

City of La Habra, California
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2009



Prepared by the Department of Finance and Administrative Services

James D. Sadro, Director/Treasurer

Melvin Shannon, Deputy Director of Finance

CITY OF LA HABRA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2009

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INTRODUCTORY SECTION



June 7, 2010

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, 2009, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City Administration. To the best of our knowledge and belief, the enclosed data are accurate in all materials respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of La Habra. Disclosures necessary to enable a reader to gain an understanding of the City's financial activities have been included. A more comprehensive analysis of the City's financial health can be found in the Management Discussion and Analysis section of this report.

FISCAL YEAR 2008-2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

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

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

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

CITY LOCATION AND CHARACTER

The City of La Habra (population 62,822) is located in the northwest corner of the County of Orange, California, approximately 20 miles east of downtown Los Angeles. La Habra is known as a bedroom community where residents have access to, and participate in, the greater Orange County and Los Angeles County economies. La Habra is largely built out (90 percent developed by the mid-1970's), with the majority of residential housing constructed in the 1950's.

Net Taxable Assessed Value (NTAV) for FY 08/09 was 2.1 percent more than FY 07/08, with a total NTAV of \$4,873,834,528. Based on 2000 Census data, the median household income is on par with the state and national averages, but is low compared with the average of Orange County cities.

The City is largely residential with a stable population that has grown by 6,750 residents over the past 11 years. Unemployment has been relatively modest ranging from between 4.0 percent to 6.4 percent from 1999 through 2007. The City, however, was not immune to the effects of the global recession that began in 2008. Unemployment in the City rose to 5.3 percent in 2008 and 7.2 percent in 2009; however, the rate of local unemployment was lower than national, state and regional rates during those years.

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

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

FINANCIAL INFORMATION

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

Single Audit

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

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

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2009, 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 Special Revenue Funds, the Debt Service Fund, the Capital Project Funds, the Enterprise Funds, and the Internal Service Funds. Some Special Revenue Funds are not included in the annual appropriation resolution, but are adopted separately on an as needed basis. Formal budgetary integration is employed as a management control during the year. Supplemental appropriations are approved by the City Council in the form of budget amendment motions, contract/project approval actions, or as part of special grant authorizing motions. The level of budgetary control is at the individual fund level, but management control is exercised at budgetary line-item level.

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

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

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

Long-Term Financial Planning

The City typically prepares two levels of financial planning for review by its governing body. The first level involves the preparation, presentation and adoption of the City's annual operating budget. This planning effort takes into account current projects, programs and staffing levels to determine the proper level of resource allocation necessary to effectively operate the City government on a year to year basis. This short-term financial plan is flexible and can be modified by Council action to adjust for changing revenue estimates, new programs or projects, or other unanticipated operating and capital costs.

In addition, the City prepares and updates longer term capital plans, revenue estimates, and economic projections to account for high-cost long-term capital needs, major infrastructure improvement programs, and changing trends in the City's revenue and economic base. As part of the annual

budget, the City updates its 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 six year pavement management plan, a ten year water system master plan and a twelve year sewer system master plan. These capital plans are updated every one to five years depending on the need for such updates or to account for major changes. The information provided by the City's long-range capital plans is also used to determine the potential net benefit of securing long-term capital financing via debt versus the use of current cash or other resources on a pay-as-you-go basis.

General Fund Balance

The total General Fund fund balance as of June 30, 2009, was \$13,173,054. Of this amount, \$10,105,173 is considered reserved and unavailable for appropriation with \$29,134 reserved for prepaid items, \$10,024,246 reserved for long-term advances and \$51,793 reserved for inventories.

The remaining \$3,067,881 fund balance is considered available and unrestricted with \$1,378,053 set aside as fund balance (general reserves) and \$1,689,828 set aside as an operating reserve. It should also be noted that \$3,067,881 of the General Fund's restricted reserves are available in the event of a natural disaster or other serious emergency as these funds are currently reserved for future debt service payments and exceed the amount necessary for annual debt service payments.

Prudent financial management necessitates that sufficient reserves be established to provide funding for emergencies, disaster recovery, unanticipated expenses and to demonstrate creditworthiness to credit rating agencies. Among municipalities, unrestricted reserve levels typically range from 10 percent to 50 percent of annual expenditure budgets and can fluctuate based on availability of funds and individual reserve policies. As of June 30, 2009, the City's total restricted and unrestricted reserve levels equaled 22 percent of the adopted FY 08/09 General Fund expenditure budget, with four percent in unrestricted general reserves, 13 percent in restricted emergency reserves, and five percent in operating reserves.

Debt

As of fiscal year ended June 30, 2009, the City's component units had several outstanding debt issues. These issues included \$2,180,000 in special tax bonds, \$21,020,000 in certificates of participation, \$7,080,000 in tax allocation bonds and \$6,745,000 in revenue bonds. The City, as a separate legal entity, has no general obligation debt outstanding.

Capital Projects Funds

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

Capital Assets

The capital assets of the City's governmental activities are those used in the performance of general government functions and exclude the capital assets of the Enterprise Funds, but does include the capital assets of the Internal Service Funds. As of June 30, 2009, the capital assets (net of depreciation) of the City's governmental activities amounted to \$78,910,314. This amount represents the original cost of the assets or estimated historical cost if actual historical cost is not available and is considerably less than their present value. Depreciation of capital assets is recognizable in the City's financial statements using the straight-line method based on the estimated useful life of an asset.

Enterprise Operations

The enterprise operations of the City 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	\$13,252,773	\$9,889,342	\$9,305,664	\$162,937	\$(192,921)	\$13,806,467
Sewer	9,869,008	1,124,764	1,321,849	309,518	(57,337)	9,924,104
Refuse	3,460,264	2,965,091	3,172,439	259,708	(103,486)	3,409,138
Children's Museum	562,109	459,918	552,217	(4,946)	62,500	527,364
Mobile Home Lease	714,892	2,615,717	2,403,869	59,676	0	986,416
Housing Authority	4,401,124	2,097,380	928,104	(570,054)	0	5,000,346
Total	\$32,260,170	\$19,152,212	\$17,684,142	\$216,839	\$(291,244)	\$33,653,835

** Net Assets (Deficits), Beginning, were restated in the Refuse Fund by \$2,300,000 to account for existing pollution remediation liabilities from prior periods, as allowed by GASB 49.

The water utility, which serves over 12,000 customers, operated with a net income before transfers of \$746,615. Its total net assets, including the value of fixed capital assets, at year-end were \$13,806,467.

The sewer utility operated with a net income before transfers of \$112,433. Its total net assets, including the value of fixed capital assets, at year-end were \$9,924,104.

The refuse enterprise operated with a net income before transfers of \$52,360. The refuse fund's total net assets at year-end were \$3,409,138.

The Children's Museum at La Habra operated with a net loss, before transfers and after accounting for depreciation, of \$97,245 and had total net assets of \$527,364, primarily comprised of fixed capital assets.

The Mobile Home Lease Fund operated with a net income before transfers of \$271,524 and has total net assets of \$986,416 at year-end.

The Housing Authority operated with a net income before transfers of \$599,222 and has total net assets of \$5,000,346 at year-end.

Cash Management

To assure the most competitive rates on investments, the City maintains a cash and investment pool that is available for use by all funds, except for bond proceeds and reserves, which are required to be held by a trustee. The City's investments are guided by an investment policy adopted by the City Council that is in compliance with statutory requirements for municipal investments. In January 2005, the City submitted its adopted 2005 Investment Policy to the Association of Public Treasurers of the United States and Canada (APT US&C) for review and certification. In July 2005 the APT US&C completed their review and certified the City's 2005 Investment Policy as "meeting the standards set forth" by their organization. The 2008 and 2009 adopted investment policies had no material changes from the 2005 policy.

As of June 30, 2009, the City had \$52,870,837 in cash and short-term investments such as securities of the U.S. Government, the State of California Local Agency Investment Fund, corporate medium term notes, and money market funds. The City's investment philosophy is to minimize credit and market risks while maintaining a competitive yield on its portfolio, to ensure that funds are available when needed, to manage its pooled idle cash position under the prudent investor's rule, and to maximize the productive use of assets entrusted to its care.

Risk Management

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

In the Risk Management Internal Service Fund, a reserve has been calculated to provide for future claims resulting from happenings prior to June 30, 2009. The reserve's balance is \$2,327,568, with net assets of \$1,576,368.

INDEPENDENT AUDIT

An annual audit of the accounting and financial records of the City is conducted by independent certified public accountants to meet the requirements of the Single Audit Act and the related U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments and Non-profit Organizations*. The auditors are required to audit all funds and account groups of the City in accordance with auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's *Government Auditing Standards*. The firm, Moreland & Associates, Inc., was retained by the City of La Habra under the terms of a multi-year agreement to perform auditing services. In April 2008 Moreland & Associates, Inc. was acquired by Macias Gini & O'Connell, LLP, which is now the City's primary audit firm.

The auditor's report on the basic financial statements and supplementary information is included in the financial section of this report. The auditor's reports on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards can be found in a separately issued compliance report.


ACKNOWLEDGEMENTS

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

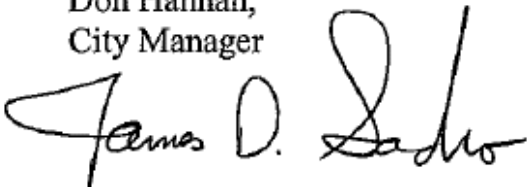
We wish to acknowledge the professional manner in which Macias Gini & O'Connell, LLP conducted the audit and express our appreciation for their assistance, in particular Linda Hurley, Christina Holmes, Maria-Luisa Valdez and Kiran Phoul.

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

Respectfully submitted,



Don Hannah,
City Manager



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



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of La Habra
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



A stylized handwritten signature in black ink.

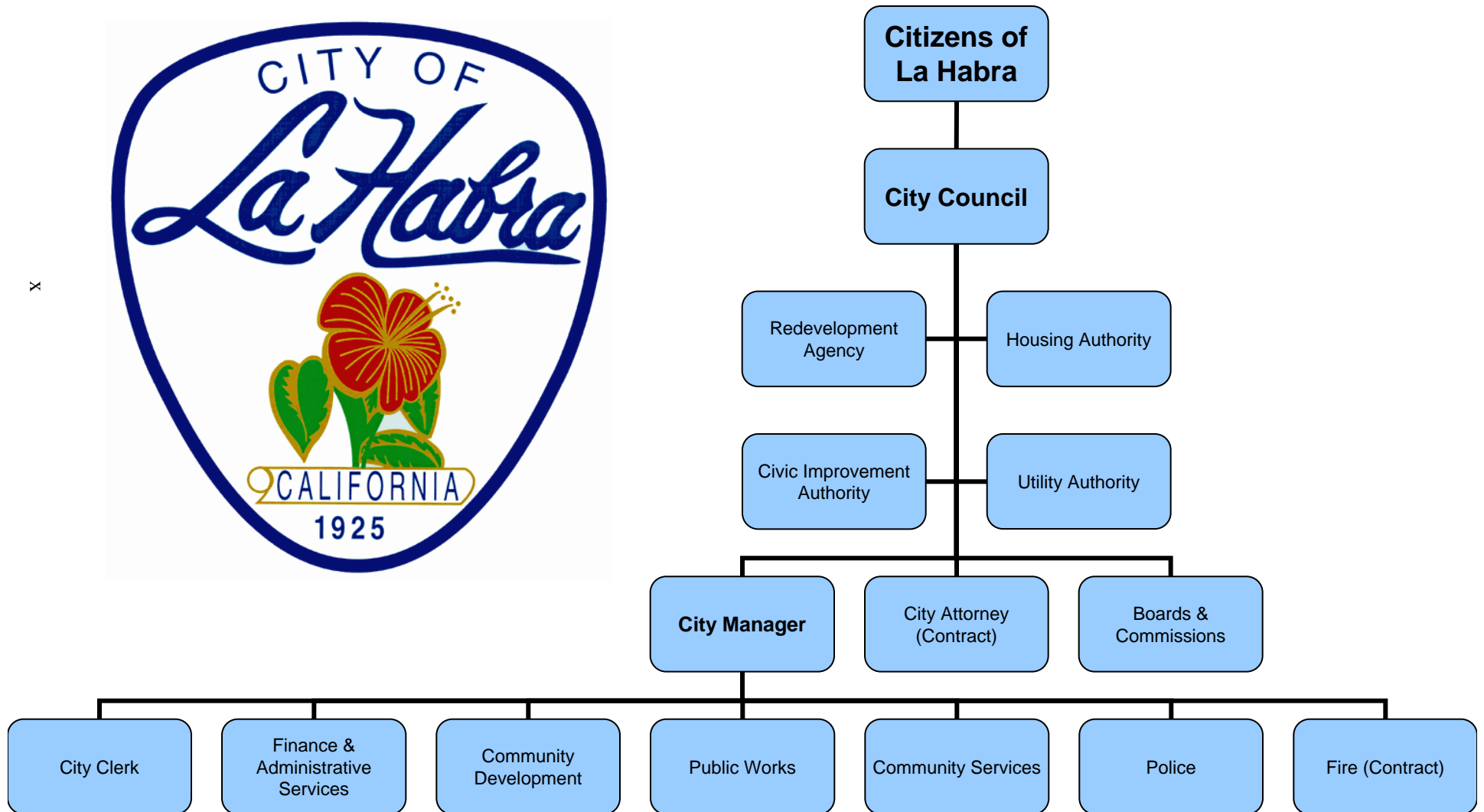
President

A handwritten signature in black ink that reads "Jeffrey R. Enen".

Executive Director

City of La Habra

Organization and Services



CITY OF LA HABRA

CITY OFFICIALS AS OF JUNE 30, 2009

MEMBERS OF THE CITY COUNCIL

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

City Manager
Don Hannah

City Attorney
Richard Jones

City Clerk
Tamara Mason

Director of Finance & Administrative Services
James D. Sadro

Director of Community Development
Michael Haack

Director of Community Services
Salvatore Failla

Acting Director of Public Works
Dave Hunt

Chief of Police
David Hinig

Assistant Chief of Fire
David Richardson (L.A. County Fire)



FINANCIAL SECTION





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

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

SACRAMENTO

OAKLAND

WALNUT CREEK

LOS ANGELES

SAN DIEGO

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Habra (City), California, as of and for the year ended June 30, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* and GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

In accordance with *Government Auditing Standards*, we have also issued our report June 17, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

A handwritten signature in black ink that reads "Macias Jini & O'Connell LLP". The script is cursive and fluid.

Certified Public Accountants
Newport Beach, California

June 17, 2010

Management's Discussion and Analysis

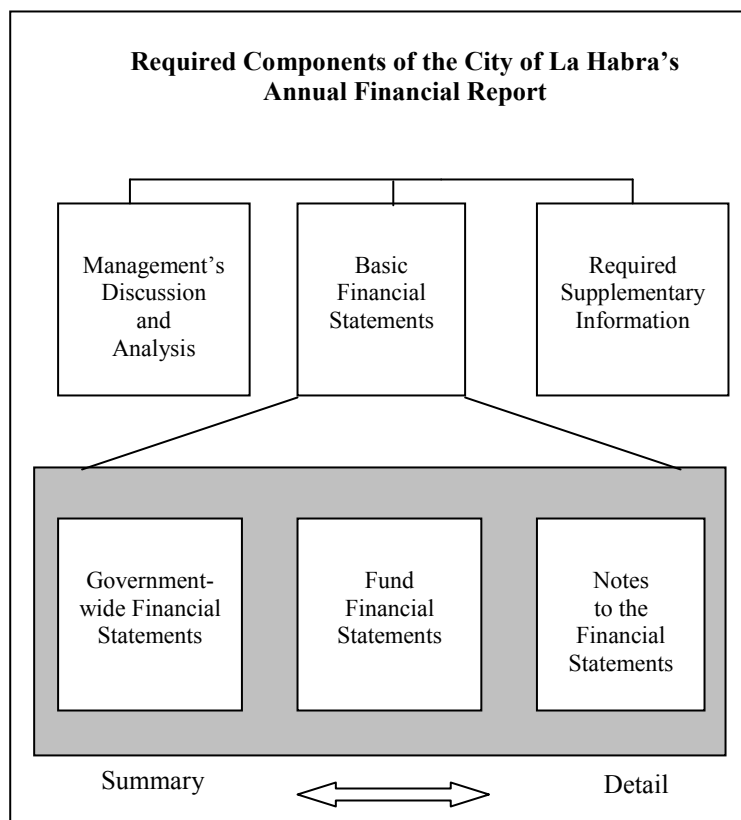
In an effort to provide insight and perspective to the City of Habra's ("City") annual financial statements, staff has prepared this management discussion of the financial activities of the City for the fiscal year ended June 30, 2009. The intent of this discussion is to assist the reader to better understand the fiscal condition of the City. Readers are encouraged to consider the information presented here in conjunction with the summary information found in the transmittal letter and the detailed information found in the body of the financial statements.

Overview of the Financial Statements

This section of the annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are *Government-wide Financial Statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual* parts of the City government, reporting the City's operations in *more detail* than the Government-wide Statements.
 - The *Governmental Funds* Statements detail how *general government* services such as public safety were financed in the *short term* as well as what remains for future spending.
 - *Propriety Fund* Statements offer *short- and long-term* financial information about the activities the City operates *like businesses*, such as the water and sewer services.
 - *Fiduciary Fund* Statements provide information about the financial relationships – such as contractor and miscellaneous deposits – in which the City acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial



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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The City has three kinds of funds:

- *Governmental funds* – Most of the City’s basic services are included in governmental funds. These funds are used to account for (1) *cash and other financial assets* that can readily be converted to cash flow in and out, and (2) balances left at year-end that are available for spending. Consequently, the Governmental Funds Statements provide a detailed *short-term* view that helps the reader determine the amount of financial resources that can be spent in the near future to finance the City’s programs. Reconciliation between the long-term and short-term focus of the Government-wide Financial Statements is provided immediately following each statement.
- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the Government-wide Financial Statements, provide both long- and short-term financial information.
 - There are two types of proprietary funds: *enterprise funds* and *internal service funds*.
 - The City uses *enterprise funds* to report activities that provide business-type services, generally to external customers – such as water, sewer and trash services. In both the Government-wide Financial Statements and the Fund Financial Statements, these funds are shown under business-type activities.
 - 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, 2009, as shown below, were \$122,699,053. The capital asset figure for governmental activities includes all of the City’s infrastructure assets, such as streets, sidewalks, park land, buildings, etc. The City completed its inventory of infrastructure assets as of June 30, 2007, and is in full compliance of GASB 34 capital asset reporting requirements. The City’s combined total net assets increased by \$1,263,115 during the current fiscal year primarily due to the completion of several residential street repaving projects, in addition to other capital improvement projects involving parks and major intersections.

