

A CARING COMMUNITY



CITY OF LA HABRA California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

City of La Habra, California
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015



Prepared by the Department of Finance and Administrative Services

Melvin Shannon, Director of Finance

CITY OF LA HABRA, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Table of Contents

	<i>Page(s)</i>
 INTRODUCTORY SECTION	
Letter of Transmittal	i
Organization Chart.....	vii
Directory of City Officials	viii
 FINANCIAL SECTION	
Independent Auditor’s Report.....	1
Management Discussion and Analysis (Unaudited)	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Net Position – Proprietary Funds.....	30
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	34
Statement of Cash Flows – Proprietary Funds.....	36
Statement of Fiduciary Net Position – Fiduciary Funds	40
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	41
Notes to Financial Statements.....	43
 REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)	
Postemployment Healthcare Plan Schedule of Funding Progress.....	89
Agent Multiple-Employer Defined Benefit Miscellaneous Pension Plan:	
Schedule of Changes in the Net Pension Liability and Related Ratios	90
Schedule of Contribution	91
Cost Sharing Defined Benefit Safety Pension Plans:	
Schedule of the City’s Proportionate Share of the Net Pension Liability	92

**CITY OF LA HABRA, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

Table of Contents (continued)

	<i>Page(s)</i>
Schedule of Contribution	93
General Fund – Budgetary Comparison Schedule	95
Child Development Special Revenue Fund – Budgetary Comparison Schedule	96
Note to Required Supplementary Information	97

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	106
Nonmajor Funds Budgetary Comparison Schedules:	
State Gas Tax Special Revenue Fund	110
Park and Capital Improvement Special Revenue Fund	111
Air Quality Improvement Special Revenue Fund	112
Law Enforcement Special Revenue Fund	113
Housing and Community Development Special Revenue Fund	114
Employment and Training Special Revenue Fund	115
Measure M Special Revenue Fund	116
Public Safety Augmentation Special Revenue Fund	117
Other Federal Grants Special Revenue Fund	118
Traffic Safety Special Revenue Fund	119
Service Authority for Abandoned Vehicles Special Revenue Fund	120
Other Debt Service Fund	121
Low and Moderate Income Housing Assets Capital Projects Fund	122
Nonmajor Enterprise Funds:	
Combining Statement of Net Position – Nonmajor Enterprise Funds	125
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Enterprise Funds	126
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	127
Internal Service Funds:	
Combining Statement of Net Position – Internal Service Funds	130
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	132
Combining Statement of Cash Flows – Internal Service Funds	134
Fiduciary Fund:	
Statement of Changes in Assets and Liabilities – Agency Fund	141
Measure T Transaction and Use Tax: Use of Funds	142

CITY OF LA HABRA, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Table of Contents (continued)

STATISTICAL SECTION

Financial Trends

Net Position by Component – Last Ten Fiscal Years	146
Change in Net Position – Last Ten Fiscal Years	148
Fund Balances of Governmental Funds – Last Ten Fiscal Years	152
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	154

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	159
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	160
Principal Property Tax Payers – Current and Nine Years Ago.....	162
Property Tax Levies and Collections – Last Ten Fiscal Years	163

Debt Capacity

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	166
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	168
Direct and Overlapping Debt	168
Legal Debt Margin Information – Last Ten Fiscal Years	170
Pledged-Revenue Coverage – Last Ten Fiscal Years	172

Demographic and Economic Information

Demographic and Economic Statistics – Last Ten Fiscal Years.....	178
Principal Employers – Current Year and Last Year	179

Operating Information

Full-Time Equivalent City Employees by Function/Department – Last Ten Fiscal Years	182
Operating Indicators by Function – Last Ten Fiscal Years.....	183
Capital Asset Statistics by Function – Last Ten Fiscal Years.....	184
Water Service by Type of Customer – Last Ten Fiscal Years	185
Water Rates – Last Two Fiscal Years.....	186
Average Monthly Water Service Rate Comparison – Last Two Fiscal Years.....	187
Ten Largest Users of Water – Current Year and Last Year.....	188

INTRODUCTORY SECTION



City of La Habra

“A Caring Community”

ADMINISTRATION BUILDING

201 E. La Habra Boulevard
Post Office Box 337
La Habra, CA 90633-0785
Office: (562) 383-4010
Fax: (562) 383-4474

December 23, 2015

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, 2015 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 2014-2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The City of La Habra is required to undergo an annual audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget’s Circular A-133, *Audits of State and Local Governments and Non-profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal 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 La Habra Civic Improvement Authority (CIA), the La Habra Housing Authority (HA), and the La Habra Utility Authority (UA) are reported as funds of the primary government. In addition, the City has assumed fiduciary responsibility for the Successor Agency to the La Habra Redevelopment Agency (Successor Agency) and is reported as a Private-Purpose Trust.

The City of La Habra provides a full range of traditional municipal services. Police services are provided through a department operating under the direct control of the City of La Habra while fire services are contracted with the Los Angeles County Fire Department. The City’s Utility Authority operates a water distribution system and a wastewater collection system. The collection of solid waste (refuse) is provided as a City service through a franchise arrangement with a private firm. The City provides for construction, repair, and maintenance of streets, parks 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 61,705) 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 unique suburban residential community where residents have access to, and participate in, the greater Orange County and Los Angeles County economies. La Habra is largely built out (90 percent developed by the mid-1970's), with the majority of residential housing constructed in the 1950's.

Net Taxable Assessed Value (NTAV) for FY 14/15 was \$5,318,494,761, which is 6.8% more than FY 13/14. Based on data from the 2009-2013 U.S. Census Bureau-American Community Survey 5-year Estimates, the median household income is higher than the state and national averages, but is lower than the average of Orange County cities.

The City is largely residential with a stable population that has remained virtually unchanged over the past decade. Unemployment had been relatively modest through 2007; however, it began increasing in 2008 due to the global recession that started that year. Since the end of the recession the City's unemployment has gradually declined and was 4.7% in April 2015 (latest available data).

FINANCIAL INFORMATION

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

Single Audit

As a recipient of federal, state and local financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management.

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2015 are provided under a separate report.

Budget Controls

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

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

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

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

Long-Term Financial Planning

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

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

General Fund Balance

The total General Fund balance as of June 30, 2015 was \$14,502,626. Of this amount, \$8,169,482 is considered non-spendable and unavailable for appropriation. The unassigned or available portion of fund balance was \$6,333,144.

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 fund balance levels typically range from 5 percent to 50 percent, or more, of annual expenditure budgets and can fluctuate based on availability of funds and individual reserve policies. As of June 30, 2015, the City's unassigned fund balance level equaled 16.9% of the amended FY 14/15 General Fund expenditure budget.

Long-Term Liabilities

As of fiscal year ended June 30, 2015, the City had several outstanding debt issues and other long-term liabilities totaling \$125.0 million (excluding deferred gain/loss on refunding), including:

- \$1.2 million in refunding special tax bonds reported in the Successor Agency Private-Purpose Trust Fund
- \$17.6 million in certificates of participation
- \$5.8 million in tax allocation bonds reported in the Successor Agency Private-Purpose Trust Fund
- \$39.6 million in revenue bonds
- \$2.0 million in various notes, leases and loans of which \$0.7 million is reported in the Successor Agency Private-Purpose Trust Fund
- \$2.9 million for claims payable
- \$4.5 million for compensated absences
- \$2.8 million for pollution remediation liability
- \$2.8 million for postemployment benefit obligation
- \$45.8 million for net pension liability

The City, as a separate legal entity, has no general obligation debt outstanding.

Capital Assets

The capital assets of the City's governmental activities are those used in the performance of general government functions and exclude the capital assets of the Enterprise Funds and the Successor Agency Private-Purpose Trust Fund, but does include the capital assets of the Internal Service Funds. As of June 30, 2015, the capital assets (net of depreciation) of the City's governmental activities amounted to \$80.9 million. This amount represents the original cost of the assets or estimated historical cost if actual historical cost is not available. Depreciation of capital assets is recognized in the City's financial statements using the straight-line method based on the estimated useful life of an asset.

Enterprise Operations

The enterprise operations of the City comprise several distinct business-type activities as shown in the following table:

Enterprise Operation	Net Position Beginning (As Restated)	Operating Revenue	Operating Expenses	Non-Operating Revenues (Expenses)	Net Transfers In and (Out)	Net Position Ending
Water	\$ 20,160,176	\$ 13,398,340	\$ 10,021,167	\$ (1,738,695)	\$ 34,252	\$ 21,832,906
Sewer	8,027,349	1,627,871	1,908,300	22,303	(79,989)	7,689,234
Housing Authority	5,162,758	1,602,845	900,395	(661,877)	-	5,203,331
Refuse	3,087,876	3,217,990	3,780,211	31,204	(106,763)	2,450,096
Children's Museum	291,978	401,297	455,231	2,150	92,500	332,694
Mobile Home Lease	2,698,315	2,766,528	2,397,196	6,116	-	3,073,763
	\$ 39,428,452	\$ 23,014,871	\$ 19,462,500	\$ (2,338,799)	\$ (60,000)	\$ 40,582,024

Cash Management

To assure the most competitive rates on investments, the City maintains a cash and investment pool that is available for use by all funds, except for bond proceeds and bond reserves, which are required to be held by a third-party trustee bank. The City's investments are guided by an investment policy that is annually reviewed and adopted by the City Council and is in compliance with statutory requirements for municipal investments. Annually, the City and its investment advisors review the City's Investment Policy to determine what, if any, changes are prudent or necessary due to market and/or legislative changes.

As of June 30, 2015, the City had \$71.1 million in cash and investments such as securities of the U.S. Government and funds held with the State of California Local Agency Investment Fund. Of the City's total cash and investments, \$6.4 million is held with fiscal agents (excluding Successor Agency) and \$14.0 million is held on behalf of the Successor Agency and in agency funds in a fiduciary capacity. The City's investment philosophy is to minimize credit and market risks while maintaining a competitive yield on its portfolio, to ensure that funds are available when needed, to manage its pooled idle cash position under the prudent investor's rule, and to maximize the productive use of assets entrusted to its care.

Risk Management

The City has established a Risk Management division that is tasked with minimizing the loss of City assets caused by accidental loss, resulting from employee injuries or from third-party liability claims. This is accomplished by effectively utilizing management techniques of risk retention, risk transfer, loss prevention and loss reduction. There are two self-insured programs administered by the City: liability and industrial injury. The City became self-insured for liability claims and settlements in March 1976. Through reinsurance, a stop loss of \$300,000 per occurrence has been established. The City became self-insured for industrial injury (workers compensation) in 1974. Through reinsurance, a stop loss of \$750,000 for each miscellaneous and \$1,000,000 for each public safety occurrence has been established.

In the Risk Management Internal Service Fund, a Workers Compensation and General Liability exposure amount has been calculated to provide for future claims resulting from injuries and incidents occurring through June 30, 2015. The City's exposure has been calculated at \$2,912,529, with cash balance of \$5,685,168 available to address these potential costs.

INDEPENDENT AUDIT

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

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

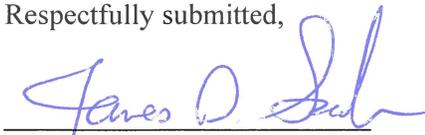
ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the effort and professionalism demonstrated by the Department of Finance and Administrative Services staff. Preparation of annual financial statements requires a major effort from the entire accounting staff and we would like to express our appreciation to everyone who assisted and contributed to the effort, particularly Director of Finance Melvin Shannon, Finance Manager Jack Ponvanit, Senior Accountant Mary Ann Sy, Senior Accountant John Balderas, Accountant II Zukie Chiu, and Accountant Sue Suriati.

We wish to acknowledge the professional manner in which Macias Gini & O'Connell LLP conducted the audit and express our appreciation for their assistance and expertise.

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

Respectfully submitted,

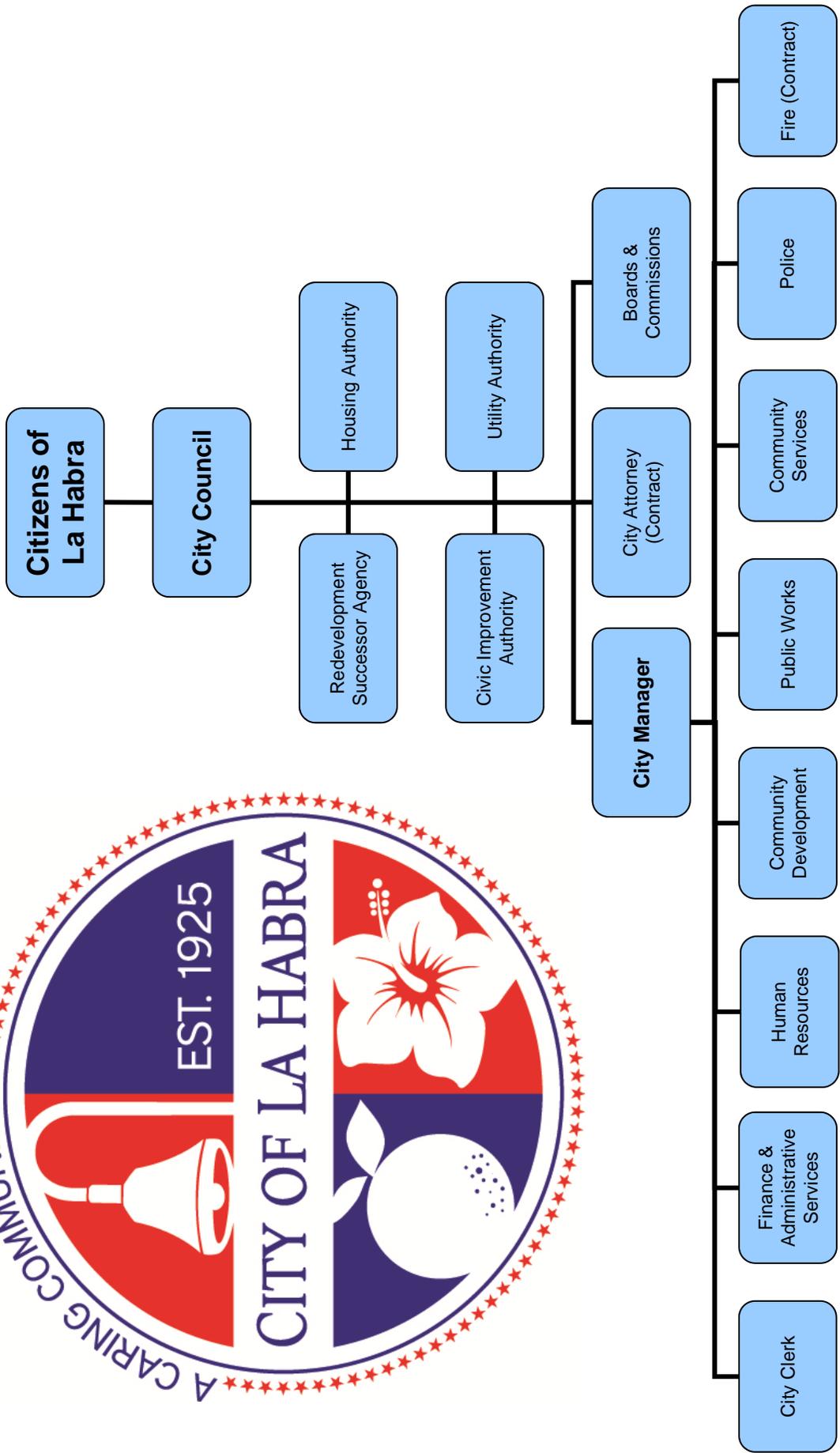


James D. Sadro
City Manager



Melvin L. Shannon
Director of Finance

City of La Habra Organization and Services



CITY OF LA HABRA, CALIFORNIA

CITY OFFICIALS

AS OF JUNE 30, 2015

MEMBERS OF THE CITY COUNCIL

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

CITY MANAGER

James D. Sadro

CITY ATTORNEY

Richard Jones

CITY CLERK

Tamara D. Mason, MMC

DIRECTOR OF FINANCE

Melvin Shannon

DIRECTOR OF HUMAN RESOURCES

Robin Juengel

DIRECTOR OF COMMUNITY DEVELOPMENT

Andrew Ho

DIRECTOR OF COMMUNITY SERVICES

Salvatore Failla

DIRECTOR OF PUBLIC WORKS

Elias Saykali

CHIEF OF POLICE

Jerry Price

ASSISTANT CHIEF OF FIRE

Chris Jackson
(Los Angeles County Fire)

FINANCIAL SECTION



Independent Auditor's Report

To the Honorable Members of the City Council
City of La Habra, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Habra, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note (2)(c) and Note (3)(d), the City is in the process of resolving a disagreement with the State of California Department of Finance regarding an outstanding advance receivable due from the Successor Agency in the amount of \$8,231,243 as of June 30, 2015. As the outcome of this process is uncertain, our opinion is not modified with respect to this matter.

As discussed in Notes (1)(d)16. and (3)(a) to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective July 1, 2014 in the amount of \$52,802,242, \$2,631,170, and \$4,018,624 for the governmental activities, business-type activities, and proprietary funds, respectively. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, postemployment healthcare plan schedule of funding progress, schedules related to the Agent Multiple-Employer Defined Benefit Miscellaneous Pension Plan, schedules related to the Cost Sharing Defined Benefit Safety Pension Plans, and budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 supplementary information, such as the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Measure T Transaction and Use Tax: Use of Funds schedule, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Measure T Transaction and Use Tax: Use of Funds schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining

and individual nonmajor fund financial statements, budgetary comparison schedules, and Measure T Transaction and Use Tax: Use of Funds schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Newport Beach, California
December 23, 2015

Management's Discussion and Analysis

In an effort to provide insight and perspective to the City of La Habra's (City) annual financial statements, staff has prepared this management discussion of the financial activities of the City for the fiscal year ended June 30, 2015. 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.

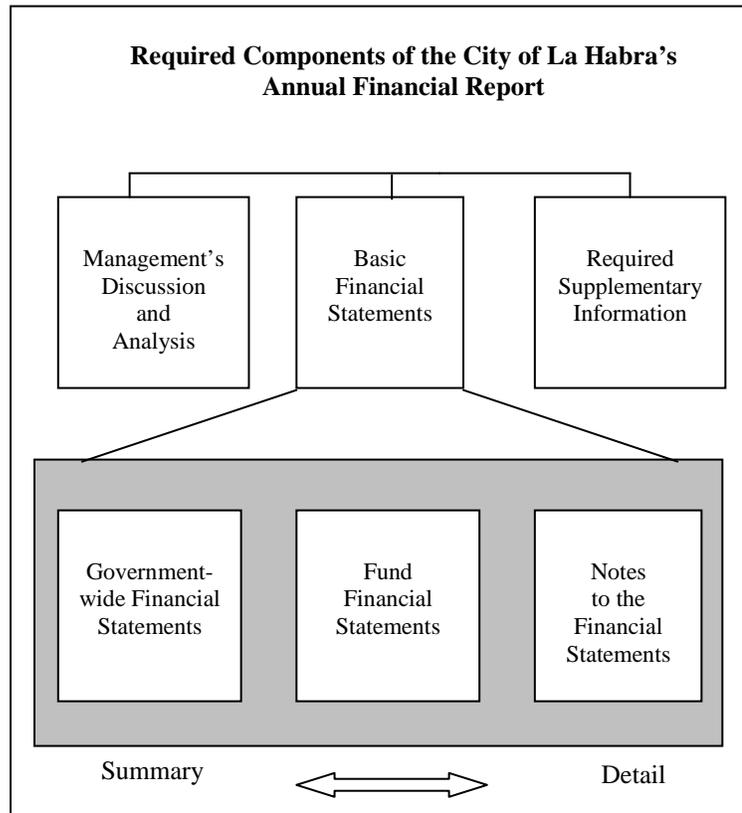
Overview of the Financial Statements

The City's annual financial 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 and enterprise funds, internal service funds, and fiduciary 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 Fund* 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 in which the City acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, the City has included a section with combining statements that provide detail about non-major governmental funds, enterprise funds, internal service funds, and fiduciary funds, which are added together and presented in single columns in the basic financial statements.



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

Government-wide Financial Statements

The Government-wide Financial Statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes *all* of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the fiscal 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 position* and how it has changed. Net Position – the difference between the City’s assets plus deferred outflows resources and liabilities plus deferred inflows of resources – are one way to measure the City’s financial health, or *position*. Over time, increases or decreases in the City’s net position is an indicator of whether the City’s financial health is improving or deteriorating, respectively. One needs to consider additional non-financial factors, such as changes in the City’s property tax base and the condition of the City’s infrastructure, to assess the overall fiscal condition of the City.

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

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

Fund Financial Statements

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

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

The City has three types 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. The basic financial statements also include budgetary comparison schedules as required supplementary information for the General Fund and Child Development Special Revenue Fund to demonstrate compliance with the annual budget as adopted and amended.
- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the Government-wide Financial Statements, provide both long- and short-term financial information.

- There are two types of proprietary funds: *enterprise funds* and *internal service funds*.
 - o The City uses *enterprise funds* to report activities that provide business-type services, generally to external customers – such as water, sewer and refuse services. In both the Government-wide Financial Statements and the Fund Financial Statements, these funds are shown under business-type activities.
 - o The City uses *internal service funds* to report activities that provide service and support for the City’s other programs and activities – such as fleet maintenance and replacement, liability management, and information technology. The majority of this activity is included in the governmental activities in the government-wide financial statements.
- *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 Position. 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 Position

As noted earlier, comparing net position over time may serve as a useful indicator of the City’s financial position. The following is an analysis that summarizes the City’s net position (Table 1) at fiscal year ended June 30, 2015, and 2014, respectively:

**TABLE 1
STATEMENTS OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total		Change (\$)	Change (%)
	FY 14/15	FY 13/14	FY 14/15	FY 13/14	FY 14/15	FY 13/14		
Assets								
Current and other assets	\$ 53,646,982	\$ 50,059,113	\$ 44,244,444	\$ 44,052,759	\$ 97,891,426	\$ 94,111,872	\$ 3,779,554	4.0%
Capital assets	80,916,527	83,325,163	57,336,510	57,548,524	138,253,037	140,873,687	(2,620,650)	-1.9%
Total Assets	134,563,509	133,384,276	101,580,954	101,601,283	236,144,463	234,985,559	1,158,904	0.5%
Deferred outflow of resources	4,259,353	238,165	1,921,892	1,631,423	6,181,245	1,869,588	4,311,657	230.6%
Liabilities								
Current liabilities	8,768,809	7,523,255	3,726,836	4,326,243	12,495,645	11,849,498	646,147	5.5%
Noncurrent liabilities	54,899,149	12,020,600	57,982,629	56,410,360	112,881,778	68,430,960	44,450,818	65.0%
Total Liabilities	63,667,958	19,543,855	61,709,465	60,736,603	125,377,423	80,280,458	45,096,965	56.2%
Deferred inflow of resources	12,777,724	-	774,876	-	13,552,600	-	13,552,600	N/A
Net position								
Net investment in capital assets	77,327,812	78,951,634	22,780,994	22,031,524	100,108,806	100,983,158	(874,352)	-0.9%
Restricted	9,119,231	7,673,024	731,879	1,288,543	9,851,110	8,961,567	889,543	9.9%
Unrestricted	(24,069,863)	27,453,928	17,505,632	19,176,036	(6,564,231)	46,629,964	(53,194,195)	-114.1%
Total Net Position	\$ 62,377,180	\$ 114,078,586	\$ 41,018,505	\$ 42,496,103	\$ 103,395,685	\$ 156,574,689	\$ (53,179,004)	-34.0%

Net Investment in Capital Assets

The City's *combined* net position for the fiscal year ended June 30, 2015, as shown above, was \$103.4 million. 96.8% of this the net position, or \$100.1 million, represents capital assets such as land, buildings, machinery, equipment, and infrastructure, less depreciation and any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets cannot be easily liquidated and are ***not*** available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other revenue sources since the capital assets themselves are not usually able to pay for the associated debt.

Restricted Net Position

9.6%, or \$9.9 million, of the City's net position represents resources that are subject to external restrictions regarding how they may be used.

Unrestricted Net Position

The unrestricted net position of the City's business-type activities total \$17.5 million, and these resources cannot be used to help fund general governmental activities. The City can only use these resources to finance the continuing operations of its enterprise funds such as the Refuse fund, Mobile Home Lease fund and the Children's Museum, or its agencies and authorities, such as the Utility Authority and Housing Authority. That leaves a negative \$24.1 million balance of unrestricted net position in the governmental activities. The negative unrestricted net position is primarily the result of the City's unfunded net pension liability.

During the current fiscal year, the City implemented Governmental Accounting Standards Board Statement (GASB) Nos. 68 and 71 which resulted in \$55.4 million decrease (restatement) in the beginning net position. Although the City's combined total net position increased by \$2.3 million during the current fiscal year, the condensed statement of net position above shows a decrease in net position of \$53.2 million. The Statement of Net Position for FY 13/14 presented in Table 1 above was not restated.

The significant impact to the City by implementing GASB Nos. 68 and 71 is the reporting of the unfunded net pension liability on the Statement of Net Position.

Changes in Net Position

The condensed summary of activities (Table 2) shows that the City's total net position increased by \$2.3 million during the year with Governmental Activities accounting for \$1.1 million of that increase.

Approximately 58.2% of the City's governmental revenue is generated through taxes collected (property, sales and use, transaction and use, and franchise), and approximately 98.0% of the City's business-type revenue is generated through charges for services.

**TABLE 2
CHANGES IN NET POSITION**

	Government Activities		Business-Type Activities		Total	
	<u>FY 14/15</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 13/14</u>
Revenues						
Program Revenues						
Charges for Services	\$ 5,545,929	\$ 5,731,270	\$ 23,014,871	\$ 23,235,090	\$ 28,560,800	\$ 28,966,360
Operating Grants and Contributions	8,691,442	8,027,156	-	-	8,691,442	8,027,156
Capital Grants and Contributions	3,426,786	4,556,286	-	-	3,426,786	4,556,286
General Revenues						
Property Taxes	14,389,424	13,235,491	-	-	14,389,424	13,235,491
Sales and Use Taxes	9,639,019	9,593,316	-	-	9,639,019	9,593,316
Transaction and Use Taxes	4,933,170	4,701,077	-	-	4,933,170	4,701,077
Franchise Tax	1,679,113	1,607,535	-	-	1,679,113	1,607,535
Grants and Contributions not Restricted to Specific Programs	58,365	84,906	-	-	58,365	84,906
Income from Property and Investments	2,808,233	2,664,660	127,071	152,270	2,935,304	2,816,930
Other General Revenues	1,495,060	1,094,588	339,689	398,879	1,834,749	1,493,467
Total Revenues	52,666,541	51,296,285	23,481,631	23,786,239	76,148,172	75,082,524
Expenses						
General Government	3,045,640	4,017,045	-	-	3,045,640	4,017,045
Public Safety	25,574,530	24,505,359	-	-	25,574,530	24,505,359
Public Works	10,181,891	7,430,857	-	-	10,181,891	7,430,857
Community Services	10,086,222	9,459,747	-	-	10,086,222	9,459,747
Community Development	2,228,511	4,592,489	-	-	2,228,511	4,592,489
Interest on Long-Term	251,344	206,922	-	-	251,344	206,922
Water	-	-	12,132,398	12,095,302	12,132,398	12,095,302
Sewer	-	-	1,908,300	1,927,963	1,908,300	1,927,963
Refuse	-	-	3,780,211	3,175,353	3,780,211	3,175,353
Housing Authority	-	-	1,594,723	1,629,058	1,594,723	1,629,058
Children's Museum	-	-	455,231	530,492	455,231	530,492
Mobile Home Lease	-	-	2,397,196	2,292,041	2,397,196	2,292,041
Total Expenses	51,368,138	50,212,419	22,268,059	21,650,209	73,636,197	71,862,628
Excess before Transfers	1,298,403	1,083,866	1,213,572	2,136,030	2,511,975	3,219,896
Extraordinary gain/(loss)	(257,567)	(1,224,331)	-	-	(257,567)	(1,224,331)
Transfers	60,000	249,824	(60,000)	(249,824)	-	-
Increase in Net Position	1,100,836	109,359	1,153,572	1,886,206	2,254,408	1,995,565
Net Position - Beginning of Year, as Previously Reported	114,078,586	114,088,023	42,496,103	41,353,560	156,574,689	155,441,583
Change in accounting principle	(52,802,242)	(118,796)	(2,631,170)	(743,663)	(55,433,412)	(862,459)
Net Position - Beginning of Year, as Restated	61,276,344	113,969,227	39,864,933	40,609,897	101,141,277	154,579,124
Net Position - End of year	\$ 62,377,180	\$114,078,586	\$ 41,018,505	\$42,496,103	\$103,395,685	\$156,574,689

Governmental Activities

The increase in net position for *governmental* activities was \$1.1 million, caused as a result of total revenues for *governmental* activities of \$52.7 million being offset by \$51.4 million in total costs for *governmental* activities, with transfers in from the business-type activities of \$60,000 and extraordinary loss from the dissolution of the former Redevelopment Agency of \$0.3 million.

The primary reason for growth in net position is due to a gradually improving economy which increased most of general revenues compared to the prior fiscal year. The combination of property tax, sales tax, transaction tax, and franchise tax increased by \$1.5 million or 5.2% compared to FY 13/14.

