

City of La Habra, California
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2012



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, 2012

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INTRODUCTORY SECTION





City of La Habra

"A Caring Community"

ADMINISTRATIVE BUILDING

201 E. La Habra Boulevard
Post Office Box 337
La Habra, CA 90633-0785
Office: (562) 905-9701
Fax: (562) 905-9781

June 10, 2013

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, 2012 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 2011-2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The City of La Habra is required to undergo an annual 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. In addition, the City has assumed fiduciary responsibility for the Successor Agency to the La Habra Redevelopment Agency (Successor Agency) as a Private-Purpose Trust.

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 (refuse) 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 60,871) 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 11/12 was \$4,792,417,258, which is .02 percent more than FY 10/11. Based on 2005-2009 Census data, the median household income is higher than the state and national averages, but is lower than the average of Orange County cities.

The City is largely residential with a stable population that has grown by 133 residents over the past 10 years. Unemployment had been relatively modest through 2007; however, it began increasing in 2008 due to the global recession that started that year. The City's unemployment rate in 2012 was 9.8 percent.

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, 2012 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 restrict or assign 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 restricted or assigned 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 five 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. Each capital plan is updated every 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, 2012 was \$14,500,195. Of this amount, \$9,191,664 is considered non-spendable and unavailable for appropriation. The unassigned, or available, reserve portion of fund balance was \$5,308,531.

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, or more, of annual expenditure budgets and can fluctuate based on availability of funds and individual reserve policies. As of June 30, 2012, the City's total assigned and unassigned reserve levels equaled 15.7 percent of the amended FY 11/12 General Fund expenditure budget.

Long-Term Debt

As of fiscal year ended June 30, 2012, the City's component units had several outstanding debt issues totaling \$58.9 million, including \$9.5 million in the Successor Agency Private-Purpose Trust Fund. These issues included \$1.7 million in special tax bonds, \$17.8 million in certificates of participation, \$6.6 million in tax allocation bonds and \$25.7 million in revenue bonds, \$3.1 million in various notes, leases and loans, and \$4.0 million in compensated absences. The City, as a separate legal entity, has no general obligation debt outstanding.

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 and the Successor Agency Private-Purpose Trust Fund, but does include the capital assets of the Internal Service Funds. As of June 30, 2012, the capital assets (net of depreciation) of the City's governmental activities amounted to \$79,995,065. 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 business type activities as shown in the following table:

Enterprise Operation	Net Assets (Deficits) Beginning	Operating Revenue	Operating Expenses	Non-Operating Revenues (Expenses)	Net Transfers In and (Out)	Net Assets (Deficits) Ending
Water	\$ 16,118,165	\$ 12,402,845	\$ 9,814,723	\$ (903,898)	\$ (559,104)	\$ 17,243,285
Sewer	9,699,122	1,509,749	1,664,713	48,124	(63,866)	9,528,416
Refuse	3,359,665	3,103,037	3,035,323	61,705	(102,093)	3,386,991
Housing Authority	5,610,024	1,582,853	785,046	(684,731)	(172,121)	5,550,979
Children's Museum	588,578	542,438	581,562	845	42,500	592,799
Mobile Home Lease	1,086,866	2,633,170	2,068,914	12,632	-	1,663,754
	\$ 36,462,420	\$ 21,774,092	\$ 17,950,281	\$ (1,465,323)	\$ (854,684)	\$ 37,966,224

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 bond reserves, which are required to be held by a third-party trustee bank. 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. Annually, the City and its investment advisors review the City's Investment Policy to determine what, if any, changes are prudent or necessary due to market and/or legislative changes.

As of June 30, 2012, the City had \$63,592,504 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. Of the City's total cash and investments, \$8,272,919 is held with fiscal agents and \$15,138,025 is held on behalf of the Successor Agency and in agency funds in a fiduciary capacity. 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 \$300,000 per occurrence has been established. The City became self-insured for industrial injury (workers compensation) 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 Workers Compensation and General Liability exposure amount has been calculated to provide for future claims resulting from injuries and incidents occurring through June 30, 2012. The City's exposure has been calculated at \$2,666,640, with net assets of \$2,399,887 available to address these potential costs.

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 annual financial statements requires 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, Accountant II Mary Ann Sy, and Accountant II Zukie Chiu.

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, Jack Ponvanit, and Christina Chen.

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,

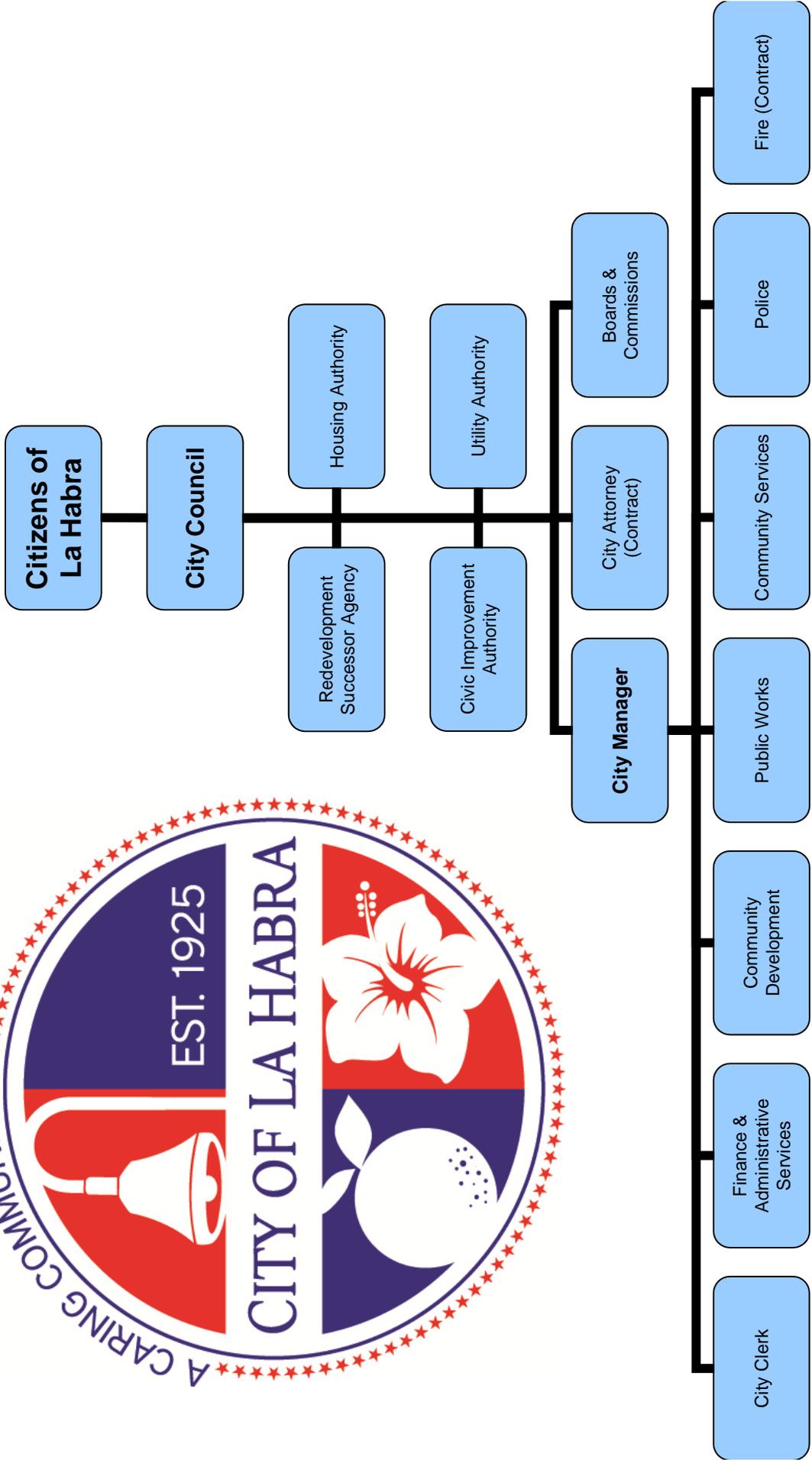


Donald J. Hannah
City Manager



James D. Sadro
Director of Finance & Administrative Services
City Treasurer

City of La Habra Organization and Services



CITY OF LA HABRA

CITY OFFICIALS AS OF JUNE 30, 2012

MEMBERS OF THE CITY COUNCIL

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

City Manager

Donald J. Hannah

CITY ATTORNEY

Richard Jones

City Clerk

Tamara D. Mason, MMC

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES

James D. Sadro

DIRECTOR OF COMMUNITY DEVELOPMENT

Michael Haack

DIRECTOR OF COMMUNITY SERVICES

Salvatore Failla

DIRECTOR OF PUBLIC WORKS

Thomas Coughran

ACTING CHIEF OF POLICE

Jerry Price

ASSISTANT CHIEF OF FIRE

Jerry Heinzl
(Los Angeles 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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, 2012, 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.

As discussed in Note 3(e) to the basic financial statements, the California State Legislature has enacted legislation that dissolved redevelopment agencies in the State of California as of February 1, 2012. On February 1, 2012, the City, as the Successor Agency to the La Habra Redevelopment Agency, became responsible for overseeing the dissolution process and the wind down of redevelopment activity.

As discussed in Note (3)(e) to the basic financial statements, loans of \$12.9 million due to the City from the Successor Agency are considered "interagency loans" and will only be considered eligible for repayment beginning in the fiscal year ending June 30, 2014, subject to annual limitations and approval by the Oversight Board, once the California Department of Finance issues a "finding of completion". A finding of completion is issued once the Successor Agency has paid all required available balances to the Orange County Auditor-Controller for distribution to various other taxing entities. Successor Agency management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency are valid enforceable obligations payable by the Successor Agency trust under the requirements of

the redevelopment dissolution law. The Successor Agency's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2013 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund financial statements, schedules, Measure T Transaction and Use Tax and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements, schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical sections and Measure T Transaction and Use Tax have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias Jini & O'Connell LLP

Newport Beach, California
June 10, 2013

Management's Discussion and Analysis

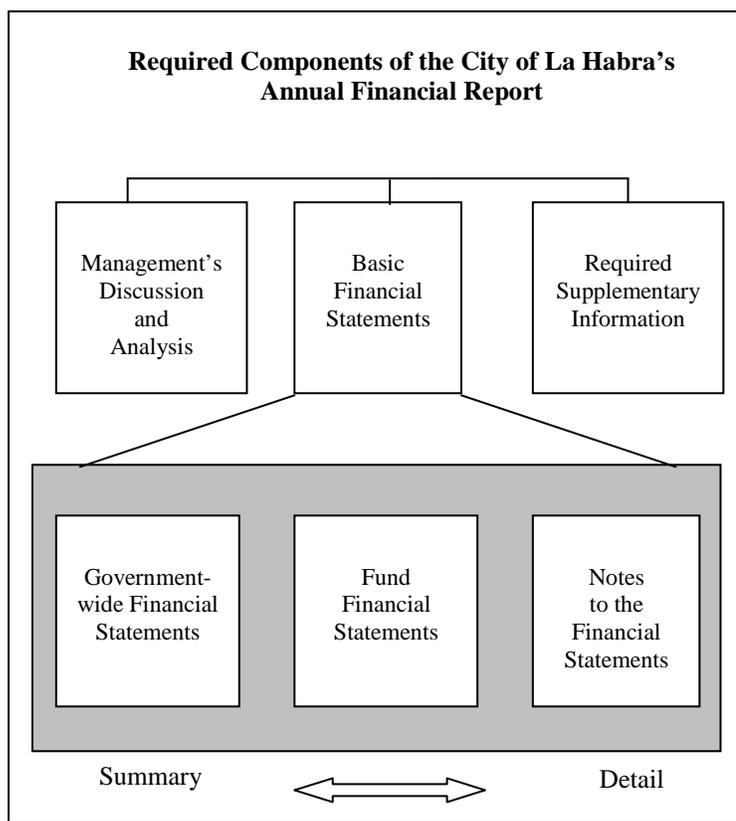
In an effort to provide insight and perspective to the City of La Habra's ("City") annual financial statements, staff has prepared this management discussion of the financial activities of the City for the fiscal year ended June 30, 2012. The intent of this discussion is to assist the reader to better 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 laws and regulations, 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 maintenance and 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, 2012, as shown below, were \$149.7 million. 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's combined total net assets increased by \$13.2 million during the current fiscal year, largely due to the dissolution of the La Habra Redevelopment Agency (RDA). Due to the nature of the state mandated dissolution of these public entities, the City reported the transfer of assets and liabilities from the former RDA as a net extraordinary gain for governmental activities in the government-wide Statement of Activities.

TABLE 1
STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	FY 11/12	FY 10/11	FY 11/12	FY 10/11	FY 11/12	FY 10/11
<u>ASSETS</u>						
Current and Other Assets	\$48,974,240	\$40,897,530	\$41,863,345	\$44,612,593	\$90,837,585	\$89,896,320
Capital Assets	79,995,065	87,839,293	49,186,907	37,220,860	129,181,972	125,060,153
TOTAL ASSETS	128,969,305	128,736,823	91,050,252	81,833,453	220,019,557	210,570,276
<u>LIABILITIES</u>						
Current Liabilities	8,405,194	10,312,896	11,371,645	2,974,859	19,776,839	13,287,755
Non-Current Liabilities	9,417,709	19,016,196	41,129,290	41,804,848	50,546,999	60,821,044
TOTAL LIABILITIES	17,822,903	29,329,092	52,500,935	44,779,707	70,323,838	74,108,799
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of related debt	74,666,668	74,411,098	16,373,632	15,332,126	91,040,300	89,743,224
Restricted	10,898,270	10,086,784	1,432,462	1,630,052	12,330,732	11,716,836
Unrestricted	25,581,464	14,909,849	20,743,223	20,091,568	46,324,687	35,001,417
TOTAL NET ASSETS	\$111,146,402	\$99,407,731	\$38,549,317	\$37,053,746	\$149,695,719	\$136,461,477

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 \$149.7 million; however, 61 percent of these net assets, or \$91.0 million, represent capital assets such as land, buildings, machinery, equipment, and infrastructure, less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets cannot be easily liquidated and are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other revenue sources since the capital assets themselves are not usually able to pay for the associated debt.

A notable change in non-current assets for Business-Type activities was the purchase of \$8.1 million of water rights stock in the Utility Authority. A corresponding increase in Business-Type liabilities was due to the use of a line of credit to purchase the water rights stock.

In addition, 8.2 percent, or \$12.3 million, 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 \$20.7 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. The remaining \$25.6 million balance of unrestricted net assets can be used to meet the governmental activities, such as ongoing obligations to citizens and creditors.

**TABLE 2
CHANGES IN NET ASSETS**

	Government Activities		Business-Type Activities		Total	
	FY 11/12	FY 10/11	FY 11/12	FY 10/11	FY 11/12	FY 10/11
Revenues						
Program Revenues						
Charges for Services	\$4,790,858	\$5,539,751	\$20,414,276	\$20,353,306	\$25,205,134	\$25,893,057
Operating Grants and Contributions	9,278,565	9,645,109	-	-	9,278,565	9,645,109
Capital Grants and Contributions	3,578,616	13,545,193	-	-	3,578,616	13,545,193
General Revenues						
Property Taxes	14,175,467	15,512,868	-	-	14,175,467	15,512,868
Sales and Use Taxes	8,490,350	8,116,354	-	-	8,490,350	8,116,354
Transaction and Use Taxes	4,215,209	3,882,815	-	-	4,215,209	3,882,815
Franchise Fees	1,561,518	1,534,468	-	-	1,561,518	1,534,468
Grants and Contributions not Restricted to Specific Programs	316,262	580,840	-	-	316,262	580,840
Income from Property and Investments	3,175,312	3,280,649	273,456	386,167	3,448,768	3,666,816
Other General Revenues	1,123,908	1,169,235	366,303	132,276	1,490,211	1,301,511
Extraordinary Gain	8,194,111	-	-	-	8,194,111	-
Total Revenues	58,900,176	62,807,282	21,054,035	20,871,749	79,954,211	83,679,031
Expenses						
General Government	3,686,663	3,391,804	-	-	3,686,663	3,391,804
Public Safety	22,890,241	22,518,416	-	-	22,890,241	22,518,416
Public Works	7,129,157	13,295,177	-	-	7,129,157	13,295,177
Employment and Training	409,814	350,183	-	-	409,814	350,183
Community Services	8,047,441	8,658,108	-	-	8,047,441	8,658,108
Community Development	4,632,329	5,675,859	-	-	4,632,329	5,675,859
Interest on Long-Term Debt	923,269	1,663,267	-	-	923,269	1,663,267
Water	-	-	10,111,046	10,171,235	10,111,046	10,171,235
Sewer	-	-	1,664,713	1,591,981	1,664,713	1,591,981
Refuse	-	-	3,035,323	2,984,442	3,035,323	2,984,442
Housing Authority	-	-	1,539,497	2,093,743	1,539,497	2,093,743
Children's Museum	-	-	581,562	566,319	581,562	566,319
Mobile Home Lease	-	-	2,068,914	1,765,033	2,068,914	1,765,033
Total Expenses	47,718,914	55,552,814	19,001,055	19,172,753	66,719,969	74,725,567
Excess (Deficiency) before Transfers	11,181,262	7,254,468	2,052,980	1,698,996	13,234,242	8,953,464
Transfers, net	557,409	14,973	(557,409)	(14,973)	-	-
Increase (Decrease) in Net Assets	11,738,671	7,269,441	1,495,571	1,684,023	13,234,242	8,953,464
Net Assets - Beginning of Year	99,407,731	92,138,290	37,053,746	35,369,723	136,461,477	127,508,013
Net Assets - End of year	\$111,146,402	\$99,407,731	\$38,549,317	\$37,053,746	\$149,695,719	\$136,461,477

Changes in Net Assets

The condensed summary of activities (Table 2) shows that the City's total net assets increased by \$13.2 million during the year with General Governmental Activities accounting for \$11.7 million of that increase.

Approximately 46 percent of the City's governmental funds revenue is generated through taxes collected (property, sales and use, and transaction and use), 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 \$11.7 million, caused as a result of total revenues for *governmental* activities of \$58.9 million being offset by \$47.7 million in total costs for *governmental* activities, with \$557,409 transferred in from the business-type activities. The primary reason for growth in net assets was due to the dissolution of the RDA and the transfer of long-term debt of the Redevelopment Agency to the Successor Agency.

Non-tax program revenues are generated through several sources to cover the cost of the City's programs. Program Revenues decreased from FY 10/11 as development and recreation/class related fees and charges continued to be impacted by the slowly recovering economy.

The "Capital Grants and Contributions" program revenues reflect a significant decrease compared to FY 10/11 due mainly to the completion of several major intersection and arterial roadway improvement projects, resulting in less capital grant reimbursements in FY 11/12. Public Works expenses also realized a net decrease compared to the prior year as major street rehabilitation projects were completed.

Business-Type Activities

As of June 30, 2012, the business-type activities increased the City's net assets by 4.0 percent, or \$1.5 million, with revenues totaling \$21 million and expenses totaling \$19 million. At fiscal year-end, net assets for the water fund grew by \$1.1 million 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 net assets decreased by \$170,706 as reserves were intentionally drawn down for sewer main replacement projects. The Mobile Home Lease fund net assets increased by \$576,888 resulting from charges for services which were higher than operating expenses. The Refuse fund net assets increased by \$27,326; the Housing Authority's net assets decreased by \$59,045; and the Children's Museum's net assets increased by \$4,221.

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, Assigned and Unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Pursuant to standards established under GASB 54, the City's governmental fund balances are classified in categories defining the spending constraints imposed on the use of the City's resources. The City now reports fund balance as "restricted" to be spent for specific purposes as defined by law, or "non-spendable" as they reflect inventories or funds that are not yet available to be spent (i.e. accounts receivables). For those funds that are neither restricted nor non-spendable, they are then reported as either "assigned" to be used a specific purpose, or "unassigned" and available for appropriation.

As of June 30, 2012, the City's governmental funds reported combined ending fund balances of \$27.7 million, an increase of \$9.3 million compared to the prior fiscal year. This increase was primarily due to the transfer of assets and liabilities from the RDA dissolution. The following fund balances are considered to be either assigned, restricted or non-spendable for the City:

- \$9.0 million for long-term loans
- \$1.2 million for low-moderate income housing
- \$54,986 for inventories
- \$64,629 for prepaid items
- \$12.0 million for special revenue and capital improvement funds.

The General Fund is the chief operating fund of the City and, as of June 30, 2012, had a total fund balance of \$14.5 million, an increase of \$625,497 over the prior year. The General Fund had no assigned fund balance and its unassigned balance was \$5.3 million which represents approximately 15.8 percent of the FY 11/12 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, and Measure "M" Fund.

For fiscal year ended June 30, 2012, the City's general Capital Projects Fund balance increased by \$530,013, the Gas Tax Fund balance increased by \$515,431, and the Measure "M" Fund balance increased by \$223,998 as annual apportionments were received for projects that were planned and initiated. The former Redevelopment Agency (Agency) Capital Project fund balance decreased by \$761,557 as remaining bond proceeds from the Agency's 2000 bond issue were used to repay debt owed to the City. These funds were subsequently used by the City to fund a portion of the Pavement Management capital program.

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. At fiscal year-end, most major revenue sources had met or outperformed budget estimates. While some of these revenues were one-time in nature, such as loan repayments or unanticipated grant reimbursements, the City's sources of major tax revenues performed better than expected. Property taxes ended the year just above budget estimates while sales tax outperformed budget estimates by 4.9 percent. The City's Measure "T" transaction and use tax revenue posted strong revenue growth, outperforming budget estimates by almost 9.4 percent.

When combined with expenditures, which were held below budget, the City realized a positive net cash flow at fiscal year-end of \$2.2 million. This year-end carry over was applied, at Council direction, to capital projects, internal service fund reserves, liability reserves, general reserves, and furlough reductions.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2012, the City had recorded an investment of over \$204 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. The new Private-Purpose Trust activities being reported this year account for the custodial responsibilities that are assigned to the Successor Agency pursuant to the RDA dissolution act.

