount excludes Property Tax-In Lieu VLF and Sales, ERAF, Triple flip or VLF Swap tax reported beginning FY 04/05.

(2). Net collections excludes deductions for refunds, delinquencies and impounds.



**STATISTICAL SECTION**  
Debt Capacity

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

| Fiscal Year<br>Ended<br>June 30 | Governmental Activities          |                         |                      |                  |                 |                               |
|---------------------------------|----------------------------------|-------------------------|----------------------|------------------|-----------------|-------------------------------|
|                                 | Certificates of<br>Participation | Tax Allocation<br>Bonds | Special Tax<br>Bonds | Notes<br>Payable | Loan<br>Payable | Contract and<br>Lease Payable |
| 2004                            | \$ 5,783,931                     | \$ 7,655,000            | \$ 2,810,000         | \$ 1,762,348     | \$ -            | \$ 172,109                    |
| 2005                            | 5,586,192                        | 7,550,000               | 2,695,000            | 724,036          | 1,080,000       | 1,236,783                     |
| 2006                            | 5,378,452                        | 7,440,000               | 2,575,000            | 689,036          | 1,069,060       | 1,185,155                     |
| 2007                            | 5,165,712                        | 7,325,000               | 2,450,000            | 652,337          | 970,593         | 1,143,252                     |
| 2008                            | 4,942,977                        | 7,205,000               | 2,320,000            | 613,856          | 902,515         | 1,095,345                     |
| 2009                            | 4,710,242                        | 7,080,000               | 2,180,000            | 573,507          | 831,620         | 1,041,037                     |
| 2010                            | 4,467,502                        | 6,950,000               | 2,035,000            | 531,199          | 757,897         | 979,910                       |

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

<sup>2</sup> These ratios are calculated using personal income and population for the prior calendar year. The statistical data ratios for all prior years have been revised to reflect City data rather than County.  
Source: HdL Coren & Cone

Statistical information for prior fiscal years is unavailable.

| <u>Governmental Activities</u>          |                                  | <u>Business-type Activities</u> |                                      |               | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income (2) | Debt<br>Per<br>Capita (2) |
|---|----------------------------------|---------------------------------|--------------------------------------|---------------|--------------------------------|---|---------------------------|
| Total Governmental<br>Long-term<br>Debt | Certificates of<br>Participation | Revenue<br>Bonds                | Total<br>Business-type<br>Activities |               |                                |   |                           |
| \$ 18,183,388                           | \$ 19,664,018                    | \$ 7,500,000                    | \$ 27,164,018                        | \$ 45,347,406 | 3.77%                          | \$ 2,305                                |                           |
| 18,872,011                              | 19,086,779                       | 7,355,000                       | 26,441,779                           | 45,313,790    | 3.56%                          | 2,189                                   |                           |
| 18,336,703                              | 18,434,540                       | 7,205,000                       | 25,639,540                           | 43,976,243    | 3.30%                          | 2,027                                   |                           |
| 17,706,894                              | 17,727,301                       | 7,055,000                       | 24,782,301                           | 42,489,195    | 2.98%                          | 1,834                                   |                           |
| 17,079,693                              | 16,970,062                       | 6,900,000                       | 23,870,062                           | 40,949,755    | 2.74%                          | 1,696                                   |                           |
| 16,416,406                              | 16,177,823                       | 6,745,000                       | 22,922,823                           | 39,339,229    | 2.59%                          | 1,614                                   |                           |
| 15,721,508                              | 13,793,909                       | 6,585,000                       | 20,378,909                           | 36,100,417    | 2.43%                          | 1,526                                   |                           |

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

| Fiscal Year<br>Ended<br>June 30 | <u>Outstanding General Bonded Debt <sup>(2)</sup></u> |                            |       | Percent of<br>Assessed<br>Value <sup>(1)</sup> | Per<br>Capita |
|---------------------------------|---|----------------------------|-------|--|---------------|
|                                 | General<br>Obligation<br>Bonds                        | Tax<br>Allocation<br>Bonds | Total |  |               |
| 2005                            | n/a   | n/a                        | n/a   | n/a  | n/a           |
| 2006                            | n/a   | n/a                        | n/a   | n/a  | n/a           |
| 2007                            | n/a   | n/a                        | n/a   | n/a  | n/a           |
| 2008                            | n/a   | n/a                        | n/a   | n/a  | n/a           |
| 2009                            | n/a   | n/a                        | n/a   | n/a  | n/a           |
| 2010                            | 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).