Non-tax program revenues are generated through several sources to cover the cost of the City's programs. Charges for Services decreased slightly by \$0.2 million. Meanwhile, Operating Grants and Contributions reflect an increase of \$0.7 million compared to FY 13/14 due mainly to the increase in activities in asset seizure and child development programs, resulting in more operating grant reimbursements in FY 14/15. Capital Grants and Contributions decreased by \$1.1 million or 24.4% from prior year due mainly to; (1) significant reduction in highway user tax which determined by gasoline price, and (2) the exhaustion of certain OCTA funding programs.

During the FY 14/15, the accumulated interest on the loan from the City to the former Redevelopment Agency was recalculated from origination at 3% simple interest rate in accordance with the Senate Bill 107. Meanwhile, the City wrote off \$0.6 million loan to the former Redevelopment Agency that was deemed unenforceable by the California Department of Finance. As a result of these 2 transactions, the City reported a net extraordinary loss from the dissolution of the former Redevelopment Agency of \$0.3 million.

The City of La Habra is a full service city providing residents, businesses and visitors with the following functional services:

General Government is comprised of four departments (City Manager, City Clerk, Finance, and Human Resources) providing general governance, executive management, legal services, public information, human resources, records management, information technology, accounting, budget, treasury, utility customer service and purchasing.

Public Safety is comprised of Police Service and Fire Service (contracted with Los Angeles County Fire Department) providing general law enforcement, public safety dispatch, fire suppression, fire prevention, paramedic services and emergency preparedness.

Public Works is comprised of the following seven divisions; engineering, fleet, NPDES, parks, refuse, streets, and water/sewer. The department is responsible for water production, and distribution, sewer system maintenance, maintenance of streets, sidewalks, traffic systems, gutters and storm drains, maintenance of parks, civic building landscaping, administration of refuse and recycling programs, and maintenance and replacement of the City's fleet. The department is also responsible for the design and construction of new and replacement of public facilities and infrastructures.

Community Development is comprised of four divisions (Planning, Building, Community Preservation, and Housing Economic Development) providing planning, zoning and building services, redevelopment services, economic development and housing services.

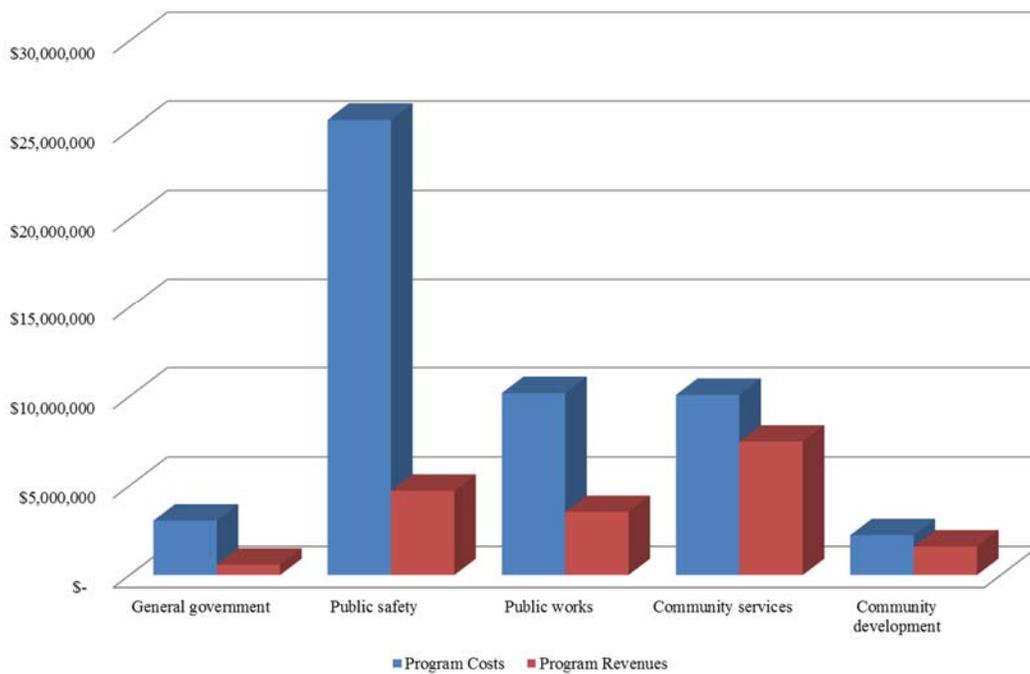
Community Services is comprised of six divisions (Building Maintenance, Child Development, Children's Museum, Employment and Training, Recreation, and Senior and Social Services) providing various programs, services, and special events for the citizens

Table 3 presents the cost of each program as well as each program's net cost (total cost less revenue generated by the program activities). The net cost shows the extent to which the City's general revenues support each of the programs.

**TABLE 3
GOVERNMENTAL ACTIVITIES
NET PROGRAM COST**

	Total Program Costs		Total Program Revenues		Net Cost of Services	
	FY 14/15	FY 13/14	FY 14/15	FY 13/14	FY 14/15	FY 13/14
	General government	\$ 3,045,640	\$ 4,017,045	\$ 581,250	\$ 308,218	\$ 2,464,390
Public safety	25,574,530	24,505,359	4,443,911	4,280,895	21,130,619	20,224,464
Public works	10,181,891	7,430,857	3,505,855	4,569,078	6,676,036	2,861,779
Community services	10,086,222	9,459,747	7,543,051	7,455,392	2,543,171	2,004,355
Community development	2,228,511	4,592,489	1,590,090	1,701,129	638,421	2,891,360
Totals	\$ 51,116,794	\$ 50,005,497	\$ 17,664,157	\$ 18,314,712	\$ 33,452,637	\$ 31,690,785

**Program Costs VS Program Revenues
Governmental Activities**



Business-Type Activities

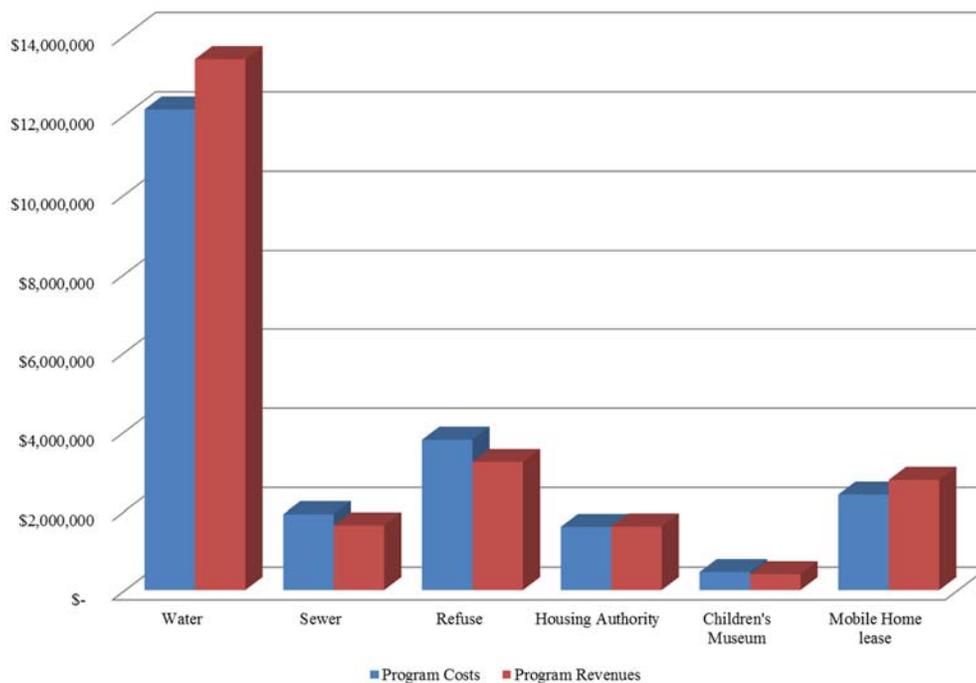
As of June 30, 2015, the revenues of the business-type activities decreased by 1.3%, or \$0.3 million (\$23.5 million in 2015 compared to \$23.8 million in 2014) and expenses increased by 2.8%, or \$0.6 million. The factors driving these results include:

- The total water consumption decreased by 3.4% due to the impact of the initial emergency urban conservation regulation in July 2014 and mandatory water conservation regulation in April 2015 which requiring an immediate 25% reduction in overall potable urban water uses statewide. Meanwhile, utility rates increased by the average of 2.5%. As a result, total revenues slightly decreased comparing to prior year.
- The pollution remediation liability related to Vista Grande project increased from \$2.3 million to \$2.8 million due to changes in estimated project costs. As a result, the provision for pollution remediation liability reported in operating expenses increased by \$0.5 million.

**TABLE 4
BUSINESS-TYPE ACTIVITIES
PROGRAM COSTS VS PROGRAM REVENUES**

	Total Program Costs		Total Program Revenues		Net Cost of Services	
	FY 14/15	FY 13/14	FY 14/15	FY 13/14	FY 14/15	FY 13/14
Water	\$ 12,132,398	\$ 12,095,302	\$ 13,398,340	\$ 13,673,720	\$ (1,265,942)	\$ (1,578,418)
Sewer	1,908,300	1,927,963	1,627,871	1,622,818	280,429	305,145
Refuse	3,780,211	3,175,353	3,217,990	3,164,353	562,221	11,000
Housing Authority	1,594,723	1,629,058	1,602,845	1,577,921	(8,122)	51,137
Children's Museum	455,231	530,492	401,297	465,356	53,934	65,136
Mobile Home lease	2,397,196	2,292,041	2,766,528	2,730,922	(369,332)	(438,881)
Totals	\$ 22,268,059	\$ 21,650,209	\$ 23,014,871	\$ 23,235,090	\$ (746,812)	\$ (1,584,881)

**Program Costs VS Program Revenues
Business-Type Activities**



Financial Analysis of the City's Funds

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

Governmental Funds

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

As noted earlier, the City has implemented GASB Nos. 68 and 71 during the fiscal year 14/15, which had a significant impact on the City's financial statements. However, it is important to note that the implementation of

GASB Nos. 68 and 71 had no impact on the governmental fund financial statements, which continue to report expenditures equal to amount of the actuarially determined contribution.

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$30.7 million, an increase of \$2.8 million compared to the prior fiscal year. The following fund balances are considered to be either non-spendable or restricted for the City:

- \$8.1 million for long-term advances
- \$60,173 for inventories
- \$50,829 for prepaid items
- \$8.9 million for special revenue and capital projects funds.

The General Fund is the chief operating fund of the City and, as of June 30, 2015, had a total fund balance of \$14.5 million, which increased by \$0.1 million from last year. The General Fund had no assigned fund balance and its unassigned balance was \$6.3 million which represents approximately 16.9% of the FY 14/15 amended General Fund expenditure budget. The General Fund ended the year with \$3.4 million in operating surplus primarily due to significant increase in home values, savings from vacancy positions, various one-time reimbursements, along with other factors. At Council direction, \$2.1 million of the surplus was transferred to the Capital Projects Fund to fund various capital projects including the upcoming construction of the new City Hall. The remaining of the surplus was transferred to special revenue funds, debt service fund, and internal service funds.

The fund balance of Child Development Special Revenue Fund increased very slightly. This special revenue fund is generally operated on a reimbursement basis; therefore, revenues and expenditures in any given year are substantially the same unless there are reimbursement costs that are not collected within availability period. The fund balance in Child Development Fund is restricted for community services function by the funding agency.

For fiscal year ended June 30, 2015, the City's general Capital Projects Fund balance increased by \$1.4 million, due to a transfer in of \$2.1 million for current and potential capital projects including the future construction of the new City Hall. 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 and receipt of those funds to design and build the projects.

Proprietary Funds

The City's Proprietary Funds presented in the Fund Financial Statements section basically provide the same type of information in the Government-wide Financial Statements, but include individual fund information. Generally, the operation of an enterprise fund is designed to generate enough revenue through fees and charges to fund current operation as well as future infrastructures such as water mains, sewer connection lines, etc. Therefore, annual surplus from normal operation is expected.

At fiscal year-end, net position for the Water Enterprise Fund grew by \$1.7 million due to operating income in the fund. Although the total water consumption decreased by 3.4% due to the impact of the mandatory water conservation regulation, the fund continued to generate sufficient revenues from water sales to cover operating expenses, meet debt service requirements as well as building a reserve for future projects.

The current utility rates of the Sewer Enterprise Fund are designed to operate at a break even or slight loss because of substantial reserve built up in the fund for a past few years. As expected, the ending net position of the fund decreased slightly by \$0.3 million.

The Housing Authority's net position remained virtually unchanged over the course of FY 14/15.

General Fund Budgetary Highlights

The City's Finance Department monitors revenues during the year and updates estimated revenue figures when new information is available. At fiscal year-end, essentially all revenue sources had met or outperformed budget estimates except for licenses and permits which performed 0.9% below budget estimates. Property taxes ended the year 6.6% above budget estimates, due to a significant increase in home values all across California especially in Orange County. Sales tax and transaction tax ended the year 3.0% above budget estimates. The increase in sales and transaction tax revenues is reflective of a growing economy.

Overall revenues exceeded budget estimates by \$2.5 million, primarily due to increases in charges for services, fines and forfeitures, and intergovernmental revenues which reflects the increase in residential and commercial development activity as well as one-time grants from the State and non-profit organizations. When combined with expenditures, which were held below budget, the City realized a surplus of \$3.2 million. This year-end surplus was transferred, at Council direction, to capital projects fund and internal service funds.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the City had recorded an investment of over \$229.1 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.

**TABLE 5
CAPITAL ASSETS AT YEAR-END**

	Governmental Activities		Business-Type Activities		Private-Purpose Trust		Total	
	<u>FY 14/15</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 13/14</u>
Land	\$8,426,783	\$8,426,783	\$12,800,000	\$12,800,000	\$1,387,022	\$1,387,022	\$22,613,805	\$22,613,805
Land improvements	6,968,404	6,968,404	-	-	-	-	6,968,404	6,968,404
Buildings and improvements	17,218,948	17,210,968	5,141,477	5,141,477	3,051,338	3,051,338	25,411,763	25,403,783
Improvements other than buildings	1,133,296	1,133,296	253,490	253,490	-	-	1,386,786	1,386,786
Machinery and equipment	8,090,630	7,765,371	1,704,504	1,721,694	-	-	9,795,134	9,487,065
Autos and trucks	4,494,016	4,434,529	230,464	257,402	-	-	4,724,480	4,691,931
Infrastructure	86,923,190	83,470,007	66,210,239	64,936,455	3,971,268	3,971,268	157,104,697	152,377,730
Construction in progress	1,093,404	3,467,940	25,798	-	-	-	1,119,202	3,467,940
(Less accumulated depreciation)	(53,432,144)	(49,552,135)	(29,029,462)	(27,561,995)	(1,511,643)	(1,302,983)	(83,973,249)	(78,417,113)
TOTALS	\$80,916,527	\$83,325,163	\$57,336,510	\$57,548,523	\$6,897,985	\$7,106,645	\$145,151,022	\$147,980,331

Governmental Capital Assets, before accumulated depreciation, increased by \$1.5 million over the prior year. The increase was attributed, in part to various citywide street and road rehabilitation projects, sidewalk/storm drain improvements, handicap access ramps and traffic signal improvements. Business-Type Capital Assets, before accumulated depreciation, increased by \$1.3 million over the prior year. The increase was mainly attributed to \$1.0 million of infrastructure improvements in the water fund.

Long-Term Debt

At year-end, the City had \$64.2 million in bonds, certificates of participation, loans, and leases payable, a decrease of \$2.3 million from last year, as shown in the table below. The Private-Purpose Trust activities are being reported to account for the custodial responsibilities assigned to the Successor Agency pursuant to the State of California's redevelopment agency dissolution law.

**TABLE 6
OUTSTANDING LONG-TERM DEBT AT YEAR-END**

	Governmental Activities		Business-Type Activities		Private-Purpose Trust Activities		Total	
	<u>FY 14/15</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 13/14</u>
Certificates of Participation	\$ 3,073,791	\$ 3,381,531	\$ 14,502,389	\$ 14,792,948	\$ -	\$ -	\$ 17,576,180	\$ 18,174,479
Tax Allocation Bonds	-	-	-	-	5,845,000	6,100,000	5,845,000	6,100,000
Special Tax Bonds	-	-	-	-	1,160,000	1,355,000	1,160,000	1,355,000
Notes Payable	286,780	340,405	-	-	-	-	286,780	340,405
Notes Payable (Howard's Appliance)	-	-	-	-	741,643	881,904	741,643	881,904
Loan Payable	342,831	432,476	-	-	-	-	342,831	432,476
Contract and Leases Payable	590,979	693,341	-	-	-	-	590,979	693,341
2010 Revenue Bonds	-	-	18,774,635	19,084,008	-	-	18,774,635	19,084,008
2013 Revenue Bonds	-	-	20,797,322	21,268,404	-	-	20,797,322	21,268,404
Unamortized loss on refunding	(209,002)	(238,165)	(1,675,731)	(1,631,423)	-	-	(1,884,733)	(1,869,588)
TOTALS	\$4,085,379	\$4,609,588	\$52,398,615	\$53,513,937	\$7,746,643	\$8,336,904	\$64,230,637	\$66,460,429

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

Economic Factors and Future Budgets and Rates

- The City's FY 14/15 net taxable property values totaled \$5.3 billion, approximately 13.0% more than five years ago, and it is 6.8% higher than FY 13/14.
- FY 15/16 CalPERS rates for the miscellaneous plan increases from 13.521% of payroll to 14.757% of payroll. For the public safety plan, CalPERS begins to collect employer contributions toward the unfunded liability and side fund as lump sum amounts instead of the prior method of blending the side fund in a contribution rate. The future contribution rate for FY 15/16 is 20.230% of payroll plus \$1,795,525 of unfunded liability.
- Projected FY 16/17 CalPERS rates for the miscellaneous plan will increase from 14.757% of payroll to 15.900% of payroll, and rates for public safety will increase from 20.230% of payroll plus \$1,795,525 to 21.300% of payroll plus \$2,069,124 of unfunded liability.
- The Consumer Price Index (CPI) for the Los Angeles/Riverside/Orange County Metropolitan Statistical Area for all urban consumers increased by 0.8 percent from June 2014 to June 2015.

These, among other factors, were considered in preparing the City of La Habra's General Fund budget for FY 15/16, which resulted in budgeted expenditures growing by 2.4% to \$38.3 million compared to the FY 14/15 amended budget of \$37.4 million.

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

- The anticipation that modest enterprise fund rate increases will continue to be necessary over the course of the fiscal year to maintain sufficient cash flow for operations, capital reserves, and debt service coverage requirements.
- Water consumption is anticipated to decline due to the mandatory water conservation regulation enforced by the State in April 2015. When combined with increases in utility rates, water sales revenue is expected to slightly decrease from the previous year.
- The continuing opportunity for the Utility Authority to purchase privately held Cal Domestic water shares and water rights in the San Gabriel Basin as they become available.

In preparing the budget for FY 14/15, management considered the possible impact that the State of California and the national economies will have on the City's budget. The State again adopted an on-time budget and its financial condition continues to improve. The improving condition of State finances is helping the City's own effort to sustain its local budget. In September 2015, The Governor signed Senate Bill 107, which contains significant changes to redevelopment dissolution laws and several unrelated items. Some of the impacts on the Successor Agency are an annual ROPS, a single county-wide oversight board, a 3% simple interest rate on redevelopment agency loan, and limitations on future legal expenses.

With the economy continuing its gradual recovery from the recession, key areas of growth are beginning to take shape. Residential and commercial development activity continue to show promise in La Habra, with several major projects either being proposed or in the initial phases of planning review and permitting. Residential property prices have recovered considerably since the depths of the recession and home sales are brisk. Growth in retail sales/transaction tax revenues have been on an upward trend each year since the low point in the FY 07/08 recession. This reflects favorably on the diversified mix of businesses within the City.

The FY 15/16 budget was adopted with an identified General Fund surplus of \$0.4 million. Property tax revenues are expected to grow by \$0.4 million or 4.5% during FY 15/16; sales/transaction tax revenues are expected to grow by approximately \$0.8 million or 5.4%. Property tax and sales/transaction tax combined constitute approximately three-quarters of the General Fund revenue base. If the economy continues to improve and local economic and property development activity continues to expand, these revenues should strengthen over time. This should allow for sufficient funding to provide funding for labor agreements, personnel costs, which include rising pension costs, operations, and maintenance costs, contractual agreements, funding for future equipment and vehicle replacement.

Contacting the City's Department of Finance and Administrative Services

This financial report is designed to provide our elected officials, residents, business owners, taxpayers, ratepayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it is entrusted with. If you have any questions about this report or need additional information, please contact the Department of Finance and Administrative Services, 201 E. La Habra Boulevard, La Habra, CA 90631. The Finance Department can also be reached at (562) 383-4050, or visit us online at "www.lahabraca.gov".



GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LA HABRA, CALIFORNIA
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 31,057,026	\$ 19,599,941	\$ 50,656,967
Cash and investments with fiscal agents	496,664	5,911,318	6,407,982
Accounts receivable, net	3,561,897	2,110,964	5,672,861
Interest receivable	54,657	28,353	83,010
Prepaid items	261,110	167,083	428,193
Due from other governments	6,694,838	7,092	6,701,930
Due from Successor Agency	5,037	-	5,037
Inventories	90,393	201,099	291,492
Total current assets	<u>42,221,622</u>	<u>28,025,850</u>	<u>70,247,472</u>
Noncurrent assets:			
Prepaid insurance cost	-	259,652	259,652
Land held for resale	-	115,000	115,000
Loans to Successor Agency	11,425,360	-	11,425,360
Investment in water rights stock	-	15,843,942	15,843,942
Capital assets:			
Not being depreciated	9,520,187	12,825,798	22,345,985
Being depreciated, net	71,396,340	44,510,712	115,907,052
Total noncurrent assets	<u>92,341,887</u>	<u>73,555,104</u>	<u>165,896,991</u>
Total assets	<u>134,563,509</u>	<u>101,580,954</u>	<u>236,144,463</u>
Deferred outflows of resources:			
Unamortized loss on refunding of debt	209,002	1,675,731	1,884,733
Pension contributions and difference in proportions	4,050,351	246,161	4,296,512
Total deferred outflows of resources	<u>4,259,353</u>	<u>1,921,892</u>	<u>6,181,245</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,687,721	1,596,770	4,284,491
Accrued liabilities	2,450,733	172,317	2,623,050
Deposits payable	-	247,850	247,850
Interest payable	51,921	594,828	646,749
Unearned revenue	387,014	13,862	400,876
Claims payable, current	1,313,456	-	1,313,456
Compensated absences, current	1,291,325	51,209	1,342,534
Long-term obligations, due within one year	586,639	1,050,000	1,636,639
Total current liabilities	<u>8,768,809</u>	<u>3,726,836</u>	<u>12,495,645</u>
Noncurrent liabilities:			
Postemployment benefit obligation	2,842,000	-	2,842,000
Claims payable	1,599,073	-	1,599,073
Compensated absences	3,013,093	119,486	3,132,579
Long-term obligations, due in more than one year	3,707,742	53,024,346	56,732,088
Pollution remediation liability	-	2,800,000	2,800,000
Net pension liability	43,737,241	2,038,797	45,776,038
Total noncurrent liabilities	<u>54,899,149</u>	<u>57,982,629</u>	<u>112,881,778</u>
Total liabilities	<u>63,667,958</u>	<u>61,709,465</u>	<u>125,377,423</u>
Deferred inflows of resources:			
Pension contributions and difference in pension investment earnings	12,777,724	774,876	13,552,600
Total deferred inflows of resources	<u>12,777,724</u>	<u>774,876</u>	<u>13,552,600</u>
Net position:			
Net investment in capital assets	77,327,812	22,780,994	100,108,806
Restricted for:			
Low-moderate income housing	386,809	-	386,809
Public safety	1,579,049	-	1,579,049
Public works	6,502,992	-	6,502,992
Community development	559,485	-	559,485
Community services	90,896	-	90,896
Pollution remediation	-	731,879	731,879
Unrestricted	(24,069,863)	17,505,632	(6,564,231)
Total net position	<u>\$ 62,377,180</u>	<u>\$ 41,018,505</u>	<u>\$ 103,395,685</u>

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA, CALIFORNIA
Statement of Activities
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 3,045,640	\$ 431,447	\$ 149,803	\$ -
Public safety	25,574,530	3,180,715	1,263,196	-
Public works	10,181,891	-	105,754	3,400,101
Community services	10,086,222	1,016,705	6,526,346	-
Community development	2,228,511	917,062	646,343	26,685
Interest on long-term debt	251,344	-	-	-
Total governmental activities	<u>51,368,138</u>	<u>5,545,929</u>	<u>8,691,442</u>	<u>3,426,786</u>
Business-type activities:				
Water	12,132,398	13,398,340	-	-
Sewer	1,908,300	1,627,871	-	-
Refuse	3,780,211	3,217,990	-	-
Housing Authority	1,594,723	1,602,845	-	-
Children's Museum	455,231	401,297	-	-
Mobile Home Lease	2,397,196	2,766,528	-	-
Total business-type activities	<u>22,268,059</u>	<u>23,014,871</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 73,636,197</u>	<u>\$ 28,560,800</u>	<u>\$ 8,691,442</u>	<u>\$ 3,426,786</u>

General revenues:

Taxes:

Property tax

Sales and use taxes

Transaction and use taxes

Franchise tax

Grants and contributions not restricted to specific programs

Income from property and investments

Other general revenues

Extraordinary loss

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as previously reported

Change in accounting principle

Net position, beginning of year, as restated

Net position, end of year

See Accompanying Notes to Financial Statements.

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

Governmental Activities	Business-type Activities	Total
\$ (2,464,390)	\$ -	\$ (2,464,390)
(21,130,619)	-	(21,130,619)
(6,676,036)	-	(6,676,036)
(2,543,171)	-	(2,543,171)
(638,421)	-	(638,421)
(251,344)	-	(251,344)
(33,703,981)	-	(33,703,981)
-	1,265,942	1,265,942
-	(280,429)	(280,429)
-	(562,221)	(562,221)
-	8,122	8,122
-	(53,934)	(53,934)
-	369,332	369,332
-	746,812	746,812
(33,703,981)	746,812	(32,957,169)
14,389,424	-	14,389,424
9,639,019	-	9,639,019
4,933,170	-	4,933,170
1,679,113	-	1,679,113
58,365	-	58,365
2,808,233	127,071	2,935,304
1,495,060	339,689	1,834,749
(257,567)	-	(257,567)
60,000	(60,000)	-
34,804,817	406,760	35,211,577
1,100,836	1,153,572	2,254,408
114,078,586	42,496,103	156,574,689
(52,802,242)	(2,631,170)	(55,433,412)
61,276,344	39,864,933	101,141,277
\$ 62,377,180	\$ 41,018,505	\$ 103,395,685



FUND FINANCIAL STATEMENTS



CITY OF LA HABRA, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds		
	General	Child Development Special Revenue Fund	Other Capital Projects Capital Projects Fund
Assets:			
Cash and investments	\$ 6,461,963	\$ -	\$ 7,326,079
Accounts receivables	3,556,041	1,864	-
Interest receivables	27,172	-	2,965
Prepaid items	50,829	-	-
Due from other funds	3,031,314	-	-
Due from other governments	50,981	608,997	26,685
Due from Successor Agency	5,037	-	-
Loans to Successor Agency	10,703,188	-	-
Inventories	60,173	-	-
Total assets	<u>\$ 23,946,698</u>	<u>\$ 610,861</u>	<u>\$ 7,355,729</u>
Liabilities, Deferred inflows of resources, and Fund balances:			
Liabilities:			
Accounts payable	\$ 992,861	\$ 243,116	\$ 95,006
Accrued liabilities	2,025,406	152,116	1,090
Due to other funds	-	76,090	-
Advances from other funds	3,090,000	-	-
Unearned revenues	130,064	135,149	-
Total liabilities	<u>6,238,331</u>	<u>606,471</u>	<u>96,096</u>
Deferred inflows of resources:			
Unavailable revenues	<u>3,205,741</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>3,205,741</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	8,169,482	-	-
Restricted	-	4,390	-
Assigned	-	-	7,259,633
Unassigned	6,333,144	-	-
Total fund balances	<u>14,502,626</u>	<u>4,390</u>	<u>7,259,633</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,946,698</u>	<u>\$ 610,861</u>	<u>\$ 7,355,729</u>

See Accompanying Notes to Financial Statements.