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

	Governmental Activities		Business-Type Activities		Private-Purpose Trust Activities		Total	
	FY 11/12	FY 10/11	FY 11/12	FY 10/11	FY 11/12	FY 10/11	FY 11/12	FY 10/11
Land	\$8,426,783	\$9,813,805	\$12,800,000	\$12,800,000	\$1,387,022	\$ -	\$22,613,805	\$22,613,805
Land improvements	6,968,404	6,919,222	-	-	-	-	6,968,404	6,919,222
Buildings and improvements	15,967,890	18,989,228	5,141,477	5,141,477	3,051,338	-	24,160,705	24,130,705
Improvements other than buildings	1,133,296	1,133,296	253,490	253,490	-	-	1,386,786	1,386,786
Machinery and equipment	7,189,248	6,494,069	1,508,450	1,486,240	-	-	8,697,698	7,980,309
Autos and trucks	4,159,711	4,064,410	257,402	257,402	-	-	4,417,113	4,321,812
Infrastructure	77,919,323	79,128,760	53,653,496	40,542,751	3,971,268	-	135,544,087	119,671,511
Construction in progress	553,924	719,065	109,962	82,114	-	-	663,886	801,179
(Less accumulated depreciation)	(42,323,514)	(39,422,562)	(24,537,370)	(23,342,614)	(885,663)	-	(67,746,547)	(62,765,176)
TOTALS	\$79,995,065	\$87,839,293	\$49,186,907	\$37,220,860	\$7,523,965	\$ -	\$136,705,937	\$125,060,153

Governmental Capital Assets, before accumulated depreciation, decreased by \$4.9 million over the prior year due to the transfer of capital assets from the dissolution of the RDA. Business-Type Capital Assets, before accumulated depreciation, increased by \$13.1 million due to the completion of Water capital projects (La Bonita water facility, pipeline improvements and pipeline replacement) in FY 10/11. Agency assets related to the non-housing activities were transferred to the Successor Agency Private-Purpose Trust fund on February 1, 2012.

Long-Term Debt

At year-end, the City had \$58.9 million in bonds, certificates of deposit, loans, leases, and accrued assessments payable, a decrease of \$1.5 million from last year, as shown in the table below. The new Private-Purpose Trust activities being reported this year account for the custodial responsibilities that are assigned to the Successor Agency pursuant to the RDA dissolution act.

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

	Governmental Activities		Business-Type Activities		Private-Purpose Trust Activities		Total	
	FY 11/12	FY 10/11	FY 11/12	FY 10/11	FY 11/12	FY 10/11	FY 11/12	FY 10/11
Certificates of Participation	\$ 3,947,011	\$ 4,209,751	\$ 13,914,290	\$ 14,134,848	\$ -	\$ -	\$ 17,861,301	\$ 18,344,599
Tax Allocation Bonds	-	6,795,000	-	-	6,575,000	-	6,575,000	6,795,000
Special Tax Bonds	-	1,880,000	-	-	1,715,000	-	1,715,000	1,880,000
Notes Payable	440,321	486,837	-	-	-	-	440,321	486,837
Notes Payable (Howard's Appliance)	-	1,340,855	-	-	1,224,979	-	1,224,979	1,340,855
Loan Payable	601,581	681,234	-	-	-	-	601,581	681,234
Contract and Leases Payable	835,402	911,520	-	-	-	-	835,402	911,520
Compensated Absences	3,989,238	3,901,748	-	-	-	-	3,989,238	3,901,748
Revenue Bond, Series A & B	-	-	19,405,000	19,675,000	-	-	19,405,000	19,675,000
Revenue Bond, Series A	-	-	6,250,000	6,420,000	-	-	6,250,000	6,420,000
TOTALS	\$ 9,813,553	\$ 20,206,945	\$ 39,569,290	\$ 40,229,848	\$ 9,514,979	\$ -	\$ 58,897,822	\$ 60,436,793

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

Economic Factors and Future Budgets and Rates

- The City's FY 11/12 net taxable property values totaled \$4,792,417,258, approximately 0.43 percent more than five years ago, however, is 1.83 percent higher than FY 10/11.
- FY 12/13 PERS rates for the miscellaneous plan increased from 11.752 percent to 11.862 percent, and rates for the public safety plan increased from 31.962 percent to 33.391 percent for the safety plan.
- FY 13/14 PERS rates for the miscellaneous plan will increase from 11.862 percent to 12.571 percent, and rates for public safety will increase from 33.391 percent to 34.808 percent.
- Projected FY 14/15 PERS rates for the miscellaneous plan will increase from 12.571 percent to 13.700 percent, and rates for public safety will increase from 34.808 percent to 36.600 percent. PERS agencies have been informed that these rates will be further increased by an unknown amount due to CalPERS' decision to adjust actuarial assumptions for both plans.
- The Consumer Price Index (CPI) for the Los Angeles/Riverside/Orange County Metropolitan Statistical Area for all urban consumers increased by 1.6 percent from June 2011 to June 2012.

These, among other factors, were considered in preparing the City of La Habra's General Fund budget for FY 12/13, which resulted in budgeted expenditures growing by 2.1 percent to \$34.5 million compared to the FY 11/12 amended budget.

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

- The anticipation that modest enterprise fund rate increases will continue to be necessary over the course of the fiscal year to maintain sufficient cash flow for operations, capital reserves, and debt service coverage requirements.
- The continuing opportunity for the Utility Authority to purchase privately held Cal Domestic water shares and water rights in the San Gabriel Basin as they become available.

The most significant and challenging organizational change has been the State mandated dissolution of redevelopment agencies in California. In FY 11/12, the City of La Habra elected to act as the Successor Agency to the former La Habra Redevelopment Agency, with City staff assuming staffing responsibilities for the Successor Agency and staff support to both the Successor Agency Governing Board (comprised of all five City Councilmembers) and the Oversight board. The Successor Agency has complied with the various and changing State reporting and auditing requirements and provided the necessary documentation for the external due diligence audit review that was completed. The Successor Agency's primary goals are to responsibly wind down the affairs of the former Redevelopment Agency activities within the parameters of State law, while protecting the financial interests of bond holders and ensuring debt owed to developers or other government agencies, including the City of La Habra, are fully repaid.

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.lahabracaca.gov".

GOVERNMENT-WIDE FINANCIAL STATEMENTS



CITY OF LA HABRA
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 22,108,140	\$ 19,094,406	\$ 41,202,546
Cash and investments with fiscal agents	495,918	6,756,015	7,251,933
Accounts receivable, net	3,402,300	2,299,575	5,701,875
Interest receivable	129,529	55,737	185,266
Prepaid items	322,581	286,541	609,122
Due from Successor Agency	463,500	-	463,500
Due from other governments	8,555,822	112,021	8,667,843
Inventories	80,199	40,315	120,514
Total current assets	<u>35,557,989</u>	<u>28,644,610</u>	<u>64,202,599</u>
Noncurrent assets:			
Deferred charges	428,242	1,064,210	1,492,452
Land held for resale	111,000	115,000	226,000
Loans to Successor Agency	12,877,009	-	12,877,009
Investment in water rights stock	-	12,039,525	12,039,525
Capital assets:			
Not being depreciated	8,980,707	12,909,962	21,890,669
Being depreciated, net	71,014,358	36,276,945	107,291,303
Total noncurrent assets	<u>93,411,316</u>	<u>62,405,642</u>	<u>155,816,958</u>
Total assets	<u>128,969,305</u>	<u>91,050,252</u>	<u>220,019,557</u>
Liabilities:			
Current liabilities:			
Accounts payable	1,555,452	1,151,149	2,706,601
Accrued liabilities	4,756,878	616,296	5,373,174
Deposits payable	2,500	199,750	202,250
Interest payable	140,860	510,890	651,750
Unearned revenue	256,660	11,871	268,531
Line of credit	-	8,141,689	8,141,689
Long-term obligations, due within one year	1,692,844	740,000	2,432,844
Total current liabilities	<u>8,405,194</u>	<u>11,371,645</u>	<u>19,776,839</u>
Noncurrent liabilities:			
Postemployment benefit obligation	1,297,000	-	1,297,000
Long-term obligations, due in more than one year	8,120,709	38,829,290	46,949,999
Pollution remediation liability	-	2,300,000	2,300,000
Total noncurrent liabilities	<u>9,417,709</u>	<u>41,129,290</u>	<u>50,546,999</u>
Total liabilities	<u>17,822,903</u>	<u>52,500,935</u>	<u>70,323,838</u>
Net assets:			
Invested in capital assets, net of related debt	74,666,668	16,373,632	91,040,300
Restricted for:			
Community development	2,116,067	-	2,116,067
Low-moderate income housing	1,187,847	-	1,187,847
Employment and training	35,762	-	35,762
Public safety	2,116,673	-	2,116,673
Transportation	5,441,921	-	5,441,921
Debt service	-	-	-
Pollution remediation	-	1,432,462	1,432,462
Unrestricted	25,581,464	20,743,223	46,324,687
Total net assets	<u>\$ 111,146,402</u>	<u>\$ 38,549,317</u>	<u>\$ 149,695,719</u>

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,686,663	\$ 100,150	\$ 147,961	\$ -
Public safety	22,890,241	2,998,253	1,620,222	-
Public works	7,129,157	-	-	3,432,124
Employment and training	409,814	-	-	-
Community services	8,047,441	823,340	5,759,104	-
Community development	4,632,329	869,115	1,751,278	146,492
Interest on long-term debt	923,269	-	-	-
Total governmental activities	<u>47,718,914</u>	<u>4,790,858</u>	<u>9,278,565</u>	<u>3,578,616</u>
Business-type activities:				
Water	10,111,046	11,043,029	-	-
Sewer	1,664,713	1,509,749	-	-
Refuse	3,035,323	3,103,037	-	-
Housing Authority	1,539,497	1,582,853	-	-
Children's Museum	581,562	542,438	-	-
Mobile Home Lease	2,068,914	2,633,170	-	-
Total business-type activities	<u>19,001,055</u>	<u>20,414,276</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 66,719,969</u>	<u>\$ 25,205,134</u>	<u>\$ 9,278,565</u>	<u>\$ 3,578,616</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

Extraordinary gain

Transfers

Total general revenues, extraordinary gain, and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

See Accompanying Notes to Financial Statements.

**Net (Expense) Revenue and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (3,438,552)	\$ -	\$ (3,438,552)
(18,271,766)	-	(18,271,766)
(3,697,033)	-	(3,697,033)
(409,814)	-	(409,814)
(1,464,997)	-	(1,464,997)
(1,865,444)	-	(1,865,444)
(923,269)	-	(923,269)
(30,070,875)	-	(30,070,875)
-	931,983	931,983
-	(154,964)	(154,964)
-	67,714	67,714
-	43,356	43,356
-	(39,124)	(39,124)
-	564,256	564,256
-	1,413,221	1,413,221
(30,070,875)	1,413,221	(28,657,654)
14,175,467	-	14,175,467
8,490,350	-	8,490,350
4,215,209	-	4,215,209
1,561,518	-	1,561,518
316,262	-	316,262
3,175,312	273,456	3,448,768
1,123,908	366,303	1,490,211
8,194,111	-	8,194,111
557,409	(557,409)	-
41,809,546	82,350	41,891,896
11,738,671	1,495,571	13,234,242
99,407,731	37,053,746	136,461,477
\$ 111,146,402	\$ 38,549,317	\$ 149,695,719



FUND FINANCIAL STATEMENTS





CITY OF LA HABRA
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds		
	General	Child Development Special Revenue Fund	Measure M Special Revenue Fund
Assets:			
Cash and investments	\$ 3,304,297	\$ 103,748	\$ 5,154
Accounts receivables	3,081,197	311,696	-
Interest receivables	51,782	-	17,318
Prepaid items	59,175	2,294	-
Due from other funds	6,323,020	-	-
Due from Successor Agency	-	-	-
Due from other governments	97,532	491,978	6,342,715
Loans to Successor Agency	11,668,887	-	-
Land held for resale	-	-	-
Inventories	54,986	-	-
Total assets	<u>\$ 24,640,876</u>	<u>\$ 909,716</u>	<u>\$ 6,365,187</u>
Liabilities:			
Accounts payable	\$ 660,978	\$ 285,787	\$ 76,841
Accrued liabilities	1,762,054	103,748	5,154
Deposits payable	-	-	-
Due to other funds	-	486,905	5,283,344
Advances from other funds	3,970,000	-	-
Deferred revenue	3,747,649	25,012	-
Total liabilities	<u>10,140,681</u>	<u>901,452</u>	<u>5,365,339</u>
Fund balances:			
Nonspendable:			
Prepaid items	59,175	2,294	-
Loans to Successor Agency	9,077,503	-	-
Inventories	54,986	-	-
Restricted:			
Low-moderate income housing	-	-	-
Public safety	-	-	-
Public works	-	-	999,848
Community development	-	-	-
Community services	-	5,970	-
Employment and training	-	-	-
Assigned:			
Public works	-	-	-
Unassigned	5,308,531	-	-
Total fund balances (deficits)	<u>14,500,195</u>	<u>8,264</u>	<u>999,848</u>
Total liabilities and fund balances	<u>\$ 24,640,876</u>	<u>\$ 909,716</u>	<u>\$ 6,365,187</u>

See Accompanying Notes to Financial Statements.

Other Nonmajor Funds	Total Governmental Funds
\$ 10,356,901	\$ 13,770,100
2,190	3,395,083
34,574	103,674
3,160	64,629
-	6,323,020
463,500	463,500
1,612,823	8,545,048
616,908	12,285,795
111,000	111,000
-	54,986
\$ 13,201,056	\$ 45,116,835
\$ 13,201,056	\$ 45,116,835
\$ 207,324	\$ 1,230,930
166,717	2,037,673
2,500	2,500
552,771	6,323,020
-	3,970,000
69,724	3,842,385
999,036	17,406,508
999,036	17,406,508
3,160	64,629
-	9,077,503
-	54,986
1,186,446	1,186,446
2,147,999	2,147,999
4,442,073	5,441,921
2,116,995	2,116,995
-	5,970
35,762	35,762
2,269,585	2,269,585
-	5,308,531
12,202,020	27,710,327
\$ 13,201,056	\$ 45,116,835



CITY OF LA HABRA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

Total fund balances, governmental funds \$ 27,710,327

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	\$ 114,753,698	
Accumulated depreciation	<u>(36,811,121)</u>	77,942,577

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. 7,949,246

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds. (74,764)

Other long-term assets that are not available to pay current period expenditures are deferred in the funds. 3,585,725

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	\$ (601,581)	
Energy capital lease	(835,402)	
Notes payable	(440,321)	
Compensated absences	(2,792,405)	
Net OPEB obligation	<u>(1,297,000)</u>	<u>(5,966,709)</u>

Net assets of governmental activities \$ 111,146,402

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, 2012

	Major Funds		
	General	Child Development Special Revenue Fund	Measure M Special Revenue Fund
Revenues:			
Property taxes and special assessments	\$ 12,341,529	\$ -	\$ -
Sales and use tax	8,470,140	-	-
Transaction and use tax	4,217,599	-	-
Franchise tax	1,560,043	-	-
Intergovernmental	95,389	5,349,936	1,478,242
Licenses and permits	983,459	-	-
Charges for services	4,047,402	-	-
Fines, forfeitures, and penalties	818,988	-	-
Use of money and property	2,138,663	67	-
Total revenues	<u>34,673,212</u>	<u>5,350,003</u>	<u>1,478,242</u>
Expenditures:			
Current:			
General government	2,526,241	-	-
Public safety	21,626,805	-	-
Public works	3,001,626	-	537,485
Employment and training	-	-	-
Community services	2,358,332	5,329,022	-
Community development	2,718,914	-	-
Capital outlay	14,423	39,487	681,005
Debt service:			
Principal	155,770	-	-
Interest	67,564	-	35,754
Total expenditures	<u>32,469,675</u>	<u>5,368,509</u>	<u>1,254,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,203,537</u>	<u>(18,506)</u>	<u>223,998</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(1,578,040)	-	-
Total other financing sources (uses)	<u>(1,578,040)</u>	<u>-</u>	<u>-</u>
Extraordinary gain (loss)	-	-	-
Net change in fund balances	625,497	(18,506)	223,998
Fund balances (deficits), beginning of year	<u>13,874,698</u>	<u>26,770</u>	<u>775,850</u>
Fund balances (deficits), end of year	<u>\$ 14,500,195</u>	<u>\$ 8,264</u>	<u>\$ 999,848</u>

See Accompanying Notes to Financial Statements.

Other Nonmajor Funds	Total Governmental Funds
\$ 1,833,938	\$ 14,175,467
-	8,470,140
-	4,217,599
-	1,560,043
6,308,183	13,231,750
-	983,459
50,296	4,097,698
-	818,988
197,339	2,336,069
8,389,756	49,891,213
143,984	2,670,225
1,054,785	22,681,590
383,796	3,922,907
409,814	409,814
-	7,687,354
1,889,361	4,608,275
1,982,980	2,717,895
547,393	703,163
755,500	858,818
7,167,613	46,260,041
1,222,143	3,631,172
3,499,171	3,499,171
(2,533,445)	(4,111,485)
965,726	(612,314)
6,290,039	6,290,039
8,477,908	9,308,897
3,724,112	18,401,430
\$ 12,202,020	\$ 27,710,327



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, 2012

Net change in fund balances - total governmental funds: \$ 9,308,897

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 depreciation and extraordinary loss from transfer of Redevelopment Agency capital assets to the Successor Agency exceeded capital outlays in the current period.

Capital outlay	\$ 2,717,895	
Capital outlay included in general government	73,072	
Depreciation expense	(3,439,056)	
Extraordinary loss	<u>(7,610,907)</u>	(8,258,996)

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. In addition, there was an extraordinary gain from the transfer of long-term debt of the Redevelopment Agency to the Successor Agency. This amount is the net effect of these differences in the treatment of long-term liabilities and related items.

Debt service - principal	\$ 703,163	
Increase in compensated absences	(61,241)	
Increase in OPEB obligation	(349,000)	
Extraordinary gain	<u>9,514,979</u>	9,807,901

Some revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds. 469,719

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. 139,272

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. 271,878

Change in net assets of governmental activities \$ 11,738,671

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Refuse
Assets:			
Current assets:			
Cash and investments	\$ 4,821,724	\$ 4,344,816	\$ 4,912,247
Accounts receivable, net	1,336,939	261,396	604,975
Interest receivable	10,442	14,691	16,382
Prepaid items	252,457	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Inventory	40,315	-	-
Total current assets	<u>6,461,877</u>	<u>4,620,903</u>	<u>5,533,604</u>
Noncurrent assets:			
Cash and investments with fiscal agents	5,702,135	-	-
Advances to other funds	-	-	-
Loans to Successor Agency	-	-	-
Deferred charges	275,390	-	-
Investment in water rights stock	12,039,525	-	-
Land held for resale	-	-	-
Capital assets, net	28,573,114	5,042,876	423,719
Total noncurrent assets	<u>46,590,164</u>	<u>5,042,876</u>	<u>423,719</u>
Total assets	<u>53,052,041</u>	<u>9,663,779</u>	<u>5,957,323</u>
Liabilities:			
Current liabilities:			
Accounts payable	767,640	116,819	252,758
Accrued liabilities	575,616	18,544	5,703
Accrued interest	218,307	-	-
Deposits payable	192,750	-	-
Unearned revenue	-	-	11,871
Certificates of participation, current	-	-	-
Water revenue bonds, current	275,000	-	-
Line of credit, current	8,141,689	-	-
Compensated absences	-	-	-
Total current liabilities	<u>10,171,002</u>	<u>135,363</u>	<u>270,332</u>
Noncurrent liabilities:			
Advances from other funds	6,250,000	-	-
Certificates of participation	-	-	-
Water revenue bonds	19,387,754	-	-
Pollution remediation liability	-	-	2,300,000
Total noncurrent liabilities	<u>25,637,754</u>	<u>-</u>	<u>2,300,000</u>
Total liabilities	<u>35,808,756</u>	<u>135,363</u>	<u>2,570,332</u>
Net assets:			
Invested in capital assets, net of related debt	8,362,495	5,042,876	423,719
Restricted	-	-	1,432,462
Unrestricted	8,880,790	4,485,540	1,530,810
Total net assets	<u>\$ 17,243,285</u>	<u>\$ 9,528,416</u>	<u>\$ 3,386,991</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>Internal</u>
<u>Housing</u>	<u>Nonmajor</u>	<u>Totals</u>	<u>Service Funds</u>
<u>Authority</u>	<u>Funds</u>		
\$ 2,912,882	\$ 1,666,256	\$ 18,657,925	\$ 8,774,521
-	96,265	2,299,575	7,217
9,341	4,881	55,737	25,855
11,749	22,335	286,541	257,952
-	112,021	112,021	10,774
-	-	-	-
-	-	40,315	25,213
<u>2,933,972</u>	<u>1,901,758</u>	<u>21,452,114</u>	<u>9,101,532</u>
1,053,880	-	6,756,015	495,918
1,600,000	-	1,600,000	10,220,000
-	-	-	591,214
593,407	-	868,797	623,655
-	-	12,039,525	-
115,000	-	115,000	-
<u>13,167,316</u>	<u>1,979,882</u>	<u>49,186,907</u>	<u>2,052,488</u>
<u>16,529,603</u>	<u>1,979,882</u>	<u>70,566,244</u>	<u>13,983,275</u>
<u>19,463,575</u>	<u>3,881,640</u>	<u>92,018,358</u>	<u>23,084,807</u>
2,167	11,765	1,151,149	324,522
4,111	12,322	616,296	2,719,206
243,782	-	462,089	114,897
6,000	1,000	199,750	-
-	-	11,871	-
290,000	-	290,000	280,000
-	-	275,000	175,000
-	-	8,141,689	-
-	-	-	1,196,832
<u>546,060</u>	<u>25,087</u>	<u>11,147,844</u>	<u>4,810,457</u>
-	1,600,000	7,850,000	-
13,366,536	-	13,366,536	3,667,011
-	-	19,387,754	6,075,000
-	-	2,300,000	-
<u>13,366,536</u>	<u>1,600,000</u>	<u>42,904,290</u>	<u>9,742,011</u>
<u>13,912,596</u>	<u>1,625,087</u>	<u>54,052,134</u>	<u>14,552,468</u>
564,660	1,979,882	16,373,632	2,052,488
-	-	1,432,462	-
<u>4,986,319</u>	<u>276,671</u>	<u>20,160,130</u>	<u>6,479,851</u>
<u>\$ 5,550,979</u>	<u>\$ 2,256,553</u>	<u>37,966,224</u>	<u>\$ 8,532,339</u>
		583,093	
		<u>\$ 38,549,317</u>	