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

<sup>(2)</sup> The City of La Habra had no general obligation debt outstanding.

**CITY OF LA HABRA**  
**Direct and Overlapping Debt**  
**June 30, 2010**

|                                     |                        |
|-------------------------------------|------------------------|
| 2009-10 Assessed Valuation          | \$4,708,919,643        |
| Redevelopment Incremental Valuation | <u>333,976,941</u>     |
| Adjusted Assessed Valuation         | <u>\$4,374,942,702</u> |

|  | % age<br>Applicable <sup>(1)</sup> | Outstanding<br>Debt 6/30/10 | Estimated<br>Share of<br>Overlapping<br>Debt |
|--|------------------------------------|-----------------------------|--|
| <b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>                       |                                    |                             |  |
| Metropolitan Water District  | 0.241%                             | \$ 264,220,000              | \$ 636,770                                   |
| North Orange County Joint Community College District                     | 5.585%                             | 221,604,001                 | 12,376,583                                   |
| Fullerton Joint Union High School District                               | 20.186%                            | 59,262,910                  | 11,962,811                                   |
| La Habra City School District  | 81.329%                            | 13,931,509                  | 11,330,357                                   |
| City of La Habra Community Facilities District No. 1990-1                | 100.000%                           | <u>2,035,000</u>            | <u>2,035,000</u>                             |
| <b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>                         |                                    |                             | <b>\$ 38,341,521</b>                         |
| <b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>                  |                                    |                             |  |
| Orange County General Fund Obligations                                   | 1.168%                             | \$ 391,027,000              | \$ 4,567,195                                 |
| Orange County Pension Obligations  | 1.168%                             | 59,333,382                  | 693,014                                      |
| Orange County Board of Education Certificates of Participation           | 1.168%                             | 19,230,000                  | 224,606                                      |
| Municipal Water District of Orange County Water Facilities Corporation   | 1.379%                             | 15,965,000                  | 220,157                                      |
| North Orange County Regional Occupation Program Certificate of Particip. | 5.780%                             | 11,520,000                  | 665,856                                      |
| Fullerton Joint Union High School District Certificates of Participation | 20.186%                            | 22,255,000                  | 4,492,394                                    |
| City of La Habra Certificate of Participation                            | 100.000%                           | <u>20,405,000</u>           | <u>20,405,000</u>                            |
| <b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>              |                                    |                             | <b>31,268,222 <sup>(2)</sup></b>             |
| Less: MWDOC Water Facilities Corporation (100% self-supporting)          |                                    |                             | <u>220,157</u>                               |
| <b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>                |                                    |                             | <b>\$ 31,048,065</b>                         |
| <b>GROSS COMBINED TOTAL DEBT</b>   |                                    |                             | <b>69,609,743 <sup>(3)</sup></b>             |
| <b>NET COMBINED TOTAL DEBT</b>   |                                    |                             | <b>69,389,586</b>                            |

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

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

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

**Ratios to 2009-10 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt..... 0.81%

**Ratios to Adjusted Assessed Valuation:**

**Combined Direct Debt (\$20,405,000).....0.47%**

Gross Combined Total Debt.....1.59%

Net Combined Total Debt.....1.59%

**STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/10: \$0**

Source: California Municipal Statistics, Inc.