TABLE 1
STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	FY 08/09	FY 07/08	FY 08/09	FY 07/08	FY 08/09	FY 07/08
<u>ASSETS</u>						
Current and Other Assets	\$ 38,360,711	\$ 43,197,454	\$29,257,241	\$29,814,382	\$ 67,617,952	\$ 73,011,836
Capital Assets	78,910,314	72,595,092	32,961,709	30,688,447	111,872,023	103,283,539
TOTAL ASSETS	117,271,025	115,792,546	62,218,950	60,502,829	179,489,975	176,295,375
<u>LIABILITIES</u>						
Current Liabilities	10,472,652	8,632,674	3,735,908	2,425,370	14,208,560	11,058,044
Non-Current Liabilities	18,356,778	18,578,570	24,225,584	25,222,823	42,582,362	43,801,393
TOTAL LIABILITIES	28,829,430	27,211,244	27,961,492	27,648,193	56,790,922	54,859,437
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of related debt	69,852,168	62,720,405	11,978,153	6,818,385	81,830,321	69,538,790
Restricted	443,262	3,060,362	1,630,052	1,687,135	2,073,314	4,747,497
Unrestricted	18,146,165	22,800,535	20,649,253	24,349,116	38,795,418	47,149,561
TOTAL NET ASSETS	\$ 88,441,595	\$ 88,581,302	\$34,257,458	\$32,854,636	\$122,699,053	\$121,435,938

As noted earlier, comparing net assets over time may serve as a useful indicator of the City's financial position. At fiscal year end, the City's assets exceeded liabilities by \$123.0 million; however, 67 percent of these net assets represent capital such as land, buildings, machinery, equipment, and infrastructure, less any related debt used to acquire those assets that are still outstanding. Growth in "Invested in Capital Assets" can be attributed to the repair and replacement of residential streets, major intersection improvements, replacement of water mains and other citywide capital improvements in FY 08/09. The City uses these capital assets to provide services to citizens; consequently, these assets cannot be easily liquidated and are ***not*** available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other revenue sources since the capital assets themselves usually won't be used to pay for the associated debt.

In addition, 2 percent, or \$2,073,314, of the City's net assets represents resources that are subject to external restrictions regarding how they may be used. Furthermore, the unrestricted net assets of the City's business-type activities total \$20.6 million and these resources cannot be used to help fund general governmental activities. The City can only use these net assets to finance the continuing operations of its enterprise funds such as the Refuse fund, Mobile Home Lease fund and the Children's Museum, or its agencies and authorities, such as the Utility Authority and Housing Authority. That leaves 15 percent, or an \$18.1 million balance of unrestricted net assets, that can be used to meet the governmental activities ongoing obligations to citizens and creditors.

Changes in Net Assets

The condensed summary of activities (Table 2 on page 8) shows that the City's total net assets increased by \$1.3 million during the year, all of which can be attributed to growth in the net assets of Business Type Activities. General Government Activities posted a decline in net assets of \$139,707 due to a drop in sales and use tax revenues, the expiration of the City's Utility User Tax and a reduction in grant revenues. It should be noted that the significant drop in Utility User Tax revenue was due to the planned expiration of the tax on December 31, 2007. In November 2008, the voters in the City approved Measure T which established a 0.50 percent transaction and use local tax. This tax is anticipated to generate approximately \$3.5 million per year of new general fund revenue beginning in April 2009.

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

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

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TABLE 2
CHANGES IN NET ASSETS

	Government Activities		Business-Type Activities		Total	
	FY 08/09	FY 07/08	FY 08/09	FY 07/08	FY 08/09	FY 07/08
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$ 5,007,882	\$ 5,505,786	\$19,152,212	\$19,448,450	\$24,160,094	\$24,954,236
Operating Grants and Contributions	7,944,392	7,708,528	-	53,784	7,944,392	7,762,312
Capital Grants and Contributions	6,831,889	8,343,602	-	-	6,831,889	8,343,602
General Revenues						
Property Taxes	16,153,525	16,127,594	-	-	16,153,525	16,127,594
Sales and Use Taxes	8,900,156	10,298,735	-	-	8,900,156	10,298,735
Transaction and Use Taxes	888,150	-	-	-	888,150	-
Utility Users Taxes	-	2,854,515	-	-	-	2,854,515
Franchise Fees	1,451,228	1,377,380	-	-	1,451,228	1,377,380
Grants & contributions not restricted to specific programs	492,053	619,065	-	-	492,053	619,065
Income from Property & Investments	2,808,384	3,473,466	1,016,045	123,242	3,824,429	3,596,708
Gain on sale of capital assets	499,360	-	-	-	499,360	-
Other general revenue	795,111	309,139	-	-	795,111	309,139
Total Revenues	51,772,130	56,614,810	20,168,257	19,625,476	71,940,387	76,240,286
<u>Expenses</u>						
General Government	4,567,895	2,450,872	-	-	4,567,895	2,450,872
Public Safety	22,940,011	21,264,160	-	-	22,940,011	21,264,160
Public Works	8,240,683	7,813,863	-	-	8,240,683	7,813,863
Manpower	824,748	960,798	-	-	824,748	960,798
Community Services	8,362,899	8,024,546	-	-	8,362,899	8,024,546
Community Development	5,867,904	5,609,739	-	-	5,867,904	5,609,739
Interest on Long-Term Debt	1,087,697	1,250,321	-	-	1,087,697	1,250,321
Water	-	-	9,616,279	9,091,989	9,616,279	9,091,989
Sewer	-	-	1,321,849	1,237,713	1,321,849	1,237,713
Refuse	-	-	3,172,439	2,936,485	3,172,439	2,936,485
Housing Authority	-	-	1,715,950	961,673	1,715,950	961,673
Children's Museum	-	-	555,049	532,688	555,049	532,688
Mobile Home Lease	-	-	2,403,869	2,405,353	2,403,869	2,405,353
Total Expenses	51,891,837	47,374,299	18,785,435	17,165,901	70,677,272	64,540,200
Excess (Deficiency) before Transfers	(119,707)	9,243,511	1,382,822	2,459,575	1,263,115	11,703,086
Transfers	(20,000)	(32,500)	20,000	32,500	-	-
Increase (Decrease) in Net Assets	(139,707)	9,211,011	1,402,822	2,492,075	1,263,115	11,703,086
Net Assets - Beginning of Year, restated**	88,581,302	79,370,291	32,854,636	30,362,561	121,435,938	109,732,852
Net assets - End of year	\$88,441,595	\$88,581,302	\$34,257,458	\$32,854,636	\$122,699,053	\$121,435,938

** Net Assets (Deficits), Beginning, were restated in the Refuse Fund by \$2,300,000 to account for existing pollution remediation liabilities from prior periods, as allowed by GASB 49.

Approximately 50 percent of the City's governmental funds revenue is generated through taxes collected (property, sales, utility users, etc.), and over 95 percent of the City's business-type revenue is generated through charges for services.

Governmental Activities

The decrease in net assets for *governmental* activities was \$139,707. This decrease was caused as a result of total revenues for *governmental* activities of \$51,772,130 being offset by \$51,891,837 in total costs for *governmental* activities, less \$20,000 transferred out to the business-type activities. Several factors contributed to this decline including a drop in grant funding, a marked decline in sales tax revenues due to a slowing economy and the expiration of the City's Utility User Tax.

Non-tax revenues are generated through several sources to cover the cost of the City's programs. These revenues include fees and charges paid by those who directly benefit from the programs, which totaled \$5,007,882. These revenues decreased by approximately nine percent mainly due to a slowdown in building activity which reduced the volume of building permit activities, plan checks and other planning and building related fees. In addition, revenues associated with recreation programs declined due to reduced enrollments.

Other revenues include grants and contributions from other governments and organizations totaling \$14,776,281, which are used to subsidize certain programs; and taxes and other general revenues (such as income from property and investments and Vehicle License Fees) received by the City, which totaled \$31,987,967.

Business-Type Activities

As of June 30, 2009, business-type activities increased the City's net assets by 4.0 percent, or \$1,402,822, with revenues totaling \$20,168,257 and expenses totaling \$18,785,435. The City's Utility Authority funds represented a significant part of the growth in net assets. At fiscal year end, net assets for the water fund grew by \$553,694 due to revenues realized at a level greater than expenses. The sewer fund grew by \$55,096 due to net revenue growth as well. The refuse fund decreased by \$51,126 due to the addition of a City sponsored Household Hazardous Waste event for residents. The mobile home lease fund grew by \$271,524 mainly due to a scheduled rent increase. The Housing Authority fund balance increased by \$599,222 due to profits from operating the La Habra Inn SRO and the leasing of two mobile home parks to the mobile home lease fund. Due to depreciation, there was a nominal reduction in net assets in the Children's Museum of \$34,745.

Financial Analysis of the City's Funds

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

Governmental Funds

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

As of June 30, 2009, the City's governmental funds reported combined ending fund balances of \$17,767,283 a decrease of \$5,907,250 compared to the prior fiscal year. This decrease was due primarily to a continued drawdown of capital projects funds as projects throughout the City were completed during the year. Approximately 24 percent of the ending fund balance, or \$4,179,664, constitutes unreserved fund balance which is available for spending at the government's discretion based on the purpose for which it was received. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for (1) long-term advances of \$10,024,246, (2) land held for resale of \$3,111,000, (3) to pay debt service in the amount of \$277,900, (4) for low-moderate income housing of \$1,879,924, (5) for inventories in the amount of \$51,793, (6) prepaid items of \$32,051, and (7) for encumbrances of \$51,793.

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 \$13,173,054, a decrease of \$717,363. The unreserved fund balance portion of the General Fund was \$3,067,881 which is approximately 9.1 percent of the FY 08/09 Amended General Fund expenditure budget; however, when combined with restricted funds reserved for future debt service payments, the General Fund's total available emergency reserves are \$7,807,881.

Proprietary Funds

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

For the fiscal year ended June 30, 2009, the water fund had a positive change in net assets of \$553,694, the sewer fund had a positive change in net assets of \$55,096, the refuse fund had a negative change in net assets of \$51,126. Changes in the water and sewer funds were mainly due to revenues exceeding projections combined with modest savings in operating expenditures. The negative change in refuse fund net assets was a result of the addition of a Household Hazardous Waste event sponsored by the City for its residents. Additionally, the Mobile Home Lease fund had a positive change in net assets of \$271,524 which was mainly due to a scheduled rent increase. The Housing Authority fund had a positive change in net assets of \$599,222 due to profits from operating the La Habra Inn SRO and the leasing of two Mobile Home Parks to the

Mobile Home Lease fund. The Children's Museum fund had a negative change in net assets of \$34,745, primarily due to depreciation expense.

The City implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, resulting in a restatement of beginning net assets in the Refuse Fund of \$2,300,000 to establish its pollution remediation liability in accordance with GASB 49.

Capital Funds

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

For fiscal year ended June 30, 2009, the City's general Capital Projects Fund balance decreased by \$4,274,506, the Gas Tax Fund balance increased by \$1,112,533, the Redevelopment Agency Capital Project fund balance decreased by \$207,041 and the Measure "M" Fund balance decreased by \$1,815,327. 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

Management monitors revenues during the year and updates estimated revenue figures when new information is available. Revenue projections were revised during at the City's mid-year budget review process with the City Council, primarily to account for a decline in sales tax revenues. Budget cutting measures were instituted at mid-year to maintain a balanced budget by fiscal year end. Actual General Fund expenditures as of June 30, 2009, were \$363,332 less than budgeted expenditures, primarily due to several vacant staff positions. These savings were utilized to help balance the City's budget at year end.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2009, the City had recorded an investment of over \$166.1 million (before accumulated depreciation) in a broad range of capital assets categories, including park facilities, land, buildings, roads, bridges, water and sewer lines, police and fire vehicles, and other maintenance equipment. As previously noted the City has completed its inventory of infrastructure assets as of June 30, 2007, and is in full compliance of GASB 34 capital asset reporting requirements. Please refer to page 51 through 53 of the CAFR for more detailed information.

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

	Governmental Activities		Business-Type Activities		Total	
	FY 08/09	FY 07/08	FY 08/09	FY 07/08	FY 08/09	FY 07/08
Land	8,755,305	8,755,305	12,800,000	12,800,000	21,555,305	21,555,305
Land improvements	6,233,591	6,223,591	-	-	6,223,591	6,223,591
Buildings and improvements	11,997,606	11,395,106	5,141,477	5,141,477	17,138,583	16,536,583
Improvements other than buildings	1,133,296	1,133,296	253,490	253,490	1,386,786	1,386,786
Machinery and equipment	5,712,491	5,568,001	894,315	894,315	6,606,806	6,462,316
Autos and trucks	3,910,735	3,853,685	257,402	257,402	4,168,137	4,111,087
Infrastructure	69,698,574	63,574,124	34,856,802	31,652,499	104,555,376	95,226,623
Construction in progress	4,444,871	2,264,934	-	295,396	4,444,871	2,264,934
(Less accumulated depreciation)	(32,976,155)	(30,182,950)	(21,241,777)	(20,310,736)	(54,217,932)	(50,493,686)
TOTALS	78,910,314	72,595,092	32,961,709	30,688,447	111,871,523	103,283,539

Long-Term Obligations

At year-end, the City had \$43,236,432 in bonds, certificates of deposit, loans, leases, and accrued assessments payable, a decrease of \$1,316,930 from last year, as shown in the table below.

TABLE 4
OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-Type Activities		Total	
	FY 08/09	FY 07/08	FY 08/09	FY 07/08	FY 08/09	FY 07/08
Certificates of Participation	4,710,242	4,942,977	16,970,062	16,970,062	20,888,065	21,913,039
Tax Allocation Bonds	7,080,000	7,205,000	-	-	7,080,000	7,205,000
Special Tax Bonds	2,180,000	2,320,000	-	-	2,180,000	2,320,000
Notes Payable	573,507	613,856	-	-	573,507	613,856
Loan Payable	831,620	902,515	-	-	831,620	902,515
Contract and Leases Payable	1,041,037	1,095,345	-	-	1,041,037	1,095,345
Compensated Absences	3,897,203	3,603,607	-	-	3,897,203	3,603,607
Revenue Bond	-	-	6,745,000	6,900,000	6,745,000	6,900,000
TOTALS	20,313,609	20,683,300	22,922,823	23,870,062	43,236,432	44,553,362

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

Economic Factors and Next Year's Budgets and Rates

- The City's FY 08/09 net taxable property values totaled \$4,873,834,528, approximately 35 percent more than five years ago and 2.1 percent more than FY 07/08.
- FY 09/10 PERS rates for the miscellaneous plan decreased from 10.489 percent to 10.249 percent, and rates for the public safety plan increased from 25.831 percent to 26.521 percent for the safety plan.
- FY 10/11 PERS rates for the miscellaneous plan will increase from 10.249 percent to 10.573 percent, and rates for public safety will increase from 26.521 percent to 27.060 percent.
- Projected FY 11/12 PERS rates for the miscellaneous plan will increase from 10.573 percent to 12.2 percent, and rates for public safety will increase from 27.060 percent to 29.8 percent.
- The City's Utility User Tax expired on December 31, 2007. In a full fiscal year, this tax generated approximately 15 percent of the General Fund's total revenue.
- In November 2008, the voters of La Habra approved Measure T which established a local ½ cent transaction and use tax. This tax took effect on April 1, 2009 and is available for appropriation in the FY 09/10 fiscal year. The tax is anticipated to generate between \$3 and \$4 million of new general revenues to support City operations and capital projects and will account for approximately 10 percent of the General Fund's total revenue.
- The Consumer Price Index (CPI) for the Los Angeles/Riverside/Orange County Metropolitan Statistical Area for all urban consumers decreased by 2.2 percent from June 2008 to June 2009.

These, among other factors, were considered in preparing the City of La Habra's General Fund budget for FY 09/10. Budgeted expenditures are estimated to increase by 1.5 percent to \$34.3 million.

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

- The anticipation that enterprise fund rate increases will be necessary over the course of the fiscal year to maintain sufficient cash flow for operations and to provide sufficient cash flow to secure a new projected bond issuance for future water projects.
- The opportunity for the Utility Authority to purchase additional privately held Cal Domestic water shares and water rights if they become available.
- Routine changes in the Enterprise funds as the result of normal fluctuations in operations.

Contacting the City's Department of Finance and Administrative Services

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



CITY OF LA HABRA
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 25,021,714	\$ 20,368,646	\$ 45,390,360
Cash and investments with fiscal agents	3,425,450	4,055,027	7,480,477
Accounts receivable, net	3,628,735	1,639,423	5,268,158
Prepaid items	42,051	28,232	70,283
Due from other governments	2,386,447	172,578	2,559,025
Internal balances	100,643	(100,643)	-
Inventories	90,072	8,965	99,037
Total current assets	<u>34,695,112</u>	<u>26,172,228</u>	<u>60,867,340</u>
Noncurrent assets:			
Deferred charges	554,599	2,079,728	2,634,327
Land held for resale	3,111,000	-	3,111,000
Investment in water rights stock	-	1,005,285	1,005,285
Capital assets:			
Not being depreciated	13,200,176	12,800,000	26,000,176
Being depreciated, net	65,710,138	20,161,709	85,871,847
Total noncurrent assets	<u>82,575,913</u>	<u>36,046,722</u>	<u>118,622,635</u>
Total assets	<u>117,271,025</u>	<u>62,218,950</u>	<u>179,489,975</u>
Liabilities:			
Current liabilities:			
Accounts payable	3,858,576	2,221,717	6,080,293
Accrued liabilities	3,671,490	60,977	3,732,467
Deposits payable	-	116,150	116,150
Interest payable	319,549	339,825	659,374
Unearned revenue	369,206	-	369,206
Long-term obligations, due within one year	2,253,831	997,239	3,251,070
Total current liabilities	<u>10,472,652</u>	<u>3,735,908</u>	<u>14,208,560</u>
Noncurrent liabilities:			
Postemployment benefit obligation	297,000	-	297,000
Long-term obligations, due in more than one year	18,059,778	21,925,584	39,985,362
Pollution remediation liability	-	2,300,000	2,300,000
Total noncurrent liabilities	<u>18,356,778</u>	<u>24,225,584</u>	<u>42,582,362</u>
Total liabilities	<u>28,829,430</u>	<u>27,961,492</u>	<u>56,790,922</u>
Net assets:			
Invested in capital assets, net of related debt	69,852,168	11,978,153	81,830,321
Restricted for:			
Community development	111,058	-	111,058
Public safety	332,204	-	332,204
Pollution remediation	-	1,630,052	1,630,052
Unrestricted	18,146,165	20,649,253	38,795,418
Total net assets	<u>\$ 88,441,595</u>	<u>\$ 34,257,458</u>	<u>\$ 122,699,053</u>

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,567,895	\$ 7,183	\$ 174,127	\$ -
Public safety	22,940,011	2,801,704	411,634	-
Public works	8,240,683	-	-	5,782,667
Manpower	824,748	-	-	-
Community services	8,362,899	1,192,031	6,496,285	-
Community development	5,867,904	1,006,964	862,346	1,049,222
Interest on long-term debt	1,087,697	-	-	-
Total governmental activities	51,891,837	5,007,882	7,944,392	6,831,889
Business-type activities:				
Water	9,616,279	9,889,342	-	-
Sewer	1,321,849	1,124,764	-	-
Refuse	3,172,439	2,965,091	-	-
Housing Authority	1,715,950	2,097,380	-	-
Children's Museum	555,049	459,918	-	-
Mobile Home Lease	2,403,869	2,615,717	-	-
Total business-type activities	18,785,435	19,152,212	-	-
Total primary government	\$ 70,677,272	\$ 24,160,094	\$ 7,944,392	\$ 6,831,889
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				
Gain on sale of property				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year, restated				
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
\$ (4,386,585)	\$ -	\$ (4,386,585)
(19,726,673)	-	(19,726,673)
(2,458,016)	-	(2,458,016)
(824,748)	-	(824,748)
(674,583)	-	(674,583)
(2,949,372)	-	(2,949,372)
(1,087,697)	-	(1,087,697)
(32,107,674)	-	(32,107,674)
-	273,063	273,063
-	(197,085)	(197,085)
-	(207,348)	(207,348)
-	381,430	381,430
-	(95,131)	(95,131)
-	211,848	211,848
-	366,777	366,777
(32,107,674)	366,777	(31,740,897)
16,153,525	-	16,153,525
8,900,156	-	8,900,156
888,150	-	888,150
1,451,228	-	1,451,228
492,053	-	492,053
2,808,384	1,016,045	3,824,429
795,111	-	795,111
499,360	-	499,360
(20,000)	20,000	-
31,967,967	1,036,045	33,004,012
(139,707)	1,402,822	1,263,115
88,581,302	32,854,636	121,435,938
<u>\$ 88,441,595</u>	<u>\$ 34,257,458</u>	<u>\$ 122,699,053</u>



FUND FINANCIAL STATEMENTS

CITY OF LA HABRA
Balance Sheet
Governmental Funds
June 30, 2009

	Major Funds		
	General	Redevelopment Operating Special Revenue Fund	Child Development Special Revenue Fund
Assets:			
Cash and investments	\$ 5,908,734	\$ 870,490	\$ 901,230
Cash and investments with fiscal agent	-	-	-
Receivables	3,104,032	8,534	431,742
Prepaid items	29,134	-	2,917
Due from other funds	870,417	145,558	-
Due from other governments	152,010	-	242,267
Advances to other funds	10,024,246	-	-
Land held for resale	-	3,000,000	-
Inventories	51,793	-	-
Total assets	<u>\$ 20,140,366</u>	<u>\$ 4,024,582</u>	<u>\$ 1,578,156</u>
Liabilities:			
Accounts payable	\$ 833,501	\$ 819,740	\$ 233,382
Accrued liabilities	1,104,293	1,326	63,285
Due to other funds	-	56,283	-
Advances from other funds	4,740,000	10,615,460	-
Deferred revenue	289,518	-	1,218,050
Total liabilities	<u>6,967,312</u>	<u>11,492,809</u>	<u>1,514,717</u>
Fund balances:			
Reserved:			
Prepaid items	29,134	-	2,917
Long-term advances	10,024,246	-	-
Land held for resale	-	3,000,000	-
Debt service	-	-	-
Low-moderate income housing	-	-	-
Inventories	51,793	-	-
Encumbrances	-	-	-
Unreserved-designated:			
Operating reserve	1,689,828	-	-
Unreserved-undesignated:			
General fund	1,378,053	-	-
Special revenue funds	-	(10,468,227)	60,522
Capital projects funds	-	-	-
Total fund balances (deficit)	<u>13,173,054</u>	<u>(7,468,227)</u>	<u>63,439</u>
Total liabilities and fund balances	<u>\$ 20,140,366</u>	<u>\$ 4,024,582</u>	<u>\$ 1,578,156</u>

See Accompanying Notes to Financial Statements.