Other Nonmajor Funds	Total Governmental Funds
\$ 6,645,124	\$ 20,433,166
1,040	3,558,945
9,688	39,825
-	50,829
-	3,031,314
5,987,460	6,674,123
-	5,037
722,172	11,425,360
-	60,173
\$ 13,365,484	\$ 45,278,772

\$ 982,292	\$ 2,313,275
191,326	2,369,938
2,955,224	3,031,314
-	3,090,000
121,801	387,014
4,250,643	11,191,541

184,454	3,390,195
184,454	3,390,195

-	8,169,482
8,930,387	8,934,777
-	7,259,633
-	6,333,144
8,930,387	30,697,036

\$ 13,365,484	\$ 45,278,772
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CITY OF LA HABRA, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Total fund balances, governmental funds \$ 30,697,036

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	\$ 126,297,003	
Accumulated depreciation	<u>(47,530,357)</u>	78,766,646

Internal service funds are used by management to charge the costs of certain activities, such as risk management and fleet management, to individual funds. The assets and liabilities of the internal service funds, other than certain assets and liabilities of the Civic Improvement Authority which are business-activity related, are included in governmental activities in the statement of net position. 7,709,715

Certain receivables are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds. However, these revenues are reported in the governmental activities. 3,390,195

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	\$ (342,831)	
Energy capital lease	(590,979)	
Notes payable	(286,780)	
Compensated absences	(3,013,093)	
Net OPEB obligation	(2,842,000)	
Net pension liability and related deferred inflows of resources and deferred outflows of resources	<u>(51,110,729)</u>	<u>(58,186,412)</u>

Net position of governmental activities \$ 62,377,180

See Accompanying Notes to Financial Statements.



CITY OF LA HABRA, CALIFORNIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds		
	General	Child Development Special Revenue Fund	Other Capital Projects Capital Projects Fund
Revenues:			
Property taxes and special assessments	\$ 14,389,424	\$ -	\$ -
Sales and use tax	9,654,374	-	-
Transaction and use tax	5,037,656	-	-
Franchise tax	1,660,284	-	-
Intergovernmental	154,210	5,993,382	26,685
Licenses and permits	907,478	-	-
Charges for services	4,816,594	26,209	-
Fines, forfeitures, and penalties	986,820	-	-
Use of money and property	2,059,638	272	23,033
Other revenues	273,181	-	-
Total revenues	<u>39,939,659</u>	<u>6,019,863</u>	<u>49,718</u>
Expenditures:			
Current:			
General government	2,772,072	-	-
Public safety	23,854,663	-	-
Public works	4,972,430	-	506,618
Community services	3,070,467	6,015,788	-
Community development	1,572,689	-	-
Capital outlay	98,772	-	174,266
Debt service:			
Principal retirement	192,007	-	-
Interest and other charges	45,726	-	-
Total expenditures	<u>36,578,826</u>	<u>6,015,788</u>	<u>680,884</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,360,833</u>	<u>4,075</u>	<u>(631,166)</u>
Other financing sources (uses):			
Transfers in	-	-	2,050,475
Transfers out	<u>(3,283,112)</u>	<u>-</u>	<u>(15,872)</u>
Total other financing sources (uses)	<u>(3,283,112)</u>	<u>-</u>	<u>2,034,603</u>
Net change in fund balances	77,721	4,075	1,403,437
Fund balances, beginning of year	<u>14,424,905</u>	<u>315</u>	<u>5,856,196</u>
Fund balances, end of year	<u>\$ 14,502,626</u>	<u>\$ 4,390</u>	<u>\$ 7,259,633</u>

See Accompanying Notes to Financial Statements.

Other Nonmajor Funds	Total Governmental Funds
\$ -	\$ 14,389,424
-	9,654,374
-	5,037,656
-	1,660,284
6,002,316	12,176,593
7,244	914,722
19,373	4,862,176
-	986,820
48,989	2,131,932
-	273,181
6,077,922	52,087,162
2,878	2,774,950
903,311	24,757,974
659,413	6,138,461
598,229	9,684,484
626,510	2,199,199
1,985,525	2,258,563
53,625	245,632
15,012	60,738
4,844,503	48,120,001
1,233,419	3,967,161
98,509	2,148,984
-	(3,298,984)
98,509	(1,150,000)
1,331,928	2,817,161
7,598,459	27,879,875
\$ 8,930,387	\$ 30,697,036

CITY OF LA HABRA, CALIFORNIA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds: \$ 2,817,161

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 outlays exceeded depreciation expense in the current period.

Capital outlay	\$ 2,258,563	
Capital outlay not capitalized, therefore reclassified to expense	(672,963)	
Depreciation expense	<u>(3,832,461)</u>	(2,246,861)

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 position. This amount is the net effect of these differences in the treatment of long-term liabilities and related items.

Debt service - principal	\$ 245,632	
Increase in compensated absences	(245,195)	
Increase in OPEB obligation	(668,000)	
Decrease in pension liability	<u>304,059</u>	(363,504)

Some revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds. 323,285

Internal service funds are used by management to charge the costs of certain activities, such as risk management and fleet management, to individual funds. The net expense of the internal service funds is reported with governmental activities. 237,108

Extraordinary gain from the dissolution of former redevelopment agency 333,647

Change in net position of governmental activities \$ 1,100,836

See Accompanying Notes to Financial Statements.



CITY OF LA HABRA, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Assets:			
Current assets:			
Cash and investments	\$ 6,222,798	\$ 3,652,706	\$ 2,802,536
Accounts receivable, net	1,364,350	194,711	21,433
Interest receivable	8,875	5,561	4,241
Prepaid items	29,974	85,000	18,649
Due from other governments	-	-	-
Inventory	201,099	-	-
Total current assets	<u>7,827,096</u>	<u>3,937,978</u>	<u>2,846,859</u>
Noncurrent assets:			
Cash and investments with fiscal agents	4,810,250	-	1,101,068
Advances to other funds	-	-	1,200,000
Prepaid insurance costs	-	-	259,652
Investment in water rights stock	15,843,942	-	-
Land held for resale	-	-	115,000
Capital assets, net	36,201,052	4,527,442	12,876,943
Total noncurrent assets	<u>56,855,244</u>	<u>4,527,442</u>	<u>15,552,663</u>
Total assets	<u>64,682,340</u>	<u>8,465,420</u>	<u>18,399,522</u>
Deferred outflows of resources:			
Unamortized loss on refunding of debt	55,675	-	1,620,056
Pension contributions	140,607	56,728	-
Total deferred outflows of resources	<u>\$ 196,282</u>	<u>\$ 56,728</u>	<u>\$ 1,620,056</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			
Major Fund	Other Nonmajor Funds	Totals	Internal Service Funds
Refuse			
\$ 4,983,166	\$ 1,502,254	\$ 19,163,460	\$ 11,060,341
416,610	113,860	2,110,964	2,952
7,536	2,140	28,353	14,832
-	33,460	167,083	210,281
-	7,092	7,092	20,715
-	-	201,099	30,220
<u>5,407,312</u>	<u>1,658,806</u>	<u>21,678,051</u>	<u>11,339,341</u>
-	-	5,911,318	496,664
-	-	1,200,000	3,090,000
-	-	259,652	-
-	-	15,843,942	-
-	-	115,000	-
<u>385,475</u>	<u>3,345,598</u>	<u>57,336,510</u>	<u>2,149,881</u>
<u>385,475</u>	<u>3,345,598</u>	<u>80,666,422</u>	<u>5,736,545</u>
<u>5,792,787</u>	<u>5,004,404</u>	<u>102,344,473</u>	<u>17,075,886</u>
-	-	1,675,731	209,002
<u>16,956</u>	<u>31,870</u>	<u>246,161</u>	<u>129,805</u>
<u>\$ 16,956</u>	<u>\$ 31,870</u>	<u>\$ 1,921,892</u>	<u>\$ 338,807</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Statement of Net Position
Proprietary Funds (Continued)
June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Liabilities:			
Current liabilities:			
Accounts payable	\$ 1,099,434	\$ 114,908	\$ 15,011
Accrued liabilities	96,147	34,573	12,890
Accrued interest	356,188	-	238,640
Deposits payable	225,850	-	21,000
Unearned revenue	-	-	-
Claims payable, current	-	-	-
Certificates of participation, current	-	-	305,000
Water revenue bonds, current	745,000	-	-
Compensated absences, current	26,693	10,507	7,895
Total current liabilities	<u>2,549,312</u>	<u>159,988</u>	<u>600,436</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Claims payable, noncurrent	-	-	-
Certificates of participation, noncurrent	-	-	14,197,389
Water revenue bonds, noncurrent	38,826,957	-	-
Pollution remediation liability	-	-	-
Compensated absences, noncurrent	62,283	24,515	18,422
Net pension liability	1,164,557	469,841	-
Total noncurrent liabilities	<u>40,053,797</u>	<u>494,356</u>	<u>14,215,811</u>
Total liabilities	<u>42,603,109</u>	<u>654,344</u>	<u>14,816,247</u>
Deferred inflows of resources:			
Pension contributions and difference in pension investment earnings			
	442,607	178,570	-
Total deferred inflows of resources	<u>442,607</u>	<u>178,570</u>	<u>-</u>
Net position:			
Net investment in capital assets	13,426,801	4,527,442	1,095,678
Restricted	-	-	-
Unrestricted	8,406,105	3,161,792	4,107,653
Total net position	<u>\$ 21,832,906</u>	<u>\$ 7,689,234</u>	<u>\$ 5,203,331</u>

Adjustment to reflect consolidation of internal service fund activities to related enterprise funds
Net position of business-type activities

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds

<u>Major Funds</u>	<u>Other Nonmajor Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
<u>Refuse</u>			
\$ 334,088	\$ 33,329	\$ 1,596,770	\$ 374,446
7,679	21,028	172,317	80,795
-	-	594,828	51,921
-	1,000	247,850	-
13,862	-	13,862	-
-	-	-	1,313,456
-	-	305,000	325,000
-	-	745,000	-
3,061	3,053	51,209	1,291,325
<u>358,690</u>	<u>58,410</u>	<u>3,726,836</u>	<u>3,436,943</u>
-	1,200,000	1,200,000	-
-	-	-	1,599,073
-	-	14,197,389	2,748,791
-	-	38,826,957	-
2,800,000	-	2,800,000	-
7,142	7,124	119,486	-
140,439	263,960	2,038,797	1,075,088
<u>2,947,581</u>	<u>1,471,084</u>	<u>59,182,629</u>	<u>5,422,952</u>
<u>3,306,271</u>	<u>1,529,494</u>	<u>62,909,465</u>	<u>8,859,895</u>
53,376	100,323	774,876	408,602
<u>53,376</u>	<u>100,323</u>	<u>774,876</u>	<u>408,602</u>
385,475	3,345,598	22,780,994	2,149,881
731,879	-	731,879	-
1,332,742	60,859	17,069,151	5,996,315
<u>\$ 2,450,096</u>	<u>\$ 3,406,457</u>	<u>40,582,024</u>	<u>\$ 8,146,196</u>
		436,481	
		<u>\$ 41,018,505</u>	

CITY OF LA HABRA, CALIFORNIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Operating revenues:			
Water sales	\$ 12,990,292	\$ -	\$ -
Charges for services	158,048	1,627,871	1,593,978
Intergovernmental	250,000	-	8,867
Total operating revenues	<u>13,398,340</u>	<u>1,627,871</u>	<u>1,602,845</u>
Operating expenses:			
Water and materials	3,245,878	-	-
Contractual services	678,278	55,687	159,734
Wages and fringe benefits	1,684,985	612,701	135,726
Benefits and claims	-	-	-
Equipment and maintenance	438,461	125,682	203,864
Materials and supplies	228,264	23,529	-
Utilities	464,171	-	71,946
Depreciation	1,143,597	238,069	40,471
Administration	2,137,533	852,632	288,654
Provision for pollution remediation liability	-	-	-
Total operating expenses	<u>10,021,167</u>	<u>1,908,300</u>	<u>900,395</u>
Operating income (loss)	<u>3,377,173</u>	<u>(280,429)</u>	<u>702,450</u>
Nonoperating revenues (expenses):			
Interest income	32,883	23,396	32,510
Other nonoperating revenues	339,689	-	-
Gain on sale of asset	-	-	-
Gain (loss) on sale of investments	(36)	(1,093)	(59)
Interest expense	(2,111,231)	-	(694,328)
Total nonoperating revenues (expenses)	<u>(1,738,695)</u>	<u>22,303</u>	<u>(661,877)</u>
Income (loss) before transfers and extraordinary (loss)	1,638,478	(258,126)	40,573
Transfers in	145,502	-	-
Transfers out	(111,250)	(79,989)	-
Extraordinary loss	-	-	-
Change in net position	<u>1,672,730</u>	<u>(338,115)</u>	<u>40,573</u>
Net position, beginning of year, as previously reported	21,663,095	8,633,702	5,162,758
Change in accounting principle	(1,502,919)	(606,353)	-
Net position, beginning of year, as restated	<u>20,160,176</u>	<u>8,027,349</u>	<u>5,162,758</u>
Net position, end of year	<u>\$ 21,832,906</u>	<u>\$ 7,689,234</u>	<u>\$ 5,203,331</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds

<u>Major Fund</u>	<u>Other Nonmajor Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
<u>Refuse</u>			
\$ -	\$ -	\$ 12,990,292	\$ -
3,190,599	3,161,335	9,731,831	5,233,352
27,391	6,490	292,748	-
<u>3,217,990</u>	<u>3,167,825</u>	<u>23,014,871</u>	<u>5,233,352</u>
-	-	3,245,878	-
2,853,273	451,736	4,198,708	431,164
189,708	328,873	2,951,993	1,655,690
-	-	-	912,443
44,111	67,383	879,501	589,531
3,383	5,149	260,325	556,843
-	322,592	858,709	163,552
12,748	132,458	1,567,343	508,628
176,988	1,544,236	5,000,043	862,667
500,000	-	500,000	-
<u>3,780,211</u>	<u>2,852,427</u>	<u>19,462,500</u>	<u>5,680,518</u>
(562,221)	315,398	3,552,371	(447,166)
31,949	8,689	129,427	250,918
-	-	339,689	-
-	-	-	4,090
(745)	(423)	(2,356)	1,086
-	-	(2,805,559)	(190,606)
<u>31,204</u>	<u>8,266</u>	<u>(2,338,799)</u>	<u>65,488</u>
(531,017)	323,664	1,213,572	(381,678)
-	92,500	238,002	1,260,000
(106,763)	-	(298,002)	(50,000)
-	-	-	(591,214)
<u>(637,780)</u>	<u>416,164</u>	<u>1,153,572</u>	<u>237,108</u>
3,269,120	3,330,947	42,059,622	9,296,542
(181,244)	(340,654)	(2,631,170)	(1,387,454)
<u>3,087,876</u>	<u>2,990,293</u>	<u>39,428,452</u>	<u>7,909,088</u>
<u>\$ 2,450,096</u>	<u>\$ 3,406,457</u>	<u>\$ 40,582,024</u>	<u>\$ 8,146,196</u>

CITY OF LA HABRA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Cash flows from operating activities:			
Receipts from customers and users	\$ 13,825,318	\$ 1,647,924	\$ 574,947
Receipts from interfund services provided	-	-	1,031,698
Payments to suppliers	(5,530,043)	(123,398)	(298,009)
Payments for interfund services used	(2,161,846)	(929,537)	(409,548)
Payments for employees' salaries and benefits	(1,629,669)	(582,548)	(105,082)
Net cash provided by operating activities	<u>4,503,760</u>	<u>12,441</u>	<u>794,006</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(111,250)	(79,989)	-
Transfers from other funds	145,502	-	-
Receipts of advances to other funds	-	-	400,000
Payments of advances from other funds	-	-	-
Payment of due to other funds	-	-	(1,307)
Net cash provided by (used in) noncapital financing activities	<u>34,252</u>	<u>(79,989)</u>	<u>398,693</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(1,520,956)	(70,036)	-
Proceeds from sale of capital assets	-	-	-
Principal paid on capital debt	(735,000)	-	(300,000)
Interest paid on capital debt	(1,817,966)	-	(722,832)
Net cash used in capital and related financing activities	<u>(4,073,922)</u>	<u>(70,036)</u>	<u>(1,022,832)</u>
Cash flows from investing activities:			
Purchase of investments	(14,361)	(1,093)	(59)
Sales of investments	-	-	-
Interest on investments	34,858	25,312	33,481
Net cash provided by investing activities	<u>20,497</u>	<u>24,219</u>	<u>33,422</u>
Net increase (decrease) in cash and cash equivalents	484,587	(113,365)	203,289
Cash and cash equivalents, beginning of year	10,548,461	3,766,071	3,700,315
Cash and cash equivalents, end of year	<u>\$ 11,033,048</u>	<u>\$ 3,652,706</u>	<u>\$ 3,903,604</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds

<u>Major Fund</u>	<u>Other Nonmajor Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
<u>Refuse</u>			
\$ 3,204,149	\$ 3,007,640	\$ 22,259,978	\$ 66,015
27,391	227,861	1,286,950	5,860,558
(2,803,443)	(1,941,098)	(10,695,991)	(4,338,856)
(205,272)	(429,797)	(4,136,000)	(23,148)
(183,192)	(312,557)	(2,813,048)	(1,699,899)
<u>39,633</u>	<u>552,049</u>	<u>5,901,889</u>	<u>(135,330)</u>
(106,763)	-	(298,002)	-
-	92,500	238,002	1,210,000
-	-	400,000	310,000
-	(400,000)	(400,000)	-
-	-	(1,307)	-
<u>(106,763)</u>	<u>(307,500)</u>	<u>(61,307)</u>	<u>1,520,000</u>
-	(259,745)	(1,850,737)	(117,486)
-	-	-	4,090
-	-	(1,035,000)	(310,000)
-	-	(2,540,798)	(164,236)
<u>-</u>	<u>(259,745)</u>	<u>(5,426,535)</u>	<u>(587,632)</u>
(745)	(645)	(16,903)	(1,746)
-	222	222	2,954
34,079	9,427	137,157	253,404
<u>33,334</u>	<u>9,004</u>	<u>120,476</u>	<u>254,612</u>
(33,796)	(6,192)	534,523	1,051,650
5,016,962	1,508,446	24,540,255	10,505,355
<u>\$ 4,983,166</u>	<u>\$ 1,502,254</u>	<u>\$ 25,074,778</u>	<u>\$ 11,557,005</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 3,377,173	\$ (280,429)	\$ 702,450
Adjustments to Reconcile			
Operating Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation	1,143,597	238,069	40,471
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in receivables	431,278	20,053	(700)
(Increase) decrease in due from other governments	-	-	-
(Increase) decrease in inventory	(79,793)	-	-
(Increase) decrease in prepaid items	(14,325)	(85,000)	1,630
Increase (decrease) in accounts payable	(405,186)	89,595	15,011
Increase (decrease) in accrued liabilities	2,702	9,801	4,327
Increase (decrease) in deposits payable	(4,300)	-	4,500
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in claims liabilities	-	-	-
Increase (decrease) in pollution remediation liability	-	-	-
Increase (decrease) in compensated absences	88,976	35,022	26,317
Increase (decrease) in net pension liability and related deferred inflows and outflows of resources	(36,362)	(14,670)	-
Total adjustments	<u>1,126,587</u>	<u>292,870</u>	<u>91,556</u>
Net cash provided by operating activities	<u>\$ 4,503,760</u>	<u>\$ 12,441</u>	<u>\$ 794,006</u>
Noncash Capital and Related Financing Transactions			
Amortization of unamortized loss on refunding of debt	\$ 1,965	\$ -	\$ 64,372
Amortization of bond discount (premium)	(45,455)	-	9,441
Amortization of prepaid insurance cost related to bonds	-	-	10,317
Capital expenses funded by accounts payable	27,797	8,602	-

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			
Major Fund	Other Nonmajor Funds	Totals	Internal Service Funds
Refuse			
\$ (562,221)	\$ 315,398	\$ 3,552,371	\$ (447,166)
12,748	132,458	1,567,343	508,628
(312)	(31,051)	419,268	702,865
-	98,727	98,727	(9,644)
-	-	(79,793)	14,085
-	(634)	(98,329)	(210,160)
69,040	26,447	(205,093)	(775,677)
698	8,768	26,296	(8,686)
-	-	200	-
13,862	-	13,862	-
-	-	-	125,948
500,000	-	500,000	-
10,203	10,177	170,695	(1,954)
(4,385)	(8,241)	(63,658)	(33,569)
<u>601,854</u>	<u>236,651</u>	<u>2,349,518</u>	<u>311,836</u>
<u>\$ 39,633</u>	<u>\$ 552,049</u>	<u>\$ 5,901,889</u>	<u>\$ (135,330)</u>
\$ -	\$ -	\$ 66,337	\$ 29,163
-	-	(36,014)	2,260
-	-	10,317	-
-	-	-	229,367

CITY OF LA HABRA, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private-Purpose Trust Fund	Agency Fund
Assets:		
Current assets:		
Cash and investments	\$ 1,597,401	\$ 11,389,746
Cash and investments with fiscal agent	1,020,989	-
Interest receivable	-	17,260
Total current assets	2,618,390	11,407,006
Noncurrent assets:		
Land held for resale	2,720,000	-
Capital assets, net	6,897,985	-
Total noncurrent assets	9,617,985	-
Total assets	\$ 12,236,375	\$ 11,407,006
Liabilities:		
Current liabilities:		
Accounts payable	\$ 380,229	\$ 15,488
Accrued liabilities	3,808	15,075
Deposits	-	11,376,443
Due to City of La Habra	5,037	-
Notes payable	148,677	-
Bonds payable	470,000	-
Total current liabilities	1,007,751	11,407,006
Noncurrent liabilities:		
Loans due to City of La Habra	11,425,360	-
Notes payable	592,965	-
Bonds payable	6,535,000	-
Total noncurrent liabilities	18,553,325	-
Total liabilities	19,561,076	\$ 11,407,006
Net Position (Deficit):		
Held in trust for redevelopment dissolution	\$ (7,324,701)	

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA, CALIFORNIA
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2015

	Private-Purpose Trust Fund
Additions:	
Taxes	\$ 951,523
Other revenues	374,922
Total additions	1,326,445
Deductions:	
Program expenses	429,739
Administrative expenses	748,386
Interest and fiscal agency expenses	924,134
Total deductions	2,102,259
Extraordinary gain from dissolution of the redevelopment agency	257,567
Change in net position	(518,247)
Net Position (deficit) held in trust:	
Beginning of year	(6,806,454)
End of year	\$ (7,324,701)

See Accompanying Notes to Financial Statements.



NOTES TO FINANCIAL STATEMENTS

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements
June 30, 2015

(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 comprising water, sewer, housing authority, and refuse.

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

The La Habra Civic Improvement Authority (Authority) was formed by a joint exercise of powers agreement between the City and the former Redevelopment Agency of the City of La Habra (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 former Agency. Subsequent to the dissolution of the former Redevelopment Agency on February 1, 2012, the City of La Habra Housing Authority joined the Authority as a member on March 5, 2012. 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 Utility Authority of the City of La Habra (Utility Authority) was formed a joint exercise of powers agreement between the City and the former Redevelopment Agency of the City of La Habra on January 16, 2007, and began legal operation on July 1, 2007. The Utility Authority was formed by the City to maintain and operate the City's Water and Sewer systems. The Utility Authority is responsible for establishing utility rates, performing routine system maintenance, establishing and executing necessary capital improvement plans, purchasing and selling water, and performing other necessary utility system operations. Subsequent to the dissolution of the former Redevelopment Agency on February 1, 2012, the City of La Habra Housing Authority joined the Utility Authority as a member on March 5, 2012. Separately issued financial statements for the Utility Authority may be obtained through written request to the City Department of Finance.

Fiduciary Component Unit

The Successor Agency to the Redevelopment Agency of the City of La Habra (Successor Agency) is a separate legal entity, which was formed to hold the assets and liabilities of the former Redevelopment Agency pursuant to City Council actions taken on January 12, 2012. The activity of the Successor Agency is overseen by an Oversight Board comprised of

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

individuals appointed by various government agencies and the City as Successor Agency of the former Redevelopment Agency. The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is presented herein in the City's fiduciary fund statements as a private-purpose trust fund. Separate financial statements are not prepared for this component unit. See Note (3)(d) for further detail regarding the dissolution.

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not 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 as 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. 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, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues from property, sales and other taxes and fees to be available if they are collected within 60 days of the end of the current fiscal period; grant revenues are considered to be available if collected within 365 days of the end of the grant period; and other revenues are considered to be available if collected within 365 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other post-employment benefits (OPEB), claims and judgments are recorded only when payment is due.

The City has categorized the Other Capital Projects Fund and Sewer Enterprise Fund as major funds for public benefit reasons. The City believes that these judgmentally determined major funds are particularly important to the financial statement users.

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. Activities accounted for in the General Fund include operation of the City's general service departments; street and highway maintenance, public safety, parks and recreation programs are accounted for in this fund.

Child Development Special Revenue Fund

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

Other Capital Projects Fund

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

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.

Housing Authority Fund

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

Refuse Fund

The Refuse Fund accounts for all revenue and expenses of the refuse collection and disposal activity. Curbside collection service and transportation to a County of Orange sanitary landfill site is provided by a private contractor. User fees are collected to defray the contract, administration, billing and collection costs.

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 former Redevelopment Agency on September 14, 1982. Financing is mainly through the issuances of Certificates of Participation and Revenue Bonds used for the acquisition of equipment to be leased to the City. Additionally,

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

until the dissolution of the former Redevelopment Agency, the Authority had purchased real property which produced rental income until it was included in a redevelopment project.

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

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

The Other Post Employment Benefit Set-aside Fund accounts for set-aside money to fund future other post employment benefit other than pension.

Fiduciary fund types are accounted for on the accrual basis of accounting as are proprietary funds explained above. These types of funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. The City reports the following fiduciary funds, which are excluded from the government-wide financial statements:

a. Private-Purpose Trust Fund

The Private-Purpose Trust Fund accounts for the custodial responsibilities that are assigned to the Successor Agency pursuant to the California Assembly Bill X1 26 (Dissolution Act).

b. Agency Fund

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

(d) *Assets, Liabilities, and Net Position*

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 Governmental Accounting Standards Board (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.

The City owns approximately 30% and 56%, respectively, of the outstanding common stock and preferred stock of a mutual water company (investment in water rights stock) at June 30, 2015, and has valued this investment at cost as this stock does not have a readily determinable

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

value and does not meet the requirements of accounting under the equity method (see Note (2)(e)). Cost is the amount of the City's basis in an investment less any distributions. Investments at cost are analyzed for impairment to determine if events or changes in circumstances indicate the carrying amount of the investment may not be recoverable. An investment is impaired and a loss is recognized in the period when a decline in its fair value below the amortized cost basis is other than temporary. Investment gains and losses are recognized when the investment is sold. Investment earnings, including interest and dividends, are recognized in the period earned.

2. *Statement of Cash Flows*

For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all pooled cash and investments and cash with fiscal agents with an original maturity of three months or less. The City considers the cash and investment pool to be a demand deposit account where funds may be withdrawn and deposited at any time without prior notice or penalty.

3. *Receivables*

Interest receivable – The City accrues interest earned but not yet received.

Accounts receivable and due from other governments – These balances are comprised primarily of revenues that have already been earned but not yet received by the City as of June 30, 2015, from individual customers, private entities and government agencies. In addition, this includes accrued revenues due from other governmental agencies for expenditure driven types of grants whereby the City accrues grant revenues for expenditures incurred but not yet reimbursed by the grantors. Management determines the allowance for doubtful accounts by evaluating individual customer accounts for all balances over 60 days old. The allowance for doubtful accounts is adjusted at fiscal year end based on the amount equal to the annual uncollectible accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received. For non-utility accounts receivables, delinquent notices for 30 days are sent to customers with outstanding balances. After 60 days, accounts still outstanding are forwarded to a collection company.

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 allocable 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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

Activity between funds that is representative of lending/borrowing arrangements at the end of the fiscal year is referred to as “due to/from other funds” or “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statement of net position 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 the lower of cost or estimated net realizable value as determined upon the execution of a disposition and development agreement and is recorded in the City’s Low and Moderate Income Housing Assets capital projects fund, the Housing Authority enterprise fund, and the Successor Agency fiduciary fund.

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 applicable governmental or business-type activities columns in the government-wide financial statements and in the respective proprietary fund 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 the estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General, Special Revenue and Capital Project Funds and as assets in the government-wide financial statements to the extent the City’s capitalization threshold is met. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

<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. *Unearned Revenue*

Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

10. *Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Unamortized loss on refunding of debt reported in the government-wide statement of net position and proprietary statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

- Pension contributions subsequent to measurement date and adjustments due to difference in pension plan proportions related to the net pension liability in the government-wide statement of net position and proprietary statement of net position are reported as deferred outflows of resources until the next measurement date.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue/contra expense) until that time. The City has the following items that qualify for reporting in this category:

- Unavailable revenues reported on in the governmental funds balance sheet. The governmental funds report unavailable revenues from revenues that are not collected during the “availability period”. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Net differences between projected and actual earnings on plan investments related to the pension liability in the government-wide statement of net position and proprietary statement of net position. Projected vs. actual investment earnings identified during the measurement period are deferred and amortized as a component of pension expense in future periods.

11. 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 position. Bond premiums and discounts 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 expensed when incurred.

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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

12. Pensions

For purpose of measuring the net pension liability and deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s participation in the California Public Employees’ Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. 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 Director of Finance & Administrative Services and City Manager, may make transfers of appropriations within a department. Transfers of appropriations between departments within a fund must be approved by the City Manager. Transfers between funds must be approved by the City Council; therefore, the legal level of budgetary control is at the fund level. The council made several supplemental budgetary appropriations throughout the year.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as restricted, committed, or assigned fund balances and do not constitute expenditures or liabilities, because the commitments will be reappropriated and honored during the subsequent year.

14. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted and unrestricted for the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets, excluding unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

The following fund had a deficit at June 30, 2015:

Fund	Deficit Net Position
Fleet Management Internal Service Fund	\$ 313,117

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

The deficit net position in Fleet Management Fund is expected to be eliminated with future revenues and transfers.

15. Use of Estimates

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

16. Implementation of Pronouncements

The City has adopted and implemented the following GASB Statements during the year ended June 30, 2015:

- GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The implementation of this statement measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures relating to defined benefit pensions. As of July 1, 2014, the City adopted the provisions of GASB Statement No. 68 and decreased the beginning net position of the governmental activities and business-type activities in the amounts of \$56,357,273 and \$2,851,493 respectively to establish beginning net pension liability.
- GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations*. The implementation of this Statement did not impact the financial statements of the City during the year ended June 30, 2015.
- GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of this statement requires the City to recognize a beginning deferred outflow of resources for the pension contributions made subsequent to the measurement date of the beginning net pension liability (6/30/2013) but before the start of the current fiscal year (7/1/2014). As of July 1, 2014, the City adopted the provisions of GASB Statement No. 71 and increased the beginning net position of the governmental activities and business-type activities in the amounts of \$3,555,031 and \$220,323 respectively to establish beginning deferred outflow of resources.

The effects on the City’s net position at July 1, 2014, due to the implementation of GASB No. 68 and 71 are summarized as follows:

Governmental Activities:

Net position at July 1, 2014, as previously reported	\$ 114,078,586
Net pension liability adjustment	(52,802,242)
Net position at July 1, 2014, as restated	\$ 61,276,344

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

Business-type Activities:

Net position at July 1, 2014, as previously reported	\$ 42,496,103
Net pension liability adjustment	(2,631,170)
Net position at July 1, 2014, as restated	<u>\$ 39,864,933</u>

Water Enterprise Fund:

Net position at July 1, 2014, as previously reported	\$ 21,663,095
Net pension liability adjustment	(1,502,919)
Net position at July 1, 2014, as restated	<u>\$ 20,160,176</u>

Sewer Enterprise Fund:

Net position at July 1, 2014, as previously reported	\$ 8,633,702
Net pension liability adjustment	(606,353)
Net position at July 1, 2014, as restated	<u>\$ 8,027,349</u>

Refuse Enterprise Fund:

Net position at July 1, 2014, as previously reported	\$ 3,269,120
Net pension liability adjustment	(181,244)
Net position at July 1, 2014, as restated	<u>\$ 3,087,876</u>

Nonmajor Enterprise Fund:

Net position at July 1, 2014, as previously reported	\$ 3,330,947
Net pension liability adjustment	(340,654)
Net position at July 1, 2014, as restated	<u>\$ 2,990,293</u>

Internal Service Funds:

Net position at July 1, 2014, as previously reported	\$ 9,296,542
Net pension liability adjustment	(1,387,454)
Net position at July 1, 2014, as restated	<u>\$ 7,909,088</u>

17. Pronouncements Issued but Not Yet Adopted

GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City, except that GASB Statement No. 75 will have an effect on the City's net position; however, management has not calculated that effect.

- GASB Statement No. 72 – *Fair Value measurement and Application*. The provisions of this Statement are effective for fiscal years ending June 30, 2016.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

- GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions of this Statement are effective for fiscal years ending June 30, 2016.
- GASB Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions of this Statement are effective for fiscal years ending June 30, 2017.
- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of this Statement are effective for fiscal years ending June 30, 2018.
- GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of this Statement are effective for fiscal years ending June 30, 2016.
- GASB Statement No. 77 – *Tax Abatement Disclosures*. The provisions of this Statement are effective for fiscal years ending June 30, 2017.

(2) DETAILED NOTES ON ALL FUNDS

(a) Cash and Investments

Cash and investments at June 30, 2015, consist of the following:

Statement of net position:

Cash and investments	\$ 50,656,967
Cash and investments with fiscal agents	6,407,982

Fiduciary funds:

Cash and investments	12,987,147
Cash and investments with fiscal agents	1,020,989

Total	\$ 71,073,085
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Cash and investments at June 30, 2015 are classified as follows:

Petty cash	\$ 2,730
Deposits with financial institutions	18,267,332
Investments:	
City pool	45,374,052
Held by fiscal agent	7,428,971
Total cash and investments	\$ 71,073,085

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

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%	35% *
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 Mutual Funds	N/A	20%	10%*
Local Agency Investment Fund (LAIF)	N/A	100%	\$50 million per account

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

- U.S. Agency Obligations – The California Government Code allows a city to invest 100% of its portfolio in a single issuer of this investment type.
- Bankers' Acceptance – The California Government Code allows a city to invest up to 40% of its portfolio and up to 30% in a single issuer.
- Commercial Paper – The California Government Code allows a city to invest up to 10% of its portfolio in in a single issuer.
- Negotiable CDs – The California Government Code allows a city to invest up to 30% of its portfolio and up to 30% in a single issuer.
- Repurchase Agreements – The California Government Code allows a city to invest in repurchase agreements with a maximum maturity of 92 days.
- Medium Term Notes – The California Government Code allows a city to invest up to 30% of its portfolio and up to 30% in a single issuer.
- Money Market Mutual Funds – The California Government Code does not have an investment limitation in a single issuer.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

Investments Authorized by Debt Agreements

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

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

Interest Rate Risk

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

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

<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. Agency obligations	\$ 15,438,263	\$ 4,526,862	\$ 6,840,380	\$ 4,071,021
LAIF	14,711,500	14,711,500	-	-
U.S. Treasury obligations	10,658,483	901,922	4,894,456	4,862,105
Corporate medium-term notes	4,509,012	294,328	2,711,534	1,503,150
Money market mutual funds	56,794	56,794	-	-
Total	\$ 45,374,052	\$ 20,491,406	\$ 14,446,370	\$ 10,436,276

Credit Risk

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

<u>Investment Types</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Standard & Poor's Rating as of Year End (where applicable)</u>				
			<u>Exempt from Disclosure</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
U.S. Agency obligations	\$ 15,438,263	N/A	\$ -	\$ -	\$ 15,438,263	\$ -	\$ -
LAIF	14,711,500	Not Rated	-	-	-	-	14,711,500
U.S. Treasury obligations	10,658,483	N/A	10,658,483	-	-	-	-
Corporate medium-term notes	4,509,012	A	-	-	1,865,795	2,643,217	-
Money market mutual funds	56,794	AAA	-	56,794	-	-	-
	<u>\$ 45,374,052</u>		<u>\$ 10,658,483</u>	<u>\$ 56,794</u>	<u>\$ 17,304,058</u>	<u>\$ 2,643,217</u>	<u>\$ 14,711,500</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 is as follows:

<u>Issuer Name</u>	<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury obligations ⁽¹⁾	U.S. Treasury obligations ⁽¹⁾	\$ 10,658,483
U.S. Agency obligations	Federal National Mortgage Association	6,061,052
U.S. Agency obligations	Federal Home Loan Mortgage Corp.	4,583,642
U.S. Agency obligations	Federal Home Loan Bank	4,002,254
U.S. Agency obligations	Federal Farm Credit Bank	791,315

⁽¹⁾ Exempt from disclosure

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's deposits were not subject to custodial credit risk at June 30, 2015.

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

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

Cash and Investments Held by Fiscal Agents
(1998 Series A, B, and C COPs, 2000 Tax Allocation Bonds, 2010 Series A COPs, 2010 Revenue Bonds, and 2013 Revenue Bonds)

Investment Type	Reported Amount	Maturity	Rating
Money market mutual funds	\$ 6,689,511	Less than 1 year	AAA
Investment contracts:			
Westdeutsche Landesbank	395,460	9/1/2022	Not Rated
Negotiable Certificates of deposit	148,000	7/30/2015	Not Rated
Negotiable Certificates of deposit	98,000	7/7/2015	Not Rated
Negotiable Certificates of deposit	98,000	7/9/2015	Not Rated
	<u>\$ 7,428,971</u>		

Investment Contracts with Fiscal Agents

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

agreements expire September 1, 2022, at which time all unpaid principal will be remitted to the City. This investment is not insured.

Investment in State Investment Pool

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

The total amount invested by all public agencies in LAIF as of June 30, 2015, was \$21.5 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2015, had a balance of \$69.6 billion, of that amount, 2.08% was invested in medium-term and short-term structured notes and asset-backed securities. At June 30, 2015, these investments matured in an average of 239 days.

(b) *Receivables*

Receivables of the City as of June 30, 2015, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts receivable:			
Property taxes	\$ 139,376	\$ -	\$ 139,376
Sales taxes	2,241,912	-	2,241,912
Water sales	-	1,418,217	1,418,217
Sewer sales	-	194,711	194,711
Refuse sales	-	392,300	392,300
Franchise fees	438,686	-	438,686
Leases	-	86,819	86,819
Others	741,923	72,784	814,707
	<u>3,561,897</u>	<u>2,164,831</u>	<u>5,726,728</u>
Total accounts receivable			
Less allowance for uncollectible accounts	<u>-</u>	<u>(53,867)</u>	<u>(53,867)</u>
Total receivables	<u>\$ 3,561,897</u>	<u>\$ 2,110,964</u>	<u>\$ 5,672,861</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

(c) Interfund Receivables, Payables and Transfers

Due To and Due From

The composition of interfund balances as of June 30, 2015 is as follows:

Due To	Due From			Due from the City
	Child Development Special Revenue Fund	Nonmajor Governmental Funds	Totals	Successor Agency Private-Purpose Trust Fund
General Fund	\$ 76,090	\$ 2,955,224	\$ 3,031,314	\$ 5,037
Totals	<u>\$ 76,090</u>	<u>\$ 2,955,224</u>	<u>\$ 3,031,314</u>	<u>\$ 5,037</u>

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

Advances To and Advances From

The composition of interfund advances as of June 30, 2015 is as follows:

Advances From	Advances To		
	General Fund	Nonmajor Enterprise Funds	Totals
Housing Authority Enterprise Fund	\$ -	\$ 1,200,000	\$ 1,200,000
Internal Service Funds	<u>3,090,000</u>	<u>-</u>	<u>3,090,000</u>
Totals	<u>\$ 3,090,000</u>	<u>\$ 1,200,000</u>	<u>\$ 4,290,000</u>

- On July 1, 2003, the Housing Authority entered into a promissory note with the La Habra Mobile Home Lease Enterprise Fund in the amount of \$2,000,000 for necessary capital improvements at the two City owned Mobile Home parks. The repayment should be made from net rent and other revenues received by the Mobile Home Lease Enterprise Fund from its operation of the Mobile Home parks, as they become available. The current interest rate is 0%. At June 30, 2015, the outstanding balance of the advance was \$1,200,000.
- On September 15, 1998, the Authority issued the Certificates of Participation Series B and C in an aggregate amount of \$6,705,000. The certificates are payable from lease payments made by the General Fund to the Authority. The outstanding balance at June 30, 2015 is \$3,090,000.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

Interfund loans consist of loans as follows:

Loans to Successor Agency Private-Purpose Trust Fund	Loans due to City of La Habra
	Successor Agency Private-Purpose Trust Fund
General Fund	\$ 10,703,188
Nonmajor Governmental Funds	722,172
Totals	\$ 11,425,360

- As of June 30, 1992, the former Redevelopment Agency had borrowed an aggregate amount of \$5.7 million from the General Fund. From that date through September 1998, the balance of the advances, excluding unpaid interest of \$1,319,247, from the City totaled \$6,705,000, representing \$5,640,000 from the Series B Tax-Exempt Certificates and \$1,065,000 from the Series C Tax Certificates. On September 15, 1998, a loan agreement was entered into between the City and the former Redevelopment Agency whereby the former Redevelopment Agency would repay these advances in annual principal installments of between \$160,000 and \$455,000, plus interest of between 4.0% and 6.5%, maturing in 2022. In addition, any installment of principal or interest which was not paid when due would continue to accrue interest at 6.5% per annum. In October 2000, the agreement was amended to account for the former Redevelopment Agency's available cash flow, whereby the amount of the annual payments will be contingent upon the amount of the former Redevelopment Agency's available cash flow (i.e. the former Redevelopment Agency's ability to make scheduled payments). Outstanding amounts as of January 31, 2012, the date the former Redevelopment Agency was dissolved in accordance with California Assembly Bill X1 26 (AB X1 26), were transferred to the Successor Agency. At June 30, 2015, the outstanding balance of the advance was \$8,231,243. The total accrued interest included in the balance is \$2,172,763. See Note (3)(d) for further details regarding this loan.
- In August 2007, the General Fund advanced the former Redevelopment Agency \$2,000,000, at an interest rate of 9%, towards the purchase of a building and land. Outstanding amounts as of January 31, 2012, the date the former Redevelopment Agency was dissolved in accordance with AB X1 26, were transferred to the Successor Agency. In addition, the interest on the remaining principal amount of the loan was recalculated from origination of the loan at a simple interest rate of 3% in accordance with SB 107. At June 30, 2015, the outstanding balance of the advance was \$2,471,945. The total accrued interest included in the balance was \$471,945.
- As authorized by State Assembly Bill (AB) 26 4x, the former Redevelopment Agency suspended its required 20% set-aside deposit of total annual tax increment into the Low and Moderate Income Housing Set-Aside (LMIH) fund for fiscal year 2010. These funds were used to pay the former Redevelopment Agency's required supplemental Education Revenue Augmentation Fund (SERAF) obligation to the County. On January 31, 2012, the dissolution date of the former Redevelopment Agency, outstanding payable amounts were transferred to the Successor Agency and the related receivable was transferred to the Housing Successor's Low-Moderate Income Housing Assets capital projects fund. The interest on the remaining principal amount of the loan was recalculated from origination of the loan at a simple interest rate of 3% in accordance with

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

SB 107. At June 30, 2015, the outstanding balance of the advance was \$722,172, which included accrued interest of \$110,204.

Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2015, is as follows:

Transfers Out	Transfers In					Total
	Capital Projects Fund	Nonmajor Governme ntal Funds	Water Enterprise Fund	Nomajor Enterprise Funds	Internal Service Funds	
General Fund	\$ 2,050,475	\$ 82,637	\$ -	\$ -	\$ 1,150,000	\$ 3,283,112
Capital Projects Fund	-	15,872	-	-	-	15,872
Water Enterprise Fund	-	-	-	71,250	40,000	111,250
Sewer Enterprise Fund	-	-	48,739	16,250	15,000	79,989
Refuse Enterprise Fund	-	-	96,763	5,000	5,000	106,763
Internal Service Funds	-	-	-	-	50,000	50,000
	<u>\$ 2,050,475</u>	<u>\$ 98,509</u>	<u>\$ 145,502</u>	<u>\$ 92,500</u>	<u>\$ 1,260,000</u>	<u>\$ 3,646,986</u>

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

(d) Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2015:

	<u>Balance at July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2015</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,426,783	\$ -	\$ -	\$ 8,426,783
Construction in progress	3,467,940	998,458	3,372,994	1,093,404
Total capital assets not being depreciated	<u>11,894,723</u>	<u>998,458</u>	<u>3,372,994</u>	<u>9,520,187</u>
Capital assets being depreciated:				
Land improvements	6,968,404	-	-	6,968,404
Buildings and improvements	17,210,968	7,980	-	17,218,948
Improvements other than buildings	1,133,296	-	-	1,133,296
Machinery and equipment	7,765,371	629,743	304,484	8,090,630
Autos and trucks	4,434,529	216,083	156,596	4,494,016
Infrastructure	83,470,007	3,453,183	-	86,923,190
Total capital assets being depreciated	<u>120,982,575</u>	<u>4,306,989</u>	<u>461,080</u>	<u>124,828,484</u>
Less accumulated depreciation for:				
Land improvements	2,244,981	291,993	-	2,536,974
Buildings and improvements	7,749,114	413,513	-	8,162,627
Improvements other than buildings	933,293	5,270	-	938,563
Machinery and equipment	4,194,853	454,804	304,484	4,345,173
Autos and trucks	3,225,861	329,443	156,596	3,398,708
Infrastructure	31,204,033	2,846,066	-	34,050,099
Total accumulated depreciation	<u>49,552,135</u>	<u>4,341,089</u>	<u>461,080</u>	<u>53,432,144</u>
Total capital assets being depreciated, net	<u>71,430,440</u>	<u>(34,100)</u>	<u>-</u>	<u>71,396,340</u>
Governmental activities capital assets, net	<u>\$ 83,325,163</u>	<u>\$ 964,358</u>	<u>\$ 3,372,994</u>	<u>\$ 80,916,527</u>

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

Governmental activities:	
General government	\$ 71,252
Public safety	578,223
Public works	3,288,636
Community services	380,868
Community development	22,110
Total depreciation expense, Governmental Activities	<u>\$ 4,341,089</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,800,000	\$ -	\$ -	\$ 12,800,000
Construction in progress	-	25,798	-	25,798
Total capital assets not being depreciated	12,800,000	25,798	-	12,825,798
Capital assets being depreciated:				
Buildings and improvements	5,141,477	-	-	5,141,477
Improvements other than buildings	253,490	-	-	253,490
Machinery and equipment	1,721,695	55,747	72,938	1,704,504
Autos and trucks	257,402	-	26,938	230,464
Infrastructure	64,936,455	1,273,784	-	66,210,239
Total capital assets being depreciated	72,310,519	1,329,531	99,876	73,540,174
Less accumulated depreciation for:				
Buildings and improvements	4,750,322	60,672	-	4,810,994
Improvements other than buildings	262,462	(15,425) *	-	247,037
Machinery and equipment	654,353	98,099	72,938	679,514
Autos and trucks	193,251	18,056	26,938	184,369
Infrastructure	21,701,607	1,405,941	-	23,107,548
Total accumulated depreciation	27,561,995	1,567,343	99,876	29,029,462
Total capital assets being depreciated, net	44,748,524	(237,812)	-	44,510,712
Business-type activities capital assets, net	\$ 57,548,524	\$ (212,014)	\$ -	\$ 57,336,510

* The negative accumulated depreciation of \$15,425 represents the net of \$1,874 current year depreciation expense and \$17,299 adjustment due to over-depreciation of asset in the prior year.

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

Business-type activities:	
Water	\$ 1,143,597
Sewer	238,069
Housing Authority	40,471
Refuse	12,748
Children's Museum	5,562
Mobile Home Lease	126,896
Total depreciation expense, Business-type Activities	\$ 1,567,343

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015
Private-Purpose Trust Activities:				
Capital assets not being depreciated:				
Land	\$ 1,387,022	\$ -	\$ -	\$ 1,387,022
Total capital assets not being depreciated	1,387,022	-	-	1,387,022
Capital assets being depreciated:				
Buildings and improvements	3,051,338	-	-	3,051,338
Infrastructure	3,971,268	-	-	3,971,268
Total capital assets being depreciated	7,022,606	-	-	7,022,606
Less accumulated depreciation for:				
Buildings and improvements	228,852	76,284	-	305,136
Infrastructure	1,074,131	132,376	-	1,206,507
Total accumulated depreciation	1,302,983	208,660	-	1,511,643
Total capital assets being depreciated, net	5,719,623	(208,660)	-	5,510,963
Private-Purpose Trust Activities capital assets, net	<u>\$ 7,106,645</u>	<u>\$ (208,660)</u>	<u>\$ -</u>	<u>\$ 6,897,985</u>

(e) Investment in Water Rights Stock

The Utility Authority currently imports approximately 60% of its water from two major suppliers: California Domestic Water Company (Cal Domestic) and the Metropolitan Water District (MWD). Since October 2008, the Utility Authority has been purchasing shares of water rights stock from Cal Domestic to secure the purchase of water at a discounted rate known as an “entitlement” rate each year from the Main San Gabriel Basin. The Utility Authority owns two classes of stock: Capital Stock and Class A Preferred Stock. Currently, a share of Capital Stock represents the right to purchase approximately 1.55 acre feet (AF) of water and a share of Class A Preferred Stock represents the right to purchase 0.76 AF of water. At June 30, 2015, the Utility Authority owned 2,331.25 shares of Capital Stock and 912.85 shares of Class A Preferred Stock. The Utility Authority has valued its investment in water rights stock at approximately \$15.8 million, which represents cost and does not intend to sell its interest in Cal Domestic.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

(f) Long-Term Liabilities

The following is a summary of the changes in the long-term liabilities for the year ended June 30, 2015:

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015	Due within One Year
Governmental activities:					
Energy loan agreement	\$ 432,476	\$ -	\$ 89,645	\$ 342,831	\$ 93,189
Energy capital lease agreement	693,341	-	102,362	590,979	112,222
Note Payable (Lowell Joint School District)	340,405	-	53,625	286,780	56,228
Compensated absences *	4,061,177	2,330,725	2,087,484	4,304,418	1,291,325
Internal service funds included in governmental activities:					
1998 Certificates of Participation, Series B	2,820,000	-	260,000	2,560,000	270,000
1998 Certificates of Participation, Series C	580,000	-	50,000	530,000	55,000
Less unamortized discount	(18,469)	-	(2,260)	(16,209)	-
Total long-term debt of governmental activities	<u>\$ 8,908,930</u>	<u>\$ 2,330,725</u>	<u>\$ 2,640,856</u>	<u>\$ 8,598,799</u>	<u>\$ 1,877,964</u>
Business-type activities:					
Compensated absences	\$ -	\$ 258,686	\$ 87,992	\$ 170,694	\$ 51,208
2010 Refunding Certificates of Participation, Series A	15,040,000	-	300,000	14,740,000	305,000
2010 Revenue Bonds, Series A&B	18,845,000	-	300,000	18,545,000	300,000
2013 Revenue Bonds, Series A	20,210,000	-	435,000	19,775,000	445,000
	54,095,000	258,686	1,122,992	53,230,694	1,101,208
Add unamortized premium	1,297,412	-	45,455	1,251,957	-
Less unamortized discount	(247,052)	-	(9,441)	(237,611)	-
Total long-term debt of business-type activities	<u>\$ 55,145,360</u>	<u>\$ 258,686</u>	<u>\$ 1,159,006</u>	<u>\$ 54,245,040</u>	<u>\$ 1,101,208</u>
Private-purpose trust activities:					
1999 refunding special tax bonds	\$ 1,355,000	\$ -	\$ 195,000	\$ 1,160,000	\$ 205,000
2000 tax allocation bonds	6,100,000	-	255,000	5,845,000	265,000
Note Payable (Howard's Appliances)	881,904	-	140,261	741,643	148,677
Total long-term debt of private-purpose trust activities	<u>\$ 8,336,904</u>	<u>\$ -</u>	<u>\$ 590,261</u>	<u>\$ 7,746,643</u>	<u>\$ 618,677</u>

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

1. Governmental Activities

Energy Loan Agreement and Energy Capital Lease Agreement

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

To pay for these solutions, the City entered into a \$1,080,000 loan agreement and a separate \$1,273,390 capital lease agreement for the acquisition of buildings and improvements. The loan agreement is due in 27 semiannual installments of \$52,927, payments beginning on December 22, 2005. The capital lease agreement calls for 62 quarterly payments ranging from \$22,581 to \$38,999, ending on November 11, 2020. The City remitted a total of \$105,854 and \$131,879 for principal and interest on the loan and capital lease, respectively, during the year ended June 30, 2015. The debt service schedules of the loan and lease are as follows:

Fiscal Year Ending June 30	Energy Loan		Energy Capital Lease	
	Principal	Interest	Principal	Interest
2016	\$ 93,189	\$ 12,665	\$ 112,222	\$ 24,747
2017	96,938	8,916	122,689	19,523
2018	100,805	5,049	133,794	13,817
2019	51,899	1,028	145,573	7,600
2020	-	-	76,701	1,297
Totals	<u>\$ 342,831</u>	<u>\$ 27,658</u>	<u>\$ 590,979</u>	<u>\$ 66,984</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, 2015 was \$286,780. The debt service payments of the notes are as follows:

Fiscal Year Ending June 30	Notes Payable	
	Principal	Interest
2016	\$ 56,228	\$ 12,408
2017	58,958	9,679
2018	61,820	6,816
2019	64,821	3,815
2020	44,953	804
Totals	<u>\$ 286,780</u>	<u>\$ 33,522</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

1998 Certificates of Participation, Series B and C

On September 15, 1998, the Civic Improvement Authority issued Certificates of Participation, Series B and C (Refunding Certificates) in an aggregate amount of \$6,705,000 with variable and fixed interest rates ranging from 4% to 6.5% to advance refund \$5,105,000 of outstanding 1992 Tax Allocation Revenue Bonds (Refunding Bonds), with interest rates ranging from 4.75% to 7.6%. The certificates mature in various annual amounts through September 1, 2022, and are payable from lease payments made by the City to the Authority as defined in the lease agreement. Lease payments are to be paid by the City in each rental period for and in consideration of the right to use and occupy the properties during each such period. Pledged lease payment received during the year ended June 30, 2015, was \$474,235 and was used against the total debt service payments of \$474,235. The outstanding balance at June 30, 2015 was \$3,090,000. The debt service schedules of the Certificates of Participation are as follows:

Fiscal Year Ending June 30	COPs Series B		COPs Series C	
	Principal	Interest	Principal	Interest
2016	\$ 270,000	\$ 115,820	\$ 55,000	\$ 32,663
2017	285,000	102,706	55,000	29,088
2018	295,000	88,931	60,000	25,350
2019	310,000	74,563	65,000	21,288
2020	325,000	59,400	70,000	16,900
2021-2025	1,075,000	79,080	225,000	22,588
Subtotal	2,560,000	520,500	530,000	147,877
Unamortized discount	(13,594)	13,594	(2,615)	2,615
Total	<u>\$ 2,546,406</u>	<u>\$ 534,094</u>	<u>\$ 527,385</u>	<u>\$ 150,492</u>

2. *Business-Type Activities*

2010 Refunding Certificates of Participation, Series A

On March 25, 2010, the Housing Authority issued Certificates of Participation, Series A (Certificates) in an aggregate amount of \$15,910,000 with interest rates ranging from 1.00% to 5.25% to provide funds to refund on a current basis the outstanding 1998 Refunding Certificates of Participation, Series A (1998 Certificates), with interest rates ranging from 4% to 4.8%. The Certificates mature in varying annual amounts through September 1, 2040. Lease payments are to be paid by the city in each rental period for and in consideration of the right to use and occupy the properties during each such period. The outstanding balance at June 30, 2015 was \$14,740,000. The debt service schedules of the Certificates of Participation are as follows:

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

Fiscal Year Ending June 30	2010 COPs Series A	
	Principal	Interest
2016	\$ 305,000	\$ 716,019
2017	315,000	707,481
2018	325,000	697,272
2019	340,000	685,413
2020	350,000	672,038
2021-2025	2,005,000	3,112,874
2026-2030	2,550,000	2,568,250
2031-2035	3,285,000	1,830,856
2036-2040	4,270,000	845,250
2041-2044	995,000	26,119
Subtotal	14,740,000	11,861,572
Unamortized discount	(237,611)	237,611
Total	<u>\$ 14,502,389</u>	<u>\$ 12,099,183</u>

2010 Water Revenue Bonds, Series A and Series B

On December 1, 2010, the Utility Authority issued Water Revenue Bonds, Series A and B in an aggregate amount of \$19,675,000 with interest rates ranging from 2.00% to 7.55% to finance future capital improvements. The bonds mature in various annual amounts through November 2040 and are secured by a pledge of net income and revenues reported in the Water Enterprise Fund. Net revenue recognized during the year ended June 30, 2015, was \$4,832,127 against the total debt service payment of \$1,548,305. Principal is payable annually on each November 1, commencing November 1, 2011. Interest is payable semiannually on each May 1 and November 1, commencing May 1, 2011. The outstanding balance at June 30, 2015 was \$18,545,000.

2013 Water Revenue Bonds, Series A

On October 22, 2013, the Utility Authority issued \$20,210,000 of Water Revenue Bonds, Series 2013A and used the proceeds to 1) pay off the outstanding balance of the line of credit of \$11,931,781, 2) refund the Series 2003 Bonds (except the 2003 Bonds maturing on November 1, 2013 in the amount of \$180,000) in the amount of \$5,895,000, 3) finance additional improvements to the water system and, 4) pay the costs of issuance in connection with the issuance and sale of the Series 2013 Bonds. The bonds mature in various annual amounts through November 2043 and are secured by a pledge of net income and revenues reported in the Water Enterprise Fund. Net revenue recognized during the year ended June 30, 2014 was \$4,832,127 against the total debt service payment of \$1,344,350. Principal is payable annually on each November 1, commencing November 1, 2014. Interest is payable semiannually on each May 1 and November 1, commencing May 1, 2014 with interest rates ranging from 2.00% to 5.00%. The outstanding balance at June 30, 2015 was \$19,775,000.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

The debt service schedules of the Water Revenue Bonds are as follows:

Fiscal Year Ending June 30	2010 Water Revenue Bonds		2013 Water Revenue Bonds	
	Principal	Interest*	Principal	Interest
2016	\$ 300,000	\$ 1,239,305	\$ 445,000	\$ 898,325
2017	315,000	1,229,292	455,000	884,825
2018	330,000	1,217,180	465,000	868,700
2019	340,000	1,203,780	490,000	849,600
2020	355,000	1,189,880	505,000	832,225
2021-2025	2,035,000	5,764,950	2,915,000	3,774,125
2026-2030	2,570,000	5,158,200	3,725,000	2,950,450
2031-2035	3,760,000	4,030,063	4,195,000	2,049,356
2036-2040	6,935,000	1,966,990	3,295,000	1,212,547
2041-2044	1,605,000	60,613	3,285,000	324,766
Subtotal	18,545,000	23,060,253	19,775,000	14,644,919
Unamortized premium	229,635	(229,635)	1,022,322	(1,022,322)
Total	<u>\$ 18,774,635</u>	<u>\$ 22,830,618</u>	<u>\$ 20,797,322</u>	<u>\$ 13,622,597</u>

* Interest is before the Federal subsidy for the 2010 Water Revenue Bonds, Series B. The total expected subsidy is \$7,553,670 through 2041.

