

City of La Habra, California
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011



Prepared by the Department of Finance and Administrative Services

James D. Sadro, Director/Treasurer

Melvin Shannon, Deputy Director of Finance

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

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INTRODUCTORY SECTION



CITY OF LA HABRA

May 24, 2012

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, 2011 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 is accurate in all materials respects and is 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 2010-2011 COMPREHENSIVE ANNUAL FINANCIAL 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 blended component units of the primary government.

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

CITY LOCATION AND CHARACTER

The City of La Habra (population 63,184) 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 10/11 was \$4,706,172,974, which is 0.02 percent less than FY 09/10. 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 2,446 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 2011 was 10.8 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 is 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

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

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, 2011 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 Funds, the Capital Project Funds, the Enterprise Funds, the Internal Service Funds, and the Special Revenue Funds. Some Special Revenue Funds are not included in the annual appropriation resolution, but are adopted separately on an as needed basis. Formal budgetary integration is employed as a management control during the year. Supplemental appropriations are approved by the City Council in the form of budget amendment motions, contract/project approval actions, or as part of special grant authorizing motions. The level of budgetary control is at the individual fund level, but management control is exercised at budgetary line-item level.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental and proprietary funds. Encumbrances outstanding at year-end are reported as restricted, committed, or assigned fund balances 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), budget and actual, is presented on the same basis of accounting used in preparing the adopted budget.

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

Long-Term Financial Planning

The City typically prepares two levels of financial planning for review by its governing body. The first level involves the preparation, presentation and adoption of the City's annual operating budget. This planning effort takes into account current projects, programs and staffing levels to determine the proper level of resource allocation necessary to effectively operate the City government on a year to year basis. This short-term financial plan is flexible and can be modified by Council action to adjust for changing revenue estimates, new programs or projects, or other unanticipated operating and capital costs. The annual adopted budget is reviewed by the City Council at mid year to determine estimated year end revenue and expenditure performance of the General Fund and other major operating funds. Amendments are approved as necessary to reflect changing financial conditions or funding availability with the goal of maintaining budget at year end.

In addition, the City prepares and updates longer term capital plans, revenue estimates, and economic projections to account for high-cost long-term capital needs, major infrastructure improvement programs, and changing trends in the City's revenue and economic base. As part of the annual budget, the City updates its 5-year revenue projection model to take into account current and projected economic trends, major changes in revenues and expenses, and future capital needs. These models are based on other long-term financial plans developed by City departments, including the a seven year capital project plan, a multi-year pavement management plan, a ten year water system master plan and a twelve year sewer system master plan. Capital plans are updated each one to five years depending on the need for such updates or to account for major changes. The information provided by the City's long-range capital plans is also used to determine the potential net benefit of securing long-term capital financing via debt versus the use of current cash or other resources on a pay-as-you-go basis.

General Fund Balance

The total General Fund balance as of June 30, 2011 was \$13,874,698. Of this amount, \$9,270,571 is considered non-spendable and unavailable for appropriation. The unassigned fund balance was \$4,604,127, of which \$1,629,512 was designated as an operating reserve.

Prudent financial management necessitates that sufficient reserves be established to provide funding for emergencies, disaster recovery, unanticipated expenses and to demonstrate creditworthiness to credit rating agencies. Among municipalities, unrestricted reserve levels typically range from 10 percent to 50 percent of annual expenditure budgets and can fluctuate based on availability of funds and individual reserve policies. As of June 30, 2011, the City's total assigned and unassigned reserve levels equaled 14.1 percent of the amended FY 10/11 General Fund expenditure budget, with 5 percent in assigned operating reserves and 9.1 percent in unassigned general/emergency reserves.

Debt

As of fiscal year ended June 30, 2011, the City's component units had several outstanding debt issues totaling \$60.4 million. These issues included \$1.9 million in special tax bonds, \$18.3 million in certificates of participation, \$6.8 million in tax allocation bonds and \$26.1 million in revenue bonds, \$3.4 million in various notes, leases and loans, and \$3.9 million in compensated absences. The City, as a separate legal entity, has no general obligation debt outstanding.

Capital Projects Funds

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

Capital Assets

The capital assets of the City's governmental activities are those used in the performance of general government functions and exclude the capital assets of the Enterprise Funds, but does include the capital assets of the Internal Service Funds. As of June 30, 2011, the capital assets (net of depreciation) of the City's governmental activities amounted to \$87,839,293. This amount represents the original cost of the assets or estimated historical cost if actual historical cost is not available and is considerably less than their present value. Depreciation of capital assets is recognized in the City's financial statements using the straight-line method based on the estimated useful life of an asset.

Enterprise Operations

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

Enterprise Operation	Net Assets (Deficits) Beginning	Operating Revenue	Operating Expenses	Non Operating Revenue (Expenses)	Net Transfers In and (Out)	Net Assets (Deficits) Ending
Water	\$14,515,747	\$12,095,750	\$9,869,368	\$(445,268)	\$(178,696)	\$16,118,165
Sewer	9,826,053	1,450,422	1,591,981	78,088	(63,460)	9,699,122
Refuse	3,272,833	3,105,803	2,984,442	83,510	(118,039)	3,359,665
Housing Authority	6,384,186	1,247,111	1,336,439	(684,834)	0	5,610,024
Children's Museum	601,057	510,718	566,319	622	42,500	588,578
Mobile Home	170,198	2,615,266	1,765,033	66,435	0	1,086,866
Total	\$34,770,074	\$21,025,070	\$18,113,582	\$(901,447)	\$(317,695)	\$36,462,420

Cash Management

To assure the most competitive rates on investments, the City maintains a cash and investment pool that is available for use by all funds, except for bond proceeds and reserves, which are required to be held by a third-party trustee. The City's investments are guided by an investment policy adopted by the City Council that is in compliance with statutory requirements for municipal investments. In January 2005, the City submitted its adopted 2005 Investment Policy to the Association of Public Treasurers of the

United States and Canada (APT US&C) for review and certification. In July 2005, the APT US&C completed their review and certified the City's 2005 Investment Policy as "meeting the standards set forth" by their organization. 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 legislative changes. The 2010 and 2011 adopted investment policies had no material changes from the 2005 policy, except to increase the maximum allowed investment in the State Local Agency Investment Fund to \$50 million.

As of June 30, 2011, the City had \$60,721,508 in cash and short-term investments such as securities of the U.S. Government and funds held with the State of California Local Agency Investment Fund. The City's investment philosophy is to minimize credit and market risks while maintaining a competitive yield on its portfolio, to ensure that funds are available when needed, to manage its pooled idle cash position under the prudent investor's rule, and to maximize the productive use of assets entrusted to its care.

Risk Management

The City has established a Risk Management division that is tasked with minimizing the loss of City assets caused by accidental loss, resulting from employee injuries or from third-party liability claims. This is accomplished by effectively utilizing management techniques of risk retention, risk transfer, loss prevention and loss reduction. There are two self-insured programs administered by the City: liability and industrial injury. The City became self-insured for liability claims and settlements in March 1976. Through reinsurance, a stop loss of \$500,000 per occurrence has been established. The City became self-insured for industrial injury in 1974. Through reinsurance, a stop loss of \$750,000 for each miscellaneous and \$1,000,000 for each public safety occurrence has been established.

In the Risk Management Internal Service Fund, a Workers Compensation and General Liability exposure amount has been calculated to provide for future claims resulting from injuries and incidents occurring prior to June 30, 2011. The City's exposure has been calculated at \$2,056,194, with net assets of \$2,542,811 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 the financials required a major effort from the entire accounting staff and we would like to express our appreciation to everyone who assisted and contributed to the effort, particularly Deputy Director of Finance Melvin Shannon, Revenue Manager Stefanie Turner, Senior Accountant John Balderas and Accountant II Mary Ann Sy.

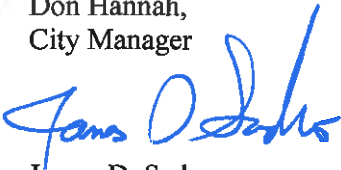
We wish to acknowledge the professional manner in which Macias, Gini & O'Connell conducted the audit and express our appreciation for their assistance, in particular Linda Hurley, Lori Nicoson, Jack Ponvanit, Monika Arora and Kelsey Reynolds.

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

Respectfully submitted,



Don Hannah,
City Manager

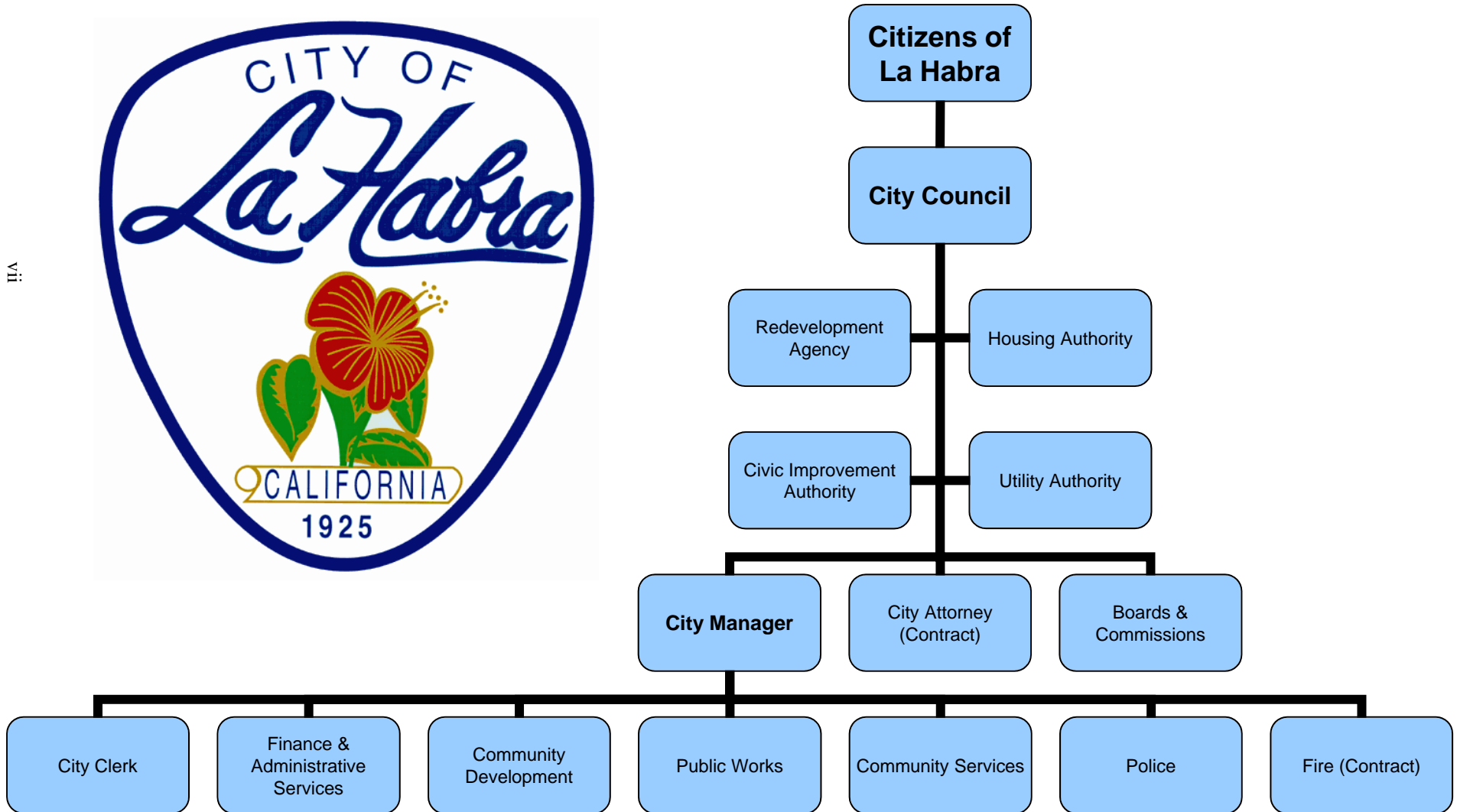


James D. Sadro,
Director of Finance and Administrative Services
City Treasurer

City of La Habra Organization and Services



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CITY OF LA HABRA

CITY OFFICIALS AS OF JUNE 30, 2011

MEMBERS OF THE CITY COUNCIL

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

City Manager
Don Hannah

CITY ATTORNEY
Richard Jones

City Clerk
Tamara D. Mason

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES
James D. Sadro

DIRECTOR OF COMMUNITY DEVELOPMENT
Michael Haack

DIRECTOR OF COMMUNITY SERVICES
Salvatore Failla

DIRECTOR OF PUBLIC WORKS
Thom Coughran

CHIEF OF POLICE
Tom Sonoff

ASSISTANT CHIEF OF FIRE
Jerry Heinzl (L.A. County Fire)



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, 2011, 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, 2011, 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 (1)(d)12. to the basic financial statements, effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

As discussed in Note (4)1. to the basic financial statements, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California (Assembly Bill 1X 26) unless certain payments can be made to the State of California (Assembly Bill 1X 27). On December 29, 2011, the California Supreme Court (Court) largely upheld the legislation for the dissolution of redevelopment agencies. Furthermore, the Court invalidated Assembly Bill 1X 27. Accordingly, the Redevelopment Agency of the City of La Habra (Agency) dissolved on January 31, 2012, under the guidelines for dissolution set forth in the legislation. The financial statements do not include any adjustments as a result of the dissolution of the Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2012 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, 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 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
May 24, 2012

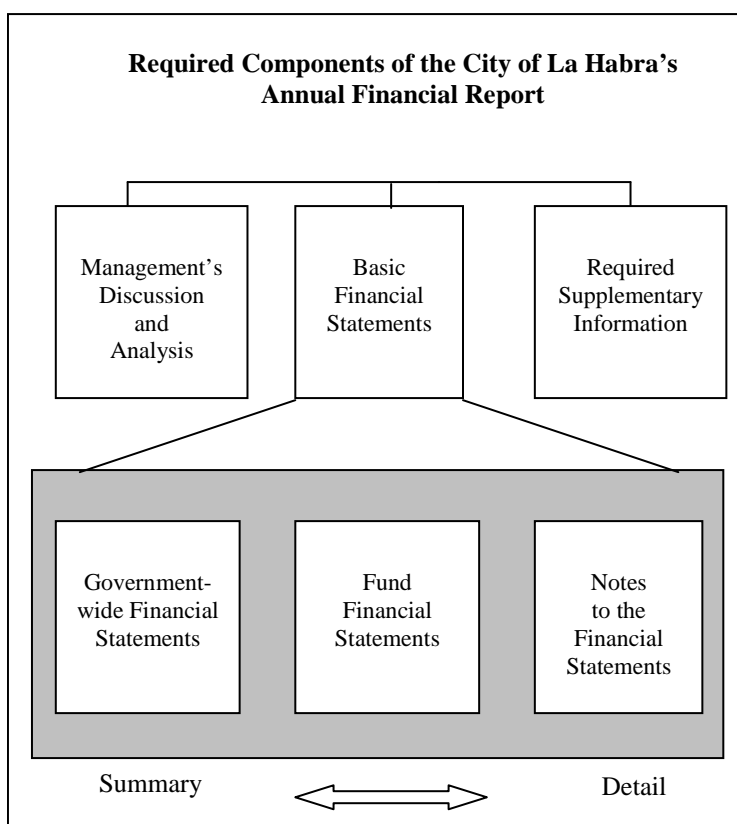
Management’s Discussion and Analysis

In an effort to provide insight and perspective to the City of Habra’s (“City”) annual financial statements, staff have prepared this management discussion of the financial activities of the City for the fiscal year ended June 30, 2011. 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, the detailed information found in the body of the financial statements and the notes to 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.
 - *Proprietary 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 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 revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

Some funds are required by State law and bond covenants, while the City establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three kinds of funds:

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

Financial Analysis of the City as a Whole

Net Assets

The City’s *combined* net assets for the fiscal year ended June 30, 2011, as shown below, were \$136.5 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 \$9.0 million during the current fiscal year primarily due to the completion of street repaving projects and water projects.

TABLE 1
STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	FY 10/11	FY 09/10	FY 10/11	FY 09/10	FY 10/11	FY 09/10
<u>ASSETS</u>						
Current and Other Assets	\$ 40,897,530	\$ 42,290,617	\$44,612,593	\$26,153,079	\$ 85,510,123	\$ 68,443,696
Capital Assets	87,839,293	84,882,541	37,220,860	35,535,692	125,060,153	120,418,233
TOTAL ASSETS	128,736,823	127,173,158	81,833,453	61,688,771	210,570,276	188,861,929
<u>LIABILITIES</u>						
Current Liabilities	10,312,896	16,643,280	2,974,859	3,731,325	13,287,755	20,374,605
Non-Current Liabilities	19,016,196	18,391,588	41,804,848	22,587,723	60,821,044	40,979,311
TOTAL LIABILITIES	29,329,092	35,034,868	44,779,707	26,319,048	74,108,799	61,353,916
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of Related Debt	74,411,098	72,267,324	15,332,126	16,282,084	89,743,224	88,549,408
Restricted	10,086,784	8,183,754	1,630,052	1,630,052	11,716,836	9,813,803
Unrestricted	14,909,849	11,687,212	20,091,568	17,457,587	35,001,417	29,144,799
TOTAL NET ASSETS	\$ 99,407,731	\$ 92,138,290	\$37,053,746	\$35,369,723	\$136,461,477	\$127,508,013

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 \$136.5 million; however, 66 percent of these net assets, or \$89.7 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. Current Assets in the Business-Type activity posted a significant increase due to the issuance of the Utility Authority's \$19.7 million 2010 Water Revenue bonds which will be used for the construction of a new water well, pump station and other water system improvements.

In addition, 8.6 percent, or \$11.7 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 million, and these resources cannot be used to help fund general governmental activities. The City can only use these net assets to finance the continuing operations of its enterprise funds such as the Refuse fund, Mobile Home Lease fund and the Children's Museum, or its agencies and authorities, such as the Utility Authority and Housing Authority. That leaves a \$14.9 million balance of unrestricted net assets that can be used to meet the governmental activities ongoing obligations to citizens and creditors.

TABLE 2
CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	FY 10/11	FY 09/10	FY 10/11	FY 09/10	FY 10/11	FY 09/10
Revenues						
Program Revenues						
Charges for Services	\$5,539,751	\$6,162,186	\$20,353,306	\$20,307,047	\$25,893,057	\$26,469,233
Operating Grants and Contributions	9,645,109	10,219,344	-	-	9,645,109	10,219,344
Capital Grants and Contributions	13,545,193	9,314,080	-	-	13,545,193	9,314,080
General Revenues						
Property Taxes	15,512,868	15,575,910	-	-	15,512,868	15,575,910
Sales and Use Taxes	8,116,354	7,669,656	-	-	8,116,354	7,669,656
Transaction and Use Taxes	3,882,815	3,572,975	-	-	3,882,815	3,572,975
Franchise Fees	1,534,468	1,492,703	-	-	1,534,468	1,492,703
Grants and Contributions not Restricted to Specific Programs	580,840	453,076	-	-	580,840	453,076
Income from Property and Investments	3,280,649	2,962,495	386,167	552,883	3,666,816	3,515,378
Gain on Sale of Capital Assets	-	-	-	-	-	-
Gain on Sale of Investments	-	-	-	-	-	-
Other General Revenue	1,169,235	577,174	132,276	-	1,301,511	577,174
Total Revenues	62,807,282	57,999,599	20,871,749	20,859,930	83,679,031	78,859,529
Expenses						
General Government	3,391,804	2,799,293	-	-	3,391,804	2,799,293
Public Safety	22,518,416	22,433,260	-	-	22,518,416	22,433,260
Public Works	13,295,177	12,543,772	-	-	13,295,177	12,543,772
Employment & Training	350,183	1,335,844	-	-	350,183	1,335,844
Community Services	8,658,108	8,412,550	-	-	8,658,108	8,412,550
Community Development	5,675,859	5,516,373	-	-	5,675,859	5,516,373
Interest on Long-Term Debt	1,663,267	1,265,049	-	-	1,663,267	1,265,049
Water	-	-	10,171,235	10,274,385	10,171,235	10,274,385
Sewer	-	-	1,591,981	1,523,707	1,591,981	1,523,707
Refuse	-	-	2,984,442	3,123,274	2,984,442	3,123,274
Housing Authority	-	-	2,093,743	1,671,488	2,093,743	1,671,488
Children's Museum	-	-	566,319	479,994	566,319	479,994
Mobile Home Lease	-	-	1,765,033	2,671,580	1,765,033	2,671,580
Total Expenses	55,552,814	54,306,141	19,172,753	19,744,428	74,725,567	74,050,569
Excess (Deficiency) before Transfers	7,254,468	3,693,458	1,698,996	1,115,502	8,953,464	4,808,960
Transfers	14,973	3,237	(14,973)	(3,237)	-	-
Increase (Decrease) in Net Assets	7,269,441	3,696,695	1,684,023	1,112,265	8,953,464	4,808,960
Net Assets - Beginning of Year	92,138,290	88,441,595	35,369,723	34,257,458	124,508,013	122,699,053
Net Assets - End of year	\$99,407,731	\$92,138,290	\$37,053,746	\$35,369,723	\$136,461,477	\$127,508,013

Changes in Net Assets

The condensed summary of activities (Table 2 on page 7) shows that the City's total net assets increased by \$9.0 million during the year with General Government Activities accounting for \$7.3 million of that increase.