Major Funds		
Other Capital Projects	Other Nonmajor Funds	Total Governmental Funds
\$ 3,550,520	\$ 6,105,582	\$ 17,336,556
-	2,947,724	2,947,724
-	84,355	3,628,663
-	-	32,051
-	-	1,015,975
23,149	1,963,851	2,381,277
-	-	10,024,246
-	111,000	3,111,000
-	-	51,793
<u>\$ 3,573,669</u>	<u>\$ 11,212,512</u>	<u>\$ 40,529,285</u>
\$ 688,725	\$ 1,090,927	\$ 3,666,275
1,238	147,225	1,317,367
-	859,049	915,332
-	-	15,355,460
-	-	1,507,568
<u>689,963</u>	<u>2,097,201</u>	<u>22,762,002</u>
-	-	32,051
-	-	10,024,246
-	111,000	3,111,000
-	277,900	277,900
-	1,879,924	1,879,924
-	-	51,793
1,943,757	4,626,276	6,570,033
-	-	1,689,828
-	-	1,378,053
-	(112,407)	(10,520,112)
939,949	2,332,618	3,272,567
<u>2,883,706</u>	<u>9,115,311</u>	<u>17,767,283</u>
<u>\$ 3,573,669</u>	<u>\$ 11,212,512</u>	<u>\$ 40,529,285</u>

CITY OF LA HABRA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2009

Total fund balances, governmental funds	\$	17,767,283
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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	\$	105,179,976	
Accumulated depreciation		<u>(28,010,134)</u>	77,169,842

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds, other than certain assets and liabilities of the Civic Improvement Authority which are business-activity related, are included in governmental activities in the statement of net assets.		6,939,378
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Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds.		(231,784)
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Other long-term assets that are not available to pay current period expenditures are deferred in the funds.		1,138,362
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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	\$	(831,620)	
Energy capital lease		(1,041,037)	
Notes payable		(573,507)	
1999 special refunding tax bonds		(2,180,000)	
2000 tax allocation bonds		(7,080,000)	
Compensated absences		(2,338,322)	
Net OPEB obligation		<u>(297,000)</u>	<u>(14,341,486)</u>

Net assets of governmental activities	\$	<u><u>88,441,595</u></u>
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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, 2009

	Major Funds		
	General	Redevelopment Operating Special Revenue Fund	Child Development Special Revenue Fund
Revenues:			
Property taxes and special assessments	\$ 12,921,375	\$ -	\$ -
Sales and use tax	8,900,156	-	-
Transaction and use tax	888,150	-	-
Intergovernmental	289,638	-	5,667,983
Licenses and permits	2,289,291	-	-
Charges for services	3,887,613	129,646	-
Fines, forfeitures, and penalties	1,019,890	-	-
Use of money and property	2,184,574	17,300	3,284
Total revenues	<u>32,380,687</u>	<u>146,946</u>	<u>5,671,267</u>
Expenditures:			
Current:			
General government	2,890,339	-	-
Intergovernmental	-	-	-
Public safety	21,615,155	-	-
Public works	3,681,132	-	-
Manpower	-	-	-
Community services	2,536,798	-	5,527,752
Community development	2,411,410	1,295,970	-
Capital outlay	22,600	922,500	95,930
Debt service:			
Principal	125,203	-	-
Interest	84,956	240,056	-
Total expenditures	<u>33,367,593</u>	<u>2,458,526</u>	<u>5,623,682</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(986,906)</u>	<u>(2,311,580)</u>	<u>47,585</u>
Other financing sources (uses):			
Proceeds from the sale of property	-	790,000	-
Transfers in	423,000	1,838,702	-
Transfers out	(153,457)	-	-
Total other financing sources (uses)	<u>269,543</u>	<u>2,628,702</u>	<u>-</u>
Net change in fund balances	<u>(717,363)</u>	<u>317,122</u>	<u>47,585</u>
Fund balances (deficit), beginning of year	<u>13,890,417</u>	<u>(7,785,349)</u>	<u>15,854</u>
Fund balances (deficit), end of year	<u>\$ 13,173,054</u>	<u>\$ (7,468,227)</u>	<u>\$ 63,439</u>

See Accompanying Notes to Financial Statements.

Major Funds		
Other Capital Projects	Other Nonmajor Funds	Total Governmental Funds
\$ -	\$ 3,232,150	\$ 16,153,525
-	-	8,900,156
-	-	888,150
884,313	8,331,469	15,173,403
-	-	2,289,291
-	-	4,017,259
-	-	1,019,890
164,909	381,521	2,751,588
<u>1,049,222</u>	<u>11,945,140</u>	<u>51,193,262</u>
-	163,746	3,054,085
-	2,949	2,949
-	991,620	22,606,775
-	2,080,880	5,762,012
-	824,748	824,748
-	-	8,064,550
407,909	1,732,505	5,847,794
4,492,819	4,747,483	10,281,332
-	305,349	430,552
-	566,702	891,714
<u>4,900,728</u>	<u>11,415,982</u>	<u>57,766,511</u>
<u>(3,851,506)</u>	<u>529,158</u>	<u>(6,573,249)</u>
-	-	790,000
-	69,849	2,331,551
<u>(423,000)</u>	<u>(1,879,095)</u>	<u>(2,455,552)</u>
<u>(423,000)</u>	<u>(1,809,246)</u>	<u>665,999</u>
<u>(4,274,506)</u>	<u>(1,280,088)</u>	<u>(5,907,250)</u>
<u>7,158,212</u>	<u>10,395,399</u>	<u>23,674,533</u>
<u>\$ 2,883,706</u>	<u>\$ 9,115,311</u>	<u>\$ 17,767,283</u>

CITY OF LA HABRA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds: \$ (5,907,250)

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

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

Capital assets	\$	9,003,184	
Depreciation expense		(2,716,279)	6,286,905

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. 133,552

Some revenues reported in the statement of activities do not represent current financial resources and therefore are not reported as revenue in the governmental funds. (621,187)

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. 13,313

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue of the internal service funds is reported with governmental activities. (45,040)

Change in net assets of governmental activities \$ (139,707)

See Accompanying Notes to Financial Statements.



CITY OF LA HABRA
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Refuse	Housing Authority
Assets:				
Current assets:				
Cash and investments	\$ 5,055,727	\$ 5,947,495	\$ 5,241,886	\$ 2,136,991
Accounts receivable, net	932,914	197,232	482,773	628
Prepaid items	-	-	-	11,242
Due from other funds	2,389,131	-	-	-
Due from other governments	-	-	-	-
Inventory	8,965	-	-	-
Total current assets	<u>8,386,737</u>	<u>6,144,727</u>	<u>5,724,659</u>	<u>2,148,861</u>
Noncurrent assets:				
Cash and investments with fiscal agents	-	-	-	1,665,896
Advances to other funds	-	-	-	2,000,000
Deferred charges	-	-	-	1,856,775
Investment in water rights stock	1,005,285	-	-	-
Capital assets, net	<u>13,016,538</u>	<u>3,815,762</u>	<u>461,963</u>	<u>13,795,198</u>
Total noncurrent assets	<u>14,021,823</u>	<u>3,815,762</u>	<u>461,963</u>	<u>19,317,869</u>
Total assets	<u>22,408,560</u>	<u>9,960,489</u>	<u>6,186,622</u>	<u>21,466,730</u>
Liabilities:				
Current liabilities:				
Accounts payable	1,708,377	26,161	472,641	2,072
Accrued liabilities	32,566	10,224	4,843	2,475
Accrued interest	-	-	-	284,014
Deposits payable	116,150	-	-	-
Certificates of participation, current	-	-	-	845,000
Water revenue bonds, current	-	-	-	-
Compensated absences	-	-	-	-
Due to other funds	-	-	-	-
Total current liabilities	<u>1,857,093</u>	<u>36,385</u>	<u>477,484</u>	<u>1,133,561</u>
Noncurrent liabilities:				
Advances from other funds	6,745,000	-	-	-
Certificates of participation	-	-	-	15,332,823
Water revenue bonds	-	-	-	-
Pollution remediation liability	-	-	2,300,000	-
Total noncurrent liabilities	<u>6,745,000</u>	<u>-</u>	<u>2,300,000</u>	<u>15,332,823</u>
Total liabilities	<u>8,602,093</u>	<u>36,385</u>	<u>2,777,484</u>	<u>16,466,384</u>
Net assets:				
Invested in capital assets, net of related debt	13,016,538	3,815,762	461,963	(2,382,625)
Restricted	-	-	1,630,052	-
Unrestricted (deficit)	<u>789,929</u>	<u>6,108,342</u>	<u>1,317,123</u>	<u>7,382,971</u>
Total net assets	<u>\$ 13,806,467</u>	<u>\$ 9,924,104</u>	<u>\$ 3,409,138</u>	<u>\$ 5,000,346</u>

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

Net assets of business-type activities

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds Other Nonmajor Funds	Totals	Internal Service Funds
\$ 1,550,066	\$ 19,932,165	\$ 8,121,639
25,876	1,639,423	72
16,990	28,232	10,000
-	2,389,131	-
172,578	172,578	5,172
-	8,965	38,279
<u>1,765,510</u>	<u>24,170,494</u>	<u>8,175,162</u>
-	1,665,896	2,866,857
-	2,000,000	12,076,214
-	1,856,775	777,553
-	1,005,285	-
1,872,248	32,961,709	1,740,471
<u>1,872,248</u>	<u>39,489,665</u>	<u>17,461,095</u>
<u>3,637,758</u>	<u>63,660,159</u>	<u>25,636,257</u>
12,466	2,221,717	192,301
10,869	60,977	2,354,123
-	284,014	143,576
-	116,150	-
-	845,000	245,000
-	-	160,000
-	-	1,558,881
100,643	100,643	2,389,131
<u>123,978</u>	<u>3,628,501</u>	<u>7,043,012</u>
2,000,000	8,745,000	-
-	15,332,823	4,465,231
-	-	6,585,000
-	2,300,000	-
<u>2,000,000</u>	<u>26,377,823</u>	<u>11,050,231</u>
<u>2,123,978</u>	<u>30,006,324</u>	<u>18,093,243</u>
1,872,248	16,783,886	1,740,471
-	-	-
(358,468)	16,869,949	5,802,543
<u>\$ 1,513,780</u>	<u>33,653,835</u>	<u>\$ 7,543,014</u>
	603,623	
	<u>\$ 34,257,458</u>	

CITY OF LA HABRA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Refuse	Housing Authority
Operating revenues:				
Water sales	\$ 9,663,260	\$ -	\$ -	\$ -
Refuse billings	-	-	2,948,700	-
Charges for services	226,082	1,124,764	-	2,088,858
Intergovernmental	-	-	16,391	8,522
Total operating revenues	<u>9,889,342</u>	<u>1,124,764</u>	<u>2,965,091</u>	<u>2,097,380</u>
Operating Expenses:				
Water and materials	4,644,572	-	-	-
Contractual services	426,551	95,149	2,717,678	120,780
Wages and fringe benefits	1,278,723	422,222	133,745	97,765
Benefits and claims	-	-	-	-
Equipment and maintenance	287,307	91,079	44,987	165,956
Materials and supplies	247,011	18,415	6,485	-
Utilities	257,897	149	-	58,494
Depreciation and amortization	436,012	198,967	12,748	350,314
Administration	1,727,591	495,868	256,796	134,795
Total operating expenses	<u>9,305,664</u>	<u>1,321,849</u>	<u>3,172,439</u>	<u>928,104</u>
Operating income (loss)	<u>583,678</u>	<u>(197,085)</u>	<u>(207,348)</u>	<u>1,169,276</u>
Nonoperating revenues (expenses):				
Interest income	113,839	190,844	162,015	158,562
Gain (loss) on sale of asset	-	-	-	-
Gain (loss) on sale of investments	49,098	118,674	97,693	42,948
Interest (expense)	-	-	-	(771,564)
Total nonoperating revenues	<u>162,937</u>	<u>309,518</u>	<u>259,708</u>	<u>(570,054)</u>
Income (loss) before transfers	<u>746,615</u>	<u>112,433</u>	<u>52,360</u>	<u>599,222</u>
Transfers in	139,573	-	-	-
Transfers out	<u>(332,494)</u>	<u>(57,337)</u>	<u>(103,486)</u>	<u>-</u>
Change in net assets	<u>553,694</u>	<u>55,096</u>	<u>(51,126)</u>	<u>599,222</u>
Net assets, beginning of year, restated	<u>13,252,773</u>	<u>9,869,008</u>	<u>3,460,264</u>	<u>4,401,124</u>
Net assets, end of year	<u>\$ 13,806,467</u>	<u>\$ 9,924,104</u>	<u>\$ 3,409,138</u>	<u>\$ 5,000,346</u>

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

Change in net assets of business-type activities

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds		
Other Nonmajor Funds	Totals	Internal Service Funds
\$ -	\$ 9,663,260	\$ -
-	2,948,700	-
3,054,942	6,494,646	4,008,366
20,693	45,606	-
<u>3,075,635</u>	<u>19,152,212</u>	<u>4,008,366</u>
-	4,644,572	-
310,364	3,670,522	357,008
413,761	2,346,216	1,231,295
-	-	876,450
133,261	722,590	313,851
870	272,781	484,364
260,999	577,539	153,319
74,021	1,072,062	486,854
1,762,810	4,377,860	556,016
<u>2,956,086</u>	<u>17,684,142</u>	<u>4,459,157</u>
<u>119,549</u>	<u>1,468,070</u>	<u>(450,791)</u>
31,125	656,385	545,547
-	-	9,806
26,437	334,850	170,150
(2,832)	(774,396)	(549,669)
<u>54,730</u>	<u>216,839</u>	<u>175,834</u>
174,279	1,684,909	(274,957)
62,500	202,073	435,247
-	(493,317)	(20,002)
<u>236,779</u>	<u>1,393,665</u>	<u>140,288</u>
<u>1,277,001</u>		<u>7,402,726</u>
<u>\$ 1,513,780</u>		<u>\$ 7,543,014</u>
	9,157	
	<u>\$ 1,402,822</u>	

CITY OF LA HABRA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Refuse	Housing Authority
Cash flows from operating activities:				
Receipts from customers and users	\$ 10,150,557	\$ 1,088,398	\$ 2,920,673	\$ 512,226
Receipts from interfund services provided	-	-	18,006	1,585,277
Payments to suppliers	(4,837,338)	(111,386)	(2,767,041)	(292,549)
Cash paid for interfund services provided	(1,613,991)	(573,796)	(196,482)	(204,109)
Payments to employees	(1,272,776)	(418,831)	(127,497)	(97,325)
Net cash provided by (used in) operating activities	2,426,452	(15,615)	(152,341)	1,503,520
Cash flows from noncapital financing activities:				
Transfers to other funds	(332,494)	(57,337)	(103,486)	-
Transfers from other funds	139,573	-	-	-
Advances to other funds	-	-	-	-
Advances from other funds	(155,000)	-	-	-
Due to other funds	-	-	-	-
Due from other funds	2,469,671	-	-	-
Net cash provided by (used in) noncapital financing activities	2,121,750	(57,337)	(103,486)	-
Cash flows from capital and related financing activities:				
Purchase of capital assets	(3,164,303)	(50,001)	-	-
Proceeds from sale of capital assets	-	-	-	-
Principal paid on capital debt	-	-	-	(792,239)
Interest paid on capital debt	-	-	-	(784,516)
Net cash used in capital and related financing activities	(3,164,303)	(50,001)	-	(1,576,755)
Cash flows from investing activities:				
(Purchase) sale of investments	55,148	118,674	97,693	42,948
Interest on investments	113,839	190,844	162,015	158,562
Net cash provided by investing activities	168,987	309,518	259,708	201,510
Net increase (decrease) in cash and cash equivalents	1,552,886	186,565	3,881	128,275
Cash and cash equivalents, beginning of year	3,502,841	5,760,930	5,238,005	3,674,612
Cash and cash equivalents, end of year	\$ 5,055,727	\$ 5,947,495	\$ 5,241,886	\$ 3,802,887

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds		
Other Nonmajor Funds	Totals	Internal Service Funds
\$ 2,903,064	\$ 17,574,918	\$ -
143,237	1,746,520	4,007,977
(2,327,659)	(10,335,973)	(2,289,319)
(291,811)	(2,880,189)	(25,012)
(264,767)	(2,181,196)	(1,103,703)
<u>162,064</u>	<u>3,924,080</u>	<u>589,943</u>
-	(493,317)	(20,002)
62,500	202,073	435,247
-	-	390,000
-	(155,000)	-
34,550	34,550	(2,468,534)
-	2,469,671	-
<u>97,050</u>	<u>2,057,977</u>	<u>(1,663,289)</u>
-	(3,214,304)	(463,874)
-	-	9,806
-	(792,239)	(387,740)
-	(784,516)	(554,322)
<u>-</u>	<u>(4,791,059)</u>	<u>(1,396,130)</u>
26,437	340,900	170,150
28,293	653,553	545,547
<u>54,730</u>	<u>994,453</u>	<u>715,697</u>
313,844	2,185,451	(1,753,779)
1,236,222	19,412,610	12,742,275
<u>\$ 1,550,066</u>	<u>\$ 21,598,061</u>	<u>\$ 10,988,496</u>

CITY OF LA HABRA
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Refuse	Housing Authority
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 583,678	\$ (197,085)	\$ (207,348)	\$ 1,169,276
Adjustments to Reconcile				
Operating Income (Loss) to Net Cash				
Provided by (Used in) Operating Activities:				
Depreciation and amortization	436,012	198,967	12,748	350,314
Change in Assets and Liabilities:				
(Increase) decrease in receivables	195,815	(36,365)	(28,027)	122
(Increase) decrease in due from other governments	-	-	1,616	-
(Increase) decrease in inventory	5,473	-	-	-
(Increase) decrease in prepaid items	-	-	-	(1,605)
Increase (decrease) in accrued liabilities and accounts payable	1,133,924	18,868	68,670	(14,587)
Increase (decrease) in deposits payable	71,550	-	-	-
Total adjustments	1,842,774	181,470	55,007	334,244
Net cash provided by (used in) operating activities	\$ 2,426,452	\$ (15,615)	\$ (152,341)	\$ 1,503,520

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds Other Nonmajor Funds	Totals	Internal Service Funds
<u>\$ 119,549</u>	<u>\$ 1,468,070</u>	<u>\$ (450,791)</u>
74,021	1,072,062	486,854
485	132,030	1,842
(29,816)	(28,200)	(1,227)
-	5,473	51,963
2,131	526	194,325
(4,306)	1,202,569	306,977
-	71,550	-
<u>42,515</u>	<u>2,456,010</u>	<u>1,040,734</u>
<u><u>\$ 162,064</u></u>	<u><u>\$ 3,924,080</u></u>	<u><u>\$ 589,943</u></u>

CITY OF LA HABRA
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2009

	<u>Totals</u>
Assets:	
Cash and investments	\$ 10,511,669
Total assets	<u><u>\$ 10,511,669</u></u>
Liabilities:	
Accounts payable	\$ 5,892
Accrued liabilities	9,090
Deposits	<u>10,496,687</u>
Total liabilities	<u><u>\$ 10,511,669</u></u>

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA
Notes to Financial Statements
June 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

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

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

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

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

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

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

Utility Authority is responsible for establishing utility rates, performing routine system maintenance, establishing and executing necessary capital improvement plans, purchasing and selling water, and performing other necessary utility system operations. Separately issued financial statements for the Authority may be obtained through written request to the City Department of Finance.