3. Private-Purpose Trust Activities

1999 Refunding Special Tax Bonds

On July 1, 1999, the Community Facilities District of the Agency issued 1999 Special Tax Bonds (Refunding Bonds) in the amount of \$3,185,000 at interest rates ranging from 4.25% to 6% to advance refund \$3,250,000 of outstanding 1990 Special Tax Bonds (Refunded Bonds) with interest rates ranging from 7% to 7.75%. The bonds are secured primarily by a pledge of all special tax revenues levied on taxable real property with the District. Special tax revenues are defined as the special taxes levied by the former Redevelopment Agency within the District. In addition, the former Redevelopment 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 \$1,342,100. Special tax revenue recognized during the year ended June 30, 2015 was \$287,443 as against the total debt service payments of \$270,450. The outstanding balance at June 30, 2015 was \$1,160,000. The debt service schedules of the Special Tax Bonds are as follows:

Fiscal Year Ending June 30	1999 Special Tax Bonds	
	Principal	Interest
2016	\$ 205,000	\$ 63,450
2017	220,000	50,700
2018	230,000	37,200
2019	245,000	22,950
2020	260,000	7,800
Totals	<u>\$ 1,160,000</u>	<u>\$ 182,100</u>

2000 Tax Allocation Bonds

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

On November 1, 2000, the former Redevelopment 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 former Redevelopment Agency. All tax increment revenues are the security for bonds. The total principal and interest remaining on the bonds is \$9,218,157 the approximate amount of revenue pledged. Pledged tax increment revenue recognized during the year ended June 30, 2015 was \$600,287 as against the total debt service payments of \$600,287. The outstanding balance at June 30, 2015 was \$5,845,000. The debt service schedules of the Tax Allocation Bonds are as follows:

Fiscal Year Ending June 30	2000 Tax Allocation Bonds	
	Principal	Interest
2016	\$ 265,000	\$ 331,146
2017	270,000	316,434
2018	230,000	302,569
2019	240,000	289,409
2020	255,000	275,421
2021-2025	1,620,000	1,116,019
2026-2030	1,700,000	625,038
2031-2035	1,265,000	114,122
Total	<u>\$ 5,845,000</u>	<u>\$ 3,370,158</u>

Notes Payable

On July 23, 2010, the former Redevelopment Agency purchased property from the Howard's Appliances, Inc. and issued a note payable in the amount of \$1,450,000. The note bears interest at 6.00% per annum and is secured by a deed of trust. The note payable calls for annual payments of \$193,176, including interest, and matures in June 2020. The outstanding balance at June 30, 2015 was \$741,643.

Fiscal Year Ending June 30	Notes Payable	
	Principal	Interest
2016	\$ 148,677	\$ 44,499
2017	157,598	35,578
2018	167,054	26,122
2019	177,077	16,099
2020	91,237	5,474
Totals	<u>\$ 741,643</u>	<u>\$ 127,772</u>

Upon the dissolution of the former Redevelopment Agency on January 31, 2012, the outstanding balances of the former Redevelopment Agency's obligations were transferred to the Successor

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

Agency. The future payments of these obligations are subject to the Recognized Obligation Payment Schedule (ROPS) review and approval process by the California Department of Finance (DOF).

(g) Fund Balances

Governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for government funds are made up of the following:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action (i.e., resolution or ordinance) of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally. There were no committed fund balances at June 30, 2014.
- Assigned Fund Balance – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council body by delegating the authority to assign amounts to be used for specific purposes.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In the General Fund, the City has designated \$1,629,512 as an operating reserve, in accordance with the City’s General Fund Operating Reserve Policy. This amount may only be used for one-time operating expenditures, upon authorization from the City Manager and approval by the City Council. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When both restricted and unrestricted resources are available for an incurred expenditure, it is the City’s policy to spend restricted resources first then unrestricted resources, as necessary. When unrestricted resources are available for incurred expenditures, it is the City’s policy to use committed amounts first, followed by assigned amounts and then unassigned amounts.

Fund balances for all the major and nonmajor governmental funds as of June 30, 2015, were distributed as follows:

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

	<u>General Fund</u>	<u>Child Development Special Revenue Fund</u>	<u>Other Capital Projects Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
Nonspendable:					
Prepaid items	\$ 50,829	\$ -	\$ -	\$ -	\$ 50,829
Loans to Successor Agency	8,058,480	-	-	-	8,058,480
Inventories	60,173	-	-	-	60,173
Restricted for:					
Child development	-	4,390	-	-	4,390
Street and road improvement	-	-	-	4,652,718	4,652,718
Park and capital development	-	-	-	1,776,024	1,776,024
Air quality improvement	-	-	-	55,330	55,330
Law enforcement	-	-	-	1,579,049	1,579,049
Housing and community development	-	-	-	160,505	160,505
Employment and training	-	-	-	31,176	31,176
Low-moderate income housing	-	-	-	386,809	386,809
Abandoned vehicles	-	-	-	288,776	288,776
Assigned for:					
Capital projects	-	-	7,259,633	-	7,259,633
Unassigned	6,333,144	-	-	-	6,333,144
Total fund balances	<u>\$ 14,502,626</u>	<u>\$ 4,390</u>	<u>\$ 7,259,633</u>	<u>\$ 8,930,387</u>	<u>\$ 30,697,036</u>

(3) OTHER INFORMATION

(a) Pension Plan

1. Summary of Pension Related Items

The following table shows the aggregate total of pension related items.

	<u>Miscellaneous Plan</u>	<u>Safety Plans</u>	<u>Total</u>
Net pension liability	\$ 14,003,860	\$ 31,772,178	\$ 45,776,038
Deferred outflows of resources related to pension	1,690,811	2,605,701	4,296,512
Deferred inflows of resources related to pension	5,322,371	8,230,229	13,552,600
Pension expense	1,253,554	2,094,915	3,348,469

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

2. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in either (1) the City’s Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers, or (2) the City’s Safety Plan, a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. They may be collectively referred to as the “Plans” or individually as a “Plan”. Benefit provisions under the Plans are established by State statute and City’s resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous Plan		
	Prior to 1/1/2012	Between 1/1/2012 and 12/31/2012	On or after 1/1/2013
Hire date			
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.00%	6.75%
Required employer contribution rates	13.521%	13.521%	13.521%
	Safety Plans		
	Prior to 1/1/2012	Between 1/1/2012 and 12/31/2012	On or after 1/1/2013
Hire date			
Benefit formula	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	9.00%
Required employer contribution rates	36.998%	21.463%	12.250%

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	<u>Misc</u>	<u>Safety *</u>	<u>Safety Tier II *</u>	<u>Safety PEPRA</u>
Inactive employees or beneficiaries currently receiving benefits	240	179	-	-
Inactive employees entitled to but not yet receiving benefits	367	71	1	-
Active employees	256	60	3	3
Total	<u>863</u>	<u>310</u>	<u>4</u>	<u>3</u>

* The plans are closed to new entrants.

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2014, the contributions to Miscellaneous and Safety Plans and the average employer’s contribution rate as a percentage of annual payroll were as follows:

<u>Plan</u>	<u>Employer Contributions</u>	<u>Employee (Paid by Employer) Contributions</u>	<u>Average Employer Contribution Rate (%)</u>
Miscellaneous	\$ 1,513,328	\$ 379,964	12.571%
Safety	1,877,732	300,186	34.808%
Safety Tier II	46,169	-	12.250%
Safety PEPRA	37,939	-	21.303%
Total	<u>\$ 1,961,840</u>	<u>\$ 300,186</u>	

3. Net Pension Liability and Changes in Net Pension Liability

The net pension liability of each of the Plans is measured as of June 30, 2014, using the actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures.

Miscellaneous Plan - The City’s net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan’s fiduciary net position and is determined on the same basis as that used by the plan.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

The following table shows the changes in the Net Pension Liability for the Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2014 ¹	\$ 85,899,449	\$ 66,313,444	\$ 19,586,005
Changes in the year:			
Service cost	1,961,553	-	1,961,553
Interest on the total pension liability	6,385,852	-	6,385,852
Changes of benefit terms	-	-	-
Difference between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Contribution - employer	-	1,513,328	(1,513,328)
Contribution - employee (paid by employer)	-	349,964	(349,964)
Contribution - employee	-	510,109	(510,109)
Net Investment income ²	-	11,556,149	(11,556,149)
Benefit payments, including refunds of employee contributions	(3,471,077)	(3,471,077)	-
Net changes	4,876,328	10,458,473	(5,582,145)
Balance at June 30, 2015 ¹	\$ 90,775,777	\$ 76,771,917	\$ 14,003,860

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense.

² Net of administrative expenses of \$83,334.

Safety Plans – As of June 30, 2015, the City reported net pension liabilities of \$31,762,317, \$9,667, and \$194, for proportionate shares of the net pension liability of Safety Plan, Safety Tier II Plan, and Safety PEPR Plan, respectively. The City's net pension liability for each of the Safety Plans is measured as the proportionate share of the net pension liability. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

The City's proportionate share of the net pension liability for each Safety Plan as of June 30, 2013 and 2014 was as follows:

	Safety		Safety Tier II		Safety PEPRAs	
	Amount	%	Amount	%	Amount	%
Proportion - June 30, 2013	\$ 39,609,702	0.82791%	\$ 12,801	0.00027%	\$ 257	0.00001%
Proportion - June 30, 2014	31,762,317	0.84677%	9,667	0.00026%	194	0.00001%
Change - Increase (Decrease)	\$ (7,847,385)	0.01886%	\$ (3,134)	-0.00001%	\$ (63)	0.00000%

Actuarial Assumptions – For the measurement period ended June 30, 2014, the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were based on the following actuarial methods and assumptions:

Valuation Date	6/30/2013
Measurement Date	6/30/2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return (1)	7.50%

(1) Net of pension plan investment and administrative expenses, including inflation

The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. Management has determined that the difference was deemed immaterial to the City's financial statements.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. The City will continue to evaluate the materiality of the difference in calculation until such time as the methodology has changed.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	<u>New Strategic Allocation</u>	<u>Real Return Years 1- 10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of each Plan, calculated using the discount rate for each Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

<u>Plan</u>	<u>Discount Rate - 1% (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>Discount Rate + 1% (8.5%)</u>
Miscellaneous	\$ 26,542,639	\$ 14,003,860	\$ 3,690,958
Safety	50,778,819	31,762,317	16,093,541
Safety Tier II	16,636	9,667	3,925
Safety PEPRAs	335	194	79

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

4. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expenses of \$1,253,554 and \$2,094,915 for Miscellaneous Plan and Safety Plans, respectively. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,690,812	\$ -
Net difference between projected and actual earnings on pension plan investments	-	5,322,372
Total	<u>\$ 1,690,812</u>	<u>\$ 5,322,372</u>
	<u>Safety Plans</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,058,943	\$ -
Net difference between actual contributions paid by the employer and proportionate share of contributions	-	633,169
Net difference between projected and actual earnings on pension plan investments	-	7,597,060
Adjustment due to differences in proportions	546,758	-
Total	<u>\$ 2,605,701</u>	<u>\$ 8,230,229</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

The City reported \$1,690,812 and \$2,058,943 as deferred outflows of resources related to contributions subsequent to the measurement date which, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Misc Plan Deferred Outflows/ (Inflows) of Resources	Safety Plan Deferred Outflows/ (Inflows) of Resources
2016	\$ (1,330,593)	\$ (1,930,125)
2017	(1,330,593)	(1,930,125)
2018	(1,330,593)	(1,923,958)
2019	(1,330,593)	(1,899,263)
Total	<u>\$ (5,322,372)</u>	<u>\$ (7,683,471)</u>

5. Payable to the Pension Plan

At June 30, 2015, the City reported payables of \$93,636 and \$114,023 for the outstanding amount of contributions to the pension Miscellaneous Plan and Safety Plans, respective, required for the year ended June 30, 2015.

(b) Postemployment Benefits

Plan Description

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

The City provides retiree medical benefits through the California Public Employees' Retirement System healthcare program (PEMHCA) administered by the CalPERS. The City contributes the PEMHCA minimum for eligible retirees and surviving spouses. The City additionally contributes \$200 monthly to two eligible Fire Union retirees until age 65. The City also provides full medical coverage for life under a special agreement to one annuitant and dependents. No dental, vision, or life insurance benefits are provided. As of June 30, 2014, the date of the most recent actuarial valuation available, plan membership consisted of 305 active participants and 243 retirees and beneficiaries, 74 of who are currently receiving benefits. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

There is no statutory requirement for the City to prefund its OPEB obligation. The City has currently chosen to pay plan benefits on a pay-as-you-go basis. There are no employee contributions. The Annual Required Contribution (ARC) is an amount actuarially determined in accordance with the

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

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. The benefit payment of \$284,000 for fiscal year 2014-15 comprised of \$132,000 cash payment for retiree healthcare plan benefits and \$152,000 implied subsidy. Implied subsidy is the value of benefits retirees receive in excess of the premium paid, due to blending with active employees.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 1,061,000
Interest on net OPEB obligation	87,000
Adjustment to annual required contribution	<u>(196,000)</u>
Annual OPEB cost (expense)	952,000
Contributions (benefit payments)	<u>(284,000)</u>
Increase in net OPEB obligation	668,000
Net OPEB obligation - beginning of year	<u>2,174,000</u>
Net OPEB obligation - end of year	<u><u>\$ 2,842,000</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2013 through 2015 are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2015	\$ 952,000	29.8%	\$ 2,842,000
6/30/2014	589,000	22.2%	2,174,000
6/30/2013	556,000	24.6%	1,716,000

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the plan's most recent actuarial valuation date was as follows:

Actuarial accrued liability (AAL)	\$ 9,350,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	9,350,000
Fund ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active Plan members)	20,885,000
UAAL as a percentage of covered payroll	44.8%

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

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

In addition to funding current year liabilities, the City has established an internal service fund to begin addressing its long-term unfunded OPEB liability and will annually add to this fund when funding becomes available. As of June 30, 2015, the City's OPEB internal service fund had unrestricted net position of approximately \$1,023,860.

Actuarial Methods and Assumption

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

In the June 30, 2014, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.00% 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 7.0% to 7.2% initially, which varies by the Medicare eligibility, reduced by decrements to an ultimate rate of 5.0% after 4 years, a 3% general inflation assumption and an annual PEMHCA minimum increase rate of 4.5% after 2017. The UAAL is being amortized as a level percentage of projected payroll over a 30 year fixed (closed) period with 24 years remaining, as of June 30, 2014.

(c) Commitments and Contingencies

1. Self-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The City established a self-insurance program, the Risk Management Fund, to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$750,000 for each miscellaneous claim, \$1,000,000 for each safety workers' compensation claim, and \$300,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. All funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of amounts needed to pay claims.

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year end. The accruals are in the amounts of \$2,209,563 and \$702,966 for the workers' compensation claims and general liability claims, respectively, and are reported as accrued liabilities on the Statement of Net Position in the Risk Management Internal Services Fund.

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

	Workers' Compensation	General Liability
Amounts of accrued claims at June 30, 2013	\$ 1,884,669	\$ 661,397
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	504,305	202,320
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	(433,893)	(32,217)
Amounts of accrued claims at June 30, 2014	1,955,081	831,500
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	898,862	13,581
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	(644,380)	(142,115)
Amounts of accrued claims at June 30, 2015	\$ 2,209,563	\$ 702,966
Due within one year	\$ 968,425	\$ 345,031
Due in more than one year	1,241,138	357,935
	\$ 2,209,563	\$ 702,966

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 former Redevelopment Agency entered into several Owner Participation Agreements with various business owners within the City. Generally, these agreements required that the former Agency remit to these businesses a portion of the sales tax revenue generated by their operations. However, one agreement required the former Agency to remit a percentage of the incremental property tax revenue earned by the former 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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

Most of the agreements provide for limits of the amount of tax that can be remitted back to the business owner.

On February 1, 2012, the Successor Agency assumed all responsibilities under the agreement. Future payments towards the purchase, if any, are requested through the semi-annual Redevelopment Property Tax Trust Fund (RPTTF) distribution process. The remaining number of years under the Owner Participation Agreements range from 2 to 4 years and the Successor Agency remitted approximately \$422,414 during the year ended June 30, 2015.

4. Contractual Commitments

The City was involved in contractual agreements for construction in progress. As of June 30, 2015, the remaining estimated costs for the contractual agreements are approximately \$5,806,296.

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 \$2,800,000, which includes the preliminary design and construction of a permanent landfill “cap.”

The City anticipates spending approximately \$70,000 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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

- Change in the remediation plan or operating conditions, including but not limited to type of equipment, facilities and services that will be used and price increases.
- Changes in technology.
- Changes in legal or regulatory requirements.

Recoveries

The City Council approved a settlement agreement with the County of Orange (County) 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, 2015, the City has expensed \$1,463,121 related to monitoring activities. \$2,800,000 of the remaining cash balance is off-set by a pollution remediation liability and \$731,879 is restricted for future annual monitoring expenses that will be incurred.

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

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

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

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

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

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2015

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

On November 14, 2014, the Successor Agency received a determination letter from the California Department of Finance (DOF) regarding the Successor Agency's Recognized Obligation Payments Schedule (ROPS 14-15B) which denied certain items related to payments on the 1998 Loan Agreement between the City and the former Redevelopment Agency in connection with the 1998 Certificates of Participation despite having been approved by the DOF on four previous ROPS. From November 2014 to June 2015, the City had several meet and confer meetings with the DOF including the special meeting with the Program Budget Manager to discuss the 1998 Loan Agreement. However, the DOF continued denying obligations related to the 1998 Loan Agreement in ROPS 14-15B and 15-16A. The City filed a petition with the Superior Court against the DOF regarding the 1998 Loan Agreement in October 2015.

On November 19, 2015, the Successor Agency received a determination letter from the DOF regarding ROPS 15-16B which approved principal and interest payments of the 1998 Loan Agreement as the enforceable obligations. However, the letter stated that certain obligations related to the 1998 Loan Agreement would be revised and permanently retired. The Successor Agency had a meet and confer with the DOF on December 3, 2015 to dispute the DOF's determination to "permanently retire" certain items on the ROPS.

The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City. No adjustments regarding this issue have been made to the financial statements as of June 30, 2015.

(e) Extraordinary Gain/ Loss

In the fiscal year 13/14, in accordance with Assembly Bill 1484, accumulated interest on the loans from the City to the former Redevelopment Agency was recalculated from origination at the interest rate earned by funds deposited into the LAIF, which had been below 1% for the last several years. Subsequently in fiscal year 14/15, Senate Bill 107 was implemented and interest on the loans were recalculated again from origination at 3% simple interest rate. This resulted in extraordinary loss in the Successor Agency fund of \$333,647. Meanwhile, the City wrote off \$591,214 loan to the former Redevelopment Agency that was deemed unenforceable by the DOF. As a result of these transactions, the Successor Agency reported a net extraordinary gain of \$257,567 as of June 30, 2015.

(4) SUBSEQUENT EVENT

- (a) On August 20, 2015, Moody's Investment Service has upgraded to Baa2 from Ba1 the Successor Agency's 2000 Tax Allocation Bonds.
- (b) On December 1, 2015, the Civic Improvement Authority issued a \$5,600,000 10-year term Lease Financing with Bank of the West in connection with the renovation of a site and structures to replace the existing City Hall. The interest equals to the sum of 70% of the LIBOR rate plus 0.50% per annum.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA HABRA, CALIFORNIA
Postemployment Healthcare Plan
Schedule of Funding Progress
June 30, 2015

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)}
June 30, 2010	\$ -	\$ 5,083,000	\$ 5,083,000	0%	\$ 15,908,000	32.0%
June 30, 2012	\$ -	\$ 5,879,000	\$ 5,879,000	0%	\$ 16,525,000	35.6%
June 30, 2014	\$ -	\$ 9,350,000	\$ 9,350,000	0%	\$ 20,885,000	44.8%

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA, CALIFORNIA
Agent Multiple-Employer Defined Benefit Miscellaneous Pension Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
As of June 30, 2015
Last 10 Years*

Measurement Period	<u>FY 2013-14</u>
Total Pension Liability	
Service cost	\$ 1,961,553
Interest on the total pension liability	6,385,852
Changes of benefit terms	-
Difference between actual and expected experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(3,471,077)</u>
Net change in total pension liability	4,876,328
Total pension liability - beginning	<u>85,899,449</u>
Total pension liability - ending	<u><u>\$ 90,775,777</u></u>
 Plan Fiduciary Net Position	
Contributions - employer	\$ 1,863,292
Contributions - employee	510,109
Net investment income	11,556,149
Benefit payments, including refunds of employee contributions	(3,471,077)
Other changes in fiduciary net position	-
Net change in plan fiduciary net position	<u>10,458,473</u>
Plan fiduciary net position - beginning	<u>66,313,444</u>
Plan fiduciary net position - ending	<u><u>\$ 76,771,917</u></u>
 Net pension liability - ending	<u><u>\$ 14,003,860</u></u>
 Fiduciary net position as a percentage of the total pension liability	84.57%
 Covered - employee payroll	\$ 13,061,735
 Net pension liability as percentage of covered-employee payroll	107.21%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation. Additional years will be presented as they become available.

CITY OF LA HABRA, CALIFORNIA
Agent Multiple-Employer Defined Benefit Miscellaneous Pension Plan
Schedule of Contribution
As of June 30, 2015
Last 10 Years*

	FY 2013-14	FY 2014-15
Actuarially determined contribution	\$ 1,615,274	\$ 1,721,095
Contributions in relation to the actuarially determined contributions	(1,513,328)	(1,690,812)
Contribution deficiency (excess)	\$ 101,946	\$ 30,283
Covered-employee payroll	\$ 13,061,735	\$ 13,294,007
Contributions as a percentage of covered-employee payroll	11.59%	12.72%

Notes to Schedule

Valuation dates: 6/30/2011 and 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	Level percent of payroll
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses: includes inflation.
Retirement age	CalPERS experience study for the period from 1997 to 2007.
Mortality	

The probabilities of mortality are based on the 2010 CalPERS experience study from the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using scale AA published by the Society of Actuaries.

* Fiscal year 2015 was the 1st year of implementation. Additional years will be presented as they become available.

CITY OF LA HABRA, CALIFORNIA
Cost Sharing Defined Benefit Safety Pension Plans
Schedule of the City's Proportionate Share of the Net Pension Liability
As of June 30, 2015
Last 10 Years*

Measurement Period	<u>FY 2013-14</u>
Safety Plan	
Proportion of the net pension liability	0.51045%
Proportionate share of the net pension liability	\$ 31,762,317
Covered - employee payroll	\$ 6,500,728
Proportionate share of the net pension liability as percentage of covered-employee payroll	488.60%
Proportionate share of the Fiduciary net position as a percentage of the total pension liability	77.63%
Safety Tier II Plan	
Proportion of the net pension liability	0.00016%
Proportionate share of the net pension liability	\$ 9,667
Covered - employee payroll	\$ 286,566
Proportionate share of the net pension liability as percentage of covered-employee payroll	3.37%
Proportionate share of the Fiduciary net position as a percentage of the total pension liability	81.42%
Safety PEPRA Plan	
Proportion of the net pension liability	0.00000%
Proportionate share of the net pension liability	\$ 194
Covered - employee payroll	\$ 371,297
Proportionate share of the net pension liability as percentage of covered-employee payroll	0.05%
Proportionate share of the Fiduciary net position as a percentage of the total pension liability	81.45%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation. Additional years will be presented as they become available.

CITY OF LA HABRA, CALIFORNIA
Cost Sharing Defined Benefit Safety Pension Plans
Schedule of Contribution
As of June 30, 2015
Last 10 Years*

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Safety Plan		
Actuarially determined contribution	\$ 2,195,284	\$ 2,238,315
Contributions in relation to the actuarially determined contributions	<u>(1,877,732)</u>	<u>(1,939,949)</u>
Contribution deficiency (excess)	<u>\$ 317,552</u>	<u>\$ 298,366</u>
Covered-employee payroll	\$ 6,500,728	\$ 6,217,587
Contributions as a percentage of covered-employee payroll	28.88%	31.20%
Safety Tier II Plan		
Actuarially determined contribution	\$ 51,880	\$ 43,180
Contributions in relation to the actuarially determined contributions	<u>(46,169)</u>	<u>(59,786)</u>
Contribution deficiency (excess)	<u>\$ 5,711</u>	<u>\$ (16,606)</u>
Covered-employee payroll	\$ 286,566	\$ 336,457
Contributions as a percentage of covered-employee payroll	16.11%	17.77%
Safety PEPRA Plan		
Actuarially determined contribution	\$ 39,441	\$ 63,631
Contributions in relation to the actuarially determined contributions	<u>(37,939)</u>	<u>(59,209)</u>
Contribution deficiency (excess)	<u>\$ 1,502</u>	<u>\$ 4,422</u>
Covered-employee payroll	\$ 371,297	\$ 603,989
Contributions as a percentage of covered-employee payroll	10.22%	9.80%

* Fiscal year 2015 was the 1st year of implementation. Additional years will be presented as they become available.



CITY OF LA HABRA, CALIFORNIA
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
			(See Note 2)	Positive (Negative)
Revenues:				
Property taxes and special assessments	\$ 13,495,815	\$ 13,495,815	\$ 14,389,424	\$ 893,609
Sales and use tax	9,557,688	9,557,688	9,654,374	96,686
Transaction and use tax	4,704,000	4,704,000	5,037,656	333,656
Franchise tax	1,564,000	1,564,000	1,660,284	96,284
Intergovernmental	60,000	60,000	154,210	94,210
Licenses and permits	915,500	915,500	907,478	(8,022)
Charges for services	4,319,341	4,319,341	4,816,594	497,253
Fines, forfeitures, and penalties	795,000	795,000	986,820	191,820
Use of money and property	2,037,442	2,037,442	2,059,638	22,196
Other revenues	-	-	273,181	273,181
Total revenues	<u>37,448,786</u>	<u>37,448,786</u>	<u>39,939,659</u>	<u>2,490,873</u>
Expenditures:				
Current:				
General government	3,412,970	3,412,970	3,082,072	330,898
Public safety	24,079,876	24,079,876	23,854,663	225,213
Public works	4,907,422	4,907,422	4,972,430	(65,008)
Community services	3,126,585	3,222,585	3,070,467	152,118
Community development	1,513,304	1,513,304	1,572,689	(59,385)
Capital outlay	-	-	98,772	(98,772)
Debt service:				
Principal	192,007	192,007	192,007	-
Interest expense	45,726	45,726	45,726	-
Total expenditures	<u>37,277,890</u>	<u>37,373,890</u>	<u>36,888,826</u>	<u>485,064</u>
Excess (deficiency) of revenues over expenditures	<u>170,896</u>	<u>74,896</u>	<u>3,050,833</u>	<u>2,975,937</u>
Other financial sources (uses):				
Transfers out	(68,637)	(68,637)	(3,283,112)	(3,214,475)
Total other financing sources (uses)	<u>(68,637)</u>	<u>(68,637)</u>	<u>(3,283,112)</u>	<u>(3,214,475)</u>
Net change in fund balance	102,259	6,259	(232,279)	(238,538)
Fund balance, beginning of year	<u>14,424,905</u>	<u>14,424,905</u>	<u>14,424,905</u>	<u>-</u>
Fund balance, end of year	<u>\$ 14,527,164</u>	<u>\$ 14,431,164</u>	<u>\$ 14,192,626</u>	<u>\$ (238,538)</u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA, CALIFORNIA
Child Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 6,123,621	\$ 6,123,621	\$ 5,993,382	\$ (130,239)
Charges for services	-	-	26,209	26,209
Use of money and property	-	-	272	272
	<u>6,123,621</u>	<u>6,123,621</u>	<u>6,019,863</u>	<u>(103,758)</u>
Total revenues				
Expenditures:				
Current:				
Community services	6,123,621	6,123,621	6,015,788	107,833
Capital outlay	-	-	-	-
	<u>6,123,621</u>	<u>6,123,621</u>	<u>6,015,788</u>	<u>107,833</u>
Total expenditures				
Net change in fund balance	-	-	4,075	4,075
Fund balance, beginning of year	<u>315</u>	<u>315</u>	<u>315</u>	<u>-</u>
Fund balance, end of year	<u>\$ 315</u>	<u>\$ 315</u>	<u>\$ 4,390</u>	<u>\$ 4,075</u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA, CALIFORNIA
Note to Required Supplementary Information
June 30, 2015

(1) Budgets and Budgetary Accounting

Annual budgets are adopted on a substantially modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at fiscal year end.