CITY OF LA HABRA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Refuse
Operating revenues:			
Water sales	\$ 12,162,881	\$ -	\$ -
Refuse billings	-	-	3,078,180
Charges for services	231,432	1,509,749	-
Intergovernmental	8,532	-	24,857
Total operating revenues	<u>12,402,845</u>	<u>1,509,749</u>	<u>3,103,037</u>
Operating expenses:			
Water and materials	4,185,718	-	-
Contractual services	783,067	37,471	2,675,408
Wages and fringe benefits	1,432,175	473,737	152,749
Benefits and claims	-	-	-
Equipment and maintenance	407,764	130,154	48,439
Materials and supplies	154,713	9,638	8,417
Utilities	217,135	-	-
Depreciation	668,546	218,584	12,748
Amortization	643	-	-
Administration	1,964,962	795,129	137,562
Total operating expenses	<u>9,814,723</u>	<u>1,664,713</u>	<u>3,035,323</u>
Operating income (loss)	<u>2,588,122</u>	<u>(154,964)</u>	<u>67,714</u>
Nonoperating revenues (expenses):			
Interest income	99,946	52,536	53,455
Other nonoperating revenues	366,303	-	-
Gain (loss) on sale of asset	-	-	-
Gain (loss) on sale of investments	(10,331)	(4,412)	8,250
Interest (expense)	(1,359,816)	-	-
Total nonoperating revenues (expenses)	<u>(903,898)</u>	<u>48,124</u>	<u>61,705</u>
Income (loss) before transfers	1,684,224	(106,840)	129,419
Transfers in	144,709	-	-
Transfers out	(703,813)	(63,866)	(102,093)
Change in net assets	1,125,120	(170,706)	27,326
Net assets, beginning of year	<u>16,118,165</u>	<u>9,699,122</u>	<u>3,359,665</u>
Net assets, end of year	<u>\$ 17,243,285</u>	<u>\$ 9,528,416</u>	<u>\$ 3,386,991</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>Internal</u>
<u>Housing</u>	<u>Nonmajor</u>	<u>Totals</u>	<u>Service Funds</u>
<u>Authority</u>	<u>Funds</u>		
\$ -	\$ -	\$ 12,162,881	\$ -
-	-	3,078,180	-
1,573,809	2,986,540	6,301,530	4,196,165
9,044	189,068	231,501	-
<u>1,582,853</u>	<u>3,175,608</u>	<u>21,774,092</u>	<u>4,196,165</u>
-	-	4,185,718	-
130,433	490,238	4,116,617	286,159
48,734	377,407	2,484,802	1,721,881
-	-	-	1,068,697
155,985	60,804	803,146	388,535
2,356	4,628	179,752	555,734
67,031	287,909	572,075	176,714
209,294	85,584	1,194,756	363,160
85,441	-	86,084	51,304
85,772	1,343,906	4,327,331	632,560
<u>785,046</u>	<u>2,650,476</u>	<u>17,950,281</u>	<u>5,244,744</u>
797,807	525,132	3,823,811	(1,048,579)
49,140	11,491	266,568	317,474
-	-	366,303	140
-	-	-	5,084
11,395	1,986	6,888	22,574
<u>(745,266)</u>	<u>-</u>	<u>(2,105,082)</u>	<u>(500,046)</u>
<u>(684,731)</u>	<u>13,477</u>	<u>(1,465,323)</u>	<u>(154,774)</u>
113,076	538,609	2,358,488	(1,203,353)
-	42,500	187,209	1,466,998
<u>(172,121)</u>	<u>-</u>	<u>(1,041,893)</u>	<u>-</u>
(59,045)	581,109	1,503,804	263,645
<u>5,610,024</u>	<u>1,675,444</u>		<u>8,268,694</u>
<u>\$ 5,550,979</u>	<u>\$ 2,256,553</u>		<u>\$ 8,532,339</u>

(8,233)

\$ 1,495,571

CITY OF LA HABRA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Refuse
Cash flows from operating activities:			
Receipts from customers and users	\$ 12,346,894	\$ 1,479,421	\$ 3,026,678
Receipts from interfund services provided	-	100,559	53,867
Payments to suppliers	(5,977,542)	(75,068)	(2,701,194)
Cash paid for interfund services provided	(1,830,234)	(889,735)	(201,442)
Payments to employees	(1,421,777)	(472,596)	(152,322)
Net cash provided by (used in) operating activities	<u>3,117,341</u>	<u>142,581</u>	<u>25,587</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(703,813)	(63,866)	(102,093)
Transfers from other funds	144,709	-	-
Receipts of advances to other funds	-	-	-
Payments of advances from other funds	(170,000)	-	-
Receipts of due from other funds	21	-	-
Net cash provided by (used in) noncapital financing activities	<u>(729,083)</u>	<u>(63,866)</u>	<u>(102,093)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(12,046,641)	(1,086,314)	-
Proceeds from sale of capital assets	-	-	-
Proceeds of debts	8,141,689	-	-
Issuance costs paid on capital debt	-	-	-
Principal paid on capital debt	(270,000)	-	-
Interest paid on capital debt	(986,552)	-	-
Net cash used in capital and related financing activities	<u>(5,161,504)</u>	<u>(1,086,314)</u>	<u>-</u>
Cash flows from investing activities:			
(Purchase) sale of investments	(8,160,520)	(4,412)	8,250
Interest on investments	107,901	60,586	58,338
Net cash provided by investing activities	<u>(8,052,619)</u>	<u>56,174</u>	<u>66,588</u>
Net increase (decrease) in cash and cash equivalents	(10,825,865)	(951,425)	(9,918)
Cash and cash equivalents, beginning of year	21,349,724	5,296,241	4,922,165
Cash and cash equivalents, end of year	<u>\$ 10,523,859</u>	<u>\$ 4,344,816</u>	<u>\$ 4,912,247</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds

Major Fund	Other		
Housing	Nonmajor	Totals	Internal
Authority	Funds		Service Funds
\$ 560,941	\$ 2,868,226	\$ 20,282,160	\$ 1,908,737
1,030,812	206,308	1,391,546	2,308,950
(292,117)	(1,892,592)	(10,938,513)	(2,603,583)
(155,184)	(182,690)	(3,259,285)	(16,102)
(48,674)	(491,686)	(2,587,055)	(1,676,384)
<u>1,095,778</u>	<u>507,566</u>	<u>4,888,853</u>	<u>(78,382)</u>
(172,121)	-	(1,041,893)	-
-	42,500	187,209	1,466,998
-	-	-	435,000
-	-	(170,000)	-
-	-	21	-
<u>(172,121)</u>	<u>42,500</u>	<u>(1,024,663)</u>	<u>1,901,998</u>
-	(27,848)	(13,160,803)	(777,928)
-	-	-	5,084
-	-	8,141,689	-
-	-	-	-
(285,000)	-	(555,000)	(432,740)
(736,769)	-	(1,723,321)	(505,115)
<u>(1,021,769)</u>	<u>(27,848)</u>	<u>(7,297,435)</u>	<u>(1,710,699)</u>
11,395	1,986	(8,143,301)	22,574
49,844	13,092	289,761	322,351
<u>61,239</u>	<u>15,078</u>	<u>(7,853,540)</u>	<u>344,925</u>
(36,873)	537,296	(11,286,785)	457,842
4,003,635	1,128,960	36,700,725	8,812,597
<u>\$ 3,966,762</u>	<u>\$ 1,666,256</u>	<u>\$ 25,413,940</u>	<u>\$ 9,270,439</u>

(Continued)

CITY OF LA HABRA
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Refuse
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 2,588,122	\$ (154,964)	\$ 67,714
Adjustments to Reconcile			
Operating Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation	668,546	218,584	12,748
Amortization	643	-	-
Change in Assets and Liabilities:			
(Increase) decrease in receivables	(10,936)	(30,327)	(51,502)
(Increase) decrease in due from other governments	-	-	17,139
(Increase) decrease in inventory	(32,965)	-	-
(Increase) decrease in prepaid items	(252,175)	-	-
Increase (decrease) in accrued liabilities and accounts payable	140,506	109,288	(32,383)
Increase (decrease) in deposits payable	15,600	-	-
Increase (decrease) in unearned revenue	-	-	11,871
Total adjustments	<u>529,219</u>	<u>297,545</u>	<u>(42,127)</u>
Net cash provided by (used in) operating activities	<u>\$ 3,117,341</u>	<u>\$ 142,581</u>	<u>\$ 25,587</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>		
\$ 797,807	\$ 525,132	\$ 3,823,811	\$ (1,048,579)
209,294	85,584	1,194,756	363,160
85,441	-	86,084	51,304
2,900	(48,656)	(138,521)	26,907
-	(36,715)	(19,576)	(5,428)
-	-	(32,965)	8,938
(2,578)	(5,015)	(259,768)	(150,658)
(3,086)	(13,764)	200,561	675,974
6,000	1,000	22,600	-
-	-	11,871	-
<u>297,971</u>	<u>(17,566)</u>	<u>1,065,042</u>	<u>970,197</u>
<u>\$ 1,095,778</u>	<u>\$ 507,566</u>	<u>\$ 4,888,853</u>	<u>\$ (78,382)</u>

CITY OF LA HABRA
Statement of Fiduciary Net Assets
June 30, 2012

	<u>Private-Purpose Trust Fund</u>	<u>Agency Fund</u>
Assets:		
Current assets:		
Cash and investments	\$ 3,639,964	\$ 10,477,075
Cash and investments with fiscal agent	1,020,986	-
Accounts receivable	60,359	-
Interest receivable	674	33,826
Total current assets	4,721,983	10,510,901
Noncurrent assets:		
Land held for resale	3,000,000	-
Capital assets, net	7,523,965	-
Total noncurrent assets	10,523,965	-
Total assets	\$ 15,245,948	\$ 10,510,901
Liabilities:		
Current liabilities:		
Accounts payable	2,134,111	\$ 14,803
Accrued liabilities	-	13,011
Deposits	-	10,483,087
Due to City of La Habra	463,500	-
Current portion of long-term liabilities	528,025	-
Total current liabilities	3,125,636	10,510,901
Noncurrent liabilities:		
Loans due to City of La Habra	12,877,009	-
Loans and notes payable	1,101,954	-
Bonds payable, net	7,885,000	-
Total noncurrent liabilities	21,863,963	-
Total liabilities	24,989,599	\$ 10,510,901
Net Assets (Deficit):		
Held in trust for redevelopment dissolution and other purposes	\$ (9,743,651)	

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA
Statement of Changes in Fiduciary Net Assets
For the Five-Month Period Ended June 30, 2012

	Private-Purpose Trust Fund
Additions:	
Taxes	\$ 1,024,990
Other revenues	180,759
Total additions	1,205,749
Deductions:	
Program expenses	420,005
Administrative expenses	119,202
Interest and fiscal agency expenses	529,249
Remittance to County for disbursement to taxing entities	1,686,833
Total deductions	2,755,289
Extraordinary loss from dissolution of the redevelopment agency	(8,194,111)
Change in net assets	(9,743,651)
Net Assets (deficit) held in trust:	
Beginning of year	-
End of year	\$ (9,743,651)

See Accompanying Notes to Financial Statements.



NOTES TO FINANCIAL STATEMENTS



CITY OF LA HABRA
Notes to Financial Statements
June 30, 2012

(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.

However, on June 28, 2011, Assembly Bill X1 26 ("AB X1 26") was enacted and on December 29, 2011, the California Supreme Court upheld the constitutionality of AB X1 26, and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012 (the "Dissolution Act"). The legislation provides for successor agencies and oversight boards that are responsible for overseeing the dissolution process and the wind down of redevelopment activity. On January 12, 2012, the City Council elected to serve as the Successor Agency to the La Habra Redevelopment Agency ("Successor Agency"), effective February 1, 2012. The former Agency and the Successor Agency are blended component units of the City. Also, upon dissolution, the La Habra Housing Authority elected to retain the housing assets, functions and powers previously performed by the former Agency. Separate financial statements are not prepared for this blended component unit. See footnote 3(e) for further detail regarding the dissolution.

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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 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 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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

(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.

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 to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues from property, sales, and other taxes and fees to be available if they are collected within 60 days of the end of the current fiscal period; grant revenues are considered to be available if collected within 365 days of the end of the grant period; and other revenues are considered to be available if collected within 365 days of the end of the 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.

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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.

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

Housing Authority Fund

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

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.

The OPEB Set-aside Fund accounts for set-aside money to fund future other post employment benefit other than pension.

Fiduciary fund types are accounted for on the accrual basis of accounting as are proprietary funds explained above. These types of funds 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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

The City reports the following fiduciary funds, which are excluded from the government-wide financial statements:

a. Agency Fund

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.

b. Private-Purpose Trust Fund

The Private-Purpose Trust Fund accounts for the custodial responsibilities that are assigned to the Successor Agency pursuant to the Dissolution Act.

(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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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."

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 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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

8. *Compensated Absences*

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

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

9. *Deferred Revenue/Unearned Revenue*

Deferred 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 requirements imposed by the provider.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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.

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 City does not budget for Service Authority for Abandoned Vehicles special revenue fund.

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 restricted, committed, or assigned fund balances and do not constitute expenditures or liabilities, because the commitments will be reappropriated and honored during the subsequent year.

12. Net Assets

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted, and unrestricted.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

- Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted Net Assets – This category represents net assets that have external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This category represents net assets of the City, not restricted for any project or other purpose.

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) DETAILED NOTES ON ALL FUNDS

(a) Cash and Investments

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

Statement of net assets:

Cash and investments	\$ 41,202,546
Cash and investments with fiscal agents	7,251,933

Fiduciary funds:

Cash and investments	14,117,039
Cash and investments with fiscal agents	1,020,986

Total	\$ 63,592,504
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Cash and investments at June 30, 2012 are classified as follows:

Petty cash	\$ 1,825
Deposits with financial institutions	5,674,569
Investments:	
City pool	49,643,191
Held by fiscal agent	8,272,919
Total cash and investments	\$ 63,592,504

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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.

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%	10% *
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

* Represents where the City's investment policy is more restrictive than the California Government Code:

- U.S. Agency Obligations – The California Government Code allows a city to invest 100% of its portfolio in a single issuer of this investment type.
- Bankers' Acceptance - The California Government Code allows a city to invest up to 40% of its portfolio and up to 30% in a single issuer.
- Commercial Paper - The California Government Code allows a city to invest up to 10% of its portfolio in a single issuer.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

- Negotiable CDs - The California Government Code allows a city to invest up to 30% of its portfolio and up to 30% in a single issuer.
- Repurchase Agreements – The California Government Code allows a city to invest in repurchase agreements with a maximum maturity of 92 days.
- Medium Term Notes - The California Government Code allows a city to invest up to 30% of its portfolio and up to 30% in a single issuer.
- Money Market Funds - The California Government Code allows a city to invest up to 30% of its portfolio and up to 30% in a single issuer.

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
Federal Housing Administration Debentures	None	None	None
U.S. Agency Securities	None	None	None
Unsecured CDs, Time Deposits and Bankers’ Acceptance	30 days	None	None
FDIC Insured Bank Deposits	None	None	None
Commercial Paper	270 days	None	None
Money Market Funds	N/A	None	None
State Obligations	None	None	None
Pre-funded Municipal Obligations	None	None	None
Repurchase Agreements	90 days	None	None
Investment Agreements	None	None	None
Local Agency Investment Fund (LAIF)	None	None	\$50 million per account

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investment to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity, except for fiscal agent investments which are reported in a separate section below:

<u>Investment Types</u>	<u>Amount</u>	<u>Remaining Maturity</u>		
		<u>Less Than 1 Year</u>	<u>1 to 3 Years</u>	<u>3 to 5 Years</u>
U.S. Treasury obligations	\$ 6,602,981	\$ 2,503,087	\$ 497,711	\$ 3,602,183
Federal agency securities	18,600,497	1,497,027	11,992,698	5,110,772
Corporate medium-term notes	3,026,550	-	2,723,863	302,687
Money market funds	1,486,693	1,486,693	-	-
LAIF	19,926,470	19,926,470	-	-
Total	<u>\$ 49,643,191</u>	<u>\$ 25,413,277</u>	<u>\$ 15,214,272</u>	<u>\$ 9,015,642</u>

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.

<u>Investment Types</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Standard & Poor's Rating as of Year End (where applicable)</u>				
			<u>Exempt from Disclosure</u>	<u>AAA</u>	<u>AA+</u>	<u>AA</u>	<u>Not Rated</u>
U.S. Treasury	\$ 6,602,981	Exempt	\$ 6,602,981	\$ -	\$ -	\$ -	\$ -
Federal agency securities	18,600,497	N/A	-	18,600,497	-	-	-
Corporate medium-term notes	3,026,550	AA	-	663,773	495,854	1,866,923	-
Money market funds	1,486,693	AAA	-	1,486,693	-	-	-
LAIF	19,926,470	Not Rated	-	-	-	-	19,926,470
	<u>\$ 49,643,191</u>		<u>\$ 6,602,981</u>	<u>\$ 20,750,963</u>	<u>\$ 495,854</u>	<u>\$ 1,866,923</u>	<u>\$ 19,926,470</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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 is as follows:

<u>Issuer Name</u>	<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury ⁽¹⁾	U.S. Government	\$ 6,602,981
Federal Farm Credit Bank	Federal Agency Security	3,100,653
Federal Home Loan Mortgage Corp.	Federal Agency Security	5,581,150
Federal National Mortgage Association	Federal Agency Security	5,450,956
Federal Home Loan Bank	Federal Agency Security	4,467,938

⁽¹⁾ Exempt from disclosure

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's deposits were not subject to custodial credit risk at June 30, 2012.

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Notes to Financial Statements (Continued)
June 30, 2012

Interest Rate Risk and Credit Risk for Investments Held by Fiscal Agents

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

Cash and Investments Held by Fiscal Agents
(1998 Series A, B, and C COPs, 2000 Tax Allocation Bonds, 2003 Revenue Bonds, 2010 Series A COPs, and 2010 Revenue Bonds)

Investment Type	Reported Amount	Maturity	Rating
Money market	\$ 3,169,829	Less than 1 year	AAA
Investment contracts:			
Westdeutsche Landesbank	395,460	9/1/2022	AA
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
Certificates of deposit	148,000	7/30/2015	Not Rated
Certificates of deposit	98,000	7/7/2015	Not Rated
Certificates of deposit	98,000	7/9/2015	Not Rated
LAIF	4,069,630	Less than 1 year	Not Rated
	<u>\$ 8,272,919</u>		

Investment Contracts with Fiscal Agents

The City has an 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. 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.

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Notes to Financial Statements (Continued)
June 30, 2012

The total amount invested by all public agencies in LAIF as of June 30, 2012, was \$22.3 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2012, had a balance of \$60.5 billion, of that amount, 3.5% was invested in medium-term and short-term structured notes and asset-backed securities. At June 30, 2012, these investments matured in an average of 268 days.

(b) Receivables

Receivables of the City as of June 30, 2012, were:

	Governmental Activities	Business-type Activities	Total
Accounts receivable:			
Property taxes	\$ 199,908	\$ -	\$ 199,908
Sales taxes	1,993,107	-	1,993,107
Child care grants	311,696	-	311,696
Water sales	-	2,200,876	2,200,876
Sewer sales	-	261,396	261,396
Refuse sales	-	604,975	604,975
Franchise fees	401,694	-	401,694
Leases	-	21,444	21,444
Others	495,895	74,821	570,716
Total accounts receivable	3,402,300	3,163,512	6,565,812
Less allowance for uncollectible accounts	-	(863,937)	(863,937)
Total receivables	\$ 3,402,300	\$ 2,299,575	\$ 5,701,875

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

(c) Interfund Receivables, Payables and Transfers

Due To and Due From

The composition of interfund balances as of June 30, 2012 is as follows:

Due To	Due From				Totals
	Child Development Special Revenue Fund	Measure M Special Revenue Fund	Nonmajor Governmental Funds	Successor Agency Private-Purpose Trust Fund	
General Fund	\$ 486,905	\$ 5,283,344	\$ 552,771	\$ -	\$ 6,323,020
Nonmajor Governmental Funds	-	-	-	463,500	463,500
Totals	\$ 486,905	\$ 5,283,344	\$ 552,771	\$ 463,500	\$ 6,786,520

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, 2012 is as follows:

Advances From	Advances To			Totals
	General Fund	Water Enterprise Fund	Nonmajor Enterprise Funds	
Housing Authority Enterprise Fund	\$ -	\$ -	\$ 1,600,000	\$ 1,600,000
Internal Service Funds	3,970,000	6,250,000	-	10,220,000
Totals	\$ 3,970,000	\$ 6,250,000	\$ 1,600,000	\$ 11,820,000

- 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%. At June 30, 2012, the outstanding balance of the advance was 1,600,000.
- 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, 2012 is \$3,970,000.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

- In October 2003, the La Habra Civic Improvement Authority issued the Revenue Bonds Series A in an aggregate 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. The bonds are payable from installment payments made by the La Habra Water Enterprise Fund based on the debt service requirements for the bonds. The outstanding balance at June 30, 2012 is \$6,250,000.

Interfund loans consist of loans as follows:

Loans to Successor Agency Private-Purpose Trust Fund	Loans due to City of La Habra
	Successor Agency Private-Purpose Trust Fund
General Fund	\$ 11,668,887
Nonmajor	
Governmental Funds	616,908
Internal Service Funds	591,214
Totals	\$ 12,877,009

- 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 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 Agency's available cash flow, whereby the amount of the annual payments will be contingent upon the amount of the Agency's available cash flow (i.e. the Agency's ability to make scheduled payments). Outstanding amounts as of January 31, 2012, the date the Agency was dissolved in accordance with California Assembly Bill X1 26 (AB X1 26), were transferred to the Successor Agency. At June 30, 2012, the outstanding balance of the advance was \$8,574,977. The total accrued interest included in the balance is \$1,946,497.
- 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 and 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. Outstanding amounts as of January 31, 2012, the date the Agency was dissolved in accordance with AB X1 26, were transferred to the Successor. At June 30, 2012,

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

the outstanding balance of the advance was \$616,908, which included accrued interest of \$4,940.