(b) Government-Wide and Fund Financial Statements

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

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

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

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

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

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

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

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

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

General Fund

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

Redevelopment Operating Fund

The Redevelopment Operating Fund, a special revenue fund, is used to account for the financial resources to be used for the improvement and rehabilitation of the community development project areas.

Child Development Fund

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

Other Capital Projects Fund

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

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

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

The City reports the following major enterprise funds:

Water Fund

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

Sewer Fund

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

Refuse Fund

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

Housing Authority Fund

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

Additionally, the City reports the following:

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

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

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

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

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

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

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

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

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.

(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-

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

type activities are reported in the government-wide financial statements as “internal balances.”

5. *Taxes Receivable*

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

6. *Inventories, prepaid items and land held for resale*

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

Land held for resale is valued at lower of cost or estimated realizable value as determined upon the execution of a disposition and development agreement at June 30, 2009 and is located in the City’s redevelopment project area.

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

7. *Capital Assets*

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

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

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

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

8. *Compensated Absences*

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

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

9. *Deferred Revenue/Unearned Revenue*

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

10. *Long-Term Obligations*

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

11. *Budgets and Encumbrances*

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

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

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

12. *Fund Equity*

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

13. *New Accounting Pronouncements Adopted*

In June 2004, the Government Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than*

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

Pensions. This statement establishes standards of accounting and financial reporting for OPEB expenses/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of state and local governments. The requirements of Statement 45 are effective for the City's financial statements for periods beginning after December 15, 2008. See Note 3b for additional information.

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which identifies the circumstances under which a government is required to report a liability related to pollution remediation. Pursuant to paragraph 11 of GASB 49, a government should estimate its expected pollution remediation outlays using the Expected Cash Flow Measurement technique for pollution remediation if it knows a site is polluted and any of the obligating events occurs as described in GASB 49. GASB 49 also requires governments to disclose information about their pollution obligations associated with clean up efforts in the notes to the financial statements. By adopting the provisions of GASB 49, the City recorded remediation liabilities related to its pollution remediation activities. As a result, the City recorded a reduction of net assets as of June 30, 2008 of \$2,300,000. See Note 3(c) for additional information.

(2) DETAILED NOTES ON ALL FUNDS

(a) Cash and Investments

Cash and investments at June 30, 2009, consist of the following:

Statement of net assets:	
Cash and investments	\$ 45,390,360
Cash and investments with fiscal agents	<u>7,480,477</u>
	52,870,837
Fiduciary funds:	
Cash and investments	<u>10,511,669</u>
Total	<u><u>\$ 63,382,506</u></u>

Cash and investments at June 30, 2009 are classified as follows:

Petty cash	\$ 1,725
Deposits with financial institutions	10,214,151
Investments	<u>53,166,630</u>
Total Cash and Investments	<u><u>\$ 63,382,506</u></u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

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

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

The table below identifies the investment types that are authorized for the City of La Habra by the California Government Code and by the City's adopted investment policy. The table also identifies certain provisions of the California Government Code or the City's adopted investment policy, where more restrictive, that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City or its Authorities, rather than the general provisions of the California Government Code or the City's adopted investment policy.

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

Investments Authorized by Debt Agreements

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

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

Disclosures Related to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

<u>Investment Types</u>	<u>Amount</u>	<u>Remaining Maturity</u>		
		<u>Less Than 1 Year</u>	<u>1 to 3 Years</u>	<u>3 to 5 Years</u>
U.S. Treasury obligations	\$ 6,875,419	\$ -	\$ 3,026,733	\$ 3,848,686
Federal agency securities	23,715,722	1,320,179	13,242,653	9,152,890
Corporate medium-term notes	6,378,204	-	6,378,204	-
Money market funds	8,151,949	8,151,949	-	-
LAIF	564,859	564,859	-	-
Total	<u>\$ 45,686,153</u>	<u>\$ 10,036,987</u>	<u>\$ 22,647,590</u>	<u>\$ 13,001,576</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

Disclosures Related to Credit Risk

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

Investment Types	Amount	Minimum Legal Rating	Rating as of Year End (where applicable)			
			Exempt from Disclosure	AAA	AA+	Not Rated
U.S. Treasury	\$ 6,875,419	Exempt	\$ 6,875,419	\$ -	\$ -	\$ -
Federal agency securities	23,715,722	N/A	-	23,715,722	-	-
Corporate medium-term notes	6,378,204	AA	-	5,437,555	940,649	-
Money market funds	8,151,949	AAA	-	8,151,949	-	-
LAIF	564,859	Not Rated	-	-	-	564,859
	<u>\$ 45,686,153</u>		<u>\$ 6,875,419</u>	<u>\$ 37,305,226</u>	<u>\$ 940,649</u>	<u>\$ 564,859</u>

Concentration of Credit Risk

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

Issuer Name	Investment Type	Reported Amount
U.S. Treasury ⁽¹⁾	U.S. Government	\$ 6,875,419
Federal Home Loan Mortgage	U.S. Agency Security	6,547,143
Federal Home Loan Bank	U.S. Agency Security	5,734,011
Federal National Mortgage Association	U.S. Agency Security	6,130,530
Federal Farm Credit Bank	U.S. Agency Security	5,304,038
Highmark	Money Market Fund	8,151,947

⁽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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

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

As of June 30, 2009, \$9,567,801 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2009, no City investments were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

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

Cash and Investments Held with Fiscal Agents (1998 Series A, B, and C COPs, 2000 Tax Allocation Bond, and 2003 Revenue Bond)			
Investment Type	Reported Amount	Maturity	Rating
Money market	\$ 2,796,066	Less than 1 year	Not Rated
Investment contracts:			
Westdeutsche Landesbank	1,620,310	9/1/2022	AA
Westdeutsche Landesbank	395,460	9/1/2022	AA
LAIF	<u>2,668,641</u>	Less than 1 year	Not Rated
	<u><u>\$ 7,480,477</u></u>		

Investment Contracts with Fiscal Agents

The City has investment contracts held by trustees pledged to the payment or security of certain bonds. Two of the investment contracts represent monies invested with Westdeutsche Landesbank Girozentrale (WLG) out of New York City, New York, carried at cost. Pursuant to the Custody Agreement, WLG has posted collateral securities with the Custodian acting on behalf of the City. In the unlikely event of a payment default by WLG, the Custodian would liquidate the collateral securities, resulting in the City receiving 100% of its invested funds. The City receives semiannual interest payments each March 1 and September 1 at annual rates of 5.69% and 5.90%. The

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

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, 2009 was \$564,859.

LAIF management has indicated that as of June 30, 2009, the amortized cost of the pool was \$50,784,427,116 and the estimated fair value of the pool was \$50,850,687,766. Included in the LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes, totaling \$5,169.332 million and asset backed securities totaling \$2,296.565 million.

(b) Receivables

Receivables of the City as of June 30, 2009, were:

	Governmental Activities	Business-type Activities	Total
Accounts receivable:			
Interest	\$ 38,877	\$ 35,188	\$ 74,065
Property taxes	429,137	-	429,137
Sales taxes	1,455,100	-	1,455,100
RDA taxes	84,249	-	84,249
Child care	431,742	-	431,742
Water sales	-	1,416,995	1,416,995
Sewer sales	-	162,044	162,044
Refuse sales	-	482,773	482,773
Franchise Fees	514,030	-	514,030
Leases	-	17,937	17,937
Others	675,600	8,567	684,167
	<u>3,628,735</u>	<u>2,123,504</u>	<u>5,752,239</u>
Total accounts receivable	<u>3,628,735</u>	<u>2,123,504</u>	<u>5,752,239</u>
Less allowance for uncollectible accounts	<u>-</u>	<u>(484,081)</u>	<u>(484,081)</u>
Total receivables	<u><u>\$ 3,628,735</u></u>	<u><u>\$ 1,639,423</u></u>	<u><u>\$ 5,268,158</u></u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

(c) Interfund Receivables, Payables and Transfers

Interfund balances from lending/borrowing agreements consisted of the following at June 30, 2009:

Fund	Due From Other Funds	Due To Other Funds	Advances To Other Funds	Advances From Other Funds
General	\$ 870,417	\$ -	\$ 10,024,246	\$ 4,740,000
Redevelopment Operating	145,558	56,283	-	10,615,460
Other Nonmajor Governmental Funds	-	859,049	-	-
Water	2,389,131	-	-	6,745,000
Housing Authority	-	-	2,000,000	-
Other Nonmajor Enterprise Funds	-	100,643	-	2,000,000
Internal Service Funds	-	2,389,131	12,076,214	-
Total	\$ 3,405,106	\$ 3,405,106	\$ 24,100,460	\$ 24,100,460

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

The Advances To/From Other Fund balances are primarily long-term advances used to fund capital projects in advance of related financing assessments. Of the \$4,740,000 balance in the General Fund, the amount due within one year is \$245,000. In the event of an emergency, the General Fund may access the balance of \$4,495,000, and when combined with the \$1,378,053 reported as Unreserved-Undesignated fund balance and the \$1,689,828 reported as Unreserved-Designated for Operating Reserves, gives the General Fund a total emergency fund balance of \$7,807,881.

Interfund transfers for the year ended June 30, 2009 consisted of the following:

Transfers Out	Transfers In						Total
	General Fund	Redevelopment Operating Fund	Nonmajor Governmental Funds	Water Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 69,849	\$ -	\$ 20,000	\$ 63,608	\$ 153,457
Capital Projects Fund	423,000	-	-	-	-	-	423,000
Nonmajor Governmental Funds	-	1,838,702	-	-	-	40,393	1,879,095
Water Fund	-	-	-	-	21,250	311,244	332,494
Sewer Fund	-	-	-	41,087	16,250	-	57,337
Refuse Fund	-	-	-	98,486	5,000	-	103,486
Internal Service Funds	-	-	-	-	-	20,002	20,002
Total	\$ 423,000	\$ 1,838,702	\$ 69,849	\$ 139,573	\$ 62,500	\$ 435,247	\$ 2,968,871

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

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

(d) Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2009:

	Balance at July 1, 2008	Increases	Decreases	Balance at June 30, 2009
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,755,305	\$ -	\$ -	\$ 8,755,305
Construction in progress	2,264,934	3,436,522	1,256,585	4,444,871
Total capital assets not being depreciated	11,020,239	3,436,522	1,256,585	13,200,176
Capital assets being depreciated:				
Land improvements	6,233,591	-	-	6,233,591
Buildings and improvements	11,395,106	922,500	320,000	11,997,606
Improvements other than buildings	1,133,296	-	-	1,133,296
Machinery and equipment	5,568,001	158,490	14,000	5,712,491
Autos and trucks	3,853,685	357,581	300,531	3,910,735
Infrastructure	63,574,124	6,571,843	447,393	69,698,574
Total capital assets being depreciated	91,757,803	8,010,414	1,081,924	98,686,293
Less accumulated depreciation for:				
Land improvements	581,240	260,770	-	842,010
Buildings and improvements	5,743,943	260,861	29,360	5,975,444
Improvements other than buildings	901,673	5,270	-	906,943
Machinery and equipment	3,016,397	255,309	14,000	3,257,706
Autos and trucks	2,688,551	353,239	300,531	2,741,259
Infrastructure	17,251,146	2,016,387	14,740	19,252,793
Total accumulated depreciation	30,182,950	3,151,836	358,631	32,976,155
Total capital assets being depreciated, net	61,574,853	4,858,578	723,293	65,710,138
Governmental activities capital assets, net	\$ 72,595,092	\$ 8,295,100	\$ 1,979,878	\$ 78,910,314

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

	<u>Balance at July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2009</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,800,000	\$ -	\$ -	\$ 12,800,000
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>12,800,000</u>	<u>-</u>	<u>-</u>	<u>12,800,000</u>
Capital assets being depreciated:				
Buildings and improvements	5,141,477	-	-	5,141,477
Improvements other than buildings	253,490	-	-	253,490
Machinery and equipment	894,315	-	-	894,315
Autos and trucks	257,402	-	-	257,402
Infrastructure	<u>31,652,499</u>	<u>3,232,613</u>	<u>28,310</u>	<u>34,856,802</u>
Total capital assets being depreciated	<u>38,199,183</u>	<u>3,232,613</u>	<u>28,310</u>	<u>41,403,486</u>
Less accumulated depreciation for:				
Buildings and improvements	3,530,797	231,368	-	3,762,165
Improvements other than buildings	189,976	12,081	-	202,057
Machinery and equipment	84,156	23,643	-	107,799
Autos and trucks	84,901	18,058	-	102,959
Infrastructure	<u>16,420,906</u>	<u>646,598</u>	<u>707</u>	<u>17,066,797</u>
Total accumulated depreciation	<u>20,310,736</u>	<u>931,748</u>	<u>707</u>	<u>21,241,777</u>
Total capital assets being depreciated, net	<u>17,888,447</u>	<u>2,300,865</u>	<u>27,603</u>	<u>20,161,709</u>
Business-type activities capital assets, net	<u><u>\$ 30,688,447</u></u>	<u><u>\$ 2,300,865</u></u>	<u><u>\$ 27,603</u></u>	<u><u>\$ 32,961,709</u></u>

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

Governmental activities:	
General government	\$ 24,420
Public safety	333,235
Public works	2,478,671
Community services	298,349
Community development	<u>17,161</u>
Total depreciation expense, Governmental Activities	<u><u>\$ 3,151,836</u></u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

Business-type activities:

Water	\$ 436,012
Sewer	198,967
Refuse	12,748
Housing Authority	210,000
Children's Museum	34,942
Mobile Home Lease	39,079
	<hr/>
Total depreciation expense, Business-Type Activities	<u><u>\$ 931,748</u></u>

(e) Long-Term Debt

The following is a summary of the changes in the principal balance of long-term debt for the year ended June 30, 2009:

	Balance at July 1, 2008	Increases	Decreases	Balance at June 30, 2009	Due within One Year
Governmental activities:					
Energy loan agreement	\$ 902,515	\$ -	\$ 70,895	\$ 831,620	\$ 73,723
Energy capital lease agreement	1,095,345	-	54,308	1,041,037	61,127
Notes payable	613,856	-	40,349	573,507	42,365
1999 refunding special tax bonds	2,320,000	-	140,000	2,180,000	145,000
2000 tax allocation bonds	7,205,000	-	125,000	7,080,000	130,000
	<hr/> 12,136,716	<hr/> -	<hr/> 430,552	<hr/> 11,706,164	<hr/> 452,215
Compensated absences *	3,603,607	2,484,729	2,191,133	3,897,203	1,558,881
	<hr/> 15,740,323	<hr/> 2,484,729	<hr/> 2,621,685	<hr/> 15,603,367	<hr/> 2,011,096
Internal Service Funds Included in					
Governmental Activities:					
1998 Certificates of Participation, Series B	4,155,000	-	200,000	3,955,000	210,000
1998 Certificates of Participation, Series C	820,000	-	35,000	785,000	35,000
	<hr/> 4,975,000	<hr/> -	<hr/> 235,000	<hr/> 4,740,000	<hr/> 245,000
Less unamortized discount	32,023	-	2,265	29,758	2,265
	<hr/> 4,942,977	<hr/> -	<hr/> 232,735	<hr/> 4,710,242	<hr/> 242,735
Total long-term debt of governmental activities	<u><u>\$ 20,683,300</u></u>	<u><u>\$ 2,484,729</u></u>	<u><u>\$ 2,854,420</u></u>	<u><u>\$ 20,313,609</u></u>	<u><u>\$ 2,253,831</u></u>
Business-type activities:					
1998 Certificates of Participation, Series A	\$ 17,080,000	\$ -	\$ 800,000	\$ 16,280,000	\$ 845,000
Internal Service Funds included in business-type activities:					
2003 Revenue Bond, Series A	6,900,000	-	155,000	6,745,000	160,000
	<hr/> 23,980,000	<hr/> -	<hr/> 955,000	<hr/> 23,025,000	<hr/> 1,005,000
Less unamortized discount	109,938	-	7,761	102,177	7,761
	<hr/> 23,870,062	<hr/> -	<hr/> 947,239	<hr/> 22,922,823	<hr/> 997,239
Total long-term debt of business-type activities	<u><u>\$ 23,870,062</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 947,239</u></u>	<u><u>\$ 22,922,823</u></u>	<u><u>\$ 997,239</u></u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

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

I. Governmental Activities

Energy Loan Agreement and Energy Capital Lease Agreement

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

To pay for these solutions, the City entered into a \$1,080,000 loan agreement and a separate \$1,273,390 capital lease agreement for the acquisition of buildings and improvements. The loan agreement is due in 28 semiannual installments of \$52,981, payments beginning on December 22, 2005. The capital lease agreement calls for 62 quarterly payments ranging from \$22,581 to \$38,999, ending on November 11, 2020. The City remitted a total of \$210,159 for principal and interest during the year ended June 30, 2009.

Fiscal Year Ending June 30	Energy Loan		Energy Capital Lease	
	Principal	Interest	Principal	Interest
2010	\$ 73,723	\$ 32,130	\$ 61,127	\$ 47,440
2011	76,663	29,190	68,390	44,568
2012	79,653	26,201	76,118	41,362
2013	82,899	22,955	84,338	37,801
2014	86,206	19,648	93,077	33,860
2015-2019	432,476	43,867	616,640	95,204
2020	-	-	41,347	1,297
Totals	<u>\$ 831,620</u>	<u>\$ 173,991</u>	<u>\$ 1,041,037</u>	<u>\$ 301,532</u>

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, 2009 is \$573,507.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

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 \$2,972,508, the approximate amount of revenue pledged. Special tax revenue recognized during the year ended June 30, 2009 was \$279,876 as against the total debt service payments of \$273,235. The outstanding balance at June 30, 2009 is \$2,180,000.