Approximately 44 percent of the City's governmental activities revenue is generated through taxes collected (property, sales, transaction and use, etc.), and over 98 percent of the City's business-type revenue is generated through charges for services.

Governmental Activities

The increase in net assets for *governmental* activities was \$7.3 million, caused as a result of total revenues for *governmental* activities of \$62.8 million being offset by \$55.5 million in total costs for *governmental* activities, with \$14,973 transferred in from the business-type activities. The primary reason for growth in net assets was due to the recognition of Measure "M" capital projects funding and a one time increase in Ambulance Billing revenues.

Non-tax program revenues are generated through several sources to cover the cost of the City's programs. "Charges for Services" reflects a decrease compared to FY 09/10, however, this decrease is offset by a corresponding increase in "Other General Revenues" which effectively nets to a nominal change.

The "Capital Grants and Contributions" program revenues reflect a significant increase over FY 09/10 due mainly to the change in the City's revenue recognition policy from 60 days to 365 days.

Business-Type Activities

As of June 30, 2011, the business-type activities increased the City's net assets by 4.8 percent, or \$1.7 million, with revenues totaling \$20.9 million and expenses totaling \$19.2 million. At fiscal year end, net assets for the water fund grew by \$1.6 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 \$126,931 as reserves were intentionally drawn down for capital projects. The refuse fund increased by \$86,832 as the expense for two annual Household Hazardous Waste events were shifted to the City's refuse contractor. The Mobile Home Lease fund net assets increased by \$916,668 due to a debt refinancing which lowered annual bond payments and deferred a principal payment to the following fiscal year. The Housing Authority's net assets decreased by \$774,162, with \$550,000 used to settle a claim for a damaged building that had been leased by the Authority. There was a decrease in net assets in the Children's Museum of \$12,479.

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, 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.

Due to the implementation of GASB 54, the City no longer reports fund balances as "reserved" or "unreserved". Governmental funds are now reported 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 for some specific purpose, or "unassigned" and available for appropriation. While we have made an attempt to provide a comparison of how these new funding classifications compare to prior year descriptions, there may not be a direct correlation in some cases.

As of June 30, 2011, the City's governmental funds reported combined ending fund balances of \$18.4 million, an increase of \$6.7 million compared to the prior fiscal year. This increase was primarily due to the change in the City's revenue recognition policy. During fiscal year 2011, the City revised its revenue recognition policy to include grant revenue received within 365 days of the end of the grant period, and certain other revenues received with 365 days of the end of the fiscal year-end. The following fund balances are considered to be either restricted or non-spendable for the City; (1) long-term advances of \$9.2 million, (2) land held for resale of \$3.1 million, (3) to pay debt service in the amount of \$277,900, (4) for low and moderate income housing of \$2.1 million, (5) for inventories in the amount of \$60,046, (6) prepaid items of \$589,347 and, (7) \$9.6 million of special revenue and capital improvement funds.

The General Fund is the chief operating fund of the City, and at the end of the fiscal year had a total fund balance of \$13.9 million, an increase of \$759,976. The unassigned fund balance portion of the General Fund was \$4.6 million, which represents approximately 14.1 percent of the FY 10/11 amended General Fund expenditure budget.

Capital Funds

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

For fiscal year ended June 30, 2011, the City's general Capital Projects Fund balance increased by \$1.6 million, the Redevelopment Agency Capital Project fund balance decreased by \$1.4 million as remaining bond proceeds from the Agency's 2000 bond issue were used to repay debt

owed to the City, with the repaid funds used by the City for its Pavement Management capital program. Additionally, the Gas Tax Fund balance increased by \$344,215, and the Measure “M” Fund balance increased by \$2.5 million due, primarily, to the City’s revised revenue recognition policy.

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, all major revenue sources had met or outperformed budget estimates. While some of these revenues were one-time in nature, such as loan repayments, delinquent bill collections, and 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 4.7 percent. More importantly, the City’s relatively new transaction and use tax revenue posted very strong revenues, outperforming budget estimates by almost 14 percent.

When combined with expenditures, which were held below budget, the City realized a positive net cash flow at fiscal year end of \$4.7 million. This year end carry over was applied, at Council direction, to capital projects, internal service fund reserves, general reserves, and furlough reduction.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2011, the City had recorded an investment of over \$186.4 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.

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

	Governmental Activities		Business-Type Activities		Total	
	FY 10/11	FY 09/10	FY 10/11	FY 09/10	FY 10/11	FY 09/10
Land	\$9,813,805	\$8,755,305	\$12,800,000	\$12,800,000	\$22,613,805	\$21,555,305
Land improvements	6,919,222	6,431,549	-	-	6,919,222	6,431,549
Buildings and improvements	18,989,228	15,937,890	5,141,477	5,141,477	24,130,705	21,079,367
Improvements other than buildings	1,133,296	1,133,296	253,490	253,490	1,386,786	1,386,786
Machinery and equipment	6,494,069	5,768,314	1,486,240	1,207,920	7,980,309	6,976,234
Autos and trucks	4,064,410	3,981,296	257,402	257,402	4,321,812	4,238,698
Infrastructure	79,128,760	76,376,443	40,542,751	37,984,247	119,671,511	114,360,690
Construction in progress (Less accumulated depreciation)	719,065	2,584,221	82,114	134,967	801,179	2,719,188
	<u>(39,422,562)</u>	<u>(36,085,773)</u>	<u>(23,342,614)</u>	<u>(22,243,811)</u>	<u>(62,765,176)</u>	<u>(58,329,584)</u>
TOTALS	<u>\$87,839,293</u>	<u>\$84,882,541</u>	<u>\$37,220,860</u>	<u>\$35,535,692</u>	<u>\$125,060,153</u>	<u>\$120,418,233</u>

Capital Assets, before accumulated depreciation, increased by \$9.1 million over the prior year. The four areas of significant increase were (1) Land Improvements of \$487,673 for park and alleyway improvements (2) Buildings and Improvements totaling \$3.1 million for the rehabilitation of the City's Child Care program administrative building and learning center; (3) Machinery and Equipment of \$1 million for an upgraded traffic signal system network, installation of LED street signs, and an upgrade of ball field lighting equipment; and (4) Infrastructure Improvements totaling \$5.3 million for citywide street and road rehabilitation projects, sidewalk improvements, handicap access ramps, alley improvements, curb and gutter improvements, traffic signal improvements and water and sewer line rehabilitation.

Long-Term Debt

At year-end, the City had \$60.4 million in bonds, certificates of deposit, loans, leases, and accrued assessments payable, an increase of \$20.3 million from last year, as shown in the table below. The City issued new notes payable of \$1.34 million and revenue bonds of \$19.68 million during the year.

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

	Governmental Activities		Business-Type Activities		Total	
	FY 10/11	FY 09/10	FY 10/11	FY 09/10	FY 10/11	FY 09/10
Certificates of Participation	\$4,209,751	\$4,467,502	\$14,134,848	\$13,793,909	\$18,344,599	\$18,261,411
Tax Allocation Bonds	6,795,000	6,950,000	-	-	6,795,000	6,950,000
Special Tax Bonds	1,880,000	2,035,000	-	-	1,880,000	2,035,000
Notes Payable	486,837	531,200	-	-	486,837	531,200
Notes Payable (Howards Appliance)	1,340,855	-	-	-	1,340,855	-
Loan Payable	681,234	757,897	-	-	681,234	757,897
Contract and Leases Payable	911,520	979,910	-	-	911,520	979,910
Compensated Absences	3,901,748	4,007,478	-	-	3,901,748	4,007,478
Revenue Bond, Series A & B	-	-	19,675,000	-	19,675,000	-
Revenue Bond, Series A	-	-	6,420,000	6,585,000	6,420,000	6,585,000
TOTALS	\$20,206,945	\$19,728,987	\$40,229,848	\$20,378,909	\$60,436,793	\$40,107,896

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

Economic Factors and Next Year's Budgets and Rates

- The City's FY 10/11 net taxable property values totaled \$4,706,172,974, approximately 7 percent more than five years ago, however, is 0.02 percent lower than FY 09/10.
- FY 11/12 PERS rates for the miscellaneous plan increased from 10.753 percent to 11.752 percent, and rates for the public safety plan increased from 27.060 percent to 31.962 percent for the safety plan.
- FY 12/13 PERS rates for the miscellaneous plan will increase from 11.752 percent to 11.762 percent, and rates for public safety will increase from 31.962 percent to 33.391 percent.
- Projected FY 13/14 PERS rates for the miscellaneous plan will increase from 11.762 percent to 12.2 percent, and rates for public safety will increase from 33.391 percent to 33.391 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 increase by 2.9 percent from June 2010 to June 2011.

These, among other factors, were considered in preparing the City of La Habra's General Fund budget for FY 11/12, which resulted in budgeted expenditures growing by 1.7 percent to \$33.6 million.

The City's 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 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.

Finally, the impact of the State's decision to eliminate Redevelopment Agencies continues to reverberate throughout municipalities in California. In La Habra, staff expects to see a nominal increase in operating costs as some former labor and administrative costs attributed to staff working on Redevelopment Agency projects are absorbed by the General Fund; however, the majority of the labor and administrative costs will be shifted to the City's Housing Authority as it assumes control over the former Redevelopment Agency's Low and Moderate Income housing programs and projects.

City staff will be working closely with the new Oversight Board, the County Assessor, the State Department of Finance, and the State Controller's Office to ensure that the former La Habra Redevelopment Agency's obligations to bond holders, schools, property owners, and the General Fund are met.

Contacting the City's Department of Finance and Administrative Services

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



FINANCIAL STATEMENTS



CITY OF LA HABRA
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 22,048,143	\$ 18,796,092	\$ 40,844,235
Cash and investments with fiscal agents	1,536,159	18,341,114	19,877,273
Accounts receivable, net	3,347,096	2,161,054	5,508,150
Interest receivable	116,492	78,930	195,422
Prepaid items	696,641	26,773	723,414
Due from other governments	9,477,462	92,445	9,569,907
Internal balances	(21)	21	-
Inventories	94,197	7,350	101,547
Total current assets	<u>37,316,169</u>	<u>39,503,779</u>	<u>76,819,948</u>
Noncurrent assets:			
Deferred charges	470,361	1,104,478	1,574,839
Land held for resale	3,111,000	115,000	3,226,000
Investment in water rights stock	-	3,889,336	3,889,336
Capital assets:			
Not being depreciated	10,532,870	12,882,114	23,414,984
Being depreciated, net	77,306,423	24,338,746	101,645,169
Total noncurrent assets	<u>91,420,654</u>	<u>42,329,674</u>	<u>133,750,328</u>
Total assets	<u>128,736,823</u>	<u>81,833,453</u>	<u>210,570,276</u>
Liabilities:			
Current liabilities:			
Accounts payable	3,794,254	1,444,725	5,238,979
Accrued liabilities	3,805,666	122,159	3,927,825
Deposits payable	-	177,150	177,150
Interest payable	284,249	505,825	790,074
Unearned revenue	289,978	-	289,978
Long-term obligations, due within one year	2,138,749	725,000	2,863,749
Total current liabilities	<u>10,312,896</u>	<u>2,974,859</u>	<u>13,287,755</u>
Noncurrent liabilities:			
Postemployment benefit obligation	948,000	-	948,000
Long-term obligations, due in more than one year	18,068,196	39,504,848	57,573,044
Pollution remediation liability	-	2,300,000	2,300,000
Total noncurrent liabilities	<u>19,016,196</u>	<u>41,804,848</u>	<u>60,821,044</u>
Total liabilities	<u>29,329,092</u>	<u>44,779,707</u>	<u>74,108,799</u>
Net assets:			
Invested in capital assets, net of related debt	74,411,098	15,332,126	89,743,224
Restricted for:			
Community development	1,596,549	-	1,596,549
Low-moderate income housing	2,710,697	-	2,710,697
Employment and training	35,796	-	35,796
Public safety	1,543,233	-	1,543,233
Transportation	3,922,609	-	3,922,609
Debt service	277,900	-	277,900
Pollution remediation	-	1,630,052	1,630,052
Unrestricted	14,909,849	20,091,568	35,001,417
Total net assets	<u>\$ 99,407,731</u>	<u>\$ 37,053,746</u>	<u>\$ 136,461,477</u>

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA
Statement of Activities
For the Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 3,391,804	\$ 102,225	\$ 143,186	\$ -
Public safety	22,518,416	3,234,734	1,099,342	-
Public works	13,295,177	-	-	13,350,919
Employment and training	350,183	-	-	-
Community services	8,658,108	1,144,869	7,262,771	-
Community development	5,675,859	1,057,923	1,139,810	194,274
Interest on long-term debt	1,663,267	-	-	-
Total governmental activities	<u>55,552,814</u>	<u>5,539,751</u>	<u>9,645,109</u>	<u>13,545,193</u>
Business-type activities:				
Water	10,171,235	11,423,986	-	-
Sewer	1,591,981	1,450,422	-	-
Refuse	2,984,442	3,105,803	-	-
Housing Authority	2,093,743	1,247,111	-	-
Children's Museum	566,319	510,718	-	-
Mobile Home Lease	1,765,033	2,615,266	-	-
Total business-type activities	<u>19,172,753</u>	<u>20,353,306</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 74,725,567</u>	<u>\$ 25,893,057</u>	<u>\$ 9,645,109</u>	<u>\$ 13,545,193</u>

General revenues:
Taxes:
Property tax
Sales and use taxes
Transaction and use taxes
Franchise tax
Grants and contributions not restricted to specific programs
Income from property and investments
Other general revenues
Transfers
Total general revenues and transfers
Change in net assets
Net assets, beginning of year
Net assets, end of year

See Accompanying Notes to Financial Statements.

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

Governmental Activities	Business-type Activities	Total
\$ (3,146,393)	\$ -	\$ (3,146,393)
(18,184,340)	-	(18,184,340)
55,742	-	55,742
(350,183)	-	(350,183)
(250,468)	-	(250,468)
(3,283,852)	-	(3,283,852)
(1,663,267)	-	(1,663,267)
(26,822,761)	-	(26,822,761)
-	1,252,751	1,252,751
-	(141,559)	(141,559)
-	121,361	121,361
-	(846,632)	(846,632)
-	(55,601)	(55,601)
-	850,233	850,233
-	1,180,553	1,180,553
(26,822,761)	1,180,553	(25,642,208)
15,512,868	-	15,512,868
8,116,354	-	8,116,354
3,882,815	-	3,882,815
1,534,468	-	1,534,468
580,840	-	580,840
3,280,649	386,167	3,666,816
1,169,235	132,276	1,301,511
14,973	(14,973)	-
34,092,202	503,470	34,595,672
7,269,441	1,684,023	8,953,464
92,138,290	35,369,723	127,508,013
\$ 99,407,731	\$ 37,053,746	\$ 136,461,477

CITY OF LA HABRA
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds		
	General	Redevelopment Operating Special Revenue Fund	Child Development Special Revenue Fund
Assets:			
Cash and investments	\$ 2,908,746	\$ 1,342,693	\$ -
Cash and investments with fiscal agent	-	-	-
Accounts receivables	2,943,115	-	314,769
Interest receivables	53,566	3,891	-
Prepaid items	582,044	-	4,157
Due from other funds	5,382,339	29,573	-
Due from other governments	264,129	-	1,604,646
Advances to other funds	11,219,865	-	-
Land held for resale	-	3,000,000	-
Inventories	60,046	-	-
Total assets	<u>\$ 23,413,850</u>	<u>\$ 4,376,157</u>	<u>\$ 1,923,572</u>
Liabilities:			
Accounts payable	\$ 681,610	\$ 800,981	\$ 203,816
Accrued liabilities	1,403,582	1,859	102,003
Due to other funds	-	53,306	1,507,696
Advances from other funds	4,235,000	12,426,586	-
Deferred revenue	3,218,960	-	83,287
Total liabilities	<u>9,539,152</u>	<u>13,282,732</u>	<u>1,896,802</u>
Fund balances:			
Nonspendable:			
Prepaid items	582,044	-	4,157
Advances	8,628,481	-	-
Inventories	60,046	-	-
Restricted:			
Debt service	-	-	-
Low-moderate income housing	-	-	-
Redevelopment	-	3,000,000	-
Public safety	-	-	-
Public works	-	-	-
Community development	-	-	-
Community services	-	-	22,613
Employment and training	-	-	-
Unassigned	4,604,127	(11,906,575)	-
Total fund balances (deficits)	<u>13,874,698</u>	<u>(8,906,575)</u>	<u>26,770</u>
Total liabilities and fund balances	<u>\$ 23,413,850</u>	<u>\$ 4,376,157</u>	<u>\$ 1,923,572</u>

See Accompanying Notes to Financial Statements.

Major Funds		
Measure M Special Revenue Fund	Other Nonmajor Funds	Total Governmental Funds
\$ -	\$ 9,939,126	\$ 14,190,565
-	1,017,621	1,017,621
-	55,088	3,312,972
-	28,443	85,900
-	3,146	589,347
-	-	5,411,912
6,094,940	1,508,401	9,472,116
-	615,507	11,835,372
-	111,000	3,111,000
-	-	60,046
\$ 6,094,940	\$ 13,278,332	\$ 49,086,851
\$ 1,516,113	\$ 289,280	\$ 3,491,800
65,626	141,048	1,714,118
3,737,351	113,580	5,411,933
-	-	16,661,586
-	103,737	3,405,984
5,319,090	647,645	30,685,421
-	3,146	589,347
-	611,968	9,240,449
-	-	60,046
-	277,900	277,900
-	2,098,729	2,098,729
-	761,557	3,761,557
-	1,584,730	1,584,730
775,850	5,662,181	6,438,031
-	1,597,826	1,597,826
-	-	22,613
-	32,650	32,650
-	-	(7,302,448)
775,850	12,630,687	18,401,430
\$ 6,094,940	\$ 13,278,332	\$ 49,086,851

CITY OF LA HABRA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

Total fund balances, governmental funds \$ 18,401,430

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	\$ 120,372,591	
Accumulated depreciation	<u>(34,171,018)</u>	86,201,573

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. 7,677,368

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds. (214,036)

Other long-term assets that are not available to pay current period expenditures are deferred in the funds. 3,116,006

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	\$ (681,234)	
Energy capital lease	(911,520)	
Notes payable	(486,837)	
1999 special refunding tax bonds	(1,880,000)	
2000 tax allocation bonds	(6,795,000)	
Notes payable (Howard's Appliances)	(1,340,855)	
Compensated absences	(2,731,164)	
Net OPEB obligation	<u>(948,000)</u>	<u>(15,774,610)</u>

Net assets of governmental activities \$ 99,407,731

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, 2011

	Major Funds		
	General	Redevelopment Operating Special Revenue Fund	Child Development Special Revenue Fund
Revenues:			
Property taxes and special assessments	\$ 12,168,370	\$ -	\$ -
Sales and use tax	8,100,193	-	-
Transaction and use tax	4,009,945	-	-
Franchise tax	1,539,147	-	-
Intergovernmental	396,878	-	6,572,511
Licenses and permits	831,524	-	-
Charges for services	4,683,574	26,642	-
Fines, forfeitures, and penalties	933,279	-	-
Use of money and property	3,606,050	18,224	739
Total revenues	<u>36,268,960</u>	<u>44,866</u>	<u>6,573,250</u>
Expenditures:			
Current:			
General government	2,418,764	-	-
Public safety	21,365,124	-	-
Public works	2,957,287	-	-
Employment and training	-	-	-
Community services	2,370,612	-	5,992,140
Community development	2,445,907	1,246,741	-
Intergovernmental - SERAF payment	-	183,762	-
Capital outlay	5,350	1,519,460	553,690
Debt service:			
Principal	145,053	109,145	-
Interest	73,759	792,625	-
Total expenditures	<u>31,781,856</u>	<u>3,851,733</u>	<u>6,545,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,487,104</u>	<u>(3,806,867)</u>	<u>27,420</u>
Other financing sources (uses):			
Issuance of debt	-	1,450,000	-
Transfers in	-	3,351,177	-
Transfers out	<u>(3,727,128)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,727,128)</u>	<u>4,801,177</u>	<u>-</u>
Net change in fund balances	759,976	994,310	27,420
Fund balances (deficits), beginning of year, restated	<u>13,114,722</u>	<u>(9,900,885)</u>	<u>(650)</u>
Fund balances (deficits), end of year	<u>\$ 13,874,698</u>	<u>\$ (8,906,575)</u>	<u>\$ 26,770</u>

See Accompanying Notes to Financial Statements.