- 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. Outstanding amounts as of January 31, 2012, the date the Agency was dissolved in accordance with AB X1 26, were transferred to the Successor Agency. At June 30, 2012, the outstanding balance of the advance was \$3,093,910. The total accrued interest included in the balance is \$1,093,910, which includes accrued interest of \$266,031 for fiscal year 2011-2012.
- As of June 30, 2012, 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%.

Pursuant to AB 1484, each of these loans are considered “interagency loans” and will only be considered eligible for repayment beginning in fiscal year ending June 30, 2014, subject to annual limitations and approval by the Oversight Board, once the California Department of Finance issues a “finding of completion”. A finding of completion is issued once the Successor Agency has paid all required available balances to the Orange County Auditor-Controller for distribution to various other taxing entities. The available balances consist of three components, including (1) the overpayment of tax increment revenue to the Agency during the fiscal year ended June 30, 2012, (2) the available balance of unrestricted liquid funds in the former low-moderate income housing fund, and (3) the available balance of unrestricted liquid funds in the former Commission’s non-housing funds. The City made all required payments during fiscal year ending June 30, 2013. See Note (3)(e) for further details regarding interagency loans.

Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2012, is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Totals</u>
	<u>Nonmajor Governmental Funds</u>	<u>Water Enterprise Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ 978,040	\$ -	\$ -	\$ 600,000	\$ 1,578,040
Nonmajor					
Governmental Funds	2,349,010	-	-	184,435	2,533,445
Water Enterprise Fund	-	-	21,250	682,563	703,813
Sewer Enterprise Fund	-	47,616	16,250	-	63,866
Refuse Enterprise Fund	-	97,093	5,000	-	102,093
Housing Authority					
Enterprise Fund	172,121	-	-	-	172,121
Totals	<u>\$ 3,499,171</u>	<u>\$ 144,709</u>	<u>\$ 42,500</u>	<u>\$ 1,466,998</u>	<u>\$ 5,153,378</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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.

(d) Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2012:

	<u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2012</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 9,813,805	\$ -	\$ -	\$ 1,387,022	\$ 8,426,783
Construction in progress	719,065	553,924	719,065	-	553,924
Total capital assets not being depreciated	<u>10,532,870</u>	<u>553,924</u>	<u>719,065</u>	<u>1,387,022</u>	<u>8,980,707</u>
Capital assets being depreciated:					
Land improvements	6,919,222	49,182	-	-	6,968,404
Buildings and improvements	18,989,228	30,000	-	3,051,338	15,967,890
Improvements other than buildings	1,133,296	-	-	-	1,133,296
Machinery and equipment	6,494,069	711,816	16,637	-	7,189,248
Autos and trucks	4,064,410	194,449	99,148	-	4,159,711
Infrastructure	79,128,760	2,761,831	-	3,971,268	77,919,323
Total capital assets being depreciated	<u>116,728,985</u>	<u>3,747,278</u>	<u>115,785</u>	<u>7,022,606</u>	<u>113,337,872</u>
Less accumulated depreciation for:					
Land improvements	1,371,462	289,533	-	-	1,660,995
Buildings and improvements	6,574,179	414,014	-	44,499	6,943,694
Improvements other than buildings	917,483	5,270	-	-	922,753
Machinery and equipment	3,632,742	281,238	3,392	-	3,910,588
Autos and trucks	2,982,537	245,414	99,148	-	3,128,803
Infrastructure	23,944,159	2,566,744	-	754,222	25,756,681
Total accumulated depreciation	<u>39,422,562</u>	<u>3,802,213</u>	<u>102,540</u>	<u>798,721</u>	<u>42,323,514</u>
Total capital assets being depreciated, net	<u>77,306,423</u>	<u>(54,935)</u>	<u>13,245</u>	<u>6,223,885</u>	<u>71,014,358</u>
Governmental activities capital assets, net	<u>\$ 87,839,293</u>	<u>\$ 498,989</u>	<u>\$ 732,310</u>	<u>\$ 7,610,907</u>	<u>\$ 79,995,065</u>

Depreciation expense was charged to functions of the governmental activities as follows:

Governmental activities:	
General government	\$ 22,404
Public safety	381,153
Public works	2,986,283
Community services	367,724
Community development	42,156
Finance & Administrative Services	2,493
Total depreciation expense, Governmental Activities	<u>\$ 3,802,213</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

	<u>Balance at July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2012</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,800,000	\$ -	\$ -	\$ 12,800,000
Construction in progress	82,114	27,848	-	109,962
Total capital assets not being depreciated	<u>12,882,114</u>	<u>27,848</u>	<u>-</u>	<u>12,909,962</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	1,486,240	22,210	-	1,508,450
Autos and trucks	257,402	-	-	257,402
Infrastructure	40,542,751	13,110,745	-	53,653,496
Total capital assets being depreciated	<u>47,681,360</u>	<u>13,132,955</u>	<u>-</u>	<u>60,814,315</u>
Less accumulated depreciation for:				
Buildings and improvements	4,224,902	231,368	-	4,456,270
Improvements other than buildings	226,219	12,081	-	238,300
Machinery and equipment	319,520	112,149	-	431,669
Autos and trucks	139,075	18,058	-	157,133
Infrastructure	18,432,898	821,100	-	19,253,998
Total accumulated depreciation	<u>23,342,614</u>	<u>1,194,756</u>	<u>-</u>	<u>24,537,370</u>
Total capital assets being depreciated, net	<u>24,338,746</u>	<u>11,938,199</u>	<u>-</u>	<u>36,276,945</u>
Business-type activities capital assets, net	<u>\$ 37,220,860</u>	<u>\$ 11,966,047</u>	<u>\$ -</u>	<u>\$ 49,186,907</u>

Depreciation expense was charged to functions of the business-type activities as follows:

Business-type activities:	
Water	\$ 668,546
Sewer	218,584
Refuse	12,748
Housing Authority	209,294
Children's Museum	34,941
Mobile Home Lease	50,643
Total depreciation expense, Business-type Activities	<u>\$ 1,194,756</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

(e) Investment in Water Rights Stock

The Utility Authority currently imports 57% of its water from two major suppliers: California Domestic Water Company (Cal Domestic) and the Metropolitan Water District of Orange County (MWDOC). In December 2011, the Utility Authority approved the purchase of additional shares of water rights stock from Cal Domestic to secure the purchase of water at a discounted rate known as an a “entitlement” rate each year from the Main San Gabriel Basin. The Utility Authority owns two classes of stock: Capital Stock and Class A Preferred Stock. Currently, a share of Capital Stock represents the right to purchase approximately 1.75 acre feet (AF) of water and a share of Class A Preferred Stock represents the right to purchase 1 AF of water. At June 30, 2012, the Utility Authority owned 2,330.25 of Capital Stock and 664.10 of Class A Preferred Stock. The Utility Authority has valued its investment in water rights stock at \$12.0 million, which represents cost and does not intend to sell its interest in Cal Domestic

(f) Line of Credit

The Utility Authority entered into a \$15,000,000 line of credit agreement with Bank of the West on December 22, 2011 for the purpose of financing the purchase of additional shares of Class A Preferred Stock from Cal Domestic. Bank advances on the line of credit carry an interest rate equal to LIBOR plus 2.00%. The line of credit expires November 30, 2013. The balance outstanding as of June 30, 2012, was \$8,141,689 and the Utility Authority paid \$88,405 in interest charges during fiscal year 2012.

(g) Long-Term Liabilities

The following is a summary of the changes in the long-term liabilities for the year ended June 30, 2012:

	<u>Balance at July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance at June 30, 2012</u>	<u>Due within One Year</u>
Governmental activities:						
Energy loan agreement	\$ 681,234	\$ -	\$ 79,653	\$ -	\$ 601,581	\$ 82,899
Energy capital lease agreement	911,520	-	76,118	-	835,402	84,338
Notes payable	486,837	-	46,516	-	440,321	48,774
1999 refunding special tax bonds	1,880,000	-	165,000	1,715,000	-	-
2000 tax allocation bonds	6,795,000	-	220,000	6,575,000	-	-
Note Payable (Howard's Appliances)	1,340,855	-	115,876	1,224,979	-	-
	<u>12,095,446</u>	<u>-</u>	<u>703,163</u>	<u>9,514,979</u>	<u>1,877,304</u>	<u>216,011</u>
Compensated absences *	3,901,748	2,159,278	2,071,788	-	3,989,238	1,196,832
	<u>15,997,194</u>	<u>2,159,278</u>	<u>2,774,951</u>	<u>9,514,979</u>	<u>5,866,542</u>	<u>1,412,843</u>
Internal service funds included in governmental activities:						
1998 Certificates of Participation, Series B	3,525,000	-	225,000	-	3,300,000	235,000
1998 Certificates of Participation, Series C	710,000	-	40,000	-	670,000	45,000
	<u>4,235,000</u>	<u>-</u>	<u>265,000</u>	<u>-</u>	<u>3,970,000</u>	<u>280,000</u>
Less unamortized discount	25,249	-	2,260	-	22,989	-
	<u>4,209,751</u>	<u>-</u>	<u>262,740</u>	<u>-</u>	<u>3,947,011</u>	<u>280,000</u>
Total long-term debt of governmental activities	<u>\$ 20,206,945</u>	<u>\$ 2,159,278</u>	<u>\$ 3,037,691</u>	<u>\$ 9,514,979</u>	<u>\$ 9,813,553</u>	<u>\$ 1,692,843</u>

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Notes to Financial Statements (Continued)
June 30, 2012

	<u>Balance at July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance at June 30, 2012</u>	<u>Due within One Year</u>
Business-type activities:						
2010 Refunding Certificates of Participation, Series A	\$ 15,910,000	\$ -	\$ 285,000	\$ -	\$ 15,625,000	\$ 290,000
2010 Revenue Bonds, Series A&B	19,675,000	-	270,000	-	19,405,000	275,000
Internal service funds included in business-type activities:						
2003 Revenue Bond, Series A	6,420,000	-	170,000	-	6,250,000	175,000
	42,005,000	-	725,000	-	41,280,000	740,000
Add unamortized premium	267,127	-	9,373	-	257,754	-
Less unamortized discount	(275,377)	-	(9,441)	-	(265,936)	-
Less loss on refunding	(1,766,902)	-	(64,374)	-	(1,702,528)	-
Total long-term debt of business-type activities	<u>\$ 40,229,848</u>	<u>\$ -</u>	<u>\$ 660,558</u>	<u>\$ -</u>	<u>\$ 39,569,290</u>	<u>\$ 740,000</u>
	<u>Balance at July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance at June 30, 2012</u>	<u>Due within One Year</u>
Private-purpose trust activities:						
1999 refunding special tax bonds	\$ -	\$ 1,715,000	\$ -	\$ -	\$ 1,715,000	\$ 175,000
2000 tax allocation bonds	-	6,575,000	-	-	6,575,000	230,000
Note Payable (Howard's Appliances)	-	1,224,979	-	-	1,224,979	123,025
Total long-term debt of private-purpose trust activities	<u>\$ -</u>	<u>\$ 9,514,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,514,979</u>	<u>\$ 528,025</u>

* 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 \$105,854 for principal and interest during the year ended June 30, 2012.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

Fiscal Year Ending June 30	Energy Loan		Energy Capital Lease	
	Principal	Interest	Principal	Interest
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	93,189	12,665	112,222	24,747
2017	96,938	8,916	122,689	19,523
2018-2020	152,704	6,077	320,714	22,714
Totals	\$ 601,581	\$ 86,470	\$ 835,402	\$ 168,162

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, 2012 is \$440,322.

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 received during the year ended June 30, 2012, was \$470,580 as against the total debt service payments of \$470,580. The outstanding balance at June 30, 2012 is \$3,970,000.

2. *Business-Type Activities*

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, 2012 was \$2,954,425 against the total principal and interest payment of \$467,275. The outstanding balance at June 30, 2012 is \$6,250,000.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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. The outstanding balance at June 30, 2012 is \$15,625,000.

2010 Water Revenue Bonds, Series A and Series 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. Net revenue recognized during the year ended June 30, 2012 was \$2,954,425 against the total debt service payment of \$1,542,305. 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. The outstanding balance at June 30, 2012 is \$19,405,000.

3. *Private-Purpose Trust Activities*

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 \$2,157,050, the approximate amount of revenue pledged. Special tax revenue recognized during the year ended June 30, 2012 was \$286,787 as against the total debt service payments of \$272,850.

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency. The outstanding balance at June 30, 2012 is \$1,715,000.

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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 \$11,022,814 the approximate amount of revenue pledged. Pledged tax increment revenue recognized during the year ended June 30, 2012 was \$2,715,966 as against the total debt service payments of \$600,860.

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency. The outstanding balance at June 30, 2012 is \$6,575,000.

Notes Payable

On July 23, 2010, the Agency had purchase property from the Howard's Appliances, Inc. and issued a note payable in the amount of \$1,450,000. The note bears interest at 6.00% per annum and is secured by a deed of trust. The note payable calls for annual payments of \$193,176, including interest, and expires in June 2020.

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the note was transferred to the Successor Agency. The outstanding balance at June 30, 2012 is \$1,224,979.

At June 30, 2012, annual debt service requirements to maturity for long-term debt, excluding accrued compensated absences, are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-Type Activities		Private-Purpose Activities	
	Principal	Interest	Principal	Interest*	Principal	Interest
2013	\$ 496,011	\$ 273,283	\$ 740,000	\$ 2,289,774	\$ 528,025	\$ 538,662
2014	520,425	249,910	760,000	2,269,916	560,611	507,927
2015	555,631	224,973	790,000	2,248,340	588,667	475,245
2016	586,639	198,303	805,000	2,224,727	617,220	440,552
2017	618,585	169,911	830,000	2,197,927	646,300	404,010
2018-2022	2,615,013	416,725	4,695,000	10,470,367	2,584,156	1,487,871
2023-2027	455,000	11,600	5,885,000	9,395,132	1,655,000	922,518
2028-2032	-	-	7,485,000	7,497,322	1,890,000	420,356
2033-2037	-	-	9,630,000	4,874,840	445,000	13,072
2038-2041	-	-	9,660,000	1,329,447	-	-
	<u>5,847,304</u>	<u>1,544,705</u>	<u>41,280,000</u>	<u>44,797,792</u>	<u>9,514,979</u>	<u>5,210,213</u>
Unamortized premium	-	-	257,754	(257,754)	-	-
Unamortized discount	(22,989)	22,989	(265,936)	265,936	-	-
Loss on refunding	-	-	(1,702,528)	1,702,528	-	-
Totals	<u>\$ 5,824,315</u>	<u>\$ 1,567,694</u>	<u>\$ 39,569,290</u>	<u>\$ 46,508,502</u>	<u>\$ 9,514,979</u>	<u>\$ 5,210,213</u>

* Interest is before the Federal subsidy for the 2010 Water Revenue Bonds, Series B. The total expected subsidy is \$8,652,580 through 2041.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

(h) 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 \$49,278 for the year ended June 30, 2012. The future minimum lease payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u>
2013	\$ 48,342
2014	26,258
Totals	<u>\$ 74,600</u>

(i) Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for government funds are made up of the following:

- **Nonspendable Fund Balance** – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- **Restricted Fund Balance** – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- **Committed Fund Balance** – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally. There were no committed fund balances at June 30, 2012.
- **Assigned Fund Balance** – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- **Unassigned Fund Balance** – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In the General Fund, the City has designated \$1,629,512 as an operating reserve, in accordance with the City’s General Fund Operating Reserve Policy.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

This amount may only be used for one-time operating expenditures, upon authorization from the City Manager and approval by the City Council. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

(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, is 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 most City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 11.752% and 31.962% 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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

The funded status of the plan is based on the June 30, 2011, actuarial valuation as follows:

Actuarial Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Actuarial Accrued Liability % of Payroll
<u>Miscellaneous Plan</u>						
6/30/2011	\$ 75,595,594	\$ 68,280,690	\$ 7,314,904	80.1%	\$ 11,758,739	62.2%

The schedule of funding progress presented as required supplementary information following the notes to 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.

As required by State law, effective July 1, 2005, the City's Safety Plan (agent-employer) was terminated, and the employees in this Plan were required by PERS to join a new State-wide cost-sharing pool. One of the conditions of entry to this pool was that the City true-up any unfunded actuarial liabilities of the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by PERS. The City satisfied its Plan's unfunded actuarial liabilities by contributing to the Side Fund through additions to its normal contribution rate. The Side Fund amortization rate for the year ended June 30, 2012 was 6.312%, and was included as part of the City's required employer contribution rate. At June 30, 2012, the Safety Plan's Side Fund's balance was \$2,005,538.

Annual Pension Cost

For the year ended June 30, 2012, the City's annual pension cost of \$4,733,416 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the actuarial valuation, June 30, 2009, 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 15 year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. The actuarial assumptions used for the funded status are different from those used to determine the annual required contribution. The actuarial assumptions used for the funded status included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.30% to

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

14.20%; and (c) 3.00% cost of living adjustment. Both (a) and (b) include an inflation component of 2.75%.

The information presented below is the latest available.

Three-Year Trend Information for PERS			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	<u>Miscellaneous Plan</u>		
6/30/2010	\$ 1,940,851	100%	\$ -0-
6/30/2011	1,954,539	100%	-0-
6/30/2012	2,231,449	100%	-0-

Three-Year Trend Information for PERS			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	<u>Safety Plan</u>		
6/30/2010	\$ 2,033,861	100%	\$ -0-
6/30/2011	1,921,156	100%	-0-
6/30/2012	2,501,967	100%	-0-

The City's employer contribution rate for safety employees is estimated to increase to approximately 33.391% and 34.808% for the fiscal years 2012-2013 and 2013-2014, respectively. Also, the City's employer contribution rate for miscellaneous employees is estimated to increase to approximately 11.862% and 12.571% for the fiscal years 2012-2013 and 2013-2014.

(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, 2010, plan membership consisted of 249 active

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

participants and 144 retirees and beneficiaries, 67 of who 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 2011-2012, the City paid approximately \$125,000 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	\$	506,000
Interest on net OPEB obligation		41,000
Adjustment to annual required contribution		<u>(73,000)</u>
Annual OPEB cost (expense)		474,000
Contributions (benefit payments)		<u>(125,000)</u>
Increase in net OPEB obligation		349,000
Net OPEB obligation - beginning of year		<u>948,000</u>
Net OPEB obligation - end of year		<u><u>\$ 1,297,000</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2010 through 2012 are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2012	\$ 474,000	26.4%	\$ 1,297,000
6/30/2011	447,000	27.1%	948,000
6/30/2010	425,000	23.5%	622,000

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, the plan's first and most recent actuarial valuation date was as follows:

Actuarial accrued liability (AAL)	\$	5,083,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		5,083,000
Fund ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active Plan members)		15,908,000
UAAL as a percentage of covered payroll		32.0%

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.

In addition to funding current year liabilities, the City has established an internal service fund to begin addressing its long-term unfunded OPEB liability and will annually add to this reserve when funding becomes available. As of June 30, 2012, the City's internal OPEB reserve had net assets of \$200,000.

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, 2010, 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 trend rate of 9.0% to 9.4% initially, which varies by the Medicare eligibility, reduced by decrements to an ultimate rate of 5.0% after 8 years, a 3% general inflation assumption and an annual PEMHCA minimum increase rate of 4.5% after 2012. The UAAL is being amortized as a level percentage of projected payroll over 25 years on a closed basis, from June 30, 2010.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

(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 \$300,000 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 \$2,089,237 and \$577,403 for the workers' compensation claims and general liability claims, respectively, and are reported as accrued liabilities on the Statement of Net Assets in the Risk Management Internal Services Fund.

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

	<u>Workers' Compensation</u>	<u>General Liability</u>
Amount of accrued claims at June 30, 2010	\$ 1,349,176	\$ 115,001
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years	(1,010,161)	705,195
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>987,975</u>	<u>(90,992)</u>
Amounts of accrued claims at June 30, 2011	1,326,990	729,204
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years	1,723,191	(150,212)
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(960,944)</u>	<u>(1,589)</u>
Amounts of accrued claims at June 30, 2012	<u>\$ 2,089,237</u>	<u>\$ 577,403</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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 entered into several Owner Participation Agreements with various business owners within the City. Generally, these agreements required that the Agency remit to these businesses a portion of the sales tax revenue generated by their operations. However, one agreement required 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 and the Agency remitted approximately \$420,005 during the year ended June 30, 2012.

On February 1, 2012, the Successor Agency assumed all responsibilities under the agreement. Future payments towards the purchase, if any, will be requested through the semi-annual Redevelopment Property Tax Trust Fund (RPTTF) distribution process.

4. *Contractual Commitments*

The City was involved in contractual agreements for construction in progress. As of June 30, 2012, the remaining estimated costs for the contractual agreements are approximately \$2,461,799.

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

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.

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, 2012, the City has expensed \$1,262,538 related to monitoring activities. \$2,300,000 of the remaining cash balance is off-set by a pollution remediation liability and \$1,432,462 is restricted for future annual monitoring expenses that will be incurred.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

(d) Individual Fund Disclosures

1. Excess of Expenditures Over Appropriations

<u>Fund</u>	<u>Over Budget</u>
Housing and Community Development Special Revenue Fund	\$ 323,631
Other Federal Grants Special Revenue Fund	1,523
Redevelopment Operating Special Revenue Fund	389,747
Low-Moderate Income Housing Capital Projects Fund	8,800
Low-Moderate Income Housing Assets Capital Projects Fund	172,143

(e) Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of La Habra (City) that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council elected to become the Successor Agency to the La Habra Redevelopment Agency (Successor Agency) in accordance with the Bill as part of the City resolution number 5508.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City of \$12,877,009 are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City. No adjustments have been made to the financial statements as of June 30, 2012.