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

|  | Fiscal Year           |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2001                  | 2002                  | 2003                  | 2004                  |
| Total Assessed Value of all Real and Personal Property | \$ 2,769,456,826      | \$ 3,007,174,478      | \$ 3,119,571,800      | \$ 3,350,641,844      |
| Debt Limit Percentage                                  | 15.00%                | 15.00%                | 15.00%                | 15.00%                |
| Total Debt Limit (1)                                   | 415,418,524           | 451,076,172           | 467,935,770           | 502,596,277           |
| Amount of Debt Applicable to Debt Limit (2)            | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           |
| Legal Debt Margin                                      | <u>\$ 415,418,524</u> | <u>\$ 451,076,172</u> | <u>\$ 467,935,770</u> | <u>\$ 502,596,277</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           |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2005                  | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  |
| \$3,598,042,087       | \$3,962,715,606       | \$4,414,500,225       | \$4,773,433,708       | \$4,876,737,977       | \$4,708,919,643       |
| 15.00%                | 15.00%                | 15.00%                | 15.00%                | 15.00%                | 15.00%                |
| 539,706,313           | 594,407,341           | 662,175,034           | 716,015,056           | 731,510,697           | 706,337,946           |
| \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| <u>\$ 539,706,313</u> | <u>\$ 594,407,341</u> | <u>\$ 662,175,034</u> | <u>\$ 716,015,056</u> | <u>\$ 731,510,697</u> | <u>\$ 706,337,946</u> |

**CITY OF LA HABRA**  
**Pledged-Revenue Coverage**  
**Last Six Fiscal Years**

| Fiscal Year<br>Ended<br>June 30 | Water Revenue Bonds |                               |                             |              |            | Coverage |
|---------------------------------|---------------------|-------------------------------|-----------------------------|--------------|------------|----------|
|                                 | Water<br>Revenue    | Less<br>Operating<br>Expenses | Net<br>Available<br>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     |
| 2009                            | 9,887,182           | 8,756,216                     | 1,130,966                   | 155,000      | 311,244    | 2.43     |
| 2010                            | 10,739,589          | 9,293,475                     | 1,446,114                   | 160,000      | 307,400    | 3.09     |

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<br>Operating<br>Expenses | Net<br>Available<br>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     |
| 2,615,717    | 788,007                       | 1,827,710                   | 718,007      | 858,749    | 1.16     |
| 2,595,731    | 1,045,302                     | 1,550,429                   | 735,047      | 852,152    | 0.98     |

(Continued)

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

| Tax Allocation Bonds |                               |                             |              |            |          |
|----------------------|-------------------------------|-----------------------------|--------------|------------|----------|
| Revenue              | Less<br>Operating<br>Expenses | Net<br>Available<br>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     |
| 2,361,818            | 1,431,419                     | 930,399                     | 125,000      | 405,180    | 1.75     |
| 2,447,870            | 2,055,699                     | 392,171                     | 130,000      | 398,995    | 0.74     |

Special Tax Bonds

| Revenue    | Less<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |            | Coverage |
|------------|-------------------------------|-----------------------------|--------------|------------|----------|
|            |                               |                             | Principal    | Interest   |          |
| \$ 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     |
| 279,876    | 8,073                         | 271,803                     | 140,000      | 133,235    | 0.99     |
| 278,485    | 8,463                         | 270,022                     | 145,000      | 125,468    | 1.00     |



## **STATISTICAL SECTION**

Demographic and Economic Information

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

| <u>Fiscal<br/>Year</u> | <u>Population</u> | <u>Personal<br/>Income<br/>(in thousands)</u> | <u>Per<br/>Capita<br/>Personal<br/>Income</u> | <u>Unemployment<br/>Rate</u> |
|------------------------|-------------------|---|---|------------------------------|
| 2001                   | 58,974            | \$ 1,111,877                                  | \$ 18,854                                     | 4.0%                         |
| 2002                   | 59,938            | 1,145,401                                     | 19,110  | 4.5%                         |
| 2003                   | 60,738            | 1,165,170                                     | 19,184  | 5.7%                         |
| 2004                   | 61,186            | 1,203,943                                     | 19,677  | 5.4%                         |
| 2005                   | 61,411            | 1,271,463                                     | 20,704  | 4.8%                         |
| 2006                   | 61,470            | 1,333,587                                     | 21,695  | 4.3%                         |
| 2007                   | 61,588            | 1,426,814                                     | 23,167  | 3.9%                         |
| 2008                   | 61,973            | 1,496,367                                     | 24,145  | 4.4%                         |
| 2009                   | 62,309            | 1,518,571                                     | 24,372  | 6.0%                         |
| 2010                   | 62,747            | 1,484,763                                     | 23,663  | 10.1%                        |

Source: HdL Coren & Cone

\* The statistical data for all prior years have been revised to reflect City data rather than County.