2000 Tax Allocation Bonds

On November 1, 2000, the Agency issued Tax Allocation Bonds in an aggregate amount of \$8,000,000 with variable and fixed interest rates ranging from 4.5% to 5.875% to finance the Agency's redevelopment activities. The bonds mature in various annual amounts through October 1, 2032 and are secured and to be serviced from tax increment revenues of the Agency. All tax increment revenues are the security for bonds. The total principal and interest remaining on the bonds is \$12,701,194, the approximate amount of revenue pledged. Pledged tax increment revenue recognized during the year ended June 30, 2009 was \$2,361,818 as against the total debt service payments of \$530,180. The outstanding balance at June 30, 2009 is \$7,080,000.

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, 2009 was \$311,244 as against the total debt service payments of \$475,056. The outstanding balance at June 30, 2009 is \$4,740,000.

2. Business-Type Activities

1998 Certificates of Participation, Series A

On September 15, 1998, the Housing Authority issued Certificates of Participation, Series A (Refunding Certificates, Series A) in an aggregate amount of \$21,895,000 with variable and fixed interest rates ranging from 4% to 4.8% to advance refund \$19,005,000 of outstanding 1992

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

Certificates of Participation (Refunded Certificates), with interest rates ranging from 4% to 5%. The Refunding Certificates, Series A mature in varying annual amounts through September 1, 2022 and are collateralized by amounts payable by the City to the Housing Authority under a lease agreement. 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, 2009 was \$1,576,755 as against the total debt service payments of \$1,576,755. The outstanding balance at June 30, 2009 is \$16,280,000.

2003 Revenue Bonds, Series A

On October 1, 2003, the Civic Improvement Authority issued \$5,475,000 Serial Bonds and \$2,025,000 Term Bonds, collectively called Revenue Bonds, 2003 Series A, in the amount of \$7,500,000 with variable and fixed interest rates ranging from 1.5000% to 5.125%. The Revenue Bonds mature in varying amounts through October 2033 and are secured by and to be serviced from all net income and revenue reported in the Water Fund. Net revenue recognized during the year was \$583,678 against the total principal and interest payment of \$466,244. The outstanding balance at June 30, 2009 is \$6,745,000.

At June 30, 2009, 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
2010	\$ 697,215	\$ 859,697	\$ 1,005,000	\$ 1,049,599
2011	759,416	824,888	1,060,000	1,007,498
2012	852,287	785,565	1,105,000	962,015
2013	901,012	741,793	1,150,000	913,358
2014	950,425	695,270	1,200,000	861,259
2015-2019	5,404,568	2,676,038	6,865,000	3,407,986
2020-2024	3,591,654	1,394,675	7,025,000	1,623,408
2025-2029	1,685,000	727,337	1,590,000	718,544
2030-2034	1,604,587	199,456	2,025,000	269,703
	16,446,164	8,904,719	23,025,000	10,813,370
Unamortized discount	(29,758)	29,758	(102,177)	102,177
Totals	<u>\$ 16,416,406</u>	<u>\$ 8,934,477</u>	<u>\$ 22,922,823</u>	<u>\$ 10,915,547</u>

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

(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 \$30,158 for the year ended June 30, 2009. The future minimum lease payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u>
2010	\$ 24,809
2011	6,920
Totals	<u><u>\$ 31,729</u></u>

(3) OTHER INFORMATION

(a) Pension Plan

Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries of the Miscellaneous Plan of the City of La Habra. The Miscellaneous Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. The City also contributes to the Safety Plan, a cost sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries of the Safety Police Plan of the City of La Habra. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7% and 9% for miscellaneous and safety employees, respectively, of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 10.489% and 25.831% of annual covered payroll for

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

miscellaneous and safety employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

The funded status of the plan is based on the June 30, 2008, actuarial valuation as follows:

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>						
6/30/2008	\$ 62,198,216	\$ 58,853,770	\$ 3,344,446	96.3%	\$ 11,313,529	29.6%

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

Annual Pension Cost

For the year ended June 30, 2009, the City's annual pension cost of \$4,071,872 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 3.25% to 14.45% depending on age, duration of service, and type of employment; and c) 3.25% per year cost-of-living adjustments. Both a) and b) included an inflation component of 3.0%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. CalPERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008, 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>			
6/30/2007	\$ 1,844,800	100%	\$ -0-
6/30/2008	1,901,773	100%	-0-
6/30/2009	1,998,823	100%	-0-

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

Three-Year Trend Information for PERS			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	<u>Safety Plan</u>		
6/30/2007	\$ 1,635,954	100%	\$ -0-
6/30/2008	1,691,192	100%	-0-
6/30/2009	2,073,049	100%	-0-

The City's employer contribution rate for safety employees is estimated to increase to approximately 25.41% and 27.060% for the fiscal years 2009-2010 and 2010-2011, respectively. Also, the City's employer contribution rate for miscellaneous employees is estimated to decrease to approximately 10.1% and 10.573% for the fiscal years 2009-2010 and 2010-2011.

(b) Post Employment Benefits

During the year ended June 30, 2009, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions by State and Local Governmental Employers*.

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). 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.

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 2008/09, the City paid approximately \$102,100 for retiree healthcare plan benefits.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

Annual OPEB Cost and Net OPEB Obligation. The following table, based on the City's first actuarial valuation as of June 30, 2008, 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	\$ 399,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>399,000</u>
Contributions (benefit payments)	<u>(102,000)</u>
Increase in net OPEB obligation	297,000
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u><u>\$ 297,000</u></u>

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

Fiscal Year	Annual	Percentage of	Net OPEB
Ended	OPEB Cost	Annual OPEB	Obligation
		Cost Contributed	
6/30/2009	\$ 399,000	2.6%	\$ 297,000

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

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

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements,

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

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

In the June 30, 2008, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.25% investment rate of return (net of administrative expenses), which is the expected long-term investment return on City investments, an annual healthcare cost trend rate of 9.1% to 10.8% initially, which varies by the medical plan, reduced by decrements to an ultimate rate of 4.5% after 8 years, a 3% general inflation assumption and an annual PEMHCA minimum increase rate of 4.5% after 2010. The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed basis, from June 30, 2008.

(c) *Commitments and Contingencies*

1. Self-Insurance

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

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year end. The accruals are in the amounts of \$1,615,937 and \$711,631 for the workers' compensation claims and general liability claims, respectively.

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

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>
Amount of accrued claims at June 30, 2007	\$ 1,539,968	\$ 285,707
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years	1,221,622	214,492
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(1,131,405)</u>	<u>(210,929)</u>
Amount of accrued claims at June 30, 2008	1,630,185	289,270
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years	97,772	634,173
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(112,020)</u>	<u>(211,812)</u>
Amounts of accrued claims at June 30, 2009	<u><u>\$ 1,615,937</u></u>	<u><u>\$ 711,631</u></u>

2. *Litigation*

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

3. *Owner Participation Agreements*

The La Habra Redevelopment 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 \$582,216 during the year ended June 30, 2009.

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

4. Contractual Commitments

The City was involved in contractual agreements for construction in progress. As of June 30, 2009, the remaining estimated costs for the contractual agreements are approximately \$6,670,053.

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, 2009

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, 2009, the City has expensed \$1,064,948 related to monitoring activities. \$2,300,000 of the remaining cash balance is off-set by a pollution remediation liability and \$1,630,052 is restricted for future annual monitoring expenses that will be incurred.

(d) Individual Fund Disclosures

1. Deficit Fund Balance

The following funds had deficit fund balances for the year ended June 30, 2009:

<u>Fund</u>	<u>Deficit Amount</u>
Redevelopment Operating Fund	\$ (7,468,227)

The deficit in the Redevelopment Operating Fund is due to the funding of current redevelopment projects. The deficit will eventually be recovered through the Agency's receipt of tax increment which results once redevelopment projects are completed and placed on tax rolls.

2. Excess of Expenditures Over Appropriations

<u>Fund</u>	<u>Amount Over Budget</u>
Redevelopment Operating Special Revenue Fund	\$ 691,438
Other Capital Projects Fund	1,057,298
Law Enforcement Special Revenue Fund	127,554
Housing and Community Development Special Revenue Fund	62,656
Manpower Special Revenue Fund	18,844
Public Safety Augmentation Special Revenue Fund	114,978

CITY OF LA HABRA
Notes to Financial Statements (Continued)
June 30, 2009

3. *Restatement of Net Assets*

Beginning Net Assets at June 30, 2008, have been restated by \$2,300,000 in Business-Type Activities of the Statement of Activities and the Refuse Enterprise Fund to account for existing pollution remediation liabilities from prior periods, as allowed by GASB 49.

	<u>Business-Type Activities</u>	<u>Refuse Enterprise Fund</u>
Net Assets as of June 30, 2008	\$ 35,154,636	\$ 5,760,264
Restatement	<u>(2,300,000)</u>	<u>(2,300,000)</u>
Net Assets as of June 30, 2008, restated	<u><u>\$ 32,854,636</u></u>	<u><u>\$ 3,460,264</u></u>

(4) SUBSEQUENT EVENT

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 in fiscal year 2009-2010 was paid on May 6, 2010, in the amount of \$892,557 and in fiscal year 2010-2011 will total approximately \$183,584. Payments are to be made by May 10 of each respective fiscal year. In response to AB 26 4x, the Agency plans to remit the payment to the State using current reserve funds and by borrowing funds from the Low and Moderate Income Housing Fund.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate AB 26 4x, similar to last year's successful lawsuit challenging the constitutionality of AB 1389. CRA filed its lawsuit on October 20, 2009. The lawsuit asserts that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint also asserts impairment of contract and gift of public funds arguments. While the State made adjustments in AB 26 4x to address the constitutional issues raised by the Superior Court over last year's lawsuit challenging AB 1389, the Agency, along with the CRA and other California redevelopment agencies, believe that the SERAF remains unconstitutional.



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF LA HABRA
Postemployment Healthcare Plan
Schedule of Funding Progress
June 30, 2009

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%

Schedule of Employer Contributions
Postemployment Healthcare Plan

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 399,000	2.6%

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Public Employees Retirement System
Schedule of Funding Progress
June 30, 2009

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)}
06/30/06						
Misc.	\$ 54,447,575	\$ 53,582,532	\$ 865,043	98.4%	\$ 9,737,535	8.9%
06/30/07						
Misc.	57,412,196	54,943,902	2,468,294	95.7%	10,518,779	23.5%
06/30/08						
Misc.	62,198,216	58,853,770	3,344,446	96.3%	11,313,529	29.6%

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance from Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes and special assessments	\$ 13,223,498	\$ 13,223,498	\$ 12,921,375	\$ (302,123)
Sales and use tax	10,245,099	10,245,099	8,900,156	(1,344,943)
Transaction and use tax	-	-	888,150	888,150
Intergovernmental	406,972	406,972	289,638	(117,334)
Licenses and permits	2,313,398	2,313,398	2,289,291	(24,107)
Charges for services	4,298,481	4,298,481	3,887,613	(410,868)
Fines, forfeitures, and penalties	1,280,100	1,280,100	1,019,890	(260,210)
Use of money and property	2,433,802	2,433,802	2,184,574	(249,228)
Total revenues	34,201,350	34,201,350	32,380,687	(1,820,663)
Expenditures:				
Current:				
General government	3,290,027	3,290,027	2,890,339	399,688
Public safety	21,383,187	21,383,187	21,615,155	(231,968)
Public works	4,791,267	4,791,267	3,681,132	1,110,135
Community services	2,670,474	2,670,474	2,536,798	133,676
Community development	1,451,453	1,385,811	2,411,410	(1,025,599)
Capital outlay	-	-	22,600	(22,600)
Debt service:				
Principal	125,203	125,203	125,203	-
Interest expense	84,956	84,956	84,956	-
Total expenditures	33,796,567	33,730,925	33,367,593	363,332
Excess (deficiency) of revenues over expenditures	404,783	470,425	(986,906)	(1,457,331)
Other financial sources (uses):				
Transfers in		423,000	423,000	-
Transfers out	(88,637)	(88,637)	(153,457)	(64,820)
Total other financing sources (uses)	(88,637)	334,363	269,543	(64,820)
Net change in fund balance	316,146	804,788	(717,363)	(1,522,151)
Fund balance, beginning of year	13,890,417	13,890,417	13,890,417	-
Fund balance, end of year	\$ 14,206,563	\$ 14,695,205	\$ 13,173,054	\$ (1,522,151)

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, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 26,100	\$ 26,100	\$ 129,646	\$ 103,546
Use of money and property	30,000	30,000	17,300	(12,700)
Total revenues	<u>56,100</u>	<u>56,100</u>	<u>146,946</u>	<u>90,846</u>
Expenditures:				
Current:				
Community development	1,117,088	1,117,088	1,295,970	(178,882)
Capital outlay	-	-	922,500	(922,500)
Debt service:				
Interest	<u>650,000</u>	<u>650,000</u>	<u>240,056</u>	<u>409,944</u>
Total expenditures	<u>1,767,088</u>	<u>1,767,088</u>	<u>2,458,526</u>	<u>(691,438)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,710,988)	(1,710,988)	(2,311,580)	782,284
Other financing sources (uses):				
Proceeds from the sale of property	-	-	790,000	790,000
Transfers in	<u>-</u>	<u>1,743,513</u>	<u>1,838,702</u>	<u>95,189</u>
Net change in fund balance	(1,710,988)	32,525	317,122	1,667,473
Fund balance, beginning of year	<u>(7,785,349)</u>	<u>(7,785,349)</u>	<u>(7,785,349)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (9,496,337)</u></u>	<u><u>\$ (7,752,824)</u></u>	<u><u>\$ (7,468,227)</u></u>	<u><u>\$ 1,667,473</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, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 6,188,604	\$ 6,188,604	\$ 5,667,983	\$ (520,621)
Use of money and property	-	-	3,284	3,284
Total revenues	<u>6,188,604</u>	<u>6,188,604</u>	<u>5,671,267</u>	<u>(517,337)</u>
Expenditures:				
Current:				
Community services	6,188,604	6,188,604	5,527,752	660,852
Capital outlay	-	-	95,930	(95,930)
Total expenditures	<u>6,188,604</u>	<u>6,188,604</u>	<u>5,623,682</u>	<u>564,922</u>
Net change in fund balance	-	-	47,585	47,585
Fund balance, beginning of year	<u>15,854</u>	<u>15,854</u>	<u>15,854</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 15,854</u></u>	<u><u>\$ 15,854</u></u>	<u><u>\$ 63,439</u></u>	<u><u>\$ 47,585</u></u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA
Note to Required Supplementary Information
June 30, 2009

(1) Budgets and Budgetary Accounting

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

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

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

(a) Excess of Expenditures Over Appropriations

Fund	Amount Over Budget
Redevelopment Operating Special Revenue Fund	\$ 691,438
Other Capital Projects Fund	1,057,298
Law Enforcement Special Revenue Fund	127,554
Housing and Community Development Special Revenue Fund	62,656
Manpower Special Revenue Fund	18,444
Public Safety Augmentation Special Revenue Fund	114,978

SUPPLEMENTARY INFORMATION



CITY OF LA HABRA
Other Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 884,313	\$ 884,313
Use of money and property	-	164,909	164,909
	<hr/>	<hr/>	<hr/>
Total revenues	-	1,049,222	1,049,222
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Community development	222,720	407,909	(185,189)
Capital outlay	3,620,710	4,492,819	(872,109)
	<hr/>	<hr/>	<hr/>
Total expenditures	3,843,430	4,900,728	(1,057,298)
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(3,843,430)	(3,851,506)	(8,076)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers out	(423,000)	(423,000)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(4,266,430)	(4,274,506)	(8,076)
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	7,158,212	7,158,212	-
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 2,891,782</u>	<u>\$ 2,883,706</u>	<u>(8,076)</u>

See Accompanying Note to Required Supplementary Information.





CITY OF LA HABRA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds			
	State Gas Tax	Park and Capital Development	Air Quality Improvement	Law Enforcement
Assets:				
Cash and investments	\$ 3,102,079	\$ 666,838	\$ 73,838	\$ 159,520
Cash and investments with fiscal agent	-	-	-	-
Receivables	-	-	-	-
Due from other governments	209,613	269	44,581	46,649
Land held for resale	-	-	-	-
Total assets	<u>\$ 3,311,692</u>	<u>\$ 667,107</u>	<u>\$ 118,419</u>	<u>\$ 206,169</u>
Liabilities:				
Accounts payable	\$ 76,847	\$ -	\$ 15,554	\$ -
Accrued liabilities	2,472	-	-	106,411
Due to other funds	-	-	-	-
Total liabilities	<u>79,319</u>	<u>-</u>	<u>15,554</u>	<u>106,411</u>
Fund balances:				
Reserved:				
Debt service	-	-	-	-
Land held for resale	-	-	-	-
Low-moderate income housing	-	-	-	-
Encumbrances	1,499,015	-	-	-
Unreserved-undesignated:				
Special revenue funds	1,733,358	667,107	102,865	99,758
Capital projects funds	-	-	-	-
Total fund balances	<u>3,232,373</u>	<u>667,107</u>	<u>102,865</u>	<u>99,758</u>
Total liabilities and fund balances	<u>\$ 3,311,692</u>	<u>\$ 667,107</u>	<u>\$ 118,419</u>	<u>\$ 206,169</u>

Special Revenue Funds				Debt Service Funds
Housing and Community Development	Manpower	Measure M	Public Safety Augmentation	Redevelopment Debt Service
\$ -	\$ -	\$ -	\$ 208,729	\$ -
-	-	-	-	277,900
-	-	106	-	67,399
189,656	150,696	1,298,670	23,717	-
-	-	-	-	-
<u>\$ 189,656</u>	<u>\$ 150,696</u>	<u>\$ 1,298,776</u>	<u>\$ 232,446</u>	<u>\$ 345,299</u>
\$ 32,156	\$ 1,789	\$ 678,360	\$ -	\$ -
10,712	18,808	4,492	-	-
35,730	92,630	585,131	-	67,399
<u>78,598</u>	<u>113,227</u>	<u>1,267,983</u>	<u>-</u>	<u>67,399</u>
-	-	-	-	277,900
-	-	-	-	-
-	-	-	-	-
-	-	3,127,261	-	-
111,058	37,469	(3,096,468)	232,446	-
-	-	-	-	-
<u>111,058</u>	<u>37,469</u>	<u>30,793</u>	<u>232,446</u>	<u>277,900</u>
<u>\$ 189,656</u>	<u>\$ 150,696</u>	<u>\$ 1,298,776</u>	<u>\$ 232,446</u>	<u>\$ 345,299</u>

(Continued)

CITY OF LA HABRA
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2009

	Debt Service Funds	Capital Projects Funds		
	Other Debt Service	Redevelopment Capital Projects	Low-Moderate Income Housing	Total
Assets:				
Cash and investments	\$ -	\$ -	\$ 1,894,578	\$ 6,105,582
Cash and investments with fiscal agent	-	2,669,824	-	2,947,724
Receivables	-	-	16,850	84,355
Due from other governments	-	-	-	1,963,851
Land held for resale	-	-	111,000	111,000
	<u>-</u>	<u>-</u>	<u>111,000</u>	<u>111,000</u>
Total assets	<u>\$ -</u>	<u>\$ 2,669,824</u>	<u>\$ 2,022,428</u>	<u>\$ 11,212,512</u>
Liabilities:				
Accounts payable	\$ -	\$ 259,047	\$ 27,174	\$ 1,090,927
Accrued liabilities	-	-	4,330	147,225
Due to other funds	-	78,159	-	859,049
	<u>-</u>	<u>78,159</u>	<u>-</u>	<u>859,049</u>
Total liabilities	<u>-</u>	<u>337,206</u>	<u>31,504</u>	<u>2,097,201</u>
Fund balances:				
Reserved:				
Debt service	-	-	-	277,900
Land held for resale	-	-	111,000	111,000
Low-moderate income housing	-	-	1,879,924	1,879,924
Encumbrances	-	-	-	4,626,276
Unreserved-undesignated:				
Special revenue funds	-	-	-	(112,407)
Capital projects funds	-	2,332,618	-	2,332,618
	<u>-</u>	<u>2,332,618</u>	<u>-</u>	<u>2,332,618</u>
Total fund balances	<u>-</u>	<u>2,332,618</u>	<u>1,990,924</u>	<u>9,115,311</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 2,669,824</u>	<u>\$ 2,022,428</u>	<u>\$ 11,212,512</u>