Pursuant to AB 1484, each of these loans are considered "interagency loans" and will only be considered eligible for repayment beginning in fiscal year ending June 30, 2014, subject to annual limitations and approval by the Oversight Board, once the California Department of Finance issues a "finding of completion". A finding of completion is issued once the Successor Agency has paid all required available balances to the Orange County Auditor-Controller for distribution to various other taxing entities. The available balances consist of three components, including (1) the overpayment of tax increment revenue to the Commission during the fiscal year ended June 30, 2012, (2) the available balance of unrestricted liquid funds in the former low-moderate income housing fund, and (3) the available balance of unrestricted liquid funds in the former Commission's non-housing funds. The Successor Agency made all required payments during fiscal year ending June 30, 2013.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012, from governmental funds of the City to the private-purpose trust fiduciary fund was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The transfer of these assets and liabilities as of February 1, 2012, was reported in the private-purpose trust fund as a net extraordinary loss and as a net extraordinary gain for governmental activities in the government-wide statement of activities.

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the private-purpose trust fund (economic resources measurement focus), the extraordinary gain recognized in the governmental funds was not the same amount as the extraordinary loss that was recognized in the fiduciary fund financial statements.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2012

The difference between the net extraordinary gain recognized in the fund financial statements and the extraordinary loss recognized in the fiduciary fund financial statements is reconciled as follows:

Net extraordinary gain reported in governmental funds - decrease to net assets of the Successor Agency Trust Fund	\$ (6,290,039)
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	7,610,907
Long-term debt reported in the governmental-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	(9,514,979)
Total extraordinary loss reported in the Successor Agency Trust Fund	\$ (8,194,111)

(4) SUBSEQUENT EVENTS

Information Systems

In February 2013, a series of hardware failures caused the City’s financial management system and database to temporarily shut down. The City’s in-house Information Technology (IT) staff diagnosed the problem to two failed hard drive units and one failed hard drive controller card. The failed equipment was replaced by the City’s maintenance vendor and the system was restarted. During the recovery process, IT staff determined that the tape backup of the City’s recent financial data was corrupted due to previously undiagnosed software flaws. IT staff worked with the City’s finance staff, the financial system vendor, and third-party data recovery experts to successfully recover the necessary data to restore the City’s finance database. Since the recovery, IT staff has established new, more robust, data back-up procedures to reduce the potential for this type of failure in the future. Additionally, finance staff will be researching potential upgrades or replacement options for the City’s financial management system.

Due Diligence Review Payments

Assembly Bill 1484 established a requirement for the Successor Agency to remit to the County auditor-controller payments related to Due Diligence Review for unencumbered cash. The Successor Agency made the first payment of \$1,686,833 in January 2013 related to Low-Moderate Income Housing Fund Due Diligence Review. The Successor Agency also made the second payment of \$15,280 in May 2013 related to the other Redevelopment Funds Due Diligence Review. The Successor Agency received the “finding of completion” from the California Department of Finance on May 29, 2013.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF LA HABRA
Postemployment Healthcare Plan
Schedule of Funding Progress
June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability [(b)-(a)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {[(b)-(a)]/(c)}
06/30/08	\$ -	\$ 4,473,000	\$ 4,473,000	\$ -	\$ 15,920,000	28.1%
06/30/10	\$ -	\$ 5,083,000	\$ 5,083,000	\$ -	\$ 15,908,000	32.0%

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Public Employees Retirement System
Schedule of Funding Progress
June 30, 2012

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (a)	Actuarial Asset Value (b)	Unfunded Liability/ (Excess Assets) [(a)-(b)]	Funded Ratio [(b)/(a)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {[(a)-(b)]/(c)}
06/30/09						
Misc.	68,081,220	61,706,020	6,375,200	66.2%	11,639,123	54.8%
06/30/10						
Misc.	71,185,484	64,831,769	6,353,715	71.3%	11,898,776	53.4%
06/30/11						
Misc.	75,595,594	68,280,690	7,314,904	80.1%	11,758,739	62.2%

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance from
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues:				
Property taxes and special assessments	\$ 12,219,689	\$ 12,219,689	\$ 12,341,529	\$ 121,840
Sales and use tax	8,248,732	8,248,732	8,470,140	221,408
Transaction and use tax	3,823,000	3,823,000	4,217,599	394,599
Franchise tax	1,547,000	1,547,000	1,560,043	13,043
Intergovernmental	250,000	250,000	95,389	(154,611)
Licenses and permits	817,410	817,410	983,459	166,049
Charges for services	3,876,227	3,876,227	4,047,402	171,175
Fines, forfeitures, and penalties	872,000	872,000	818,988	(53,012)
Use of money and property	2,037,502	2,037,502	2,138,663	101,161
Total revenues	<u>33,691,560</u>	<u>33,691,560</u>	<u>34,673,212</u>	<u>981,652</u>
Expenditures:				
Current:				
General government	2,890,320	2,938,756	2,526,241	412,515
Public safety	21,782,128	21,952,658	21,626,805	325,853
Public works	3,063,173	3,085,174	3,001,626	83,548
Community services	2,786,364	2,795,842	2,358,332	437,510
Community development	2,750,403	2,768,975	2,718,914	50,061
Capital outlay	-	-	14,423	(14,423)
Debt service:				
Principal	155,769	155,770	155,770	-
Interest expense	67,565	67,564	67,564	-
Total expenditures	<u>33,495,722</u>	<u>33,764,739</u>	<u>32,469,675</u>	<u>1,295,064</u>
Excess (deficiency) of revenues over expenditures	<u>195,838</u>	<u>(73,179)</u>	<u>2,203,537</u>	<u>2,276,716</u>
Other financial sources (uses):				
Transfers out	<u>(68,637)</u>	<u>(68,637)</u>	<u>(1,578,040)</u>	<u>(1,509,403)</u>
Total other financing sources (uses)	<u>(68,637)</u>	<u>(68,637)</u>	<u>(1,578,040)</u>	<u>(1,509,403)</u>
Net change in fund balance	127,201	(141,816)	625,497	767,313
Fund balance, beginning of year	<u>13,874,698</u>	<u>13,874,698</u>	<u>13,874,698</u>	<u>-</u>
Fund balance, end of year	<u>\$ 14,001,899</u>	<u>\$ 13,732,882</u>	<u>\$ 14,500,195</u>	<u>\$ 767,313</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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 6,038,057	\$ 5,349,936	\$ (688,121)
Use of money and property	-	-	67	67
Total revenues	-	6,038,057	5,350,003	(688,054)
Expenditures:				
Current:				
Community services	5,995,043	6,018,772	5,329,022	689,750
Capital outlay	-	-	39,487	(39,487)
Total expenditures	5,995,043	6,018,772	5,368,509	650,263
Net change in fund balance	(5,995,043)	19,285	(18,506)	(37,791)
Fund balance, beginning of year	26,770	26,770	26,770	-
Fund balance (deficit), end of year	<u>\$ (5,968,273)</u>	<u>\$ 46,055</u>	<u>\$ 8,264</u>	<u>\$ (37,791)</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 4,062,513	\$ 4,062,513	\$ 1,478,242	\$ (2,584,271)
Use of money and property	39,572	39,572	-	(39,572)
Total Revenues	<u>4,102,085</u>	<u>4,102,085</u>	<u>1,478,242</u>	<u>(2,623,843)</u>
Expenditures:				
Current:				
Public works	420,928	422,700	537,485	(114,785)
Capital outlay	4,201,810	4,201,810	681,005	3,520,805
Debt service: Interest	-	-	35,754	(35,754)
Total expenditures	<u>4,622,738</u>	<u>4,624,510</u>	<u>1,254,244</u>	<u>3,370,266</u>
Net change in fund balance	(520,653)	(522,425)	223,998	746,423
Fund balance, beginning of year	<u>775,850</u>	<u>775,850</u>	<u>775,850</u>	-
Fund balance (deficit), end of year	<u>\$ 255,197</u>	<u>\$ 253,425</u>	<u>\$ 999,848</u>	<u>\$ 746,423</u>

See Accompanying Note to Required Supplementary Information.



CITY OF LA HABRA
Note to Required Supplementary Information
June 30, 2012

(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 restricted, committed, or assigned 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

<u>Fund</u>	<u>Amount Over Budget</u>
Housing and Community Development Special Revenue Fund	\$ 323,631
Other Federal Grants Special Revenue Fund	1,523
Redevelopment Operating Special Revenue Fund	389,747
Low-Moderate Income Housing Capital Projects Fund	8,800
Low-Moderate Income Housing Assets Capital Projects Fund	172,143



NONMAJOR GOVERNMENTAL FUNDS





CITY OF LA HABRA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds		
	State Gas Tax	Park and Capital Development	Air Quality Improvement
Assets:			
Cash and investments	\$ 4,188,088	\$ 1,193,033	\$ 39,290
Accounts receivables	-	-	-
Interest receivables	13,153	4,513	134
Prepaid items	-	-	-
Due from Successor Agency	-	-	-
Due from other governments	182,224	219,744	35,943
Advances to other funds	-	-	-
Land held for resale	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 4,383,465</u>	<u>\$ 1,417,290</u>	<u>\$ 75,367</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 12,291
Accrued liabilities	4,468	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>4,468</u>	<u>-</u>	<u>12,291</u>
Fund balances:			
Nonspendable:			
Prepaid items	-	-	-
Restricted:			
Low-moderate income housing	-	-	-
Public safety	-	-	-
Public works	4,378,997	-	63,076
Community development	-	1,417,290	-
Employment and training	-	-	-
Assigned:			
Public works	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>4,378,997</u>	<u>1,417,290</u>	<u>63,076</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 4,383,465</u>	<u>\$ 1,417,290</u>	<u>\$ 75,367</u>

Special Revenue Funds

Law Enforcement	Housing and Community Development	Employment and Training	Public Safety Augmentation	Other Federal Grants	Traffic Safety
\$ 1,495,051	\$ 19,928	\$ 17,970	\$ 571,671	\$ -	\$ 48,057
2,190	-	-	-	-	-
5,068	-	-	2,420	-	152
2,172	988	-	-	-	-
-	-	-	-	-	-
206,745	421,268	86,506	11,244	313,978	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,711,226</u>	<u>\$ 442,184</u>	<u>\$ 104,476</u>	<u>\$ 585,335</u>	<u>\$ 313,978</u>	<u>\$ 48,209</u>
\$ 30,128	\$ 25,846	\$ 1,096	\$ -	\$ 36,725	\$ 1,675
95,512	35,555	17,970	-	-	-
2,500	-	-	-	-	-
-	225,870	49,648	-	277,253	-
64,784	-	-	-	-	-
<u>192,924</u>	<u>287,271</u>	<u>68,714</u>	<u>-</u>	<u>313,978</u>	<u>1,675</u>
2,172	988	-	-	-	-
-	-	-	-	-	-
1,516,130	-	-	585,335	-	46,534
-	-	-	-	-	-
-	153,925	-	-	-	-
-	-	35,762	-	-	-
-	-	-	-	-	-
<u>1,518,302</u>	<u>154,913</u>	<u>35,762</u>	<u>585,335</u>	<u>-</u>	<u>46,534</u>
<u>\$ 1,711,226</u>	<u>\$ 442,184</u>	<u>\$ 104,476</u>	<u>\$ 585,335</u>	<u>\$ 313,978</u>	<u>\$ 48,209</u>

(Continued)

CITY OF LA HABRA
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2012

	<u>Special Revenue Funds</u>		<u>Debt</u>
	<u>Service Authority for Abandoned Vehicles</u>	<u>Redevelopment Operating</u>	<u>Service Fund Redevelopment Debt Service</u>
Assets:			
Cash and investments	\$ 413,867	\$ -	\$ -
Accounts receivables	-	-	-
Interest receivables	1,297	-	-
Prepaid items	-	-	-
Due from Successor Agency	-	-	-
Due from other governments	135,171	-	-
Loans to Successor Agency	-	-	-
Land held for resale	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 550,335</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:			
Accounts payable	\$ 665	\$ -	\$ -
Accrued liabilities	3,890	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>4,555</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Prepaid items	-	-	-
Restricted:			
Low-moderate income housing	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community development	545,780	-	-
Employment and training	-	-	-
Assigned:			
Low-moderate income housing	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances (deficit)	<u>545,780</u>	<u>-</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 550,335</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service Fund	Capital Projects Funds				Total
	Other Capital Projects	Redevelopment Capital Projects	Low-Moderate Income Housing	Low-Moderate Income Housing Assets	
\$ -	\$ 2,363,871	\$ -	\$ -	\$ 6,075	\$ 10,356,901
-	-	-	-	-	2,190
-	7,837	-	-	-	34,574
-	-	-	-	-	3,160
-	-	-	-	463,500	463,500
-	-	-	-	-	1,612,823
-	-	-	-	616,908	616,908
-	-	-	-	111,000	111,000
<u>\$ -</u>	<u>\$ 2,371,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,197,483</u>	<u>\$ 13,201,056</u>
\$ -	\$ 98,876	\$ -	\$ -	\$ 22	\$ 207,324
-	3,247	-	-	6,075	166,717
-	-	-	-	-	2,500
-	-	-	-	-	552,771
-	-	-	-	4,940	69,724
<u>-</u>	<u>102,123</u>	<u>-</u>	<u>-</u>	<u>11,037</u>	<u>999,036</u>
-	-	-	-	-	3,160
-	-	-	-	1,186,446	1,186,446
-	-	-	-	-	2,147,999
-	-	-	-	-	4,442,073
-	-	-	-	-	2,116,995
-	-	-	-	-	35,762
<u>-</u>	<u>2,269,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,269,585</u>
<u>-</u>	<u>2,269,585</u>	<u>-</u>	<u>-</u>	<u>1,186,446</u>	<u>12,202,020</u>
<u>\$ -</u>	<u>\$ 2,371,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,197,483</u>	<u>\$ 13,201,056</u>

CITY OF LA HABRA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds		
	State Gas Tax	Park and Capital Development	Air Quality Improvement
Revenues:			
Property taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	1,761,298	48,157	147,961
Charges for services	-	-	-
Use of money and property	55,153	17,545	55
Total revenues	<u>1,816,451</u>	<u>65,702</u>	<u>148,016</u>
Expenditures:			
Current:			
General government	-	1	143,983
Public safety	-	-	-
Public works	146,041	-	-
Employment and training	-	-	-
Community development	-	-	-
Capital outlay	1,154,979	-	-
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Total expenditures	<u>1,301,020</u>	<u>1</u>	<u>143,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>515,431</u>	<u>65,701</u>	<u>4,033</u>
Other financing sources (uses):			
Transfers in	-	613	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>613</u>	<u>-</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	515,431	66,314	4,033
Fund balances, beginning of year	<u>3,863,566</u>	<u>1,350,976</u>	<u>59,043</u>
Fund balances, end of year	<u>\$ 4,378,997</u>	<u>\$ 1,417,290</u>	<u>\$ 63,076</u>

Special Revenue Funds

Law Enforcement	Housing and Community Development	Employment and Training	Public Safety Augmentation	Other Federal Grants	Traffic Safety
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,416,378	1,196,244	409,780	220,873	321,632	-
-	-	-	-	-	29,763
25,833	-	-	11,714	-	658
<u>1,442,211</u>	<u>1,196,244</u>	<u>409,780</u>	<u>232,587</u>	<u>321,632</u>	<u>30,421</u>
-	-	-	-	-	-
826,176	-	-	220,664	-	7,945
-	-	-	-	237,755	-
-	-	409,814	-	-	-
-	724,222	-	-	-	-
1,889	474,203	-	-	44,583	11,530
-	-	-	-	-	-
-	-	-	-	-	-
<u>828,065</u>	<u>1,198,425</u>	<u>409,814</u>	<u>220,664</u>	<u>282,338</u>	<u>19,475</u>
614,146	(2,181)	(34)	11,923	39,294	10,946
7,278	-	-	-	51,512	-
(72,943)	-	-	-	(92,083)	(5,909)
<u>(65,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,571)</u>	<u>(5,909)</u>
-	-	-	-	-	-
548,481	(2,181)	(34)	11,923	(1,277)	5,037
969,821	157,094	35,796	573,412	1,277	41,497
<u>\$ 1,518,302</u>	<u>\$ 154,913</u>	<u>\$ 35,762</u>	<u>\$ 585,335</u>	<u>\$ -</u>	<u>\$ 46,534</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, 2012

	<u>Special Revenue Funds</u>		<u>Debt</u>
	<u>Service Authority for Abandoned Vehicles</u>	<u>Redevelopment Operating</u>	<u>Service Fund Redevelopment Debt Service</u>
Revenues:			
Property taxes and special assessments	\$ -	\$ -	\$ 1,495,743
Intergovernmental	555,034	-	-
Charges for services	-	15,537	-
Use of money and property	8,819	33,600	3
Total revenues	<u>563,853</u>	<u>49,137</u>	<u>1,495,746</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Employment and training	-	-	-
Community development	93,052	464,920	4,828
Capital outlay	-	-	-
Debt service:			
Principal	-	115,877	385,000
Interest expense	-	438,837	250,430
Total expenditures	<u>93,052</u>	<u>1,019,634</u>	<u>640,258</u>
Excess (deficiency) of revenues over (under) expenditures	<u>470,801</u>	<u>(970,497)</u>	<u>855,488</u>
Other financing sources (uses):			
Transfers in	-	938,751	223,791
Transfers out	(13,500)	(223,791)	(938,751)
Total other financing sources (uses)	<u>(13,500)</u>	<u>714,960</u>	<u>(714,960)</u>
Extraordinary gain (loss)	-	9,162,112	(418,428)
Net change in fund balances	<u>457,301</u>	<u>8,906,575</u>	<u>(277,900)</u>
Fund balances, beginning of year	<u>88,479</u>	<u>(8,906,575)</u>	<u>277,900</u>
Fund balances (deficit), end of year	<u>\$ 545,780</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service Fund	Capital Projects Funds				Total
	Other Capital Projects	Redevelopment Capital Projects	Low-Moderate Income Housing	Low-Moderate Income Housing Assets	
\$ -	\$ -	\$ -	\$ 338,195	\$ -	\$ 1,833,938
-	230,826	-	-	-	6,308,183
-	-	4,996	-	-	50,296
-	40,594	3,365	-	-	197,339
-	271,420	8,361	338,195	-	8,389,756
-	-	-	-	-	143,984
-	-	-	-	-	1,054,785
-	-	-	-	-	383,796
-	-	-	-	-	409,814
-	251,632	3,106	175,591	172,010	1,889,361
-	295,796	-	-	-	1,982,980
46,516	-	-	-	-	547,393
22,121	43,979	-	-	133	755,500
68,637	591,407	3,106	175,591	172,143	7,167,613
(68,637)	(319,987)	5,255	162,604	(172,143)	1,222,143
68,637	850,000	-	-	1,358,589	3,499,171
-	-	-	(1,186,468)	-	(2,533,445)
68,637	850,000	-	(1,186,468)	1,358,589	965,726
-	-	(766,812)	(1,686,833)	-	6,290,039
-	530,013	(761,557)	(2,710,697)	1,186,446	8,477,908
-	1,739,572	761,557	2,710,697	-	3,724,112
\$ -	\$ 2,269,585	\$ -	\$ -	\$ 1,186,446	\$ 12,202,020

CITY OF LA HABRA
State Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 2,084,661	\$ 1,761,298	\$ (323,363)
Use of money and property	54,701	55,153	452
Total revenues	<u>2,139,362</u>	<u>1,816,451</u>	<u>(322,911)</u>
Expenditures:			
Current:			
Public works	273,342	146,041	127,301
Capital outlay	<u>2,196,283</u>	<u>1,154,979</u>	<u>1,041,304</u>
Total expenditures	<u>2,469,625</u>	<u>1,301,020</u>	<u>1,168,605</u>
Net change in fund balance	(330,263)	515,431	845,694
Fund balance, beginning of year	<u>3,863,566</u>	<u>3,863,566</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 3,863,566</u></u>	<u><u>\$ 4,378,997</u></u>	<u><u>\$ -</u></u>

CITY OF LA HABRA
Park and Capital Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 5,256,875	\$ 48,157	\$ (5,208,718)
Use of money and property	14,675	17,545	2,870
Total Revenues	5,271,550	65,702	(5,205,848)
Expenditures:			
Current:			
General government	-	1	(1)
Capital outlay	5,074,250	-	5,074,250
Total Expenditures	5,074,250	1	5,074,249
Excess (deficiency) of revenues over (under) expenditures	197,300	65,701	(131,599)
Other financing sources:			
Transfers in	-	613	613
Net change in fund balance	197,300	66,314	(130,986)
Fund balance, beginning of year	1,350,976	1,350,976	-
Fund balance, end of year	\$ 1,548,276	\$ 1,417,290	\$ (130,986)

CITY OF LA HABRA
Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 124,413	\$ 147,961	\$ 23,548
Use of money and property	1,966	55	(1,911)
	<u>126,379</u>	<u>148,016</u>	<u>21,637</u>
Expenditures:			
Current:			
General government	168,750	143,983	24,767
	<u>(42,371)</u>	<u>4,033</u>	<u>46,404</u>
Fund balance, beginning of year	<u>59,043</u>	<u>59,043</u>	<u>-</u>
Fund balance, end of year	<u>\$ 16,672</u>	<u>\$ 63,076</u>	<u>\$ -</u>

CITY OF LA HABRA
Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 1,082,277	\$ 1,416,378	\$ 334,101
Use of money and property	5,664	25,833	20,169
Total revenues	<u>1,087,941</u>	<u>1,442,211</u>	<u>354,270</u>
Expenditures:			
Current:			
Public safety	1,809,312	826,176	983,136
Capital outlay	<u>95,833</u>	<u>1,889</u>	<u>93,944</u>
Total Expenditures	<u>1,905,145</u>	<u>828,065</u>	<u>1,077,080</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(721,371)</u>	<u>614,146</u>	<u>1,431,350</u>
Other financing sources:			
Transfers in	-	7,278	7,278
Transfers out	<u>-</u>	<u>(72,943)</u>	<u>(72,943)</u>
Total other financing sources (uses)	<u>-</u>	<u>(65,665)</u>	<u>(65,665)</u>
Net change in fund balance	(721,371)	548,481	1,269,852
Fund balance, beginning of year	<u>969,821</u>	<u>969,821</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 248,450</u></u>	<u><u>\$ 1,518,302</u></u>	<u><u>\$ 1,269,852</u></u>