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

| Employer                       | 2010                |                             | 2009                |                             |
|--------------------------------|---------------------|-----------------------------|---------------------|-----------------------------|
|                                | Number of Employees | Percent of Total Employment | Number of Employees | Percent of Total Employment |
| CVS Pharmacy                   | 1,056               | 3.72%                       | 1,056               | 3.69%                       |
| Wal-Mart/Sams Stores Inc.      | 492                 | 1.73%                       | 492                 | 1.72%                       |
| City of La Habra               | 400                 | 1.41%                       | 435                 | 1.52%                       |
| Target Stores T-248            | 230                 | 0.81%                       | 254                 | 0.89%                       |
| Costco                         | 231                 | 0.81%                       | 249                 | 0.87%                       |
| The Kroger Co./La Habra Bakery | 250                 | 0.88%                       | 242                 | 0.85%                       |
| Kohl's Department Stores Inc.  | 136                 | 0.48%                       | 150                 | 0.52%                       |
| Home Depot USA                 | 145                 | 0.51%                       | 140                 | 0.49%                       |
| La Habra Convalescent          | 140                 | 0.49%                       | 140                 | 0.49%                       |
| Lowe's Home Centers Inc.       | 134                 | 0.47%                       | 129                 | 0.45%                       |
| VIP Rubber Co. Inc             | -                   | 0.00%                       | 118                 | 0.41%                       |

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

Source: Business License Dept & HdL Coren & Cone.  
Statistical information for prior fiscal years is not available.

**STATISTICAL SECTION**  
Operating Information

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

| <b>Function/Department</b>      | Full-time Equivalent Employees |               |               |               |               |               |               |               |
|---------------------------------|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                 | <u>2003</u>                    | <u>2004</u>   | <u>2005</u>   | <u>2006</u>   | <u>2007</u>   | <u>2008</u>   | <u>2009</u>   | <u>2010</u>   |
| City Manager                    | 4.94                           | 4.94          | 4.94          | 4.94          | 4.94          | 5.50          | 4.50          | 3.50          |
| City Clerk                      | 3.00                           | 3.00          | 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         | 22.29         | 30.37         |
| Community Services              | 137.94                         | 121.26        | 100.34        | 100.18        | 100.72        | 100.24        | 107.52        | 104.21        |
| Finance/Administrative Services | 17.59                          | 20.54         | 20.44         | 20.82         | 19.98         | 20.12         | 20.12         | 21.07         |
| Fire *                          | 41.00                          | 41.00         | 41.00         | -             | -             | -             | -             | -             |
| Police                          | 131.95                         | 122.65        | 117.18        | 122.70        | 122.52        | 127.05        | 124.21        | 124.96        |
| Public Works                    | 59.75                          | 60.33         | 60.81         | 64.11         | 67.37         | 67.59         | 66.87         | 59.31         |
| Children's Museum               | <u>8.39</u>                    | <u>10.17</u>  | <u>8.67</u>   | <u>7.51</u>   | <u>7.98</u>   | <u>6.50</u>   | <u>8.01</u>   | <u>7.02</u>   |
| <b>Total</b>                    | <u>418.32</u>                  | <u>399.25</u> | <u>374.26</u> | <u>342.14</u> | <u>345.28</u> | <u>351.29</u> | <u>356.52</u> | <u>353.44</u> |

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**  
**Operating Indicators**  
**by Function**  
**Last Five Fiscal Years**