CITY OF LA HABRA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds			
	State Gas Tax	Park and Capital Development	Air Quality Improvement	Law Enforcement
Revenues:				
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,756,292	226,091	167,456	432,213
Use of money and property	166,356	35,114	6,670	9,285
Total revenues	1,922,648	261,205	174,126	441,498
Expenditures:				
Current:				
General government	-	269	163,477	-
Intergovernmental	-	-	-	-
Public safety	-	-	-	476,642
Public works	39,567	-	-	-
Manpower	-	-	-	-
Community development	-	-	-	-
Capital outlay	770,548	-	-	-
Debt service:				
Principal	-	-	-	-
Interest expense	-	-	-	-
Total expenditures	810,115	269	163,477	476,642
Excess (deficiency) of revenues over (under) expenditures	1,112,533	260,936	10,649	(35,144)
Other financing sources (uses):				
Transfers in	-	-	-	1,213
Transfers out	-	-	(25,000)	(15,393)
Total other financing sources (uses)	-	-	(25,000)	(14,180)
Net change in fund balances	1,112,533	260,936	(14,351)	(49,324)
Fund balances, beginning of year	2,119,840	406,171	117,216	149,082
Fund balances, end of year	\$ 3,232,373	\$ 667,107	\$ 102,865	\$ 99,758

Special Revenue Funds				Debt Service Funds
Housing and Community Development	Manpower	Measure M	Public Safety Augmentation	Redevelopment Debt Service
\$ -	\$ -	\$ -	\$ -	\$ 2,641,695
862,346	824,665	3,859,991	202,415	-
-	-	-	29,299	1,605
862,346	824,665	3,859,991	231,714	2,643,300
-	-	-	-	-
-	-	-	-	2,949
-	-	-	514,978	-
-	-	2,041,313	-	-
-	824,748	-	-	-
777,358	-	-	-	-
84,988	-	3,634,005	-	-
-	-	-	-	265,000
-	-	-	-	538,415
862,346	824,748	5,675,318	514,978	806,364
-	(83)	(1,815,327)	(283,264)	1,836,936
-	-	-	-	-
-	-	-	-	(1,838,702)
-	-	-	-	(1,838,702)
-	(83)	(1,815,327)	(283,264)	(1,766)
111,058	37,552	1,846,120	515,710	279,666
\$ 111,058	\$ 37,469	\$ 30,793	\$ 232,446	\$ 277,900

(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, 2009

	Debt Service Funds	Capital Projects Funds		
	Other Debt Service	Redevelopment Capital Projects	Low-Moderate Income Housing	Total
Revenues:				
Property taxes and special assessments	\$ -	\$ -	\$ 590,455	\$ 3,232,150
Intergovernmental	-	-	-	8,331,469
Use of money and property	-	94,375	38,817	381,521
Total revenues	-	94,375	629,272	11,945,140
Expenditures:				
Current:				
General government	-	-	-	163,746
Intergovernmental	-	-	-	2,949
Public safety	-	-	-	991,620
Public works	-	-	-	2,080,880
Manpower	-	-	-	824,748
Community development	-	43,474	911,673	1,732,505
Capital outlay	-	257,942	-	4,747,483
Debt service:				
Principal	40,349	-	-	305,349
Interest expense	28,287	-	-	566,702
Total expenditures	68,636	301,416	911,673	11,415,982
Excess (deficiency) of revenues over (under) expenditures	(68,636)	(207,041)	(282,401)	529,158
Other financing sources (uses):				
Transfers in	68,636	-	-	69,849
Transfers out	-	-	-	(1,879,095)
Total other financing sources (uses)	68,636	-	-	(1,809,246)
Net change in fund balances	-	(207,041)	(282,401)	(1,280,088)
Fund balances, beginning of year	-	2,539,659	2,273,325	10,395,399
Fund balances, end of year	\$ -	\$ 2,332,618	\$ 1,990,924	\$ 9,115,311



CITY OF LA HABRA
State Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,844,710	\$ 1,756,292	\$ (88,418)
Use of money and property	64,000	166,356	102,356
	<u>1,908,710</u>	<u>1,922,648</u>	<u>13,938</u>
Expenditures:			
Current:			
Public works	175,670	39,567	136,103
Capital outlay	2,827,472	770,548	2,056,924
	<u>3,003,142</u>	<u>810,115</u>	<u>2,193,027</u>
Net change in fund balance	(1,094,432)	1,112,533	2,206,965
Fund balance, beginning of year	<u>2,119,840</u>	<u>2,119,840</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,025,408</u></u>	<u><u>\$ 3,232,373</u></u>	<u><u>\$ 2,206,965</u></u>

CITY OF LA HABRA
Park and Capital Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 641,930	\$ 226,091	\$ (415,839)
Use of money and property	8,700	35,114	26,414
	<u>650,630</u>	<u>261,205</u>	<u>(389,425)</u>
Total Revenues			
Expenditures:			
Capital outlay	472,000	-	472,000
	<u>472,000</u>	<u>-</u>	<u>472,000</u>
Total Expenditures			
	<u>472,000</u>	<u>-</u>	<u>472,000</u>
Net Change in Fund Balance	178,630	261,205	82,575
Fund balance, beginning of year	406,171	406,171	-
	<u>406,171</u>	<u>406,171</u>	<u>-</u>
Fund balance, end of year	<u>\$ 584,801</u>	<u>\$ 667,376</u>	<u>\$ 82,575</u>

CITY OF LA HABRA
Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 142,326	\$ 167,456	\$ 25,130
Use of money and property	2,300	6,670	4,370
	<u>144,626</u>	<u>174,126</u>	<u>29,500</u>
Total revenues			
Expenditures:			
Current:			
General government	168,750	163,477	5,273
	<u>168,750</u>	<u>163,477</u>	<u>5,273</u>
Excess (deficiency) of revenues over (under) expenditures	(24,124)	10,649	34,773
Other financing sources:			
Transfers out	-	(25,000)	(25,000)
	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Net change in fund balance	(24,124)	(14,351)	9,773
Fund balance, beginning of year	117,216	117,216	-
	<u>117,216</u>	<u>117,216</u>	<u>-</u>
Fund balance, end of year	<u>\$ 93,092</u>	<u>\$ 102,865</u>	<u>\$ 9,773</u>

CITY OF LA HABRA
Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 246,200	\$ 432,213	\$ 186,013
Use of money and property	<u>3,800</u>	<u>9,285</u>	<u>5,485</u>
Total revenues	<u>250,000</u>	<u>441,498</u>	<u>191,498</u>
Expenditures:			
Current:			
Public safety	<u>349,088</u>	<u>476,642</u>	<u>(127,554)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(99,088)</u>	<u>(35,144)</u>	<u>(63,944)</u>
Other financing sources:			
Transfers in	-	1,213	1,213
Transfers out	<u>-</u>	<u>(15,393)</u>	<u>15,393</u>
Total other financing sources (uses)	<u>-</u>	<u>(14,180)</u>	<u>16,606</u>
Net change in fund balance	-	(49,324)	(49,324)
Fund balance, beginning of year	<u>149,082</u>	<u>149,082</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 149,082</u></u>	<u><u>\$ 99,758</u></u>	<u><u>\$ (49,324)</u></u>

CITY OF LA HABRA
Housing and Community Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 799,690	\$ 862,346	\$ 62,656
Expenditures:			
Current:			
Community development	717,190	777,358	(60,168)
Capital outlay	<u>82,500</u>	<u>84,988</u>	<u>(2,488)</u>
Total expenditures	<u>799,690</u>	<u>862,346</u>	<u>(62,656)</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>111,058</u>	<u>111,058</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 111,058</u></u>	<u><u>\$ 111,058</u></u>	<u><u>\$ -</u></u>

CITY OF LA HABRA
Manpower Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	<u>\$ 805,904</u>	<u>\$ 824,665</u>	<u>\$ 18,761</u>
Expenditures:			
Current:			
Manpower	<u>805,904</u>	<u>824,748</u>	<u>(18,844)</u>
Net change in fund balance	-	(83)	(83)
Fund balance, beginning of year	<u>37,552</u>	<u>37,552</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 37,552</u></u>	<u><u>\$ 37,469</u></u>	<u><u>\$ (83)</u></u>

CITY OF LA HABRA
Measure M Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 10,816,315	\$ 3,859,991	\$ (6,956,324)
Use of money and property	31,900	-	(31,900)
	<u>10,848,215</u>	<u>3,859,991</u>	<u>(6,988,224)</u>
Total Revenues			
	<u>10,848,215</u>	<u>3,859,991</u>	<u>(6,988,224)</u>
Expenditures:			
Current:			
Public works	315,155	2,041,313	(1,726,158)
Capital outlay	11,869,947	3,634,005	8,235,942
	<u>12,185,102</u>	<u>5,675,318</u>	<u>6,509,784</u>
Total expenditures			
	<u>12,185,102</u>	<u>5,675,318</u>	<u>6,509,784</u>
Net change in fund balance	(1,336,887)	(1,815,327)	(478,440)
Fund balance, beginning of year	1,846,120	1,846,120	-
	<u>1,846,120</u>	<u>1,846,120</u>	<u>-</u>
Fund balance, end of year	\$ 509,233	\$ 30,793	\$ (478,440)
	<u><u>\$ 509,233</u></u>	<u><u>\$ 30,793</u></u>	<u><u>\$ (478,440)</u></u>

CITY OF LA HABRA
Public Safety Augmentation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 246,500	202,415	\$ (44,085)
Use of money and property	18,100	29,299	11,199
	<u>264,600</u>	<u>231,714</u>	<u>(32,886)</u>
Expenditures:			
Current:			
Public safety	400,000	514,978	(114,978)
	<u>(135,400)</u>	<u>(283,264)</u>	<u>(147,864)</u>
Net change in fund balance			
	(135,400)	(283,264)	(147,864)
Fund balance, beginning of year	515,710	515,710	-
Fund balance, end of year	<u>\$ 380,310</u>	<u>\$ 232,446</u>	<u>\$ (147,864)</u>

CITY OF LA HABRA
Redevelopment Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes and special assessments	\$ 2,542,278	2,641,695	\$ 99,417
Use of money and property	12,150	1,605	(10,545)
	<u>2,554,428</u>	<u>2,643,300</u>	<u>88,872</u>
Total revenues			
	<u>2,554,428</u>	<u>2,643,300</u>	<u>88,872</u>
Expenditures:			
Current:			
Intergovernmental	7,500	2,949	4,551
Debt service:			
Principal	265,000	265,000	-
Interest expense	538,415	538,415	-
	<u>810,915</u>	<u>806,364</u>	<u>4,551</u>
Total expenditures			
	<u>810,915</u>	<u>806,364</u>	<u>4,551</u>
Excess (deficiency) of revenues over expenditures	1,743,513	1,836,936	93,423
Other financing (uses):			
Transfers out	(1,743,513)	(1,838,702)	(95,189)
	<u>(1,743,513)</u>	<u>(1,838,702)</u>	<u>(95,189)</u>
Net change in fund balance	-	(1,766)	(1,766)
Fund balance, beginning of year	279,666	279,666	-
	<u>279,666</u>	<u>279,666</u>	<u>-</u>
Fund balance, end of year	\$ 279,666	\$ 277,900	\$ (1,766)
	<u>\$ 279,666</u>	<u>\$ 277,900</u>	<u>\$ (1,766)</u>

CITY OF LA HABRA
Other Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Debt service:			
Principal	\$ 40,349	\$ 40,349	\$ -
Interest expense	28,287	28,287	-
	<u>68,636</u>	<u>68,636</u>	<u>-</u>
Total expenditures			
	<u>68,636</u>	<u>68,636</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(68,636)	(68,636)	-
Other financing sources:			
Transfers in	<u>-</u>	<u>68,636</u>	<u>68,636</u>
Net change in fund balance	(68,636)	-	68,636
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (68,636)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 68,636</u></u>

CITY OF LA HABRA
Redevelopment Capital Projects
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 80,000	\$ 94,375	\$ 14,375
Expenditures:			
Current:			
Community development	655,787	43,474	612,313
Capital outlay	339,373	257,942	81,431
Total expenditures	995,160	301,416	693,744
Net change in fund balance	(915,160)	(207,041)	708,119
Fund balance, beginning of year	2,539,659	2,539,659	-
Fund balance, end of year	\$ 1,624,499	\$ 2,332,618	\$ 708,119

CITY OF LA HABRA
Low-Moderate Income Housing Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes and special assessments	\$ 564,319	\$ 590,455	\$ 26,136
Use of money and property	<u>50,000</u>	<u>38,817</u>	<u>(11,183)</u>
Total revenues	<u>614,319</u>	<u>629,272</u>	<u>14,953</u>
Expenditures:			
Current:			
Community development	<u>1,122,719</u>	<u>911,673</u>	<u>211,046</u>
Net change in fund balance	(508,400)	(282,401)	225,999
Fund balance, beginning of year	<u>2,273,325</u>	<u>2,273,325</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,764,925</u></u>	<u><u>\$ 1,990,924</u></u>	<u><u>\$ 225,999</u></u>





CITY OF LA HABRA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 160	\$ 1,549,906	\$ 1,550,066
Accounts receivable, net	7,939	17,937	25,876
Prepaid items	-	16,990	16,990
Due from other governments	172,578	-	172,578
	<u>180,677</u>	<u>1,584,833</u>	<u>1,765,510</u>
Total current assets			
Noncurrent assets:			
Capital assets, net	463,099	1,409,149	1,872,248
	<u>463,099</u>	<u>1,409,149</u>	<u>1,872,248</u>
Total assets			
	<u>643,776</u>	<u>2,993,982</u>	<u>3,637,758</u>
Liabilities:			
Current Liabilities:			
Accounts payable	4,900	7,566	12,466
Accrued liabilities	10,869	-	10,869
Due to other funds	100,643	-	100,643
Advances from other funds	-	2,000,000	2,000,000
	<u>116,412</u>	<u>2,007,566</u>	<u>2,123,978</u>
Total liabilities			
Net assets:			
Invested in capital assets	463,099	1,409,149	1,872,248
Unrestricted (deficit)	64,265	(422,733)	(358,468)
	<u>527,364</u>	<u>986,416</u>	<u>1,513,780</u>
Total net assets			
	<u>\$ 527,364</u>	<u>\$ 986,416</u>	<u>\$ 1,513,780</u>

CITY OF LA HABRA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009

	Children's Museum	Mobile Home Lease	Total
Operating revenues:			
Charges for services	\$ 439,225	\$ 2,615,717	\$ 3,054,942
Intergovernmental	20,693	-	20,693
	<u>459,918</u>	<u>-</u>	<u>20,693</u>
Total operating revenues	<u>459,918</u>	<u>2,615,717</u>	<u>3,075,635</u>
Operating expenses:			
Contractual services	21,545	288,819	310,364
Wages and fringe benefits	413,761	-	413,761
Equipment and maintenance	-	133,261	133,261
Materials and supplies	870	-	870
Utilities	26,249	234,750	260,999
Depreciation and amortization	34,942	39,079	74,021
Administration	54,850	1,707,960	1,762,810
	<u>552,217</u>	<u>2,403,869</u>	<u>2,956,086</u>
Total operating expenses	<u>552,217</u>	<u>2,403,869</u>	<u>2,956,086</u>
Operating income (loss)	<u>(92,299)</u>	<u>211,848</u>	<u>119,549</u>
Nonoperating revenues (expenses):			
Interest income (expense)	(2,832)	31,125	28,293
Gain (loss) on sale of investments	(2,114)	28,551	26,437
	<u>(4,946)</u>	<u>59,676</u>	<u>54,730</u>
Total nonoperating revenues	<u>(4,946)</u>	<u>59,676</u>	<u>54,730</u>
Income (loss) before transfers	(97,245)	271,524	174,279
Transfers in	<u>62,500</u>	<u>-</u>	<u>62,500</u>
Change in net assets	(34,745)	271,524	236,779
Net assets, beginning of year	<u>562,109</u>	<u>714,892</u>	<u>1,277,001</u>
Net assets, end of year	<u>\$ 527,364</u>	<u>\$ 986,416</u>	<u>\$ 1,513,780</u>

CITY OF LA HABRA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009

	Children's Museum	Mobile Home Lease	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 280,526	\$ 2,622,538	\$ 2,903,064
Receipts from interfund services provided	143,237	-	143,237
Payments to suppliers	(28,672)	(2,298,987)	(2,327,659)
Cash paid for internal services provided	(222,427)	(69,384)	(291,811)
Payments to employees	(264,767)	-	(264,767)
Net cash provided by (used in) operating activities	(92,103)	254,167	162,064
Cash flows from noncapital financing activities:			
Transfers from other funds	62,500	-	62,500
Due to other funds	34,550	-	34,550
Net cash provided by noncapital financing activities	97,050	-	97,050
Cash flows from investing activities:			
(Purchase) sale of short-term investments	(2,114)	28,551	26,437
Interest on investments	(2,832)	31,125	28,293
Net cash provided by (used in) investing activities	(4,946)	59,676	54,730
Net increase (decrease) in cash and cash equivalents	1	313,843	313,844
Cash and cash equivalents, beginning of year	159	1,236,063	1,236,222
Cash and cash equivalents, end of year	\$ 160	\$ 1,549,906	\$ 1,550,066

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CITY OF LA HABRA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended June 30, 2009

	<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)	\$ (92,299)	\$ 211,848	\$ 119,549
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	34,942	39,079	74,021
Change in assets and liabilities:			
(Increase) decrease in receivables	(6,339)	6,824	485
(Increase) decrease in from other governments	(29,816)	-	(29,816)
(Increase) decrease in prepaid items	-	2,131	2,131
Increase (decrease) in accrued liabilities and accounts payable	1,409	(5,715)	(4,306)
Total adjustments	196	42,319	42,515
Net cash provided by (used in) operating activities	<u>\$ (92,103)</u>	<u>\$ 254,167</u>	<u>\$ 162,064</u>