Major Funds		
Measure M Special Revenue Fund	Other Nonmajor Funds	Total Governmental Funds
\$ -	\$ 3,344,498	\$ 15,512,868
-	-	8,100,193
-	-	4,009,945
-	-	1,539,147
11,464,523	6,204,609	24,638,521
-	-	831,524
-	39,814	4,750,030
-	-	933,279
-	156,714	3,781,727
<u>11,464,523</u>	<u>9,745,635</u>	<u>64,097,234</u>
-	218,702	2,637,466
-	759,695	22,124,819
7,257,737	227,603	10,442,627
-	350,183	350,183
-	-	8,362,752
-	1,778,557	5,471,205
-	-	183,762
1,739,267	2,358,834	6,176,601
-	354,362	608,560
-	590,138	1,456,522
<u>8,997,004</u>	<u>6,638,074</u>	<u>57,814,497</u>
<u>2,467,519</u>	<u>3,107,561</u>	<u>6,282,737</u>
-	-	1,450,000
-	2,678,253	6,029,430
-	(3,376,962)	(7,104,090)
-	(698,709)	375,340
<u>2,467,519</u>	<u>2,408,852</u>	<u>6,658,077</u>
<u>(1,691,669)</u>	<u>10,221,835</u>	<u>11,743,353</u>
<u>\$ 775,850</u>	<u>\$ 12,630,687</u>	<u>\$ 18,401,430</u>

CITY OF LA HABRA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds: \$ 6,658,077

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

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

Capital outlay	\$	6,215,392	
Depreciation expense		<u>(3,248,164)</u>	2,967,228

The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term liabilities and related items. (1,093,429)

Some revenues recognized in governmental funds in current year that were already recognized in governmental activities in prior year. (1,650,115)

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. 9,324

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. 378,356

Change in net assets of governmental activities \$ 7,269,441

See Accompanying Notes to Financial Statements.



CITY OF LA HABRA
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Refuse
Assets:			
Current assets:			
Cash and investments	\$ 4,077,848	\$ 5,296,241	\$ 4,922,165
Accounts receivable, net	1,326,003	231,069	553,473
Interest receivable	18,397	22,741	21,265
Prepaid items	282	-	-
Due from other governments	-	-	17,139
Due from other funds	21	-	-
Inventory	7,350	-	-
Total current assets	<u>5,429,901</u>	<u>5,550,051</u>	<u>5,514,042</u>
Noncurrent assets:			
Cash and investments with fiscal agents	17,271,876	-	-
Advances to other funds	-	-	-
Deferred charges	285,406	-	-
Investment in water rights stock	3,889,336	-	-
Land held for resale	-	-	-
Capital assets, net	17,195,019	4,175,146	436,467
Total noncurrent assets	<u>38,641,637</u>	<u>4,175,146</u>	<u>436,467</u>
Total assets	<u>44,071,538</u>	<u>9,725,197</u>	<u>5,950,509</u>
Liabilities:			
Current liabilities:			
Accounts payable	1,119,807	9,102	285,570
Accrued liabilities	82,943	16,973	5,274
Accrued interest	211,346	-	-
Deposits payable	177,150	-	-
Certificates of participation, current	-	-	-
Water revenue bonds, current	270,000	-	-
Compensated absences	-	-	-
Total current liabilities	<u>1,861,246</u>	<u>26,075</u>	<u>290,844</u>
Noncurrent liabilities:			
Advances from other funds	6,420,000	-	-
Certificates of participation	-	-	-
Water revenue bonds	19,672,127	-	-
Pollution remediation liability	-	-	2,300,000
Total noncurrent liabilities	<u>26,092,127</u>	<u>-</u>	<u>2,300,000</u>
Total liabilities	<u>27,953,373</u>	<u>26,075</u>	<u>2,590,844</u>
Net assets:			
Invested in capital assets, net of related debt	17,195,019	4,175,146	436,467
Restricted	-	-	1,630,052
Unrestricted (deficits)	(1,076,854)	5,523,976	1,293,146
Total net assets	<u>\$ 16,118,165</u>	<u>\$ 9,699,122</u>	<u>\$ 3,359,665</u>

Adjustment to reflect consolidation of internal service fund activities to related enterprise funds

Net assets of business-type activities

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds

<u>Major Fund</u>	<u>Other</u>		
<u>Housing</u>	<u>Nonmajor</u>	<u>Totals</u>	<u>Internal</u>
<u>Authority</u>	<u>Funds</u>		<u>Service Funds</u>
\$ 2,934,397	\$ 1,128,960	\$ 18,359,611	\$ 8,294,059
2,900	47,609	2,161,054	34,124
10,045	6,482	78,930	30,592
9,171	17,320	26,773	107,294
-	75,306	92,445	5,346
-	-	21	-
-	-	7,350	34,151
<u>2,956,513</u>	<u>1,275,677</u>	<u>20,726,184</u>	<u>8,505,566</u>
1,069,238	-	18,341,114	518,538
1,600,000	-	1,600,000	11,246,214
614,475	-	899,881	674,958
-	-	3,889,336	-
115,000	-	115,000	-
13,376,610	2,037,618	37,220,860	1,637,720
<u>16,775,323</u>	<u>2,037,618</u>	<u>62,066,191</u>	<u>14,077,430</u>
<u>19,731,836</u>	<u>3,313,295</u>	<u>82,792,375</u>	<u>22,582,996</u>
5,312	24,934	1,444,725	302,454
4,052	12,917	122,159	2,091,548
244,727	-	456,073	119,965
-	-	177,150	-
285,000	-	285,000	265,000
-	-	270,000	170,000
-	-	-	1,170,584
<u>539,091</u>	<u>37,851</u>	<u>2,755,107</u>	<u>4,119,551</u>
-	1,600,000	8,020,000	-
13,582,721	-	13,582,721	3,944,751
-	-	19,672,127	6,250,000
-	-	2,300,000	-
<u>13,582,721</u>	<u>1,600,000</u>	<u>43,574,848</u>	<u>10,194,751</u>
<u>14,121,812</u>	<u>1,637,851</u>	<u>46,329,955</u>	<u>14,314,302</u>
578,127	2,037,618	24,422,377	1,637,720
-	-	1,630,052	-
5,031,897	(362,174)	10,409,991	6,630,974
<u>\$ 5,610,024</u>	<u>\$ 1,675,444</u>	<u>36,462,420</u>	<u>\$ 8,268,694</u>
		591,326	
		<u>\$ 37,053,746</u>	

CITY OF LA HABRA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Refuse
Operating revenues:			
Water sales	\$ 11,831,306	\$ -	\$ -
Refuse billings	-	-	3,071,536
Charges for services	256,669	1,450,422	-
Intergovernmental	7,775	-	34,267
Total operating revenues	<u>12,095,750</u>	<u>1,450,422</u>	<u>3,105,803</u>
Operating Expenses:			
Water and materials	4,334,219	-	-
Contractual services	917,788	71,387	2,613,075
Wages and fringe benefits	1,452,085	474,713	151,880
Benefits and claims	-	-	-
Equipment and maintenance	302,273	92,781	59,556
Materials and supplies	245,888	24,215	1,457
Utilities	266,892	-	-
Depreciation	587,668	215,072	12,748
Amortization	322	-	-
Administration	1,762,233	713,813	145,726
Total operating expenses	<u>9,869,368</u>	<u>1,591,981</u>	<u>2,984,442</u>
Operating income (loss)	<u>2,226,382</u>	<u>(141,559)</u>	<u>121,361</u>
Nonoperating revenues (expenses):			
Interest income	74,446	83,084	78,518
Other nonoperating revenues	132,276	-	-
Gain (loss) on sale of asset	-	-	-
Gain (loss) on sale of investments	19,774	(4,996)	4,992
Interest (expense)	(671,764)	-	-
Total nonoperating revenues (expenses)	<u>(445,268)</u>	<u>78,088</u>	<u>83,510</u>
Income (loss) before transfers	1,781,114	(63,471)	204,871
Transfers in	145,276	-	-
Transfers out	(323,972)	(63,460)	(118,039)
Change in net assets	1,602,418	(126,931)	86,832
Net assets, beginning of year	14,515,747	9,826,053	3,272,833
Net assets, end of year	<u>\$ 16,118,165</u>	<u>\$ 9,699,122</u>	<u>\$ 3,359,665</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>		
\$ -	\$ -	\$ 11,831,306	\$ -
-	-	3,071,536	-
1,238,244	2,933,622	5,878,957	3,740,387
8,867	192,362	243,271	-
<u>1,247,111</u>	<u>3,125,984</u>	<u>21,025,070</u>	<u>3,740,387</u>
-	-	4,334,219	-
148,015	478,621	4,228,886	403,056
17,995	439,983	2,536,656	1,820,712
-	-	-	798,370
181,257	87,829	723,696	160,451
-	5,512	277,072	493,087
66,004	283,723	616,619	142,537
209,294	74,021	1,098,803	338,564
85,441	-	85,763	51,297
628,433	961,663	4,211,868	396,864
<u>1,336,439</u>	<u>2,331,352</u>	<u>18,113,582</u>	<u>4,604,938</u>
(89,328)	794,632	2,911,488	(864,551)
53,081	16,039	305,168	358,495
-	-	132,276	-
-	-	-	8,831
10,209	51,018	80,997	(7,161)
<u>(748,124)</u>	<u>-</u>	<u>(1,419,888)</u>	<u>(517,936)</u>
<u>(684,834)</u>	<u>67,057</u>	<u>(901,447)</u>	<u>(157,771)</u>
(774,162)	861,689	2,010,041	(1,022,322)
-	42,500	187,776	1,392,355
-	-	(505,471)	-
<u>(774,162)</u>	<u>904,189</u>	<u>1,692,346</u>	<u>370,033</u>
<u>6,384,186</u>	<u>771,255</u>		<u>7,898,661</u>
<u>\$ 5,610,024</u>	<u>\$ 1,675,444</u>		<u>\$ 8,268,694</u>

(8,323)

\$ 1,684,023

CITY OF LA HABRA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Refuse
Cash flows from operating activities:			
Receipts from customers and users	\$ 12,042,622	\$ 1,433,403	\$ 3,044,358
Receipts from interfund services provided	-	-	28,070
Payments to suppliers	(7,296,437)	(269,938)	(2,859,229)
Cash paid for interfund services provided	(1,755,583)	(794,172)	(255,880)
Payments to employees	(1,454,163)	(470,196)	(139,792)
Net cash provided by (used in) operating activities	<u>1,536,439</u>	<u>(100,903)</u>	<u>(182,473)</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(323,972)	(63,460)	(118,039)
Transfers from other funds	145,276	-	-
Receipts of advances to other funds	-	-	-
Payments of advances from other funds	(165,000)	-	-
Payments of due to other funds	(21)	-	-
Net cash provided by (used in) noncapital financing activities	<u>(343,717)</u>	<u>(63,460)</u>	<u>(118,039)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(2,438,132)	(167,394)	-
Proceeds from sale of capital assets	-	-	-
Proceeds of capital debt	19,942,127	-	-
Issuance costs paid on capital debt	(285,406)	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	(328,142)	-	-
Net cash used in capital and related financing activities	<u>16,890,447</u>	<u>(167,394)</u>	<u>-</u>
Cash flows from investing activities:			
(Purchase) sale of investments	(2,788,226)	(4,996)	4,992
Interest on investments	72,816	87,575	80,583
Net cash provided by investing activities	<u>(2,715,410)</u>	<u>82,579</u>	<u>85,575</u>
Net increase (decrease) in cash and cash equivalents	15,367,759	(249,178)	(214,937)
Cash and cash equivalents, beginning of year	5,981,965	5,545,419	5,137,102
Cash and cash equivalents, end of year	<u>\$ 21,349,724</u>	<u>\$ 5,296,241</u>	<u>\$ 4,922,165</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds

<u>Major Fund</u>	<u>Other</u>		
<u>Housing</u>	<u>Nonmajor</u>	<u>Totals</u>	<u>Internal</u>
<u>Authority</u>	<u>Funds</u>		<u>Service Funds</u>
\$ 546,817	\$ 2,838,775	\$ 19,905,975	\$ 91,880
706,540	328,124	1,062,734	3,651,625
(883,175)	(1,556,400)	(12,865,179)	(2,469,719)
(145,092)	(309,161)	(3,259,888)	(50,320)
(15,962)	(440,020)	(2,520,133)	(1,812,208)
<u>209,128</u>	<u>861,318</u>	<u>2,323,509</u>	<u>(588,742)</u>
-	-	(505,471)	-
-	42,500	187,776	1,392,355
400,000	-	400,000	425,000
-	(400,000)	(565,000)	-
-	-	(21)	-
<u>400,000</u>	<u>(357,500)</u>	<u>(482,716)</u>	<u>1,817,355</u>
-	(178,444)	(2,783,970)	(328,088)
-	-	-	8,831
73,812	-	20,015,939	-
-	-	(285,406)	-
-	-	-	(422,751)
(777,796)	-	(1,105,938)	(522,761)
<u>(703,984)</u>	<u>(178,444)</u>	<u>15,840,625</u>	<u>(1,264,769)</u>
10,209	51,018	(2,727,003)	(7,161)
52,323	16,760	310,057	364,634
<u>62,532</u>	<u>67,778</u>	<u>(2,416,946)</u>	<u>357,473</u>
(32,324)	393,152	15,264,472	321,317
4,035,959	735,808	21,436,253	8,491,280
<u>\$ 4,003,635</u>	<u>\$ 1,128,960</u>	<u>\$ 36,700,725</u>	<u>\$ 8,812,597</u>

(Continued)

CITY OF LA HABRA
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2011

	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)	\$ 2,226,382	\$ (141,559)	\$ 121,361
Adjustments to Reconcile			
Operating Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation	587,668	215,072	12,748
Amortization	-	-	-
Change in Assets and Liabilities:			
(Increase) decrease in receivables	(105,868)	(17,019)	(27,180)
(Increase) decrease in due from other governments	-	-	(6,197)
(Increase) decrease in inventory	3,082	-	-
(Increase) decrease in prepaid items	(282)	-	-
Increase (decrease) in accrued liabilities and accounts payable	(1,201,993)	(157,397)	(283,205)
Increase (decrease) in deposits payable	27,450	-	-
Total adjustments	(689,943)	40,656	(303,834)
Net cash provided by (used in) operating activities	\$ 1,536,439	\$ (100,903)	\$ (182,473)

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>		
\$ (89,328)	\$ 794,632	\$ 2,911,488	\$ (864,551)
209,294	74,021	1,098,803	338,564
85,441	-	85,441	51,297
6,243	(21,362)	(165,186)	(5,390)
-	45,572	39,375	8,508
-	-	3,082	12,755
(320)	1,457	855	(14,583)
(2,202)	(33,002)	(1,677,799)	(115,342)
-	-	27,450	-
<u>298,456</u>	<u>66,686</u>	<u>(587,979)</u>	<u>275,809</u>
<u>\$ 209,128</u>	<u>\$ 861,318</u>	<u>\$ 2,323,509</u>	<u>\$ (588,742)</u>

CITY OF LA HABRA
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2011

	Totals
Assets:	
Cash and investments	\$ 10,307,414
Interest receivable	44,008
	\$ 10,351,422
Total assets	\$ 10,351,422
Liabilities:	
Accounts payable	\$ 2,054
Accrued liabilities	9,410
Deposits	10,339,958
	\$ 10,351,422
Total liabilities	\$ 10,351,422

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA
Notes to Financial Statements
June 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

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

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

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

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

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

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, have no measurement focus because they report only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and are reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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.

Redevelopment Operating Special Revenue Fund

The Redevelopment Operating Special Revenue Fund is used to account for the financial resources to be used for the improvement and rehabilitation of the community development project areas.

Child Development Special Revenue Fund

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

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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

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

The City reports the following major enterprise funds:

Water Fund

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

Sewer Fund

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

Refuse Fund

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

Housing Authority Fund

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

Additionally, the City reports the following:

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

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

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

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

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

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

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

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

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

(d) Assets, Liabilities and Net Assets

1. Deposits and investments

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

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

2. Statement of Cash Flows

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

3. Receivables and Payables

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

4. Interfund Transactions

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

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

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

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

5. *Taxes Receivable*

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

6. *Inventories, Prepaid Items and Land Held for Resale*

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

Land held for resale is valued at lower of cost or estimated realizable value as determined upon the execution of a disposition and development agreement at June 30, 2011 and is located in the City's redevelopment project area.

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

7. *Capital Assets*

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

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

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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.

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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. At June 30, 2011, the City had \$8,959,539 of encumbrances reported as restricted fund balance.

12. Implementation of Governmental Accounting Standard Board (GASB) Statement

In February 2009, GASB released a new Statement, GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB Statement No. 54). The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The initial distinction in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balance associated with inventories. This Statement provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

The City adopted the provisions of GASB Statement No. 54 effective July 1, 2010. The details for the fund balance classifications prescribed under this Statement are separately discussed in Note 2 (g).

(2) DETAILED NOTES ON ALL FUNDS

(a) Cash and Investments

Cash and investments at June 30, 2011, consist of the following:

Statement of net assets:

Cash and investments	\$ 40,844,235
Cash and investments with fiscal agents	<u>19,877,273</u>
	60,721,508

Fiduciary funds:

Cash and investments	<u>10,307,414</u>
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Total	<u><u>\$ 71,028,922</u></u>
-------	-----------------------------

Cash and investments at June 30, 2011 are classified as follows:

Petty cash	\$ 1,825
Deposits with financial institutions	10,259,529
Investments:	
City pool	40,890,295
Held by fiscal agent	<u>19,877,273</u>
Total cash and investments	<u><u>\$ 71,028,922</u></u>

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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.

Investments Authorized by Debt Agreements

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

<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 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	\$ 4,718,697	\$ 738,254	\$ 2,570,928	\$ 1,409,515
Federal agency securities	16,133,803	771,917	8,490,471	6,871,415
Corporate medium-term notes	7,351,739	3,473,443	2,807,858	1,070,438
Money market funds	787,228	787,228	-	-
LAIF	11,898,828	11,898,828	-	-
Total	<u>\$ 40,890,295</u>	<u>\$ 17,669,670</u>	<u>\$ 13,869,257</u>	<u>\$ 9,351,368</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code or the City's investment policy, and the actual rating as of year end for each investment type, except for fiscal agent investments which are reported in a separate section below.

Investment Types	Amount	Minimum Legal Rating	Standard & Poor's Rating as of Year End (where applicable)				
			Exempt from Disclosure	AAA	AA+	AA	Not Rated
U.S. Treasury	\$ 4,718,697	Exempt	\$ 4,718,697 *	\$ -	\$ -	\$ -	\$ -
Federal agency securities	16,133,803	N/A	-	16,133,803 *	-	-	-
Corporate medium-term notes	7,351,739	AA	-	4,144,529	1,005,059	2,202,151	-
Money market funds	787,228	AAA	-	787,228	-	-	-
LAIIF	11,898,828	Not Rated	-	-	-	-	11,898,828
	<u>\$ 40,890,295</u>		<u>\$ 4,718,697</u>	<u>\$ 21,065,560</u>	<u>\$ 1,005,059</u>	<u>\$ 2,202,151</u>	<u>\$ 11,898,828</u>

* On August 5, 2011, U.S. Treasury Securities and U.S. Government Agency Securities were downgraded to AA+ rating by Standard and Poor's.

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:

Issuer Name	Investment Type	Reported Amount
U.S. Treasury ⁽¹⁾	U.S. Government	\$ 4,718,697
Federal Farm Credit Bank	Federal Agency Security	2,990,592
Federal Home Loan Mortgage Corp.	Federal Agency Security	4,214,487
Federal National Mortgage Association	Federal Agency Security	4,469,129
Federal Home Loan Bank	Federal Agency Security	3,579,597

⁽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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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, 2011.