|   | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Police:   |             |             |             |             |             |
| Arrests   | 2,727       | 2,423       | 2,494       | 2,472       | 2,438       |
| Crime Reports                                       | -           | 8,786       | 8,190       | 8,363       | 7,932       |
| Moving citations issued                             | -           | 6,098       | 7,845       | 10,801      | 8,771       |
| Parking citations issued                            | 13,875      | 14,856      | 17,051      | 16,386      | 14,617      |
| Fire *  |             |             |             |             |             |
| Number of emergency calls                           | -           | 3,401       | 3,293       | 3,581       | 3,814       |
| Public Works  |             |             |             |             |             |
| Street resurfacing (miles)                          | 14          | 14          | 15          | 6           | 7           |
| Community development                               |             |             |             |             |             |
| Building Permits Issued                             | 1,184       | 1,322       | 1,340       | 1,614       | 1,866       |
| Parks and recreation:                               |             |             |             |             |             |
| Number of Parks                                     | 23          | 24          | 24          | 24          | 24          |
| Park Acreage  | 133.17      | 133.45      | 133.66      | 133.66      | 133.66      |
| Number of recreation classes                        | 29          | 26          | 24          | 20          | 16          |
| Number of Facility Rentals                          | 1,572       | 1,572       | 1,572       | 1,572       | 1,572       |
| Municipal Water Department                          |             |             |             |             |             |
| Number of Accounts                                  | 12,601      | 12,589      | 12,584      | 12,569      | 12,638      |
| Average daily consumption<br>(thousands of gallons) | 9,241       | 9,690       | 9,287       | 8,910       | 8,084       |
| New connections                                     | 92          | -           | 15          | 15          | 1           |

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 Five Fiscal Years**

|                         | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Police:                 |             |             |             |             |             |
| Stations                | 1           | 1           | 1           | 1           | 1           |
| Fire *                  |             |             |             |             |             |
| Stations                | 4           | 4           | 4           | 4           | 4           |
| Public works:           |             |             |             |             |             |
| Streets (miles)         | 108         | 108         | 108         | 108         | 108         |
| Streetlights            | 2,646       | 2,649       | 2,637       | 2,635       | 2,635       |
| Traffic signals         | 33          | 33          | 34          | 34          | 34          |
| Parks and recreation:   |             |             |             |             |             |
| Parks                   | 23          | 24          | 24          | 24          | 24          |
| Park Acrage             | 133.17      | 133.45      | 133.66      | 133.66      | 133.66      |
| Community centers       | 1           | 1           | 1           | 1           | 1           |
| Water:                  |             |             |             |             |             |
| Water mains (miles)     | 120         | 120         | 130         | 130         | 130         |
| Number or Connections   | 12,548      | 12,548      | 12,562      | 12,562      | 12,556      |
| Sewer                   |             |             |             |             |             |
| Sanitary sewers (miles) | 108         | 108         | 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 information for prior fiscal years is not available.



# **STATISTICAL SECTION**

Water Enterprise Schedules

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

|                       | Fiscal Years    |                  |                  |                  |                  |                  |                  |                  |
|-----------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                       | 2003            | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             |
| Water Services        |                 |                  |                  |                  |                  |                  |                  |                  |
| Residential           | \$11,380        | \$ 11,398        | \$ 11,481        | \$ 11,507        | \$ 11,598        | \$ 11,478        | \$ 11,475        | \$ 11,549        |
| Commercial/Industrial | 969             | 829              | 836              | 833              | 849              | 842              | 830              | 827              |
| Schools/Other         | 106             | 313              | 250              | 261              | 260              | 264              | 264              | 262              |
| 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> | <u>\$ 12,569</u> | <u>\$ 12,638</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: 07/17/07  
Effective: 01/01/10

| Meter Size   | 2009                    |                                    | 2010                    |                                    |
|--------------|-------------------------|------------------------------------|-------------------------|------------------------------------|
|              | Monthly<br>Meter Charge | Water<br>Consumption<br>Charge (1) | Monthly<br>Meter Charge | Water<br>Consumption<br>Charge (1) |
| 5/8 inch     | \$ 8.13                 | \$ 1.82                            | \$ 10.43                | \$ 2.34                            |
| 3/4 inch     | 9.18                    | 1.82                               | 11.79                   | 2.34                               |
| 1 inch       | 11.85                   | 1.82                               | 15.21                   | 2.34                               |
| 1-1/2 inches | 27.21                   | 1.82                               | 34.94                   | 2.34                               |
| 2 inches     | 47.17                   | 1.82                               | 60.57                   | 2.34                               |
| 3 inches     | 106.14                  | 1.82                               | 136.29                  | 2.34                               |
| 4 inches     | 187.87                  | 1.82                               | 241.22                  | 2.34                               |
| 6 inches     | 422.72                  | 1.82                               | 542.78                  | 2.34                               |
| 8 inches     | 479.99                  | 1.82                               | 612.46                  | 2.34                               |
| 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 \$2.54 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**