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

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

(a) Excess of Expenditures Over Appropriations

Fund	Amount Over Budget
Traffic Safety Special Revenue Fund	\$ 8,848
Low-Moderate Income Housing Assets Capital Projects Fund	1,377

(2) Explanation of Differences between Revenues, Expenditures, and Other Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and GAAP

Expenditures	General Fund
Actual amounts (budgetary basis) "expenditures" for the budgetary comparison schedules	\$ 36,888,826
Adjustments:	
Principal payment for Advances to Other Funds is reported as expenditure for budgetary purposes, but as a reduction of liability for GAAP reporting	(310,000)
Total expenditures for the General Fund on a GAAP basis of accounting	\$ 36,578,826



NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

State Gas Tax Fund

The State Gas Tax Fund accounts for revenue received as the City's share of state gasoline taxes and expenditures made for street maintenance and improvements. Revenue is subverted to the City under Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code. Expenditures are for street maintenance and engineering to the extent legally permitted, with the remainder allocated to construction projects.

Park and Capital Development Funds

These funds account for revenue derived from fees paid on all construction in the City pursuant to City Ordinance Nos. 950 and 1053. Expenditure of monies derived from residential construction is restricted to development and acquisition of parks and recreation facilities. Remaining resources are designated for capital projects to improve the community environment.

Air Quality Improvement Fund

This fund accounts for the implementation of Local Ordinance No. 14081 and California AB2766. Revenue consists of the City's pre-capita share of the new SCAQMD vehicle registration surcharge. Expenditures may be made only for mobile source emission reduction programs.

Law Enforcement Fund

The Law Enforcement Fund accounts for revenue received and expenditures made for the various federal, state, and local police grants such as asset seizure, Citizens' Option for Public Safety Program, etc.

Housing and Community Development Fund

The Housing and Community Development Fund accounts for revenue received and expenditures made for the community development and housing. As an entitlement jurisdiction, these activities are financed by grants received through the U.S. Department of Housing and Urban Development Block Grant Program.

Employment and Training Fund

This fund accounts for activities of various federal grant programs, including Workforce Investment Act, Temporary Aid to Needy Families and Welfare to Work. Under contract with the County of Orange, the City provided employment and training services to youth, adults and older workers in the northern part of Orange County and surrounding areas. The City has been an active provider of federally funded work-related services since 1972.

Measure M Special Revenue Fund

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

Public Safety Augmentation Fund

The Public Safety Augmentation Fund accounts for the additional one-half cent sales tax to be used for public safety expenditures.

Other Federal Grants Fund

The Other Federal Grant Fund accounts for revenue received and expenditures made for the various miscellaneous federal grants.

Traffic Safety Fund

The Traffic Safety Fund is used to account for financial resources to be used for various traffic safety projects. Financing is provided through state grants and traffic offender fees.

Service Authority for Abandoned Vehicles

The Service Authority for Abandoned Vehicles Fund accounts for the Orange County Transportation Authority's allocation of funds collected from annual vehicle registration fees to be used for keeping the streets clear of vehicles that have been abandoned.

Debt Service Fund

Other Debt Service Fund

To account for the accumulation of resources for, and the payment of, indebtedness of the City, excluding debt accounted for as proprietary fund debt. The debt service is financed through general city revenue.

Capital Projects Funds

Low and Moderate Income Housing Assets Fund

The Low and Moderate Income Housing Assets Fund, also known as Housing Successor, accounts for the housing assets which represent the former 20% set-aside of the tax allocations to the former Redevelopment Agency. This fund has been created after the dissolution of the former Redevelopment Agency in February 2012 pursuant to the California Health and Safety Code Section 34176. This fund must be used for the purpose of increasing or improvement of the community's supply of low and moderate income housing.



CITY OF LA HABRA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds		
	State Gas Tax	Park and Capital Development	Air Quality Improvement
Assets:			
Cash and investments	\$ 3,185,392	\$ 1,773,335	\$ 29,132
Cash and investments with fiscal agent	-	-	-
Accounts receivables	-	-	-
Interest receivables	4,644	2,689	-
Prepaid items	-	-	-
Due from other funds	-	-	-
Due from Successor Agency	-	-	-
Due from other governments	238,070	-	40,591
Loans to Successor Agency	-	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 3,428,106</u>	<u>\$ 1,776,024</u>	<u>\$ 69,723</u>
Liabilities:			
Accounts payable	\$ 107,429	\$ -	\$ 14,393
Accrued liabilities	6,134	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Total liabilities	<u>113,563</u>	<u>-</u>	<u>14,393</u>
Deferred inflows of resources:			
Unavailable revenues	74,250	-	-
Total deferred inflows of resources	<u>74,250</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	3,240,293	1,776,024	55,330
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>3,240,293</u>	<u>1,776,024</u>	<u>55,330</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,428,106</u>	<u>\$ 1,776,024</u>	<u>\$ 69,723</u>

Special Revenue Funds

Law Enforcement	Housing and Community Development	Employment and Training	Measure M	Public Safety Augmentation	Other Federal Grants
\$ 1,030,618	\$ -	\$ -	\$ -	\$ 320,483	\$ -
-	-	-	-	-	-
-	-	1,040	-	-	-
1,449	-	-	-	840	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
71,329	582,744	118,635	4,433,069	31,244	60,338
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,103,396</u>	<u>\$ 582,744</u>	<u>\$ 119,675</u>	<u>\$ 4,433,069</u>	<u>\$ 352,567</u>	<u>\$ 60,338</u>
\$ 48,327	\$ 90,909	\$ 17,046	\$ 689,756	\$ -	\$ 1,696
107,143	16,960	18,045	37,861	-	-
-	-	-	-	-	-
-	314,370	53,408	2,293,027	-	58,642
121,801	-	-	-	-	-
<u>277,271</u>	<u>422,239</u>	<u>88,499</u>	<u>3,020,644</u>	<u>-</u>	<u>60,338</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
826,125	160,505	31,176	1,412,425	352,567	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>826,125</u>	<u>160,505</u>	<u>31,176</u>	<u>1,412,425</u>	<u>352,567</u>	<u>-</u>
<u>\$ 1,103,396</u>	<u>\$ 582,744</u>	<u>\$ 119,675</u>	<u>\$ 4,433,069</u>	<u>\$ 352,567</u>	<u>\$ 60,338</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2015

	Special Revenue Funds		Debt Service Fund
	Traffic Safety	Service Authority for Abandoned Vehicles	Other Debt Service
Assets:			
Cash and investments	\$ -	\$ 294,725	\$ 11,439
Cash and investments with fiscal agent	-	-	-
Accounts receivables	-	-	-
Interest receivables	66	-	-
Prepaid items	-	-	-
Due from other funds	-	-	-
Due from Successor Agency	-	-	-
Due from other governments	411,440	-	-
Loans to Successor Agency	-	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 411,506</u>	<u>\$ 294,725</u>	<u>\$ 11,439</u>
Liabilities:			
Accounts payable	\$ 190	\$ 766	\$ 11,439
Accrued liabilities	-	5,183	-
Deposits payable	-	-	-
Due to other funds	10,959	-	-
Unearned revenues	-	-	-
Total liabilities	<u>11,149</u>	<u>5,949</u>	<u>11,439</u>
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	400,357	288,776	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>400,357</u>	<u>288,776</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 411,506</u>	<u>\$ 294,725</u>	<u>\$ 11,439</u>

Capital Projects Funds Low-Moderate Income Housing Assets	Total
\$ -	\$ 6,645,124
-	-
-	1,040
-	9,688
-	-
-	-
-	-
-	5,987,460
722,172	722,172
-	-
<u>\$ 722,172</u>	<u>\$ 13,365,484</u>
\$ 341	\$ 982,292
-	191,326
-	-
224,818	2,955,224
-	121,801
<u>225,159</u>	<u>4,250,643</u>
110,204	184,454
<u>110,204</u>	<u>184,454</u>
-	-
386,809	8,930,387
-	-
-	-
<u>386,809</u>	<u>8,930,387</u>
<u>\$ 722,172</u>	<u>\$ 13,365,484</u>

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds		
	State Gas Tax	Park and Capital Development	Air Quality Improvement
Revenues:			
Intergovernmental	\$ 1,760,198	\$ -	\$ 153,470
Licenses and permits	-	7,244	-
Charges for services	-	-	-
Use of money and property	18,916	11,031	29
Total revenues	<u>1,779,114</u>	<u>18,275</u>	<u>153,499</u>
Expenditures:			
Current:			
General government	2,878	-	-
Public safety	-	-	-
Public works	226,703	-	-
Community services	-	-	160,751
Community development	-	-	-
Capital outlay	940,566	-	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
Total expenditures	<u>1,170,147</u>	<u>-</u>	<u>160,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>608,967</u>	<u>18,275</u>	<u>(7,252)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	608,967	18,275	(7,252)
Fund balances, beginning of year	<u>2,631,326</u>	<u>1,757,749</u>	<u>62,582</u>
Fund balances, end of year	<u>\$ 3,240,293</u>	<u>\$ 1,776,024</u>	<u>\$ 55,330</u>

Special Revenue Funds

Law Enforcement	Housing and Community Development	Employment and Training	Measure M	Public Safety Augmentation	Other Federal Grants
\$ 992,521	\$ 646,343	\$ 433,452	\$ 1,639,903	\$ 260,926	\$ 115,503
-	-	-	-	-	-
-	-	-	-	-	-
6,796	-	-	6,312	2,666	-
<u>999,317</u>	<u>646,343</u>	<u>433,452</u>	<u>1,646,215</u>	<u>263,592</u>	<u>115,503</u>
-	-	-	-	-	-
666,182	-	-	-	237,129	-
-	-	-	291,586	-	141,124
-	-	437,478	-	-	-
-	540,342	-	-	-	-
289,071	106,001	-	637,039	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>955,253</u>	<u>646,343</u>	<u>437,478</u>	<u>928,625</u>	<u>237,129</u>	<u>141,124</u>
44,064	-	(4,026)	717,590	26,463	(25,621)
4,251	-	-	-	-	25,621
-	-	-	-	-	-
<u>4,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,621</u>
48,315	-	(4,026)	717,590	26,463	-
<u>777,810</u>	<u>160,505</u>	<u>35,202</u>	<u>694,835</u>	<u>326,104</u>	<u>-</u>
<u>\$ 826,125</u>	<u>\$ 160,505</u>	<u>\$ 31,176</u>	<u>\$ 1,412,425</u>	<u>\$ 352,567</u>	<u>\$ -</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2015

	Special Revenue Funds		Debt Service Fund
	Traffic Safety	Service Authority for Abandoned Vehicles	Other Debt Service
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Charges for services	19,373	-	-
Use of money and property	147	3,092	-
Total revenues	<u>19,520</u>	<u>3,092</u>	<u>-</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community services	-	-	-
Community development	-	84,791	-
Capital outlay	12,848	-	-
Debt service:			
Principal retirement	-	-	53,625
Interest and other charges	-	-	15,012
Total expenditures	<u>12,848</u>	<u>84,791</u>	<u>68,637</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,672</u>	<u>(81,699)</u>	<u>(68,637)</u>
Other financing sources (uses):			
Transfers in	-	-	68,637
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>68,637</u>
Net change in fund balances	6,672	(81,699)	-
Fund balances, beginning of year	<u>393,685</u>	<u>370,475</u>	<u>-</u>
Fund balances, end of year	<u>\$ 400,357</u>	<u>\$ 288,776</u>	<u>\$ -</u>

Capital Projects Fund	
Low-Moderate Income Housing Assets	Total
\$ -	\$ 6,002,316
-	7,244
-	19,373
-	48,989
-	6,077,922
-	2,878
-	903,311
-	659,413
-	598,229
1,377	626,510
-	1,985,525
-	53,625
-	15,012
1,377	4,844,503
(1,377)	1,233,419
-	98,509
-	-
-	98,509
(1,377)	1,331,928
388,186	7,598,459
\$ 386,809	\$ 8,930,387

CITY OF LA HABRA, CALIFORNIA
State Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,585,552	\$ 1,760,198	\$ 174,646
Use of money and property	38,675	18,916	(19,759)
	<u>1,624,227</u>	<u>1,779,114</u>	<u>154,887</u>
Expenditures:			
Current:			
General government	-	2,878	(2,878)
Public works	304,973	226,703	78,270
Capital outlay	1,439,609	940,566	499,043
	<u>1,744,582</u>	<u>1,170,147</u>	<u>574,435</u>
Net change in fund balance	(120,355)	608,967	729,322
Fund balance, beginning of year	<u>2,631,326</u>	<u>2,631,326</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,631,326</u></u>	<u><u>\$ 3,240,293</u></u>	<u><u>\$ 729,322</u></u>

CITY OF LA HABRA, CALIFORNIA
Park and Capital Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Licenses and permits	\$ 225,000	\$ 7,244	\$ (217,756)
Use of money and property	13,700	11,031	(2,669)
Total Revenues	<u>238,700</u>	<u>18,275</u>	<u>(220,425)</u>
Expenditures:			
Capital outlay	<u>220,000</u>	<u>-</u>	<u>220,000</u>
Total Expenditures	<u>220,000</u>	<u>-</u>	<u>220,000</u>
Net change in fund balance	18,700	18,275	(425)
Fund balance, beginning of year	<u>1,757,749</u>	<u>1,757,749</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,776,449</u></u>	<u><u>\$ 1,776,024</u></u>	<u><u>\$ (425)</u></u>

CITY OF LA HABRA, CALIFORNIA
Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 148,892	\$ 153,470	\$ 4,578
Use of money and property	100	29	(71)
Total revenues	<u>148,992</u>	<u>153,499</u>	<u>4,507</u>
Expenditures:			
Current:			
Community services	<u>168,750</u>	<u>160,751</u>	<u>7,999</u>
Total Expenditures	<u>168,750</u>	<u>160,751</u>	<u>7,999</u>
Net change in fund balance	(19,758)	(7,252)	12,506
Fund balance, beginning of year	<u>62,582</u>	<u>62,582</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 42,824</u></u>	<u><u>\$ 55,330</u></u>	<u><u>\$ 12,506</u></u>

CITY OF LA HABRA, CALIFORNIA
Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 972,138	\$ 992,521	\$ 20,383
Use of money and property	9,522	6,796	(2,726)
	<u>981,660</u>	<u>999,317</u>	<u>17,657</u>
Expenditures:			
Current:			
Public safety	774,292	666,182	108,110
Capital outlay	340,209	289,071	51,138
	<u>1,114,501</u>	<u>955,253</u>	<u>159,248</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132,841)</u>	<u>44,064</u>	<u>176,905</u>
Other financing sources:			
Transfers in	-	4,251	4,251
	<u>-</u>	<u>4,251</u>	<u>4,251</u>
Total other financing sources (uses)	<u>-</u>	<u>4,251</u>	<u>4,251</u>
Net change in fund balance	(132,841)	48,315	181,156
Fund balance, beginning of year	<u>777,810</u>	<u>777,810</u>	<u>-</u>
Fund balance, end of year	<u>\$ 644,969</u>	<u>\$ 826,125</u>	<u>\$ 181,156</u>

CITY OF LA HABRA, CALIFORNIA
Housing and Community Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 792,906	\$ 646,343	\$ (146,563)
Expenditures:			
Current:			
Community development	663,494	540,342	123,152
Capital outlay	129,412	106,001	23,411
Total expenditures	792,906	646,343	146,563
Net change in fund balance	-	-	-
Fund balance, beginning of year	160,505	160,505	-
Fund balance, end of year	\$ 160,505	\$ 160,505	\$ -

CITY OF LA HABRA, CALIFORNIA
Employment and Training Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 445,890	\$ 433,452	\$ (12,438)
Expenditures:			
Current:			
Community services	445,890	437,478	8,412
Total expenditures	445,890	437,478	8,412
Net change in fund balance	-	(4,026)	(4,026)
Fund balance, beginning of year	35,202	35,202	-
Fund balance, end of year	\$ 35,202	\$ 31,176	\$ (4,026)

CITY OF LA HABRA, CALIFORNIA
Measure M Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 2,984,529	\$ 1,639,903	\$ (1,344,626)
Use of money and property	7,200	6,312	(888)
Total Revenues	2,991,729	1,646,215	(1,345,514)
Expenditures:			
Current:			
Public works	435,051	291,586	143,465
Capital outlay	3,230,244	637,039	2,593,205
Total expenditures	3,665,295	928,625	2,736,670
Net change in fund balance	(673,566)	2,768,065	3,441,631
Fund balance, beginning of year	694,835	694,835	-
Fund balance (deficit), end of year	\$ 21,269	\$ 3,462,900	\$ 3,441,631

CITY OF LA HABRA, CALIFORNIA
Public Safety Augmentation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 200,000	\$ 260,926	\$ 60,926
Use of money and property	4,800	2,666	(2,134)
Total revenues	<u>204,800</u>	<u>263,592</u>	<u>58,792</u>
Expenditures:			
Current:			
Public safety	462,200	237,129	225,071
Total expenditures	<u>462,200</u>	<u>237,129</u>	<u>225,071</u>
Net change in fund balance	(257,400)	26,463	283,863
Fund balance, beginning of year	<u>326,104</u>	<u>326,104</u>	-
Fund balance, end of year	<u><u>\$ 68,704</u></u>	<u><u>\$ 352,567</u></u>	<u><u>\$ 283,863</u></u>

CITY OF LA HABRA, CALIFORNIA
Other Federal Grants Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 704,000	\$ 115,503	\$ (588,497)
Total revenues	<u>704,000</u>	<u>115,503</u>	<u>(588,497)</u>
Expenditures:			
Current:			
Public works	-	141,124	(141,124)
Capital outlay	<u>704,000</u>	<u>-</u>	<u>704,000</u>
Total expenditures	<u>704,000</u>	<u>141,124</u>	<u>562,876</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(25,621)</u>	<u>(25,621)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>25,621</u>	<u>25,621</u>
Total other financing sources (uses)	<u>-</u>	<u>25,621</u>	<u>25,621</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF LA HABRA, CALIFORNIA
Traffic Safety Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 25,000	\$ 19,373	\$ (5,627)
Use of money and property	500	147	(353)
	<u>25,500</u>	<u>19,520</u>	<u>(5,980)</u>
Total revenues	<u>25,500</u>	<u>19,520</u>	<u>(5,980)</u>
Expenditures:			
Current:			
Public safety	4,000	-	4,000
Capital outlay	-	12,848	(12,848)
	<u>4,000</u>	<u>12,848</u>	<u>(8,848)</u>
Total expenditures	<u>4,000</u>	<u>12,848</u>	<u>(8,848)</u>
Net change in fund balance	21,500	6,672	(14,828)
Fund balance, beginning of year	<u>393,685</u>	<u>393,685</u>	<u>-</u>
Fund balance, end of year	<u>\$ 415,185</u>	<u>\$ 400,357</u>	<u>\$ (14,828)</u>

CITY OF LA HABRA, CALIFORNIA
Service Authority for Abandoned Vehicles Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Final Budget	Actual	Positive (Negative)
Revenues:			
Use of money and property	\$ 3,105	\$ 3,092	\$ (13)
Total revenues	3,105	3,092	(13)
Expenditures:			
Current:			
Community development	115,714	84,791	30,923
Total expenditures	115,714	84,791	30,923
Net change in fund balance	(112,609)	(81,699)	30,910
Fund balance, beginning of year	370,475	370,475	-
Fund balance, end of year	\$ 257,866	\$ 288,776	\$ 30,910

CITY OF LA HABRA, CALIFORNIA
Other Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Debt service:			
Principal	\$ 53,625	\$ 53,625	\$ -
Interest expense	15,012	15,012	-
Total expenditures	<u>68,637</u>	<u>68,637</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(68,637)	(68,637)	-
Other financing sources:			
Transfers in	<u>68,637</u>	<u>68,637</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF LA HABRA, CALIFORNIA
Low-Moderate Income Housing Assets Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Expenditures:			
Current:			
Community development	\$ -	\$ 1,377	\$ (1,377)
Total expenditures	-	1,377	(1,377)
Net change in fund balance	-	(1,377)	(1,377)
Fund balance, beginning of year	388,186	388,186	-
Fund balance, end of year	\$ 388,186	\$ 386,809	\$ (1,377)

NONMAJOR ENTERPRISE FUNDS

NONMAJOR ENTERPRISE FUNDS

Children's Museum Fund

The Children's Museum Fund accounts for all revenue, expenditures and related financial operations for this Enterprise Fund. The museum is one of a few museums in the nation devoted to children and is, therefore, of regional significance. Revenue is obtained from admissions, fund-raising activities by the Friends of the Museum and occasional state grants.

Mobile Home Lease Fund

The Mobile Home Lease Fund accounts all revenue and expense relating to the acquisition of two mobile from parks acquired by the City.



CITY OF LA HABRA, CALIFORNIA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2015

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 377,325	\$ 1,124,929	\$ 1,502,254
Accounts receivable, net	27,041	86,819	113,860
Interest receivable	517	1,623	2,140
Prepaid items	-	33,460	33,460
Due from other governments	7,092	-	7,092
Total current assets	<u>411,975</u>	<u>1,246,831</u>	<u>1,658,806</u>
Noncurrent assets:			
Capital assets, net	<u>282,830</u>	<u>3,062,768</u>	<u>3,345,598</u>
Total assets	<u>694,805</u>	<u>4,309,599</u>	<u>5,004,404</u>
Deferred outflows of resources:			
Pension contributions	31,870	-	31,870
Total deferred outflows of resources	<u>\$ 31,870</u>	<u>\$ -</u>	<u>\$ 31,870</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 2,676	\$ 30,653	\$ 33,329
Accrued liabilities	16,845	4,183	21,028
Deposits payable	-	1,000	1,000
Compensated absences, current	3,053	-	3,053
Total current liabilities	<u>22,574</u>	<u>35,836</u>	<u>58,410</u>
Noncurrent Liabilities:			
Advances from other funds	-	1,200,000	1,200,000
Compensated absences, noncurrent	7,124	-	7,124
Net pension liability	263,960	-	263,960
Total noncurrent liabilities	<u>271,084</u>	<u>1,200,000</u>	<u>1,471,084</u>
Total liabilities	<u>293,658</u>	<u>1,235,836</u>	<u>1,529,494</u>
Deferred inflows of resources:			
Pension contributions and difference in pension investment earnings	100,323	-	100,323
Total deferred inflows of resources	<u>\$ 100,323</u>	<u>\$ -</u>	<u>\$ 100,323</u>
Net position:			
Net investment in capital assets	282,830	3,062,768	3,345,598
Unrestricted (deficit)	49,864	10,995	60,859
Total net position	<u>\$ 332,694</u>	<u>\$ 3,073,763</u>	<u>\$ 3,406,457</u>

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 394,807	\$ 2,766,528	\$ 3,161,335
Intergovernmental	6,490	-	6,490
Total operating revenues	<u>401,297</u>	<u>2,766,528</u>	<u>3,167,825</u>
Operating expenses:			
Contractual services	31,868	419,868	451,736
Wages and fringe benefits	325,791	3,082	328,873
Equipment and maintenance	5,593	61,790	67,383
Materials and supplies	5,149	-	5,149
Utilities	32,863	289,729	322,592
Depreciation	5,562	126,896	132,458
Administration	48,405	1,495,831	1,544,236
Total operating expenses	<u>455,231</u>	<u>2,397,196</u>	<u>2,852,427</u>
Operating income (loss)	<u>(53,934)</u>	<u>369,332</u>	<u>315,398</u>
Nonoperating revenues (expenses):			
Interest income (expense)	1,928	6,761	8,689
Gain (loss) on sale of investments	222	(645)	(423)
Total nonoperating revenues	<u>2,150</u>	<u>6,116</u>	<u>8,266</u>
Income (loss) before transfers	(51,784)	375,448	323,664
Transfers in	<u>92,500</u>	<u>-</u>	<u>92,500</u>
Change in net position	40,716	375,448	416,164
Net position, beginning of year, as previously reported	632,632	2,698,315	3,330,947
Change in accounting principle	<u>(340,654)</u>	<u>-</u>	<u>(340,654)</u>
Net position, beginning of year, as restated	<u>291,978</u>	<u>2,698,315</u>	<u>2,990,293</u>
Net position, end of year	<u>\$ 332,694</u>	<u>\$ 3,073,763</u>	<u>\$ 3,406,457</u>

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 245,122	\$ 2,762,518	\$ 3,007,640
Receipts from interfund services provided	227,861	-	227,861
Payments to suppliers	(93,898)	(1,847,200)	(1,941,098)
Payments for internal services used	(42,721)	(387,076)	(429,797)
Payments for employees' salaries and benefits	(310,735)	(1,822)	(312,557)
	<u>25,629</u>	<u>526,420</u>	<u>552,049</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	92,500	-	92,500
Payments of advances from other funds	-	(400,000)	(400,000)
	<u>92,500</u>	<u>(400,000)</u>	<u>(307,500)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(259,745)	(259,745)
	<u>-</u>	<u>(259,745)</u>	<u>(259,745)</u>
Cash flows from investing activities:			
Purchase of short-term investments	-	(645)	(645)
Sales of short-term investments	222	-	222
Interest on investments	1,900	7,527	9,427
	<u>2,122</u>	<u>6,882</u>	<u>9,004</u>
Net increase (decrease) in cash and cash equivalents	120,251	(126,443)	(6,192)
Cash and cash equivalents, beginning of year	<u>257,074</u>	<u>1,251,372</u>	<u>1,508,446</u>
Cash and cash equivalents, end of year	<u>\$ 377,325</u>	<u>\$ 1,124,929</u>	<u>\$ 1,502,254</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended June 30, 2015

	<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)	\$ (53,934)	\$ 369,332	\$ 315,398
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	5,562	126,896	132,458
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in receivables	(27,041)	(4,010)	(31,051)
(Increase) decrease in from other governments	98,727	-	98,727
(Increase) decrease in prepaid items	-	(634)	(634)
Increase (decrease) in accounts payable	(4,206)	30,653	26,447
Increase (decrease) in accrued liabilities	4,585	4,183	8,768
Increase (decrease) in compensated absences	10,177	-	10,177
Increase (decrease) in net pension liability and related deferred inflows and outflows of resources	(8,241)	-	(8,241)
Total adjustments	<u>79,563</u>	<u>157,088</u>	<u>236,651</u>
Net cash provided by operating activities	<u>\$ 25,629</u>	<u>\$ 526,420</u>	<u>\$ 552,049</u>

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Fleet Management Fund

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.

Risk Management Fund

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.

Information System Fund

The Information System 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.

Civic Improvement Authority Fund

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 Housing Authority. Financing is mainly through the issuance of Certificates of Participation used for the acquisition of equipment to be leased to the City.

Fleet Replacement Fund

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 straight-line basis plus an additional amount sufficient to finance the replacement of said vehicles and equipment.

Employee Benefits Fund

The Employee Benefits Fund accounts for short-term portion of employee benefits such as sick leave, vacation, and other paid leaves in the governmental activities. Revenues for this fund are derived from periodic funding from the General Fund.

Other Post Employment Benefit set-aside Fund

The Other Post Employment Benefit Set-Aside Fund accounts for money set aside to pay for future obligation relating to healthcare benefits of retirees. Revenues for this fund are derived from periodic charges to other departments based on the number of employees and periodic funding from the General Fund.