CITY OF LA HABRA
Housing and Community Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 870,186	\$ 1,196,244	\$ 326,058
Expenditures:			
Current:			
Community development	874,794	724,222	150,572
Capital outlay	-	474,203	(474,203)
Total expenditures	874,794	1,198,425	(323,631)
Net change in fund balance	(4,608)	(2,181)	2,427
Fund balance, beginning of year	157,094	157,094	-
Fund balance, end of year	\$ 152,486	\$ 154,913	\$ 2,427

CITY OF LA HABRA
Employment and Training Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 451,391	\$ 409,780	\$ (41,611)
Expenditures:			
Current:			
Employment and training	455,003	409,814	45,189
Net change in fund balance	(3,612)	(34)	3,578
Fund balance, beginning of year	35,796	35,796	-
Fund balance, end of year	\$ 32,184	\$ 35,762	\$ 3,578

CITY OF LA HABRA
Public Safety Augmentation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 200,000	\$ 220,873	\$ 20,873
Use of money and property	5,077	11,714	6,637
	<hr/>	<hr/>	<hr/>
Total revenues	205,077	232,587	27,510
Expenditures:			
Current:			
Public safety	342,717	220,664	122,053
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(137,640)	11,923	149,563
Fund balance, beginning of year	573,412	573,412	-
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 435,772</u>	<u>\$ 585,335</u>	<u>\$ 149,563</u>

CITY OF LA HABRA
Other Federal Grants Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 280,815	\$ 321,632	\$ 40,817
Total revenues	<u>280,815</u>	<u>321,632</u>	<u>40,817</u>
Expenditures:			
Current:			
Public works	280,815	237,755	43,060
Capital outlay	-	44,583	(44,583)
Total expenditures	<u>280,815</u>	<u>282,338</u>	<u>(1,523)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>39,294</u>	<u>39,294</u>
Other financing sources (uses):			
Transfers in	-	51,512	51,512
Transfers out	-	(92,083)	(92,083)
Total other financing sources (uses)	<u>-</u>	<u>(40,571)</u>	<u>(40,571)</u>
Net change in fund balance	-	(1,277)	(1,277)
Fund balance, beginning of year	<u>1,277</u>	<u>1,277</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ 1,277</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,277)</u></u>

CITY OF LA HABRA
Traffic Safety Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 24,000	\$ 29,763	\$ 5,763
Use of money and property	200	658	458
	<u>24,200</u>	<u>30,421</u>	<u>6,221</u>
Total revenues	<u>24,200</u>	<u>30,421</u>	<u>6,221</u>
Expenditures:			
Current:			
Public safety	25,590	7,945	17,645
Capital outlay	-	11,530	(11,530)
	<u>25,590</u>	<u>19,475</u>	<u>6,115</u>
Total expenditures	<u>25,590</u>	<u>19,475</u>	<u>6,115</u>
Excess (deficiency) of revenues over expenditures	<u>(1,390)</u>	<u>10,946</u>	<u>12,336</u>
Other financing uses:			
Transfer out	-	(5,909)	(5,909)
	<u>-</u>	<u>(5,909)</u>	<u>(5,909)</u>
Net change in fund balance	(1,390)	5,037	6,427
Fund balance, beginning of year	<u>41,497</u>	<u>41,497</u>	<u>-</u>
Fund balance, end of year	<u>\$ 40,107</u>	<u>\$ 46,534</u>	<u>\$ 6,427</u>

CITY OF LA HABRA
Service Authority for Abandoned Vehicles Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 110,000	\$ 555,034	\$ 445,034
Use of money and property	-	8,819	8,819
	<u>110,000</u>	<u>563,853</u>	<u>453,853</u>
Expenditures:			
Current:			
Community development	<u>98,219</u>	<u>93,052</u>	<u>5,167</u>
Excess (deficiency) of revenues over expenditures	11,781	470,801	459,020
Other financing sources:			
Transfers out	<u>-</u>	<u>(13,500)</u>	<u>(13,500)</u>
Net change in fund balance	11,781	457,301	445,520
Fund balance, beginning of year	<u>88,479</u>	<u>88,479</u>	<u>-</u>
Fund balance, end of year	<u>\$ 100,260</u>	<u>\$ 545,780</u>	<u>\$ 445,520</u>

CITY OF LA HABRA
Redevelopment Operating Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 26,100	\$ 15,537	\$ (10,563)
Use of money and property	-	33,600	33,600
Total revenues	26,100	49,137	23,037
Expenditures:			
Current:			
Community development	236,711	464,920	(228,209)
Debt service:			
Principal	115,877	115,877	-
Interest	277,299	438,837	(161,538)
Total expenditures	629,887	1,019,634	(389,747)
Excess (deficiency) of revenues over (under) expenditures	(603,787)	(970,497)	(366,710)
Other financing sources (uses):			
Transfers in	1,802,065	938,751	(863,314)
Transfers out	-	(223,791)	(223,791)
Total other financing sources (uses)	1,802,065	714,960	(1,087,105)
Extraordinary gain (loss)	-	9,162,112	9,162,112
Net change in fund balance	1,198,278	8,906,575	7,708,297
Fund balance (deficit), beginning of year	(8,906,575)	(8,906,575)	-
Fund balance (deficit), end of year	<u>\$ (7,708,297)</u>	<u>\$ -</u>	<u>\$ 7,708,297</u>

CITY OF LA HABRA
Redevelopment Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes and special assessments	\$ 2,684,825	\$ 1,495,743	\$ (1,189,082)
Use of money and property	40	3	(37)
	<u>2,684,865</u>	<u>1,495,746</u>	<u>(1,189,119)</u>
Total revenues			
Expenditures:			
Current:			
Community development	5,534	4,828	706
Debt service:			
Principal	385,000	385,000	-
Interest expense	250,430	250,430	-
	<u>640,964</u>	<u>640,258</u>	<u>706</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	2,043,901	855,488	(1,188,413)
Other financing sources (uses):			
Transfers in	-	223,791	223,791
Transfers out	(1,802,065)	(938,751)	863,314
	<u>(1,802,065)</u>	<u>(714,960)</u>	<u>1,087,105</u>
Total other financing sources (uses)			
Extraordinary (loss)	-	(418,428)	(418,428)
Net change in fund balance	241,836	(277,900)	(519,736)
Fund balance, beginning of year	<u>277,900</u>	<u>277,900</u>	<u>-</u>
Fund balance, end of year	<u>\$ 519,736</u>	<u>\$ -</u>	<u>\$ (519,736)</u>

CITY OF LA HABRA
Other Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Debt service:			
Principal	\$ 46,516	\$ 46,516	\$ -
Interest expense	22,121	22,121	-
	<u>68,637</u>	<u>68,637</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(68,637)	(68,637)	-
Other financing sources:			
Transfers in	<u>-</u>	<u>68,637</u>	<u>68,637</u>
Net change in fund balance	(68,637)	-	68,637
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
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, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 230,826	\$ 230,826
Use of money and property	-	40,594	40,594
Total revenues	-	271,420	271,420
Expenditures:			
Current:			
Community development	411,886	251,632	160,254
Capital outlay	1,378,100	295,796	1,082,304
Debt service:			
Interest	-	43,979	(43,979)
Total expenditures	1,789,986	591,407	1,198,579
Excess (deficiency) of revenues over (under) expenditures	(1,789,986)	(319,987)	1,469,999
Other financing sources (uses):			
Transfers in	2,552,882	850,000	(1,702,882)
Net change in fund balance	762,896	530,013	(232,883)
Fund balance, beginning of year	1,739,572	1,739,572	-
Fund balance, end of year	<u>\$ 2,502,468</u>	<u>\$ 2,269,585</u>	<u>(232,883)</u>

CITY OF LA HABRA
Redevelopment Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ (5,700)	\$ 4,996	\$ 10,696
Use of money and property	-	3,365	3,365
Total revenues	<u>(5,700)</u>	<u>8,361</u>	<u>14,061</u>
Expenditures:			
Current:			
Community development	<u>5,700</u>	<u>3,106</u>	<u>2,594</u>
Excess of revenues over expenditures	(11,400)	5,255	16,655
Extraordinary (loss)	<u>-</u>	<u>(766,812)</u>	<u>(766,812)</u>
Net change in fund balance	(11,400)	(761,557)	(750,157)
Fund balance, beginning of year	<u>761,557</u>	<u>761,557</u>	<u>-</u>
Fund balance, end of year	<u>\$ 750,157</u>	<u>\$ -</u>	<u>\$ (750,157)</u>

CITY OF LA HABRA
Low-Moderate Income Housing Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes and special assessments	\$ 1,214,332	\$ 338,195	\$ (876,137)
Use of money and property	10,000	-	(10,000)
Total revenues	1,224,332	338,195	(886,137)
Expenditures:			
Current:			
Community development	166,791	175,591	(8,800)
Excess (deficiency) of revenues over expenditures	1,057,541	162,604	(894,937)
Other financing (uses):			
Transfers out	-	(1,186,468)	(1,186,468)
Extraordinary (loss)	-	(1,686,833)	
Net change in fund balance	1,057,541	(2,710,697)	(2,081,405)
Fund balance, beginning of year	2,710,697	2,710,697	-
Fund balance, end of year	\$ 3,768,238	\$ -	\$ (2,081,405)

CITY OF LA HABRA
Low-Moderate Income Housing Assets Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Expenditures:			
Current:			
Community development	\$ -	\$ 172,010	\$ (172,010)
Debt service: interest expense	-	133	(133)
	-	172,143	(172,143)
Total expenditures			
Excess (deficiency) of revenues over expenditures	-	(172,143)	(172,143)
Other financing sources:			
Transfers in	-	1,358,589	1,358,589
Net change in fund balance	-	1,186,446	1,186,446
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ 1,186,446	\$ 1,186,446

NONMAJOR ENTERPRISE FUNDS



CITY OF LA HABRA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2012

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 62,688	\$ 1,603,568	\$ 1,666,256
Accounts receivable, net	74,821	21,444	96,265
Interest receivable	219	4,662	4,881
Prepaid items	-	22,335	22,335
Due from other governments	112,021	-	112,021
	<u>249,749</u>	<u>1,652,009</u>	<u>1,901,758</u>
Noncurrent assets:			
Capital assets, net	<u>358,275</u>	<u>1,621,607</u>	<u>1,979,882</u>
	<u>608,024</u>	<u>3,273,616</u>	<u>3,881,640</u>
Liabilities:			
Current Liabilities:			
Accounts payable	2,903	8,862	11,765
Accrued liabilities	12,322	-	12,322
Deposits payable	-	1,000	1,000
Advances from other funds	-	1,600,000	1,600,000
	<u>15,225</u>	<u>1,609,862</u>	<u>1,625,087</u>
Net assets:			
Invested in capital assets	358,275	1,621,607	1,979,882
Unrestricted	<u>234,524</u>	<u>42,147</u>	<u>276,671</u>
	<u>\$ 592,799</u>	<u>\$ 1,663,754</u>	<u>\$ 2,256,553</u>

CITY OF LA HABRA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 353,370	\$ 2,633,170	\$ 2,986,540
Intergovernmental	189,068	-	189,068
	<u>542,438</u>	<u>2,633,170</u>	<u>3,175,608</u>
Total operating revenues			
Operating expenses:			
Contractual services	90,178	400,060	490,238
Wages and fringe benefits	377,407	-	377,407
Equipment and maintenance	2,138	58,666	60,804
Materials and supplies	4,628	-	4,628
Utilities	28,570	259,339	287,909
Depreciation	34,941	50,643	85,584
Administration	43,700	1,300,206	1,343,906
	<u>581,562</u>	<u>2,068,914</u>	<u>2,650,476</u>
Total operating expenses			
Operating income (loss)	<u>(39,124)</u>	<u>564,256</u>	<u>525,132</u>
Nonoperating revenues (expenses):			
Interest income (expense)	656	10,835	11,491
Gain (loss) on sale of investments	189	1,797	1,986
	<u>845</u>	<u>12,632</u>	<u>13,477</u>
Total nonoperating revenues			
Income (loss) before transfers	(38,279)	576,888	538,609
Transfers in	42,500	-	42,500
	<u>4,221</u>	<u>576,888</u>	<u>581,109</u>
Change in net assets			
Net assets, beginning of year	588,578	1,086,866	1,675,444
Net assets, end of year	<u>\$ 592,799</u>	<u>\$ 1,663,754</u>	<u>\$ 2,256,553</u>

CITY OF LA HABRA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 225,486	\$ 2,642,740	\$ 2,868,226
Receipts from interfund services provided	206,308		206,308
Payments to suppliers	(39,350)	(1,853,242)	(1,892,592)
Cash paid for internal services provided	-	(182,690)	(182,690)
Payments to employees	(491,203)	(483)	(491,686)
	<u>(98,759)</u>	<u>606,325</u>	<u>507,566</u>
Net cash provided by (used in) operating activities			
Cash flows from noncapital financing activities:			
Transfers from other funds	42,500	-	42,500
	<u>42,500</u>	<u>-</u>	<u>42,500</u>
Net cash used in noncapital financing activities			
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(27,848)	(27,848)
	<u>-</u>	<u>(27,848)</u>	<u>(27,848)</u>
Net cash used in capital and related financing activities			
Cash flows from investing activities:			
(Purchase) sale of short-term investments	189	1,797	1,986
Interest on investments	696	12,396	13,092
	<u>885</u>	<u>14,193</u>	<u>15,078</u>
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	(55,374)	592,670	537,296
Cash and cash equivalents, beginning of year	118,062	1,010,898	1,128,960
Cash and cash equivalents, end of year	<u>\$ 62,688</u>	<u>\$ 1,603,568</u>	<u>\$ 1,666,256</u>

(Continued)

CITY OF LA HABRA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended June 30, 2012

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating Income (Loss)	\$ (39,124)	\$ 564,256	\$ 525,132
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	34,941	50,643	85,584
Change in assets and liabilities:			
(Increase) decrease in receivables	(57,226)	8,570	(48,656)
(Increase) decrease in from other governments	(36,715)	-	(36,715)
(Increase) decrease in prepaid items	-	(5,015)	(5,015)
Increase (decrease) in accrued liabilities and accounts payable	(635)	(13,129)	(13,764)
Increase (decrease) in deposits payable	-	1,000	1,000
Total adjustments	<u>(59,635)</u>	<u>42,069</u>	<u>(17,566)</u>
Net cash provided by (used in) operating activities	<u>\$ (98,759)</u>	<u>\$ 606,325</u>	<u>\$ 507,566</u>

INTERNAL SERVICE FUNDS





CITY OF LA HABRA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Assets:			
Current assets:			
Cash and investments	\$ 45,061	\$ 5,055,810	\$ 746,639
Accounts receivable, net	-	7,172	45
Interest receivable	28	16,204	1,847
Prepays	-	-	-
Due from other governments	10,774	-	-
Inventory	25,213	-	-
Total current assets	<u>81,076</u>	<u>5,079,186</u>	<u>748,531</u>
Noncurrent assets:			
Cash and investments with fiscal agents	-	-	-
Advances to other funds	-	-	-
Loans to Successor Agency	-	-	-
Deferred charges	-	-	-
Capital assets, net of accumulated depreciation	-	-	148,161
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>148,161</u>
Total assets	<u>81,076</u>	<u>5,079,186</u>	<u>896,692</u>
Liabilities:			
Current liabilities:			
Accounts payable	20,082	4,660	41,828
Accrued liabilities	13,868	2,674,639	23,481
Accrued interest	-	-	-
Compensated absences	-	-	-
Certificates of participation, current	-	-	-
Water revenue bonds, current	-	-	-
Total current liabilities	<u>33,950</u>	<u>2,679,299</u>	<u>65,309</u>
Noncurrent liabilities:			
Certificates of participation	-	-	-
Water revenue bonds	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>33,950</u>	<u>2,679,299</u>	<u>65,309</u>
Net assets:			
Invested in capital assets	-	-	148,161
Unrestricted	47,126	2,399,887	683,222
Total net assets	<u>\$ 47,126</u>	<u>\$ 2,399,887</u>	<u>\$ 831,383</u>

<u>Civic Improvement Authority</u>	<u>Fleet Replacement</u>	<u>Employee Benefits</u>	<u>Other Post Employment Benefit set-aside</u>	<u>Totals</u>
\$ 289,764	\$ 1,232,322	\$ 1,204,925	\$ 200,000	\$ 8,774,521
-	-	-	-	7,217
934	3,942	2,900	-	25,855
-	257,952	-	-	257,952
-	-	-	-	10,774
-	-	-	-	25,213
<u>290,698</u>	<u>1,494,216</u>	<u>1,207,825</u>	<u>200,000</u>	<u>9,101,532</u>
495,918	-	-	-	495,918
10,220,000	-	-	-	10,220,000
591,214	-	-	-	591,214
623,655	-	-	-	623,655
-	1,904,327	-	-	2,052,488
<u>11,930,787</u>	<u>1,904,327</u>	<u>-</u>	<u>-</u>	<u>13,983,275</u>
<u>12,221,485</u>	<u>3,398,543</u>	<u>1,207,825</u>	<u>200,000</u>	<u>23,084,807</u>
-	257,952	-	-	324,522
1	2,090	5,127	-	2,719,206
114,897	-	-	-	114,897
-	-	1,196,832	-	1,196,832
280,000	-	-	-	280,000
175,000	-	-	-	175,000
<u>569,898</u>	<u>260,042</u>	<u>1,201,959</u>	<u>-</u>	<u>4,810,457</u>
3,667,011	-	-	-	3,667,011
6,075,000	-	-	-	6,075,000
<u>9,742,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,742,011</u>
<u>10,311,909</u>	<u>260,042</u>	<u>1,201,959</u>	<u>-</u>	<u>14,552,468</u>
-	1,904,327	-	-	2,052,488
1,909,576	1,234,174	5,866	200,000	6,479,851
<u>\$ 1,909,576</u>	<u>\$ 3,138,501</u>	<u>\$ 5,866</u>	<u>\$ 200,000</u>	<u>\$ 8,532,339</u>

CITY OF LA HABRA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Operating revenues:			
Charges for services	\$ 993,686	\$ 1,821,957	\$ 1,215,306
Operating expenses:			
Contractual services	70,122	157,609	53,338
Wages and fringe benefits	354,538	196,884	536,084
Benefits and claims	-	1,068,697	-
Equipment and maintenance	23,132	-	365,403
Materials and supplies	549,341	4	6,389
Utilities	960	-	175,754
Depreciation	-	-	42,450
Amortization	-	-	-
Administration	17,828	608,081	6,620
Total operating expenses	<u>1,015,921</u>	<u>2,031,275</u>	<u>1,186,038</u>
Operating income (loss)	<u>(22,235)</u>	<u>(209,318)</u>	<u>29,268</u>
Nonoperating revenues (expenses):			
Interest income	63	53,212	5,790
Other nonoperating revenues	-	-	140
Interest (expense)	-	-	-
Gain (loss) on sale of asset	-	-	-
Gain (loss) on sale of investment	(28)	13,182	1,223
Total nonoperating revenues	<u>35</u>	<u>66,394</u>	<u>7,153</u>
Income (loss) before transfers	<u>(22,200)</u>	<u>(142,924)</u>	<u>36,421</u>
Transfers in	<u>-</u>	<u>-</u>	<u>100,000</u>
Changes in net assets	<u>(22,200)</u>	<u>(142,924)</u>	<u>136,421</u>
Net assets, beginning of year	<u>69,326</u>	<u>2,542,811</u>	<u>694,962</u>
Net assets, end of year	<u>\$ 47,126</u>	<u>\$ 2,399,887</u>	<u>\$ 831,383</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ 165,216	\$ -	\$ -	\$ 4,196,165
5,090	-	-	-	286,159
-	50,299	584,076	-	1,721,881
-	-	-	-	1,068,697
-	-	-	-	388,535
-	-	-	-	555,734
-	-	-	-	176,714
-	320,710	-	-	363,160
51,304	-	-	-	51,304
31	-	-	-	632,560
56,425	371,009	584,076	-	5,244,744
(56,425)	(205,793)	(584,076)	-	(1,048,579)
230,921	12,248	15,240	-	317,474
-	-	-	-	140
(500,046)	-	-	-	(500,046)
-	5,084	-	-	5,084
993	(781)	7,985	-	22,574
(268,132)	16,551	23,225	-	(154,774)
(324,557)	(189,242)	(560,851)	-	(1,203,353)
297,275	569,723	300,000	200,000	1,466,998
(27,282)	380,481	(260,851)	200,000	263,645
1,936,858	2,758,020	266,717	-	8,268,694
<u>\$ 1,909,576</u>	<u>\$ 3,138,501</u>	<u>\$ 5,866</u>	<u>\$ 200,000</u>	<u>\$ 8,532,339</u>