| <b>Water Agency</b>                             | <b>FY 2010</b>                  |                              |                               |                   | <b>FY 2009</b>                  |                              |                               |                   |
|---|---------------------------------|------------------------------|-------------------------------|-------------------|---------------------------------|------------------------------|-------------------------------|-------------------|
|   | <b>Usage<br/>(in<br/>ccf's)</b> | <b>Commodit<br/>y Charge</b> | <b>Readiness<br/>to Serve</b> | <b>Total Bill</b> | <b>Usage<br/>(in<br/>ccf's)</b> | <b>Commodit<br/>y Charge</b> | <b>Readiness<br/>to Serve</b> | <b>Total Bill</b> |
| La Habra  | 25                              | \$ 2.37                      | \$ 10.43                      | \$ 69.68          | 25                              | \$ 2.01                      | \$ 8.98                       | \$ 59.23          |
| Brea (Tiered Rate)                              | 1-12                            | 2.35                         | 5.88                          | 64.63             | 1-12                            | 2.35                         | 5.60                          | 33.80             |
| Brea (Tiered Rate)                              | 13-25                           | 2.81                         | -                             | 76.11             | 13-25                           | 2.81                         | -                             | 36.53             |
| Fullerton                                       | 25                              | 2.52                         | 6.15                          | 69.25             | 25                              | 2.54                         | 5.12                          | 68.49             |
| La Habra Heights                                | 25                              | 1.01                         | 25.96                         | 51.21             | 25                              | 1.01                         | 25.96                         | 51.21             |
| Suburban Water System                           | 1-20                            | 1.66                         | 9.41                          | 42.63             | 1-20                            | 1.64                         | 13.92                         | 46.64             |
| Suburban Water System<br>(La Mirada & Whittier) | 5                               | 1.83                         | -                             | 9.15              | 5                               | 1.80                         | -                             | 9.02              |
| Whittier (3/4 meter)                            | 25                              | 2.35                         | 4.00                          | 62.75             | 25                              | 2.06                         | 4.00                          | 55.40             |

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

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

| Customer                             | 2010  |                                       | 2009  |                                       |
|--------------------------------------|---|---------------------------------------|---|---------------------------------------|
|                                      | 12 Month<br>Consumption<br>(100 Cubic Feet) | Percentage of<br>Total<br>Consumption | 12 Month<br>Consumption<br>(100 Cubic Feet) | Percentage of<br>Total<br>Consumption |
| Westridge Golf, Inc.                 | 101,501                                     | 2.72%                                 | 118,815                                     | 2.72%                                 |
| Whittier Christian HS                | 15,499                                      | 0.41%                                 | 24,163                                      | 0.55%                                 |
| Friendly Village A/P                 | 19,806                                      | 0.53%                                 | 19,871                                      | 0.46%                                 |
| Fullerton Union High School District | 12,469                                      | 0.33%                                 | 15,993                                      | 0.37%                                 |
| Viewpark                             | 14,015                                      | 0.38%                                 | 14,435                                      | 0.33%                                 |
| The Kroger Co/La Habra Bakery        | 13,451                                      | 0.36%                                 | 13,712                                      | 0.31%                                 |
| La Habra Woods Apts                  | 9,276                                       | 0.25%                                 | 11,158                                      | 0.26%                                 |
| La Habra Assoc LLC                   | -   | 0.00%                                 | 10,760                                      | 0.25%                                 |
| Brooklake Apts                       | 11,607                                      | 0.31%                                 | 10,610                                      | 0.24%                                 |
| CVS                                  | -   | 0.00%                                 | 9,731                                       | 0.22%                                 |
| La Habra School District             | 9,907                                       | 0.27%                                 | -   | 0.00%                                 |
| The Water Man                        | 9,100                                       | 0.24%                                 |   |                                       |
| <b>Total Consumption in 100 CCF</b>  |   | <b>3,736,853</b>                      |   | <b>4,366,779</b>                      |

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