CITY OF LA HABRA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Assets:			
Current assets:			
Cash and investments	\$ 58,313	\$ 3,930,821	\$ 904,767
Accounts receivable, net	-	-	72
Prepays	-	-	-
Due from other governments	4,684	488	-
Inventory	38,279	-	-
Total current assets	<u>101,276</u>	<u>3,931,309</u>	<u>904,839</u>
Noncurrent assets:			
Cash and investments with fiscal agents	-	-	-
Advances to other funds	-	-	-
Deferred charges	-	-	-
Capital assets, net of accumulated depreciation	-	-	106,697
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>106,697</u>
Total assets	<u>101,276</u>	<u>3,931,309</u>	<u>1,011,536</u>
Liabilities:			
Current liabilities:			
Accounts payable	67,176	22,831	41,883
Accrued liabilities	10,656	2,332,110	11,357
Accrued interest	-	-	-
Compensated absences	-	-	-
Due to other funds	-	-	-
Certificates of participation, current	-	-	-
Water revenue bonds, current	-	-	-
Total current liabilities	<u>77,832</u>	<u>2,354,941</u>	<u>53,240</u>
Noncurrent liabilities:			
Certificates of participation	-	-	-
Water revenue bonds	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>77,832</u>	<u>2,354,941</u>	<u>53,240</u>
Net assets:			
Invested in capital assets	-	-	106,697
Unrestricted	23,444	1,576,368	851,599
Total net assets	<u>\$ 23,444</u>	<u>\$ 1,576,368</u>	<u>\$ 958,296</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
\$ 249,371	\$ 1,419,486	\$ 1,558,881	\$ 8,121,639
-	-	-	72
-	10,000	-	10,000
-	-	-	5,172
-	-	-	38,279
<u>249,371</u>	<u>1,429,486</u>	<u>1,558,881</u>	<u>8,175,162</u>
2,866,857	-	-	2,866,857
12,076,214	-	-	12,076,214
777,553	-	-	777,553
-	1,633,774	-	1,740,471
<u>15,720,624</u>	<u>1,633,774</u>	<u>-</u>	<u>17,461,095</u>
<u>15,969,995</u>	<u>3,063,260</u>	<u>1,558,881</u>	<u>25,636,257</u>
-	60,411	-	192,301
-	-	-	2,354,123
143,576	-	-	143,576
-	-	1,558,881	1,558,881
2,389,131	-	-	2,389,131
245,000	-	-	245,000
160,000	-	-	160,000
<u>2,937,707</u>	<u>60,411</u>	<u>1,558,881</u>	<u>7,043,012</u>
4,465,231	-	-	4,465,231
6,585,000	-	-	6,585,000
<u>11,050,231</u>	<u>-</u>	<u>-</u>	<u>11,050,231</u>
<u>13,987,938</u>	<u>60,411</u>	<u>1,558,881</u>	<u>18,093,243</u>
-	1,633,774	-	1,740,471
1,982,057	1,369,075	-	5,802,543
<u>\$ 1,982,057</u>	<u>\$ 3,002,849</u>	<u>\$ -</u>	<u>\$ 7,543,014</u>

CITY OF LA HABRA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	Fleet Management	Risk Management	Information Technology
Operating revenues:			
Charges for services	\$ 911,937	\$ 2,004,069	\$ 686,217
Operating expenses:			
Contractual services	79,839	192,003	71,141
Wages and fringe benefits	339,910	171,051	401,762
Benefits and claims	-	876,450	-
Equipment and maintenance	29,113	-	129,374
Materials and supplies	457,847	-	26,517
Utilities	282	-	153,037
Depreciation and amortization	-	-	25,550
Administration	21,161	521,900	12,955
Total operating expenses	928,152	1,761,404	820,336
Operating income (loss)	(16,215)	242,665	(134,119)
Nonoperating revenues (expenses):			
Interest income	-	119,163	31,287
Interest (expense)	(760)	-	-
Gain (loss) on sale of asset	-	-	-
Gain (loss) on sale of investment	87	83,583	18,437
Total nonoperating revenues	(673)	202,746	49,724
Income (loss) before transfers	(16,888)	445,411	(84,395)
Transfers in	-	-	-
Transfers out	-	-	(20,002)
Changes in net assets	(16,888)	445,411	(104,397)
Net assets, beginning of year	40,332	1,130,957	1,062,693
Net assets, end of year	\$ 23,444	\$ 1,576,368	\$ 958,296

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
\$ -	\$ 406,143	\$ -	\$ 4,008,366
14,025	-	-	357,008
-	75,000	243,572	1,231,295
-	-	-	876,450
-	155,364	-	313,851
-	-	-	484,364
-	-	-	153,319
51,297	410,007	-	486,854
-	-	-	556,016
65,322	640,371	243,572	4,459,157
(65,322)	(234,228)	(243,572)	(450,791)
296,498	48,325	50,274	545,547
(548,909)	-	-	(549,669)
-	9,806	-	9,806
8,865	29,525	29,653	170,150
(243,546)	87,656	79,927	175,834
(308,868)	(146,572)	(163,645)	(274,957)
311,244	60,395	63,608	435,247
-	-	-	(20,002)
2,376	(86,177)	(100,037)	140,288
1,979,681	3,089,026	100,037	7,402,726
\$ 1,982,057	\$ 3,002,849	\$ -	\$ 7,543,014

CITY OF LA HABRA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Fleet Management	Risk Management	Information Technology
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 911,198	\$ 2,004,069	\$ 686,567
Payments to suppliers	(573,416)	(1,164,862)	(410,650)
Cash paid for interfund services provided	(8,280)	(5,400)	(11,332)
Payments to employees	(332,935)	(170,348)	(399,286)
Net cash provided by (used in) operating activities	<u>(3,433)</u>	<u>663,459</u>	<u>(134,701)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	(20,002)
Advances to other funds	-	-	-
Due to other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(20,002)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	-	(13,046)
Proceeds from sale of capital assets	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	(760)	-	-
Net cash provided by (used for) capital and related financing activities	<u>(760)</u>	<u>-</u>	<u>(13,046)</u>
Cash flows from investing activities:			
(Purchase) sale of investments	87	83,583	18,437
Interest on investments	-	119,163	31,287
Net cash provided by investing activities	<u>87</u>	<u>202,746</u>	<u>49,724</u>
Net increase (decrease) in cash and cash equivalents	(4,106)	866,205	(118,025)
Cash and cash equivalents, beginning of year	<u>62,419</u>	<u>3,064,616</u>	<u>1,022,792</u>
Cash and cash equivalents, end of year	<u><u>\$ 58,313</u></u>	<u><u>\$ 3,930,821</u></u>	<u><u>\$ 904,767</u></u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
\$ -	\$ 406,143	\$ -	\$ 4,007,977
(14,025)	(126,366)	-	(2,289,319)
-	-	-	(25,012)
-	(75,000)	(126,134)	(1,103,703)
<u>(14,025)</u>	<u>204,777</u>	<u>(126,134)</u>	<u>589,943</u>
311,244	60,395	63,608	435,247
-	-	-	(20,002)
390,000	-	-	390,000
(2,468,534)	-	-	(2,468,534)
<u>(1,767,290)</u>	<u>60,395</u>	<u>63,608</u>	<u>(1,663,289)</u>
-	(450,828)	-	(463,874)
-	9,806	-	9,806
(387,740)	-	-	(387,740)
(553,562)	-	-	(554,322)
<u>(941,302)</u>	<u>(441,022)</u>	<u>-</u>	<u>(1,396,130)</u>
8,865	29,525	29,653	170,150
296,498	48,325	50,274	545,547
<u>305,363</u>	<u>77,850</u>	<u>79,927</u>	<u>715,697</u>
(2,417,254)	(98,000)	17,401	(1,753,779)
<u>5,533,482</u>	<u>1,517,486</u>	<u>1,541,480</u>	<u>12,742,275</u>
<u>\$ 3,116,228</u>	<u>\$ 1,419,486</u>	<u>\$ 1,558,881</u>	<u>\$ 10,988,496</u>
			(Continued)

CITY OF LA HABRA
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2009

	<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)	\$ (16,215)	\$ 242,665	\$ (134,119)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and amortization	-	-	25,550
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	1,736	-	106
(Increase) decrease in due from other governments	(739)	(488)	-
(Increase) decrease in inventory	51,963	-	-
(Increase) decrease in prepaid items	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	<u>(40,178)</u>	<u>421,282</u>	<u>(26,238)</u>
Total adjustments	<u>12,782</u>	<u>420,794</u>	<u>(582)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (3,433)</u></u>	<u><u>\$ 663,459</u></u>	<u><u>\$ (134,701)</u></u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Totals
<u>\$ (65,322)</u>	<u>\$ (234,228)</u>	<u>\$ (243,572)</u>	<u>\$ (450,791)</u>
51,297	410,007	-	486,854
-	-	-	1,842
-	-	-	(1,227)
-	-	-	51,963
-	194,325	-	194,325
<u>-</u>	<u>(165,327)</u>	<u>117,438</u>	<u>306,977</u>
<u>51,297</u>	<u>439,005</u>	<u>117,438</u>	<u>1,040,734</u>
<u><u>\$ (14,025)</u></u>	<u><u>\$ 204,777</u></u>	<u><u>\$ (126,134)</u></u>	<u><u>\$ 589,943</u></u>



CITY OF LA HABRA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Assets:				
Cash and investments	\$ 10,951,579	\$ 1,173,008	\$ 1,612,918	\$ 10,511,669
Total assets	<u>\$ 10,951,579</u>	<u>\$ 1,173,008</u>	<u>\$ 1,612,918</u>	<u>\$ 10,511,669</u>
Liabilities:				
Accounts payable	\$ 67,287	\$ 1,298,738	\$ 1,360,133	\$ 5,892
Accrued liabilities	21,609	71,852	84,371	9,090
Deposits	<u>10,862,683</u>	<u>930,952</u>	<u>1,296,948</u>	<u>10,496,687</u>
Total liabilities	<u>\$ 10,951,579</u>	<u>\$ 2,301,542</u>	<u>\$ 2,741,452</u>	<u>\$ 10,511,669</u>



CITY OF LA HABRA
Measure T Transaction and Use Tax: Use of Funds
For the Year Ended June 30, 2009

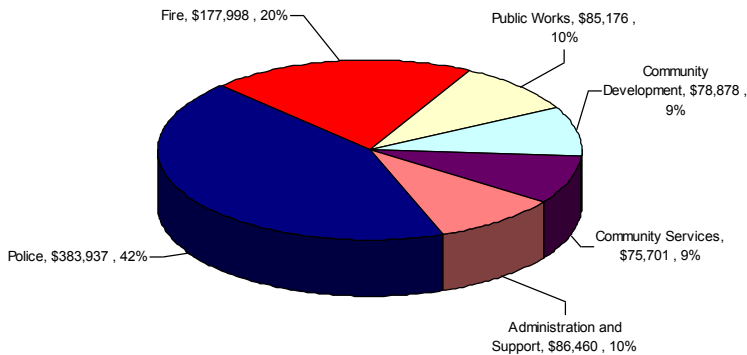
In November 2008, the citizens of La Habra approved Measure T which established a ½ cent local transaction and use tax. The measure was approved as an undesignated “general” tax that would be used to help support the activities and operations of the City’s General Fund. As this is a general tax, it legally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

One method to determine how this new revenue source has impacted General Fund operations is to compare the allocation of the revenues by a proportional share of General Fund expenditures by department. The following table details this breakdown based on Measure T revenues received in FY 08/09 and the proportional allocation of General Fund expenditures by department.

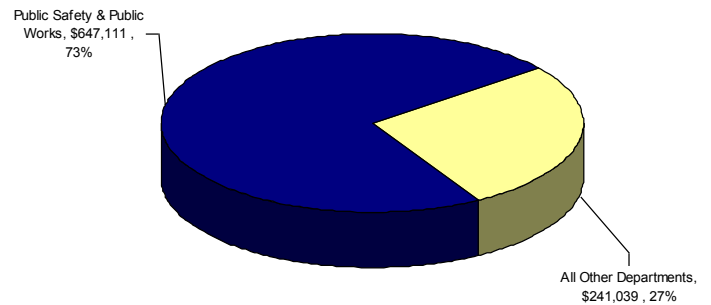
Measure T Allocation Analysis by General Fund Department

Department	FY 08/09 GF Expenditures	% of Total GF Expenditures	Proportional Allocation of Measure T Revenues
Police	\$14,609,864	43.2%	\$383,937
Fire	\$6,773,323	20.0%	\$177,998
Public Works	\$3,241,187	9.6%	\$85,176
Community Development	\$3,001,533	8.9%	\$78,878
Community Services	\$2,880,633	8.5%	\$75,701
Administration and Support	\$3,290,027	9.7%	\$86,460
Total	\$33,796,567		\$888,150

Proportional Allocation of Measure T Revenues



Proportional Allocation of Measure T Revenues



It should be noted that this method of demonstrating the use of Measure T revenues is a fair representation based on the allocation of revenues to expenditures on a proportional basis. It is not possible to specifically identify the actual use of any undesignated General Fund revenue since they are considered to be discretionary in nature. In addition, no Measure T revenues were allocated in FY 08/09 to the City’s Capital Projects fund due to other available grant funding.



STATISTICAL SECTION



CITY OF LA HABRA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2009

STATISTICAL SECTION

This section of the City of La Habra's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

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	<i>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>	113-124
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>	125-130
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>	131-144
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>	145-146
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>	147-158

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 Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Governmental activities			
Invested in capital assets, net of related debt	\$ 27,013,799	\$ 38,141,590	\$ 51,744,947
Restricted	4,542,690	2,135,692	2,125,116
Unrestricted	25,086,148	18,324,199	11,668,265
Total governmental activities net assets	<u>\$ 56,642,637</u>	<u>\$ 58,601,481</u>	<u>\$ 65,538,328</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 11,948,919	\$ 9,357,868	\$ 13,069,789
Restricted	4,316,849	2,599,853	2,043,995
Unrestricted	8,690,425	13,299,092	10,633,039
Total business-type activities net assets	<u>\$ 24,956,193</u>	<u>\$ 25,256,813</u>	<u>\$ 25,746,823</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
\$ 60,254,071	\$ 61,866,707	\$ 62,720,405	\$ 69,574,268
2,425,184	2,962,479	3,060,362	443,262
11,732,953	14,541,105	22,800,535	18,424,065
<u>\$ 74,412,208</u>	<u>\$ 79,370,291</u>	<u>\$ 88,581,302</u>	<u>\$ 88,441,595</u>
\$ 14,083,243	\$ 14,387,460	\$ 6,818,385	\$ 11,978,153
1,839,434	1,749,130	1,687,135	1,630,052
13,398,329	18,275,101	24,349,116	20,649,253
<u>\$ 29,321,006</u>	<u>\$ 34,411,691</u>	<u>\$ 32,854,636</u>	<u>\$ 34,257,458</u>
\$ 74,337,314	\$ 76,254,167	\$ 69,538,790	\$ 81,552,421
4,264,618	4,711,609	4,747,497	2,073,314
25,131,282	32,816,206	47,149,651	39,073,318
<u>\$ 103,733,214</u>	<u>\$ 113,781,982</u>	<u>\$ 121,435,938</u>	<u>\$ 122,699,053</u>

CITY OF LA HABRA
Changes in Net Assets
Last Seven 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	405,879	392,850
Public safety	16,255,125	17,673,769	19,176,709
Public works	5,165,411	5,512,565	5,525,165
Manpower	1,790,020	651,364	411,959
Community services	6,954,095	6,949,893	7,149,700
Community development	3,396,903	2,813,028	3,401,359
Interest on long-term debt	1,235,886	1,229,418	975,885
Total governmental activities expenses	<u>39,311,362</u>	<u>40,144,317</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>\$ 54,939,985</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)	\$ (24,426,653)	\$ (23,761,886)
Business-type activities	(1,110,067)	(61,926)	623,781
Total primary government net expense	<u>\$ (24,082,088)</u>	<u>\$ (24,488,579)</u>	<u>\$ (23,138,105)</u>

Fiscal Year			
2006	2007	2008	2009
\$ 2,466,028	\$ 1,727,569	\$ 2,450,872	\$ 4,567,895
351,407	38,142	14,426	-
20,751,487	20,806,295	21,264,160	22,940,011
5,829,033	7,399,852	7,813,863	8,240,683
441,946	787,929	960,798	824,748
7,609,897	7,623,969	8,024,546	8,362,899
3,717,217	3,886,883	5,595,313	5,867,904
824,152	812,194	1,250,321	1,087,697
41,991,167	43,082,833	47,374,299	51,891,837
7,591,959	8,557,829	9,091,989	9,616,279
912,741	930,137	1,237,713	1,321,849
1,681,163	1,988,194	961,673	1,715,950
5,101,290	5,392,422	5,874,526	6,131,357
15,287,153	16,868,582	17,165,901	18,785,435
\$ 57,278,320	\$ 59,951,415	\$ 64,540,200	\$ 70,677,272
\$ 1,940	\$ 2,032	\$ 310	\$ 7,183
3,272,096	2,790,739	3,017,854	2,801,704
1,739,998	930,670	1,217,844	1,192,031
1,268,886	1,221,241	1,269,778	1,006,964
6,155,825	7,403,668	7,708,528	7,944,392
2,841,673	3,010,784	8,343,602	6,831,889
15,280,418	15,359,134	21,557,916	19,784,163
8,625,652	9,753,270	10,207,199	9,889,342
791,592	878,314	1,351,929	1,124,764
1,951,143	1,915,376	1,984,399	2,097,380
10,094,887	5,462,799	5,958,707	6,040,726
21,463,274	18,009,759	19,502,234	19,152,212
\$ 36,743,692	\$ 33,368,893	\$ 41,060,150	\$ 38,936,375
\$ (26,710,749)	\$ (27,723,699)	\$ (25,816,383)	\$ (32,107,674)
6,176,121	1,141,177	2,336,333	366,777
\$ (20,534,628)	\$ (26,582,522)	(23,480,050)	(31,740,897)

(Continued)

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

	Fiscal Year		
	2003	2004	2005
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	\$ 7,108,330	\$ 7,566,606	\$ 11,634,029
Sales and use taxes	8,658,378	8,098,753	8,836,139
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 programs	3,666,960	2,800,517	1,696,647
Income from property and investments	1,533,247	172,725	757,030
Other general revenues	1,308,356	1,130,855	796,231
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	\$ 1,958,841	\$ 6,936,847
Business-type activities	(545,889)	395,767	1,045,865
Total primary government	<u>\$ 4,996,837</u>	<u>\$ 2,354,608</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
\$ 13,768,880	\$ 14,975,673	\$ 16,127,594	\$ 16,153,525
9,208,476	9,853,179	10,298,735	8,900,156
-	-	-	888,150
1,807,537	1,996,481	1,377,380	1,451,228
5,128,226	5,293,525	2,854,515	-
399,436	398,603	-	-
705,613	724,228	619,065	492,053
801,623	1,601,295	3,473,466	2,808,384
885,929	717,424	309,139	795,111
-	-	-	499,360
(85,000)	85,283	(32,500)	(20,000)
32,620,720	35,645,691	35,027,394	31,967,967
481,537	1,161,184	123,242	1,016,045
-	-	-	-
-	-	-	-
-	-	-	-
85,000	(85,283)	32,500	20,000
566,537	1,075,901	155,742	1,036,045
\$ 33,187,257	\$ 36,721,592	\$ 35,183,136	\$ 33,004,012
\$ 5,909,971	\$ 7,921,992	\$ 9,211,011	\$ (139,707)
6,742,658	2,217,078	2,492,075	1,402,822
\$ 12,652,629	\$ 10,139,070	\$ 11,703,086	\$ 1,263,115

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

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

Source: Finance Office, City of La Habra

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

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

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

Fiscal Year			
2006	2007	2008	2009
\$ 2,984,541	\$ 3,473,165	\$ 11,007,923	\$ 10,105,173
7,925,672	8,080,218	2,882,494	3,067,881
<u>\$ 10,910,213</u>	<u>\$ 11,553,383</u>	<u>\$ 13,890,417</u>	<u>\$ 13,173,054</u>
\$ 6,530,768	\$ 5,215,975	\$ 2,895,652	\$ 6,895,100
771,473	157,435	4,960,088	(112,407)
-	-	-	-
<u>(4,969,337)</u>	<u>2,372,958</u>	<u>2,539,659</u>	<u>2,332,618</u>
<u>\$ 2,332,904</u>	<u>\$ 7,746,368</u>	<u>\$ 10,395,399</u>	<u>\$ 9,115,311</u>

CITY OF LA HABRA
Changes in Fund Balances of Governmental Funds
Last Seven 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
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
Manpower	1,790,020	651,364	411,959
Community services	6,809,351	6,826,434	7,006,481
Community development	3,388,911	2,805,036	3,363,698
Capital outlay	6,742,010	6,577,885	15,079,158
Debt service:			
Principal	236,875	283,966	568,967
Interest expense	1,238,096	1,215,411	929,510
Total expenditures	<u>44,004,653</u>	<u>44,945,908</u>	<u>54,904,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>626,754</u>	<u>(2,823,861)</u>	<u>(7,438,793)</u>
Other financing sources (uses)			
Proceeds from note payable	350,000	705,948	1,608,437
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	4.0%	3.9%	3.9%