CITY OF LA HABRA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 87,954	\$ 1,820,783	\$ -
Receipts from interfund services provided	928,428	-	1,215,306
Payments to suppliers	(645,247)	(1,247,608)	(588,047)
Cash paid for interfund services provided	(5,208)	(6,514)	(4,380)
Payments to employees	(351,735)	(194,474)	(527,464)
Net cash provided by (used in) operating activities	<u>14,192</u>	<u>372,187</u>	<u>95,415</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	-	-	100,000
Receipt of advances to other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>100,000</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	-	(54,275)
Proceeds from sale of capital assets	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(54,275)</u>
Cash flows from investing activities:			
(Purchase) sale of investments	(28)	13,182	1,223
Interest on investments	84	56,480	6,389
Net cash provided by investing activities	<u>56</u>	<u>69,662</u>	<u>7,612</u>
Net increase (decrease) in cash and cash equivalents	14,248	441,849	148,752
Cash and cash equivalents, beginning of year	<u>30,813</u>	<u>4,613,961</u>	<u>597,887</u>
Cash and cash equivalents, end of year	<u>\$ 45,061</u>	<u>\$ 5,055,810</u>	<u>\$ 746,639</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ -	\$ -	\$ -	\$ 1,908,737
-	165,216	-	-	2,308,950
(5,121)	(117,560)	-	-	(2,603,583)
-	-	-	-	(16,102)
-	(50,010)	(552,701)	-	(1,676,384)
<u>(5,121)</u>	<u>(2,354)</u>	<u>(552,701)</u>	<u>-</u>	<u>(78,382)</u>
297,275	569,723	300,000	200,000	1,466,998
<u>435,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>435,000</u>
<u>732,275</u>	<u>569,723</u>	<u>300,000</u>	<u>200,000</u>	<u>1,901,998</u>
-	(723,653)	-	-	(777,928)
-	5,084	-	-	5,084
(432,740)	-	-	-	(432,740)
<u>(505,115)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(505,115)</u>
<u>(937,855)</u>	<u>(718,569)</u>	<u>-</u>	<u>-</u>	<u>(1,710,699)</u>
993	(781)	7,985	-	22,574
<u>231,037</u>	<u>14,282</u>	<u>14,079</u>	<u>-</u>	<u>322,351</u>
<u>232,030</u>	<u>13,501</u>	<u>22,064</u>	<u>-</u>	<u>344,925</u>
21,329	(137,699)	(230,637)	200,000	457,842
<u>764,353</u>	<u>1,370,021</u>	<u>1,435,562</u>	<u>-</u>	<u>8,812,597</u>
<u>\$ 785,682</u>	<u>\$ 1,232,322</u>	<u>\$ 1,204,925</u>	<u>\$ 200,000</u>	<u>\$ 9,270,439</u>

(Continued)

CITY OF LA HABRA
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2012

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating Income (Loss)	\$ (22,235)	\$ (209,318)	\$ 29,268
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	-	-	42,450
Amortization	-	-	-
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	28,124	(1,172)	(45)
(Increase) decrease in due from other governments	(5,428)	-	-
(Increase) decrease in inventory	8,938	-	-
(Increase) decrease in prepaid items	-	-	605
Increase (decrease) in accounts payable and accrued liabilities	4,793	582,677	23,137
Total adjustments	36,427	581,505	66,147
Net cash provided by (used in) operating activities	<u>\$ 14,192</u>	<u>\$ 372,187</u>	<u>\$ 95,415</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ (56,425)	\$ (205,793)	\$ (584,076)	\$ -	\$ (1,048,579)
-	320,710	-	-	363,160
51,304	-	-	-	51,304
-	-	-	-	26,907
-	-	-	-	(5,428)
-	-	-	-	8,938
-	(151,263)	-	-	(150,658)
-	33,992	31,375	-	675,974
51,304	203,439	31,375	-	970,197
\$ (5,121)	\$ (2,354)	\$ (552,701)	\$ -	\$ (78,382)



FINDUCIARY FUNDS



CITY OF LA HABRA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets:				
Cash and investments	\$ 10,307,414	\$ 417,120	\$ 247,459	\$ 10,477,075
Interest receivable	44,008	33,826	44,008	33,826
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 10,351,422</u>	<u>\$ 450,946</u>	<u>\$ 291,467</u>	<u>\$ 10,510,901</u>
Liabilities:				
Accounts payable	\$ 2,054	\$ 117,282	\$ 104,533	\$ 14,803
Accrued liabilities	9,410	32,115	28,514	13,011
Deposits	10,339,958	234,373	91,244	10,483,087
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 10,351,422</u>	<u>\$ 383,770</u>	<u>\$ 224,291</u>	<u>\$ 10,510,901</u>

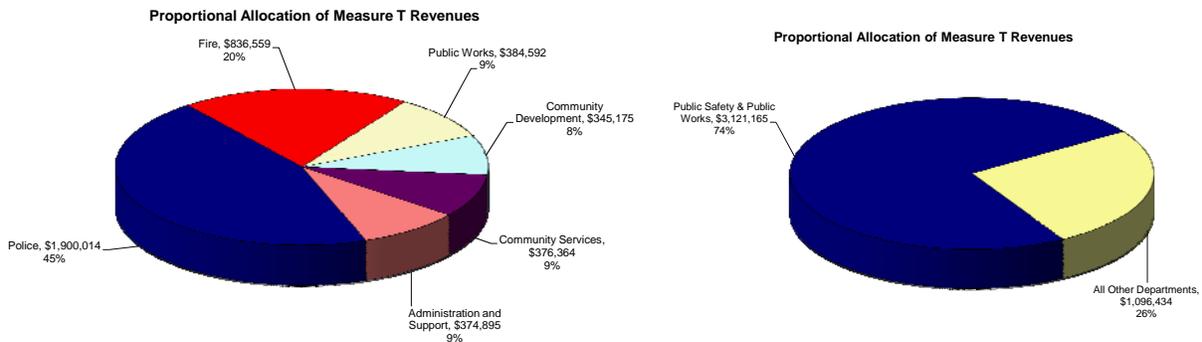
CITY OF LA HABRA
Measure T Transaction and Use Tax: Use of Funds
For the Year Ended June 30, 2012

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 the Measure T amended revenue budget in FY 11/12 and the proportional allocation of General Fund amended expenditure budget by department.

Measure T Allocation Analysis by General Fund Department

Department	FY 11/12 GF Amended Budget Expenditures	% of Total GF Budgeted Expenditures	Proportional Allocation of Measure T Revenues
Police	\$15,241,821	45.0%	\$1,900,014
Fire	\$6,710,837	19.8%	\$836,559
Public Works	\$3,085,175	9.1%	\$384,592
Community Development	\$2,768,975	8.2%	\$345,175
Community Services	\$3,019,176	8.9%	\$376,364
Administration and Support	\$3,007,392	8.9%	\$374,895
Total	\$33,833,376		\$4,217,599



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 those revenues are considered discretionary in nature.

STATISTICAL SECTION



CITY OF LA HABRA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

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.

Table of Contents

	<i>Page(s)</i>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	128-136
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax.</i>	141-145
Debt Capacity <i>These schedules contain present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	148-154
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	161-162
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	165-174

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



STATISTICAL SECTION
Financial Trends

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 27,013,799	\$ 38,141,590	\$ 51,744,947	\$ 60,254,071
Restricted	4,542,690	2,135,692	2,125,116	2,425,184
Unrestricted	25,086,148	18,324,199	11,668,265	8,769,044
Total governmental activities net assets	<u>\$ 56,642,637</u>	<u>\$ 58,601,481</u>	<u>\$ 65,538,328</u>	<u>\$ 71,448,299</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 11,948,919	\$ 9,357,868	\$ 13,069,786	\$ 14,083,243
Restricted	1,621,849	-	-	-
Unrestricted	8,690,425	13,299,092	10,633,039	16,362,240
Total business-type activities net assets	<u>\$ 22,261,193</u>	<u>\$ 22,656,960</u>	<u>\$ 23,702,825</u>	<u>\$ 30,445,483</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 38,962,718	\$ 47,499,458	\$ 64,814,733	\$ 74,337,314
Restricted	6,164,539	2,135,692	2,125,116	2,425,184
Unrestricted	33,776,573	31,623,291	22,301,304	25,131,284
Total primary government net assets	<u>\$ 78,903,830</u>	<u>\$ 81,258,441</u>	<u>\$ 89,241,153</u>	<u>\$ 101,893,782</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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 61,866,707	\$ 62,720,405	\$ 69,852,168	\$ 72,267,324	\$ 74,411,098	\$ 74,666,668
2,962,479	3,060,362	443,262	1,100,726	10,086,784	10,898,270
14,541,105	22,800,535	18,146,165	18,770,240	14,909,849	25,581,464
<u>\$ 79,370,291</u>	<u>\$ 88,581,302</u>	<u>\$ 88,441,595</u>	<u>\$ 92,138,290</u>	<u>\$ 99,407,731</u>	<u>\$ 111,146,402</u>
\$ 14,387,460	\$ 6,818,385	\$ 11,978,153	\$ 16,282,084	\$ 15,332,126	\$ 16,373,632
-	-	1,630,052	1,630,052	1,630,052	1,432,462
18,275,101	28,336,251	20,649,253	17,457,587	20,091,568	20,743,223
<u>\$ 32,662,561</u>	<u>\$ 35,154,636</u>	<u>\$ 34,257,458</u>	<u>\$ 35,369,723</u>	<u>\$ 37,053,746</u>	<u>\$ 38,549,317</u>
\$ 76,254,167	\$ 69,538,790	\$ 81,830,321	\$ 88,549,408	\$ 89,743,224	\$ 91,040,300
2,962,479	3,060,362	2,073,314	2,730,778	11,716,836	12,330,732
32,816,206	51,136,786	38,795,418	36,227,827	35,001,417	46,324,687
<u>\$ 112,032,852</u>	<u>\$ 123,735,938</u>	<u>\$ 122,699,053</u>	<u>\$ 127,508,013</u>	<u>\$ 136,461,477</u>	<u>\$ 149,695,719</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 4,366,256	\$ 4,908,401	\$ 3,740,025	\$ 2,466,028
Intergovernmental	147,666	405,876	392,850	351,407
Public safety	16,255,125	17,673,769	19,176,709	20,751,487
Public works	5,165,411	5,512,565	5,525,165	5,829,033
Employment and training	1,790,020	651,364	411,959	441,946
Community services	6,954,095	6,949,893	7,149,700	7,609,897
Community development	3,396,903	2,813,028	3,401,359	3,717,217
Interest on long-term debt	1,235,886	1,229,418	975,885	824,152
Total governmental activities expenses	<u>39,311,362</u>	<u>40,144,314</u>	<u>40,773,652</u>	<u>41,991,167</u>
Business-type activities:				
Water	7,111,037	7,242,103	7,198,574	7,591,959
Sewer	607,387	888,690	994,576	912,741
Housing Authority	1,620,563	1,676,726	1,701,542	1,681,163
Other business activities	4,900,125	4,988,149	4,764,065	5,101,290
Total business-type activities expenses	<u>14,239,112</u>	<u>14,795,668</u>	<u>14,658,757</u>	<u>15,287,153</u>
Total primary government expenses	<u>\$ 53,550,474</u>	<u>\$ 54,939,982</u>	<u>\$ 55,432,409</u>	<u>\$ 57,278,320</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 11,477	\$ 1,204	\$ 3,668	\$ 1,940
Public safety	2,152,221	3,022,676	2,674,842	3,272,096
Community services	1,185,931	1,132,402	1,086,984	1,739,998
Community development	1,335,490	1,052,934	960,996	1,268,886
Operating grants and contributions	7,749,881	6,927,062	9,667,385	6,155,825
Capital grants and contributions	3,904,341	3,581,386	2,617,891	2,841,673
Total governmental activities program revenues	<u>16,339,341</u>	<u>15,717,664</u>	<u>17,011,766</u>	<u>15,280,418</u>
Business-type activities:				
Charges for services:				
Water	6,106,848	7,561,979	7,517,970	8,625,652
Sewer	542,569	700,340	914,135	791,592
Housing authority	1,811,363	1,857,585	1,957,341	1,951,143
Other business -type activities	4,668,265	4,613,838	4,893,092	10,094,887
Total business-type activities program revenues	<u>13,129,045</u>	<u>14,733,742</u>	<u>15,282,538</u>	<u>21,463,274</u>
Total primary government program revenues	<u>\$ 29,468,386</u>	<u>\$ 30,451,406</u>	<u>\$ 32,294,304</u>	<u>\$ 36,743,692</u>
Net (expense)/revenue:				
Governmental activities	\$ (22,972,021)	\$ (24,426,650)	\$ (23,761,886)	\$ (26,710,749)
Business-type activities	(1,110,067)	(61,926)	623,781	6,176,121
Total primary government net expense	<u>\$ (24,082,088)</u>	<u>\$ (24,488,576)</u>	<u>\$ (23,138,105)</u>	<u>\$ (20,534,628)</u>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 1,727,569	\$ 2,450,872	\$ 4,567,895	\$ 2,799,293	\$ 3,391,804	\$ 3,686,663
38,142	14,426	-	-	-	-
20,806,295	21,264,160	22,940,011	22,433,260	22,518,416	22,890,241
7,399,852	7,813,863	8,240,683	12,543,772	13,295,177	7,129,157
787,929	960,798	824,748	1,335,844	350,183	409,814
7,623,969	8,024,546	8,362,899	8,412,550	8,658,108	8,047,441
3,886,883	5,595,313	5,867,904	5,516,373	5,675,859	4,632,329
812,194	1,250,321	1,087,697	1,265,049	1,663,267	923,269
<u>43,082,833</u>	<u>47,374,299</u>	<u>51,891,837</u>	<u>54,306,141</u>	<u>55,552,814</u>	<u>47,718,914</u>
8,557,829	9,091,989	9,616,279	10,274,385	10,171,235	10,111,046
930,137	1,237,713	1,321,849	1,523,707	1,591,981	1,664,713
1,988,194	961,673	1,715,950	1,671,488	2,093,743	3,035,323
5,392,422	5,874,526	6,131,357	6,274,848	5,315,794	4,189,973
<u>16,868,582</u>	<u>17,165,901</u>	<u>18,785,435</u>	<u>19,744,428</u>	<u>19,172,753</u>	<u>19,001,055</u>
<u>\$ 59,951,415</u>	<u>\$ 64,540,200</u>	<u>\$ 70,677,272</u>	<u>\$ 74,050,569</u>	<u>\$ 74,725,567</u>	<u>\$ 66,719,969</u>
\$ 2,032	\$ 310	\$ 7,183	\$ 428,161	\$ 102,225	\$ 100,150
2,790,739	3,017,854	2,801,704	3,359,502	3,234,734	2,998,253
930,670	1,217,844	1,192,031	1,445,127	1,144,869	823,340
1,221,241	1,269,778	1,006,964	929,396	1,057,923	869,115
7,403,668	7,708,528	7,944,392	10,219,344	9,645,109	9,278,565
3,010,784	8,343,602	6,831,889	9,314,080	13,545,193	3,578,616
<u>15,359,134</u>	<u>21,557,916</u>	<u>19,784,163</u>	<u>25,695,610</u>	<u>28,730,053</u>	<u>17,648,039</u>
9,753,270	10,207,199	9,889,342	10,759,475	11,423,986	11,043,029
878,314	1,351,929	1,124,764	1,346,611	1,450,422	1,509,749
1,915,376	1,984,399	2,097,380	2,129,124	1,247,111	1,582,853
5,462,799	5,958,707	6,040,726	6,071,837	6,231,787	6,278,645
<u>18,009,759</u>	<u>19,502,234</u>	<u>19,152,212</u>	<u>20,307,047</u>	<u>20,353,306</u>	<u>20,414,276</u>
<u>\$ 33,368,893</u>	<u>\$ 41,060,150</u>	<u>\$ 38,936,375</u>	<u>\$ 46,002,657</u>	<u>\$ 49,083,359</u>	<u>\$ 38,062,315</u>
\$ (27,723,699)	\$ (25,816,383)	\$ (32,107,674)	\$ (28,610,531)	\$ (26,822,761)	\$ (30,070,875)
1,141,177	2,336,333	366,777	562,619	1,180,553	1,413,221
<u>\$ (26,582,522)</u>	<u>\$ (23,480,050)</u>	<u>\$ (31,740,897)</u>	<u>\$ (28,047,912)</u>	<u>\$ (25,642,208)</u>	<u>\$ (28,657,654)</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Taxes:				
Property taxes	\$ 7,108,330	\$ 7,566,606	\$ 11,634,029	\$ 13,768,880
Sales and use taxes	8,658,378	8,098,753	8,836,139	9,208,476
Transaction and use taxes	-	-	-	-
Franchise tax	1,659,466	1,704,822	1,689,369	1,807,537
Utility users tax	4,469,335	4,712,780	4,765,367	5,128,226
Other taxes	195,675	283,436	599,921	399,436
Grants and contributions not restricted to specific programs	3,666,960	2,800,517	1,696,647	705,613
Income from property and investments	1,533,247	172,725	757,030	801,623
Other general revenues	1,308,356	1,130,855	796,231	885,929
Gain on sale of property	-	-	-	-
Extraordinary gain	-	-	-	-
Transfers	(85,000)	(85,000)	(76,000)	(85,000)
Total governmental activities	<u>28,514,747</u>	<u>26,385,494</u>	<u>30,698,733</u>	<u>32,620,720</u>
Business-type activities:				
Income from property and investments	283,035	372,693	346,084	481,537
Gain on sale of capital assets	262	-	-	-
Gain on sale of investment	195,881	-	-	-
Other general revenues	-	-	-	-
Transfers	85,000	85,000	76,000	85,000
Total business-type activities	<u>564,178</u>	<u>457,693</u>	<u>422,084</u>	<u>566,537</u>
Total primary government	<u>\$ 29,078,925</u>	<u>\$ 26,843,187</u>	<u>\$ 31,120,817</u>	<u>\$ 33,187,257</u>
Change in Net Assets				
Governmental activities	\$ 5,542,726	\$ 1,958,844	\$ 6,936,847	\$ 5,909,971
Business-type activities	(545,889)	395,767	1,045,865	6,742,658
Total primary government	<u>\$ 4,996,837</u>	<u>\$ 2,354,611</u>	<u>\$ 7,982,712</u>	<u>\$ 12,652,629</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					
2007	2008	2009	2010	2011	2012
\$ 14,975,673	\$ 16,127,594	\$ 16,153,525	\$ 15,575,910	\$ 15,512,868	\$ 14,175,467
9,853,179	10,298,735	8,900,156	7,669,656	8,116,354	8,490,350
-	-	888,150	3,572,975	3,882,815	4,215,209
1,996,481	1,377,380	1,451,228	1,492,703	1,534,468	1,561,518
5,293,525	2,854,515	-	-	-	-
398,603	-	-	-	-	-
724,228	619,065	492,053	453,076	580,840	316,262
1,601,295	3,473,466	2,808,384	2,962,495	3,280,649	3,175,312
717,424	309,139	795,111	577,174	1,169,235	1,123,908
-	-	499,360	-	-	-
-	-	-	-	-	8,194,111
85,283	(32,500)	(20,000)	3,237	14,973	557,409
<u>35,645,691</u>	<u>35,027,394</u>	<u>31,967,967</u>	<u>32,307,226</u>	<u>34,092,202</u>	<u>41,809,546</u>
1,161,184	123,242	1,016,045	552,883	386,167	273,456
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	132,276	366,303
(85,283)	32,500	20,000	(3,237)	(14,973)	(557,409)
<u>1,075,901</u>	<u>155,742</u>	<u>1,036,045</u>	<u>549,646</u>	<u>503,470</u>	<u>82,350</u>
<u>\$ 36,721,592</u>	<u>\$ 35,183,136</u>	<u>\$ 33,004,012</u>	<u>\$ 32,856,872</u>	<u>\$ 34,595,672</u>	<u>\$ 41,891,896</u>
\$ 7,921,992	\$ 9,211,011	\$ (139,707)	\$ 3,696,695	\$ 7,269,441	\$ 11,738,671
2,217,078	2,492,075	1,402,822	1,112,265	1,684,023	1,495,571
<u>\$ 10,139,070</u>	<u>\$ 11,703,086</u>	<u>\$ 1,263,115</u>	<u>\$ 4,808,960</u>	<u>\$ 8,953,464</u>	<u>\$ 13,234,242</u>

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

	Fiscal Year			
	2003	2004	2005	2006
General fund				
Reserved	\$ 7,580,149	\$ 2,027,017	\$ 2,518,385	\$ 2,984,541
Unreserved	1,482,228	6,816,442	7,717,762	7,925,672
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 9,062,377</u>	<u>\$ 8,843,459</u>	<u>\$ 10,236,147</u>	<u>\$ 10,910,213</u>
All other governmental funds				
Reserved	\$ 2,295,717	\$ 5,320,954	\$ 3,811,387	\$ 6,530,768
Unreserved undesignated, reported in:				
Special revenue funds	3,701,502	2,078,084	728,328	771,473
Debt service funds	(91,918)	(207,873)	(178,299)	-
Capital projects funds	11,192,298	7,818,828	3,159,216	(4,969,337)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 17,097,599</u>	<u>\$ 15,009,993</u>	<u>\$ 7,520,632</u>	<u>\$ 2,332,904</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.

⁽¹⁾ During fiscal year ended June 30, 2011, the City adopted GASB Statement 54 which established new categories for fund balance.