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 Bond, and 2003 Revenue Bond)			
<u>Investment Type</u>	<u>Reported Amount</u>	<u>Maturity</u>	<u>Rating</u>
Money market	\$ 2,490,092	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	7/3/2015	Not Rated
Certificates of deposit	98,000	7/7/2015	Not Rated
Certificates of deposit	98,000	7/9/2015	Not Rated
LAIF	<u>16,353,721</u>	Less than 1 year	Not Rated
	<u>\$ 19,877,273</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.

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Notes to Financial Statements (Continued)
June 30, 2011

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City's LAIF balance at June 30, 2011 was \$11,898,828

The total amount invested by all public agencies in LAIF as of June 30, 2011 was \$23.98 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2011 had a balance of \$66.35 billion, of that amount, 5.01% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 237 days as of June 30, 2011.

(b) *Receivables*

Receivables of the City as of June 30, 2011, were:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts receivable:			
Property taxes	\$ 179,919	\$ -	\$ 179,919
Sales taxes	1,859,187	-	1,859,187
RDA taxes	55,088	-	55,088
Child care grants	314,769	-	314,769
Water sales	-	2,016,085	2,016,085
Sewer sales	-	231,069	231,069
Refuse sales	-	553,473	553,473
Franchise Fees	392,290	-	392,290
Leases	-	30,014	30,014
Others	545,843	20,495	566,338
	<u>3,347,096</u>	<u>2,851,136</u>	<u>6,198,232</u>
Total accounts receivable	3,347,096	2,851,136	6,198,232
Less allowance for uncollectible accounts	<u>-</u>	<u>(690,082)</u>	<u>(690,082)</u>
Total receivables	<u>\$ 3,347,096</u>	<u>\$ 2,161,054</u>	<u>\$ 5,508,150</u>

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Notes to Financial Statements (Continued)
June 30, 2011

(c) Interfund Receivables, Payables and Transfers

Due To and Due From

The composition of interfund balances as of June 30, 2011 is as follows:

<u>Due To</u>	<u>Due From</u>				<u>Totals</u>
	<u>Redevelopment Operating Special Revenue Fund</u>	<u>Child Development Special Revenue Fund</u>	<u>Measure M Special Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ 53,285	\$ 1,507,696	\$ 3,737,351	\$ 84,007	\$ 5,382,339
Redevelopment Operating Special Revenue Fund	-	-	-	29,573	29,573
Water Fund	21	-	-	-	21
Totals	<u>\$ 53,306</u>	<u>\$ 1,507,696</u>	<u>\$ 3,737,351</u>	<u>\$ 113,580</u>	<u>\$ 5,411,933</u>

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

Advances To and Advances From

The composition of interfund advances as of June 30, 2011 is as follows:

<u>Advances From</u>	<u>Advances To</u>				<u>Totals</u>
	<u>General Fund</u>	<u>Redevelopment Operating Special Revenue Fund</u>	<u>Water Enterprise Fund</u>	<u>Nonmajor Enterprise Funds</u>	
General Fund	\$ -	\$ 11,219,865	\$ -	\$ -	\$ 11,219,865
Nonmajor Governmental Funds	-	615,507	-	-	615,507
Housing Authority Enterprise Fund	-	-	-	1,600,000	1,600,000
Internal Service Funds	4,235,000	591,214	6,420,000	-	11,246,214
Totals	<u>\$ 4,235,000</u>	<u>\$ 12,426,586</u>	<u>\$ 6,420,000</u>	<u>\$ 1,600,000</u>	<u>\$ 24,681,586</u>

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

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Notes to Financial Statements (Continued)
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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). For the current year, principal paid was \$1,642,882. At June 30, 2011, the outstanding balance of the advance was \$8,391,986. The total accrued interest included in the balance is \$1,763,505, which includes accrued interest of \$463,042 for fiscal year 2010-2011.

- In August 2007, the City General Fund advanced the Agency \$2,000,000, at an interest rate of 9%, towards the purchase of a building and land. During the year the City extended the repayment terms of the advance to June 2014. At June 30, 2011, the outstanding balance of the advance was \$2,827,879. The total accrued interest included in the balance is \$827,879, which includes accrued interest of \$242,523 for fiscal year 2010-2011.
- 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. At June 30, 2011, the outstanding balance of the advance was \$615,507 which included accrued interest of \$3,539.
- 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, 2011, 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, 2011 is \$4,235,000.
- As of June 30, 2011, the Agency had borrowed \$591,214 from the Civic Improvement Authority. There are no repayment terms on these advances, and the current interest rate is 0%.
- In October 2003, the La Habra Civic Improvement Authority issued the Revenue Bonds Series A in an aggregate amount of \$7,500,000 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, 2011 is \$6,420,000.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Totals</u>
	<u>Redevelopment Operating Special Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Enterprise Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ 2,677,129	\$ -	\$ -	\$ 1,050,000	\$ 3,727,129
Nonmajor						
Governmental Funds	3,351,177	1,124	-	-	24,660	3,376,961
Water Enterprise Fund	-	-	-	21,250	302,722	323,972
Sewer Enterprise Fund	-	-	47,210	16,250	-	63,460
Refuse Enterprise Fund	-	-	98,066	5,000	14,973	118,039
Nonmajor						
Enterprise Funds	-	-	-	-	-	-
Totals	<u>\$ 3,351,177</u>	<u>\$ 2,678,253</u>	<u>\$ 145,276</u>	<u>\$ 42,500</u>	<u>\$ 1,392,355</u>	<u>\$ 7,609,561</u>

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

(d) Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2011:

	<u>Balance at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2011</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,755,305	\$ 1,058,500	\$ -	\$ 9,813,805
Construction in progress	2,584,221	719,065	2,584,221	719,065
Total capital assets not being depreciated	<u>11,339,526</u>	<u>1,777,565</u>	<u>2,584,221</u>	<u>10,532,870</u>
Capital assets being depreciated:				
Land improvements	6,431,549	487,673	-	6,919,222
Buildings and improvements	15,937,890	3,051,338	-	18,989,228
Improvements other than buildings	1,133,296	-	-	1,133,296
Machinery and equipment	5,768,314	827,395	101,640	6,494,069
Autos and trucks	3,981,296	231,413	148,299	4,064,410
Infrastructure	76,376,443	2,752,317	-	79,128,760
Total capital assets being depreciated	<u>109,628,788</u>	<u>7,350,136</u>	<u>249,939</u>	<u>116,728,985</u>
Less accumulated depreciation for:				
Land improvements	1,102,780	268,682	-	1,371,462
Buildings and improvements	6,227,907	346,272	-	6,574,179
Improvements other than buildings	912,213	5,270	-	917,483
Machinery and equipment	3,457,519	276,863	101,640	3,632,742
Autos and trucks	2,897,113	233,723	148,299	2,982,537
Infrastructure	21,488,241	2,455,918	-	23,944,159
Total accumulated depreciation	<u>36,085,773</u>	<u>3,586,728</u>	<u>249,939</u>	<u>39,422,562</u>
Total capital assets being depreciated, net	<u>73,543,015</u>	<u>3,763,408</u>	<u>-</u>	<u>77,306,423</u>
Governmental activities capital assets, net	<u>\$ 84,882,541</u>	<u>\$ 5,540,973</u>	<u>\$ 2,584,221</u>	<u>\$ 87,839,293</u>

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

Governmental activities:

General government	\$ 22,333
Public safety	393,597
Public works	2,852,550
Community services	295,356
Community development	20,892
Finance & Administrative Services	2,000
Total depreciation expense, Governmental Activities	<u>\$ 3,586,728</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

	<u>Balance at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2011</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,800,000	\$ -	\$ -	\$ 12,800,000
Construction in progress	134,967	82,114	134,967	82,114
	<u>12,934,967</u>	<u>82,114</u>	<u>134,967</u>	<u>12,882,114</u>
Total capital assets not being depreciated	12,934,967	82,114	134,967	12,882,114
Capital assets being depreciated:				
Buildings and improvements	5,141,477	-	-	5,141,477
Improvements other than buildings	253,490	-	-	253,490
Machinery and equipment	1,207,920	278,320	-	1,486,240
Autos and trucks	257,402	-	-	257,402
Infrastructure	37,984,247	2,558,504	-	40,542,751
	<u>44,844,536</u>	<u>2,836,824</u>	<u>-</u>	<u>47,681,360</u>
Total capital assets being depreciated	44,844,536	2,836,824	-	47,681,360
Less accumulated depreciation for:				
Buildings and improvements	3,993,533	231,369	-	4,224,902
Improvements other than buildings	214,138	12,081	-	226,219
Machinery and equipment	233,515	86,005	-	319,520
Autos and trucks	121,017	18,058	-	139,075
Infrastructure	17,681,608	751,290	-	18,432,898
	<u>22,243,811</u>	<u>1,098,803</u>	<u>-</u>	<u>23,342,614</u>
Total accumulated depreciation	22,243,811	1,098,803	-	23,342,614
Total capital assets being depreciated, net	<u>22,600,725</u>	<u>1,738,021</u>	<u>-</u>	<u>24,338,746</u>
Business-type activities capital assets, net	<u>\$ 35,535,692</u>	<u>\$ 1,820,135</u>	<u>\$ 134,967</u>	<u>\$ 37,220,860</u>

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

Business-type activities:	
Water	\$ 587,668
Sewer	215,072
Refuse	12,748
Housing Authority	209,294
Children's Museum	34,942
Mobile Home Lease	39,079
	<u>39,079</u>
Total depreciation expense, Business-type Activities	<u>\$ 1,098,803</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

(e) Long-Term Liabilities

The following is a summary of the changes in the long-term liabilities for the year ended June 30, 2011:

	<u>Balance at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2011</u>	<u>Due within One Year</u>
Governmental activities:					
Energy loan agreement	\$ 757,897	\$ -	\$ 76,663	\$ 681,234	\$ 79,653
Energy capital lease agreement	979,910	-	68,390	911,520	76,118
Notes payable	531,200	-	44,363	486,837	46,517
1999 refunding special tax bonds	2,035,000	-	155,000	1,880,000	165,000
2000 tax allocation bonds	6,950,000	-	155,000	6,795,000	220,000
Note Payable (Howard's Appliances)	-	1,450,000	109,145	1,340,855	115,877
	<u>11,254,007</u>	<u>1,450,000</u>	<u>608,561</u>	<u>12,095,446</u>	<u>703,165</u>
Compensated absences *	<u>4,007,478</u>	<u>2,287,660</u>	<u>2,393,390</u>	<u>3,901,748</u>	<u>1,170,584</u>
	<u>15,261,485</u>	<u>3,737,660</u>	<u>3,001,951</u>	<u>15,997,194</u>	<u>1,873,749</u>
Internal service funds included in governmental activities:					
1998 Certificates of Participation, Series B	3,745,000	-	220,000	3,525,000	225,000
1998 Certificates of Participation, Series C	<u>750,000</u>	<u>-</u>	<u>40,000</u>	<u>710,000</u>	<u>40,000</u>
	4,495,000	-	260,000	4,235,000	265,000
Less unamortized discount	<u>27,498</u>	<u>-</u>	<u>2,249</u>	<u>25,249</u>	<u>-</u>
	<u>4,467,502</u>	<u>-</u>	<u>257,751</u>	<u>4,209,751</u>	<u>265,000</u>
Total long-term debt of governmental activities	<u>\$ 19,728,987</u>	<u>\$ 3,737,660</u>	<u>\$ 3,259,702</u>	<u>\$ 20,206,945</u>	<u>\$ 2,138,749</u>
Business-type activities:					
2010 Refunding Certificates of Participation, Series A	\$ 15,910,000	\$ -	\$ -	\$ 15,910,000	\$ 285,000
2010 Revenue Bonds, Series A&B	-	19,675,000	-	19,675,000	270,000
Internal service funds included in business-type activities:					
2003 Revenue Bond, Series A	<u>6,585,000</u>	<u>-</u>	<u>165,000</u>	<u>6,420,000</u>	<u>170,000</u>
	22,495,000	19,675,000	165,000	42,005,000	725,000
Add unamortized premium	-	271,813	4,686	267,127	-
Less unamortized discount	(284,818)	-	(9,441)	(275,377)	-
Less loss on refunding	<u>(1,831,273)</u>	<u>-</u>	<u>(64,371)</u>	<u>(1,766,902)</u>	<u>-</u>
Total long-term debt of business-type activities	<u>\$ 20,378,909</u>	<u>\$ 19,946,813</u>	<u>\$ 95,874</u>	<u>\$ 40,229,848</u>	<u>\$ 725,000</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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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 \$76,663 for principal and interest during the year ended June 30, 2011.

Fiscal Year Ending June 30	Energy Loan		Energy Capital Lease	
	Principal	Interest	Principal	Interest
2012	79,653	26,201	76,118	41,362
2013	82,899	22,955	84,338	37,801
2014	86,206	19,648	93,077	33,860
2015	89,645	16,209	102,362	29,517
2016	93,189	12,665	112,222	24,747
2017-2020	249,642	14,993	443,403	42,237
Totals	\$ 681,234	\$ 112,671	\$ 911,520	\$ 209,524

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, 2011 is \$486,837.

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. The source of repayment is the Operating Special Revenue Fund. The outstanding balance at June 30, 2011 is \$1,340,855.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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 \$2,429,900, the approximate amount of revenue pledged. Special tax revenue recognized during the year ended June 30, 2011 was \$286,596 as against the total debt service payments of \$272,140. The outstanding balance at June 30, 2011 is \$1,880,000.

2000 Tax Allocation Bonds

On November 1, 2000, the Agency issued Tax Allocation Bonds in an aggregate amount of \$8,000,000 with variable and fixed interest rates ranging from 4.5% to 5.875% to finance the Agency's redevelopment activities. The bonds mature in various annual amounts through October 1, 2032 and are secured and to be serviced from tax increment revenues of the Agency. All tax increment revenues are the security for bonds. The total principal and interest remaining on the bonds is \$11,625,264 the approximate amount of revenue pledged. Pledged tax increment revenue recognized during the year ended June 30, 2011 was \$2,446,322 as against the total debt service payments of \$546,935. The outstanding balance at June 30, 2011 is \$6,795,000.

1998 Certificates of Participation, Series B and C

On September 15, 1998, the Civic Improvement Authority issued Certificates of Participation, Series B and C (Refunding Certificates) in an aggregate amount of \$6,705,000 with variable and fixed interest rates ranging from 4% to 6.5% to advance refund \$5,105,000 of outstanding 1992 Tax Allocation Revenue Bonds (Refunding Bonds), with interest rates ranging from 4.75% to 7.6%. The certificates mature in various annual amounts through September 1, 2022, and are payable from lease payments made by the City to the Authority as defined in the lease agreement. Lease payments are to be paid by the City in each rental period for and in consideration of the right to use and occupy the properties during each such period. Pledged lease payment revenue recognized during the year ended June 30, 2011, was \$302,722 as against the total debt service payments of \$477,780. The outstanding balance at June 30, 2011 is \$4,235,000.

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

all net income and revenue reported in the Water Fund. Net revenue recognized during the year ended June 30, 2011 was \$2,358,658 against the total principal and interest payment of \$467,722. The outstanding balance at June 30, 2011 is \$6,420,000.

2010 Refunding Certificates of Participation, Series A

On March 25, 2010, the Housing Authority issued Certificates of Participation, Series A (Certificates) in an aggregate amount of \$15,910,000 with variable and fixed interest rates ranging from 1.00% to 5.25% to provide funds to refund on a current basis the outstanding 1998 Refunding Certificates of Participation, Series A (1998 Certificates), with interest rates ranging from 4% to 4.8%. The Certificates mature in varying annual amounts through September 1, 2040. Lease payments are to be paid by the city in each rental period for and in consideration of the right to use and occupy the properties during each such period. The outstanding balance at June 30, 2011 is \$15,910,000.

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, 2011 was \$2,358,658 against the total debt service payment of \$460,418. 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. No principal payment was required during the year ended June 30, 2011. The outstanding balance at June 30, 2011 is \$19,675,000.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

At June 30, 2011, annual debt service requirements to maturity for long-term debt, excluding accrued compensated absences, are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest*
2012	968,165	862,864	725,000	2,306,349
2013	1,024,036	811,945	740,000	2,289,774
2014	1,081,036	757,834	760,000	2,269,916
2015	1,144,298	700,218	790,000	2,248,340
2016	1,203,859	638,855	805,000	2,224,727
2017-2021	5,724,053	2,201,751	4,505,000	10,647,653
2022-2026	2,580,000	1,065,771	5,615,000	9,651,731
2027-2031	1,740,000	526,988	7,125,000	7,944,299
2032-2036	865,000	51,553	9,155,000	5,476,344
2037-2041	-	-	11,785,000	2,045,009
	<u>16,330,447</u>	<u>7,617,779</u>	<u>42,005,000</u>	<u>47,104,142</u>
Unamortized premium	-	-	267,127	(267,127)
Unamortized discount	(25,249)	25,249	(275,377)	275,377
Loss on refunding	-	-	(1,766,902)	1,766,902
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	\$ 16,305,198	\$ 7,643,028	\$ 40,229,848	\$ 48,879,294

* Interest is before the Federal subsidy for the 2010 Water Revenue Bonds, Series B. The total expected subsidy is \$9,151,158 through 2041.

(f) Operating Leases

The City is committed under non-cancellable operating lease agreements principally related to office equipment. Most of the City leases include renewal options, purchase options or both. These provisions may be exercised by the City upon the expiration of the related lease agreements. Total costs for such leases were \$21,045 for the year ended June 30, 2011. The future minimum lease payments are as follows:

Fiscal Year Ending June 30	Amount
2012	47,262
2013	47,262
2014	26,114
2015	1,008
	<u>121,646</u>
Totals	\$ 121,646

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

(g) 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. Effective July 1, 2010, 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, 2011.
- 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. There were no assigned fund balances at June 30, 2011.
- 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. 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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

(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 City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 10.249% and 26.521% of annual covered payroll for miscellaneous and safety employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

The funded status of the plan is based on the June 30, 2010, 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>						
6/30/2010	\$ 71,185,484	\$ 64,831,769	\$ 6,353,715	71.3%	\$ 11,898,776	53.4%

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

Annual Pension Cost

For the year ended June 30, 2011, the City's annual pension cost of \$3,875,795 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the latest actuarial valuation, June 30, 2008, using the entry age actuarial cost method. The actuarial assumptions included a) 7.75% investment rate of return (net of administrative expenses); b) projected salary increases ranging from 3.55% to 14.45% depending on age, duration of service, and type of employment; and c) 3.25% per year cost-of-living adjustments. Both a) and b) included an inflation component of 3.0%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. CalPERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, was 30 years. The information presented below is the latest available.

Three-Year Trend Information for PERS			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	<u>Miscellaneous Plan</u>		
6/30/2009	1,998,823	100%	\$ -0-
6/30/2010	1,940,851	100%	-0-
6/30/2011	1,954,539	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>		
6/30/2009	2,073,049	100%	\$ -0-
6/30/2010	2,033,861	100%	-0-
6/30/2011	1,921,156	100%	-0-

The City's employer contribution rate for safety employees is estimated to increase to approximately 31.962% and 33.39% for the fiscal years 2011-2012 and 2012-2013, respectively. Also, the City's employer contribution rate for miscellaneous employees is estimated to increase to approximately 11.752% and 11.862% for the fiscal years 2011-2012 and 2012-2013.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

(b) Post Employment Benefits

Plan Description

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

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

Funding Policy

There is no statutory requirement for the City to prefund its OPEB obligation. The City has currently chosen to pay plan benefits on a pay-as-you-go basis. There are no employee contributions. The Annual Required Contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. For fiscal year 2010-2011, the City paid approximately \$121,000 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	\$ 466,000
Interest on net OPEB obligation	27,000
Adjustment to annual required contribution	<u>(46,000)</u>
Annual OPEB cost (expense)	447,000
Contributions (benefit payments)	<u>(121,000)</u>
Increase in net OPEB obligation	326,000
Net OPEB obligation - beginning of year	<u>622,000</u>
Net OPEB obligation - end of year	<u><u>\$ 948,000</u></u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009 through 2011 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 447,000	27.1%	\$ 948,000
6/30/2010	425,000	23.5%	622,000
6/30/2009	399,000	25.6%	297,000

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.

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.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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.