Source: Finance Office, City of La Habra

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

Fiscal Year			
2006	2007	2008	2009
\$ 13,768,879	\$ 14,975,672	\$ 16,127,594	\$ 16,153,525
9,208,476	9,853,179	10,298,735	8,900,156
5,128,227	5,293,525	2,854,516	-
-	-	-	888,150
10,474,304	10,872,124	16,337,771	15,173,403
3,003,519	3,005,752	2,533,955	2,289,291
4,736,754	4,217,788	4,320,099	4,017,259
711,923	827,929	922,284	1,019,890
886,846	1,325,055	2,806,572	2,751,588
47,918,928	50,371,024	56,201,526	51,193,262
3,190,161	3,284,442	3,776,287	3,054,085
351,407	38,142	14,426	2,949
20,189,955	20,508,001	20,934,105	22,606,775
4,883,604	5,164,358	5,523,703	5,762,012
441,946	787,929	960,798	824,748
7,326,891	7,341,149	7,731,920	8,064,550
3,700,056	3,895,625	5,570,152	5,847,794
11,942,906	2,931,143	3,805,470	10,281,332
265,000	276,699	404,466	430,552
877,374	595,620	1,029,198	891,714
53,169,300	44,823,108	49,750,525	57,766,511
(5,250,372)	5,547,916	6,451,001	(6,573,249)
-	-	-	-
-	-	-	790,000
4,451,401	5,780,952	1,900,351	2,331,551
(3,714,691)	(6,415,953)	(2,832,851)	(2,455,552)
736,710	(635,001)	(932,500)	665,999
\$ (4,513,662)	\$ 4,912,915	\$ 5,518,501	\$ (5,907,250)
2.8%	2.5%	3.2%	2.9%



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
2000	\$ 1,763,892,251	\$ 403,141,495	\$ 232,922,958	\$ 108,429,034	\$2,508,385,738	0.20331%
2001	1,982,506,612	348,214,471	177,793,733	261,222,420	2,769,737,236	0.21002%
2002	2,139,466,876	360,302,982	188,445,029	303,987,554	2,992,202,441	0.21289%
2003	2,326,969,383	363,989,522	198,177,500	229,175,539	3,118,311,944	0.20660%
2004	2,497,718,042	439,806,996	208,390,091	202,651,878	3,348,567,007	0.20573%
2005	2,697,043,410	470,826,383	219,273,760	212,114,339	3,599,257,892	0.20811%
2006	2,973,108,220	536,382,942	223,084,427	229,773,922	3,962,349,511	0.21467%
2007	3,350,470,647	552,151,340	241,253,193	261,169,322	4,405,044,502	0.21348%
2008	3,665,098,412	578,024,306	276,420,264	252,230,096	4,771,773,078	0.21732%
2009	3,700,917,522	607,254,122	299,147,783	266,515,101	4,873,834,528	0.21826%

(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 & Cohen; 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					
	2000	2001	2002	2003	2004	2005
City Direct Rates:						
City basic rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total City Direct Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Overlapping Rates:						
School System	0.0000	0.0000	0.01597	0.05971	0.05671	0.05099
Metropolitan Water District	0.00890	0.00890	0.00770	0.00670	0.00610	0.00580
Total Direct Rate	1.00890	1.00890	1.02367	1.06641	1.06281	1.05679

Source: Orange County Assessor's Office

Fiscal Year			
2006	2007	2008	2009
1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000
0.05157	0.04736	0.04764	0.04860
0.00520	0.00470	0.00450	0.00430
1.05677	1.05206	1.05214	1.05290

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

Taxpayer	2009		2000	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
La Habra Associates LLC	\$ 84,852,178	1.74%	\$ -	0.00%
CVS Pharmacy	65,535,000	1.34%	-	0.00%
La Habra Westridge Partnership LP	59,017,602	1.21%	-	0.00%
Ralph's Grocery Company	28,753,026	0.59%	-	0.00%
Costco Wholesale Corporation	27,505,465	0.56%	-	0.00%
Essex Portfolio	24,187,646	0.50%	-	0.00%
Peace Relatice LLC	21,000,000	0.43%	-	0.00%
New Albertson's Inc	20,148,382	0.41%	-	0.00%
Westridge Golf Club Inc	18,631,559	0.38%	-	0.00%
Clipperton Partners Lowes HIW	18,443,637	0.38%	-	0.00%
American Food & Drug Inc	-		80,981,962	3.23%
First Security Bank of Utah Trust	-		53,816,067	2.15%
Chevron USA Inc.	-		52,882,977	2.11%
M & H Partners	-		31,561,420	1.26%
Lennar Homes of California	-		18,339,648	0.73%
Westridge Development	-		17,737,493	0.71%
PLC	-		17,499,535	0.70%
FSF Woodlake Village Associates LLC	-		16,011,000	0.64%
Caremark Physician Services Inc.	-		15,337,559	0.61%
Essex Portfolio	-		10,742,824	0.43%
Top Ten Assessed Value	\$ 368,074,495	7.55%	\$ 314,910,485	12.56%
Total Assessed Value	<u>\$ 4,873,834,528</u>		<u>\$ 2,507,385,738</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	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2000	5,827,592	5,746,331	98.61%	91,001	5,837,332	100.17%
2001	6,619,210	6,551,895	98.98%	125,222	6,677,117	100.87%
2002	7,179,490	7,047,354	98.16%	108,436	7,155,790	99.67%
2003	7,132,703	6,996,398	98.09%	122,715	7,119,113	99.81%
2004	7,689,081	7,456,853	96.98%	179,062	7,635,915	99.31%
2005	7,785,149	7,661,313	98.41%	125,325	7,786,638	100.02%
2006	9,263,705	9,073,384	97.95%	186,799	9,260,183	99.96%
2007	10,396,449	10,071,273	96.87%	426,431	10,497,705	100.97%
2008	16,197,920	15,706,057	96.96%	401,412	16,407,469	101.29%
2009	16,212,092	15,723,185	96.98%	349,435	16,072,619	99.14%

Source: Orange County Auditor Controller's Office

NOTE:

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



STATISTICAL SECTION

Debt Capacity





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

Fiscal Year Ended June 30	Governmental Activities		
	Certificates of Participation	Tax Allocation Bonds	Special Tax Bonds
2004	\$ 5,783,931	\$ 7,655,000	\$ 2,810,000
2005	5,586,192	7,550,000	2,695,000
2006	5,378,452	7,440,000	2,575,000
2007	5,165,712	7,325,000	2,450,000
2008	4,942,977	7,205,000	2,320,000
2009	4,710,242	7,080,000	2,180,000

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

² These ratios are calculated using personal income and population for the prior calendar year.

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

Governmental Activities			Total Governmental Long-term Debt
Notes Payable	Loan Payable	Contract and Lease Payable	
\$ 1,762,348	\$ -	\$ 172,109	\$ 18,183,388
724,036	1,080,000	1,236,783	18,872,011
689,036	1,069,060	1,185,155	18,336,703
652,337	970,593	1,143,252	17,706,894
613,856	902,515	1,095,345	17,079,693
573,507	831,620	1,041,037	16,416,406

(Continued)

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

Fiscal Year Ended June 30	Business-type Activities			Total Primary Government	Percentage of Personal Income (2)	Debt Per Capita (2)
	Certificates of Participation	Revenue Bonds	Total Business-type Activities			
2004	\$ 19,664,018	\$ 7,500,000	\$ 27,164,018	\$ 45,347,406	1.76%	\$ 1,083
2005	19,086,779	7,355,000	26,441,779	45,313,790	1.69%	1,043
2006	18,434,540	7,205,000	25,639,540	43,976,243	1.56%	963
2007	17,727,301	7,055,000	24,782,301	42,489,195	1.42%	885
2008	16,970,062	6,900,000	23,870,062	40,949,755	1.26%	790
2009	16,177,823	6,745,000	22,922,823	39,339,229	1.21%	760

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.

CITY OF LA HABRA
Ratio of General Bonded Debt Outstanding
Last Five 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

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, 2009

2008-09 Assessed Valuation	\$ 4,876,737,977
Redevelopment Incremental Valuation	<u>305,094,885</u>
Adjusted Assessed Valuation	<u><u>\$ 4,571,643,092</u></u>

	<u>%age Applicable (1)</u>	<u>Outstanding Debt 6/30/09</u>	<u>Estimated Share of Overlapping Debt</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.247%	293,425,000	724,760
North Orange County Joint Community College District	5.733%	227,859,001	13,063,157
Fullerton Joint Union High School District	20.713%	60,452,910	12,521,611
La Habra City School District	82.444%	14,442,462	11,906,943
City of La Habra Community Facilities District No. 1990-1	100.000%	<u>2,180,000</u>	<u>2,180,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 40,396,471</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	1.205%	\$ 462,152,000	\$ 5,568,932
Orange County Pension Obligations	1.205%	69,713,001	840,042
Orange County Board of Education Certificates of Participation	1.205%	19,430,000	234,132
Municipal Water District of Orange County Water Facilities Corporation	1.429%	17,685,000	252,719
North Orange County Regional Occupation Program Certificate of Participation	5.939%	11,680,000	693,675
Fullerton Joint Union High School District Certificates of Participation	20.713%	22,255,000	4,609,678
City of La Habra Certificate of Participation	100.000%	<u>21,020,000</u>	<u>21,020,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			33,219,178 (2)
Less: MWDOC Water Facilities Corporation (100% self-supporting)			<u>252,719</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 32,966,459
GROSS COMBINED TOTAL DEBT			73,615,649 (3)
NET COMBINED TOTAL DEBT			73,362,930

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

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

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

Ratios to 2008-09 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 0.83%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$22,055,000).....0.46%

Gross Combined Total Debt.....1.61%

Net Combined Total Debt.....1.60%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/09: \$0

Source: California Municipal Statistics, Inc.



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

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

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

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

Source: City Finance Department
Orange County Assessor's Office

Fiscal Year						
2003	2004	2005	2006	2007	2008	2009
\$ 3,119,571,800	\$ 3,350,641,844	\$ 3,598,042,087	\$ 3,962,715,606	\$ 4,414,500,225	\$ 4,773,433,708	\$ 4,876,737,977
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
467,935,770	502,596,277	539,706,313	594,407,341	662,175,034	716,015,056	731,510,697
-	-	-	-	-	-	-
<u>\$ 467,935,770</u>	<u>\$ 502,596,277</u>	<u>\$ 539,706,313</u>	<u>\$ 594,407,341</u>	<u>\$ 662,175,034</u>	<u>\$ 716,015,056</u>	<u>\$ 731,510,697</u>

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

Fiscal Year Ended June 30	Water Revenue Bonds					Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2005	\$ 7,619,270	\$ 6,680,887	\$ 938,383	\$ 145,000	\$ 322,244	2.01
2006	8,723,742	6,872,437	1,851,305	150,000	320,031	3.94
2007	9,876,631	8,151,398	1,725,233	150,000	317,594	3.69
2008	10,269,413	8,574,164	1,695,249	155,000	314,634	3.61
2009	9,887,182	8,756,216	1,130,966	155,000	311,244	2.43

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

Statistical information for prior fiscal years is unavailable.

Certificate of Participation, Series A

Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 2,224,906	\$ 774,838	\$ 1,450,068	\$ 585,000	\$ 891,420	0.98
2,322,577	806,585	1,515,992	660,000	866,520	0.99
2,399,796	747,270	1,652,526	684,996	869,024	1.06
2,539,842	792,238	1,747,604	706,416	867,682	1.11
2,615,717	788,007	1,827,710	718,007	858,749	1.16

(Continued)

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

Fiscal Year Ended June 30	Tax Allocation Bonds					Coverage
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2005	\$ 1,370,272	\$ 802,566	\$ 567,706	\$ 105,000	\$ 426,423	1.07
2006	2,085,904	1,121,430	964,474	110,000	421,585	1.81
2007	1,873,932	734,015	1,139,917	115,000	416,465	2.14
2008	2,343,944	1,038,171	1,305,773	120,000	411,000	2.46
2009	2,361,818	1,431,419	930,399	125,000	405,180	1.75

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

Statistical information for prior fiscal years is unavailable.

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	



STATISTICAL SECTION

Demographic and Economic Information



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

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (2)
1999	\$ 56,072	\$ 1,917,326	\$ 34,194	N/A
2000	58,974	2,188,112	37,103	4.5%
2001	59,711	2,248,179	37,651	5.1%
2002	60,702	2,316,935	38,169	6.4%
2003	61,188	2,419,129	39,536	6.2%
2004	61,454	2,572,956	41,868	5.5%
2005	61,771	2,682,962	43,434	4.9%
2006	61,789	2,821,348	45,661	4.4%
2007	62,483	2,999,059	47,998	4.0%
2008	62,635	3,245,683	51,819	5.3%
2009	62,822	3,251,604	51,759	7.2%

Sources:

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

CITY OF LA HABRA
Principal Employers
Current Year and Last Year

Employer	2009		2008	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
CVS Pharmacy	\$ 1,056	3.69%	-	N/A
Wal-Mart/Sams Stores Inc.	492	1.72%	511	1.69%
City of La Habra	435	1.52%	430	1.42%
Target Stores T-248	254	0.89%	266	0.88%
Costco	249	0.87%	265	0.88%
The Kroger Co./La Habra Bakery	242	0.85%	260	0.86%
Kohl's Department Stores Inc.	150	0.52%	162	0.54%
Home Depot USA	140	0.49%	150	0.50%
La Habra Convalescent	140	0.49%	70	0.23%
Lowe's Home Centers Inc.	129	0.45%	139	0.46%
VIP Rubber Co. Inc	118	0.41%	116	0.38%
Peerless Maintenance Services	N/A	N/A	20	0.07%
Mary and Friends	N/A	N/A	20	0.07%

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

Source: Harris InfoSource, a Dun & Bradstreet, 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 Seven Fiscal Years

Function/Department	Full-time Equivalent Employees						
	2003	2004	2005	2006	2007	2008	2009
City Manager	4.94	4.94	4.94	4.94	4.94	5.50	4.50
City Clerk	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
Community Services	137.94	121.26	100.34	100.18	100.72	100.24	107.52
Finance/Administrative Services	17.59	20.54	20.44	20.82	19.98	20.12	20.12
Fire *	41.00	41.00	41.00	-	-	-	-
Police	131.95	122.65	117.18	122.70	122.52	127.05	124.21
Public Works	59.75	60.33	60.81	64.11	67.37	67.59	66.87
Children's Museum	8.39	10.17	8.67	7.51	7.98	6.50	8.01
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>

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

Source: City of La Habra, Finance Department

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police:				
Arrests	2,727	2,423	2,494	3,704
Crime Reports	-	8,786	8,190	8,344
Moving citations issued	-	6,098	7,845	10,801
Parking citations issued	13,875	14,856	17,051	16,386
Fire *				
Number of emergency calls	-	3,401	3,293	3,581
Public Works				
Street resurfacing (miles)	14	14	15	6
Community development				
Building Permits Issued	1,184	1,322	1,340	1,614
Parks and recreation:				
Number of Parks	23	24	24	24
Park Acreage	133.17	133.45	133.66	133.66
Number of recreation classes	29	26	24	20
Number of Facility Rentals	1,572	1,572	1,572	1,572
Municipal Water Department				
Number of Accounts	12,601	12,589	12,584	12,502
Average daily consumption (thousands of gallons)	9,241	9,690	9,287	8,910
New connections	92	-	15	15

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

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police:				
Stations	1	1	1	1
Fire *				
Stations	4	4	4	4
Public works:				
Streets (miles)	108	108	108	108
Streetlights	2,646	2,649	2,637	2,635
Traffic signals	33	33	34	34
Parks and recreation:				
Parks	23	24	24	24
Park Acreage	133.17	133.45	133.66	133.66
Community centers	1	1	1	1
Water:				
Water mains (miles)	120	120	130	130
Number or Connections	12,548	12,548	12,562	12,562
Sewer				
Sanitary sewers (miles)	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 Seven Fiscal Years

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Water Services							
Residential	\$ 11,380	\$ 11,398	\$ 11,481	\$ 11,507	\$ 11,598	\$ 11,478	\$ 11,475
Commercial/Industrial	969	829	836	833	849	842	830
Schools/Other	106	313	250	261	260	264	264
Total	<u>\$ 12,455</u>	<u>\$ 12,540</u>	<u>\$ 12,567</u>	<u>\$ 12,601</u>	<u>\$ 12,707</u>	<u>\$ 12,584</u>	<u>\$ 12,569</u>

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

CITY OF LA HABRA
Water Rates
Last Two Fiscal Years

Adopted: 07/17/07

Effective: 08/01/07

Meter Size	2008		2009	
	Monthly Meter Charge	Water Consumption Charge (1)	Monthly Meter Charge	Water Consumption Charge (1)
5/8 inch	\$ 8.13	\$ 1.82	\$ 8.13	\$ 1.82
3/4 inch	9.18	\$ 1.82	9.18	\$ 1.82
1 inch	11.85	\$ 1.82	11.85	\$ 1.82
1-1/2 inches	27.21	\$ 1.82	27.21	\$ 1.82
2 inches	47.17	\$ 1.82	47.17	\$ 1.82
3 inches	106.14	\$ 1.82	106.14	\$ 1.82
4 inches	187.87	\$ 1.82	187.87	\$ 1.82
6 inches	422.72	\$ 1.82	422.72	\$ 1.82
8 inches	479.99	\$ 1.82	479.99	\$ 1.82
10 inches	n/a	n/a	n/a	n/a

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

Source: City of La Habra

Statistical information for prior fiscal years is not available.



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

Water Agency	FY 2009			
	Usage (in ccf's)	Commodity Charge	Readiness to Serve	Total Bill
La Habra	25	\$ 2.01	\$ 8.98	\$ 59.23
Brea (Tiered Rate)	1-12	2.35	5.60	33.80
Brea (Tiered Rate)	13-25	2.81	-	36.53
Fullerton	25	2.54	5.12	68.49
La Habra Heights	25	1.01	25.96	51.21
Suburban Water System	1-20	1.64	13.92	46.64
Suburban Water System (La Mirada & Whittier)	5	1.80	-	9.02
Whittier (3/4 meter)	25	\$ 2.06	\$ 4.00	\$ 55.40

Source: City of La Habra

Statistical information for prior fiscal years is not available.

FY 2008				
Usage (in ccf's)	Commodity Charge	Readiness to Serve	Total Bill	
25	\$ 1.82	\$ 8.13	\$	53.63
-	-	-		-
25	2.32	5.15		63.15
25	2.19	5.12		59.75
25	1.01	25.96		51.21
25	1.34	9.33		42.83
25	\$ 1.99	\$ 4.00	\$	53.75

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

Customer	2009	
	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption
Westridge Golf, Inc.	118,815	2.72%
Whittier Christian HS	24,163	0.55%
Friendly Village A/P	19,871	0.46%
Fullerton Union High School District	15,993	0.37%
Viewpark	14,435	0.33%
The Kroger Co/La Habra Bakery	13,712	0.31%
La Habra Woods Apts	11,158	0.26%
La Habra Assoc LLC	10,760	0.25%
Brooklake Apts	10,610	0.24%
CVS	9,731	0.22%
Fashion Knolls HOA		
Park La Habra		
Total Consumption in 100 CCF		4,366,779

Source: City of La Habra

Statistical information for prior fiscal years is not available.

2008	
12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption
131,806	2.87%
28,718	0.63%
19,296	0.42%
15,664	0.34%
14,295	0.31%
16,998	0.37%
12,020	0.26%
10,613	0.23%
11,922	0.10%
9,517	0.21%
9,351	0.20%
10,414	0.09%

4,586,927