Fiscal Year						
	2007	2008	2009	2010	2011 ⁽¹⁾	2012
\$	3,473,165	\$ 11,007,923	\$ 10,105,173	\$ 9,321,926	\$ -	\$ -
	8,080,218	2,882,494	3,067,881	3,792,796	-	-
	-	-	-	-	9,270,571	9,191,664
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	4,604,127	5,308,531
\$	11,553,383	\$ 13,890,417	\$ 13,173,054	\$ 13,114,722	\$ 13,874,698	\$ 14,500,195
\$	6,387,594	\$ 7,105,221	\$ 11,841,774	\$ 7,105,637	\$ -	\$ -
	157,435	(5,811,745)	(10,520,112)	(9,312,632)	-	-
	-	-	-	-	-	-
	57,620	8,490,640	3,272,567	2,353,870	-	-
	-	-	-	-	619,271	5,454
	-	-	-	-	15,814,036	10,935,093
	-	-	-	-	-	2,269,585
	-	-	-	-	(11,906,575)	-
\$	6,602,649	\$ 9,784,116	\$ 4,594,229	\$ 146,875	\$ 4,526,732	\$ 13,210,132

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

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Property taxes and special assessments	\$ 7,304,005	\$ 7,850,042	\$ 11,634,029	\$ 13,768,879
Sales and use tax	8,350,697	8,222,600	8,580,008	9,208,476
Utility users tax	4,469,335	4,712,780	4,765,367	5,128,227
Franchise tax	-	-	-	-
Transaction and use tax	-	-	-	-
Intergovernmental	15,511,486	13,172,100	13,939,559	10,474,304
Licenses and permits	2,551,969	2,659,088	2,609,181	3,003,519
Charges for services	4,171,819	4,072,499	4,111,510	4,736,754
Fines, forfeitures and penalties	489,987	557,614	624,665	711,923
Use of money and property	1,782,109	875,324	1,201,020	886,846
Total revenue	<u>44,631,407</u>	<u>42,122,047</u>	<u>47,465,339</u>	<u>47,918,928</u>
Expenditures				
General government	3,194,518	4,019,240	3,794,454	3,190,161
Intergovernmental	147,666	405,876	392,850	351,407
Public safety	16,131,193	17,596,969	19,008,603	20,189,955
Public works	4,326,013	4,563,727	4,348,452	4,883,604
Employment and training	1,790,020	651,364	411,959	441,946
Community services	6,809,351	6,826,434	7,006,481	7,326,891
Community development	3,388,911	2,805,036	3,363,698	3,700,056
Intergovernmental - SERAF payment	-	-	-	-
Capital outlay	6,742,010	6,577,885	15,079,158	11,942,906
Debt service:				
Principal	236,875	283,966	568,967	265,000
Interest expense	1,238,096	1,215,411	929,510	877,374
Total expenditures	<u>44,004,653</u>	<u>44,945,908</u>	<u>54,904,132</u>	<u>53,169,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>626,754</u>	<u>(2,823,861)</u>	<u>(7,438,793)</u>	<u>(5,250,372)</u>
Other financing sources (uses)				
Issuance of debt	-	-	-	-
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	4,451,401
Transfers out	(4,733,758)	(1,894,615)	(2,083,859)	(3,714,691)
Total other financing sources (uses)	<u>265,000</u>	<u>517,337</u>	<u>1,342,120</u>	<u>736,710</u>
Extraordinary gain (loss)	-	-	-	-
Net change in fund balances	<u>\$ 891,754</u>	<u>\$ (2,306,524)</u>	<u>\$ (6,096,673)</u>	<u>\$ (4,513,662)</u>
Debt service as a percentage of noncapital expenditures	3.96%	3.91%	3.76%	2.77%

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						
2007	2008	2009	2010	2011	2012	
\$ 14,975,672	\$ 16,127,594	\$ 16,153,525	\$ 15,575,909	\$ 15,512,868	\$ 14,175,467	
9,853,179	10,298,735	8,900,156	7,599,507	8,100,193	8,470,140	
5,293,525	2,854,516	-	-	-	-	
-	-	-	-	1,539,147	1,560,043	
-	-	888,150	3,321,233	4,009,945	4,217,599	
10,872,124	16,337,771	15,173,403	20,044,668	24,638,521	13,231,750	
3,005,752	2,533,955	2,289,291	2,377,893	831,524	983,459	
4,217,788	4,320,099	4,017,259	4,173,764	4,750,030	4,097,698	
827,929	922,284	1,019,890	1,079,904	933,279	818,988	
1,325,055	2,806,572	2,751,588	2,519,807	3,781,727	2,336,069	
<u>50,371,024</u>	<u>56,201,526</u>	<u>51,193,262</u>	<u>56,692,685</u>	<u>64,097,234</u>	<u>49,891,213</u>	
3,284,442	3,776,287	3,054,085	2,669,815	2,637,466	2,670,225	
38,142	14,426	2,949	-	-	-	
20,508,001	20,934,105	22,606,775	22,085,922	22,124,819	22,681,590	
5,164,358	5,523,703	5,762,012	9,892,445	10,442,627	3,922,907	
787,929	960,798	824,748	1,335,844	350,183	409,814	
7,341,149	7,731,920	8,064,550	8,124,301	8,362,752	7,687,354	
3,895,625	5,570,152	5,847,794	4,606,713	5,471,205	4,608,275	
-	-	-	892,557	183,762	-	
2,931,143	3,805,470	10,281,332	8,309,750	6,176,601	2,717,895	
276,699	404,466	430,552	452,158	608,560	703,163	
595,620	1,029,198	891,714	1,082,957	1,456,522	858,818	
<u>44,823,108</u>	<u>49,750,525</u>	<u>57,766,511</u>	<u>59,452,462</u>	<u>57,814,497</u>	<u>46,260,041</u>	
<u>5,547,916</u>	<u>6,451,001</u>	<u>(6,573,249)</u>	<u>(2,759,777)</u>	<u>6,282,737</u>	<u>3,631,172</u>	
-	-	-	-	1,450,000	-	
-	-	-	-	-	-	
-	-	790,000	-	-	-	
5,780,952	1,900,351	2,331,551	3,813,715	6,029,430	3,499,171	
<u>(6,415,953)</u>	<u>(2,832,851)</u>	<u>(2,455,552)</u>	<u>(3,876,746)</u>	<u>(7,104,090)</u>	<u>(4,111,485)</u>	
<u>(635,001)</u>	<u>(932,500)</u>	<u>665,999</u>	<u>(63,031)</u>	<u>375,340</u>	<u>(612,314)</u>	
-	-	-	-	-	6,290,039	
<u>\$ 4,912,915</u>	<u>\$ 5,518,501</u>	<u>\$ (5,907,250)</u>	<u>\$ (2,822,808)</u>	<u>\$ 6,658,077</u>	<u>\$ 9,308,897</u>	
2.09%	3.12%	2.78%	3.00%	4.00%	3.59%	



STATISTICAL SECTION
Revenue Capacity



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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property (1)	Total Taxable Assessed Value (2)	Total Direct Tax Rate
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%
2011	3,513,333,660	713,436,330	308,220,069	171,182,915	4,706,172,974	0.22228%
2012	3,582,370,115	715,788,296	311,503,414	182,755,433	4,792,417,258	0.22158%

(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			
	2003	2004	2005	2006
City Direct Rates:				
City basic rate	1.0000	1.0000	1.0000	1.0000
Total City Direct Rate	1.0000	1.0000	1.0000	1.0000
Overlapping Rates:				
School System	0.05971	0.05671	0.05099	0.05157
Metropolitan Water District	0.00670	0.00610	0.00580	0.00520
Total Direct Rate	<u>1.06641</u>	<u>1.06281</u>	<u>1.05679</u>	<u>1.05677</u>

Source: Orange County Assessor's Office

Fiscal Year					
2007	2008	2009	2010	2011	2012
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.04736	0.04764	0.04860	0.05359	0.05647	0.05362
0.00470	0.00450	0.00430	0.00430	0.00370	0.00370
<u>1.05206</u>	<u>1.05214</u>	<u>1.05290</u>	<u>1.05789</u>	<u>1.06017</u>	<u>1.05732</u>

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

<u>Taxpayer</u>	<u>2012</u>		<u>2003</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>
La Habra Association LLC	\$ 87,207,373	1.82%	\$ -	0.00%
CVS Pharmacy Inc	78,366,751	1.64%	-	0.00%
La Habra Westridge Partnership LP	60,524,803	1.26%	-	0.00%
Ralph's Grocery Company	29,211,411	0.61%	-	0.00%
Bank First Security of Utah Trust	27,049,964	0.56%	-	0.00%
Essex Portfolio	24,900,954	0.52%	-	0.00%
Costco Wholesale Corp	21,459,784	0.45%	-	0.00%
Garfield Beach CVS LLC	20,990,559	0.44%	-	0.00%
Clipperton Partners-Lowes HIW	18,909,239	0.39%	-	0.00%
Westridge Golf Inc	18,327,899	0.38%	-	0.00%
American Food & Drug Inc	-	0.00%	96,244,864	3.09%
La Habra Westridge	-	0.00%	43,530,964	1.40%
M & H Realty Partners LP	-	0.00%	38,196,027	1.22%
Essex Portfolio	-	0.00%	21,505,982	0.69%
Townhouse Apartments	-	0.00%	20,521,702	0.66%
Westridge Golf Club LLC	-	0.00%	17,435,676	0.56%
Bank First Security	-	0.00%	16,483,298	0.53%
Voit La Habra Partners	-	0.00%	12,500,000	0.40%
Von's Companies	-	0.00%	10,995,848	0.35%
Walter Jackson Bransford	-	<u>0.00%</u>	<u>10,741,441</u>	<u>0.34%</u>
Top Ten Assessed Value	\$ 386,948,737	8.07%	\$ 288,155,802	9.24%
Total Assessed Value	<u>\$ 4,792,417,258</u>		<u>\$ 3,118,311,944</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 Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date (2)	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2011	11,140,486	10,788,148	96.84%	16,586	10,804,734	96.99%
2012	11,306,017	10,758,711	95.16%	17,641	10,776,352	95.32%

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

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

Fiscal Year Ended June 30	Governmental Activities					
	Certificates of Participation	Tax Allocation Bonds (3)	Special Tax Bonds (3)	Notes Payable	Loan Payable	Contract and Lease Payable
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
2011	4,209,751	6,795,000	1,880,000	1,827,692	681,234	911,520
2012	3,947,011	-	-	440,321	601,581	835,402

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

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

³ For fiscal year ended June 30, 2012, outstanding long term debts of the La Habra RDA were transferred to the Successor Agency on February 1, 2012, as a result of dissolution of Redevelopment Agencies in California.

Statistical information for prior fiscal years is unavailable.

<u>Governmental Activities</u>	<u>Business-type Activities</u>						
<u>Total Governmental Long-term Debt</u>	<u>Certificates of Participation</u>	<u>Revenue Bonds</u>	<u>Total Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Debt Per Capita (2)</u>	
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	
16,305,197	14,134,848	26,095,000	40,229,848	56,535,045	3.82%	2,414	
5,824,315	13,914,290	25,655,000	39,569,290	45,393,605	3.03%	1,845	

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

Outstanding General Bonded Debt (2)

Fiscal Year Ended June 30	General Obligation Bonds	Tax Allocation Bonds	Total	Percent of Assessed Value (1)	Per Capital
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
2011	n/a	n/a	n/a	n/a	n/a
2012	n/a	n/a	n/a	n/a	n/a

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

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

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

CITY OF LA HABRA
Direct and Overlapping Debt
June 30, 2012

2011-12 Assessed Valuation	\$ 4,792,478,144
Redevelopment Incremental Valuation	<u>336,602,571</u>
Adjusted Assessed Valuation	<u>\$ 4,455,875,573</u>

	%age Applicable (1)	Outstanding Debt 6/30/12	Estimated Share of Overlapping Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.247%	\$ 196,545,000	\$ 485,466
North Orange County Joint Community College District	5.613%	206,464,001	11,588,824
Fullerton Joint Union High School District	20.368%	55,152,910	11,233,545
La Habra City School District	82.958%	12,722,198	10,554,081
City of La Habra Community Facilities District No. 1990-1	100.000%	<u>1,715,000</u>	<u>1,715,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 35,576,916
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	1.183%	\$ 233,751,000	\$ 2,765,274
Orange County Pension Obligations	1.183%	214,405,353	2,536,415
Orange County Board of Education Certificates of Participation	1.183%	16,000,000	189,280
Municipal Water District of Orange County Water Facilities Corporation	1.396%	12,145,000	169,544
North Orange County Regional Occupation Program Certificate of Participa	5.790%	11,130,000	644,427
Fullerton Joint Union High School District Certificates of Participation	20.368%	22,255,000	4,532,898
City of La Habra Certificate of Participation	100.000%	<u>19,595,000</u>	<u>19,595,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 30,432,838
Less: MWDOC Water Facilities Corporation (100% self-supporting)			<u>196,544</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 30,236,294
TOTAL DIRECT DEBT			\$ 19,595,000
TOTAL GROSS OVERLAPPING DEBT			\$ 46,414,754
TOTAL NET OVERLAPPING DEBT			\$ 46,245,210
GROSS COMBINED TOTAL DEBT			\$ 66,009,754 (2)
NET COMBINED TOTAL DEBT			65,840,210

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

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

Ratios to 2011-12 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 0.74%

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$ 19,595,000).....0.44%
Gross Combined Total Debt.....1.48%
Net Combined Total Debt.....1.48%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/12: \$0

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

	Fiscal Year		
	2003	2004	2005
Total Assessed Value of all Real and Personal Property	\$ 3,119,571,800	\$ 3,350,641,844	\$ 3,598,042,087
Debt Limit Percentage	15.00%	15.00%	15.00%
Total Debt Limit (1)	467,935,770	502,596,277	539,706,313
Amount of Debt Applicable to Debt Limit (2)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal Debt Margin	<u>\$ 467,935,770</u>	<u>\$ 502,596,277</u>	<u>\$ 539,706,313</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						
2006	2007	2008	2009	2010	2011	2012
\$3,962,715,606	\$4,414,500,225	\$4,773,433,708	\$4,876,737,977	\$4,708,919,643	\$4,700,690,212	\$4,792,478,144
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
594,407,341	662,175,034	716,015,056	731,510,697	706,337,946	705,103,532	718,871,722
<u>\$ -</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>	<u>\$ 705,103,532</u>	<u>\$ 718,871,722</u>

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

Fiscal Year Ended June 30	Water Revenue Bonds						Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2005 (1)	\$ 7,619,270	\$ 6,680,887	\$ 938,383	\$ 145,000	\$ 322,244	2.01	
2006 (1)	8,723,742	6,872,437	1,851,305	150,000	320,031	3.94	
2007 (1)	9,876,631	8,151,398	1,725,233	150,000	317,594	3.69	
2008 (1)	10,269,413	8,574,164	1,695,249	155,000	314,634	3.61	
2009 (1)	9,887,182	8,756,216	1,130,966	155,000	311,244	2.43	
2010 (1)	10,739,589	9,293,475	1,446,114	160,000	307,400	3.09	
2011 (2)	12,165,694	9,245,287	2,920,407	165,000	763,140	3.15	
2012 (2)	12,699,661	9,502,764	3,196,897	440,000	1,569,580	1.59	

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

(1) '2003 Revenue Bonds, Series A

(2) '2003 Revenue Bonds, Series A; 2010 Revenue Bonds, Series A; 2010 Revenue Bonds, Series B

Statistical information for prior fiscal years is unavailable.

Certificate of Participation, Series A

Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 2,224,906	\$ 774,838	\$ 1,450,068	\$ 585,000	\$ 891,420	0.98
2,322,577	806,585	1,515,992	660,000	866,520	0.99
2,399,796	747,270	1,652,526	684,996	869,024	1.06
2,539,842	792,238	1,747,604	706,416	867,682	1.11
2,615,717	788,007	1,827,710	718,007	858,749	1.16
2,595,730	1,045,302	1,550,428	735,047	852,152	0.98
2,614,922	1,026,535	1,588,387	-	688,981	2.31
2,633,169	937,834	1,695,335	285,000	736,769	1.66

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

Tax Allocation Bonds

Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 1,370,272	\$ 802,566	\$ 567,706	\$ 105,000	\$ 426,423	1.07
2,085,904	1,121,430	964,474	110,000	421,585	1.81
1,873,932	734,015	1,139,917	115,000	416,465	2.14
2,343,944	1,038,171	1,305,773	120,000	411,000	2.46
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
2,446,322	1,614,675	831,647	155,000	391,935	1.52
2,377,771	1,427,386	950,385	220,000	382,450	1.58

Special Tax Bonds

Revenue	Less Operating Expenses	Net Available 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
286,596	8,705	277,892	155,000	117,140	1.02
286,786	8,796	277,991	165,000	107,850	1.02



STATISTICAL SECTION
Demographic and Economic Information



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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2011	63,184	1,479,959	23,423	10.8%
2012	60,871	1,497,853	24,607	9.8%

Source: HdL Coren & Cone

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

Employer	2012		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
CVS Pharmacy	887	3.09%	887	3.17%
Preferred Employment	542	1.89%	513	1.83%
Wal-Mart/Sams Stores Inc.	554	1.93%	501	1.79%
City of La Habra	393	1.37%	411	1.47%
Costco	255	0.89%	256	0.91%
The Kroger Co./La Habra Bakery	235	0.82%	248	0.89%
Target Stores T-248	190	0.66%	195	0.70%
Home Depot USA	154	0.54%	131	0.47%
Kohl's Department Stores Inc.	135	0.47%	136	0.49%
Lowe's Home Centers Inc.	128	0.45%	122	0.44%
VIP Rubber Company Inc.	120	0.42%	n/a	n/a

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

Source: Business License Dept.
EDD Labor Market Info.

STATISTICAL SECTION
Operating Information



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

Function/Department	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>	<u>2011</u>	<u>2012</u>
City Manager	4.94	4.94	4.94	4.94	4.94	5.50	4.50	3.50	3.75	3.75
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.53
Community Development	13.76	15.36	17.88	18.88	18.77	21.29	22.29	30.37	28.84	30.70
Community Services	137.94	121.26	100.34	100.18	100.72	100.24	107.52	104.21	99.25	94.50
Finance/Administrative Services	17.59	20.54	20.44	20.82	19.98	20.12	20.12	21.07	21.82	22.45
Fire *	41.00	41.00	41.00	-	-	-	-	-	-	-
Police	131.95	122.65	117.18	122.70	122.52	127.05	124.21	124.96	120.68	121.76
Public Works	59.75	60.33	60.81	64.11	67.37	67.59	66.87	59.31	54.24	54.50
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>	<u>7.89</u>	<u>6.19</u>
Total	<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>	<u>339.47</u>	<u>336.38</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 Seven Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police:							
Arrests	2,727	2,423	2,494	2,472	2,438	2,087	2,285
Crime Reports	-	8,786	8,190	8,363	7,932	7,786	6,909
Moving citations issued	-	6,098	7,845	10,801	8,771	7,683	5,070
Parking citations issued	13,875	14,856	17,051	16,386	14,617	10,546	8,389
Fire *							
Number of emergency calls	-	3,401	3,293	3,581	3,814	3,418	3,527
Public Works							
Street resurfacing (miles)	14	14	15	6	7	9	11
Community development							
Building Permits Issued	1,184	1,322	1,340	1,614	1,866	1,747	1,786
Building Inspections	-	4,768	4,061	3,424	3,242	3,922	3,422
Building Plan Checks	-	319	300	191	175	176	166
Parks and recreation:							
Number of Parks	23	24	24	24	24	24	24
Park Acreage	133.17	133.45	133.66	133.66	133.66	133.66	133.66
Number of recreation classes	29	26	24	20	16	17	17
Municipal Water Department							
Number of Accounts	12,601	12,707	12,584	12,569	12,638	12,656	12,614
Average daily consumption (thousands of gallons)	9,241	9,690	9,287	8,910	8,084	7,538	8,136

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 Seven Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police:							
Stations	1	1	1	1	1	1	1
Fire *							
Stations	4	4	4	4	4	4	4
Public works:							
Streets (miles)	108	108	108	108	108	108	108
Streetlights	2,646	2,649	2,637	2,635	2,635	2,510	2,537
Traffic signals	33	33	34	34	34	34	34
Parks and recreation:							
Parks	23	24	24	24	24	24	24
Community centers	1	1	1	1	1	1	1
Water:							
Water mains (miles)	120	120	130	130	130	130	130
Sewer							
Sanitary sewers (miles)	108	108	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



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

	Fiscal Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Water Services										
Residential	\$11,380	\$ 11,398	\$ 11,481	\$ 11,507	\$ 11,598	\$ 11,478	\$ 11,475	\$ 11,549	\$ 11,565	\$ 11,519
Commercial/Industrial	969	829	836	833	849	842	830	827	824	817
Schools/Other	106	313	250	261	260	264	264	262	267	278
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>	<u>\$ 12,656</u>	<u>\$ 12,614</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: 06/06/11
 Effective: 07/07/11

Meter Size	2011		2012	
	Monthly Meter Charge	Water Consumption Charge (1)	Monthly Meter Charge	Water Consumption Charge (1)
5/8 inch	\$ 11.11	\$ 2.49	\$ 11.22	\$ 2.51
3/4 inch	12.55	2.49	12.68	2.51
1 inch	16.20	2.49	16.36	2.51
1-1/2 inches	37.21	2.49	37.58	2.51
2 inches	64.50	2.49	65.12	2.51
3 inches	145.15	2.49	146.60	2.51
4 inches	256.90	2.49	259.47	2.51
6 inches	578.06	2.49	583.84	2.51
8 inches	652.27	2.49	658.79	2.51
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 \$2.72 per 100 cubic feet is assessed for consumption above 17,000 cubic feet.

Source: City of La Habra

Statistical information for prior fiscal years is not available.

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

Water Agency	FY 2012				FY 2011			
	Usage (in ccf's)	Commodit y Charge	Readiness to Serve	Total Bill	Usage (in ccf's)	Commodit y Charge	Readiness to Serve	Total Bill
La Habra	25	\$ 2.51	\$ 11.22	\$ 73.97	25	\$ 2.51	\$ 1.22	\$ 73.97
Brea (Tiered Rate)	1-12	3.29	7.71	-	1-12	2.52	6.17	-
Brea (Tiered Rate)	13-25	3.40	-	92.71	13-25	3.01	-	75.54
Fullerton (Tiered Rate)	1-10	2.65	7.12	-	1-10	2.65	7.12	-
Fullerton (Tiered Rate)	11-25	2.96	-	81.12	11-25	2.96	-	78.02
La Habra Heights (Lower Fire)	25	1.44	27.19	63.19	25	1.38	25.96	60.46
La Habra Heights (Higher Fire)	25	1.66	-	68.69	25	1.60	-	65.96
Suburban Water System	1-20	2.07	11.38	-	1-20	1.60	9.63	-
Suburban Water System (La Mirada & Whittier)	5	2.33	-	64.37	5	1.81	-	50.64
Whittier (3/4 meter)	25	1.76	19.40	63.40	25	1.76	46.60	90.60

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	2012		2011	
	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption
Westridge Golf, Inc.	110,060	2.97%	102,448	2.87%
Friendly Village A/P	19,871	0.54%	20,470	0.57%
The Kroger Co/La Habra Bakery	13,768	0.37%	14,511	0.41%
Fullerton Union High School District	14,057	0.38%	13,880	0.39%
Viewpark	-	0.00%	13,381	0.37%
La Habra School District	12,785	0.34%	12,809	0.36%
Whittier Christian HS	13,604	0.37%	11,958	0.34%
La Bonita Park	-	0.00%	10,340	0.29%
Brooklake Apts	11,687	0.31%	10,162	0.28%
Tapestry/Keystone	11,490	0.31%	9,626	0.27%
La Habra Woods Apts	8,523	0.23%	-	0.25%
Casa La Habra	9,068	0.24%	-	0.24%
Total Consumption in 100 CCF		<u><u>3,711,173</u></u>		<u><u>3,569,299</u></u>

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