(c) Commitments and Contingencies

1. Self-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The City established a self-insurance program, the Risk Management Fund, to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$750,000 for each miscellaneous claim, \$1,000,000 for each safety workers' compensation claim, and \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. All funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of amounts needed to pay claims.

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year end. The accruals are in the amounts of \$1,326,990 and \$729,204 for the workers' compensation claims and general liability claims, respectively.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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

	Workers' Compensation	General Liability
Amount of accrued claims at June 30, 2010	\$ 1,615,937	711,631
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years	92,783	(1,749)
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	(359,544)	(594,881)
Amounts of accrued claims at June 30, 2010	1,349,176	115,001
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	987,975	(90,992)
Amounts of accrued claims at June 30, 2011	\$ 1,326,990	\$ 729,204

2. *Litigation*

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

3. *Owner Participation Agreements*

The Agency has entered into several Owner Participation Agreements with various business owners within the City. Generally, these agreements require the Agency to remit to these businesses a portion of the sales tax revenue generated by their operations. However, one agreement requires the Agency to remit a percentage of the incremental property tax revenue earned by the Agency due to the increase in the assessed value of the business property in addition to a percentage of the sales tax revenue generated by their operations. Most of the agreements provide for limits of the amount of tax that can be remitted back to the business owner, ranging in the aggregate up to a maximum of \$5,839,000. The remaining number of years under these agreements range from 1 to 13 years. The Agency remitted approximately \$514,326 during the year ended June 30, 2011.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

4. Contractual Commitments

The City was involved in contractual agreements for construction in progress. As of June 30, 2011, the remaining estimated costs for the contractual agreements are approximately \$10,226,602.

5. Pollution Remediation Obligation

The City was named as a responsible party in the environmental remediation of a City owned park. The property was had been previously used as a refuse disposal site operated by the County of Orange, California (County), between 1949 and 1958. Prior to 1949, the park site was a burn dump operated by the City. As a result of these prior refuse disposal activities, several regulatory agencies have issued notices, orders and/or directives requiring the City to monitor methane gas emissions. In response to the regulatory agencies, the City has installed a methane monitoring system. The City estimates the cost to fully remediate the property to be \$2,300,000, which includes the preliminary design and construction of a permanent landfill “cap”.

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

Measurement and Assumptions

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

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

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, 2011, the City has expensed \$1,196,559 related to monitoring activities. \$2,300,000 of the remaining cash balance is off-set by a pollution remediation liability and \$1,498,441 is restricted for future annual monitoring expenses that will be incurred.

6. SERAF Payment

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

The Agency is part of a certified class in the lawsuit brought by the California Redevelopment Association, along with the plaintiffs/petitioners, against the Director of the California department of Finance and all California County Auditors challenging AB26X4, passed in July 2009 as part of the State budget package. This statute required the Agency to pay \$1,076,141 into the SERAF over two fiscal years. The plaintiffs lost this case in the trial court. Since the appeal was not decided as of May 10, 2011, the Agency made another payment of \$183,762 to the SERAF.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

(d) Individual Fund Disclosures

1. Deficit Fund Balance

The following fund had deficit fund balance for the year ended June 30, 2011:

Fund	Deficit Amount
Redevelopment Operating Special Revenue Fund	\$ 8,906,575

The deficit in the Redevelopment Operating Fund is due to the funding of current projects. The deficit will eventually be recovered through future revenues.

2. Excess of Expenditures Over Appropriations

Fund	Amount Over Budget
Redevelopment Operating Special Revenue Fund	\$ 1,943,667
Child Development Special Revenue Fund	153,123
Measure M Special Revenue Fund	1,346,027
Parks and Capital Improvement Special Revenue Fund	80,593
Law Enforcement Speical Revenue Fund	17,531
Houring and Community Development Special Revenue Fund	155,218
Traffic Safety Special Revenue Fund	8,378
Service Authority for Abandoned Vehicles Special Revenue Fund	3,590

3. Restatements of Fund Balances

Redevelopment Operating Special Revenue Fund

Fund balance as of June 30, 2010, as originally reported	\$ (8,382,641)
Interest expenditure on advances not reported in prior years	(1,518,244)
Fund balance as of June 30, 2011, as restated	<u>\$ (9,900,885)</u>

During fiscal year 1999, as part of advance agreement between the City and Agency any installment of principal or interest which is not paid when due shall continue to accrue interest at the rate of 6.50% per annum. The Agency had not accrued interests on unpaid interest, thus beginning fund balance of the Redevelopment Operating Special Revenue Fund was reduced to reflect additional interest

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

expenditures that should have been accrued from the fiscal years 1999 through 2010. This adjustment has no impact on the governmental activities.

(4) SUBSEQUENT EVENTS

1. Legislation Dissolving California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a voluntary alternative redevelopment program.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court (Court) to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution.

On December 29, 2011, the Court ruled that Assembly Bill X1 26, the dissolution measure, is largely upheld and is a proper exercise of the legislative power vested in the Legislature by the State Constitution. A different conclusion was rendered with respect to Assembly Bill X1 27, which was invalidated in its entirety by the Court. Accordingly, the Agency dissolved on February 1, 2012 and the guidelines for dissolution are set forth in Assembly Bill X1 26. The City elected to become the Successor Agency to the Agency effective February 1, 2012, and has prepared and submitted the required Recognized Obligation Payment Schedule (ROPS) to the Oversight Board and the California Department of Finance (DOF). The Oversight Board has approved the ROPS and as of the date of this report, the DOF has not formally rejected any of the obligations reported in the ROPS, thus financial statements do not include any adjustments as a result of the dissolution of the Agency.

The following is a summary of the significant provisions of Assembly Bill X1 26:

Suspends Redevelopment Activity - As of June 29, 2011, the Agency cannot incur new obligations and debt. More specifically, the Agency cannot enter into or amend contracts, renew or extend leases or other agreements, and dispose of or transfer real property or other assets. Agencies are required to continue to make scheduled payments on bonds and other legally binding agreements, and to manage existing contracts, projects, and other agreements.

Dissolves Redevelopment Agencies - Assembly Bill X1 26 dissolves all redevelopment agencies and community development agencies. All assets and responsibilities for closing out the activities of the former agency are transferred to a "Successor Agency."

Creates Successor Agencies - The Successor Agency is presumed to be the sponsoring community of the redevelopment agency (i.e. the City). The responsibility of a Successor Agency includes making payments and performing obligations of the former redevelopment agency in accordance with a schedule of enforceable obligations. Enforceable obligations include; bonds, loans, legally

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2011

required payments, including payments for pension obligations, judgments or settlements, and other legally binding and enforceable agreements. A Successor Agency is required to dispose of the former agency's assets in an expeditious fashion, to transfer the housing functions to its sponsoring community, to wind down the affairs of the former agency (including the payment of debt and completion of obligated projects), to prepare administrative budgets, and to provide support to the "Oversight Board."

Transfer of Housing Functions--The sponsoring community has chosen to assume the housing functions and the housing assets of the dissolved agency. Should the sponsoring community choose not to assume these responsibilities, all assets and functions would be transferred to the local housing authority.

Creation of Oversight Boards -The Oversight Board, which is comprised of seven member representatives from local government bodies, is tasked with reviewing and approving the actions of the Successor Agency. Two of the seven members would be City representatives appointed by the City Council - one of which must be an employee from the recognized employee organization representing the largest number of employees working for the redevelopment agency as of the date of dissolution. The remaining members are appointed by the County (2), the County Superintendent of Education (1), the Chancellor of California Community Colleges (1), and the largest special district taxing entity in the territorial jurisdiction of the former redevelopment agency which is eligible to receive property tax revenues pursuant to Section 34188.

2. *Downgrade of U.S. Treasury and U.S. Government Agency Securities*

On August 5, 2011, the credit rating agency Standard & Poor's (S&P) downgraded its credit rating of the U.S. federal government from AAA to AA+. This was the first time that the federal government was given a rating below AAA. S&P had previously announced a negative outlook on the AAA rating in April 2011. Both Fitch Ratings and Moody's like S&P, as nationally recognized statistical rating organizations (NRSRO) by the U.S. Securities and Exchange Commission, retained the U.S.'s triple-A rating. Moody's, however, changed its outlook to negative on June 2, 2011 and Fitch changed its outlook to negative on November 28, 2011.



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF LA HABRA
Postemployment Healthcare Plan
Schedule of Funding Progress
June 30, 2011

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, 2011

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)}
06/30/08 Misc.	62,198,216	58,853,770	3,344,446	96.3%	11,313,529	29.6%
06/30/09 Misc.	68,081,220	61,706,020	6,375,200	66.2%	11,639,123	54.8%
06/30/10 Misc.	71,185,484	64,831,769	6,353,715	71.3%	11,898,776	53.4%

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance from Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Property taxes and special assessments	\$ 12,050,597	\$ 12,050,597	\$ 12,168,370	\$ 117,773
Sales and use tax	7,866,138	7,866,138	8,100,193	234,055
Transaction and use tax	3,630,000	3,630,000	4,009,945	379,945
Franchise tax	1,525,000	1,525,000	1,539,147	14,147
Intergovernmental	220,000	220,000	396,878	176,878
Licenses and permits	806,900	806,900	831,524	24,624
Charges for services	3,633,181	3,633,181	4,683,574	1,050,393
Fines, forfeitures, and penalties	974,000	974,000	933,279	(40,721)
Use of money and property	2,093,074	2,093,074	3,606,050	1,512,976
Total revenues	<u>32,798,890</u>	<u>32,798,890</u>	<u>36,268,960</u>	<u>3,470,070</u>
Expenditures:				
Current:				
General government	2,845,983	2,866,432	2,418,764	447,668
Public safety	21,314,082	21,314,082	21,365,124	(51,042)
Public works	3,050,303	3,050,302	2,957,287	93,015
Community services	2,554,587	2,554,587	2,370,612	183,975
Community development	2,514,370	2,514,370	2,445,907	68,463
Capital outlay	-	-	5,350	(5,350)
Debt service:				
Principal	145,053	145,053	145,053	-
Interest expense	73,759	73,759	73,759	-
Total expenditures	<u>32,498,137</u>	<u>32,518,585</u>	<u>31,781,856</u>	<u>736,729</u>
Excess (deficiency) of revenues over expenditures	<u>300,753</u>	<u>280,305</u>	<u>4,487,104</u>	<u>4,206,799</u>
Other financial sources (uses):				
Transfers out	<u>(71,645)</u>	<u>(71,645)</u>	<u>(3,727,128)</u>	<u>(3,655,483)</u>
Total other financing sources (uses)	<u>(71,645)</u>	<u>(71,645)</u>	<u>(3,727,128)</u>	<u>(3,655,483)</u>
Net change in fund balance	229,108	208,660	759,976	551,316
Fund balance, beginning of year	<u>13,114,722</u>	<u>13,114,722</u>	<u>13,114,722</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,343,830</u>	<u>\$ 13,323,382</u>	<u>\$ 13,874,698</u>	<u>\$ 551,316</u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Redevelopment Operating Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Charges for services	\$ 26,100	\$ 26,100	\$ 26,642	\$ 542
Use of money and property	-	-	18,224	18,224
Total revenues	<u>26,100</u>	<u>26,100</u>	<u>44,866</u>	<u>18,766</u>
Expenditures:				
Current:				
Community development	1,508,066	1,508,066	1,246,741	261,325
Intergovernmental - SERAF payment	-	-	183,762	(183,762)
Capital outlay	-	-	1,519,460	(1,519,460)
Debt service:				
Principal	118,000	118,000	109,145	8,855
Interest	282,000	282,000	792,625	(510,625)
Total expenditures	<u>1,908,066</u>	<u>1,908,066</u>	<u>3,851,733</u>	<u>(1,943,667)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,881,966)	(1,881,966)	(3,806,867)	1,962,433
Other financing sources (uses):				
Issuance of debt	-	-	1,450,000	1,450,000
Transfers in	2,165,086	2,165,086	3,351,177	1,186,091
Net change in fund balance	<u>283,120</u>	<u>283,120</u>	<u>994,310</u>	<u>4,598,524</u>
Fund balance (deficit), beginning of year, restated	<u>(9,900,885)</u>	<u>(9,900,885)</u>	<u>(9,900,885)</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (9,617,765)</u></u>	<u><u>\$ (9,617,765)</u></u>	<u><u>\$ (8,906,575)</u></u>	<u><u>\$ 4,598,524</u></u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Child Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 6,266,107	\$ 6,266,107	\$ 6,572,511	\$ 306,404
Use of money and property	-	-	739	739
Total revenues	<u>6,266,107</u>	<u>6,266,107</u>	<u>6,573,250</u>	<u>307,143</u>
Expenditures:				
Current:				
Community services	6,356,107	6,356,107	5,992,140	363,967
Capital outlay	-	-	553,690	(553,690)
Total expenditures	<u>6,356,107</u>	<u>6,356,107</u>	<u>6,545,830</u>	<u>(189,723)</u>
Net change in fund balance	(90,000)	(90,000)	27,420	117,420
Fund balance, beginning of year	<u>(650)</u>	<u>(650)</u>	<u>(650)</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (90,650)</u></u>	<u><u>\$ (90,650)</u></u>	<u><u>\$ 26,770</u></u>	<u><u>\$ 117,420</u></u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Measure M Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 4,645,490	\$ 4,645,490	\$ 11,464,523	\$ 6,819,033
Use of money and property	50,000	50,000	-	(50,000)
 Total Revenues	 <u>4,695,490</u>	 <u>4,695,490</u>	 <u>11,464,523</u>	 <u>6,769,033</u>
Expenditures:				
Current:				
Public works	6,149,297	6,149,297	7,257,737	(1,108,440)
Capital outlay	1,501,680	1,501,680	1,739,267	(237,587)
 Total expenditures	 <u>7,650,977</u>	 <u>7,650,977</u>	 <u>8,997,004</u>	 <u>(1,346,027)</u>
 Excess (deficiency) of revenues over (under) expenditures	 (2,955,487)	 (2,955,487)	 2,467,519	 8,115,060
Other financing sources:				
Transfers in	520,653	520,653	-	(520,653)
 Net change in fund balance	 (2,434,834)	 (2,434,834)	 2,467,519	 7,594,407
 Fund balance, beginning of year	 <u>(1,691,669)</u>	 <u>(1,691,669)</u>	 <u>(1,691,669)</u>	 <u>-</u>
 Fund balance (deficit), end of year	 <u>\$ (4,126,503)</u>	 <u>\$ (4,126,503)</u>	 <u>\$ 775,850</u>	 <u>\$ 7,594,407</u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Note to Required Supplementary Information
June 30, 2011

(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

Fund	Amount Over Budget
Redevelopment Operating Special Revenue Fund	\$ 1,943,667
Child Development Special Revenue Fund	189,723
Measure M Special Revenue Fund	1,346,027



SUPPLEMENTARY INFORMATION

CITY OF LA HABRA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue Funds		
	State Gas Tax	Park and Capital Development	Air Quality Improvement
Assets:			
Cash and investments	\$ 3,703,552	\$ 696,522	\$ 56,424
Cash and investments with fiscal agent	-	-	-
Accounts receivables	-	-	-
Interest receivables	15,419	5,717	293
Prepaid items	-	-	-
Due from other governments	187,973	649,068	15,183
Advances to other funds	-	-	-
Land held for resale	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 3,906,944</u>	<u>\$ 1,351,307</u>	<u>\$ 71,900</u>
Liabilities:			
Accounts payable	\$ 32,268	\$ -	\$ 12,857
Accrued liabilities	11,110	331	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>43,378</u>	<u>331</u>	<u>12,857</u>
Fund balances:			
Nonspendable:			
Prepaid items	-	-	-
Advances	-	-	-
Restricted:			
Debt service	-	-	-
Low-moderate income housing	-	-	-
Redevelopment	-	-	-
Public safety	-	-	-
Public works	3,863,566	-	59,043
Community development	-	1,350,976	-
Employment and training	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>3,863,566</u>	<u>1,350,976</u>	<u>59,043</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 3,906,944</u>	<u>\$ 1,351,307</u>	<u>\$ 71,900</u>

Special Revenue Funds

Law Enforcement	Housing and Community Development	Employment and Training	Public Safety Augmentation	Other Federal Grants
\$ 1,057,842	\$ -	\$ -	\$ 544,761	\$ -
-	-	-	-	-
-	-	-	-	-
4,320	-	-	2,323	-
-	-	3,146	-	-
86,455	273,830	60,879	26,328	166,816
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,148,617</u>	<u>\$ 273,830</u>	<u>\$ 64,025</u>	<u>\$ 573,412</u>	<u>\$ 166,816</u>
\$ 11,543	\$ 44,394	\$ 1,079	\$ -	\$ 136,782
68,971	10,182	8,151	-	24,387
-	60,244	18,999	-	4,370
98,282	1,916	-	-	-
<u>178,796</u>	<u>116,736</u>	<u>28,229</u>	<u>-</u>	<u>165,539</u>
-	-	3,146	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
969,821	-	-	573,412	-
-	-	-	-	-
-	157,094	-	-	1,277
-	-	32,650	-	-
<u>969,821</u>	<u>157,094</u>	<u>35,796</u>	<u>573,412</u>	<u>1,277</u>
<u>\$ 1,148,617</u>	<u>\$ 273,830</u>	<u>\$ 64,025</u>	<u>\$ 573,412</u>	<u>\$ 166,816</u>

(Continued)

CITY OF LA HABRA
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2011

	<u>Special Revenue Funds</u>		<u>Debt</u>
	<u>Traffic Safety</u>	<u>Service Authority for Abandoned Vehicles</u>	<u>Service Funds Redevelopment Debt Service</u>
Assets:			
Cash and investments	\$ 41,327	\$ 47,542	\$ -
Cash and investments with fiscal agent	-	-	277,900
Accounts receivables	-	-	44,070
Interest receivables	170	201	-
Prepaid items	-	-	-
Due from other governments	-	41,869	-
Advances to other funds	-	-	-
Land held for resale	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 41,497</u>	<u>\$ 89,612</u>	<u>\$ 321,970</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 14,497
Accrued liabilities	-	1,133	-
Due to other funds	-	-	29,573
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>1,133</u>	<u>44,070</u>
Fund balances:			
Nonspendable:			
Prepaid items	-	-	-
Advances	-	-	-
Restricted:			
Debt service	-	-	277,900
Low-moderate income housing	-	-	-
Redevelopment	-	-	-
Public safety	41,497	-	-
Public works	-	-	-
Community development	-	88,479	-
Employment and training	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances (deficit)	<u>41,497</u>	<u>88,479</u>	<u>277,900</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 41,497</u>	<u>\$ 89,612</u>	<u>\$ 321,970</u>

Debt Service Funds	Capital Projects Funds			Total
	Other Capital Projects	Redevelopment Capital Projects	Low-Moderate Income Housing	
\$ -	\$ 1,776,357	\$ 22,451	\$ 1,992,348	\$ 9,939,126
-	-	739,721	-	1,017,621
-	-	-	11,018	55,088
-	-	-	-	28,443
-	-	-	-	3,146
-	-	-	-	1,508,401
-	-	-	615,507	615,507
-	-	-	111,000	111,000
<u>\$ -</u>	<u>\$ 1,776,357</u>	<u>\$ 762,172</u>	<u>\$ 2,729,873</u>	<u>\$ 13,278,332</u>
\$ -	\$ 25,401	\$ 615	\$ 9,844	\$ 289,280
-	11,384	-	5,399	141,048
-	-	-	394	113,580
-	-	-	3,539	103,737
<u>-</u>	<u>36,785</u>	<u>615</u>	<u>19,176</u>	<u>647,645</u>
-	-	-	-	3,146
-	-	-	611,968	611,968
-	-	-	-	277,900
-	-	-	2,098,729	2,098,729
-	-	761,557	-	761,557
-	-	-	-	1,584,730
-	1,739,572	-	-	5,662,181
-	-	-	-	1,597,826
-	-	-	-	32,650
<u>-</u>	<u>1,739,572</u>	<u>761,557</u>	<u>2,710,697</u>	<u>12,630,687</u>
<u>\$ -</u>	<u>\$ 1,776,357</u>	<u>\$ 762,172</u>	<u>\$ 2,729,873</u>	<u>\$ 13,278,332</u>