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Assets:			
Current assets:			
Cash and investments	\$ 54,460	\$ 5,685,168	\$ 1,050,558
Accounts receivable, net	1,895	340	17
Interest receivable	-	8,535	635
Prepays	-	-	166
Due from other governments	7,737	12,978	-
Inventory	30,220	-	-
Total current assets	<u>94,312</u>	<u>5,707,021</u>	<u>1,051,376</u>
Noncurrent assets:			
Cash and investments with fiscal agents	-	-	-
Advances to other funds	-	-	-
Capital assets, net of accumulated depreciation	7,068	-	384,187
Total noncurrent assets	<u>7,068</u>	<u>-</u>	<u>384,187</u>
Total assets	<u>101,380</u>	<u>5,707,021</u>	<u>1,435,563</u>
Deferred outflows of resources:			
Unamortized loss on refunding of debt	-	-	-
Pension contributions	34,900	26,368	68,537
Total deferred outflows of resources	<u>34,900</u>	<u>26,368</u>	<u>68,537</u>
Liabilities:			
Current liabilities:			
Accounts payable	28,475	20,996	97,108
Accrued liabilities	22,005	15,318	38,848
Accrued interest	-	-	-
Claims payable, current	-	1,313,456	-
Compensated absences, current	-	-	-
Certificates of participation, current	-	-	-
Total current liabilities	<u>50,480</u>	<u>1,349,770</u>	<u>135,956</u>
Noncurrent liabilities:			
Claims payable, noncurrent	-	1,599,073	-
Certificates of participation, noncurrent	-	-	-
Net pension liability	289,057	218,385	567,646
Total noncurrent liabilities	<u>289,057</u>	<u>1,817,458</u>	<u>567,646</u>
Total liabilities	<u>339,537</u>	<u>3,167,228</u>	<u>703,602</u>
Deferred inflows of resources:			
Pension contributions and difference in pension investment earnings	109,860	83,000	215,742
Total deferred inflows of resources	<u>109,860</u>	<u>83,000</u>	<u>215,742</u>
Net position:			
Net investment in capital assets	7,068	-	384,187
Unrestricted	(320,185)	2,483,161	200,569
Total net position	<u>\$ (313,117)</u>	<u>\$ 2,483,161</u>	<u>\$ 584,756</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ 355,212	\$ 1,209,212	\$ 1,683,026	\$ 1,022,705	\$ 11,060,341
-	700	-	-	2,952
617	1,946	1,944	1,155	14,832
-	210,115	-	-	210,281
-	-	-	-	20,715
-	-	-	-	30,220
<u>355,829</u>	<u>1,421,973</u>	<u>1,684,970</u>	<u>1,023,860</u>	<u>11,339,341</u>
496,664	-	-	-	496,664
3,090,000	-	-	-	3,090,000
-	1,758,626	-	-	2,149,881
<u>3,586,664</u>	<u>1,758,626</u>	<u>-</u>	<u>-</u>	<u>5,736,545</u>
<u>3,942,493</u>	<u>3,180,599</u>	<u>1,684,970</u>	<u>1,023,860</u>	<u>17,075,886</u>
209,002	-	-	-	209,002
-	-	-	-	129,805
<u>209,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,807</u>
-	227,867	-	-	374,446
-	3,315	1,309	-	80,795
51,921	-	-	-	51,921
-	-	-	-	1,313,456
-	-	1,291,325	-	1,291,325
325,000	-	-	-	325,000
<u>376,921</u>	<u>231,182</u>	<u>1,292,634</u>	<u>-</u>	<u>3,436,943</u>
-	-	-	-	1,599,073
2,748,791	-	-	-	2,748,791
-	-	-	-	1,075,088
<u>2,748,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,422,952</u>
<u>3,125,712</u>	<u>231,182</u>	<u>1,292,634</u>	<u>-</u>	<u>8,859,895</u>
-	-	-	-	408,602
-	-	-	-	408,602
-	1,758,626	-	-	2,149,881
<u>1,025,783</u>	<u>1,190,791</u>	<u>392,336</u>	<u>1,023,860</u>	<u>5,996,315</u>
<u>\$ 1,025,783</u>	<u>\$ 2,949,417</u>	<u>\$ 392,336</u>	<u>\$ 1,023,860</u>	<u>\$ 8,146,196</u>

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2015

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Operating revenues:			
Charges for services	\$ 1,040,868	\$ 2,134,176	\$ 1,503,379
Operating expenses:			
Contractual services	154,976	207,576	68,612
Wages and fringe benefits	376,667	243,462	641,025
Benefits and claims	-	912,443	-
Equipment and maintenance	29,045	-	560,486
Materials and supplies	548,669	200	7,974
Utilities	984	-	162,568
Depreciation	-	-	73,479
Administration	19,148	829,886	13,633
Total operating expenses	<u>1,129,489</u>	<u>2,193,567</u>	<u>1,527,777</u>
Operating income (loss)	<u>(88,621)</u>	<u>(59,391)</u>	<u>(24,398)</u>
Nonoperating revenues (expenses):			
Interest income	-	35,910	2,257
Interest (expense)	-	-	-
Gain (loss) on sale of asset	-	-	-
Gain (loss) on sale of investment	(465)	(1,077)	(326)
Total nonoperating revenues	<u>(465)</u>	<u>34,833</u>	<u>1,931</u>
Income (loss) before transfers and extraordinary (loss)	(89,086)	(24,558)	(22,467)
Transfers in	50,000	-	550,000
Transfers out	-	-	-
Extraordinary loss	-	-	-
Changes in net position	<u>(39,086)</u>	<u>(24,558)</u>	<u>527,533</u>
Net position, beginning of year, as previously reported	99,011	2,789,555	789,799
Change in accounting principle	<u>(373,042)</u>	<u>(281,836)</u>	<u>(732,576)</u>
Net position, beginning of year, as restated	<u>(274,031)</u>	<u>2,507,719</u>	<u>57,223</u>
Net position, end of year	<u>\$ (313,117)</u>	<u>\$ 2,483,161</u>	<u>\$ 584,756</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ 554,929	\$ -	\$ -	\$ 5,233,352
-	-	-	-	431,164
-	60,054	334,482	-	1,655,690
-	-	-	-	912,443
-	-	-	-	589,531
-	-	-	-	556,843
-	-	-	-	163,552
-	435,149	-	-	508,628
-	-	-	-	862,667
-	495,203	334,482	-	5,680,518
-	59,726	(334,482)	-	(447,166)
189,281	7,954	10,006	5,510	250,918
(190,606)	-	-	-	(190,606)
-	4,090	-	-	4,090
595	732	725	902	1,086
(730)	12,776	10,731	6,412	65,488
(730)	72,502	(323,751)	6,412	(381,678)
-	-	400,000	260,000	1,260,000
-	(50,000)	-	-	(50,000)
(591,214)	-	-	-	(591,214)
(591,944)	22,502	76,249	266,412	237,108
1,617,727	2,926,915	316,087	757,448	9,296,542
-	-	-	-	(1,387,454)
1,617,727	2,926,915	316,087	757,448	7,909,088
\$ 1,025,783	\$ 2,949,417	\$ 392,336	\$ 1,023,860	\$ 8,146,196

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 66,015	\$ -	\$ -
Receipts from interfund services provided	976,292	2,824,630	1,505,407
Payments to suppliers	(777,895)	(2,548,439)	(861,755)
Payments for interfund services used	(8,028)	(5,028)	(10,092)
Payments for employees' salaries and benefits	(379,165)	(243,665)	(646,485)
Net cash provided by (used in) operating activities	<u>(122,781)</u>	<u>27,498</u>	<u>(12,925)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	50,000	-	550,000
Receipt of advances to other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>50,000</u>	<u>-</u>	<u>550,000</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(7,068)	-	(47,752)
Proceeds from sale of capital assets	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash (used in) capital and related financing activities	<u>(7,068)</u>	<u>-</u>	<u>(47,752)</u>
Cash flows from investing activities:			
Purchase of investments	(343)	(1,077)	(326)
Sales of investments	-	-	-
Interest on investments	221	38,470	2,603
Net cash provided by (used in) investing activities	<u>(122)</u>	<u>37,393</u>	<u>2,277</u>
Net increase (decrease) in cash and cash equivalents	(79,971)	64,891	491,600
Cash and cash equivalents, beginning of year	<u>134,431</u>	<u>5,620,277</u>	<u>558,958</u>
Cash and cash equivalents, end of year	<u>\$ 54,460</u>	<u>\$ 5,685,168</u>	<u>\$ 1,050,558</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ -	\$ -	\$ -	\$ 66,015
-	554,229	-	-	5,860,558
(1,751)	(149,016)	-	-	(4,338,856)
-	-	-	-	(23,148)
-	(59,429)	(371,155)	-	(1,699,899)
(1,751)	345,784	(371,155)	-	(135,330)
-	(50,000)	400,000	260,000	1,210,000
310,000	-	-	-	310,000
310,000	(50,000)	400,000	260,000	1,520,000
-	(62,666)	-	-	(117,486)
-	4,090	-	-	4,090
(310,000)	-	-	-	(310,000)
(164,236)	-	-	-	(164,236)
(474,236)	(58,576)	-	-	(587,632)
-	-	-	-	(1,746)
595	732	725	902	2,954
189,023	7,919	9,975	5,193	253,404
189,618	8,651	10,700	6,095	254,612
23,631	245,859	39,545	266,095	1,051,650
828,245	963,353	1,643,481	756,610	10,505,355
\$ 851,876	\$ 1,209,212	\$ 1,683,026	\$ 1,022,705	\$ 11,557,005

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2015

	<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)	\$ (88,621)	\$ (59,391)	\$ (24,398)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	73,479
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in accounts receivable	(1,895)	703,432	2,028
(Increase) decrease in due from other governments	3,334	(12,978)	-
(Increase) decrease in inventory	14,085	-	-
(Increase) decrease in prepaid items	-	-	(45)
Increase (decrease) in accounts payable	(47,186)	(729,310)	(58,529)
Increase (decrease) in accrued liabilities	6,527	6,616	12,265
Increase (decrease) in claims liabilities	-	125,948	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) in net pension liability and related deferred inflows and outflows of resources	(9,025)	(6,819)	(17,725)
Total adjustments	(34,160)	86,889	11,473
Net cash provided by (used in) operating activities	<u>\$ (122,781)</u>	<u>\$ 27,498</u>	<u>\$ (12,925)</u>
Noncash Capital and Related Financing Transactions			
Amortization of unamortized loss on refunding of debt	\$ -	\$ -	\$ -
Amortization of bond discount (premium)	-	-	-
Capital expenses funded by accounts payable	-	-	62,599

<u>Civic Improvement Authority</u>	<u>Fleet Replacement</u>	<u>Employee Benefits</u>	<u>Other Post Employment Benefit set-aside</u>	<u>Totals</u>
\$ -	\$ 59,726	\$ (334,482)	\$ -	\$ (447,166)
-	435,149	-	-	508,628
-	(700)	-	-	702,865
-	-	-	-	(9,644)
-	-	-	-	14,085
-	(210,115)	-	-	(210,160)
(1,751)	61,099	-	-	(775,677)
-	625	(34,719)	-	(8,686)
-	-	-	-	125,948
-	-	(1,954)	-	(1,954)
-	-	-	-	(33,569)
<u>(1,751)</u>	<u>286,058</u>	<u>(36,673)</u>	<u>-</u>	<u>311,836</u>
<u>\$ (1,751)</u>	<u>\$ 345,784</u>	<u>\$ (371,155)</u>	<u>\$ -</u>	<u>\$ (135,330)</u>
\$ 29,163	\$ -	\$ -	\$ -	\$ 29,163
2,260	-	-	-	2,260
-	166,768	-	-	229,367



FIDUCIARY FUND

FIDUCIARY FUND

Agency Fund

Public Deposits Fund

The Public Deposits Fund accounts for all collections of Sanitary District fees for Orange County, conservation fees for the State of California and general deposits for numerous city activities.



CITY OF LA HABRA, CALIFORNIA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Assets:				
Cash and investments	\$ 10,968,312	\$ 676,173	\$ 254,739	\$ 11,389,746
Interest receivable	21,972	17,260	21,972	17,260
Total assets	\$ 10,510,901	\$ 693,433	\$ 276,711	\$ 11,407,006
Liabilities:				
Accounts payable	\$ 39,021	\$ 186,727	\$ 210,260	\$ 15,488
Accrued liabilities	14,211	137,792	136,929	15,074
Deposits	10,937,052	501,654	62,262	11,376,444
Total liabilities	\$ 10,510,901	\$ 826,173	\$ 409,451	\$ 11,407,006

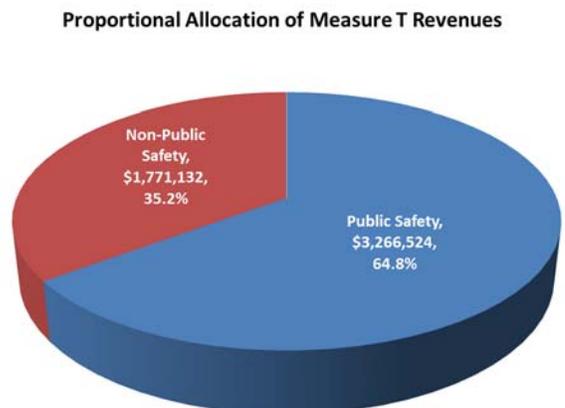
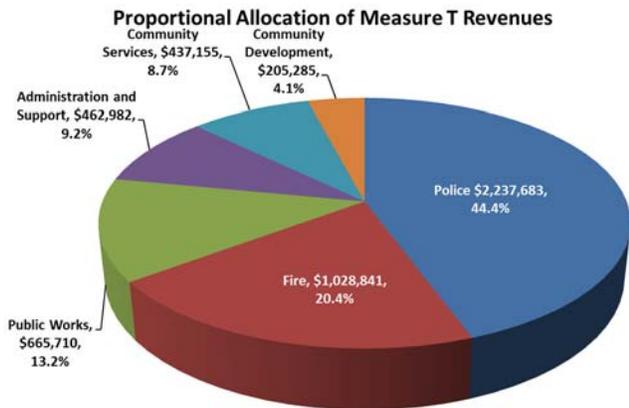
CITY OF LA HABRA, CALIFORNIA
Measure T Transaction and Use Tax: Use of Funds
Year Ended June 30, 2015

In November 2008, the voters 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 revenue source has impacted General Fund operations is to compare the allocation of these revenues by a proportional share of General Fund expenditures by department. The following table details this breakdown based on the Measure T amended revenue budget for FY 14/15 and the proportional allocation of the General Fund amended expenditure budget by department.

Measure T Allocation Analysis by General Fund Department

Department	FY 14/15 GF Amended Budget Expenditures	% of Total GF Budgeted Expenditures	Proportional Allocation of Measure T Revenues
Police	\$16,495,556	44.4%	\$2,237,683
Fire	7,584,320	20.4%	1,028,841
Public Works	4,907,422	13.2%	665,710
Administration and Support	3,412,970	9.2%	462,982
Community Services	3,222,585	8.7%	437,155
Community Development	1,513,304	4.1%	205,285
Total	\$37,136,157	100.0%	\$5,037,656



This method of demonstrating the use of Measure T revenues is a fair representation based on the allocation of revenues to budgeted expenditures on a proportional basis. It is not possible to specifically identify the actual use of any undesignated General Fund revenue since those revenues are considered discretionary in nature.

STATISTICAL SECTION

CITY OF LA HABRA, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

STATISTICAL SECTION

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

Table of Contents

	<i>Page(s)</i>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	146-155
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>	159-163
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>	166-175
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>	178-179
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>	182-188

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



STATISTICAL SECTION

Financial Trends

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 60,254,071	\$ 61,866,707	\$ 62,720,405	\$ 69,852,168
Restricted	2,425,184	2,962,479	3,060,362	443,262
Unrestricted	8,769,044	14,541,105	22,800,535	18,146,165
Total governmental activities net position	<u>\$ 71,448,299</u>	<u>\$ 79,370,291</u>	<u>\$ 88,581,302</u>	<u>\$ 88,441,595</u>
Business-type activities				
Net investment in capital assets	\$ 14,083,243	\$ 14,387,460	\$ 6,818,385	\$ 11,978,153
Restricted	-	-	-	1,630,052
Unrestricted	16,362,240	18,275,101	28,336,251	20,649,253
Total business-type activities net position	<u>\$ 30,445,483</u>	<u>\$ 32,662,561</u>	<u>\$ 35,154,636</u>	<u>\$ 34,257,458</u>
Primary Government				
Net investment in capital assets	\$ 74,337,314	\$ 76,254,167	\$ 69,538,790	\$ 81,830,321
Restricted	2,425,184	2,962,479	3,060,362	2,073,314
Unrestricted	25,131,284	32,816,206	51,136,786	38,795,418
Total primary government net position	<u>\$ 101,893,782</u>	<u>\$ 112,032,852</u>	<u>\$ 123,735,938</u>	<u>\$ 122,699,053</u>

Source: Finance Office, City of La Habra

⁽¹⁾ During fiscal year ended June 30, 2014, the City adopted GASB Statement 65 which resulted in the restatement of net position in fiscal year ended June 30, 2013.

⁽²⁾ During fiscal year ended June 30, 2015, the City adopted GASB Statements 68 and 71 which resulted in the restatement of net position in fiscal year ended June 30, 2014.

Fiscal Year					
2010	2011	2012	2013 ⁽¹⁾	2014 ⁽²⁾	2015
\$ 72,267,324	\$ 74,411,098	\$ 74,666,668	\$ 76,564,962	\$ 78,951,634	\$ 77,327,812
1,100,726	10,086,784	8,699,455	9,844,805	7,673,024	9,119,231
18,770,240	14,909,849	25,179,579	27,559,460	27,453,928	(24,069,863)
<u>\$ 92,138,290</u>	<u>\$ 99,407,731</u>	<u>\$ 108,545,702</u>	<u>\$ 113,969,227</u>	<u>\$ 114,078,586</u>	<u>\$ 62,377,180</u>
\$ 16,282,084	\$ 15,332,126	\$ 14,823,632	\$ 19,564,982	\$ 22,031,524	\$ 22,780,994
1,630,052	1,630,052	1,630,052	1,363,180	1,288,543	731,879
17,457,587	20,091,568	22,095,633	19,681,735	19,176,036	17,505,632
<u>\$ 35,369,723</u>	<u>\$ 37,053,746</u>	<u>\$ 38,549,317</u>	<u>\$ 40,609,897</u>	<u>\$ 42,496,103</u>	<u>\$ 41,018,505</u>
\$ 88,549,408	\$ 89,743,224	\$ 89,490,300	\$ 96,129,944	\$ 100,983,158	\$ 100,108,806
2,730,778	11,716,836	10,329,507	11,207,985	8,961,567	9,851,110
36,227,827	35,001,417	47,275,212	47,241,195	46,629,964	(6,564,231)
<u>\$ 127,508,013</u>	<u>\$ 136,461,477</u>	<u>\$ 147,095,019</u>	<u>\$ 154,579,124</u>	<u>\$ 156,574,689</u>	<u>\$ 103,395,685</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 2,466,028	\$ 1,727,569	\$ 2,450,872	\$ 4,567,895
Intergovernmental	351,407	38,142	14,426	-
Public safety	20,751,487	20,806,295	21,264,160	22,940,011
Public works	5,829,033	7,399,852	7,813,863	8,240,683
Community services	8,051,843	8,411,898	8,985,344	9,187,647
Community development	3,717,217	3,886,883	5,595,313	5,867,904
Interest on long-term debt	824,152	812,194	1,250,321	1,087,697
Total governmental activities expenses	<u>41,991,167</u>	<u>43,082,833</u>	<u>47,374,299</u>	<u>51,891,837</u>
Business-type activities:				
Water	7,591,959	8,557,829	9,091,989	9,616,279
Sewer	912,741	930,137	1,237,713	1,321,849
Housing Authority	1,681,163	1,988,194	961,673	1,715,950
Other business activities	5,101,290	5,392,422	5,874,526	6,131,357
Total business-type activities expenses	<u>15,287,153</u>	<u>16,868,582</u>	<u>17,165,901</u>	<u>18,785,435</u>
Total primary government expenses	<u>\$ 57,278,320</u>	<u>\$ 59,951,415</u>	<u>\$ 64,540,200</u>	<u>\$ 70,677,272</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 1,940	\$ 2,032	\$ 310	\$ 7,183
Public safety	3,272,096	2,790,739	3,017,854	2,801,704
Community services	1,739,998	930,670	1,217,844	1,192,031
Community development	1,268,886	1,221,241	1,269,778	1,006,964
Operating grants and contributions	6,155,825	7,403,668	7,708,528	7,944,392
Capital grants and contributions	2,841,673	3,010,784	8,343,602	6,831,889
Total governmental activities program revenues	<u>15,280,418</u>	<u>15,359,134</u>	<u>21,557,916</u>	<u>19,784,163</u>
Business-type activities:				
Charges for services:				
Water	8,625,652	9,753,270	10,207,199	9,889,342
Sewer	791,592	878,314	1,351,929	1,124,764
Housing authority	1,951,143	1,915,376	1,984,399	2,097,380
Other business -type activities	10,094,887	5,462,799	5,958,707	6,040,726
Total business-type activities program revenues	<u>21,463,274</u>	<u>18,009,759</u>	<u>19,502,234</u>	<u>19,152,212</u>
Total primary government program revenues	<u>\$ 36,743,692</u>	<u>\$ 33,368,893</u>	<u>\$ 41,060,150</u>	<u>\$ 38,936,375</u>
Net (expense)/revenue:				
Governmental activities	\$ (26,710,749)	\$ (27,723,699)	\$ (25,816,383)	\$ (32,107,674)
Business-type activities	6,176,121	1,141,177	2,336,333	366,777
Total primary government net expense	<u>\$ (20,534,628)</u>	<u>\$ (26,582,522)</u>	<u>\$ (23,480,050)</u>	<u>\$ (31,740,897)</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,799,293	\$ 3,391,804	\$ 3,686,663	\$ 3,461,904	\$ 4,017,045	\$ 3,045,640
-	-	-	-	-	-
22,433,260	22,518,416	22,890,241	23,605,899	24,505,359	25,574,530
12,543,772	13,295,177	7,129,157	7,172,065	7,430,857	10,181,891
9,748,394	9,008,291	8,457,255	9,165,755	9,459,747	10,086,222
5,516,373	5,675,859	4,632,329	4,034,985	4,592,489	2,228,511
1,265,049	1,663,267	923,269	266,069	206,922	251,344
<u>54,306,141</u>	<u>55,552,814</u>	<u>47,718,914</u>	<u>47,706,677</u>	<u>50,212,419</u>	<u>51,368,138</u>
10,274,385	10,171,235	10,111,046	10,699,804	12,095,302	12,132,398
1,523,707	1,591,981	1,664,713	2,012,774	1,927,963	1,908,300
1,671,488	2,093,743	3,035,323	3,049,222	1,629,058	1,594,723
6,274,848	5,315,794	4,189,973	4,201,456	5,997,886	6,632,638
<u>19,744,428</u>	<u>19,172,753</u>	<u>19,001,055</u>	<u>19,963,256</u>	<u>21,650,209</u>	<u>22,268,059</u>
<u>\$ 74,050,569</u>	<u>\$ 74,725,567</u>	<u>\$ 66,719,969</u>	<u>\$ 67,669,933</u>	<u>\$ 71,862,628</u>	<u>\$ 73,636,197</u>
\$ 428,161	\$ 102,225	\$ 100,150	\$ 100,360	\$ 105,934	\$ 431,447
3,359,502	3,234,734	2,998,253	3,071,009	3,242,072	3,180,715
1,445,127	1,144,869	823,340	1,078,848	1,234,637	1,016,705
929,396	1,057,923	869,115	1,335,841	1,148,627	917,062
10,219,344	9,645,109	9,278,565	9,099,096	8,027,156	8,691,442
9,314,080	13,545,193	3,578,616	3,163,745	4,556,286	3,426,786
<u>25,695,610</u>	<u>28,730,053</u>	<u>17,648,039</u>	<u>17,848,899</u>	<u>18,314,712</u>	<u>17,664,157</u>
10,759,475	11,423,986	11,043,029	13,045,637	13,673,720	13,398,340
1,346,611	1,450,422	1,509,749	1,541,770	1,622,818	1,627,871
2,129,124	1,247,111	1,582,853	1,584,262	1,577,921	1,602,845
6,071,837	6,231,787	6,278,645	6,250,703	6,360,631	6,385,815
<u>20,307,047</u>	<u>20,353,306</u>	<u>20,414,276</u>	<u>22,422,372</u>	<u>23,235,090</u>	<u>23,014,871</u>
<u>\$ 46,002,657</u>	<u>\$ 49,083,359</u>	<u>\$ 38,062,315</u>	<u>\$ 40,271,271</u>	<u>\$ 41,549,802</u>	<u>\$ 40,679,028</u>
\$ (28,610,531)	\$ (26,822,761)	\$ (30,070,875)	\$ (29,857,778)	\$ (31,897,707)	\$ (33,703,981)
562,619	1,180,553	1,413,221	2,459,116	1,584,881	746,812
<u>\$ (28,047,912)</u>	<u>\$ (25,642,208)</u>	<u>\$ (28,657,654)</u>	<u>\$ (27,398,662)</u>	<u>\$ (30,312,826)</u>	<u>\$ (32,957,169)</u>

(Continued)

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Taxes:				
Property taxes	\$ 13,768,880	\$ 14,975,673	\$ 16,127,594	\$ 16,153,525
Sales and use taxes	9,208,476	9,853,179	10,298,735	8,900,156
Transaction and use taxes	-	-	-	888,150
Franchise tax	1,807,537	1,996,481	1,377,380	1,451,228
Utility users tax	5,128,226	5,293,525	2,854,515	-
Other taxes	399,436	398,603	-	-
Grants and contributions not restricted to specific programs	705,613	724,228	619,065	492,053
Income from property and investments	801,623	1,601,295	3,473,466	2,808,384
Other general revenues	885,929	717,424	309,139	795,111
Gain on sale of property	-	-	-	499,360
Extraordinary gain (loss)	-	-	-	-
Transfers	(85,000)	85,283	(32,500)	(20,000)
Total governmental activities	<u>32,620,720</u>	<u>35,645,691</u>	<u>35,027,394</u>	<u>31,967,967</u>
Business-type activities:				
Income from property and investments	481,537	1,161,184	123,242	1,016,045
Other general revenues	-	-	-	-
Transfers	85,000	(85,283)	32,500	20,000
Total business-type activities	<u>566,537</u>	<u>1,075,901</u>	<u>155,742</u>	<u>1,036,045</u>
Total primary government	<u>\$ 33,187,257</u>	<u>\$ 36,721,592</u>	<u>\$ 35,183,136</u>	<u>\$ 33,004,012</u>
Change in Net Position				
Governmental activities	\$ 5,909,971	\$ 7,921,992	\$ 9,211,011	\$ (139,707)
Business-type activities	6,742,658	2,217,078	2,492,075	1,402,822
Total primary government	<u>\$ 12,652,629</u>	<u>\$ 10,139,070</u>	<u>\$ 11,703,086</u>	<u>\$ 1,263,115</u>

Source: Finance Office, City of La Habra

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 15,575,910	\$ 15,512,868	\$ 14,175,467	\$ 13,333,682	\$ 13,235,491	\$ 14,389,424
7,669,656	8,116,354	8,490,350	9,033,667	9,593,316	9,639,019
3,572,975	3,882,815	4,215,209	4,430,751	4,701,077	4,933,170
1,492,703	1,534,468	1,561,518	1,580,176	1,607,535	1,679,113
-	-	-	-	-	-
-	-	-	-	-	-
453,076	580,840	316,262	325,718	84,906	58,365
2,962,495	3,280,649	3,175,312	2,790,519	2,664,660	2,808,233
577,174	1,169,235	1,123,908	1,253,294	1,094,588	1,495,060
-	-	-	-	-	-
-	-	8,194,111	-	(1,224,331)	(257,567)
3,237	14,973	557,409	51,592	249,824	60,000
<u>32,307,226</u>	<u>34,092,202</u>	<u>41,809,546</u>	<u>32,799,399</u>	<u>32,007,066</u>	<u>34,804,817</u>
552,883	386,167	273,456	30,416	152,270	127,071
-	132,276	366,303	366,303	398,879	339,689
(3,237)	(14,973)	(557,409)	(51,592)	(249,824)	(60,000)
<u>549,646</u>	<u>503,470</u>	<u>82,350</u>	<u>345,127</u>	<u>301,325</u>	<u>406,760</u>
<u>\$ 32,856,872</u>	<u>\$ 34,595,672</u>	<u>\$ 41,891,896</u>	<u>\$ 33,144,526</u>	<u>\$ 32,308,391</u>	<u>\$ 35,211,577</u>
\$ 3,696,695	\$ 7,269,441	\$ 11,738,671	\$ 2,941,621	\$ 109,359	\$ 1,100,836
1,112,265	1,684,023	1,495,571	2,804,243	1,886,206	1,153,572
<u>\$ 4,808,960</u>	<u>\$ 8,953,464</u>	<u>\$ 13,234,242</u>	<u>\$ 5,745,864</u>	<u>\$ 1,995,565</u>	<u>\$ 2,254,408</u>

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

	Fiscal Year			
	2006	2007	2008	2009
General fund				
Reserved	\$ 2,984,541	\$ 3,473,165	\$ 11,007,923	\$ 10,105,173
Unreserved	7,925,672	8,080,218	2,882,494	3,067,881
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$10,910,213</u>	<u>\$11,553,383</u>	<u>\$13,890,417</u>	<u>\$ 13,173,054</u>
All other governmental funds				
Reserved	\$ 6,530,768	\$ 6,387,594	\$ 7,105,221	\$ 11,841,774
Unreserved undesignated, reported in:				
Special revenue funds	771,473	157,435	(5,811,745)	(10,520,112)
Debt service funds	-	-	-	-
Capital projects funds	(4,969,337)	57,620	8,490,640	3,272,567
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 2,332,904</u>	<u>\$ 6,602,649</u>	<u>\$ 9,784,116</u>	<u>\$ 4,594,229</u>