CITY OF LA HABRA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	<u>Special Revenue Funds</u>		
	<u>State Gas Tax</u>	<u>Park and Capital Development</u>	<u>Air Quality Improvement</u>
Revenues:			
Property taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	1,619,812	820,000	143,186
Charges for services	-	-	-
Use of money and property	63,031	27,728	1,140
Total revenues	<u>1,682,843</u>	<u>847,728</u>	<u>144,326</u>
Expenditures:			
Current:			
General government	-	58,309	160,393
Public safety	-	-	-
Public works	177,017	-	-
Employment and training	-	-	-
Community development	-	-	-
Capital outlay	1,161,611	289,284	-
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Total expenditures	<u>1,338,628</u>	<u>347,593</u>	<u>160,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>344,215</u>	<u>500,135</u>	<u>(16,067)</u>
Other financing sources (uses):			
Transfers in	-	1,125	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,125</u>	<u>-</u>
Net change in fund balances	344,215	501,260	(16,067)
Fund balances, beginning of year	<u>3,519,351</u>	<u>849,716</u>	<u>75,110</u>
Fund balances, end of year	<u>\$ 3,863,566</u>	<u>\$ 1,350,976</u>	<u>\$ 59,043</u>

Special Revenue Funds

Law Enforcement	Housing and Community Development	Employment and Training	Public Safety Augmentation	Other Federal Grants
\$ -	\$ -	\$ -	\$ -	\$ -
1,050,611	1,079,795	350,166	202,937	683,813
-	-	-	-	-
27,353	-	-	12,353	-
<u>1,077,964</u>	<u>1,079,795</u>	<u>350,166</u>	<u>215,290</u>	<u>683,813</u>
-	-	-	-	-
670,494	-	-	50,000	30,823
-	-	-	-	50,586
-	-	350,183	-	-
-	858,330	-	-	-
-	175,429	-	-	284,189
-	-	-	-	-
10	-	-	-	-
<u>670,504</u>	<u>1,033,759</u>	<u>350,183</u>	<u>50,000</u>	<u>365,598</u>
407,460	46,036	(17)	165,290	318,215
5,475	-	-	-	19,959
(24,660)	-	-	-	-
<u>(19,185)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,959</u>
388,275	46,036	(17)	165,290	338,174
581,546	111,058	35,813	408,122	(336,897)
<u>\$ 969,821</u>	<u>\$ 157,094</u>	<u>\$ 35,796</u>	<u>\$ 573,412</u>	<u>\$ 1,277</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, 2011

	Special Revenue Funds		Debt
	Traffic Safety	Service Authority for Abandoned Vehicles	Service Funds Redevelopment Debt Service
Revenues:			
Property taxes and special assessments	\$ -	\$ -	\$ 2,732,918
Intergovernmental	-	60,015	-
Charges for services	27,765	-	-
Use of money and property	1,002	1,879	21
Total revenues	<u>28,767</u>	<u>61,894</u>	<u>2,732,939</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	8,378	-	-
Public works	-	-	-
Employment and training	-	-	-
Community development	-	3,590	5,569
Capital outlay	-	-	-
Debt service:			
Principal	-	-	310,000
Interest expense	-	-	509,075
Total expenditures	<u>8,378</u>	<u>3,590</u>	<u>824,644</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,389</u>	<u>58,304</u>	<u>1,908,295</u>
Other financing sources (uses):			
Transfers in	-	30,175	-
Transfers out	-	-	(1,908,295)
Total other financing sources (uses)	<u>-</u>	<u>30,175</u>	<u>(1,908,295)</u>
Net change in fund balances	20,389	88,479	-
Fund balances, beginning of year	<u>21,108</u>	<u>-</u>	<u>277,900</u>
Fund balances (deficit), end of year	<u>\$ 41,497</u>	<u>\$ 88,479</u>	<u>\$ 277,900</u>

Debt Service Funds	Capital Projects Funds			
Other Debt Service	Other Capital Projects	Redevelopment Capital Projects	Low-Moderate Income Housing	Total
\$ -	\$ -	\$ -	\$ 611,580	\$ 3,344,498
-	194,274	-	-	6,204,609
-	-	12,049	-	39,814
-	-	12,739	9,468	156,714
-	194,274	24,788	621,048	9,745,635
-	-	-	-	218,702
-	-	-	-	759,695
-	-	-	-	227,603
-	-	-	-	350,183
-	662,145	13,434	235,489	1,778,557
-	448,321	-	-	2,358,834
44,362	-	-	-	354,362
24,275	56,778	-	-	590,138
68,637	1,167,244	13,434	235,489	6,638,074
(68,637)	(972,970)	11,354	385,559	3,107,561
68,637	2,552,882	-	-	2,678,253
-	(1,125)	(1,442,882)	-	(3,376,962)
68,637	2,551,757	(1,442,882)	-	(698,709)
-	1,578,787	(1,431,528)	385,559	2,408,852
-	160,785	2,193,085	2,325,138	10,221,835
\$ -	\$ 1,739,572	\$ 761,557	\$ 2,710,697	\$ 12,630,687

CITY OF LA HABRA
State Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,659,770	\$ 1,619,812	\$ (39,958)
Use of money and property	72,000	63,031	(8,969)
Total revenues	1,731,770	1,682,843	(48,927)
Expenditures:			
Current:			
Public works	163,254	177,017	(13,763)
Capital outlay	1,564,181	1,161,611	402,570
Total expenditures	1,727,435	1,338,628	388,807
Net change in fund balance	4,335	344,215	(437,734)
Fund balance, beginning of year	3,519,351	3,519,351	-
Fund balance, end of year	\$ 3,519,351	\$ 3,863,566	\$ -

CITY OF LA HABRA
Park and Capital Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 447,865	\$ 820,000	\$ 372,135
Use of money and property	18,700	27,728	9,028
Total Revenues	466,565	847,728	381,163
Expenditures:			
Current:			
General government	-	58,309	(58,309)
Capital outlay	267,000	289,284	(22,284)
Total Expenditures	267,000	347,593	(80,593)
Excess (deficiency) of revenues over (under) expenditures	199,565	500,135	300,570
Other financing sources:			
Transfers in	-	1,125	1,125
Net change in fund balance	199,565	501,260	301,695
Fund balance, beginning of year	849,716	849,716	-
Fund balance, end of year	\$ 1,049,281	\$ 1,350,976	\$ 301,695

CITY OF LA HABRA
Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 146,786	\$ 143,186	\$ (3,600)
Use of money and property	2,900	1,140	(1,760)
	<u>149,686</u>	<u>144,326</u>	<u>(5,360)</u>
Expenditures:			
Current:			
General government	168,750	160,393	8,357
	<u>(19,064)</u>	<u>(16,067)</u>	<u>2,997</u>
Fund balance, beginning of year	<u>75,110</u>	<u>75,110</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 56,046</u></u>	<u><u>\$ 59,043</u></u>	<u><u>\$ -</u></u>

CITY OF LA HABRA
Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 673,477	\$ 1,050,611	\$ 377,134
Use of money and property	8,700	27,353	18,653
	<u>682,177</u>	<u>1,077,964</u>	<u>395,787</u>
Expenditures:			
Current:			
Public safety	652,973	670,494	(17,521)
Debt Service:			
Interest Expense	-	10	(10)
	<u>652,973</u>	<u>670,504</u>	<u>(17,531)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,204</u>	<u>407,460</u>	<u>378,256</u>
Other financing sources:			
Transfers in	-	5,475	5,475
Transfers out	-	(24,660)	(24,660)
	<u>-</u>	<u>(19,185)</u>	<u>(19,185)</u>
Net change in fund balance	29,204	388,275	359,071
Fund balance, beginning of year	<u>581,546</u>	<u>581,546</u>	<u>-</u>
Fund balance, end of year	<u>\$ 610,750</u>	<u>\$ 969,821</u>	<u>\$ 359,071</u>

CITY OF LA HABRA
Housing and Community Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 878,541	\$ 1,079,795	\$ 201,254
Expenditures:			
Current:			
Community development	827,981	858,330	(30,349)
Capital outlay	50,560	175,429	(124,869)
Total expenditures	878,541	1,033,759	(155,218)
Net change in fund balance	-	46,036	46,036
Fund balance, beginning of year	111,058	111,058	-
Fund balance, end of year	\$ 111,058	\$ 157,094	\$ 46,036

CITY OF LA HABRA
Employment and Training Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	<u>\$ 436,828</u>	<u>\$ 350,166</u>	<u>\$ (86,662)</u>
Expenditures:			
Current:			
Employment and training	<u>436,828</u>	<u>350,183</u>	<u>86,645</u>
Net change in fund balance	-	(17)	(17)
Fund balance, beginning of year	<u>35,813</u>	<u>35,813</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 35,813</u></u>	<u><u>\$ 35,796</u></u>	<u><u>\$ (17)</u></u>

CITY OF LA HABRA
Public Safety Augmentation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 200,000	\$ 202,937	\$ 2,937
Use of money and property	6,400	12,353	5,953
	<u>206,400</u>	<u>215,290</u>	<u>8,890</u>
Expenditures:			
Current:			
Public safety	350,000	50,000	300,000
	<u>(143,600)</u>	<u>165,290</u>	<u>308,890</u>
Net change in fund balance			
Fund balance, beginning of year	408,122	408,122	-
Fund balance, end of year	<u>\$ 264,522</u>	<u>\$ 573,412</u>	<u>\$ 308,890</u>

CITY OF LA HABRA
Other Federal Grants Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 498,900	\$ 683,813	\$ 184,913
Total revenues	<u>498,900</u>	<u>683,813</u>	<u>184,913</u>
Expenditures:			
Current:			
Public safety	-	30,823	(30,823)
Public works	498,900	50,586	448,314
Capital outlay	<u>-</u>	<u>284,189</u>	<u>(284,189)</u>
Total expenditures	<u>498,900</u>	<u>365,598</u>	<u>133,302</u>
Excess (deficiency) of revenues over expenditures	-	318,215	318,215
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>19,959</u>	<u>19,959</u>
Net change in fund balance	-	338,174	338,174
Fund balance, beginning of year	<u>(336,897)</u>	<u>(336,897)</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (336,897)</u></u>	<u><u>\$ 1,277</u></u>	<u><u>\$ 338,174</u></u>

CITY OF LA HABRA
Traffic Safety Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 24,000	27,765	\$ 3,765
Use of money and property	-	1,002	1,002
	<u>24,000</u>	<u>28,767</u>	<u>4,767</u>
Total revenues	24,000	28,767	4,767
Expenditures:			
Current:			
Public safety	-	8,378	(8,378)
	<u>24,000</u>	<u>20,389</u>	<u>(3,611)</u>
Net change in fund balance	24,000	20,389	(3,611)
Fund balance, beginning of year	<u>21,108</u>	<u>21,108</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 45,108</u></u>	<u><u>\$ 41,497</u></u>	<u><u>\$ (3,611)</u></u>

CITY OF LA HABRA
Redevelopment Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes and special assessments	\$ 2,991,661	2,732,918	\$ (258,743)
Use of money and property	-	21	21
	<u>2,991,661</u>	<u>2,732,939</u>	<u>(258,722)</u>
Total revenues			
	<u>2,991,661</u>	<u>2,732,939</u>	<u>(258,722)</u>
Expenditures:			
Current:			
Community development	7,500	5,569	1,931
Debt service:			
Principal	310,000	310,000	-
Interest expense	509,075	509,075	-
	<u>826,575</u>	<u>824,644</u>	<u>1,931</u>
Total expenditures			
	<u>826,575</u>	<u>824,644</u>	<u>1,931</u>
Excess (deficiency) of revenues over expenditures			
	2,165,086	1,908,295	(256,791)
Other financing (uses):			
Transfers out	(2,165,086)	(1,908,295)	256,791
	<u>(2,165,086)</u>	<u>(1,908,295)</u>	<u>256,791</u>
Net change in fund balance			
	-	-	-
Fund balance, beginning of year			
	277,900	277,900	-
	<u>277,900</u>	<u>277,900</u>	<u>-</u>
Fund balance, end of year			
	<u>\$ 277,900</u>	<u>\$ 277,900</u>	<u>\$ -</u>
	<u>\$ 277,900</u>	<u>\$ 277,900</u>	<u>\$ -</u>

CITY OF LA HABRA
Other Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Debt service:			
Principal	\$ 44,362	\$ 44,362	\$ -
Interest expense	24,275	24,275	-
	<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>\$ (68,637)</u>	<u>\$ -</u>	<u>\$ 68,637</u>

CITY OF LA HABRA
Other Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 194,274	\$ 194,274
Expenditures:			
Current:			
Community development	210,304	662,145	(451,841)
Capital outlay	1,506,000	448,321	1,057,679
Debt service:			
Interest	-	56,778	(56,778)
Total expenditures	<u>1,716,304</u>	<u>1,167,244</u>	<u>549,060</u>
Excess (deficiency) of revenues over (under) expenditures	(1,716,304)	(972,970)	743,334
Other financing sources (uses):			
Transfers in	2,552,882	2,552,882	-
Transfers out	-	(1,125)	(1,125)
Total other financing sources (uses)	<u>2,552,882</u>	<u>2,551,757</u>	<u>(1,125)</u>
Net change in fund balance	836,578	1,578,787	742,209
Fund balance, beginning of year	<u>160,785</u>	<u>160,785</u>	<u>-</u>
Fund balance, end of year	<u>\$ 997,363</u>	<u>\$ 1,739,572</u>	<u>742,209</u>

CITY OF LA HABRA
Redevelopment Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 5,700	\$ 12,049	\$ 6,349
Use of money and property	40,000	12,739	(27,261)
Total revenues	45,700	24,788	(20,912)
 Expenditures:			
Current:			
Community development	1,585,000	13,434	1,571,566
Excess of revenues over expenditures	(1,539,300)	11,354	1,550,654
 Other financing sources (uses):			
Transfers out	-	(1,442,882)	(1,442,882)
Net change in fund balance	(1,539,300)	(1,431,528)	107,772
Fund balance, beginning of year	2,193,085	2,193,085	-
Fund balance, end of year	\$ 653,785	\$ 761,557	\$ 107,772

CITY OF LA HABRA
Low-Moderate Income Housing Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes and special assessments	\$ 447,690	\$ 611,580	\$ 163,890
Use of money and property	9,000	9,468	468
	<u>456,690</u>	<u>621,048</u>	<u>164,358</u>
Expenditures:			
Current:			
Community development	<u>267,650</u>	<u>235,489</u>	<u>32,161</u>
Net change in fund balance	189,040	385,559	196,519
Fund balance, beginning of year	<u>2,325,138</u>	<u>2,325,138</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,514,178</u></u>	<u><u>\$ 2,710,697</u></u>	<u><u>\$ 196,519</u></u>



CITY OF LA HABRA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2011

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 118,062	\$ 1,010,898	\$ 1,128,960
Accounts receivable, net	17,595	30,014	47,609
Interest receivable	259	6,223	6,482
Prepaid items	-	17,320	17,320
Due from other governments	75,306	-	75,306
	<u>211,222</u>	<u>1,064,455</u>	<u>1,275,677</u>
Noncurrent assets:			
Capital assets, net	<u>393,216</u>	<u>1,644,402</u>	<u>2,037,618</u>
	<u>604,438</u>	<u>2,708,857</u>	<u>3,313,295</u>
Liabilities:			
Current Liabilities:			
Accounts payable	3,425	21,509	24,934
Accrued liabilities	12,435	482	12,917
Advances from other funds	-	1,600,000	1,600,000
	<u>15,860</u>	<u>1,621,991</u>	<u>1,637,851</u>
Net assets:			
Invested in capital assets	393,216	1,644,402	2,037,618
Unrestricted (deficit)	<u>195,362</u>	<u>(557,536)</u>	<u>(362,174)</u>
	<u>\$ 588,578</u>	<u>\$ 1,086,866</u>	<u>\$ 1,675,444</u>

CITY OF LA HABRA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 318,356	\$ 2,615,266	\$ 2,933,622
Intergovernmental	192,362	-	192,362
	<u>510,718</u>	<u>2,615,266</u>	<u>3,125,984</u>
Operating expenses:			
Contractual services	83,496	395,125	478,621
Wages and fringe benefits	361,413	78,570	439,983
Equipment and maintenance	1,218	86,611	87,829
Materials and supplies	5,512	-	5,512
Utilities	27,087	256,636	283,723
Depreciation	34,942	39,079	74,021
Administration	52,651	909,012	961,663
	<u>566,319</u>	<u>1,765,033</u>	<u>2,331,352</u>
Operating income (loss)	<u>(55,601)</u>	<u>850,233</u>	<u>794,632</u>
Nonoperating revenues (expenses):			
Interest income (expense)	687	15,352	16,039
Gain (loss) on sale of investments	(65)	51,083	51,018
	<u>622</u>	<u>66,435</u>	<u>67,057</u>
Income (loss) before transfers	(54,979)	916,668	861,689
Transfers in	42,500	-	42,500
Change in net assets	(12,479)	916,668	904,189
Net assets, beginning of year	<u>601,057</u>	<u>170,198</u>	<u>771,255</u>
Net assets, end of year	<u>\$ 588,578</u>	<u>\$ 1,086,866</u>	<u>\$ 1,675,444</u>

CITY OF LA HABRA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 227,274	\$ 2,611,501	\$ 2,838,775
Receipts from interfund services provided	328,124	-	328,124
Payments to suppliers	(35,350)	(1,521,050)	(1,556,400)
Cash paid for internal services provided	(154,715)	(154,446)	(309,161)
Payments to employees	(360,340)	(79,680)	(440,020)
	<u>4,993</u>	<u>856,325</u>	<u>861,318</u>
Net cash provided by (used in) operating activities			
Cash flows from noncapital financing activities:			
Transfers from other funds	42,500	-	42,500
Payments of advances from other funds	-	(400,000)	(400,000)
	<u>42,500</u>	<u>(400,000)</u>	<u>(357,500)</u>
Net cash used in noncapital financing activities			
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(178,444)	(178,444)
	<u>-</u>	<u>(178,444)</u>	<u>(178,444)</u>
Net cash used in capital and related financing activities			
Cash flows from investing activities:			
(Purchase) sale of short-term investments	(65)	51,083	51,018
Interest on investments	739	16,021	16,760
	<u>674</u>	<u>67,104</u>	<u>67,778</u>
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	48,167	344,985	393,152
Cash and cash equivalents, beginning of year	69,895	665,913	735,808
Cash and cash equivalents, end of year	<u>\$ 118,062</u>	<u>\$ 1,010,898</u>	<u>\$ 1,128,960</u>

(Continued)

CITY OF LA HABRA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended June 30, 2011

	<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)	\$ (55,601)	\$ 850,233	\$ 794,632
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	34,942	39,079	74,021
Change in assets and liabilities:			
(Increase) decrease in receivables	(17,595)	(3,767)	(21,362)
(Increase) decrease in from other governments	45,572	-	45,572
(Increase) decrease in prepaid items	-	1,457	1,457
Increase (decrease) in accrued liabilities and accounts payable	(2,325)	(30,677)	(33,002)
Total adjustments	<u>60,594</u>	<u>6,092</u>	<u>66,686</u>
Net cash provided by (used in) operating activities	<u>\$ 4,993</u>	<u>\$ 856,325</u>	<u>\$ 861,318</u>



CITY OF LA HABRA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Assets:			
Current assets:			
Cash and investments	\$ 30,813	\$ 4,613,961	\$ 597,887
Accounts receivable, net	28,124	6,000	-
Interest receivable	49	19,472	2,306
Prepays	-	-	605
Due from other governments	5,346	-	-
Inventory	34,151	-	-
Total current assets	<u>98,483</u>	<u>4,639,433</u>	<u>600,798</u>
Noncurrent assets:			
Cash and investments with fiscal agents	-	-	-
Advances to other funds	-	-	-
Deferred charges	-	-	-
Capital assets, net of accumulated depreciation	-	-	136,336
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>136,336</u>
Total assets	<u>98,483</u>	<u>4,639,433</u>	<u>737,134</u>
Liabilities:			
Current liabilities:			
Accounts payable	16,055	34,840	27,310
Accrued liabilities	13,102	2,061,782	14,862
Accrued interest	-	-	-
Compensated absences	-	-	-
Certificates of participation, current	-	-	-
Water revenue bonds, current	-	-	-
Total current liabilities	<u>29,157</u>	<u>2,096,622</u>	<u>42,172</u>
Noncurrent liabilities:			
Certificates of participation	-	-	-
Water revenue bonds	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>29,157</u>	<u>2,096,622</u>	<u>42,172</u>
Net assets:			
Invested in capital assets	-	-	136,336
Unrestricted	69,326	2,542,811	558,626
Total net assets	<u>\$ 69,326</u>	<u>\$ 2,542,811</u>	<u>\$ 694,962</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
\$ 245,815	\$ 1,370,021	\$ 1,435,562	\$ 8,294,059
-	-	-	34,124
1,050	5,976	1,739	30,592
-	106,689	-	107,294
-	-	-	5,346
-	-	-	34,151
<u>246,865</u>	<u>1,482,686</u>	<u>1,437,301</u>	<u>8,505,566</u>
518,538	-	-	518,538
11,246,214	-	-	11,246,214
674,958	-	-	674,958
-	1,501,384	-	1,637,720
<u>12,439,710</u>	<u>1,501,384</u>	<u>-</u>	<u>14,077,430</u>
<u>12,686,575</u>	<u>2,984,070</u>	<u>1,437,301</u>	<u>22,582,996</u>
-	224,249	-	302,454
1	1,801	-	2,091,548
119,965	-	-	119,965
-	-	1,170,584	1,170,584
265,000	-	-	265,000
170,000	-	-	170,000
<u>554,966</u>	<u>226,050</u>	<u>1,170,584</u>	<u>4,119,551</u>
3,944,751	-	-	3,944,751
6,250,000	-	-	6,250,000
<u>10,194,751</u>	<u>-</u>	<u>-</u>	<u>10,194,751</u>
<u>10,749,717</u>	<u>226,050</u>	<u>1,170,584</u>	<u>14,314,302</u>
-	1,501,384	-	1,637,720
1,936,858	1,256,636	266,717	6,630,974
<u>\$ 1,936,858</u>	<u>\$ 2,758,020</u>	<u>\$ 266,717</u>	<u>\$ 8,268,694</u>

CITY OF LA HABRA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2011

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Operating revenues:			
Charges for services	\$ 938,601	\$ 1,838,672	\$ 776,345
Operating expenses:			
Contractual services	80,887	279,499	35,831
Wages and fringe benefits	364,259	166,936	432,205
Benefits and claims	-	798,370	-
Equipment and maintenance	15,857	1,000	143,594
Materials and supplies	487,796	200	5,091
Utilities	938	-	141,599
Depreciation	-	-	36,958
Amortization	-	-	-
Administration	18,624	367,913	9,877
Total operating expenses	<u>968,361</u>	<u>1,613,918</u>	<u>805,155</u>
Operating income (loss)	<u>(29,760)</u>	<u>224,754</u>	<u>(28,810)</u>
Nonoperating revenues (expenses):			
Interest income	433	74,828	8,486
Interest (expense)	-	-	-
Gain (loss) on sale of asset	-	-	-
Gain (loss) on sale of investment	(631)	10,394	(531)
Total nonoperating revenues	<u>(198)</u>	<u>85,222</u>	<u>7,955</u>
Income (loss) before transfers	<u>(29,958)</u>	<u>309,976</u>	<u>(20,855)</u>
Transfers in	<u>-</u>	<u>-</u>	<u>14,438</u>
Changes in net assets	(29,958)	309,976	(6,417)
Net assets, beginning of year	<u>99,284</u>	<u>2,232,835</u>	<u>701,379</u>
Net assets, end of year	<u>\$ 69,326</u>	<u>\$ 2,542,811</u>	<u>\$ 694,962</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
\$ -	\$ 155,050	\$ 31,719	\$ 3,740,387
6,839	-	-	403,056
-	50,757	806,555	1,820,712
-	-	-	798,370
-	-	-	160,451
-	-	-	493,087
-	-	-	142,537
-	301,606	-	338,564
51,297	-	-	51,297
25	425	-	396,864
<u>58,161</u>	<u>352,788</u>	<u>806,555</u>	<u>4,604,938</u>
<u>(58,161)</u>	<u>(197,738)</u>	<u>(774,836)</u>	<u>(864,551)</u>
244,066	22,284	8,398	358,495
(517,936)	-	-	(517,936)
-	8,831	-	8,831
<u>93</u>	<u>359</u>	<u>(16,845)</u>	<u>(7,161)</u>
<u>(273,777)</u>	<u>31,474</u>	<u>(8,447)</u>	<u>(157,771)</u>
<u>(331,938)</u>	<u>(166,264)</u>	<u>(783,283)</u>	<u>(1,022,322)</u>
<u>302,722</u>	<u>25,195</u>	<u>1,050,000</u>	<u>1,392,355</u>
(29,216)	(141,069)	266,717	370,033
<u>1,966,074</u>	<u>2,899,089</u>	<u>-</u>	<u>7,898,661</u>
<u>\$ 1,936,858</u>	<u>\$ 2,758,020</u>	<u>\$ 266,717</u>	<u>\$ 8,268,694</u>

CITY OF LA HABRA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 65,570	\$ -	\$ -
Receipts from interfund services provided	847,562	1,840,925	776,369
Payments to suppliers	(624,920)	(1,464,137)	(314,637)
Cash paid for interfund services provided	(6,030)	(4,951)	(7,620)
Payments to employees	(361,544)	(166,139)	(429,014)
Net cash provided by (used in) operating activities	<u>(79,362)</u>	<u>205,698</u>	<u>25,098</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	-	-	14,438
Receipt of advances to other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>14,438</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	-	(39,302)
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>(39,302)</u>
Cash flows from investing activities:			
(Purchase) sale of investments	(631)	10,394	(531)
Interest on investments	580	75,432	8,948
Net cash provided by investing activities	<u>(51)</u>	<u>85,826</u>	<u>8,417</u>
Net increase (decrease) in cash and cash equivalents	(79,413)	291,524	8,651
Cash and cash equivalents, beginning of year	<u>110,226</u>	<u>4,322,437</u>	<u>589,236</u>
Cash and cash equivalents, end of year	<u>\$ 30,813</u>	<u>\$ 4,613,961</u>	<u>\$ 597,887</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
\$ -	\$ 26,310	\$ -	\$ 91,880
-	155,050	31,719	3,651,625
(8,864)	(57,161)	-	(2,469,719)
-	-	(31,719)	(50,320)
-	(48,956)	(806,555)	(1,812,208)
<u>(8,864)</u>	<u>75,243</u>	<u>(806,555)</u>	<u>(588,742)</u>
302,722	25,195	1,050,000	1,392,355
<u>425,000</u>	<u>-</u>	<u>-</u>	<u>425,000</u>
<u>727,722</u>	<u>25,195</u>	<u>1,050,000</u>	<u>1,817,355</u>
-	(288,786)	-	(328,088)
-	8,831	-	8,831
(422,751)	-	-	(422,751)
<u>(522,761)</u>	<u>-</u>	<u>-</u>	<u>(522,761)</u>
<u>(945,512)</u>	<u>(279,955)</u>	<u>-</u>	<u>(1,264,769)</u>
93	359	(16,845)	(7,161)
<u>244,202</u>	<u>23,095</u>	<u>12,377</u>	<u>364,634</u>
<u>244,295</u>	<u>23,454</u>	<u>(4,468)</u>	<u>357,473</u>
17,641	(156,063)	238,977	321,317
<u>746,712</u>	<u>1,526,084</u>	<u>1,196,585</u>	<u>8,491,280</u>
<u>\$ 764,353</u>	<u>\$ 1,370,021</u>	<u>\$ 1,435,562</u>	<u>\$ 8,812,597</u>

(Continued)

CITY OF LA HABRA
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2011

	<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)	\$ (29,760)	\$ 224,754	\$ (28,810)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	-	-	36,958
Amortization	-	-	-
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(27,974)	(3,750)	24
(Increase) decrease in due from other governments	2,505	6,003	-
(Increase) decrease in inventory	12,755	-	-
(Increase) decrease in prepaid items	-	-	(25)
Increase (decrease) in accounts payable and accrued liabilities	(36,888)	(21,309)	16,951
Total adjustments	(49,602)	(19,056)	53,908
Net cash provided by (used in) operating activities	<u>\$ (79,362)</u>	<u>\$ 205,698</u>	<u>\$ 25,098</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
<u>\$ (58,161)</u>	<u>\$ (197,738)</u>	<u>\$ (774,836)</u>	<u>\$ (864,551)</u>
-	301,606	-	338,564
51,297	-	-	51,297
-	26,310	-	(5,390)
-	-	-	8,508
-	-	-	12,755
-	(14,558)	-	(14,583)
<u>(2,000)</u>	<u>(40,377)</u>	<u>(31,719)</u>	<u>(115,342)</u>
<u>49,297</u>	<u>272,981</u>	<u>(31,719)</u>	<u>275,809</u>
<u><u>\$ (8,864)</u></u>	<u><u>\$ 75,243</u></u>	<u><u>\$ (806,555)</u></u>	<u><u>\$ (588,742)</u></u>



CITY OF LA HABRA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Assets:				
Cash and investments	\$ 10,288,769	\$ 501,327	\$ 482,682	\$ 10,307,414
Interest receivable	50,283	44,008	50,283	44,008
Total assets	\$ 10,339,052	\$ 545,335	\$ 532,965	\$ 10,351,422
Liabilities:				
Accounts payable	\$ 1,549	\$ 60,045	\$ 59,540	\$ 2,054
Accrued liabilities	9,378	17,378	17,346	9,410
Deposits	10,328,125	336,862	325,029	10,339,958
Total liabilities	\$ 10,339,052	\$ 414,285	\$ 401,915	\$ 10,351,422

CITY OF LA HABRA
Measure T Transaction and Use Tax: Use of Funds
For the Year Ended June 30, 2011

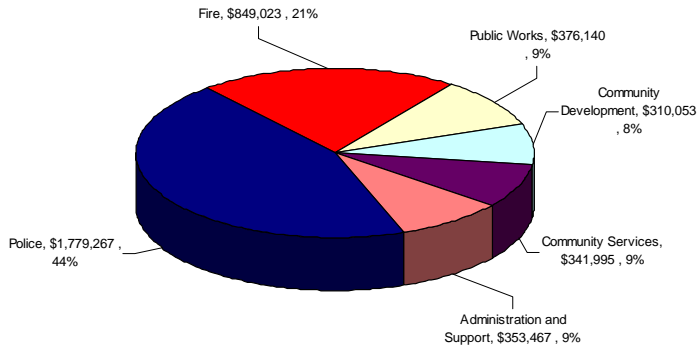
In November 2008, the citizens of La Habra approved Measure T which established a ½ cent local transaction and use tax. The measure was approved as an undesignated “general” tax that would be used to help support the activities and operations of the City’s General Fund. As this is a general tax, it legally 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 budgeted Measure T revenues in FY 10/11 and the proportional allocation of General Fund budgeted expenditures by department.

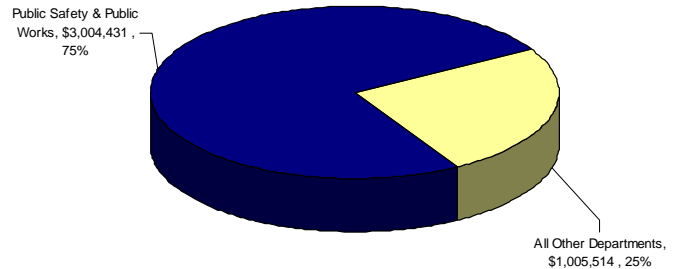
Measure T Allocation Analysis by General Fund Department

Department	FY 10/11 GF Budgeted Expenditures	% of Total GF Budgeted Expenditures	Proportional Allocation of Measure T Revenues
Police	\$14,428,940	44.4%	\$1,779,267
Fire	\$6,885,142	21.2%	\$849,023
Public Works	\$3,050,302	9.4%	\$376,140
Community Development	\$2,514,370	7.7%	\$310,053
Community Services	\$2,773,399	8.5%	\$341,995
Administration and Support	\$2,866,432	8.8%	\$353,467
Total	\$32,518,585		\$4,009,945

Proportional Allocation of Measure T Revenues



Proportional Allocation of Measure T Revenues



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>	120-129
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>	131-135
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>	136-145
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>	147-148
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>	149-156

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 Nine Fiscal Years
(accrual basis of accounting)

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

Source: Finance Office, City of La Habra

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 60,254,071	\$ 61,866,707	\$ 62,720,405	\$ 69,852,168	\$ 72,267,324	\$ 74,411,098
2,425,184	2,962,479	3,060,362	443,262	1,100,726	10,086,784
8,769,044	14,541,105	22,800,535	18,146,165	18,770,240	14,909,849
<u>\$ 71,448,299</u>	<u>\$ 79,370,291</u>	<u>\$ 88,581,302</u>	<u>\$ 88,441,595</u>	<u>\$ 92,138,290</u>	<u>\$ 99,407,731</u>
\$ 14,083,243	\$ 14,387,460	\$ 6,818,385	\$ 11,978,153	\$ 16,282,084	\$ 15,332,126
-	-	-	1,630,052	1,630,052	1,630,052
16,362,240	18,275,101	28,336,251	20,649,253	17,457,587	20,091,568
<u>\$ 30,445,483</u>	<u>\$ 32,662,561</u>	<u>\$ 35,154,636</u>	<u>\$ 34,257,458</u>	<u>\$ 35,369,723</u>	<u>\$ 37,053,746</u>
\$ 74,337,314	\$ 76,254,167	\$ 69,538,790	\$ 81,830,321	\$ 88,549,408	\$ 89,743,224
2,425,184	2,962,479	3,060,362	2,073,314	2,730,778	11,716,836
25,131,284	32,816,206	51,136,786	38,795,418	36,227,827	35,001,417
<u>\$ 101,893,782</u>	<u>\$ 112,032,852</u>	<u>\$ 123,735,938</u>	<u>\$ 122,699,053</u>	<u>\$ 127,508,013</u>	<u>\$ 136,461,477</u>

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

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 2,466,028	\$ 1,727,569	\$ 2,450,872	\$ 4,567,895	\$ 2,799,293	\$ 3,391,804
351,407	38,142	14,426	-	-	-
20,751,487	20,806,295	21,264,160	22,940,011	22,433,260	22,518,416
5,829,033	7,399,852	7,813,863	8,240,683	12,543,772	13,295,177
441,946	787,929	960,798	824,748	1,335,844	350,183
7,609,897	7,623,969	8,024,546	8,362,899	8,412,550	8,658,108
3,717,217	3,886,883	5,595,313	5,867,904	5,516,373	5,675,859
824,152	812,194	1,250,321	1,087,697	1,265,049	1,663,267
<u>41,991,167</u>	<u>43,082,833</u>	<u>47,374,299</u>	<u>51,891,837</u>	<u>54,306,141</u>	<u>55,552,814</u>
7,591,959	8,557,829	9,091,989	9,616,279	10,274,385	10,171,235
912,741	930,137	1,237,713	1,321,849	1,523,707	1,591,981
1,681,163	1,988,194	961,673	1,715,950	1,671,488	2,093,743
5,101,290	5,392,422	5,874,526	6,131,357	6,274,848	5,315,794
<u>15,287,153</u>	<u>16,868,582</u>	<u>17,165,901</u>	<u>18,785,435</u>	<u>19,744,428</u>	<u>19,172,753</u>
<u>\$ 57,278,320</u>	<u>\$ 59,951,415</u>	<u>\$ 64,540,200</u>	<u>\$ 70,677,272</u>	<u>\$ 74,050,569</u>	<u>\$ 74,725,567</u>
\$ 1,940	\$ 2,032	\$ 310	\$ 7,183	\$ 428,161	\$ 102,225
3,272,096	2,790,739	3,017,854	2,801,704	3,359,502	3,234,734
1,739,998	930,670	1,217,844	1,192,031	1,445,127	1,144,869
1,268,886	1,221,241	1,269,778	1,006,964	929,396	1,057,923
6,155,825	7,403,668	7,708,528	7,944,392	10,219,344	9,645,109
2,841,673	3,010,784	8,343,602	6,831,889	9,314,080	13,545,193
<u>15,280,418</u>	<u>15,359,134</u>	<u>21,557,916</u>	<u>19,784,163</u>	<u>25,695,610</u>	<u>28,730,053</u>
8,625,652	9,753,270	10,207,199	9,889,342	10,759,475	11,423,986
791,592	878,314	1,351,929	1,124,764	1,346,611	1,450,422
1,951,143	1,915,376	1,984,399	2,097,380	2,129,124	1,247,111
10,094,887	5,462,799	5,958,707	6,040,726	6,071,837	6,231,787
<u>21,463,274</u>	<u>18,009,759</u>	<u>19,502,234</u>	<u>19,152,212</u>	<u>20,307,047</u>	<u>20,353,306</u>
<u>\$ 36,743,692</u>	<u>\$ 33,368,893</u>	<u>\$ 41,060,150</u>	<u>\$ 38,936,375</u>	<u>\$ 46,002,657</u>	<u>\$ 49,083,359</u>
\$ (26,710,749)	\$ (27,723,699)	\$ (25,816,383)	\$ (32,107,674)	\$ (28,610,531)	\$ (26,822,761)
6,176,121	1,141,177	2,336,333	366,777	562,619	1,180,553
<u>\$ (20,534,628)</u>	<u>\$ (26,582,522)</u>	<u>\$ (23,480,050)</u>	<u>\$ (31,740,897)</u>	<u>\$ (28,047,912)</u>	<u>\$ (25,642,208)</u>

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

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

Source: Finance Office, City of La Habra

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 13,768,880	\$ 14,975,673	\$ 16,127,594	\$ 16,153,525	\$ 15,575,910	\$ 15,512,868
9,208,476	9,853,179	10,298,735	8,900,156	7,669,656	8,116,354
-	-	-	888,150	3,572,975	3,882,815
1,807,537	1,996,481	1,377,380	1,451,228	1,492,703	1,534,468
5,128,226	5,293,525	2,854,515	-	-	-
399,436	398,603	-	-	-	-
705,613	724,228	619,065	492,053	453,076	580,840
801,623	1,601,295	3,473,466	2,808,384	2,962,495	3,280,649
885,929	717,424	309,139	795,111	577,174	1,169,235
-	-	-	499,360	-	-
(85,000)	85,283	(32,500)	(20,000)	3,237	14,973
<u>32,620,720</u>	<u>35,645,691</u>	<u>35,027,394</u>	<u>31,967,967</u>	<u>32,307,226</u>	<u>34,092,202</u>
481,537	1,161,184	123,242	1,016,045	552,883	386,167
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	132,276
85,000	(85,283)	32,500	20,000	(3,237)	(14,973)
<u>566,537</u>	<u>1,075,901</u>	<u>155,742</u>	<u>1,036,045</u>	<u>549,646</u>	<u>503,470</u>
<u>\$ 33,187,257</u>	<u>\$ 36,721,592</u>	<u>\$ 35,183,136</u>	<u>\$ 33,004,012</u>	<u>\$ 32,856,872</u>	<u>\$ 34,595,672</u>
\$ 5,909,971	\$ 7,921,992	\$ 9,211,011	\$ (139,707)	\$ 3,696,695	\$ 7,269,441
6,742,658	2,217,078	2,492,075	1,402,822	1,112,265	1,684,023
<u>12,652,629</u>	<u>10,139,070</u>	<u>11,703,086</u>	<u>1,263,115</u>	<u>4,808,960</u>	<u>8,953,464</u>

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

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

Source: Finance Office, City of La Habra

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

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

Fiscal Year					
2006	2007	2008	2009	2010	2011 ⁽¹⁾
\$ 2,984,541	\$ 3,473,165	\$ 11,007,923	\$ 10,105,173	\$ 9,321,926	\$ -
7,925,672	8,080,218	2,882,494	3,067,881	3,792,796	-
					9,270,571
					-
					-
					1,629,512
					2,974,615
<u>\$ 10,910,213</u>	<u>\$ 11,553,383</u>	<u>\$ 13,890,417</u>	<u>\$ 13,173,054</u>	<u>\$ 13,114,722</u>	<u>\$ 13,874,698</u>
\$ 6,530,768	\$ 6,387,594	\$ 7,105,221	\$ 11,841,774	\$ 7,105,637	\$ -
771,473	157,435	(5,811,745)	(10,520,112)	(9,312,632)	-
-	-	-	-	-	-
(4,969,337)	57,620	8,490,640	3,272,567	2,353,870	-
					619,271
					15,814,036
					(11,906,575)
<u>\$ 2,332,904</u>	<u>\$ 6,602,649</u>	<u>\$ 9,784,116</u>	<u>\$ 4,594,229</u>	<u>\$ 146,875</u>	<u>\$ 4,526,732</u>

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

	Fiscal Year		
	2003	2004	2005
Revenues			
Property taxes and special assessments	\$ 7,304,005	\$ 7,850,042	\$ 11,634,029
Sales and use tax	8,350,697	8,222,600	8,580,008
Utility users tax	4,469,335	4,712,780	4,765,367
Franchise tax	-	-	-
Transaction and use tax	-	-	-
Intergovernmental	15,511,486	13,172,100	13,939,559
Licenses and permits	2,551,969	2,659,088	2,609,181
Charges for services	4,171,819	4,072,499	4,111,510
Fines, forfeitures and penalties	489,987	557,614	624,665
Use of money and property	1,782,109	875,324	1,201,020
Total revenue	<u>44,631,407</u>	<u>42,122,047</u>	<u>47,465,339</u>
Expenditures			
General government	3,194,518	4,019,240	3,794,454
Intergovernmental	147,666	405,876	392,850
Public safety	16,131,193	17,596,969	19,008,603
Public works	4,326,013	4,563,727	4,348,452
Employment and training	1,790,020	651,364	411,959
Community services	6,809,351	6,826,434	7,006,481
Community development	3,388,911	2,805,036	3,363,698
Intergovernmental - SERAF payment	-	-	-
Capital outlay	6,742,010	6,577,885	15,079,158
Debt service:			
Principal	236,875	283,966	568,967
Interest expense	1,238,096	1,215,411	929,510
Total expenditures	<u>44,004,653</u>	<u>44,945,908</u>	<u>54,904,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>626,754</u>	<u>(2,823,861)</u>	<u>(7,438,793)</u>
Other financing sources (uses)			
Issuance of dept	-	-	-
Proceeds from note payable	350,000	705,948	1,608,437
Proceeds from sale of property	-	-	-
Transfers in	4,648,758	1,706,004	1,817,542
Transfers out	(4,733,758)	(1,894,615)	(2,083,859)
Total other financing sources (uses)	<u>265,000</u>	<u>517,337</u>	<u>1,342,120</u>
Net change in fund balances	<u>\$ 891,754</u>	<u>\$ (2,306,524)</u>	<u>\$ (6,096,673)</u>
Debt service as a percentage of noncapital expenditures	4.12%	4.07%	3.91%

Source: Finance Office, City of La Habra

The City implemented GASB 34 for the fiscal year ended June 30, 2003.
Schedules presenting government-wide information include information beginning in that year.
Information prior to the implementation of GASB 34 is not available.
The debt service as a percentage of noncapital expenditures have updated for all fiscal years to accurately reflect the amount of capital outlay used to calculate the ratio.