Source: Finance Office, City of La Habra

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

Fiscal Year					
2010	2011 ⁽¹⁾	2012	2013	2014	2015
\$ 9,321,926	\$ -	\$ -	\$ -	\$ -	\$ -
3,792,796	-	-	-	-	-
-	9,270,571	9,191,664	8,716,824	8,159,022	8,169,482
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,604,127	5,308,531	5,732,904	6,265,883	6,333,144
<u>\$ 13,114,722</u>	<u>\$ 13,874,698</u>	<u>\$ 14,500,195</u>	<u>\$ 14,449,728</u>	<u>\$ 14,424,905</u>	<u>\$ 14,502,626</u>
\$ 7,105,637	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
(9,312,632)	-	-	-	-	-
-	-	-	-	-	-
2,353,870	-	-	-	-	-
-	619,271	5,454	-	-	-
-	15,814,036	13,204,678	9,768,600	7,598,774	8,934,777
-	-	-	4,658,192	5,856,196	7,259,633
-	(11,906,575)	-	-	-	-
<u>\$ 146,875</u>	<u>\$ 4,526,732</u>	<u>\$ 13,210,132</u>	<u>\$ 14,426,792</u>	<u>\$ 13,454,970</u>	<u>\$ 16,194,410</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Property taxes and special assessments	\$ 13,768,879	\$ 14,975,672	\$ 16,127,594	\$ 16,153,525
Sales and use tax	9,208,476	9,853,179	10,298,735	8,900,156
Utility users tax	5,128,227	5,293,525	2,854,516	-
Franchise tax	-	-	-	-
Transaction and use tax	-	-	-	888,150
Intergovernmental	10,474,304	10,872,124	16,337,771	15,173,403
Licenses and permits	3,003,519	3,005,752	2,533,955	2,289,291
Charges for services	4,736,754	4,217,788	4,320,099	4,017,259
Fines, forfeitures and penalties	711,923	827,929	922,284	1,019,890
Use of money and property	886,846	1,325,055	2,806,572	2,751,588
Other revenues	-	-	-	-
Total revenue	<u>47,918,928</u>	<u>50,371,024</u>	<u>56,201,526</u>	<u>51,193,262</u>
Expenditures				
General government	3,190,161	3,284,442	3,776,287	3,054,085
Intergovernmental	351,407	38,142	14,426	2,949
Public safety	20,189,955	20,508,001	20,934,105	22,606,775
Public works	4,883,604	5,164,358	5,523,703	5,762,012
Community services	7,768,837	8,129,078	8,692,718	8,889,298
Community development	3,700,056	3,895,625	5,570,152	5,847,794
Intergovernmental - SERAF payment	-	-	-	-
Capital outlay	11,942,906	2,931,143	3,805,470	10,281,332
Debt service:				
Principal	265,000	276,699	404,466	430,552
Interest expense	877,374	595,620	1,029,198	891,714
Total expenditures	<u>53,169,300</u>	<u>44,823,108</u>	<u>49,750,525</u>	<u>57,766,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,250,372)</u>	<u>5,547,916</u>	<u>6,451,001</u>	<u>(6,573,249)</u>
Other financing sources (uses)				
Issuance of debt	-	-	-	-
Proceeds from note payable	-	-	-	-
Proceeds from sale of property	-	-	-	790,000
Transfers in	4,451,401	5,780,952	1,900,351	2,331,551
Transfers out	(3,714,691)	(6,415,953)	(2,832,851)	(2,455,552)
Total other financing sources (uses)	<u>736,710</u>	<u>(635,001)</u>	<u>(932,500)</u>	<u>665,999</u>
Extraordinary gain (loss)	-	-	-	-
Net change in fund balances	<u>\$ (4,513,662)</u>	<u>\$ 4,912,915</u>	<u>\$ 5,518,501</u>	<u>\$ (5,907,250)</u>
Debt service as a percentage of noncapital expenditures	2.78%	2.13%	3.26%	2.71%

Source: Finance Office, City of La Habra

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 15,575,909	\$ 15,512,868	\$ 14,175,467	\$ 13,333,682	\$ 13,235,491	\$ 14,389,424	
7,599,507	8,100,193	8,470,140	9,095,047	9,491,508	9,654,374	
-	-	-	-	-	-	
-	1,539,147	1,560,043	1,581,719	1,592,572	1,660,284	
3,321,233	4,009,945	4,217,599	4,496,894	4,567,116	5,037,656	
20,044,668	24,638,521	13,231,750	12,519,619	12,678,220	12,176,593	
2,377,893	831,524	983,459	1,328,317	1,223,155	914,722	
4,173,764	4,750,030	4,097,698	4,783,686	4,533,679	4,862,176	
1,079,904	933,279	818,988	721,905	1,030,240	986,820	
2,519,807	3,781,727	2,336,069	2,472,141	2,308,528	2,131,932	
-	-	-	-	-	273,181	
<u>56,692,685</u>	<u>64,097,234</u>	<u>49,891,213</u>	<u>50,333,010</u>	<u>50,660,509</u>	<u>52,087,162</u>	
2,669,815	2,637,466	2,670,225	2,768,190	2,959,220	2,774,950	
-	-	-	-	-	-	
22,085,922	22,124,819	22,681,590	23,221,242	24,094,326	24,757,974	
9,892,445	10,442,627	3,922,907	4,077,979	4,211,341	6,138,461	
9,460,145	8,712,935	8,097,168	8,786,491	9,086,497	9,684,484	
4,606,713	5,471,205	4,608,275	4,008,453	4,531,709	2,199,199	
892,557	183,762	-	-	-	-	
8,309,750	6,176,601	2,717,895	4,710,527	5,353,232	2,258,563	
452,158	608,560	703,163	216,011	230,425	245,632	
1,082,957	1,456,522	858,818	80,618	71,003	60,738	
<u>59,452,462</u>	<u>57,814,497</u>	<u>46,260,041</u>	<u>47,869,511</u>	<u>50,537,753</u>	<u>48,120,001</u>	
<u>(2,759,777)</u>	<u>6,282,737</u>	<u>3,631,172</u>	<u>2,463,499</u>	<u>122,756</u>	<u>3,967,161</u>	
-	1,450,000	-	-	-	-	
-	-	-	-	-	-	
-	-	-	2,694	-	-	
3,813,715	6,029,430	3,499,171	3,315,381	1,814,128	2,148,984	
<u>(3,876,746)</u>	<u>(7,104,090)</u>	<u>(4,111,485)</u>	<u>(4,615,381)</u>	<u>(2,933,529)</u>	<u>(3,298,984)</u>	
<u>(63,031)</u>	<u>375,340</u>	<u>(612,314)</u>	<u>(1,297,306)</u>	<u>(1,119,401)</u>	<u>(1,150,000)</u>	
-	-	6,290,039	-	-	-	
<u>\$ (2,822,808)</u>	<u>\$ 6,658,077</u>	<u>\$ 9,308,897</u>	<u>\$ 1,166,193</u>	<u>\$ (996,645)</u>	<u>\$ 2,817,161</u>	
3.04%	4.00%	3.59%	0.69%	0.67%	0.66%	



STATISTICAL SECTION
Revenue Capacity



CITY OF LA HABRA, CALIFORNIA
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
2006	\$ 2,973,108,220	\$ 536,382,942	\$ 223,084,427	\$ 229,773,922	\$3,962,349,511	0.21467%
2007	3,350,470,647	552,151,340	241,253,193	261,169,322	4,405,044,502	0.21348%
2008	3,665,098,412	578,024,306	276,420,264	252,230,096	4,771,773,078	0.21732%
2009	3,700,917,522	607,254,122	299,147,783	266,515,101	4,873,834,528	0.21826%
2010	3,470,814,380	676,973,961	344,242,790	215,013,274	4,707,044,405	0.22193%
2011	3,513,333,660	713,436,330	308,220,069	171,182,915	4,706,172,974	0.22228%
2012	3,582,370,115	715,788,296	311,503,414	182,755,433	4,792,417,258	0.22158%
2013	3,641,858,952	732,735,818	321,514,482	161,568,293	4,857,677,545	0.21919%
2014	3,723,700,465	726,134,412	332,901,996	196,557,428	4,979,294,301	0.16576%
2015	4,025,849,465	729,226,483	339,313,741	224,105,072	5,318,494,761	0.16585%

- (1) Other property includes recreational, institutional, vacant and miscellaneous property.
(2) Tax-exempt property is excluded from the total taxable assessed value.

NOTE.

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

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

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

	Fiscal Year			
	2006	2007	2008	2009
City Direct Rates:				
City Basic Rate	1.0000	1.0000	1.0000	1.0000
Total City Direct Rate	1.0000	1.0000	1.0000	1.0000
Overlapping Rates:				
School System	0.05157	0.04736	0.04764	0.04860
Metropolitan Water District	0.00520	0.00470	0.00450	0.00430
Total Direct Rate	1.05677	1.05206	1.05214	1.05290

Source: Orange County Assessor's Office

Fiscal Year					
2010	2011	2012	2013	2014	2015
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.05359	0.05647	0.05362	0.06125	0.05885	0.05654
0.00430	0.00370	0.00370	0.00350	0.00350	0.00350
<u>1.05789</u>	<u>1.06017</u>	<u>1.05732</u>	<u>1.06475</u>	<u>1.06235</u>	<u>1.06004</u>

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

Taxpayer	2015		2006	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
CVS Pharmacy Inc	\$ 149,759,666	2.82%	\$ -	0.00%
La Habra Associates LLC	91,158,334	1.71%	-	0.00%
La Habra Westridge Partnership LP	63,255,847	1.19%	-	0.00%
Ralph's Grocery Company	29,014,849	0.55%	-	0.00%
Essex Hillsborough Park	26,112,578	0.49%	-	0.00%
Costco Wholesale Corp	25,959,243	0.49%	-	0.00%
Bank First Security of Utah Trust	20,267,467	0.38%	-	0.00%
Clipperton Partners	19,762,478	0.37%	-	0.00%
Monterra Springs Wowner LLC	19,079,817	0.36%	-	0.00%
Lincoln Center Properties III LLC	18,306,101	0.34%	-	0.00%
La Habra Associates LLC	-	0.00%	80,394,172	2.03%
American Food & Drug Inc	-	0.00%	68,500,478	1.73%
La Habra Westridge	-	0.00%	55,613,640	1.40%
Ralphs Grocery Company	-	0.00%	39,067,903	0.99%
NF La Habra Investors	-	0.00%	26,599,267	0.67%
Essex Portfolio	-	0.00%	22,792,560	0.58%
Olson 737-La Habra 1 LLC	-	0.00%	18,307,000	0.46%
Bank First Security of Utah Trust	-	0.00%	17,469,398	0.44%
Clipperton Partners Lowes HIW INC	-	0.00%	17,378,859	0.44%
Westridge Golf Club Inc	-	0.00%	16,223,890	0.41%
Top Ten Assessed Value	\$ 462,676,380	8.70%	\$ 362,347,167	9.14%
Total Assessed Value	<u>\$ 5,318,494,761</u>		<u>\$ 3,962,349,511</u>	

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

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date (1)	
		Fiscal Year of Levy Amount	Percent of Levy		Amount	Percent of Levy
2006	9,919,544	9,704,534	97.83%	14,551	9,719,085	97.98%
2007	10,396,449	9,977,803	95.97%	28,837	10,006,640	96.25%
2008	11,581,270	11,312,879	97.68%	40,478	11,353,357	98.03%
2009	11,484,540	11,087,232	96.54%	62,236	11,149,467	97.08%
2010	11,119,314	10,827,627	97.38%	34,366	10,861,993	97.69%
2011	11,140,486	10,788,148	96.84%	16,586	10,804,734	96.99%
2012	11,306,017	10,758,711	95.16%	17,641	10,776,352	95.32%
2013 (2)	8,334,410	8,475,233	101.69%	8,127	8,483,360	101.79%
2014	8,685,217	8,536,194	98.28%	9,463	8,545,657	98.39%
2015	9,045,671	9,315,820	102.99%	12,586	9,328,406	103.13%

Source: Orange County Auditor Controller's Office

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

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

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

(2) Beginning February 1, 2012, the property tax revenues of the former La Habra Redevelopment Agency are now accounted for in the Successor Agency to the La Habra Redevelopment Agency



STATISTICAL SECTION

Debt Capacity

CITY OF LA HABRA, CALIFORNIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities					
	Certificates of Participation	Tax Allocation Bonds (2)	Special Tax Bonds (2)	Notes Payable	Loan Payable	Contract and Lease Payable
2006	\$ 5,378,452	\$ 7,440,000	\$ 2,575,000	\$ 689,036	\$ 1,069,060	\$ 1,185,155
2007	5,165,712	7,325,000	2,450,000	652,337	970,593	1,143,252
2008	4,942,977	7,205,000	2,320,000	613,856	902,515	1,095,345
2009	4,710,242	7,080,000	2,180,000	573,507	831,620	1,041,037
2010	4,467,502	6,950,000	2,035,000	531,199	757,897	979,910
2011	4,209,751	6,795,000	1,880,000	1,827,692	681,234	911,520
2012	3,947,011	-	-	440,321	601,581	835,402
2013	3,669,271	-	-	391,547	518,682	751,064
2014	3,381,531	-	-	340,405	432,476	693,341
2015	2,864,789	-	-	286,780	342,831	590,979

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

(1) These ratios are calculated using personal income and population for the prior calendar year.

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

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

Source: HdL Coren & Cone

Fiscal Year Ended June 30	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	Total Governmental Long-term Debt	Certificates of Participation	Revenue Bonds	Total Business-type Activities				
2006	\$ 18,336,703	\$ 18,434,540	\$ 7,205,000	\$ 25,639,540	\$43,976,243	3.30%	\$ 715	
2007	17,706,894	17,727,301	7,055,000	24,782,301	42,489,195	2.98%	690	
2008	17,079,693	16,970,062	6,900,000	23,870,062	40,949,755	2.74%	661	
2009	16,416,406	16,177,823	6,745,000	22,922,823	39,339,229	2.59%	631	
2010	15,721,508	13,793,909	6,585,000	20,378,909	36,100,417	2.43%	575	
2011	16,305,197	14,134,848	26,095,000	40,229,848	56,535,045	3.82%	895	
2012	5,824,315	13,914,290	25,655,000	39,569,290	45,393,605	3.03%	746	
2013	5,330,564	13,688,731	25,205,000	38,893,731	44,224,295	2.99%	723	
2014	4,847,753	13,219,165	40,294,772	53,513,937	58,361,690	4.02%	946	
2015	4,085,379	12,882,333	39,516,282	52,398,615	56,483,994	3.76%	915	

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value (1)	Per Capita
	General Obligation Bonds	Tax Allocation Bonds (2)	Total		
2006	n/a	\$ 7,440,000	\$ 7,440,000	0.19%	\$ 121
2007	n/a	7,325,000	7,325,000	0.17%	119
2008	n/a	7,205,000	7,205,000	0.15%	116
2009	n/a	7,080,000	7,080,000	0.15%	114
2010	n/a	6,950,000	6,950,000	0.15%	111
2011	n/a	6,795,000	6,795,000	0.14%	108
2012	n/a	-	-	-	-
2013	n/a	-	-	-	-
2014	n/a	-	-	-	-
2015	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) For fiscal year ended June 30, 2012, outstanding long-term debts of La Habra RDA were transferred to the Successor Agency on February 1, 2012, as a result of dissolution of Redevelopment Agencies in California.

CITY OF LA HABRA, CALIFORNIA
Direct and Overlapping Debt
June 30, 2015

2014-15 Assessed Valuation		\$ 5,323,221,963	
Redevelopment Incremental Valuation		-	
Adjusted Assessed Valuation		<u>\$ 5,323,221,963</u>	
	%age	Outstanding	Estimated
	Applicable (1)	Debt 6/30/15	Share of
			Overlapping
			Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.230%	\$ 110,420,000	\$ 253,966
North Orange County Joint Community College District	4.935%	187,039,001	9,230,375
Fullerton Joint Union High School District	18.510%	48,387,910	8,956,602
La Habra City School District	81.729%	20,216,360	16,522,629
City of La Habra Community Facilities District No. 1990-1	100.000%	<u>1,160,000</u>	<u>1,160,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 36,123,572
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	1.130%	\$ 98,906,000	\$ 1,117,638
Orange County Pension Obligations	1.130%	366,854,623	4,145,457
Orange County Board of Education Certificates of Participation	1.130%	15,190,000	171,647
Municipal Water District of Orange County Water Facilities Corporation	1.350%	5,360,000	72,360
North Orange County Regional Occupation Program Certificate of Participation	5.072%	10,450,000	530,024
Fullerton Joint Union High School District Certificates of Participation	18.510%	22,255,000	4,119,401
City of La Habra Certificate of Participation	100.000%	<u>17,830,000</u>	<u>17,830,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 27,986,527
Less: MWDOC Water Facilities Corporation (100% self-supporting)			<u>72,360</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 27,914,167
<u>OVERLAPPING TAX INCREMTN DEBT (Successor Agency):</u>	100.000%	\$ 5,845,000	<u>\$ 5,845,000</u>
TOTAL DIRECT DEBT			\$ 17,830,000
TOTAL GROSS OVERLAPPING DEBT			\$ 52,125,099
TOTAL NET OVERLAPPING DEBT			\$ 52,052,739
GROSS COMBINED TOTAL DEBT (2)			\$ 69,955,099
NET COMBINED TOTAL DEBT			69,882,739

- (1) The Percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentage were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:
Total Overlapping Tax and Assessment Debt..... 0.68%

Ratios to Adjusted Assessed Valuation:
Total Direct Debt (\$ 17,830,000).....0.33%
Gross Combined Total Debt.....1.31%
Net Combined Total Debt.....1.31%

Ratios to Redevelopment Incremental Valuation (\$434,042,602):
Total Overlapping Tax Increment Debt..... 1.35%

Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2006	2007	2008	2009
Total Assessed Value of all Real and Personal Property	\$ 3,962,715,606	\$ 4,414,500,225	\$ 4,773,433,708	\$ 4,876,737,977
Debt Limit Percentage	15.00%	15.00%	15.00%	15.00%
Total Debt Limit (1)	594,407,341	662,175,034	716,015,056	731,510,697
Amount of Debt Applicable to Debt Limit (2)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal Debt Margin	<u>\$ 594,407,341</u>	<u>\$ 662,175,034</u>	<u>\$ 716,015,056</u>	<u>\$ 731,510,697</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					
2010	2011	2012	2013	2014	2015
\$4,708,919,643	\$4,700,690,212	\$4,792,478,144	\$4,857,042,662	\$4,979,748,482	\$5,318,494,761
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
706,337,946	705,103,532	718,871,722	728,556,399	746,962,272	797,774,214
<u>\$ -</u>					
<u>\$ 706,337,946</u>	<u>\$ 705,103,532</u>	<u>\$ 718,871,722</u>	<u>\$ 728,556,399</u>	<u>\$ 746,962,272</u>	<u>\$ 797,774,214</u>

CITY OF LA HABRA, CALIFORNIA
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds					Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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	10,207,199	8,021,077	2,186,122	155,000	314,634	4.65
2009	9,889,342	7,889,321	2,000,021	155,000	311,244	4.29
2010	10,759,475	8,421,183	2,338,292	160,000	307,400	5.00
2011	12,228,026	8,186,833	4,041,193	165,000	763,140	4.35
2012	12,769,148	8,107,006	4,662,142	440,000	1,569,580	2.32
2013	13,411,940	6,880,724	6,531,216	450,000	1,447,239	3.44
2014	14,013,649	7,980,760	6,032,889	465,000	1,965,215	2.48
2015	13,770,912	8,877,570	4,893,342	735,000	2,157,655	1.69

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

Certificate of Participation, Series A

Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$2,322,577	\$ 806,585	\$1,515,992	\$660,000	\$866,520	0.99
2,399,796	747,270	1,652,526	684,996	869,024	1.06
2,539,842	792,238	1,747,604	706,416	867,682	1.11
2,615,717	788,007	1,827,710	718,007	858,749	1.16
2,595,730	1,045,302	1,550,428	735,047	852,152	0.98
2,614,922	1,026,535	1,588,387	-	688,981	2.31
2,633,169	1,047,143	1,586,026	285,000	736,769	1.55
2,683,325	1,068,889	1,614,437	290,000	733,169	1.58
2,736,650	1,268,626	1,468,024	295,000	728,413	1.43
2,772,644	1,247,469	1,525,175	300,000	722,831	1.49

(Continued)

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

Fiscal Year Ended June 30	Tax Allocation Bonds (1)					Coverage
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2010	2,447,870	2,055,699	392,171	130,000	398,995	0.74
2011	2,446,322	1,614,675	831,647	155,000	391,935	1.52
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-

(1) For the fiscal year ended June 30, 2012, outstanding long term debts of the Redevelopment Agency was transferred to the Successor Agency on February 1, 2012, as a result of dissolution of redevelopment agencies of California.

Special Tax Bonds (1)

Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 279,694	\$ 7,192	\$ 272,502	\$ 120,000	\$ 153,650	1.00
276,483	7,569	268,914	125,000	147,218	0.99
278,857	7,834	271,023	130,000	140,460	1.00
279,876	8,073	271,803	140,000	133,235	0.99
278,485	8,463	270,022	145,000	125,468	1.00
286,596	8,705	277,892	155,000	117,140	1.02
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-



STATISTICAL SECTION
Demographic and Economic Information

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2005	61,470	\$ 1,333,587	\$ 21,695	4.3%
2006	61,588	1,426,814	23,167	3.9%
2007	61,973	1,496,367	24,145	4.4%
2008	62,309	1,518,571	24,372	6.0%
2009	62,747	1,484,763	23,663	10.1%
2010	63,184	1,479,959	23,423	10.8%
2011	60,871	1,497,853	24,607	9.8%
2012	61,202	1,478,212	24,153	6.4%
2013	61,717	1,452,756	23,539	5.7%
2014	61,705	1,500,974	24,325	6.2%

Source: HdL Coren & Cone

CITY OF LA HABRA, CALIFORNIA
Principal Employers
Current Year and Last Year

Employer	2015		2014	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
CVS Pharmacy	990	3.14%	804	2.64%
Wal-Mart/Sams Stores Inc.	754	2.39%	722	2.38%
City of La Habra	429	1.36%	406	1.34%
Costco	283	0.90%	278	0.91%
The Kroger Co./La Habra Bakery	234	0.74%	232	0.76%
Target Stores	199	0.63%	227	0.75%
Home Depot	168	0.53%	169	0.56%
Lowe's Home Centers Inc.	168	0.53%	154	0.51%
Kohl's Department Stores Inc.	144	0.46%	136	0.45%
Payne's Janitorial Services	141	0.45%	128	0.42%
VIP Rubber Company Inc.	132	0.42%	135	0.44%
Park Regency Care Center	109	0.35%	124	0.41%
Northgate Market	108	0.34%	107	0.35%

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

Source: Business License Dept.
EDD Labor Market Info.



STATISTICAL SECTION
Operating Information

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

Function/Department	Full-time Equivalent Employees									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City Manager	4.94	4.94	5.50	4.50	3.50	3.75	3.75	3.75	4.75	2.59
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	2.53	2.75	2.75	4.90
Community Development	18.88	18.77	21.29	22.29	30.37	28.84	30.70	32.85	21.76	21.19
Community Services	100.18	100.72	100.24	107.52	104.21	99.25	94.50	101.67	103.23	111.39
Finance/Administrative Services	20.82	19.98	20.12	20.12	21.07	21.82	22.45	23.82	23.04	23.08
Police	122.70	122.52	127.05	124.21	124.96	120.68	121.76	119.21	120.44	124.16
Public Works	64.11	67.37	67.59	66.87	59.31	54.24	54.50	45.22	65.34	69.58
Children's Museum	<u>7.51</u>	<u>7.98</u>	<u>6.50</u>	<u>8.01</u>	<u>7.02</u>	<u>7.89</u>	<u>6.19</u>	<u>9.53</u>	<u>6.29</u>	<u>6.58</u>
Total	<u>342.14</u>	<u>345.28</u>	<u>351.29</u>	<u>356.52</u>	<u>353.44</u>	<u>339.47</u>	<u>336.38</u>	<u>338.80</u>	<u>347.60</u>	<u>363.47</u>

Source: City of La Habra, Finance Department

CITY OF LA HABRA, CALIFORNIA
Operating Indicators
by Function
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Arrests	2,727	2,423	2,494	2,472	2,438	2,087	2,285	2,238	2,039	2,015
Crime Reports	-	8,786	8,190	8,363	7,932	7,786	6,909	6,465	6,334	6,261
Moving citations issued	-	6,098	7,845	10,801	8,771	7,683	5,070	5,859	7,845	6,439
Parking citations issued	13,875	14,856	17,051	16,386	14,617	10,546	8,389	10,452	11,644	12,979
Fire (1)										
Number of emergency calls	-	3,401	3,293	3,581	3,814	3,418	3,527	3,549	3,697	3,984
Public Works										
Street resurfacing (miles)	14	14	15	6	7	9	11	11	8	-
Community development										
Building Permits Issued	1,184	1,322	1,340	1,614	1,866	1,747	1,786	1,818	1,818	1,871
Building Inspections	-	4,768	4,061	3,424	3,242	3,922	3,422	3,170	3,170	3,200
Building Plan Checks	-	319	300	191	175	176	166	191	191	351
Parks and recreation:										
Number of Parks	23	24	24	24	24	24	24	25	25	25
Park Acreage	133.17	133.45	133.66	133.66	133.66	133.66	133.66	134.37	134.37	134.37
Number of recreation classes	29	26	24	20	16	17	17	18	18	18
Municipal Water Department										
Number of Accounts	12,601	12,707	12,584	12,569	12,638	12,656	12,614	12,620	13,100	13,121
Average daily consumption (thousands of gallons)	9,241	9,690	9,287	7,825	7,268	7,108	7,435	8,092	8,257	7,978

(1) The City contracted Fire Operations to Los Angeles County Fire Department in 2006.

Source: City of La Habra, Finance Department

CITY OF LA HABRA, CALIFORNIA
Capital Asset Statistics
by Function
Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire (1)										
Stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	108	108	108	108	108	108	108	108	108	108
Streetlights	2,646	2,649	2,637	2,635	2,635	2,510	2,537	2,540	2,523	2,527
Traffic signals	33	33	34	34	34	34	34	34	35	35
Parks and recreation:										
Parks	23	24	24	24	24	24	24	25	25	25
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	120	120	130	130	130	130	130	130	158	158
Sewer										
Sanitary sewers (miles)	108	108	108	108	108	108	108	108	126	126

(1) The City contracted Fire Operations to Los Angeles County Fire Department in 2006.

Source: City of La Habra, Finance Department

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water Services										
Residential	\$ 11,507	\$ 11,598	\$ 11,478	\$ 11,475	\$ 11,549	\$ 11,565	\$ 11,519	\$ 11,530	\$ 12,012	\$ 12,032
Commercial/Industrial	833	849	842	830	827	824	817	812	807	807
Schools/Other	261	260	264	264	262	267	278	278	281	282
Total	<u>\$ 12,601</u>	<u>\$ 12,707</u>	<u>\$ 12,584</u>	<u>\$ 12,569</u>	<u>\$ 12,638</u>	<u>\$ 12,656</u>	<u>\$ 12,614</u>	<u>\$ 12,620</u>	<u>\$ 13,100</u>	<u>\$ 13,121</u>

Source: City of La Habra

CITY OF LA HABRA, CALIFORNIA
Water Rates
Last Two Fiscal Years

Adopted: 06/03/13
Effective: 07/01/14

Meter Size	2014		2015	
	Monthly Meter Charge	Water Consumption Charge (1)	Monthly Meter Charge	Water Consumption Charge (1)
5/8 inch	\$ 11.61	\$ 2.60	\$ 11.90	\$ 2.67
3/4 inch	13.12	2.60	13.45	\$ 2.67
1 inch	16.94	2.60	17.36	\$ 2.67
1-1/2 inches	38.91	2.60	39.88	\$ 2.67
2 inches	67.45	2.60	69.14	\$ 2.67
3 inches	151.77	2.60	155.56	\$ 2.67
4 inches	268.61	2.60	275.33	\$ 2.67
6 inches	604.42	2.60	619.53	\$ 2.67
8 inches	682.01	2.60	699.06	\$ 2.67
10 inches	n/a	n/a	n/a	n/a

(1) For each Additional 100 cubic feet. From May 1 to September of each year, a charge of \$2.89 per 100 cubic feet is assessed for consumption above 17,000 cubic feet.

Source: City of La Habra

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

Water Agency	FY 2014				FY 2015			
	Usage (in ccf's)	Commodity Charge	Readiness to Serve	Total Bill	Usage (in ccf's)	Commodity Charge	Readiness to Serve	Total Bill
La Habra	25	\$ 2.60	\$ 11.61	\$ 76.61	25	\$ 2.67	\$ 11.90	\$ 78.65
Brea (Tiered Rate)	1-10	2.60	8.68	-	1-10	2.71	9.38	
Brea (Tiered Rate)	11-20	3.65	-	-	11-20	3.81		
Brea (Tiered Rate)	21-25	4.65	-	94.43	21-25	4.84		98.78
Fullerton (Tiered Rate)	1-10	2.72	6.78	-	1-10	2.81	10.54	
Fullerton (Tiered Rate)	11-25	3.01	-	79.16	11-25	3.10		85.08
La Habra Heights (Lower Fire)	25	1.44	27.19	63.19	25	1.51	27.84	65.59
La Habra Heights (Higher Fire)	25	1.66	27.19	68.69	25	1.73	27.84	71.09
Suburban Water System	1-20	2.28	11.83	70.08	1-20	2.52	12.46	76.71
Suburban Water System (La Mirada & Whittier)	5	2.52	-	-	5	2.78		
Whittier (3/4 meter)	25	1.76	20.45	64.45	25	1.76	28.02	72.02

Source: City of La Habra

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

Customer	2015		2014	
	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption
Cal Domestic	130,600	3.35%	70,290	1.74%
Westridge Golf, Inc.	124,634	3.20%	126,074	3.13%
City of La Habra	104,639	2.69%	114,212	2.83%
La Habra School District	61,598	1.58%	69,281	1.72%
Westridge Community Association	34,367	0.88%	44,003	0.79%
Tapestry	31,748	0.82%	31,968	0.69%
Heritage HOA	28,370	0.73%	-	0.00%
Friendly Village A/P	26,436	0.68%	17,421	0.00%
Brooklake Apartments	26,195	0.67%	27,633	0.68%
Fullerton Union High School	24,767	0.64%	27,246	0.56%
Whittier Christian High School	-	0.00%	22,762	0.43%
Total Consumption in 100 CCF		<u>3,892,762</u>		<u>4,028,905</u>

Source: City of La Habra