		Fiscal Year									
		2006	2007	2008	2009	2010	2011				
\$	13,768,879	\$	14,975,672	\$	16,127,594	\$	16,153,525	\$	15,575,909	\$	15,512,868
	9,208,476		9,853,179		10,298,735		8,900,156		7,599,507		8,100,193
	5,128,227		5,293,525		2,854,516		-		-		-
	-		-		-		-		-		1,539,147
	-		-		-		888,150		3,321,233		4,009,945
	10,474,304		10,872,124		16,337,771		15,173,403		20,044,668		24,638,521
	3,003,519		3,005,752		2,533,955		2,289,291		2,377,893		831,524
	4,736,754		4,217,788		4,320,099		4,017,259		4,173,764		4,750,030
	711,923		827,929		922,284		1,019,890		1,079,904		933,279
	886,846		1,325,055		2,806,572		2,751,588		2,519,807		3,781,727
	<u>47,918,928</u>		<u>50,371,024</u>		<u>56,201,526</u>		<u>51,193,262</u>		<u>56,692,685</u>		<u>64,097,234</u>
	3,190,161		3,284,442		3,776,287		3,054,085		2,669,815		2,637,466
	351,407		38,142		14,426		2,949		-		-
	20,189,955		20,508,001		20,934,105		22,606,775		22,085,922		22,124,819
	4,883,604		5,164,358		5,523,703		5,762,012		9,892,445		10,442,627
	441,946		787,929		960,798		824,748		1,335,844		350,183
	7,326,891		7,341,149		7,731,920		8,064,550		8,124,301		8,362,752
	3,700,056		3,895,625		5,570,152		5,847,794		4,606,713		5,471,205
	-		-		-		-		892,557		183,762
	11,942,906		2,931,143		3,805,470		10,281,332		8,309,750		6,176,601
	265,000		276,699		404,466		430,552		452,158		608,560
	877,374		595,620		1,029,198		891,714		1,082,957		1,456,522
	<u>53,169,300</u>		<u>44,823,108</u>		<u>49,750,525</u>		<u>57,766,511</u>		<u>59,452,462</u>		<u>57,814,497</u>
	<u>(5,250,372)</u>		<u>5,547,916</u>		<u>6,451,001</u>		<u>(6,573,249)</u>		<u>(2,759,777)</u>		<u>6,282,737</u>
	-		-		-		-		-		1,450,000
	-		-		-		-		-		-
	-		-		-		790,000		-		-
	4,451,401		5,780,952		1,900,351		2,331,551		3,813,715		6,029,430
	(3,714,691)		(6,415,953)		(2,832,851)		(2,455,552)		(3,876,746)		(7,104,090)
	<u>736,710</u>		<u>(635,001)</u>		<u>(932,500)</u>		<u>665,999</u>		<u>(63,031)</u>		<u>375,340</u>
\$	<u>(4,513,662)</u>	\$	<u>4,912,915</u>	\$	<u>5,518,501</u>	\$	<u>(5,907,250)</u>	\$	<u>(2,822,808)</u>	\$	<u>6,658,077</u>
	2.85%		2.13%		3.22%		2.86%		3.09%		4.17%



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
2002	\$ 2,139,466,876	\$ 360,302,982	\$ 188,445,029	\$ 303,987,554	\$2,992,202,441	0.21289%
2003	2,326,969,383	363,989,522	198,177,500	229,175,539	3,118,311,944	0.20660%
2004	2,497,718,042	439,806,996	208,390,091	202,651,878	3,348,567,007	0.20573%
2005	2,697,043,410	470,826,383	219,273,760	212,114,339	3,599,257,892	0.20811%
2006	2,973,108,220	536,382,942	223,084,427	229,773,922	3,962,349,511	0.21467%
2007	3,350,470,647	552,151,340	241,253,193	261,169,322	4,405,044,502	0.21348%
2008	3,665,098,412	578,024,306	276,420,264	252,230,096	4,771,773,078	0.21732%
2009	3,700,917,522	607,254,122	299,147,783	266,515,101	4,873,834,528	0.21826%
2010	3,470,814,380	676,973,961	344,242,790	215,013,274	4,707,044,405	0.22193%
2011	3,513,333,660	713,436,330	308,220,069	171,182,915	4,706,172,974	0.22228%

- (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				
	2002	2003	2004	2005	2006
City Direct Rates:					
City basic rate	1.0000	1.0000	1.0000	1.0000	1.0000
Total City Direct Rate	1.0000	1.0000	1.0000	1.0000	1.0000
Overlapping Rates:					
School System	0.01597	0.05971	0.05671	0.05099	0.05157
Metropolitan Water District	0.00770	0.00670	0.00610	0.00580	0.00520
Total Direct Rate	<u>1.02367</u>	<u>1.06641</u>	<u>1.06281</u>	<u>1.05679</u>	<u>1.05677</u>

Source: Orange County Assessor's Office

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

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

Taxpayer	2011		2002	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
CVS Pharmacy Inc	\$ 102,122,729	2.17%	\$ -	0.00%
La Habra Association LLC	86,427,203	1.84%	-	0.00%
La Habra Westridge Partnership LP	60,055,248	1.28%	-	0.00%
Ralph's Grocery Company	29,118,896	0.62%	-	0.00%
Bank First Security of Utah Trust	26,856,875	0.57%	-	0.00%
Costco Wholesale	24,817,276	0.53%	-	0.00%
Essex Portfolio	24,691,525	0.52%	-	0.00%
New Albertson's Inc	21,365,585	0.45%	-	0.00%
Clipperton Partners-Lowes HIW	18,767,919	0.40%	-	0.00%
Westridge Golf Inc	18,617,871	0.40%	-	0.00%
American Food & Drug Inc	-	0.00%	104,383,908	3.49%
Trol Realty LLC	-	0.00%	48,840,621	1.63%
M & H Realty Partners LP	-	0.00%	37,447,089	1.25%
La Habra Westridge	-	0.00%	23,386,560	0.78%
Essex Portfolio	-	0.00%	21,084,297	0.70%
Townhouse Apartments	-	0.00%	20,119,500	0.67%
Bank First Security	-	0.00%	19,139,760	0.64%
Westridge Golf Club LLC	-	0.00%	17,188,061	0.57%
Von's Companies	-	0.00%	16,207,802	0.54%
Walter Jackson Bransford	-	<u>0.00%</u>	<u>10,479,363</u>	<u>0.35%</u>
Top Ten Assessed Value	\$ 412,841,127	8.77%	\$ 318,276,961	10.64%
Total Assessed Value	<u>\$ 4,706,172,974</u>		<u>\$ 2,992,202,441</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		Collections in Subsequent Years	Total Collections to Date (2)	
		Fiscal Year of Levy Amount	Percent of Levy		Amount	Percent of Levy
2002	\$ 7,179,490	\$ 6,704,399	93.38%	\$ 289,797	\$ 6,994,196	97.42%
2003	7,132,703	7,018,318	98.40%	17,210	7,035,528	98.64%
2004	7,689,081	7,485,771	97.36%	11,328	7,497,098	97.50%
2005 (1)	8,440,987	8,279,720	98.09%	23,723	8,303,444	98.37%
2006	9,919,544	9,704,534	97.83%	14,551	9,719,085	97.98%
2007	10,396,449	9,977,803	95.97%	28,837	10,006,640	96.25%
2008	11,581,270	11,312,879	97.68%	40,478	11,353,357	98.03%
2009	11,484,540	11,087,232	96.54%	62,236	11,149,467	97.08%
2010	11,119,314	10,827,627	97.38%	34,366	10,861,993	97.69%
2011	11,140,486	10,788,148	96.84%	16,586	10,804,734	96.99%

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 Eight Fiscal Years

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

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

Statistical information for prior fiscal years is unavailable.

<u>Governmental Activities</u>		<u>Business-type Activities</u>			Total Primary Government	Percentage of Personal Income (2)	Debt Per Capita (2)
Total Governmental Long-term Debt	Certificates of Participation	Revenue Bonds	Total Business-type Activities				
\$ 18,183,388	\$ 19,664,018	\$ 7,500,000	\$ 27,164,018	\$ 45,347,406	3.77%	\$ 2,305	
18,872,011	19,086,779	7,355,000	26,441,779	45,313,790	3.56%	2,189	
18,336,703	18,434,540	7,205,000	25,639,540	43,976,243	3.30%	2,027	
17,706,894	17,727,301	7,055,000	24,782,301	42,489,195	2.98%	1,834	
17,079,693	16,970,062	6,900,000	23,870,062	40,949,755	2.74%	1,696	
16,416,406	16,177,823	6,745,000	22,922,823	39,339,229	2.59%	1,614	
15,721,508	13,793,909	6,585,000	20,378,909	36,100,417	2.43%	1,526	
16,305,197	14,134,848	26,095,000	40,229,848	56,535,045	3.82%	2,414	

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

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

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, 2011

2010-11 Assessed Valuation	\$ 4,700,690,212
Redevelopment Incremental Valuation	<u>332,596,138</u>
Adjusted Assessed Valuation	<u>\$ 4,368,094,074</u>

	%age Applicable (1)	Outstanding Debt 6/30/11	Estimated Share of Overlapping Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.244%	\$ 227,670,000	\$ 555,515
North Orange County Joint Community College District	5.567%	214,514,001	11,941,994
Fullerton Joint Union High School District	20.119%	56,767,910	11,421,136
La Habra City School District	81.542%	13,360,840	10,894,696
City of La Habra Community Facilities District No. 1990-1	100.000%	<u>1,880,000</u>	<u>1,880,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 36,693,341
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	1.169%	\$ 316,898,000	\$ 3,704,538
Orange County Pension Obligations	1.169%	54,682,497	639,238
Orange County Board of Education Certificates of Participation	1.169%	19,000,000	222,110
Municipal Water District of Orange County Water Facilities Corporation	1.380%	14,120,000	194,856
North Orange County Regional Occupation Program Certificate of Particip.	5.749%	11,340,000	651,937
Fullerton Joint Union High School District Certificates of Participation	20.119%	22,255,000	4,477,483
City of La Habra Certificate of Participation	100.000%	<u>20,145,000</u>	<u>20,145,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 30,035,162
Less: MWDOC Water Facilities Corporation (100% self-supporting)			<u>194,856</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 29,840,306
TOTAL DIRECT DEBT			\$ 20,145,000
TOTAL GROSS OVERLAPPING DEBT			\$ 46,583,503
TOTAL NET OVERLAPPING DEBT			\$ 46,388,647
GROSS COMBINED TOTAL DEBT			\$ 66,728,503 (2)
NET COMBINED TOTAL DEBT			66,533,647

(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 2010-11 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 0.78%

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$ 20,145,000).....0.46%

Gross Combined Total Debt.....1.53%

Net Combined Total Debt.....1.52%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/11: \$0

Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2002	2003	2004	2005
Total Assessed Value of all Real and Personal Property	\$ 3,007,174,478	\$ 3,119,571,800	\$ 3,350,641,844	\$ 3,598,042,087
Debt Limit Percentage	15.00%	15.00%	15.00%	15.00%
Total Debt Limit (1)	451,076,172	467,935,770	502,596,277	539,706,313
Amount of Debt Applicable to Debt Limit (2)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal Debt Margin	<u>\$ 451,076,172</u>	<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
\$3,962,715,606	\$4,414,500,225	\$4,773,433,708	\$4,876,737,977	\$4,708,919,643	\$4,700,690,212
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
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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>

CITY OF LA HABRA
Pledged-Revenue Coverage
Last Seven 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	

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

(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

CITY OF LA HABRA
Pledged-Revenue Coverage (Continued)
Last Seven 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

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



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>
2002	59,938	1,145,401	19,110	4.5%
2003	60,738	1,165,170	19,184	5.7%
2004	61,186	1,203,943	19,677	5.4%
2005	61,411	1,271,463	20,704	4.8%
2006	61,470	1,333,587	21,695	4.3%
2007	61,588	1,426,814	23,167	3.9%
2008	61,973	1,496,367	24,145	4.4%
2009	62,309	1,518,571	24,372	6.0%
2010	62,747	1,484,763	23,663	10.1%
2011	63,184	1,479,959	23,423	10.8%

Source: HdL Coren & Cone

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

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

Employer	2011		2010	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
CVS Pharmacy	887	3.17%	1,056	3.72%
Preferred Employment	513	1.83%	n/a	n/a
Wal-Mart/Sams Stores Inc.	501	1.79%	492	1.73%
City of La Habra	411	1.47%	400	1.41%
Costco	256	0.91%	231	0.81%
The Kroger Co./La Habra Bakery	248	0.89%	250	0.88%
Target Stores T-248	195	0.70%	230	0.81%
Kohl's Department Stores Inc.	136	0.49%	136	0.48%
Home Depot USA	131	0.47%	145	0.51%
Lowe's Home Centers Inc.	122	0.44%	134	0.47%
La Habra Convalescent	n/a	n/a	140	0.49%

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

Source: Business License Dept.
Statistical information for prior fiscal years is not available.



STATISTICAL SECTION
Operating Information



CITY OF LA HABRA
Full-time Equivalent City Employees
by Function/Department
Last Nine 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>
City Manager	4.94	4.94	4.94	4.94	4.94	5.50	4.50	3.50	3.75
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Community Development	13.76	15.36	17.88	18.88	18.77	21.29	22.29	30.37	28.84
Community Services	137.94	121.26	100.34	100.18	100.72	100.24	107.52	104.21	99.25
Finance/Administrative Services	17.59	20.54	20.44	20.82	19.98	20.12	20.12	21.07	21.82
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
Public Works	59.75	60.33	60.81	64.11	67.37	67.59	66.87	59.31	54.24
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>
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>

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 Six Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police:						
Arrests	2,727	2,423	2,494	2,472	2,438	2,087
Crime Reports	-	8,786	8,190	8,363	7,932	7,786
Moving citations issued	-	6,098	7,845	10,801	8,771	7,683
Parking citations issued	13,875	14,856	17,051	16,386	14,617	10,546
Fire *						
Number of emergency calls	-	3,401	3,293	3,581	3,814	3,418
Public Works						
Street resurfacing (miles)	14	14	15	6	7	9
Community development						
Building Permits Issued	1,184	1,322	1,340	1,614	1,866	1,747
Building Inspections	-	4,768	4,061	3,424	3,242	3,922
Building Plan Checks	-	319	300	191	175	176
Parks and recreation:						
Number of Parks	23	24	24	24	24	24
Park Acreage	133.17	133.45	133.66	133.66	133.66	133.66
Number of recreation classes	29	26	24	20	16	17
Number of Facility Rentals	1,572	1,572	1,572	1,572	1,572	1,572
Municipal Water Department						
Number of Accounts	12,601	12,589	12,584	12,502	12,556	12,309
Average daily consumption (thousands of gallons)	9,241	9,690	9,287	8,910	8,084	7,538

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 Six Fiscal Years

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

	Fiscal Years								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Water Services									
Residential	\$11,380	\$ 11,398	\$ 11,481	\$ 11,507	\$ 11,598	\$ 11,478	\$ 11,475	\$ 11,549	\$ 11,565
Commercial/Industrial	969	829	836	833	849	842	830	827	824
Schools/Other	106	313	250	261	260	264	264	262	267
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>

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

CITY OF LA HABRA
Water Rates
Last Two Fiscal Years

Adopted: 07/01/10
Effective: 07/07/10

Meter Size	2010		2011	
	Monthly Meter Charge	Water Consumption Charge (1)	Monthly Meter Charge	Water Consumption Charge (1)
5/8 inch	\$ 10.43	\$ 2.34	\$ 11.11	\$ 2.49
3/4 inch	11.79	2.34	12.55	2.49
1 inch	15.21	2.34	16.20	2.49
1-1/2 inches	34.94	2.34	37.21	2.49
2 inches	60.57	2.34	64.50	2.49
3 inches	136.29	2.34	145.15	2.49
4 inches	241.22	2.34	256.90	2.49
6 inches	542.78	2.34	578.06	2.49
8 inches	612.46	2.34	652.27	2.49
10 inches	n/a	n/a	n/a	n/a

(1) For each Additional 100 cubic feet. From May 1 to September of each year, a charge of \$2.54 per 100 cubic feet is assessed for consumption above 17,000 cubic feet.

Source: City of La Habra

Statistical information for prior fiscal years is not available.

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

Water Agency	FY 2011				FY 2010			
	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	\$ 10.43	\$ 69.68	25	\$ 2.37	\$ 10.43	\$ 69.68
Brea (Tiered Rate)	1-12	2.52	6.17	-	1-12	2.35	5.88	64.63
Brea (Tiered Rate)	13-25	3.01	-	75.54	13-25	2.81	-	76.11
Fullerton (Tiered Rate)	1-10	2.65	7.12	-	-	-	-	-
Fullerton (Tiered Rate)	11-25	2.96	-	78.02	25	2.52	6.15	69.25
La Habra Heights (Lower Fire)	25	1.38	25.96	60.46	25	1.01	25.96	51.21
La Habra Heights (Higher Fire)	25	1.60	-	65.96	-	-	-	-
Suburban Water System	1-20	1.60	9.63	-	1-20	1.66	9.41	42.63
Suburban Water System (La Mirada & Whittier)	5	1.81	-	50.64	5	1.83	-	9.15
Whittier (3/4 meter)	25	1.76	46.60	90.60	25	2.35	4.00	62.75

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

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

Customer	2011		2010	
	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption
Westridge Golf, Inc.	102,448	2.87%	101,501	2.72%
Friendly Village A/P	20,470	0.57%	19,806	0.53%
The Kroger Co/La Habra Bakery	14,511	0.41%	13,451	0.36%
Fullerton Union High School District	13,880	0.39%	12,469	0.33%
Viewpark	13,381	0.37%	14,015	0.38%
La Habra School District	12,809	0.36%	9,907	0.27%
Whittier Christian HS	11,958	0.34%	15,499	0.41%
La Bonita Park	10,340	0.29%	15,499	0.41%
Brooklake Apts	10,162	0.28%	11,607	0.31%
Tapestry/Keystone	9,626	0.27%	-	0.00%
La Habra Woods Apts	-	0.00%	9,276	0.25%
The Water Man	-	0.00%	9,100	0.24%
Total Consumption in 100 CCF		<u><u>3,569,299</u></u>		<u><u>3,736,853</u></u>

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